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BERKSHIRE PENSION FUND COMMITTEE

MONDAY, 7TH MARCH, 2022

At 4.00 pm

in the

GREY ROOM - YORK HOUSE, WINDSOR

SUPPLEMENTARY AGENDA

PART I

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Report Title:	**Risk Register**
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 7 March 2022
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

www.rbwm.gov.uk

Royal Borough of Windsor & Maidenhead

REPORT SUMMARY

At the Pension Board meeting on 2 September 2021 and Pension Fund Committee meeting on 20 September 2021, the Head of Pension Fund agreed to review the Pension Fund's risk register and to bring a revised and updated version to the upcoming meeting for Members' consideration and approval. This report provides Members with that updated version of the risk register prepared in line with the 2018 CIPFA framework "Managing risk in the Local Government Pension Scheme". This new risk register process was approved by the Pension Fund Committee on 6 December 2021 and has undergone several iterations before being presented at this meeting.

The risk register can be found at Appendix 1 to this report.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report and;

i) Approves the risk register including any changes since the last approval date, putting forward any suggested amendments as may be necessary;

ii) Approves publication of the updated risk register on the Pension Fund website;

iii) Agrees to a comprehensive annual risk review session with officers and the Pension Board.

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

2.1. The Scheme Manager (The Royal Borough of Windsor and Maidenhead as the Administering Authority for the Fund) has a legal duty to establish and operate internal controls. Failure to implement an adequate and appropriate risk assessment policy and risk register could lead to breaches of law. Where the effect and wider implications of not having in place adequate internal controls are likely to be materially significant, the Pension Regulator (tPR) must be notified in accordance with the Scheme Manager's policy on reporting breaches of the law.

2.2. A comprehensive session was held by officers for Pension Fund committee and Pension Board members on 25 January 2022 to deep-dive into all of the risks, mitigations and controls included within the Fund's revised risk register. It is recommended that a comprehensive session for all parties is held at least annually.

2.3. As a live document, this risk register is kept under constant review and shall be presented to the committee (appended to this report) quarterly, however, key changes (additions, removals, significant changes to mitigations and/or risk scores) shall be brought to the committee's attention as follows:

2.3.1. PEN004 – changed from "trending up" to "trending sideways" as post-Brexit supply chain issues are becoming less prominent. Amended following 25 Jan 2022 risk session.

2.3.2. PEN033 – Added additional mitigations to reflect all of the data quality work the team are undertaking. Amended following 25 Jan 2022 risk session.

2.3.3. PEN035 – Enhanced controls on IT security, including RBWM penetration checks and new internal audit service. Amended following 25 Jan 2022 risk session and further amended following call with IT colleagues.

2.3.4. PEN036 – Added and enhanced mitigations and controls focusing on new internal audit service and new legislation on pension scams. Amended following 25 Jan 2022 risk session.

2.3.5. PEN040 – Added mitigation measures and reduced post-mitigation likelihood based on a strong control environment in regard to communications. Amended following 25 Jan 2022 risk session.

2.3.6. PEN045 – Added new risk entirely following 25 Jan 2022 risk session, focusing on governance and failure of oversight on investment decision making.

2.3.7. PEN047 – Enhanced wording on GDPR risk to cover both data processing and holding, added additional controls. Amended following 25 Jan 2022 risk session and further amended following advice from DPO.

3. KEY IMPLICATIONS

3.1. Failure to maintain and keep under review the Pension Fund's key risks could lead to a loss in confidence and sanctions being imposed by the Pensions Regulator where failings are deemed to be materially significant for the Pension Fund and its stakeholders.

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1. Failure to monitor identified risks and to implement appropriate strategies to counteract those risks could lead to an increased Fund deficit resulting in employers having to pay more.

5. LEGAL IMPLICATIONS

5.1. The Administering Authority is required to govern and administer the Pension Scheme in accordance with the Public Service Pensions Act 2013 and associated Local Government Pension Scheme Regulations. Failure to do so could lead to challenge.

6. RISK MANAGEMENT

6.1. The risk register is attached at Appendix 1 to this report, it is reviewed quarterly by the Pension Board and the Pension Fund Committee and updated regularly by officers to ensure all risks are appropriately documented and mitigated where possible.

7. POTENTIAL IMPACTS

7.1. Failure to comply with Pension legislation could result in the Administering Authority being reported to the Pensions Regulator where failure is deemed to be of a material significance.

7.2. Equalities: Equality Impact Assessments are published on the council's website: There are no EQIA impacts as a result of taking this decision. A completed EQIA has been attached at Appendix 1 to this report

7.3. Climate change/sustainability: N/A

7.4. Data Protection/GDPR. GDPR compliance is include as a specific risk on the register in regard to processing and handling personal data, this is dealt with in the appendix along with the relevant mitigations.

8. CONSULTATION

8.1. Committee members and Pension Board members undertook a detailed annual review session in January 2022

9. TIMETABLE FOR IMPLEMENTATION

9.1. Ongoing.

10. APPENDICES

10.1. This report is supported by 2 Appendices:

- Appendix 1 – Risk Register January 2022
- Appendix 2 - EQIA

11. BACKGROUND DOCUMENTS

11.1. This report is supported by 0 background documents:

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Mandatory:	*Statutory Officers (or deputy)*		
Adele Taylor	Executive Director of Resources/S151 Officer	**22/02/22**	**24/02/2022**
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	**22/02/22**	
Deputies:			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	**22/02/22**	**25/02/2022**
Elaine Browne	Head of Law (Deputy Monitoring Officer)	**22/02/22**	**28/02/2022**
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	**22/02/22**	**25/02/2022**
Other consultees:			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	**22/02/22**	

13. REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Pension Fund Committee decision	~~Yes~~/No	~~Yes~~/No

Report Author: Damien Pantling, Head of Pension Fund

Review Date: 07/03/2022	**Risk Calculation Key**
Author: Damien Pantling, Head of Pension Fund	IMPACT (Total) = IMPACT (Fund) + IMPACT (Employers) + IMPACT (Reputation)
Adele Taylor - Director of Resources (S.151 Officer)	Gross Risk Score = IMPACT (Total) x Likelihood
Status: FINAL	Net Risk Score = IMPACT (Total) x Revised Likelihood
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Risk Group	Risk Ref.	Trending	Risk Description	Fund	Employers	Reputation	TOTAL	Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	Owner	Reviewed
ASSET AND INVESTMENT RISKS				**IMPACT**										
Asset & Investment Risk	PEN001		Investment managers fail to achieve returns of at least the actuarial discount rate over the longer term.	5	4	3	12	3	36	**TREAT** 1) The Advisory Management Agreement (AMA) clearly states expectations in terms of investment performance targets. 2) Investment manager performance is reviewed by LPPI and the committee on a quarterly basis. 3) The Pension Fund Committee should be positioned to move quickly in regards to asset allocation and strategy if it is felt that targets will not be achieved. 4) Portfolio rebalancing is considered on a regular basis by the Pension Fund Committee. 5) The Fund's investment management structure is highly diversified, which lessens the impact of manager risk compared with less diversified structures. 6) Target return benchmark to be developed in due course, expected to be above the actuarial discount rate	2	24	Damien Pantling	31/01/2022
Asset & Investment Risk	PEN002		Significant volatility and negative sentiment in global investment markets following disruptive geo-political uncertainty. Increased risk to global economic stability.	4	4	1	9	3	27	**TREAT** 1) Maintaining a well diversified portfolio with significant allocation to both public and private markets. 2) Maintaining a well diversified investment portfolio with significant allocations across a variety of asset classes such as (but not limited to) credit, equity and real-assets. 3) Routinely receiving market updates from independent advisors and acting upon the recommendations where appropriate - such as issuing additional/new guidance/instruction to LPPI.	2	18	Damien Pantling	31/01/2022
Asset & Investment Risk	PEN003		The global outbreak of COVID-19 poses economic uncertainty across the global investment markets.	5	3	2	10	3	30	**TREAT** 1) Routinely receiving market updates from independent advisors and acting upon the recommendations as appropriate **TOLERATE** 1) Global investment market returns in aggregate for our SAA have thus far not been adversely affected by the COVID-19 pandemic, therefore, no significant changes to the investment strategy or strategic asset allocation are recommended	1	10	Damien Pantling	31/01/2022
Asset & Investment Risk	PEN004		Volatility caused by uncertainty with regard to the withdrawal of the UK from the European Union and the economic after effects. For Example, supply chain issues and HGV driver shortages affecting UK trade and causing supply issues.	4	4	1	9	3	27	**TREAT** 1) Volatility is reduced through having a relatively low exposure to UK equities and is well diversified with a significant safe-haven focus. 2) Fund has removed the significant GBP hedge and is not undergoing any strategic currency hedging from 6th December 2021, but will seek to review in Summer 2022	2	18	Damien Pantling	31/01/2022
Asset & Investment Risk	PEN005		Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage if not compliant. The administering authority declared an environmental and climate emergency in June 2019, effect on Pension Fund is currently unknown. TCFD regulations impact on LGPS schemes currently unknown but expected to come into force during 2022/23.	3	2	4	9	3	27	**TREAT** 1) Review ISS in relation to published best practice (e.g. Stewardship Code) . 2) Ensure fund managers are encouraged to engage and to follow the requirements of the published ISS. 3) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and Pensions and Lifetime Savings Association (PLSA), which raises awareness of ESG issues and facilitates engagement with fund managers and company directors. 4) An ESG statement and RI Policy was drafted for the Pension Fund as part of the ISS and approved in March 2021. 5) Officers regularly attend training events on ESG and TCFD regulations to ensure stay up to date with latest guidance. 6) LPPI manage the funds investments and have their own strict ESG policies in place which align with those of the fund.	2	18	Damien Pantling	31/01/2022
Asset & Investment Risk	PEN006		A change in government or existing government policy may result in new wealth sharing policies which could negatively impact the value of the pension fund assets.	5	5	1	11	2	22	**TREAT** 1) Maintain links with central government and national bodies to keep abreast of national issues. Respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood by (external) policy makers and the Fund.	1	11	Damien Pantling	31/01/2022
Asset & Investment Risk	PEN007		Financial failure of third party supplier results in service impairment and financial loss.	5	4	1	10	2	20	**TREAT** 1) Performance of third parties (other than fund managers) regularly monitored by Fund officers and the Pension Fund Committee. 2) Regular meetings and conversations with global custodian (currently JP Morgan) take place. 3) Actuarial services and investment management are provided by two different providers.	1	10	Damien Pantling	31/01/2022
Asset & Investment Risk	PEN008		Failure of global custodian or counterparty.	5	3	2	10	2	20	**TREAT** 2) Review of internal control reports on an annual basis. 3) Credit rating kept under review.	1	10	Damien Pantling	31/01/2022
Asset & Investment Risk	PEN009		Financial failure of a fund manager leads to value reduction, increased costs and impairment.	4	3	3	10	2	20	**TREAT** 1) Fund is reliant upon current adequate contract management activity overseen by our investment managers LPPI. 2) Fund is reliant upon alternative suppliers at similar prices being found promptly.	1	10	Damien Pantling	31/01/2022
Asset & Investment Risk	PEN010		Global investment markets fail to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.	3	5	2	10	2	20	**TREAT** 1) Proportion of total asset allocation made up of equities, bonds, property funds, infrastructure and fixed income, limiting exposure to one asset category - this diversification generally reduces risk of any particular market underperformance. 2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal risk asset allocation. 3) Full wholistic strategy review takes place every three years in line with the actuarial valuation. 4) Investment strategy reviewed every year and LPPI undertake a health-check bi-annually. 5) The actuarial assumptions regarding asset performance are regarded as achievable over the long term in light of historical data.	1	10	Damien Pantling	31/01/2022

THE ROYAL COUNTY OF BERKSHIRE PENSION FUND

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Adele Taylor - Director of Resources (S.151 Officer)	Gross Risk Score = IMPACT (Total) x Likelihood
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Risk Group	Risk Ref.	Trending	Risk Description	Fund	Employers	Reputation	TOTAL	Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	Owner	Reviewed
LIABILITY RISKS				**IMPACT**										
Liability Risk	PEN011		Scheme members live longer than expected leading to higher than expected liabilities.	5	5	1	11	2	**22**	**TREAT** 1) A longevity swap insurance contract was entered into in 2009 which effectively hedged the risk of longevity rates increasing for all of the retired scheme members (c11,000 members) at that point in time. 2) All scheme members that were not part of the longevity swap contract group in 2009 (i.e. all active or deferred members as at 2009 or that have since joined the scheme) have liabilities exposed to longevity risk. Whilst longevity risk in isolation cannot be hedged without further consideration of another longevity contract, it is managed through regular review of the investment strategy (risk profile, cashflows, liability matching)	1	**11**	**Damien Pantling**	31/01/2022
Liability Risk	PEN012		Longevity rates decreasing, or increasing at a lower rate than those assumed in the longevity contract, leading to an increased contractual liability at present value.	3	4	4	11	2	**22**	**TOLERATE** 1) The opportunity cost in entering into the longevity contract was the loss of upside benefits associated with decreasing longevity rates - this was an active decision previously taken. 2) At present, the cost or even the option of exiting the contract has not been explored and may not be possible contractually. Any cost of exit if applicable is likely to far exceed the benefits.	2	**22**	**Damien Pantling**	31/01/2022
Liability Risk	PEN013		Price inflation is significantly more than anticipated in the actuarial assumptions.	5	5	1	11	3	**33**	**TREAT** 1) Ensure sizeable holding in real assets (infrastructure and property) which generally act as protection against inflation. 2) The fund's material allocation to equity will provide a degree of protection against inflation. 3) The actuary will take a prudent view on inflation through the valuation process. 4) Material deviations (unexpected increases in inflation) and their impacts are modelled by the actuary through stress test analysis.	2	**22**	**Damien Pantling**	31/01/2022
Liability Risk	PEN014		Employee pay increases are significantly more than anticipated for employers within the Fund.	3	4	2	9	2	**18**	**TOLERATE** 1) Fund employers should monitor own experience. 2) Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) should be long term assumptions. Any employer specific assumptions above the actuary's long term assumption would lead to further review. 3) Employers to be made aware of generic impact that salary increases can have upon the final salary linked elements of LGPS benefits (accrued benefits before 1 April 2014). 4) Employee pay rises currently remain below inflation. 5) Employer decisions to increase pay more than anticipated would result in increased contributions for that employer at the next triennial valuation	2	**18**	**Damien Pantling**	31/01/2022
Liability Risk	PEN015		Impact of economic and political decisions on the Pension Fund's employer workforce and government funding level affecting the Councils spending decisions. For example scheme matures more quickly than expected due to public sector spending cuts, resulting in contributions reducing and pension payments increasing.	5	2	1	8	3	**24**	**TREAT** 1) Barnet Waddingham uses prudent assumptions on future of employees within the workforce. Employer responsibility to flag up potential for major bulk transfers outside of the fund. The potential for a significant reduction in the workforce as a result of the public sector financial pressures may have a future impact on the Fund. 2) Barnet Waddingham will make prudent assumptions about diminishing workforce when carrying out the triennial actuarial valuation in 2022. 3) Review maturity of scheme at each triennial valuation. Secondary deficit contributions specified as lump sums, rather than percentage of payroll to maintain monetary value of contributions and mitigate risk of reducing workforce on cashflow. 4) Cashflow position monitored monthly.	2	**16**	**Damien Pantling**	31/01/2022
Liability Risk	PEN016		Ill health costs may exceed "budget" allocations made by the actuary resulting in higher than expected liabilities particularly for smaller employers.	4	2	1	7	2	**14**	**TOLERATE** 1) Review "budgets" at each triennial valuation and challenge actuary as required. Charge capital cost of ill health retirements to admitted bodies at the time of occurring. Occupational health services provided by the unitaries and other large employers to address potential ill health issues early.	2	**14**	**Damien Pantling**	31/01/2022
Liability Risk	PEN017		Impact of increases to employer contributions following the actuarial valuation.	4	5	3	12	3	**36**	**TREAT** 1) Officers to consult and engage with employer organisations in conjunction with the actuary. 2) Actuary will assist where appropriate with stabilisation and phasing in processes.	2	**24**	**Damien Pantling**	31/01/2022
Liability Risk	PEN018		There is insufficient cash available in the Fund to meet pension payments leading to investment assets being sold at sub-optimal prices to meet pension payments.	5	4	3	12	2	**24**	**TREAT** 1) Cashflow forecast maintained and monitored. 2) Cashflow requirement is a factor in current investment strategy review. 3) Maintain a material level of cash held within a short duration bond fund, which allows access at short notice.	1	**12**	**Damien Pantling**	31/01/2022
Liability Risk	PEN019		Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy.	5	3	3	11	2	**22**	**TREAT** 1) Active investment strategy and asset allocation monitoring by LPPI, overseen by Pension Fund Committee, officers and independent advisors. 2) Strategic asset allocation review was approved in September 2021 with a move out of diversifying strategies and an increase in equities. 3) Setting of Fund specific benchmark relevant to the current position of fund liabilities to be approved in March 2022. 4) Fund manager targets set and based on market benchmarks or absolute return measures. Overall investment benchmark and out-performance target is fund specific.	1	**11**	**Damien Pantling**	31/01/2022
Liability Risk	PEN020		Transfers out increase significantly as members transfer to DC funds to access cash through new pension freedoms.	4	4	2	10	2	**20**	**TREAT** 1) Monitor numbers and values of transfers out being processed. If required, commission transfer value report from Fund Actuary for application to Treasury for reduction in transfer values.	1	**10**	**Damien Pantling**	31/01/2022
Liability Risk	PEN021		Inadequate, inappropriate or incomplete investment or actuarial advice is actioned leading to a financial loss or breach of legislation.	5	3	2	10	2	**20**	**TREAT** 1) At time of appointment, ensure advisers have appropriate professional qualifications and quality assurance procedures in place. Committee, Board and officers scrutinise and challenge advice provided by all parties.	1	**10**	**Damien Pantling**	31/01/2022
Liability Risk	PEN022		Changes to LGPS Scheme moving from Defined Benefit to Defined Contribution	5	3	2	10	1	**10**	**TOLERATE** 1) Political will required to effect the change - this would be a major change to the LGPS, and a significant lead in time, probably with protection for almost all existing benefits, so there would be considerable time to assess the likely impact. 2) Significant and sustained political will be required to make such a change, with likely opposition of existing members to be managed.	1	**10**	**Damien Pantling**	31/01/2022

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Risk Group	Risk Ref.	Trending	Risk Description	Fund	Employers	Reputation	TOTAL	Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	Owner	Reviewed
EMPLOYER RISK				**IMPACT**										
Employer Risk	PEN023		Last active employee of scheduled or admitted body retires leading to cessation valuation liability calculated either on an ongoing or minimum risk basis, the latter applies to community admission type bodies without a bond or appropriate financial security in place. The full cessation at minimum risk could challenge the employer as a going concern and lead to failure.	3	5	4	12	3	36	**TREAT** 1) Employer covenant risk assessment was conducted by LPP in 2019 and presented to committee (*formerly panel*) on 19 December 2019 based on 2019 valuation results. This identified a number of key at-risk employers in the fund, those were all community admission body type employers at risk of cessation in the near future and without security in place. 2) A further review is to be commissioned by the actuary to re-evaluate these risks based on 2022 triennial figures, from this a number of employers can be contacted to discuss possible options and plans. 3) A number of employers have either had cessation arrangement decisions taken already through committee or have approached officers to discuss options, demonstrating the proactive rather than reactive nature of treating this risk. 4) Where appropriate seek to agree support from the relevant Local Authority.	2	24	Damien Pantling	31/01/2022
Employer Risk	PEN024		Failure of an admitted or scheduled body leads to unpaid liabilities being left in the Fund to be met by others.	5	3	3	11	2	22	**TREAT** 1) Transferee admission bodies (term no longer used) were required to have bonds or guarantees in place at time of signing the admission agreement. 2) Regular monitoring of employers and follow up of expiring bonds. 3) Regular reviews of what were formally referred to as community admission bodies, which are deemed high risk as no bond or guarantee was put in place at the time of admission.	1	11	Damien Pantling	31/01/2022
RESOURCE AND SKILL RISK														
Resource & Skill Risk	PEN025		Change in membership of Pension Fund Committee or Local Pensions Board leads to dilution of member knowledge and understanding - as such, Committee or Board members do not have appropriate skills or knowledge to discharge their responsibility leading to inappropriate decisions.	2	2	1	5	4	20	**TREAT** 1) Succession planning process to be considered. 2) Ongoing training of Pension Fund Committee members, training plan in place. 3) Pension Fund Committee new member induction programme. 4) Training to be based on the requirements of CIPFA Knowledge and Skills Framework under designated officer. 5) Training to be supported by external parties including but not limited to the actuary, auditor, investment advisor and independent advisors. 6) External professional advice is sought where required	2	10	Damien Pantling	31/01/2022
Resource & Skill Risk	PEN026		Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements. Succession planning is not in place leading to reduction of knowledge when an officer leaves.	4	3	3	10	2	20	**TREAT** 1) Person specifications are used in recruitment processes to appoint officers with relevant skills and experience. 2) Training plans are in place for all officers as part of the performance appraisal arrangements. 3) Officers maintain their CPD by attending training events and conferences.	1	10	Damien Pantling	31/01/2022
Resource & Skill Risk	PEN027		Concentration of knowledge in a small number of officers and risk of departure of key staff. Loss of technical expertise and experience. Risk identified in 2023 of key personnel potentially leaving the Fund.	4	3	3	10	3	30	**TREAT** 1) Practice notes in place. 2) Development of team members and succession planning improvements to be implemented. 3) Officers and members of the Pension Fund Committee to be mindful of the proposed CIPFA Knowledge and Skills Framework when setting objectives and establishing training needs for senior fund officers. 4) Training plans in place for all officers.	2	20	Damien Pantling	31/01/2022
Resource & Skill Risk	PEN028		McCloud remedy will generate considerable additional workloads for the team resulting in potential resource concerns.	3	4	2	9	4	36	**TREAT** 1) Statutory guidance to be issued by government setting out how remedy is to be managed. 2) All Pension Committee, Advisory Panel and Board Members receive regular updates and actions will be taken by officers once guidance is issued. 3) If necessary, consider the recruitment of temporary staff.	3	27	Damien Pantling	31/01/2022
ADMININSTRATIVE AND COMMUNICATIVE RISK														
Administrative & Communicative Risk	PEN029		Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond placement.	2	4	4	10	3	30	**TREAT** 1) Administering Authority actively monitors prospective changes in membership. 2) Maintain knowledge of employer future plans through regular communication. 3) Contribution rates and deficit recovery periods set to reflect the strength of the employer covenant. 4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate. 5) Risk categorisation of employers exercise undertaken by LPP in December 2019, further work to be undertaken by Actuary as part of 2022 Triennial Valuation. 6) Monitoring of gilt yields for assessment of pensions deficit on a minimum risk basis.	2	20	Kevin Taylor	31/01/2022
Administrative & Communicative Risk	PEN030		Failure to comply with Scheme regulations and associated pension law leading to incorrect pension payments being made. Risk of fines, adverse audit reports and breaches of the law.	5	4	4	13	1	13	**TREAT** 1) Training provided as and when Regulations are updated. 2) Competent software provider maintains up to date systems. 3) Competent external consultants.	1	13	Kevin Taylor	31/01/2022
Administrative & Communicative Risk	PEN031		Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints.	3	2	3	8	3	24	**TREAT** 1) Review of administration roles and responsibilities to be undertaken in 2022/23. 2) Establishment of key training and development budget from 2022/23. 3) Key staff movements to be monitored closely. 4) Ongoing monitoring of administration statistical outcomes and KPI's via Local Pensions Board and Pension Fund Committee.	2	16	Kevin Taylor	31/01/2022
Administrative & Communicative Risk	PEN032		Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	5	5	5	15	2	30	**TREAT** 1) System hosted and backed up in two separate locations. 2) Re-issue previous months BACS file in extreme circumstances.	1	15	Kevin Taylor	31/01/2022

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ADMININSTRATIVE AND COMMUNICATIVE RISK (CONTINUED)				**IMPACT**										
Administrative & Communicative Risk	PEN033		Failure to maintain a high quality member database leading to loss in member confidence, incorrect calculations of benefits, increased number of complaints, poor performance and loss of reputation.	5	5	3	13	1	13	**TREAT** 1) Fund undertakes annual data quality exercise required by and reported to TPR. 2) Implementation of I-Connect to enable employers to submit membership data in real time. 3) Fund makes further data checks as part of year end processing. 4) Fund undertakes additional data cleansing exercise with the actuary ahead of the triennial valuation. 5) Mortality screening checks undertaken as reported in Risk PEN037	1	13	Kevin Taylor	31/01/2022
Administrative & Communicative Risk	PEN034		Failure to hold data securely due to poor processing of data transfers, poor system security, poor data retention and disposal, poor data backup and recovery of data.	4	4	4	12	1	12	**TREAT** 1) Database hosted off-site and backed up in 2 separate locations every day. 2) Access to systems is limited to a defined number of users via dual password and user identification. 3) Data transferred is encrypted. 4) Compliant with RBWM data protection and IT policies. 5) No papers files all managed via image and system documentation generation. 6) Confidential waste disposed of in line with RBWM policy.	1	12	Kevin Taylor	31/01/2022
Administrative & Communicative Risk	PEN035		Failure of cyber security measures following a cyber attack or data breach, including information technology systems and processes, leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal scheme membership data.	4	2	5	11	3	33	**TREAT** 1) Fund to develop its own cyber security risk policy. 2) System provider has robust accredited solutions in place to ensure any cyber-attack can be identified and prevented. 3) Fund shares cyber security systems with the administering authority, these are well funded and up to date. 4) Fund to engage consultancy in due course to independently test systems and recommend any further cyber security measures to implement. 5) Administering authority engages in system penetration checks annually, fund to utilise this service going forward with specific penetration checks in fund IT systems. 6) New internal auditors appointed by administering authority, major focus on IT security going forward and recommendations to come out of internal audits.	2	22	Kevin Taylor	31/01/2022
Administrative & Communicative Risk	PEN036		Loss of funds through fraud or misappropriation by an employer, agent or contractor leading to negative impact on reputation of the Fund as well as financial loss.	3	2	5	10	2	20	**TREAT** 1) Fund undertakes National Fraud Initiative (NFI) biannually. 2) Fund is subject to external audit and ad hoc internal audit which can be more frequent than annually - this tests the resilience and appropriateness of controls. New internal audit service is expected to enhance scrutiny in this regard. 3) Regulatory control reports from investment managers and the custodian are obtained. 4) New regulatory controls are in place to avoid pension transfer scams occurring	1	10	Kevin Taylor	31/01/2022
Administrative & Communicative Risk	PEN037		Payments continue to be made incorrectly at a potential cost to the Pension Fund. Distress caused to dependents.	3	3	4	10	2	20	**TREAT** 1) The fund undertakes a monthly mortality screening exercise. 2) Additional validation measures are put in place with our overseas payments provider to check the information held in regards to payments to non-UK bank accounts. 3) The fund participates in the biannual national fraud initiative (NFI).	1	10	Kevin Taylor	31/01/2022
Administrative & Communicative Risk	PEN038		Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	1	2	5	8	2	16	**TREAT** 1) Fund has a business continuity plan. 2) Systems hosted and backed up off-site in 2 locations. 3) All officers have the ability to work from home or any location where secure internet access is available.	1	8	Kevin Taylor	31/01/2022
Administrative & Communicative Risk	PEN039		Late or non-receipt of pension contributions from Scheme employers within statutory deadlines leading to loss of Fund investment. Risk of being reported to the Pensions Regulator with actions and fines being imposed if regulation breach is considered to be materially significant.	4	5	4	13	1	13	**TREAT** 1) Fund closely monitors receipts of contributions and will chase any employer that is late in making a payment. 2) A notice of unsatisfactory performance will be sent to a Scheme employer who regularly misses the statutory deadline for payment. 3) Fund has power to report a Scheme employer to the Pensions Regulator if it deems the potential loss of investment as a result of the late payment of contributions to be materially significant. 4) Large employers (unitaries) have opted to pay secondary contributions in advance.	1	13	Kevin Taylor	31/01/2022
Administrative & Communicative Risk	PEN040		Failure to communicate properly with stakeholders leading to Scheme members being unaware of the benefits the Scheme provides so take bad decisions and Scheme employers being unaware of their statutory responsibilities and duties in maintaining the Scheme for their employees.	4	4	2	10	2	20	**TREAT** 1) Fund has a Communication policy and a dedicated Communications Manager. 2) Pension Fund website is maintained to a high quality standard. 3) Quarterly bulletins issued to Scheme employers providing details of any and all scheme updates. 4) Training provided for Scheme employers. 5) Newsletters available to all active, deferred and retired scheme members. 6) Guides, factsheets and training notes are provided as relevant.	1	10	Kevin Taylor	31/01/2022
Administrative & Communicative Risk	PEN041		Lack of guidance and process notes leads to inefficiency and errors.	3	3	1	7	2	14	**TREAT** 1) Desktop procedures have been written for all administrative tasks and are kept under review. 2) All Committee, Advisory Panel and Board Members have received a 'Member Handbook' and are required to undertake the Pension Regulator's online Public Sector toolkit.	1	7	Kevin Taylor	31/01/2022
Administrative & Communicative Risk	PEN042		Failure to identify GMP liability leads to ongoing costs for the pension fund.	5	2	1	8	2	16	**TREAT** 1) Fund has carried out and completed a GMP reconciliation against all pensions in payment. 2) Ongoing action is being taken to complete a reconciliation of all GMPs held on active and deferred member records.	1	8	Kevin Taylor	31/01/2022
Administrative & Communicative Risk	PEN043		Loss of office premises due to fire, bomb, flood etc. leading to temporary loss of service.	5	5	4	14	2	28	**TREAT** 1) All staff are now able to work remotely. 2) A business continuity plan is in place. 3) Systems are cloud hosted and backed up.	1	14	Kevin Taylor	31/01/2022

THE ROYAL COUNTY OF BERKSHIRE PENSION FUND	Review Date: 07/03/2022	**Risk Calculation Key**
	Author: Damien Pantling, Head of Pension Fund	IMPACT (Total) = IMPACT (Fund) + IMPACT (Employers) + IMPACT (Reputation)
	Adele Taylor - Director of Resources (S.151 Officer)	Gross Risk Score = IMPACT (Total) x Likelihood
	Status: FINAL	Net Risk Score = IMPACT (Total) x Revised Likelihood
	GREEN = Score of 1 to 15	Scores all ranked 1 to 5 Please refer to final page for CIPFA guidance, Scoring Matrix and full column heading breakdown
	AMBER = Score of 16 to 25	
	RED = Score of 26 - 75	

Risk Group	Risk Ref.	Trending	Risk Description	Fund	Employers	Reputation	TOTAL	Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk		
REPUTATIONAL RISK														
Reputational Risk	PEN044		Financial loss of cash investments from fraudulent activity.	3	3	5	11	2	22	**TREAT** 1) Policies and procedures are in place which are regularly reviewed to ensure risk of investment loss is minimised. Strong governance arrangements and internal controls are in place in respect of the Pension Fund. Internal Audit assist in the implementation of strong internal controls. Fund Managers have to provide annual SSAE16 and ISAE3402 or similar documentation (statement of internal controls) that are reviewed by auditors.	1	11	Damien Pantling	31/01/2022
Reputational Risk	PEN045		Financial loss and/or reputation damage associated with poor investment decision making. - through failure of governance and oversight as opposed to fraud	4	3	4	11	3	33	**TREAT** 1) Specific manager/investment decisions are delegated to, and undertaken by LPPI and are thus subject to rigorous investment manager selection processes involving a team of appropriately qualified and experienced investment professionals 2) LPPI's investment recommendations are presented to the Pension Fund committee for scrutiny by officers, members and independent advisors 3) Where appropriate, additional opinions may be called in i.e. LAPFF, PIRC, or other LGPS funds on matters that are either controversial or non-straightforward. 4) Good governance recommendations regularly reviewed following governance review in 2020, also new Internal Audit team to engage on governance matters and propose additional recommendations where appropriate	2	22	Damien Pantling	31/01/2022
Reputational Risk	PEN046		Inaccurate information in public domain leads to reputation damage and loss of confidence.	1	1	3	5	3	15	**TREAT** 1) Ensure that all requests for information (Freedom of Information, member and public questions at Council, etc.) are managed appropriately and that Part 2 Exempt items remain so. 2) Maintain constructive relationships with employer bodies, our communications team and LPPI's press team to ensure that news is well managed. 3) Hold AGM every year.	2	10	Damien Pantling	31/01/2022
REGULATORY AND COMPLIANCE RISK				IMPACT									Owner	Reviewed
Regulatory & Compliance Risk	PEN047		Failure to process (Collect, retain, use and disclose) personal data in accordance with relevant data protection legislation including UK GDPR and DPA 2018	3	3	5	11	3	33	**TREAT** 1) Data sharing with partners is end to end encrypted. 2) IT data security policy adhered to. 2) Implementation of and adherence to RBWM information governance policies and data retention schedules 3) Mandatory staff training for new joiners on GDPR data processing which is annually refreshed 4) Administering Authority has an assigned data protection officer responsible for advising on data protection obligations. 5) Data protection compliance checks to be part of internal audit workplan going forward 6) Staff are aware of data breach process	2	22	Damien Pantling	31/01/2022
Regulatory & Compliance Risk	PEN048		Implementation of proposed changes to the LGPS (pooling) does not conform to plan or cannot be achieved within laid down timescales.	3	2	1	6	3	18	**TOLERATE** 1) Officers consult and engage with DLUHC, LGPS Scheme Advisory Board, advisors, LPPI, peers, various seminars and conferences. 2) Officers engage in early planning for implementation against agreed deadlines. 3) Uncertainty surrounding new DLUHC pooling guidance.	3	18	Damien Pantling	31/01/2022
Regulatory & Compliance Risk	PEN049		Changes to LGPS Regulations along with failure to comply with legislation leads to ultra-vires actions resulting in financial loss and/or reputational damage - and pensions legislation or regulation changes resulting in an increase in the cost of the scheme or increased administration.	3	3	1	7	3	21	**TREAT** 1) Fund will respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood. 2) Impact of LGPS (Management of Funds) Regulations 2016 to be monitored. Impact of Regulation on compulsory pooling to be monitored. 3) Officers maintain knowledge of legal framework for routine decisions. 4) Eversheds retained for consultation on non-routine matters. 5) Maintain links with central government and national bodies to keep abreast of national issues. 6) Fund officers to ensure there are regular internal audits and that both internal and external audit recommendations are adhered to	2	14	Damien Pantling	31/01/2022
Regulatory & Compliance Risk	PEN050		Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests.	3	3	4	10	2	20	**TREAT** 1) Publication of all documents on external website and all appointed managers expected to comply with ISS and investment manager agreements. 2) Local Pensions Board is an independent scrutiny and assistance function. 3) Compliance with the legislative requirements are reviewed annually through the audit process.	1	10	Damien Pantling	31/01/2022
Regulatory & Compliance Risk	PEN051		Failure to comply with recommendations from the Local Pensions Board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator.	1	3	5	9	2	18	**TREAT** 1) Ensure that a co-operative, effective and transparent dialogue exists between the Pension Fund Committee and Local Pensions Board. 2) Chair of Pension Board normally attends the committee and speaks as appropriate.	1	9	Damien Pantling	31/01/2022
Regulatory & Compliance Risk	PEN052		Loss of flexibility to engage with Fund Managers and loss of elective professional status with any or all of the existing Fund managers and counterparties resulting in reclassification. (The Fund is a retail client to counterparties unless opted up).	3	2	2	7	2	14	**TREAT** 1) More reliance on LPPI to keep Officers and Committee updated. 2) Maintaining up to date information about the fund on relevant platforms. 3) Fund can opt up with prospective managers. 4) Existing and new Officer appointments subject to requirements for professional qualifications and CPD. 5) MIFID2 regulations to be monitored by fund officers and LPPI.	1	7	Damien Pantling	31/01/2022
Regulatory & Compliance Risk	PEN053		Procurement processes may be challenged if seen to be non-compliant with OJEU rules. Poor specifications lead to dispute. Unsuccessful fund managers may seek compensation following non compliant process.	2	2	3	7	2	14	**TOLERATE** 1) Pooled funds are not subject to OJEU rules, and most of our funds are in LPPI's pooled vehicles. **TREAT** 1) For those that are held directly, ensure that assessment criteria remains robust and that full feedback is given at all stages of the procurement process.	1	7	Damien Pantling	31/01/2022

Date	Risk	Change
06/12/2021	N/A	Approved by PF committee (following pension board approval prior)
26/01/2022	4	Moved from trending up to trending sideways
26/01/2022	33	Kevin made amendments, adding in additional mitigations - also bringing some of PE
26/01/2022	40	Increased mitigation measures and increased revised liklehood to 1
26/01/2022	36	Enhanced controls focusing on new internal audit service and pension scams new re
26/01/2022	35	It security, to use borough penetration checks and also mention internal audit check
26/01/2022	45	NEW RISK inserted to reputational risk, on repuation for poor investment decision m
26/01/2022	47	GDPR policy changed to include processing data not just holding it - added additiona
NEXT		Look at incorprating a risk for poor budget managent, and also poor planning and ac

l control measures in this regard. Further call and follow up with Nikki to adapt this further (26 / 27 Jan)

Column Heading	Calculation
Risk Group	
Risk Ref.	
Trending	
Risk Description	
Impact: Fund	***A***
Impact: Employers	***B***
Impact: Reputation	***C***
Impact: Total	***A + B + C***
Likelihood	***D***
Gross risk score	***(A + B + C) x D***
Mitigation actions	
Revised Likelihood	***E***
Net risk score	***(A + B + C) x E***
Risk Owner	
Reviewed	

Explanation
One of the seven risk categories specified by CIPFA
Unique reference "PEN" and unique risk number; i.e.. PEN001
Illustration identifies trend from the last time the risk register was reviewed (usually the last quarter)
Description of the risk before any treatment or mitigation - the "naked" risk.
(Score 1 to 5) - This is the impact the "naked" or un-treated risk has on the overall fund - usually referring to all assets, all liabilities or the entire fund as a separate legal entity
(Score 1 to 5) - This is the impact the "naked" or un-treated risk has on the individual employers, or groups of employers if applicable - This could be the Unitaries, scheduled bodies, admitted bodies, or a specific
(Score 1 to 5) - This is the impact the "naked" or un-treated risk has on the reputation of the Royal County of Berkshire Pension Fund as an entity in its own right, the Royal Borough of Windsor and Maidenhead as the administering authority, or the LGPS as a whole depending on the nature of the risk.
(Score 3 to 15) - A sum of the Impact on Fund, Employers and Reputation
(Score 1 to 5) - This is the likelihood of the "naked" or un-treated risk occurring, or it's probability of occurrence in the absence of any mitigating action
(Score 3 to 75) - This is a sum total of the Impact of the risk on the Fund, Employers and Reputation multiplied by the Likelihood of the "naked" or untreated risk occurring
These are the actions taken by all interested parties to reduce the likelihood of a risk occurring or eliminate it
(Score 1 to 5) - This is the revised likelihood of the risk occurring, or it's probability of occurrence following the implementation of any documented mitigation action
(Score 3 to 75) - This is a sum total of the Impact of the risk on the Fund, Employers and Reputation multiplied by the revised likelihood of the risk occurring following the implementation of any mitigation
For the avoidance of doubt, this is the officer responsible for monitoring, reviewing and reporting any changes to the impact or likelihood of the risk allocated to the officers name. Risks are technically all
impacts and likelihood.

CIPFA risk categories	Types of risk for category	Description of risk
Asset and Investment Risk	Asset/liability mismatch risk	the risk that pension fund assets do not grow in line with the developing cost of pension fund liabilities
	inflation risk	due to unexpected inflation increases the fund is unable to grow at the same rate as the increasing liabilities
	concentration risk	fund not sufficiently diversified and therefore has large exposure to one asset category/sub category/fund/security
	investment pooling risk	brings with it several new risks, one of the major risks being transition risk
	illiquidity risk	fund cannot meet short term liabilities due to not being sufficiently liquid
	currency risk	
	manager underperformance risk	
	transtion risk	incurring unexpected costs when moving funds between managers. Losing value on assets whilst held in cash after being sold down to be used to subscribe elsewhere
	counterparty default risk	
Liability Risk	financial	assumptions based on inflation, disdcoutn rate, or salary increases turns out to be different to expected resulting in increased liabilities
	demographic	longevity, early retirmenet, ill-health retirement, regulatory risk
Employer Risk	participating bodies	risks may arise related to individual bodies within the overall pension fund - funding risks, security risks, membership risks
Resource and Skill Risk	inadequate staffing levels for the roles required	
	inadequte knowledge and skills for the roles required	
	inadequate resources to support staff in their roles	
	turnover amongst elected members and hence membership of pension committees	
Administrative and Communicative Risk	failure of ICT	may result in inability to make payments, monitor investments, collect income, communicate with stakeholders
	over reliance on/loss of key staff	
	data quality	especially important is to note that bad date can lead to inefficiences and waste
	colloboration	working across different teams/partnerships fails or become inefficient
	third party provider under-performance	payroll/pensions administrator/investment advisor/consultant not performing to expected standards leading to problems around inefficiences or poor decision making
	data protection	GDPR
	cyber threats	
Reputational Risk		
Regulatory and Compliance Risk	non-compliance with new or old piece of legislation or guidance that is issued	

RCBPF Risk Management Scoring Matrix		
Scoring (Impact)		
Impact Description	Category	Description
1 Very Low	Cost/Budgetary Impact	£0 to £25,000
	Impact on life	Temporary disability or slight injury or illness less than 4 weeks (internal) or affecting 0-10 people (external)
	Environment	Minor short term damage to local area of work.
	Reputation	Decrease in perception of service internally only – no local media attention
	Service Delivery	Failure to meet individual operational target – Integrity of data is corrupt no significant effect
2 Low	Cost/Budgetary Impact	£25,001 to £100,000
	Impact on life	Temporary disability or slight injury or illness greater than 4 weeks recovery (internal) or greater than 10 people (external)
	Environment	Damage contained to immediate area of operation, road, area of park single building, short term harm to the immediate ecology or community
	Reputation	Localised decrease in perception within service area – limited local media attention, short term recovery
	Service Delivery	Failure to meet a series of operational targets – adverse local appraisals – Integrity of data is corrupt, negligible effect on indicator
3 Medium	Cost/Budgetary Impact	£100,001 to £400,000
	Impact on life	Permanent disability or injury or illness
	Environment	Damage contained to Ward or area inside the borough with medium term effect to immediate ecology or community
	Reputation	Decrease in perception of public standing at Local Level – media attention highlights failure and is front page news, short to medium term recovery
	Service Delivery	Failure to meet a critical target – impact on an individual performance indicator – adverse internal audit report prompting timed improvement/action plan - Integrity of data is corrupt, data falsely inflates or reduces outturn of indicator
4 High	Cost/Budgetary Impact	£400,001 to £800,000
	Impact on life	Individual Fatality
	Environment	Borough wide damage with medium or long term effect to local ecology or community
	Reputation	Decrease in perception of public standing at Regional level – regional media coverage, medium term recovery
	Service Delivery	Failure to meet a series of critical targets – impact on a number of performance indicators – adverse external audit report prompting immediate action - Integrity of data is corrupt, data falsely inflates or reduces outturn on a range of indicators
5 Very High	Cost/Budgetary Impact	£800,001 and over
	Impact on life	Mass Fatalities
	Environment	Major harm with long term effect to regional ecology or community
	Reputation	Decrease in perception of public standing nationally and at Central Government – national media coverage, long term recovery
	Service Delivery	Failure to meet a majority of local and national performance indicators – possibility of intervention/special measures – Integrity of data is corrupt over a long period, data falsely inflates or reduces outturn on a range of indicators

Scoring (Likelihood)	
Descriptor	Likelihood Guide
1. Improbable, extremely unlikely.	Virtually impossible to occur 0 to 5% chance of occurrence.
2. Remote possibility	Very unlikely to occur 6 to 20% chance of occurrence
3. Occasional	Likely to occur 21 to 50% chance of occurrence
4. Probable	More likely to occur than not 51% to 80% chance of occurrence
5. Likely	Almost certain to occur 81% to 100% chance of occurrence

Control		Details required
Terminate	Stop what is being done.	A clear description of the specific actions to be taken to control the risk or opportunity
Treat	Reduce the likelihood of the risk occurring.	
Take	Circumstances that offer positive opportunities	
Transfer	Pass to another service best placed to deal with mitigations but ownership of the risk still lies with the original service.	The name of the service that the risk is being transferred to and the reasons for the transfer.
Tolerate	Do nothing because the cost outweighs the benefits and/or an element of the risk is outside our control.	A clear description of the specific reasons for tolerating the risk.

Column Heading	Explanation
Risk Group	One of the seven risk categories specified by CIPFA.
Risk Ref.	Unique reference "PEN" and unique risk number; i.e.. PEN001.
Trending	Illustration identifies trend from the last time the risk register was reviewed (usually the last quarter).
Risk Description	Description of the risk before any treatment or mitigation - the "naked" risk.
Impact: Fund (A)	(Score 1 to 5) - This is the impact the "naked" or un-treated risk has on the overall fund - usually referring to all assets, all liabilities or the entire fund as a separate legal entity.
Impact: Employers (B)	(Score 1 to 5) - This is the impact the "naked" or un-treated risk has on the individual employers, or groups of employers if applicable - This could be the Unitaries, scheduled bodies, admitted bodies, or a specific individual employer.
Impact: Reputation (C)	(Score 1 to 5) - This is the impact the "naked" or un-treated risk has on the reputation of the Royal County of Berkshire Pension Fund as an entity in its own right, the Royal Borough of Windsor and Maidenhead as the administering authority, or the LGPS as a whole depending on the nature of the risk.
Impact: Total (A+B+C)	(Score 3 to 15) - A sum of the Impact on Fund, Employers and Reputation.
Likelihood (D)	(Score 1 to 5) - This is the likelihood of the "naked" or un-treated risk occurring, or it's probability of occurrence in the absence of any mitigating action.
Gross risk score ((A+B+C)xD)	(Score 3 to 75) - This is a sum total of the Impact of the risk on the Fund, Employers and Reputation multiplied by the Likelihood of the "naked" or untreated risk occurring.
Mitigation actions	These are the actions taken by all interested parties to reduce the likelihood of a risk occurring or eliminate it entirely.
Revised Likelihood (E)	(Score 1 to 5) - This is the revised likelihood of the risk occurring, or it's probability of occurrence following the implementation of any documented mitigation action.
Net risk score ((A+B+C)xD)	(Score 3 to 75) - This is a sum total of the Impact of the risk on the Fund, Employers and Reputation multiplied by the revised likelihood of the risk occurring following the implementation of any mitigation action.
Risk Owner	For the avoidance of doubt, this is the officer responsible for monitoring, reviewing and reporting any changes to the impact or likelihood of the risk allocated to the officers name. Risks are technically all "owned" by the Pension Fund Committee.
Reviewed	Date of last review - to be updated following officer review to ensure regular monitoring and tracking of risk impacts and likelihood.

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Risk Register

Essential information

Items to be assessed: (please mark ‘x’)

Strategy		**Policy**	**x**	**Plan**		**Project**		**Service/Procedure**	

Responsible officer	Damien Pantling	**Service area**	Pension Fund	**Directorate**	Finance

Stage 1: EqIA Screening (mandatory)	Date created: 25/02/2022	**Stage 2 : Full assessment (if applicable)**	N/A

Approved by Head of Service / Overseeing group/body / Project Sponsor:
“I am satisfied that an equality impact has been undertaken adequately.”

Signed by (print):

Dated:

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Risk Register

Guidance notes

What is an EqIA and why do we need to do it?
The Equality Act 2010 places a ‘General Duty’ on all public bodies to have ‘due regard’ to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advancing equality of opportunity between those with ‘protected characteristics’ and those without them.
- Fostering good relations between those with ‘protected characteristics’ and those without them.

EqIAs are a systematic way of taking equal opportunities into consideration when making a decision, and should be conducted when there is a new or reviewed strategy, policy, plan, project, service or procedure in order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups. All completed EqIA Screenings are required to be publicly available on the council’s website once they have been signed off by the relevant Head of Service or Strategic/Policy/Operational Group or Project Sponsor.

What are the “protected characteristics” under the law?
The following are protected characteristics under the Equality Act 2010: age; disability (including physical, learning and mental health conditions); gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

What’s the process for conducting an EqIA?
The process for conducting an EqIA is set out at the end of this document. In brief, a Screening Assessment should be conducted for every new or reviewed strategy, policy, plan, project, service or procedure and the outcome of the Screening Assessment will indicate whether a Full Assessment should be undertaken.

Openness and transparency

RBWM has a ‘Specific Duty’ to publish information about people affected by our policies and practices. Your completed assessment should be sent to the Strategy & Performance Team for publication to the RBWM website once it has been signed off by the relevant manager, and/or Strategic, Policy, or Operational Group. If your proposals are being made to Cabinet or any other Committee, please append a copy of your completed Screening or Full Assessment to your report.

Enforcement

Judicial review of an authority can be taken by any person, including the Equality and Human Rights Commission (EHRC) or a group of people, with an interest, in respect of alleged failure to comply with the general equality duty. Only the EHRC can enforce the specific duties. A failure to comply with the specific duties may however be used as evidence of a failure to comply with the general duty.

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Risk Register

Stage 1 : Screening (Mandatory)

1.1 What is the overall aim of your proposed strategy/policy/project etc and what are its key objectives?
At the Pension Board meeting on 2 September 2021 and Pension Fund Committee meeting on 20 September 2021, the Head of Pension Fund agreed to review the Pension Fund's risk register and to bring a revised and updated version to the upcoming meeting for Members' consideration and approval. This report provides Members with that updated version of the risk register prepared in line with the 2018 CIPFA framework "Managing risk in the Local Government Pension Scheme". This new risk register process was approved by the Pension Fund Committee on 6 December 2021 and has undergone several iterations before being presented at this meeting.

1.2 What evidence is available to suggest that your proposal could have an impact on people (including staff and customers) with protected characteristics? Consider each of the protected characteristics in turn and identify whether your proposal is Relevant or Not Relevant to that characteristic. If Relevant, please assess the level of impact as either High / Medium / Low and whether the impact is Positive (i.e. contributes to promoting equality or improving relations within an equality group) or Negative (i.e. could disadvantage them). Please document your evidence for each assessment you make, including a justification of why you may have identified the proposal as "Not Relevant".

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Risk Register

Protected characteristics	Relevance	Level	Positive/negative	Evidence
Age				*Key data: The estimated median age of the local population is 42.6yrs [Source: ONS mid-year estimates 2020]. An estimated 20.2% of the local population are aged 0-15, and estimated 61% of the local population are aged 16-64yrs and an estimated 18.9% of the local population are aged 65+yrs. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]*
Disability				
Gender re-assignment				
Marriage/civil partnership				
Pregnancy and maternity				
Race				*Key data: The 2011 Census indicates that 86.1% of the local population is White and 13.9% of the local population is BAME. The borough has a higher Asian/Asian British population (9.6%) than the South East (5.2%) and England (7.8%). The forthcoming 2021 Census data is expected to show a rise in the BAME population. [Source: 2011 Census, taken from Berkshire Observatory]*
Religion and belief				*Key data: The 2011 Census indicates that 62.3% of the local population is Christian, 21.7% no religion, 3.9% Muslim, 2% Sikh, 1.8% Hindu, 0.5% Buddhist, 0.4% other religion, and 0.3% Jewish. [Source: 2011 Census, taken from Berkshire Observatory]*
Sex				*Key data: In 2020 an estimated 49.6% of the local population is male and 50.4% female. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]*
Sexual orientation				

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Risk Register

Outcome, action and public reporting

Screening Assessment Outcome	Yes / No / Not at this stage	Further Action Required / Action to be taken	Responsible Officer and / or Lead Strategic Group	Timescale for Resolution of negative impact / Delivery of positive impact
Was a significant level of negative impact identified?	No	No	Damien Pantling	N/A
Does the strategy, policy, plan etc require amendment to have a positive impact?	No	No	Damien Pantling	N/A

If you answered **yes** to either / both of the questions above a Full Assessment is advisable and so please proceed to Stage 2. If you answered “No” or “Not at this Stage” to either / both of the questions above please consider any next steps that may be taken (e.g. monitor future impacts as part of implementation, re-screen the project at its next delivery milestone etc).

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Risk Register

Stage 2 : Full assessment

2.1 : Scope and define

2.1.1 Who are the main beneficiaries of the proposed strategy / policy / plan / project / service / procedure? List the groups who the work is targeting/aimed at.

2.1.2 Who has been involved in the creation of the proposed strategy / policy / plan / project / service / procedure? *List those groups who the work is targeting/aimed at.*

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Risk Register

2.2 : Information gathering/evidence

2.2.1 What secondary data have you used in this assessment? *Common sources of secondary data include: censuses, organisational records.*

2.2.2 What primary data have you used to inform this assessment? *Common sources of primary data include: consultation through interviews, focus groups, questionnaires.*

Eliminate discrimination, harassment, victimisation

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Risk Register

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

Advance equality of opportunity

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Risk Register

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Risk Register

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Foster good relations

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

2.4 Has your delivery plan been updated to incorporate the activities identified in this assessment to mitigate any identified negative impacts? If so please summarise any updates. *These could be service, equality, project or other delivery plans. If you did not have sufficient data to complete a thorough impact assessment, then an action should be incorporated to collect this information in the future.*

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ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Risk Register

Report Title:	**Administering Authority Discretions Policy**
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 7 March 2022
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

www.rbwm.gov.uk

Royal Borough of Windsor & Maidenhead

REPORT SUMMARY

This report brings back to Members' attention the Administering Authority's requirement to take decisions in respect of various discretions afforded to it under the current and former LGPS Regulations.

Whilst Members will have previously seen and approved a version of the document contained at Appendix 1 to this report, the revised version has been updated to reflect the need to have policy statements for discretions under both the current and former LGPS Regulations. The Administering Authority Discretions Policy found at Appendix 1 to this report is, therefore, split into several sections to facilitate the requirements of all sets of LGPS Regulations as they apply to current and former scheme members. Some items may appear to be duplicated but need to be re-stated in this way to account for the changes to the statutory legislation governing the Scheme.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee note the report and;

i) Considers, notes and approves the revised administering authority discretions policy and;

ii) Approves publication of the final version on the Pension Fund website.

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

2.1 In accordance with Regulation 53 of the Local Government Pension Scheme Regulations 2013 (as amended) ("the Regulations") and as listed in Part 1 of Schedule 3 of the Regulations, RBWM is an Administering Authority (Scheme Manager) required to maintain a Pension Fund for the Scheme.

2.2 An Administering Authority is responsible for managing and administering the Scheme in relation to any person for which it is the appropriate Administering Authority under the Regulations.

2.3 The Pension Fund Committee as set out in RBWM's Constitution acts as the Scheme Manager and is therefore responsible for ensuring that the Administering Authority fulfils its statutory responsibilities in accordance with the Regulations and the Public Service Pensions Act 2013

2.4 The purpose of this paper is to identify for Committee members all the discretions set out in the current and former LGPS Regulations as they apply to current and former scheme members and to set a policy decision as to how each of those discretions should be applied.

2.5 The Administering Authority Discretions Policy found at Appendix 1 to this report is based on guidance and a template issued by the Local Government Pension Committee (LGPC) Secretariat, part of the Local Government Association (LGA) who, in order to facilitate strong governance, recommend that a policy is maintained in all areas described.

2.6 The policy was last approved by the Pension Fund Committee (formerly the Pension Fund Panel) on 12 November 2018.

3. KEY IMPLICATIONS

3.1 The Administering Authority (Scheme Manager) is required by law to maintain the Royal County of Berkshire Pension Fund is accordance with the Regulations and all other associated legislation. Failure to do so could result in the Pensions Regulator issuing fines to the Authority where he deems it to have failed in areas of scheme governance, risk management and administration.

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 None

5. LEGAL IMPLICATIONS

5.1 The Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and former version of the LGPS Regulations set out the statutory requirements of the Administering Authority.

6. RISK MANAGEMENT

6.1 The below table relates to risk "PEN050" from the risk register considered and approved by Pension Fund Committee on 7 March 2022.

Table 1: Impact of risk and mitigation (PEN050)

Risk description	Gross Risk Score	Mitigating Actions	Net Risk Score
Failure to comply with legislative requirements e.g. ISS, FSS, Governance	**20**	1) Publication of all documents on external website and all appointed managers expected to comply with ISS and investment manager agreements.	**10**

Policy, Freedom of Information requests.		2) Local Pensions Board is an independent scrutiny and assistance function. 3) Compliance with the legislative requirements are reviewed annually through the audit process.	

7. POTENTIAL IMPACTS

7.1 Failure to comply with Pension legislation could result in the Administering Authority being reported to the Pensions Regulator where failure is deemed to be of a material significance.

7.2 Equalities: Equality Impact Assessments are published on the council's website: There are no EQIA impacts as a result of taking this decision. A completed EQIA has been attached at Appendix 2 to this report

7.3 Climate change/sustainability: N/A

7.4 Data Protection/GDPR. N/A

8. CONSULTATION

8.1 N/A

9. TIMETABLE FOR IMPLEMENTATION

9.1 From 7 March 2022

10. APPENDICES

10.1 This report is supported by 2 Appendices:

- Appendix 1 – Administering Authority Discretions Policy
- Appendix 2 - EQIA

11. BACKGROUND DOCUMENTS

11.1 This report is supported by 0 background documents:

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Mandatory:	*Statutory Officers (or deputy)*		
Adele Taylor	Executive Director of Resources/S151 Officer	**22/02/2022**	**24/02/2022**
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	**22/02/2022**	

Deputies:			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	**22/02/2022**	**25/02/2022**
Elaine Browne	Head of Law (Deputy Monitoring Officer)	**22/02/2022**	**28/02/2022**
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	**22/02/2022**	**25/02/2022**
Other consultees:			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	**22/02/2022**	
Nikki Craig	Head of HR, Corporate Projects and IT	**22/02/2022**	**23/02/2022**

REPORT HISTORY

Decision type:	**Urgency item?**	**To follow item?**
Pension Fund Committee decision	~~Yes~~/No	~~Yes~~/No

Report Author: Damien Pantling, Head of Pension Fund

Administering Authority Discretions Policy

Section 1 Discretionary policies applicable from 1 April 2014 in relation to post 31 March 2014 active members and post 31 March 2014 leavers being discretions under:

The Local Government Pension Scheme Regulations 2013 (S.I. 2013 No. 2356)[1] (prefix **LGPS13**)

The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (SI 2014 No. 525)[2] (prefix **TP14**)

Local Government Pension Scheme (Administration) Regulations 2008 (SI 2008 No. 239)[3] (prefix **A08**)

Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612)[4] (prefix **LGPS97**)

Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (SI 2007 No. 1166)[5] (prefix **B07**)

Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (SI 2008 No. 238)[6] (prefix **T08**)

No.	Regulation	Administering Authority Discretion	Administering Authority Decision
1	**LGPS13**: 3(1A), 3(5) & Sch. 2, Part 3, para. 1	Whether to agree to an admission agreement with a body applying to become an admission body other than where a body as defined in paragraph 1(d) must be admitted providing they undertake the requirements of the regulations.	Report to be submitted to the Pension Fund Committee for approval subject to an employer covenant review being undertaken.
2	**LGPS13**: 4(2)(b)	Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or Care Quality Commission	Report to be submitted to the Pension Fund Committee for approval subject to an employer covenant review being undertaken.
3	**LGPS13**: 16(1)	Whether the administering authority deems it inappropriate for a scheme member to pay Additional Pension Contributions (APCs)	Pension Fund Committee have set an agreed minimum level of contribution whereby the scheme member will be

[1] http://www.legislation.gov.uk/uksi/2013/2356/contents/made
[2] http://www.legislation.gov.uk/uksi/2014/525/contents/made
[3] http://www.legislation.gov.uk/uksi/2008/239/contents/made
[4] http://www.legislation.gov.uk/uksi/1997/1612/contents/made
[5] http://www.legislation.gov.uk/uksi/2007/1166/contents/made
[6] http://www.legislation.gov.uk/uksi/2008/238/contents/made

		over a period of time due to the contribution being very small.	required to pay APC as a lump sum - £100.
4	**LGPS13**: 16(10)	Whether to require a scheme member to have a medical (at their own expense) in order to satisfy the administering authority of their reasonably good health before agreeing to the scheme member's application to pay APCs/SCAPCs (Shared Cost Additional Pension Contributions).	Require a medical in circumstances where a scheme employer has already taken action to investigate the scheme member's possible ill health retirement.
5	**LGPS13**: 17(12)	Decide to whom any Additional Voluntary Contributions (AVCs) or Shared Cost Additional Voluntary Contributions (SCAVC) monies should be paid upon the scheme member's death.	To follow scheme member's expression of wish where appropriate. If non-contentious delegate to officers for a decision or report to the Pension Fund Committee where decision could be contentious.
6	**LGPS13**: 22(3)(c)	Pension accounts to be kept in a form as considered appropriate.	Pension accounts to be maintained in line with regulatory and pension software requirements.
7	**LGPS13:** 30(8)	Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.	*NOTE: Administering authority decision required where Scheme Employer is defunct)* Apply former employer's discretionary statement of policy where possible and where not possible adopt RBWM's discretionary statement of policy.
8	**LGPS13:** 30(8)	Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age other than on grounds of flexible retirement (where the member only has post 31 March 2014 membership).	*NOTE: Administering authority decision required where Scheme Employer is defunct)* Apply former employer's discretionary statement of policy where possible and where not possible adopt RBWM's discretionary statement of policy.
9	**LGPS13**: 32(7)	Whether to extend beyond three months the time limits within which a scheme	To restrict the time limit to three months as set out in regulation.

		member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement.	
10	**LGPS13**: 34(1)(a)	Whether to commute the payment of a small pension into a trivial commutation lump sum within the meaning of section 166 of the Finance Act 2004.	To commute upon request from the scheme member in line with the rules and limits imposed by HMRC.
11	**LGPS13**: 34(1)(b)	Whether to trivially commute a lump sum death benefit under section 168 of the Finance Act 2004.	To commute upon request from the scheme member in line with the rules and limits imposed by HMRC.
12	**LGPS13**: 34(1)(c)	Whether to pay a commutation payment under regulations 6, 11 or 12 of the Registered Pension Schemes (Authorised Payments) Regulations 2009.	To commute upon request from the scheme member in line with the rules and limits imposed by HMRC.
13	**LGPS13**: 36(3)	Whether to approve or not a scheme employer's choice of Independent Registered Medical Practitioner (IRMP).	Approval delegated to officers.
14	**LGPS13**: 38(3)	Whether a deferred member of a former employer that no longer exists meets the criteria for release of deferred benefits due to permanent ill health and the likelihood of not obtaining gainful employment before normal pension age or within three years, whichever is sooner.	*NOTE: Administering authority decision required where Scheme Employer is defunct)* Potentially contentious cases to be reported to Pension Fund Committee for a decision otherwise delegated to officers.
15	**LGPS13**: 38(6)	Whether a suspended tier-3 ill health pension should be reinstated upon request from a deferred pensioner member of a former employer that no longer exists where that member is unlikely to be capable of undertaking gainful employment before normal pension age.	*NOTE: Administering authority decision required where Scheme Employer is defunct)* Potentially contentious cases to be reported to Pension Fund Committee for a decision otherwise delegated to officers.
16	**LGPS13**: 40(2), 43(2), 46(2) & **TP14**: 17(5) to (8)	To whom a death grant should be paid following the death of a scheme member.	To follow scheme member's expression of wish where appropriate. If non-

			contentious delegate to officers for a decision or report to the Pension Fund Committee where decision could be contentious.
17	**LGPS13**: 49(1)(c)	To determine the benefit payable to a scheme member, in the absence of an election from the scheme member, where the scheme member is entitled to a benefit under 2 or more of the regulations in respect of the same period of membership.	Delegated to officers who will pay the benefit most beneficial to the scheme member.
18	**LGPS13**: 54(1)	Whether to establish an "admission agreement fund" in addition to the "main fund".	Not to establish a separate fund.
19	**LGPS13: 55**	Governance Compliance Statement must state whether the administering authority delegates their function or part of their function in relation to maintaining a pension fund to a committee, a sub-committee or an officer of the administering authority and if they do so delegate, state: • The frequency of any committee or sub-committee meetings, the terms, structure and operational procedures appertaining to the delegation, and • Whether representatives of employing authorities or members are included and, if so, whether they have voting rights. The policy must also state: • The extent to which a delegation, or the absence of a delegation, complies with Secretary of State guidance and, to the	Separate Governance Compliance Statement prepared, published, and reviewed by Pension Fund Committee and available from the Pension Fund's website[7]

[7] https://www.berkshirepensions.org.uk/bpf/publications/pension-fund-policies

		extent that it does not comply, state the reason for not complying, and the terms, structure and operational procedures pertaining to the local Pension Board.	
20	**LGPS13:** 58	Decide on Funding Strategy for inclusion in the Funding Strategy Statement.	Funding Strategy Statement prepared, published, and reviewed by Pension Fund Committee and available from the Pension Fund's website[8]
21	**LGPS13**: 59(1) & (2)	Whether to produce and publish a written pension administration strategy and the matters to be included.	To produce and publish a Pension Administration Strategy. Available from the Pension Fund website[9]
22	**LGPS13:** 61	Communication policy must set out the policy on provision of information and publicity to, and communicating with, members, representatives of members, prospective members and Scheme employers; the format, frequency and method of communications; and the promotion of the Scheme to prospective members and their employers.	Communication Strategy Statement prepared, published and reviewed by Pension Fund Committee and available from the Pension Fund's website[10]
23	**LGPS13**: 64(2A);	Whether to issue a written suspension notice to an exiting employer to suspend that employer's liability to pay an exit payment for up to 3 years where the administering authority considers it reasonable that the exiting employer will appoint one or more active members during the period specified in the suspension notice.	Delegated to officers to identify exiting scheme employers and to issue a suspension notice and report to the Pension Fund Committee, and Pension Board, on the action taken.

[8] https://www.berkshirepensions.org.uk/bpf/publications/pension-fund-policies
[9] https://www.berkshirepensions.org.uk/bpf/publications/pension-fund-policies

[10] https://www.berkshirepensions.org.uk/bpf/publications/pension-fund-policies

24	**LGPS13:** 64(2ZA)	Whether to extend the period beyond 3 months from the date a Scheme Employer ceases to be a Scheme Employer, by which to pay an exit credit.	Delegated to officers to identify exiting scheme employers and to agree extension of exit credit payment and report to the Pension Fund Committee, and Pension Board, on the action taken.
25	**LGPS13**: 64(4)	Whether to obtain a revised rates and adjustment certificate from the pension fund Actuary where it is considered that a scheme employer will become an exiting employer.	Delegated to officers to identify those scheme employers with a poor covenant and report to the Pension Fund Committee, and Pension Board, on action taken.
26	**LGPS13 64(7A)**	Administering authority to enter into a deferred debt agreement with an exiting employer.	Delegated to officers to identify those scheme employers and report to the Pension Fund Committee, and Pension Board, on actions taken.
27	**LGPS13 64(7B)**	Administering authority to enter into a debt spreading arrangement with an exiting employer	Delegated to officers to identify those scheme employers and report to the Pension Fund Committee, and Pension Board, on actions taken.
28	**LGPS13**: 68(2)	To require a scheme employer to make a strain (capital) cost payment to the Pension Fund in all cases where a scheme employer's decision results in the immediate release of a scheme member's benefits because of flexible retirement, redundancy or retirement due to business efficiency.	In all cases the scheme employer will be required to make payment of a strain (capital) cost in full and within 21 days of receipt of an invoice from the scheme manager.
29	**LGPS13**: 69(1)	To consider the frequency that payments of contributions should be made to the Pension Fund by scheme employers and whether scheme employers should make a contribution towards to the cost of administration.	Payments required by the 19th day of the month following deduction in accordance with statutory regulations. Currently no administration charges are made.
30	**LGPS13**: 69(4)	To consider the form and frequency of information	Delegated to officers. Failures by scheme

		required from a scheme employer to support the payment of contributions.	employers to meet requirements to be reported to the Pension Board.
31	**LGPS13**: 70 & **TP14**: 22(2)	Whether to recover sums from a scheme employer where additional costs have been incurred because of the scheme employer's unsatisfactory level of performance (for example frequent late payments).	Pension administration strategy provides details of when notices of unsatisfactory performances will be issued to scheme employers and reported to the Pension Fund Committee and Pension Board.
32	**LGPS13**: 71(1)	Whether to charge interest on payments received from a scheme employer later than prescribed in the pension administration service level agreement or the pension administration strategy.	Instances to be reported to the Pension Fund Committee and Pension Board as part of an administration report for decision and where considered material, invoice to be raised, sent to scheme employer and reported to the Pensions Regulator.
33	**LGPS13**: 76(4) & TP14: 23	To determine the procedure to be followed at stage 2 of the Internal Dispute Resolution Procedure (IDRP) and the manner in which the exercise of those procedures should be undertaken.	The appointed adjudicator at stage 2 of the IDRP is the Head of Pension Fund for the administering authority who will seek advice and guidance from relevant officers and the Pension Board before making a determination.
34	**LGPS13**: 79(2) & TP14: 23	Whether to appeal to the Secretary of State against a scheme employer's decision, or lack of decision, on a question arising under regulation 72 of LGPS13 (first instance decisions).	Cases to be reported to the Pension Fund Committee and Pension Board as part of an administration report but decision delegate to officers.
35	**LGPS13**: 80(1)(b) & **TP14**: 22(1) & 23	To specify the format in which information supplied by a scheme employer is provided to the administering authority.	Delegated to officers who provide all standard forms, spreadsheets, templates and guidance to scheme employers to assist them in providing all information required to enable the administering authority to discharge its scheme functions.
36	**LGPS13**: 82(2)	Whether to pay out in full or part a death grant due from the Pension Fund without	Delegated to officers for a decision where non-contentious but referred to

		having to obtain grant of probate or letters of administration where the value does not exceed that specified in section 6 of the Administration of Estates (Small Payments) Act 1965.	the Pension Fund Committee where decision could be contentious.
37	**LGPS13**: 83	Whether, where a person appears to be incapable of managing their affairs by reason of mental disorder or otherwise, to make payment of benefits to another person.	Delegated to officers for a decision where non-contentious but referred to the Pension Fund Committee where decision could be contentious.
38	**LGPS13**: 98(1)(b)	Whether to agree to bulk transfer payments where two or more scheme members' membership ends on their joining a different registered pension scheme.	Delegated to officers who will in all instances seek the advice and guidance of the Pension Fund Actuary.
39	**LGPS13**: 100(6)	Whether to extend the normal time limit for acceptance of a transfer value beyond 12 months from date scheme member joined the LGPS.	Delegated to officers as Scheme employers are required to include a statement in their discretions policy and where it is agreed to extend beyond the 12 month period the administering authority will endorse the scheme employer's decision unless it is clearly identified that such a decision would be detrimental for the Pension Fund.
40	**LGPS13**: 100(7)	Whether to allow the transfer of relevant pension rights into the Pension Fund.	To permit the transfer of relevant pension rights for credit to the member's pension account.
41	**LGPS13:** 105(2)	Decide whether to delegate any administering authority functions under the Regulations	Decision taken not to delegate any administering authority functions.
42	**LGPS13:** 106(3)	Decide whether to establish a joint local pension board (if approval has been granted by the Secretary of State)	Decision taken not to establish a joint local pension board.
43	**LGPS13**: 106(6)	To determine the procedures applicable to a local Pension Board.	Terms of reference set out in the Council's Constitution.

44	**LGPS13**: 107(1)	To determine the membership of the local Pension Board and the manner in which members may be appointed and removed.	Approved by Pension Fund Committee.
45	**LGPS13**: 108(1)	To determine the method by which to confirm that a member of the Pension Board does not have a conflict of interest.	Set out in Council's code of conduct policy.
46	**LGPS13**: Sch. 1 & **TP14**: 17(9)(a)	In accordance with definition of eligible child determine whether to treat a child as being in continuous education or vocational training despite a break.	Pensions payable to eligible children will continue to be paid during breaks in education or training of up to one year.
47	**LGPS13**: Sch.1 & **TP14**: 17(9)(b)	In accordance with definition of cohabiting partner determine the evidence required to confirm financial dependence of a cohabiting partner on a scheme member or financial interdependence of cohabiting partner and scheme member.	Delegate to officers for a decision where non-contentious or to the Pension Fund Committee where decision could be contentious. Pension Fund Committee to consider an Affidavit to be signed by cohabiting member.
48	**LGPS13**: Sch. 2, Part 3, para. 9(d)	To determine the right to terminate an admission agreement under circumstances listed in regulation.	Report to be submitted to the Pension Fund Committee.
49	**LGPS13**: Sch. 2, Part 3, para 12(a)	To consider definition of the term "employed in connection with the provision of the service or assets".	Must be continuously employed for a minimum of 50% of the time in connection with the provision of the service or assets as referred to in the admission agreement.
50	**LGPS13:** Sch. 2, Part 3, para 14	Whether to agree that an admission agreement may take effect on a date before the date on which it is executed.	Admission agreement not to take effect prior to date on which is executed.
51	**TP14**: 3(6), 4(6)(c), 8(4),	In respect of a scheme member who retains a right to have the use of the average of	Delegated to officers to calculate and apply the best (most financially beneficial)

	10(2)(a), 17(2)(b) & **B07**: 11(2)	3 years pay for final pay purposes, to determine, should the member die before making an election, whether to make that election on behalf of the deceased scheme member.	option for the scheme member's dependants.
52	**TP14**: 3(6), 4(6)(c), 8(4), 10(2)(a), 17(2)(b) & **T08**: Sch. 1 & **LGPS97**: 23(9)	In respect of a scheme member who retains a certificate of protection of pension benefits under former regulations to determine should the member die before making an election as to the use of that certificate, whether to make an election on behalf of the deceased scheme member.	Delegated to officers to calculate and apply the best (most financially beneficial) option for the scheme member's dependants.
53	**TP14**: 10(9)	In the absence of an election from a scheme member within 12 months of ceasing a concurrent employment, to determine, where the scheme member has more than one on-going employment, to which pension account the ceasing employment benefits should be aggregated.	Delegated to officers to calculate and apply the best (most financially beneficial) option for the member.
54	**TP14**: 12(6)	Whether to use a certificate produced by an Independent Registered Medical Practitioner (IRMP) under the LGPS2008 for the purposes of making an ill health determination under the LGPS2013.	*NOTE: Administering authority decision required where Scheme Employer is defunct)* Delegated to officers to make the necessary determination on a case-by-case basis.
55	**TP14**: 15(1)(c) & **T08**: Sch. 1 & **LGPS97**: 83(5)	Whether to extend the time period for capitalisation of ongoing added years contracts still in force under previous regulations.	Delegated to officers to make the necessary determination on a case-by-case basis.
56	**TP14**: 15(1)(d) & **A08**: 28(2)	Whether to charge a scheme member for the provision of an estimate of additional pension that would be provided for by the scheme in return for the transfer of in house AVC funds (where the arrangement was	No charge to be applied.

		entered into before 1 April 2014).	
57	**TP14**: Sch. 2, para. 2(3)	Whether to require a strain (capital) cost to be paid "up front" by a scheme employer following their decision to waiver any actuarial reduction to benefits under the 85-year rule.	A scheme employer must make payment of a strain (capital) cost to the pension fund in full and "up front" on every occasion that such a cost arises.
58	**TP14:** Sch2, para 1(2) & 1(1)(c)	Whether to "switch on" the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (other than on the grounds of flexible retirement)	*NOTE: Administering authority decision required where Scheme Employer is defunct)* Apply former employer's discretionary statement of policy where possible and where not possible adopt RBWM's discretionary statement of policy.
59	**TP14:** 3(1), Sch2, para 2(1) and **B07:** 30(5) & 30A(5)	Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement (where member has both pre-1 April 2014 and post 31 March 2014 membership) on compassionate grounds.	*NOTE: Administering authority decision required where Scheme Employer is defunct)* Apply former employer's discretionary statement of policy where possible and where not possible adopt RBWM's discretionary statement of policy.
60	**A08:** 70(1) & 71(4)(c); **TP14:** 3(13)	To formulate a policy concerning abatement of pensions upon re-employment of retired scheme member.	Separate policy prepared, published and reviewed by Pension Fund Committee. Available from Pension Fund website[11]

Section 2 Discretionary policies in relation to scheme members who ceased active membership on or after 1 April 2008 and before 1 April 2014 being discretions under:

The Local Government Pension Scheme Regulations 2013 (S.I. 2013 No. 2356)[12] (prefix **LGPS13**)

The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (SI 2014 No. 525)[13] (prefix **TP14**)

[11] https://www.berkshirepensions.org.uk/bpf/publications/pension-fund-policies

[12] http://www.legislation.gov.uk/uksi/2013/2356/contents/made
[13] http://www.legislation.gov.uk/uksi/2014/525/contents/made

Local Government Pension Scheme (Administration) Regulations 2008 (SI 2008 No. 239)[14] (prefix **A08**)

Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612)[15] (prefix **LGPS97**)

Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (SI 2007 No. 1166)[16] (prefix **B07**)

Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (SI 2008 No. 238)[17] (prefix **T08**)

No.	Regulation	Administering Authority Discretion	Administering Authority Decision
1	**TP14**: 15(1)(c) & **T08**: Sch 1 & **LGPS97**: 83(5)	Extend time period for capitalisation of added years contract where the member leaves employment by reason of redundancy.	Delegated to officers to make the necessary determination on a case-by-case basis.
2	**A08:** 45(3)	Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits.	Delegated to officers to make the necessary determination on a case-by-case basis.
3	**A08:** 52(2)	Whether to pay the whole or part of the amount that is due to the personnel representatives (including anything due to the deceased member at the date of death) to: • Personal representatives, or • Anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount specified in s6 of the Administration of Estates (Small Payments) Act 1965.	Delegated to officers to make the necessary determination on a case-by-case basis.
4	**A08:** 56(2)	Approve medical advisors used by employers (for early payment, on grounds of ill health, of a deferred benefit or	Any medical advisor used by an employer must be able to evidence that they are registered with the General Medical Council and hold a

[14] http://www.legislation.gov.uk/uksi/2008/239/contents/made
[15] http://www.legislation.gov.uk/uksi/1997/1612/contents/made
[16] http://www.legislation.gov.uk/uksi/2007/1166/contents/made
[17] http://www.legislation.gov.uk/uksi/2008/238/contents/made

		a suspended Tier 3 ill health pension).	relevant qualification in occupational medicine as set out in in the definition of IRMP in Schedule 1 of **LGPS13**.
5	**TP14:** 23 & **LGPS13**: 76(4)	Decide procedure to be followed by administering authority when exercising its stage two IDRP functions and decide the manner in which those functions are to be exercised.	The appointed adjudicator at stage 2 of the IDRP is the Head of Pension Fund for the administering authority who will seek advice and guidance from relevant officers and the Pension Board before making a determination.
6	**TP14:** 23 & **LGPS13**: 79(2)	Whether administering authority should appeal against employer decision (or lack of decision).	Cases to be reported to the Pension Fund Committee and Pension Board as part of an administration report but decision delegate to officers.
7	**TP14:** 23, & 22(1)& **LGPS13**: 80(1)(b)	Specify information to be supplied by employers to enable administering authority to discharge its functions.	Delegated to officers who provide all standard forms, spreadsheets, templates, and guidance to scheme employers to assist them in providing all information required to enable the administering authority to discharge its scheme functions.
8	**B07:** 10(2)	Where member to whom **B07**: 10 applies dies before making an election, whether to make that election on behalf of the deceased member.	Delegated to officers to make the necessary determination on a case-by-case basis.
9	**B07:** 27(5)	Whether to pay the whole or part of a child's pension to another person for the benefit of the child.	Delegated to officers to make the necessary determination on a case-by-case basis.
10	**A08:** 52A	Whether, where a person (other than an eligible child) is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.	Delegated to officers for a decision where non-contentious but referred to the Pension Fund Committee where decision could be contentious.
11	**TP14:** Sch 2, para 1(2) and 1(1)(c)	Whether to "switch on" the 85 year rule for a member voluntarily drawing benefit on	*NOTE: Administering authority decision required where Scheme Employer is defunct)*

		or after age 55 and before age 60.	Apply former employer's discretionary statement of policy where possible and where not possible adopt RBWM's discretionary statement of policy.
12	**B08:** 30(5), **TP14:** Sch 2, para 2(1)	Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under **B08** 30 (member).	*NOTE: Administering authority decision required where Scheme Employer is defunct)* Apply former employer's discretionary statement of policy where possible and where not possible adopt RBWM's discretionary statement of policy.
13	**TP14:** Sch 2, para 1(2) & 1(1)(c)	Whether to "switch on" the 85 year rule for a pensioner member with deferred benefits voluntary drawing benefits on or after age 55 and before age 60.	*NOTE: Administering authority decision required where Scheme Employer is defunct)* Apply former employer's discretionary statement of policy where possible and where not possible adopt RBWM's discretionary statement of policy.
14	**B07:** 30A(5) & **TP14:** Sch 2, para 2(1)	Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under **B07**: 30A (pensioner member with deferred benefits).	*NOTE: Administering authority decision required where Scheme Employer is defunct)* Apply former employer's discretionary statement of policy where possible and where not possible adopt RBWM's discretionary statement of policy.
15	**TP14:** Sch 2, para 2(3)	Whether to require any strain on Fund costs to be paid "up front" by employing authority if the employing authority "switches on" the 85 year rule for a member voluntarily retiring prior to age 60, or waives an actuarial reduction on compassionate grounds under **TP14**: Sch 2, para 2(1).	In all cases the scheme employer will be required to make payment of a strain (capital) cost in full and within 21 days of receipt of an invoice from the scheme manager.
16	**B07:** 31(4)	Decide whether deferred beneficiary meets permanent ill	*NOTE: Administering authority decision required*

		health and reduced likelihood of gainful employment criteria.	*where Scheme Employer is defunct)* Decision to be taken once advice obtained from an IRMP appointed by RBWM as a scheme employer to the Fund.
17	**B07:** 31(7)	Decide whether a suspended ill health tier 3 member is permanently incapable of undertaking any gainful employment.	*NOTE: Administering authority decision required where Scheme Employer is defunct)* Decision to be taken once advice obtained from an IRMP appointed by RBWM as a scheme employer to the Fund.
18	**B07:** 23(2), 32(2), 35(2) & **T08:** Sch 1 & **LGPS97:** 155(4)	Decide to whom death grant is paid	*NOTE: Administering authority decision required where Scheme Employer is defunct)* Delegated to officers for a decision where non-contentious but referred to the Pension Fund Committee where decision could be contentious.
19	**LGPS13:** Sch 1 & **TP14:** 17(9)(b)	Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member.	Delegate to officers for a decision where non-contentious or to the Pension Fund Committee where decision could be contentious. Pension Fund Committee to consider an Affidavit to be signed by cohabiting member.
20	**LGPS13:** Sch 1 & **TP14:** 17(9)(a)	Decide to treat child (who has not reached the age of 23) as being in continuous education or vocational training despite a break.	Pensions payable to eligible children will continue to be paid during breaks in education or training of up to one year.
21	**B07:** 39(1)(a) & **T08:** 14(3)	Decide whether to trivially commute a member's pension under section 166 of the Finance Act 2004.	Delegated to officers to make the necessary determination on a case-by-case basis.
22	**LGPS13:** 39(1)(b)	Decide whether to trivially commute a lump sum death benefit under section 168 of the Finance Act 2004.	Delegated to officers to make the necessary determination on a case-by-case basis.

23	**LGPS13:** 39(1)(c)	Decide whether to pay a commutation payment under regulations 6, 11 or 12 of the Registered Pension Schemes (Authorised Payments) Regulations 2009 (excludes survivor pensions and pension credit members).	Delegated to officers to make the necessary determination on a case-by-case basis.
24	**B07:** 42(1)(c)	Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership.	Delegated to officers to calculate and apply the best option for the member.
25	**T08:** Sch 1 & **LGPS97:** 23(9)	Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 1 April 2008).	Delegated to officers to calculate and apply the best option for the member.

Section 3 Discretionary policies in relation to scheme members who ceased active membership on or after 1 April 1998 and before 1 April 2008 being discretions under:

The Local Government Pension Scheme Regulations 2013 (S.I. 2013 No. 2356)[18] (prefix **LGPS13**)

The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (SI 2014 No. 525)[19] (prefix **TP14**)

Local Government Pension Scheme (Administration) Regulations 2008 (SI 2008 No. 239)[20] (prefix **A08**)

Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612)[21] (prefix **LGPS97**)

Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (SI 2008 No. 238)[22] (prefix **T08**)

No.	Regulation	Administering Authority Discretion	Administering Authority Decision

[18] http://www.legislation.gov.uk/uksi/2013/2356/contents/made
[19] http://www.legislation.gov.uk/uksi/2014/525/contents/made
[20] http://www.legislation.gov.uk/uksi/2008/239/contents/made
[21] http://www.legislation.gov.uk/uksi/1997/1612/contents/made
[22] http://www.legislation.gov.uk/uksi/2008/238/contents/made

1	**LGPS13**: 60 & **TP14**: Sch 2, para 1(2), 1(1)(f)	Whether to “switch on” the 85 year rule for a member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60.	*NOTE: Administering authority decision required where Scheme Employer is defunct)* Apply former employer’s discretionary statement of policy where possible and where not possible adopt RBWM’s discretionary statement of policy.
2	**LGPS97:** 31(5) & **TP14:** Sch 2, para 2(1)	Waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early.	*NOTE: Administering authority decision required where Scheme Employer is defunct)* Apply former employer’s discretionary statement of policy where possible and where not possible adopt RBWM’s discretionary statement of policy.
3	**LGPS97:** 38(1) & 155(4)	Decide to whom death grant is paid	Delegated to officers for a decision where non-contentious but referred to the Pension Fund Committee where decision could be contentious.
4	**TP14:** 17(9)(a) & **LGPS13:** Sch 1	Decide to treat child (who has not reached the age of 23) as being in continuous education or vocational training despite a break.	Pensions payable to eligible children will continue to be paid during breaks in education or training of up to one year.
5	**LGPS97:** 47(1)	Apportionment of children’s pension amongst eligible children	Children’s pensions to be divided equally amongst all eligible children whilst they remain to be eligible.
6	**LGPS97:** 47(2)	Pay child’s pension to another person for the benefit of the child.	Delegated to officers to make the necessary determination on a case-by-case basis.
7	**LGPS97:** 49(1) & **T08:** 14(3)	Decide whether to trivially commute a member’s pension under section 166 of the Finance Act 2004.	Delegated to officers to make the necessary determination on a case-by-case basis.
8	**LGPS97:** 49(1)	Decide whether to trivially commute a lump sum death grant under section 168 of the Finance Act 2004	Delegated to officers to make the necessary determination on a case-by-case basis.

9	**LGPS97:** 50 & 157	Decide whether to commute benefits due to exceptional ill health.	Delegated to officers to make the necessary determination on a case-by-case basis.
10	**LGPS97:** 80(5)	Whether to require any strain on Fund costs to be paid "up front" by employing authority following early payment of deferred benefit on health grounds or from age 50 and prior to age 55 with employer consent.	In all cases the scheme employer will be required to make payment of a strain (capital) cost in full and within 21 days of receipt of an invoice from the scheme manager.
11	**TP14:** Sch 2 para 2(3)	Whether to require any strain on Fund costs to be paid "up front" by employing authority if it "switches on" the 85 year rule for a member voluntarily retiring on or after age 55 and prior to age 60, or waives an actuarial reduction on compassionate grounds under **TP14**: Sch 2 para 2(1).	In all cases the scheme employer will be required to make payment of a strain (capital) cost in full and within 21 days of receipt of an invoice from the scheme manager.
12	**LGPS97:** 89(3)	Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits.	Delegated to officers to make the necessary determination on a case-by-case basis.
13	**LGPS97:** 95	Whether to pay the whole or part of the amount that is due to the personnel representatives (including anything due to the deceased member at the date of death) to: • Personal representatives; or • Anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than the amount specified in s6 of the Administration of Estates (Small Payments) Act 1965.	Delegated to officers to make the necessary determination on a case-by-case basis.
14	**LGPS97:** 97(10)	Approve medical advisors used by employers.	Any medical advisor used by an employer must be able to evidence that they are registered with the General Medical Council and hold a relevant qualification in

			occupational medicine as set out in in the definition of IRMP in Schedule 1 of **LGPS13**.
15	**TP14:** 23 & **LGPS13:** 76(4)	Decide procedure to be followed by administering authority when exercising its stage two IDRP functions and decide the manner in which those functions are to be exercised.	The appointed adjudicator at stage 2 of the IDRP is the Head of Pension Fund for the administering authority who will seek advice and guidance from relevant officers and the Pension Board before making a determination.
16	**TP14:** 23 & **LGPS13:** 79(2)	Whether administering authority should appeal against employer decision (or lack of decision).	Cases to be reported to the Pension Fund Committee and Pension Board as part of an administration report but decision delegate to officers.
17	**TP14:** 22 (1), 23 & **LGPS13:** 80(1)(b)	Specify information to be supplied by employers to enable administering authority to discharge its functions.	Delegated to officers who provide all standard forms, spreadsheets, templates and guidance to scheme employers to assist them in providing all information required to enable the administering authority to discharge its scheme functions.
18	**LGPS97:** 106A(5)	Date to which benefits shown on annual deferred benefit statement are calculated.	31st March prior to the date of issue.
19	**LGPS97:** 118	Retention of CEP where member transfers out.	CEP to be used in preserving the contracted-out rights of the member.
20	**LGPS97:** 147	Discharge Pension Credit liability	Administering authority will discharge its liability by conferring pension credit rights on the person entitled to the pension credit in accordance with LGPS97 147(2).

Section 4 Discretionary policies in relation to scheme members who ceased active membership before 1 April 1998 being discretions under:

The Local Government Pension Scheme Regulations 1995 (S.I. 1995/1019)[23] (prefix **LGPS95**)

[23] https://www.legislation.gov.uk/uksi/1995/1019/contents/made

The Local Government Pension Scheme (Transitional Provisions) Regulations 1997 (S.I. 1997/1613)[24] (prefix **TP97**)

The Local Government Pension Scheme Regulations 2013 (S.I. 2013 No. 2356)[25] (prefix **LGPS13**)

The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (SI 2014 No. 525)[26] (prefix **TP14**)

Local Government Pension Scheme (Administration) Regulations 2008 (SI 2008 No. 239)[27] (prefix **A08**)

Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612)[28] (prefix **LGPS97**)

No.	Regulation	Administering Authority Discretion	Administering Authority Decision
1	**LGPS95:** E8	Decide to whom death grant is paid.	Delegated to officers for a decision where non-contentious but referred to the Pension Fund Committee where decision could be contentious.
2	**LGPS95:** F7	Whether to pay spouse's pension for life (rather than ceasing during any period of remarriage or co-habitation).	Pension to be paid for life.
3	**TP14:** 17(9)(a) & **LGPS13:** Sch 1	Decide to treat child (who has not yet reached the age of 23) as being in continuous education or vocational training despite a break.	Pensions payable to eligible children will continue to be paid during breaks in education or training of up to one year.
4	**LGPS95:** G11(1)	Apportionment of children's pension amongst eligible children.	Children's pensions to be divided equally amongst all eligible children whilst they remain to be eligible.
5	**LGPS95:** G11(2)	Pay child's pension to another person for the benefit of the child.	Delegated to officers to make the necessary determination on a case-by-case basis.
6	**TP14:** 23 & **LGPS13:** 76(4)	Decide procedure to be followed by administering authority when exercising its stage two IDRP functions and decide the manner in which	The appointed adjudicator at stage 2 of the IDRP is the Head of Pension Fund for the administering authority who will seek advice and guidance from relevant officers and the

24 https://www.legislation.gov.uk/uksi/1997/1613/contents/made
25 http://www.legislation.gov.uk/uksi/2013/2356/contents/made
26 http://www.legislation.gov.uk/uksi/2014/525/contents/made
27 http://www.legislation.gov.uk/uksi/2008/239/contents/made
28 http://www.legislation.gov.uk/uksi/1997/1612/contents/made

		those functions are to be exercised.	Pension Board before making a determination.
7	**TP14:** 23 & **LGPS13:** 79(2)	Whether administering authority should appeal against an employer decision (or lack of decision).	Cases to be reported to the Pension Fund Committee and Pension Board as part of an administration report but decision delegate to officers.
8	**TP14:** 22(1), 23 & **LGPS13:** 80(1)(b)	Specify information to be supplied by employers to enable administering authority to discharge its functions.	Delegated to officers who provide all standard forms, spreadsheets, templates and guidance to scheme employers to assist them in providing all information required to enable the administering authority to discharge its scheme functions.

Section 5 The Registered Pension Schemes (Modification of Scheme Rules) Regulations 2011 (S.I. 2011/1791)[29] (prefix MSR)

No.	Regulation	Administering Authority Discretion	Administering Authority Decision
1	**MSR**: 2	To decide whether it is legally able to offer voluntary scheme pays and if so, to decide the circumstances (if any) upon which it would do so.	To take each case on its merits having due consideration to the Annual Allowance guidance published on the LGPS Regulations website[30]

[29] https://www.legislation.gov.uk/uksi/2011/1791/contents/made
[30] https://www.lgpsregs.org/resources/guidesetc.php

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Administering Authority Discretions Policy

Essential information

Items to be assessed: (please mark ‘x’)

Strategy		**Policy**	**x**	**Plan**		**Project**		**Service/Procedure**	

Responsible officer	Damien Pantling	**Service area**	Pension Fund	**Directorate**	Finance

Stage 1: EqIA Screening (mandatory)	Date created: 25/02/2022	**Stage 2 : Full assessment (if applicable)**	N/A

Approved by Head of Service / Overseeing group/body / Project Sponsor:
“I am satisfied that an equality impact has been undertaken adequately.”

Signed by (print):

Dated:

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Administering Authority Discretions Policy

Guidance notes

What is an EqIA and why do we need to do it?

The Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advancing equality of opportunity between those with 'protected characteristics' and those without them.
- Fostering good relations between those with 'protected characteristics' and those without them.

EqIAs are a systematic way of taking equal opportunities into consideration when making a decision, and should be conducted when there is a new or reviewed strategy, policy, plan, project, service or procedure in order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups. All completed EqIA Screenings are required to be publicly available on the council's website once they have been signed off by the relevant Head of Service or Strategic/Policy/Operational Group or Project Sponsor.

What are the "protected characteristics" under the law?

The following are protected characteristics under the Equality Act 2010: age; disability (including physical, learning and mental health conditions); gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

What's the process for conducting an EqIA?

The process for conducting an EqIA is set out at the end of this document. In brief, a Screening Assessment should be conducted for every new or reviewed strategy, policy, plan, project, service or procedure and the outcome of the Screening Assessment will indicate whether a Full Assessment should be undertaken.

Openness and transparency

RBWM has a 'Specific Duty' to publish information about people affected by our policies and practices. Your completed assessment should be sent to the Strategy & Performance Team for publication to the RBWM website once it has been signed off by the relevant manager, and/or Strategic, Policy, or Operational Group. If your proposals are being made to Cabinet or any other Committee, please append a copy of your completed Screening or Full Assessment to your report.

Enforcement

Judicial review of an authority can be taken by any person, including the Equality and Human Rights Commission (EHRC) or a group of people, with an interest, in respect of alleged failure to comply with the general equality duty. Only the EHRC can enforce the specific duties. A failure to comply with the specific duties may however be used as evidence of a failure to comply with the general duty.

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Administering Authority Discretions Policy

Stage 1 : Screening (Mandatory)

1.1 What is the overall aim of your proposed strategy/policy/project etc and what are its key objectives?
This report brings back to Members' attention the Administering Authority's requirement to take decisions in respect of various discretions afforded to it under the current and former LGPS Regulations. Whilst Members will have previously seen and approved a version of the document previouly, the revised version has been updated to reflect the need to have policy statements for discretions under both the current and former LGPS Regulations. The Administering Authority Discretions Policy report is, therefore, split into several sections to facilitate the requirements of all sets of LGPS Regulations as they apply to current and former scheme members. Some items may appear to be duplicated but need to be re-stated in this way to account for the changes to the statutory legislation governing the Scheme.

1.2 What evidence is available to suggest that your proposal could have an impact on people (including staff and customers) with protected characteristics? Consider each of the protected characteristics in turn and identify whether your proposal is Relevant or Not Relevant to that characteristic. If Relevant, please assess the level of impact as either High / Medium / Low and whether the impact is Positive (i.e. contributes to promoting equality or improving relations within an equality group) or Negative (i.e. could disadvantage them). Please document your evidence for each assessment you make, including a justification of why you may have identified the proposal as "Not Relevant".

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Administering Authority Discretions Policy

Protected characteristics	Relevance	Level	Positive/negative	Evidence
Age				*Key data: The estimated median age of the local population is 42.6yrs [Source: ONS mid-year estimates 2020]. An estimated 20.2% of the local population are aged 0-15, and estimated 61% of the local population are aged 16-64yrs and an estimated 18.9% of the local population are aged 65+yrs. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]*
Disability				
Gender re-assignment				
Marriage/civil partnership				
Pregnancy and maternity				
Race				*Key data: The 2011 Census indicates that 86.1% of the local population is White and 13.9% of the local population is BAME. The borough has a higher Asian/Asian British population (9.6%) than the South East (5.2%) and England (7.8%). The forthcoming 2021 Census data is expected to show a rise in the BAME population. [Source: 2011 Census, taken from Berkshire Observatory]*
Religion and belief				*Key data: The 2011 Census indicates that 62.3% of the local population is Christian, 21.7% no religion, 3.9% Muslim, 2% Sikh, 1.8% Hindu, 0.5% Buddhist, 0.4% other religion, and 0.3% Jewish. [Source: 2011 Census, taken from Berkshire Observatory]*
Sex				*Key data: In 2020 an estimated 49.6% of the local population is male and 50.4% female. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]*
Sexual orientation				

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Administering Authority Discretions Policy

Outcome, action and public reporting

Screening Assessment Outcome	Yes / No / Not at this stage	Further Action Required / Action to be taken	Responsible Officer and / or Lead Strategic Group	Timescale for Resolution of negative impact / Delivery of positive impact
Was a significant level of negative impact identified?	No	No	Damien Pantling	N/A
Does the strategy, policy, plan etc require amendment to have a positive impact?	No	No	Damien Pantling	N/A

If you answered **yes** to either / both of the questions above a Full Assessment is advisable and so please proceed to Stage 2. If you answered “No” or “Not at this Stage” to either / both of the questions above please consider any next steps that may be taken (e.g. monitor future impacts as part of implementation, re-screen the project at its next delivery milestone etc).

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Administering Authority Discretions Policy

Stage 2 : Full assessment

2.1 : Scope and define

2.1.1 Who are the main beneficiaries of the proposed strategy / policy / plan / project / service / procedure? List the groups who the work is targeting/aimed at.

2.1.2 Who has been involved in the creation of the proposed strategy / policy / plan / project / service / procedure? *List those groups who the work is targeting/aimed at.*

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Administering Authority Discretions Policy

2.2 : Information gathering/evidence

2.2.1 What secondary data have you used in this assessment? *Common sources of secondary data include: censuses, organisational records.*

2.2.2 What primary data have you used to inform this assessment? *Common sources of primary data include: consultation through interviews, focus groups, questionnaires.*

Eliminate discrimination, harassment, victimisation

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Administering Authority Discretions Policy

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

Advance equality of opportunity

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Administering Authority Discretions Policy

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Administering Authority Discretions Policy

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Foster good relations

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

2.4 Has your delivery plan been updated to incorporate the activities identified in this assessment to mitigate any identified negative impacts? If so please summarise any updates. *These could be service, equality, project or other delivery plans. If you did not have sufficient data to complete a thorough impact assessment, then an action should be incorporated to collect this information in the future.*

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Administering Authority Discretions Policy

Report Title:	**Pension Fund Abatement Policy**
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 7 March 2022
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

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Royal Borough of Windsor & Maidenhead

REPORT SUMMARY

This report provides Members with information regarding the reduction or suspension of a Local Government Pension on account of further employment within Local Government after a Scheme member has become entitled to receive their retirement benefits.

The report explains the background to the abatement rules, the current statutory provisions and the current policy of the Administering Authority.

The Pension Fund's abatement policy can be found at Appendix 1 to this report.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report and;

i) Considers, notes and approves the revised abatement policy and;

ii) Approves publication of the final version on the Pension Fund website.

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

2.1 The LGPS Regulations require that each Pension Fund Administering Authority must formulate and keep under review a policy on pension abatement. Pension abatement is the extent, if any, to which a Scheme member's pension in payment is reduced or suspended where the member re-enters a new employment under which they are again eligible for membership of the LGPS.

2.2 Under the current LGPS Regulations 2013, effective from 1 April 2014, pension abatement has been removed. However, under former Regulations still in force, abatement can still be applied. Until 31 March 1998 abatement was mandatory but between 1 April 1998 and 31 March 2014 it became discretionary and an Administering Authority is still required to issue a statutory policy as to how it will apply the abatement rules.

2.3 When formulating an abatement policy, the Pension Regulations require that the Administering Authority has regard to:

- the level of potential financial gain at which it wishes abatement to apply;
- the administrative costs which are likely to be incurred as a result of abatement in the different circumstances in which it may occur;
- the extent to which a policy not to apply abatement could lead to a serious loss of confidence in the public service.

2.4 Since 2002, the Administering Authority has adopted a policy not to apply abatement for many reasons:

- The application of abatement is inconsistent as it only applies where an individual is appointed to a public service employment eligible for membership of the LGPS and does not apply if an individual becomes re-employed in an employment eligible for any other public service pension scheme e.g. teachers or NHS employees;
- Abatement places a potential limit on the amount of Local Government work an individual can undertake or that a Scheme employer may wish to offer because of the financial constraints abatement can place on an individual;
- Abatement is incompatible with modern day working practices e.g. the need to work longer, flexible retirement options, pension freedoms etc;
- Abatement places a barrier against the re-appointment of experienced individuals to Local Government roles thereby promoting the appointment of individuals as agency workers, contractors and consultants which is more costly for the Scheme employer;
- Abatement is difficult and costly to administer.

3. KEY IMPLICATIONS

3.1 The Administering Authority must produce, publish, and keep under review its abatement policy. Failure to do so could result in the Pensions Regulator issuing fines to the Authority where it is deemed to have failed in areas of scheme governance.

3.2 A change in current policy to instead apply abatement would lead to a significant administrative and financial burden being placed upon the Pension Fund.

3.3 Scheme employers must be consulted with should any change in policy be considered.

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 The administrative complexity and incompatibility with modern working practices associated with the abatement of pensions far outweigh the financial benefit the Fund would receive from abating pensions.

5. LEGAL IMPLICATIONS

5.1 There are no abatement provisions in the LGPS Regulations 2013. Therefore, abatement cannot be applied to any scheme member leaving their employment and drawing their pension from a date on or after 1 April 2014.

5.2 Abatement provisions in regulations 70 and 71 of the LGPS (Administration) Regulations 2008 continue to have effect in relation to pensions in payment deriving from the pre-1 April 2014 Scheme.

5.3 The Administering Authority has a statutory duty to keep under review its policy concerning abatement as it applies to the former Scheme Regulations.

6. RISK MANAGEMENT

6.1 The below table relates to risk "PEN050" from the risk register considered and approved by Pension Fund Committee on 6 December 2021.

Table 1: Impact of risk and mitigation (PEN050)

Risk description	Gross Risk Score	Mitigating Actions	Net Risk Score
Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests.	**20**	1) Publication of all documents on external website and all appointed managers expected to comply with ISS and investment manager agreements. 2) Local Pensions Board is an independent scrutiny and assistance function. 3) Compliance with the legislative requirements are reviewed annually through the audit process.	**10**

7. POTENTIAL IMPACTS

7.1 Failure to comply with Pension legislation could result in the Administering Authority being reported to the Pensions Regulator where failure is deemed to be of a material significance.

7.2 Equalities: Equality Impact Assessments are published on the council's website: There are no EQIA impacts as a result of taking this decision. A completed EQIA has been attached at Appendix 2 to this report

7.3 Climate change/sustainability: N/A

7.4 Data Protection/GDPR. N/A

8. CONSULTATION

8.1 Not applicable unless a change to the abatement policy is put forward that requires consultation with all Scheme employers.

9. TIMETABLE FOR IMPLEMENTATION

9.1 From 7 March 2022

10. APPENDICES

10.1 This report is supported by 2 Appendices:

- Appendix 1 – Pension Fund Abatement Policy
- Appendix 2 - EQIA

11. BACKGROUND DOCUMENTS

11.1 This report is supported by 0 background documents:

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Mandatory:	*Statutory Officers (or deputy)*		
Adele Taylor	Executive Director of Resources/S151 Officer	**22/02/2022**	**24/02/2022**
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	**22/02/2022**	
Deputies:			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	**22/02/2022**	**25/02/2022**
Elaine Browne	Head of Law (Deputy Monitoring Officer)	**22/02/2022**	**28/02/2022**
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	**22/02/2022**	**25/02/2022**
Other consultees:			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	**22/02/2022**	
Nikki Craig	Head of HR, Corporate Projects and IT	**22/02/2022**	**23/02/2022**

13. REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Pension Fund Committee decision	~~Yes~~/No	~~Yes~~/No

Report Author: Damien Pantling, Head of Pension Fund

LOCAL GOVERNMENT PENSION SCHEME

ADMINISTERING AUTHORITY STATEMENT OF POLICY CONCERNING ABATEMENT

For the purposes of the Local Government Pension Scheme Regulations, abatement means the extent, if any, to which the amount of a retirement pension payable to a member of the Royal County of Berkshire Pension Fund, as maintained by the Royal Borough of Windsor & Maidenhead as the Administering Authority to the Fund, should be reduced or extinguished where the member has re-entered employment eligible for membership of the Local Government Pension Scheme.

Under the Local Government Pension Scheme Regulations 2013, abatement cannot be applied to any scheme member leaving their employment and drawing their pension. However, abatement provisions as set out in regulations 70 and 71 of the Local Government Pension Scheme (Administration) Regulations 2008 remain extant and the Administering Authority has a statutory duty to keep under review its policy concerning abatement as it applies to those former Scheme Regulations.

Resolved

The Berkshire Pension Fund Committee has resolved to maintain its previous policy NOT to apply the abatement rules as set out under the Local Government Pension Scheme (Administration) Regulations 2008 (or any former Regulations) meaning that any member of the Royal County of Berkshire Pension Fund will NOT have any part of their pension currently in payment, or brought into payment whilst this policy exists, abated whilst in any employment eligible for membership of the Local Government Pension Scheme.

In formulating this policy, the Administering Authority has had regard to:

- The level of potential financial gain* at which it wishes abatement to apply;
- The administrative costs which are likely to be incurred as a result of abatement in the different circumstances in which it may occur;
- The extent to which a policy not to apply abatement could lead to a serious loss of confidence in the public service.

**(This is a reference to the financial gain which it appears to the Administering Authority may be obtained by a member as a result of their entitlement both to a pension and to pay under any new Local Government employment).*

Should the Administering Authority consider amending its policy in future it will consult with all Scheme employers prior to making any such amendment and will publish any revised policy statement before the expiry of the period of one month beginning with the date they determine to do so.

Approved 7 March 2022

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Agenda Item 7

Report Title:	**Governance Compliance Statement**
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 7 March 2022
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

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Royal Borough of Windsor & Maidenhead

REPORT SUMMARY

This report provides Members with information regarding the requirement as set out in Regulation 55 of the LGPS Regulations 2013 (as amended) to publish, review and maintain a Governance Compliance Statement, a copy of which can be found at Appendix 1 to this report.

Following updates to scheme governance, Committee members are provided with an updated governance structure chart which shall be a live document to be updated by officers incorporating any future governance or membership changes.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee note the report and;

i) Considers, notes and approves the revised governance compliance statement;

ii) Approves publication of the final version on the Pension Fund website;

iii) Delegates authority to officers to update the Governance Compliance Statement with committee training records once the revised training plan is approved;

iv) Notes the revised Governance Structure Chart.

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

2.1. Regulation 55 of the LGPS Regulations 2013 (as amended) places a statutory responsibility on Pension Fund Administering Authorities to formulate and keep under review a Governance Compliance Statement.

2.2. The Governance Compliance Statement must detail whether the Administering Authority delegates its functions, or part of its functions under the LGPS 2013 Regulations (as amended) to a committee, a sub-committee or an officer of the authority and if it does so –

2.2.1. the terms, structure and operational procedures of the delegation,

2.2.2. the frequency of any committee or sub-committee meetings,

2.2.3. whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights.

2.3. The statement must also set out the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying, and

2.4. details of the terms, structure and operational procedures relating to the local pension board established under Regulation 106 (local pension boards: establishment).

2.5. Hymans Robertson published several "Good Governance" recommendations in its Phase 3 report to the SAB (February 2021). Whilst these recommendations are not (yet) backed by legislation, it is good practice to implement these recommendations where appropriate, ahead of any formal guidance. The two relevant recommendations with regard to training are as follows (Section D of the Phase 3 report):

2.5.1. Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.

2.5.2. The Administering Authority should develop a training plan to ensure these training requirements are met and maintain training records of key individuals against the training plan. These records should be published in the Governance Compliance Statement.

2.6. An updated training plan, framework and policy for Members of the Pension Fund Committee and Pension Fund Advisory Panel will be presented for approval at the next Committee meeting in June 2022. This will include Committee member training records from the date the framework was last approved on 14 December 2020. Once approved, training records shall be appended to the Governance Compliance Statement

3. KEY IMPLICATIONS

3.1. The Administering Authority must produce, publish and keep under review its Governance Compliance Statement. Failure to do so could result in the Pensions Regulator issuing fines to the Authority where it is deemed to have failed in areas of scheme governance.

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1. No direct financial implications arising from this report.

5. LEGAL IMPLICATIONS

5.1. The Administering Authority has a statutory duty to keep under review its Governance Compliance Statement in accordance with the LGPS Regulations 2013 (as amended).

6. RISK MANAGEMENT

6.1. The below table relates to risk "PEN050" from the risk register considered and approved by Pension Fund Committee on 6 December 2021.

Table 1: Impact of risk and mitigation (PEN050)

Risk description	Gross Risk Score	Mitigating Actions	Net Risk Score
Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests.	**20**	1) Publication of all documents on external website and all appointed managers expected to comply with ISS and investment manager agreements. 2) Local Pensions Board is an independent scrutiny and assistance function. 3) Compliance with the legislative requirements are reviewed annually through the audit process.	**10**

7. POTENTIAL IMPACTS

7.1. Failure to comply with Pension legislation could result in the Administering Authority being reported to the Pensions Regulator where failure is deemed to be of a material significance.

7.2. Equalities: Equality Impact Assessments are published on the council's website: There are no EQIA impacts as a result of taking this decision. A completed EQIA has been attached at Appendix 3 to this report

7.3. Climate change/sustainability: N/A

7.4. Data Protection/GDPR. N/A

8. CONSULTATION

8.1. N/A

9. TIMETABLE FOR IMPLEMENTATION

9.1. From 7 March 2022

10. APPENDICES

10.1. This report is supported by 3 Appendices:

- Appendix 1 – Governance Compliance Statement
- Appendix 2 – Governance Structure Chart
- Appendix 3 - EQIA

11. BACKGROUND DOCUMENTS

11.1. This report is supported by 0 background documents:

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Mandatory:	*Statutory Officers (or deputy)*		
Adele Taylor	Executive Director of Resources/S151 Officer	**22/02/2022**	**24/02/2022**
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	**22/02/2022**	
Deputies:			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	**22/02/2022**	**25/02/2022**
Elaine Browne	Head of Law (Deputy Monitoring Officer)	**22/02/2022**	**28/02/2022**
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	**22/02/2022**	**25/02/2022**
Other consultees:			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	**22/02/2022**	

13. REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Pension Fund Committee decision	~~Yes~~/No	~~Yes~~/No

Report Author: Damien Pantling, Head of Pension Fund

THE ROYAL COUNTY OF BERKSHIRE
PENSION FUND

GOVERNANCE

COMPLIANCE

STATEMENT

CONTENTS

INTRODUCTION

This document details the compliance of the Royal Borough of Windsor and Maidenhead, as the administering authority of the Royal County of Berkshire Pension Fund, with the guidance issued for governance of the Local Government Pension Scheme by the Secretary of State for Levelling Up, Housing and Communities. It has been prepared as required by Regulation 55 of the Local Government Pension Scheme Regulations 2013.

The Regulations require the administering authority to prepare this written statement setting out whether or not it delegates its functions or part of its functions to a committee, a sub-committee or an officer of the authority.

Where the administering authority does delegate all or part of its functions the statement must include the terms, structure and operational procedures of the delegation, the frequency of any committee or sub-committee meetings and whether such a committee or sub-committee includes representatives of Scheme employers and members, and if so, whether those representatives have voting rights.

In addition, the administering authority must state the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not comply, the reasons for not complying.

The administering authority must also set out details of the terms, structure and operational procedures relating to the local pension board established under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended) as inserted by the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015.

This governance compliance statement must be published by the administering authority, kept under review and amended following any material change to any matters included within, once any consultation has been concluded.

STRUCTURE

The Royal Borough of Windsor & Maidenhead (RBWM) has been designated as the administering authority to the Royal County of Berkshire Pension Fund in accordance with Part 1 of Schedule 3 of the Local Government Pension Scheme Regulations 2013.

For the purposes of managing the Pension Fund, RBWM delegates its powers under the Constitution of the Council where it sets out the functions of the Royal County of Berkshire Pension Fund Committee (hereinafter referred to as ‘the Committee’), the Royal County of Berkshire Pension Fund Advisory Panel (hereinafter referred to as ‘the Advisory Panel’) and the Berkshire Pension Board (hereinafter referred to as ‘the Pension Board’). As such several principles have been set out to ensure compliance with the scheme regulations.

> **i)** The management of the administration of benefits and strategic allocation of fund assets.
>
> **Compliant** – The Constitution of the Council defines the responsibilities of ‘the Committee’ to manage the Pension Fund.
>
> **ii)** Representatives of Scheme employers should sit on ‘the Advisory Panel’ to underpin the work of ‘the Committee’.
>
> **Compliant** – Membership of ‘the Advisory Panel’ includes one Elected Member from each of the other five Berkshire Unitary Authorities.

iii) The structure of 'the Committee' and 'the Advisory Panel' should ensure effective communication across both levels.

Compliant – 'The Advisory Panel' meets concurrently with 'the Committee' with both receiving the same information.

iv) At least one seat on 'the Committee' should be allocated for a member of 'the Advisory Panel'.

Compliant – All five seats on 'the Committee' are allocated to the five RBWM members of 'the Advisory Panel'.

v) The structure of 'the Pension Board' must consist of an equal number of Scheme member and Scheme employer representatives all of whom have voting rights.

Compliant – Membership of 'the Pension Board' consists of three Scheme member representatives and three Scheme employer representatives.

REPRESENTATION

All key stakeholders should be afforded the opportunity to be represented by 'the Committee', 'the Advisory Panel' and 'the Pension Board'. To ensure compliance a number of principles have been identified.

The key stakeholders are:

i) Scheme employers.

Compliant – The six Berkshire Unitary Authorities are represented through membership of 'the Committee' and 'Advisory Panel' which meet concurrently. In addition, three Scheme employer representatives make up membership of 'the Pension Board'

ii) Scheme members (including deferred and retired members).

Compliant – 'The Advisory Panel' has representatives from the major trade unions and in addition 3 Scheme member representatives sit on 'the Pension Board'

iii) Independent Professional Observers.

Compliant – From March 2022, two Independent Advisers attend each meeting of 'the Committee' and 'the Advisory Panel' (formerly three independent advisors). Independent Advisers are also required to attend meetings of 'the Pension Board' as may be requested.

iv) Expert advisers (on an ad-hoc basis)

Compliant – Expert advisers are invited to meetings of 'the Committee' and 'the Advisory Panel' as required. In addition, expert advisers are required to attend meetings of 'the Pension Board' as may be requested.

v) Where lay members sit on either 'the Committee', 'the Advisory Panel' or 'the Pension Board' they are treated equally in terms of access to papers, meetings and training and are given full opportunity to contribute to the decision-making process with or without voting rights.

Compliant – Members of ‘the Committee’, ‘the Advisory Panel’ and ‘the Pension Board’ are treated equally in respect of access to papers, meetings and training. All members are given full opportunity to contribute to the decision-making process although only members of ‘the Committee’ have voting rights.

SELECTION AND ROLE OF LAY MEMBERS

Members of ‘the Committee’, ‘the Advisory Panel’ and ‘the Pension Board’ need to be fully aware of the status, role and function that they are required to perform.

Compliant – Bodies nominating individuals for membership of ‘the Committee’, ‘the Advisory Panel’ or ‘the Pension Board’ are periodically reminded that it is their responsibility to ensure that all members are aware of their responsibilities. The Chair of ‘the Committee’ will remind members of both ‘the Committee’ and ‘the Advisory Panel’ of their responsibilities as required. The Chair of ‘the Pension Board’ will remind members of ‘the Pension Board’ of their responsibilities as required. Each set of papers for every Committee/Board meeting contains a reminder to members of their duty in respect to potential conflicts of interest. Members are expected to declare conflicts of interest and abide by RBWM’s rules on conflicts of interest.

VOTING

The policy of the administering authority on voting rights must be clear and transparent and include justification for not extending voting rights to each body or group represented on ‘the Advisory Panel’ or ‘the Pension Board’.

Compliant – The Constitution of RBWM sets out the terms of reference and voting rights of ‘the Committee’, ‘the Advisory Panel’ and ‘the Pension Board’.

TRAINING / FACILITY TIME / EXPENSES

i) In relation to the way in which statutory and related decisions are taken by RBWM, a clear policy on training, facility time and reimbursement of expenses in respect of members involved in that decision making process must be made.

Compliant – All members of ‘the Committee’ and ‘the Advisory Panel’ are entitled to attend or request training. Members of ‘the Pension Board’ are required to have a working knowledge of the LGPS regulations and other associated legislation as it relates to the governance and administration of the Scheme and so must commit to undertaking the relevant training in order to achieve this requirement. All members of ‘the Committee, ‘the Advisory Panel and ‘the Board’ are entitled to request the use of facilities belonging to RBWM in respect of their respective duties and reasonable expenses incurred will be reimbursed upon request. Furthermore, a training framework/plan is approved by ‘the Committee’ and training records are held by the Fund.

ii) Any policy must apply equally to all members of the Committee/Advisory Panel/Board.

Compliant – No distinction is made between members of ‘the Committee’, ‘the Advisory Panel’ or ‘the Board’.

MEETINGS (frequency/Quorum)

i) RBWM will hold meetings of ‘the Committee’ at least quarterly.

Compliant – Meetings are held quarterly. To be quorate two members are required to attend.

ii) RBWM will hold meetings with 'the Advisory Panel' at least twice a year synchronised with the dates for meetings of 'the Committee'.

Compliant – Both 'the Committee' and 'the Advisory Panel' meet concurrently

iii) RBWM will hold meetings of 'the Pension Board' ahead of each meeting of 'the Committee' and 'the Advisory Panel'.

Compliant – 'The Pension Board' meets quarterly at a satisfactorily and mutually agreed date ahead of each meeting of 'the Committee' and 'the Advisory Panel'. To be quorate at least 50% of the Scheme Member representatives and Scheme Employer Representatives must attend with at least one member being present from each group.

iv) Where lay members are included in the formal governance arrangements, RBWM will provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.

Compliant – 'The Pension Board' has three lay member (scheme member) representatives. An annual general meeting for scheme members is held in November/December along with a scheme employer meeting being held in March/April. In addition, pension surgeries and employer training events are held throughout the year.

ACCESS

Subject to any rules in RBWM's Constitution, all members of 'the Committee', 'the Advisory Panel' and 'the Pension Board' will have equal access to committee papers, documents and advice that falls to be considered at meetings of 'the Committee', 'the Advisory Panel' and 'the Board'.

Compliant – All members of 'the Committee', 'the Advisory Panel' and 'the Pension Board' have equal access to Committee/Advisory Panel/Board papers, documents and advice that falls to be considered at 'Committee', 'Advisory Panel' and 'Board' meetings.

SCOPE

RBWM will take steps to bring wider Scheme issues within the scope of their governance arrangements.

Compliant – Wider Scheme issues are considered by 'the Committee', 'the Advisory Panel' and 'the Pension Board' on a regular basis.

PUBLICITY

RBWM will publish details of their governance arrangements in such a way that interested stakeholders can express their interest in wanting to be part of those arrangements.

Compliant – The Governance Policy Statement and governance structure is published on the Royal County of Berkshire Pension Fund website (www.berkshirepensions.org.uk) and is available on request from the Pension Fund. The Royal Borough of Windsor and Maidenhead's constitution including terms of reference for the relevant decision-making bodies are available on the council' website.

NATIONAL LEVEL

HM TREASURY ➔

SECRETARY OF STATE FOR THE DEPARTMENT FOR LEVELLING UP, HOUSING AND COMMUNITIES (DLUHC)
(The 'Responsible Authority' as defined in The Public Service Pensions Act 2013)➔

SCHEME ADVISORY BOARD

LOCAL LEVEL

Administering Authority ('Scheme Manager')

Royal Borough of Windsor & Maidenhead

Responsible for managing and administering the Scheme in relation to any person for which it is the appropriate administering authority under the Local Government Pension Scheme Regulations.

Berkshire Pension Fund Committee
5 RBWM Elected Members

- Cllr. Julian Sharpe (Chair)
- Cllr. David Hilton (Vice-Chair)
- Cllr. Simon Bond
- Cllr. Wisdom Da Costa
- Cllr. Shamsul Shelim

The 5 Committee Members have voting rights.

Berkshire Pension Fund Advisory Panel

To consider and make recommendations to the Berkshire Pension Fund Committee on all Pension Fund matters.

- Cllr. Safdar Ali (Slough BC)
- Cllr. Jason Brock (Reading BC)
- Cllr. John Kaiser (Wokingham BC)
- Cllr. Alan Law (West Berkshire Council)
- Cllr. Ian Leake (Bracknell Forest Council)

The Advisory Panel has no voting rights.

Berkshire Pension Fund Board

Responsible for assisting the Administering Authority in securing compliance with the LGPS Regulations, other legislation relating to governance and administration and the requirements imposed by the Pensions Regulator.

Scheme Employer Representatives:

- Nikki Craig (RBWM)
- Arthur Parker (Bracknell Forest Council)
- Vacant

Scheme Member Representatives:

- Alan Cross (Deferred Member) (Chair)
- Jeff Ford (Retired Member)
- Tony Pettitt (Retired Member)

Investment Manager:

Local Pensions Partnership (Investments) Ltd

Appointed by the Administering Authority as the Investment Manager of all Pension Fund assets ('investments') through an Advisory and Management Agreement effective from 1 June 2018 (in line with the Government's objective to 'pool' Local Authority Pension Funds in England and Wales).

Senior Pension Fund Officers

- Adele Taylor, Director of Resources & s.151
- Andrew Vallance, Head of Finance & Dep. s151
- Damien Pantling, Head of Pension Fund
- Kevin Taylor, Pension Services Manager
- Philip Boyton Pension Administration Manager

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Governance Compliance Statement

Essential information

Items to be assessed: (please mark ‘x’)

Strategy		**Policy**		**Plan**		**Project**		**Service/Procedure**	x

Responsible officer	Damien Pantling	**Service area**	Pension Fund	**Directorate**	Finance

Stage 1: EqIA Screening (mandatory)	Date created: 25/02/2022	**Stage 2 : Full assessment (if applicable)**	N/A

Approved by Head of Service / Overseeing group/body / Project Sponsor:
“I am satisfied that an equality impact has been undertaken adequately.”

Signed by (print):

Dated:

Guidance notes

What is an EqIA and why do we need to do it?
The Equality Act 2010 places a ‘General Duty’ on all public bodies to have ‘due regard’ to:

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Governance Compliance Statement

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advancing equality of opportunity between those with ‘protected characteristics’ and those without them.
- Fostering good relations between those with ‘protected characteristics’ and those without them.

EqIAs are a systematic way of taking equal opportunities into consideration when making a decision, and should be conducted when there is a new or reviewed strategy, policy, plan, project, service or procedure in order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups. All completed EqIA Screenings are required to be publicly available on the council’s website once they have been signed off by the relevant Head of Service or Strategic/Policy/Operational Group or Project Sponsor.

What are the “protected characteristics” under the law?
The following are protected characteristics under the Equality Act 2010: age; disability (including physical, learning and mental health conditions); gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

What’s the process for conducting an EqIA?
The process for conducting an EqIA is set out at the end of this document. In brief, a Screening Assessment should be conducted for every new or reviewed strategy, policy, plan, project, service or procedure and the outcome of the Screening Assessment will indicate whether a Full Assessment should be undertaken.

Openness and transparency
RBWM has a ‘Specific Duty’ to publish information about people affected by our policies and practices. Your completed assessment should be sent to the Strategy & Performance Team for publication to the RBWM website once it has been signed off by the relevant manager, and/or Strategic, Policy, or Operational Group. If your proposals are being made to Cabinet or any other Committee, please append a copy of your completed Screening or Full Assessment to your report.

Enforcement
Judicial review of an authority can be taken by any person, including the Equality and Human Rights Commission (EHRC) or a group of people, with an interest, in respect of alleged failure to comply with the general equality duty. Only the EHRC can enforce the specific duties. A failure to comply with the specific duties may however be used as evidence of a failure to comply with the general duty.

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Governance Compliance Statement

Stage 1 : Screening (Mandatory)

1.1 What is the overall aim of your proposed strategy/policy/project etc and what are its key objectives?
This report provides Members with information regarding the requirement as set out in Regulation 55 of the LGPS Regulations 2013 (as amended) to publish, review and maintain a Governance Compliance Statement. Following updates to scheme governance, Committee members are provided with an updated governance structure chart which shall be a live document to be updated by officers incorporating any future governance or membership changes.

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1.2 What evidence is available to suggest that your proposal could have an impact on people (including staff and customers) with protected characteristics? Consider each of the protected characteristics in turn and identify whether your proposal is Relevant or Not Relevant to that characteristic. If Relevant, please assess the level of impact as either High / Medium / Low and whether the impact is Positive (i.e. contributes to promoting equality or improving relations within an equality group) or Negative (i.e. could disadvantage them). Please document your evidence for each assessment you make, including a justification of why you may have identified the proposal as "Not Relevant".

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Governance Compliance Statement

Protected characteristics	Relevance	Level	Positive/negative	Evidence
Age				*Key data: The estimated median age of the local population is 42.6yrs [Source: ONS mid-year estimates 2020]. An estimated 20.2% of the local population are aged 0-15, and estimated 61% of the local population are aged 16-64yrs and an estimated 18.9% of the local population are aged 65+yrs. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]*
Disability				
Gender re-assignment				
Marriage/civil partnership				
Pregnancy and maternity				
Race				*Key data: The 2011 Census indicates that 86.1% of the local population is White and 13.9% of the local population is BAME. The borough has a higher Asian/Asian British population (9.6%) than the South East (5.2%) and England (7.8%). The forthcoming 2021 Census data is expected to show a rise in the BAME population. [Source: 2011 Census, taken from Berkshire Observatory]*
Religion and belief				*Key data: The 2011 Census indicates that 62.3% of the local population is Christian, 21.7% no religion, 3.9% Muslim, 2% Sikh, 1.8% Hindu, 0.5% Buddhist, 0.4% other religion, and 0.3% Jewish. [Source: 2011 Census, taken from Berkshire Observatory]*
Sex				*Key data: In 2020 an estimated 49.6% of the local population is male and 50.4% female. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]*
Sexual orientation				

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Governance Compliance Statement

Outcome, action and public reporting

Screening Assessment Outcome	Yes / No / Not at this stage	Further Action Required / Action to be taken	Responsible Officer and / or Lead Strategic Group	Timescale for Resolution of negative impact / Delivery of positive impact
Was a significant level of negative impact identified?	No	No	Damien Pantling	N/A
Does the strategy, policy, plan etc require amendment to have a positive impact?	No	No	Damien Pantling	N/A

If you answered **yes** to either / both of the questions above a Full Assessment is advisable and so please proceed to Stage 2. If you answered “No” or “Not at this Stage” to either / both of the questions above please consider any next steps that may be taken (e.g. monitor future impacts as part of implementation, re-screen the project at its next delivery milestone etc).

Stage 2 : Full assessment

2.1 : Scope and define

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Governance Compliance Statement

2.1.1 Who are the main beneficiaries of the proposed strategy / policy / plan / project / service / procedure? List the groups who the work is targeting/aimed at.

2.1.2 Who has been involved in the creation of the proposed strategy / policy / plan / project / service / procedure? *List those groups who the work is targeting/aimed at.*

2.2 : Information gathering/evidence

2.2.1 What secondary data have you used in this assessment? *Common sources of secondary data include: censuses, organisational records.*

2.2.2 What primary data have you used to inform this assessment? *Common sources of primary data include: consultation through interviews, focus groups, questionnaires.*

Eliminate discrimination, harassment, victimisation

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Governance Compliance Statement

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

Advance equality of opportunity

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Governance Compliance Statement

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

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ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Governance Compliance Statement

Foster good relations

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

2.4 Has your delivery plan been updated to incorporate the activities identified in this assessment to mitigate any identified negative impacts? If so please summarise any updates. *These could be service, equality, project or other delivery plans. If you did not have sufficient data to complete a thorough impact assessment, then an action should be incorporated to collect this information in the future.*

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Report Title:	**Investment Strategy Statement**
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 7 March 2022
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

www.rbwm.gov.uk

Royal Borough of Windsor & Maidenhead

REPORT SUMMARY

This report brings to Member's attention a key policy statement for review and approval that sets the framework for investment decision making in line with the Fund's fiduciary duty to its scheme members and employers.

The Pension Fund's revised Investment Strategy Statement (ISS), which includes the revised Strategic Asset Allocation (SAA) can be found at Appendix 1 to this report.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee note the report and;

i) Considers, notes and approves the revised Investment Strategy Statement and;

ii) Approves the final version for publication on the Pension Fund's website.

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

2.1 In accordance with Regulation 53 of the Local Government Pension Scheme Regulations 2013 ("the Regulations") and as listed in Part 1 of Schedule 3 of the Regulations, RBWM is an Administering Authority (Scheme Manager) required to maintain a Pension Fund for the Scheme.

2.2 The Pension Fund Committee as set out in RBWM's Constitution acts as the Scheme Manager and is therefore responsible for ensuring that the Administering Authority fulfils its statutory responsibilities in accordance with the Regulations and the Public Service Pension Act 2013

2.3 In accordance with Section 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the authority must review and if necessary, revise its investment strategy from time to time, and at least every 3 years.

2.4 The purpose of this paper is to set out the revised Investment Strategy Statement (ISS), last approved on 11 March 2019, with revisions in line with best practice and to ensure the Fund's investment strategy remains fit for purpose.

2.5 The Fund's Governance review, presented to the Committee on 19 October 2020, provided a recommendation that "the decision to approve an updated Investment Strategy Statement (ISS) should be postponed and, before the ISS is approved, it should be checked to ensure that it meets the requirement to provide a performance level that will reduce the funding deficit for the RCBPF." This updated ISS (including the revised SAA) has been reviewed and approved by the Investment Advisors (LPPI), the Fund's Actuary (Barnett Waddingham) and the Fund's Independent Advisors, as an appropriate ISS to reduce the funding deficit for the RCBPF. The proposed ISS revision is therefore compliant with the governance recommendation.

3. KEY IMPLICATIONS

3.1 The Investment Strategy Statement addresses the 6 key points required under section 7 (2) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016;

3.1.1 sets the Strategic Asset Allocation (SAA) as per section 7 (3);

3.1.2 includes a statement that is compliant with section 7(4) (i.e. that no more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority);

3.1.3 is presented for approval within 3 years of the last revision (11 March 2019) as per section 7 (6);

3.1.4 and states as per section 7 (8) that the authority must invest, in accordance with its investment strategy, any fund money that is not needed immediately to make payments from the fund.

3.2 As per the above section (3.1), the Fund is fully compliant with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. However, the revised Investment Strategy Statement includes an optional section for Investment Principals. This sets out the Fund's investment beliefs, investment philosophy and headline investment principals which should be adhered to by the Fund in making any future investment decisions. This section aims to act as a supplementary framework for investment decision making that the Committee can refer to when making future capital allocation and investment decisions.

3.3 The Strategic Asset allocation (SAA) has been revised several times since March 2019 to reflect the funds target rate of return whilst maintaining low volatility and adhering both to the ISS and the fund's risk appetite metrics (risk appetite statement). The most recent SAA modification has occurred in tandem with the development and approval of this ISS, which aims to maximise future risk-adjusted returns within the fund's risk appetite metrics and consequently sets an appropriate discount rate to be used by the fund at the 31 March 2022 triennial valuation. For the avoidance of doubt, the Fund's actuarial discount rate reflects the future expected returns to the fund.

3.4 Detailed advice has been provided by LPPI (the Fund's Investment Manager), Barnett Waddingham (the Fund's Actuary) and the Fund's Investment Advisors in proposing a revised SAA for this ISS.

3.5 This ISS also reflects the most recent levelling up white paper, targeting up to 5% of the Fund's investments in projects which support local areas. For the avoidance of doubt, this is intended to be ancillary to the Fund's fiduciary duty and other investment principals/objectives and therefore should not come into conflict with these.

3.6 The committee are also asked to note that this 5% local investment target is distinct from section 7(4) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 which states that no more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority).

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 Implementation of the revised ISS is at no material additional cost to the fund

5. LEGAL IMPLICATIONS

5.1 As per section 3.1, the Authority is fully compliant with the relevant legislation.

6. RISK MANAGEMENT

6.1 Key investment risks are referred to in the ISS, the Fund also reviews, approves and publishes a risk-register on a quarterly basis which addresses all known risks to the fund, including those key investment risks.

7. POTENTIAL IMPACTS

7.1 Failure to comply with Pension legislation could result in the Administering Authority being reported to the Pensions Regulator where failure is deemed to be of a material significance.

7.2 Equalities: Equality Impact Assessments are published on the council's website: There are no EQIA impacts as a result of taking this decision. A completed EQIA has been attached at Appendix 2 to this report

7.3 Climate change/sustainability: Environmental, Social and Governance factors are carefully considered in the revised ISS in several sections (investment principals, investment objectives and investment risks).

7.4 Data Protection/GDPR. N/A

8. CONSULTATION

8.1 As per Section 7 (5) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016; "the authority must consult such persons as it considers appropriate as to the proposed contents of its investment strategy". The Fund's Investment Manager, the Fund's Actuary, the Fund's Investment Advisors, relevant fund officers, the Pension Fund Committee and the Pension Board have all been consulted in preparation of this final ISS.

9. TIMETABLE FOR IMPLEMENTATION

9.1 31 March 2022 – the date of the Triennial Valuation

10. APPENDICES

10.1 This report is supported by 2 Appendices:

- Appendix 1 – Investment Strategy Statement
- Appendix 2 - EQIA

11. BACKGROUND DOCUMENTS

11.1 This report is supported by 0 background documents:

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Mandatory:	*Statutory Officers (or deputy)*		
Adele Taylor	Executive Director of Resources/S151 Officer	**22/02/2022**	**24/02/2022**
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	**22/02/2022**	
Deputies:			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	**22/02/2022**	**25/02/2022**
Elaine Browne	Head of Law (Deputy Monitoring Officer)	**22/02/2022**	**28/02/2022**
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	**22/02/2022**	**25/02/2022**
Other consultees:			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	**22/02/2022**	

REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Pension Fund Committee decision	~~Yes~~/No	~~Yes~~/No

Report Author: Damien Pantling, Head of Pension Fund

Royal County of Berkshire Pension Fund

Investment Strategy Statement – March 2022

1. Introduction

1.1. This is the Investment Strategy Statement ("ISS") adopted by the Royal County of Berkshire Pension Fund ("the Fund"), which is administered by the Royal Borough of Windsor and Maidenhead ("the Administering Authority").

Under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (section 7) the Fund is required to publish this ISS at least every 3 years, it was last approved in March 2019. The Regulations require administering authorities to outline how they meet each of 6 objectives aimed at improving the investment and governance of the Fund.

1.2. This Statement addresses each of the objectives included in the 2016 Regulations:

a) A requirement to invest fund money in a wide range of instruments;

b) The authority's assessment of the suitability of particular investments and types of investment;

c) The authority's approach to risk, including the ways in which risks are to be measured and managed.

d) The authority's approach to pooling investments, including the use of collective investment vehicles;

e) The authority's policy on how social, environmental, or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and

f) The authority's policy on the exercise of rights (including voting rights) attaching to investments.

Each of the above are dealt with in turn in Section 3 of the ISS

1.3. The Pension Fund Committee (the "Committee") oversees the management of the Fund's assets. Although not trustees, the Members of the Committee owe a fiduciary duty similar to that of trustees to the council-tax payers and guarantors of other scheme employers, who would ultimately have to meet any shortfall in the assets of the Fund, as well as to the contributors and beneficiaries of the Fund.

1.4. The relevant terms of reference for the Committee within the Council's Constitution are as follows:

To exercise the general powers and duties of an Administering Authority in the maintenance of the Royal County of Berkshire Pension Fund as may be required in accordance with the Superannuation

Fund Act 1972, The Public Service Pensions Act 2013 and Local Government Pension Scheme Regulations existing under those Acts including, but not restricted to the following;

(i) Setting of the Investment Strategy and Funding Strategy Statements and determination of the Strategic Asset Allocation of the Pension Fund's assets in the light of professional advice and other suitably qualified independent advice, legislative constraints and Codes of Practice.

(ii) Responsibility for the statutory policies and administration of the Royal County of Berkshire Pension Fund maintained by the Administering Authority in accordance with the Local Government Pension Scheme Regulations, The Local Government Pension Scheme (Management of Investment of Funds) Regulations, all other associated legislation and Pension Regulator Codes of Practice.

(iii) Determination of the arrangements for obtaining appropriate investment advice including the appointment of a suitably qualified independent person or persons to give expert advice on Pension Fund investment and management arrangements.

(iv) The periodic review and monitoring of the Pension Fund's investment performance in line with the Advisory and Management Agreement entered into with the Local Pensions Partnership (Investments) Limited (LPPI).

(v) To consider the Annual Report and Accounts of the Fund.

(vi) The reporting of any breaches of the law to the Pensions Regulator.

The Director of Resources (S.151 officer) , the Head of Finance (Deputy S.151 officer), the Head of Pension Fund, the appointed independent advisors and actuaries support the Committee. The day-to-day management of the Fund's assets in accordance with this strategy is delegated to LPPI ("the Investment Manager").

1.5. This ISS will be reviewed at least once every three years as per the statutory guidance, or more frequently as required - in particular following valuations, future asset/liability studies, performance reviews, or legislation changes (i.e. TCFD) which may indicate a need to change investment policy, or significant changes to the Funding Strategy Statement ("FSS").

1.6. The Administering Authority confirms (as per section 7 (4)) that the Royal County of Berkshire Pension Fund has no investments in entities that are connected with the authority but if in future it does these will be limited to no more than 5% of the Fund's assets.

1.7. The Administering Authority confirms (as per Section 7 (8)) that the Royal County of Berkshire Pension Fund will invest, in accordance with its investment strategy, any fund money that is not needed immediately to make payments from the fund. Section 4 of the ISS sets the strategic allocation target and maximum percentage of total Fund value for fund Cash holdings.

2. Investment Principles

2.1. Governing all investment decisions are the Committee's core investment principles, beliefs and philosophy. They have been established based on the views of the members, capitalising on the expert advice of the Investment Manager, and are listed below:

2.1.1. Investment Governance

a) The Fund has access to the necessary skills, expertise, and resources to manage the whole Fund, as well as managing the Fund's cash needs internally.

b) The Investment Manager, independent advisors, officers and the local pension board are a source of expertise and research to inform and assist the Committee's decisions.

c) The ultimate aim of the Fund's investment activities is to pay pension liabilities when they become due. The Committee will therefore work with the Investment Manager to ensure that the liquidity profile of the Fund is appropriate to ensure the long-term ability of the Fund to meet these obligations.

d) The Fund is continuously improving its governance structure through bespoke training to make well informed strategic allocation decision but acknowledges that it is not possible to achieve optimum market timing.

e) All meetings and investment decisions relating to the setting of Investment Strategy and Strategic Asset Allocation will be minuted.

2.1.2. Long Term Approach

a) The strength of the majority of employers' covenant allows the Fund to take a long-term approach to its investment strategy, approve that the Investment Manager employ less liquid assets and assess performance of the Investment Manager over a long-term time frame.

b) The most important aspect of risk is not the volatility of returns, but the risk of absolute loss of capital over the medium and long term. An important focus for the Fund is to ensure stability of employer contributions over the long-run.

c) Illiquidity is a risk which offers a potential source of additional compensation to the long-term investor. As a long term investor, the Fund should look to be a liquidity provider which presents opportunities in times of market stress.

d) Over the long term, equities are generally expected to outperform other liquid assets, particularly government bonds and cash.

2.1.3. Environmental, Social and Governance ("ESG") factors

a) Certain ESG factors are financially material and may therefore influence the risk and return characteristics of the Fund's investments and the likelihood that the Fund's objectives will be achieved.

b) All things being equal, well governed companies that manage their business in a responsible manner are generally less vulnerable to downside risk and may therefore produce higher returns over the long term.

c) In order to improve corporate governance, investment managers should exercise the voting rights attached to the shares they own, as well as engage with management of the companies they significantly invest in.

d) The Fund's Responsible Investment Policy reflects the urgency of the threat that ESG risks present to the fund and includes the expectation that the Investment Manager will pursue a policy of active, effective engagement with companies in which ownership stakes are held.

e) The Committee recognises the Administering Authority's net-zero commitment along with that of many of the other scheme employers. The Committee also recognises that a growing number of scheme members want to see significant weight given to these issues. Due consideration to these issues shall be made throughout the investment process.

2.1.4. Asset allocation

a) Allocations to asset classes other than equities, cash and government bonds (e.g., corporate bonds, private markets, property, infrastructure and diversifying strategies) offer the Fund other forms of risk premia (e.g., additional solvency risk/illiquidity risk).

b) Diversification across asset classes and asset types that have low correlation with each other will tend to reduce the volatility of the overall Fund return.

c) As the funding level improves, the Committee may look to certain lower risk strategies to reduce the volatility of the Fund's actuarial funding level.

d) To reduce longevity risk, a longevity insurance contract has been entered into covering all pensioner members of the Fund who had started receiving their pension by the end of July 2009 including their dependants.

2.1.5. Management Strategies

a) Active management will typically incur higher investment management fees but can provide additional return. Fees should be carefully considered and aligned to the interests of the Fund.

b) Active management performance should be monitored over multi-year rolling cycles and assessed to confirm that the original investment process on appointment is being delivered and that continued appointment is appropriate.

c) Employing a range of management styles can reduce the volatility of overall Fund returns.

2.2. The fund has a total return target of 6.5% annually (paragraph 3.2.5), will aim for an appropriate level of risk within its asset allocation, so as to achieve a long-term funding aim (paragraph 3.2.6) while aiming to deliver an appropriate investment income yield to maintain a positive Fund cash-flow position (paragraph 2.4).

2.3. The Fund aims to, where possible, ensure that the portfolio is inflation resilient.

2.4. The Fund aims to keep asset value drawdowns to a minimum, recognising the positive non-investment cashflows through contributions employer deficit recovery payments, plus the appropriate minimum investment income yield. Based upon the 2019 Triennial Valuation the Fund is expected to remain net cash-flow positive in the near term, although progressively, and likely following the 2025 Triennial Valuation, this position is expected to change.

3. ISS Objectives

3.1. Objective 7.2 (a): A requirement to invest fund money in a wide range of instruments

3.1.1. Funding and investment risk is discussed in more detail later in this ISS. However, at this stage it is important to state that the Committee is aware of the risks it runs within the Fund and the consequences of these risks.

3.1.2. To control risk, the Committee recognises that the Fund should have an investment strategy that has:

a) Exposure to a diverse range of sources of return, such as market return, manager skill and using fewer illiquid holdings.
b) Exposure to a range of instruments for specific risk hedging purposes to be used where appropriate (longevity, currency etc.).
c) Diversity in the asset classes used.
d) Diversity in the approaches to the management of the underlying assets.
e) Adaptability to be able to maintain liquidity for the Fund.

3.1.3. This approach to diversification has seen the fund dividing its assets into seven distinct categories; public equities, fixed income, credit, infrastructure, private equity, real estate and cash as well as entering into a longevity insurance contract. These may be broadly grouped by 4 categories: equities, bonds, real assets and cash. The size of the assets invested in each category will vary, the strategic asset allocation can be found in Section 4 of the ISS. It is important to note that each category is itself diversified. As a result, the Fund's assets are invested in a wide range of instruments.

3.1.4. The main risk the Committee are concerned with is to ensure the long-term ability of the fund to meet pension and other benefit obligations as they fall due. As a result, the Committee place a high degree of importance on ensuring the expected return on the assets is sufficient to do so and does not have to rely on a level of risk which the Committee considers excessive.

3.1.5. The Fund currently has a positive cash flow position, however, the gap between contributions received and benefits paid is narrowing and consequently the fund will progressively evolve to being cash-flow negative. The Fund may at times have a negative cash flow position, consequently the Fund liquidity must be closely monitored by the Investment Manager. In addition, a portion of the Fund's assets are invested to generate an appropriate yield.

3.1.6. At all times the Committee seeks to ensure that their investment decisions, including those involving diversification, are in the best long-term interest of Fund beneficiaries and seeks appropriate advice from the Investment Manager and independent investment advisors as appropriate.

3.1.7. To mitigate these risks the Committee regularly (at least on a quarterly basis) reviews both the performance and expected returns from the Fund's investments to measure whether it has met and is likely to meet in future its return objective. The Committee will keep this ISS under review to ensure that it reflects the approaches being taken by the Investment Manager.

3.1.8. The Fund aims to allocate up to 5% of its Assets for investment in local projects which support local areas, subject to all suitability criteria in Objective 7.2(b) being met and the Fund having no conflict in undertaking its fiduciary duty to scheme members and employers.

3.2. Objective 7.2(b): The authority's assessment of the suitability of particular investments and types of investment

3.2.1. Suitability is a critical test for whether a particular investment should be made. When assessing the suitability of investments, the Investment Manager (as delegated by the Committee) considers the following from its due diligence:

a) Prospective return
b) Risk
c) Concentration
d) Risk management qualities the asset has when the portfolio as a whole is considered
e) Geographic and currency exposures
f) Possible correlation and interactions with other assets in the portfolio
g) Whether the management of the asset meets the Fund's ESG criteria.

3.2.2. Each of the Fund's investments has an individual performance benchmark which their reported performance is measured against.

3.2.3. The Committee monitors the suitability of the Fund's assets on a quarterly basis. The committee do not have access to data on individual investments and therefore monitor performance at the asset class level unless LPPI report exceptions. To that end LPPI monitor the investment returns and the volatility of the individual investments together with the Fund level returns and risk whilst the committee consider this wholistically asset-class and whole-fund level. This latter point being to ensure the risks caused by interactions between investments within the portfolio is properly understood.

3.2.4. Where comparative statistics are available for presentation by the Investment Manager or other external body, the Committee will also compare the Fund's asset performance with those of similar funds. The Committee relies on external advice in relation to the collation of the statistics for review.

3.2.5. The Fund targets a long-term absolute return of 6.5% per-annum, a rate advised by the actuary at the last triennial valuation (equivalent to CPI + 3.75% at 31 March 2019). This is referred to by the fund as the 'Actuarial Benchmark', or the required rate of annual return to achieve a 100% funding level at the end of the deficit recovery period without additional deficit recovery (secondary) contributions from employers. This rate is subject to further change and shall be revised at the next triennial valuation. For the avoidance of doubt – this is not the actuarial discount rate.

3.2.6. The Fund will aim for an appropriate level of risk within its asset allocation, so as to achieve a long-term funding aim. No explicit volatility target is set in this statement.

3.2.7. Investments are assessed by the Investment Manager to determine suitability considering all factors but not limited to; consideration of the long-term absolute return target, portfolio volatility and the suitability indicators as listed in paragraph 3.2.1.

3.3. Objective 7.2(c): The authority's approach to risk, including ways in which risks are to be measured and managed

3.3.1. The fund has adopted the CIPFA (2018) framework for managing risks in the LGPS, to assist it in risk identification, assessment, and mitigation. In line with best practice, the Fund maintains a risk register with all known material risks, each with several mitigation measure and several carefully calculated risk scores. The main risks to the Fund, however, are highlighted within the Funding Strategy Statement (FSS).

3.3.2. The Committee recognises that there are several risks involved in the investment of the assets of the Fund amongst which are the following:

Investment Manager risk:

a) Selection of investment strategies is delegated to LPPI. LPPI select and monitor investment managers on behalf of The Fund. This oversight includes manager performance and associated risks. LPPI regularly reviews the risk and return objectives of these investment managers, evaluates their performance and appraises management processes

Geopolitical and political risks:

a) Geopolitical risks are considered, where appropriate, by the Investment Manager. They are expected to be managed by the avoidance of high levels of concentration risk.

b) Political risks are considered, where appropriate, by the Investment Manager. They are expected to be managed by pursuing investments in countries that the "rule of law" prevails and the institutional set up is strong. Avoiding high levels of concentration risk is also a route to managing these risk".

Currency risks:

a) Currency risks are tolerated and managed within the parameters set in the Fund's Risk Appetite Statement. Currency risk is incorporated in any analysis that guides the Fund's strategic asset allocation and thus ultimately is considered as part of pursuing the Fund's long term funding objectives.

Solvency and mismatching risk:

a) Is monitored and managed, taking into account the Fund's risk appetite statement, through an assessment of the expected development of the liabilities relative to the expected development of the current and alternative investment policies; and

b) Is monitored by assessing the progress of the actual growth of the liabilities relative to the selected investment policy.

Liquidity risk:

a) Is a function of liquid asset holdings and expected portfolio income relative to the level of cash flow required over a specified period; and

b) Managed by assessing the level of cash held in order to limit the impact of the cash flow requirements on the investment cash policy.

Custodial risk:

a) Is measured by assessing the creditworthiness of the global custodian and the ability of the organisation to settle trades on time and provide secure safekeeping of the assets under custody.

3.3.3. The risks to the Fund concerned with the investment of Fund assets are controlled in the following ways:

a) The adoption and monitoring of asset allocation benchmarks, ranges and performance targets constrain the Investment Manager from deviating significantly from the intended approach while permitting the flexibility to enhance returns.

b) The appointment of more than one manager by the Investment Manager with different mandates and approaches provides for the diversification of manager risk.

3.3.4. The Advisory Management Agreement (AMA) agreement constrain the Investment Manager's actions in areas of particular risk and sets out the respective responsibilities of both the Investment Manager and the Fund.

3.3.5. The Committee are aware investment risk is only one aspect of the risks facing the Fund.

3.3.6. The Committee are of the view that the diversification of the Fund assets is sufficiently broad to ensure the investment risk is low and will continue to be low. When putting in place the investment strategy the Committee carefully considered both the individual asset risk characteristics and those of the combined portfolio to ensure the risks were appropriate. Estimating the likely volatility of future investment returns is difficult as it relies on both estimates of individual asset class returns and the correlation between them.

3.3.7. To help manage risk, the Committee (formerly the Investment Working Group) agreed a risk appetite statement on 11 March 2019 which is still fit for purpose at the date of this review, this is subject to further review alongside the triennial valuation and publication of the funding strategy statement. Within this, the Investment Manager is engaged to monitor and manage the risk focusing on four key parameters; funding level, contributions, liquidity and asset allocation. In addition, when carrying out their investment strategy review the Committee had several different investment advisers' assess the level of risk involved.

3.3.8. When reviewing the investment strategy on a quarterly basis the Committee considers advice from their Independent Advisers and the need to take additional steps to protect the value of the assets that may arise or capitalise on opportunities if they are deemed suitable. In addition to this the risk register is updated on a quarterly basis.

3.3.9. At each review of the Investment Strategy Statement the assumptions on risk and return and their impact on asset allocation will be reviewed.

3.4. Objective 7.2(d): The authority's approach to pooling investments, including the use of collective investment vehicles

3.4.1. The Government requires LGPS funds to pool their investments as a solution that ensures maximum cost effectiveness for the Fund, both in terms of return and management cost. The Funds approach to pooling arrangements meet the criteria set out in the Local Government Pension Scheme: investment reform criteria and guidance.

3.4.2. The Fund became an investment client of LPPI as part of the Government's pooling agenda on 1 June 2018, outsourcing all active day-to-day asset management activities along with pooling funds into LPPI's investment buckets as appropriate. LPPI was launched in December 2015 by two pension funds; LCPF and LPFA with the RCBPF later joining in 2018. LPPI now has circa £20bn under direct management, with 8 funds launched as at February 2022.

3.4.3. The Fund has transitioned c.80% of assets to the LPPI pooled investment vehicles as of 7 March 2022. Going forward the Fund will look to transition further assets as and when there are suitable investment opportunities available that meet the needs of the Fund and where there are no excessive cost, legal or other restraints such as those caused by the legacy investments in illiquid private market investments. As such, the remaining c20% is currently held outside of the remit of LPPI pooled funds but are also externally managed by LPPI as the Investment Manager under the AMA. The Committee is aware that certain assets held within the Fund have limited liquidity and disposing/transferring them would come at a significant cost. The position is periodically reviewed by the Investment Manager

3.4.4. LPPI's Investment Committee is responsible for scrutinising the actions of its investment team, reporting and transparency, consultation on the strategy and business plan, matters reserved to shareholders, responsible investment and emerging issues. The LPPI Investment Committee meets on a quarterly basis. LPPI regularly hosts investment/client conferences, to which all members and clients are invited. External independent oversight and assurance of the pool company is provided by the FCA, depositary, external auditors and the Department for Levelling Up, Housing and Communities (DLUHC).

3.5. Objective 7.2(e): How social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments

3.5.1. The Fund released an ESG statement in December 2020 followed by publishing a revised Responsible Investment policy in March 2021 which clearly sets out its purpose to detail the approach that RCBPF aims to follow in integrating Environmental, Social and Governance (ESG) issues into its investments. The Responsible Investment Policy is broadly aligned to that of LPPI's so there are no conflicts between the Fund and its Investment Manager.

3.5.2. A working group (task and finish group) for responsible investment (RI) was approved by the Committee in December 2021; The working group is to be established for members (committee/board/advisory-panel), officers and advisors to have a forum to ensure that RI policy remains up to date, fit for purpose and reflects any relevant external developments. A revised RI policy is expected to be brought to the Committee for approval in December 2022.

3.5.3. The guiding Responsible Investment values contained within the Fund's current RI policy are as follows;

a) Consultative
b) Being Proactive
c) Engagement
d) Collaborative
e) Flexible

3.5.4. The key principles contained within the Fund's current RI policy are as follows;

a) Effectively manage financially material ESG risks to support the requirement to protect returns over the long term;
b) Apply a robust approach to effective stewardship;
c) Seek sustainable returns from well governed and sustainable assets;
d) Responsible investment is core to our skills, knowledge and advice;
e) Seek to innovate, demonstrate and promote RI leadership and ESG best practice;
f) Achieve improvements in ESG through effective partnerships that have robust oversight;
g) Share ideas and best practice to achieve wider and more valuable RI and ESG outcomes.

3.5.5. The guiding priorities of the Fund's current Responsible Investment policy are as follows;

a) Climate Change
b) Corporate Governance

3.5.6. Several factors are to be considered in terms of implementation of the Fund's Responsible Investment policy, these are listed as follows, but the Committee advise that the RI policy is read in full to understand how each area of activity is applied as appropriate;

a) Voting globally
b) Engagement through partnership
c) Shareholder litigation
d) Active investing
e) Divestment

3.5.7. Taskforce for Climate Related Financial Disclosures (TCFD) guidance is expected imminently from DLUHC regarding statutory disclosures by the fund, its officers and its committee members. The fund's ISS and RI policies shall be revised as appropriate once due guidance is received.

3.6. Objective 7.2(f): The exercise of rights (including voting rights) attaching to investments

3.6.1. The Committee has delegated the Fund's voting rights to the Investment Manager, who are required, where practical, to make considered use of voting in the interests of the Fund. The Committee expects the Investment Manager to vote in the best interests of the Fund. In addition, the Fund expects its Investment Manager to work collaboratively with others, particularly other LGPS Investment Managers, if this will lead to greater influence and deliver improved outcomes for shareholders and more broadly.

3.6.2. As the role of voting and engagement is outsourced to LPPI, the Fund has included the Investment Manager's shareholder voting policy on the Fund's website, which was last approved in March 2021 and shall be kept under review.

3.6.3. The Fund through its participation with LPPI and through other means will work closely with other LGPS Funds to enhance the level of engagement both with external managers and the underlying companies in which invests.

3.6.4. In addition, the Fund:

a) Is a member of the Pension and Lifetime Savings Association (PLSA) and the Local Authority Pension Fund Forum (LAPFF) and in this way joins with other investors to magnify its voice and maximise the influence of investors as asset owners; and

b) Joins wider lobbying activities where appropriate opportunities arise.

3.6.5. Ongoing voting and engagement is covered within the Funds Responsible Investment Policy

3.6.6. The Committee expects LPPI and any other directly appointed asset managers to comply with the Stewardship Code (2020) and this is monitored on a regular basis.

4. Strategic Asset Allocation

4.1. Under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (section 7) (3), "The authority's investment strategy must set out the maximum percentage of the total value of all investments of fund money that it will invest in particular investments or classes of investment."

4.2. The table below sets out the strategic asset allocation weightings (or target weightings) for each asset class, along with the minimum and maximum tolerance ranges, the investment return benchmark and the target rate of return (or investment objective) for each asset class

4.3. Table 1: RCBPF Strategic Asset Allocation

Asset Class	Asset Allocation	Tolerance Range	Benchmark	Investment Objective
Global Equity	47%	40%-55%	MSCI All Country World (net dividends reinvested) Index (GBP)	Benchmark plus 2%
Private Equity	12.50%	7.5% - 17.5%	MSCI World SMID (net dividends reinvested) Index (GBP)	Benchmark plus 2% -4%
Fixed Income	2.50%	0% - 7.5%	Bloomberg Barclays Global Aggregate Bond Index (GBP Hedged)	Benchmark plus 0.25%
Credit	13%	8% - 18%	50% S&P/LSTA Leveraged Loans Index (GBP Hedged), 50% Bloomberg Barclays Multiverse Corporate Index (GBP Hedged)	Benchmark plus 1% - 3%
Real Estate	12%	7% - 17%	MSCI UK Quarterly Property Index (GBP)	UK CPI + 3%-5%
Infrastructure	12%	7% - 17%	UK CPI + 4% p.a	UK CPI + 3%-5%
Cash	1%	0% - 5%		

4.4. The fund entered a Longevity insurance contract in 2009 to effectively hedge longevity increases for all retired members and their dependants as at the time of entering into the contract. Changes in longevity and mortality assumptions present liquidity strain. This has been considered in setting the funds Strategic Asset Allocation (SAA).

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Investment Strategy Statement

Essential information

Items to be assessed: (please mark 'x')

Strategy		**Policy**		**Plan**		**Project**	x	**Service/Procedure**	

Responsible officer	Damien Pantling	**Service area**	Pension Fund	**Directorate**	Finance

Stage 1: EqIA Screening (mandatory)	Date created: 25/02/2022	**Stage 2 : Full assessment (if applicable)**	N/A

Approved by Head of Service / Overseeing group/body / Project Sponsor:
"I am satisfied that an equality impact has been undertaken adequately."

Signed by (print):

Dated:

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Investment Strategy Statement

Guidance notes

What is an EqIA and why do we need to do it?

The Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advancing equality of opportunity between those with 'protected characteristics' and those without them.
- Fostering good relations between those with 'protected characteristics' and those without them.

EqIAs are a systematic way of taking equal opportunities into consideration when making a decision, and should be conducted when there is a new or reviewed strategy, policy, plan, project, service or procedure in order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups. All completed EqIA Screenings are required to be publicly available on the council's website once they have been signed off by the relevant Head of Service or Strategic/Policy/Operational Group or Project Sponsor.

What are the "protected characteristics" under the law?

The following are protected characteristics under the Equality Act 2010: age; disability (including physical, learning and mental health conditions); gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

What's the process for conducting an EqIA?

The process for conducting an EqIA is set out at the end of this document. In brief, a Screening Assessment should be conducted for every new or reviewed strategy, policy, plan, project, service or procedure and the outcome of the Screening Assessment will indicate whether a Full Assessment should be undertaken.

Openness and transparency

RBWM has a 'Specific Duty' to publish information about people affected by our policies and practices. Your completed assessment should be sent to the Strategy & Performance Team for publication to the RBWM website once it has been signed off by the relevant manager, and/or Strategic, Policy, or Operational Group. If your proposals are being made to Cabinet or any other Committee, please append a copy of your completed Screening or Full Assessment to your report.

Enforcement

Judicial review of an authority can be taken by any person, including the Equality and Human Rights Commission (EHRC) or a group of people, with an interest, in respect of alleged failure to comply with the general equality duty. Only the EHRC can enforce the specific duties. A failure to comply with the specific duties may however be used as evidence of a failure to comply with the general duty.

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Investment Strategy Statement

Stage 1 : Screening (Mandatory)

1.1 What is the overall aim of your proposed strategy/policy/project etc and what are its key objectives?
This report brings to Member’s attention a key policy statement for review and approval that sets the framework for investment decision making in line with the Fund’s fiduciary duty to its scheme members and employers.

1.2 What evidence is available to suggest that your proposal could have an impact on people (including staff and customers) with protected characteristics? Consider each of the protected characteristics in turn and identify whether your proposal is Relevant or Not Relevant to that characteristic. If Relevant, please assess the level of impact as either High / Medium / Low and whether the impact is Positive (i.e. contributes to promoting equality or improving relations within an equality group) or Negative (i.e. could disadvantage them). Please document your evidence for each assessment you make, including a justification of why you may have identified the proposal as “Not Relevant”.

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ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Investment Strategy Statement

Protected characteristics	Relevance	Level	Positive/negative	Evidence
Age				*Key data: The estimated median age of the local population is 42.6yrs [Source: ONS mid-year estimates 2020]. An estimated 20.2% of the local population are aged 0-15, and estimated 61% of the local population are aged 16-64yrs and an estimated 18.9% of the local population are aged 65+yrs. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]*
Disability				
Gender re-assignment				
Marriage/civil partnership				
Pregnancy and maternity				
Race				*Key data: The 2011 Census indicates that 86.1% of the local population is White and 13.9% of the local population is BAME. The borough has a higher Asian/Asian British population (9.6%) than the South East (5.2%) and England (7.8%). The forthcoming 2021 Census data is expected to show a rise in the BAME population. [Source: 2011 Census, taken from Berkshire Observatory]*
Religion and belief				*Key data: The 2011 Census indicates that 62.3% of the local population is Christian, 21.7% no religion, 3.9% Muslim, 2% Sikh, 1.8% Hindu, 0.5% Buddhist, 0.4% other religion, and 0.3% Jewish. [Source: 2011 Census, taken from Berkshire Observatory]*
Sex				*Key data: In 2020 an estimated 49.6% of the local population is male and 50.4% female. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]*
Sexual orientation				

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Investment Strategy Statement

Outcome, action and public reporting

Screening Assessment Outcome	Yes / No / Not at this stage	Further Action Required / Action to be taken	Responsible Officer and / or Lead Strategic Group	Timescale for Resolution of negative impact / Delivery of positive impact
Was a significant level of negative impact identified?	No	No	Damien Pantling	N/A
Does the strategy, policy, plan etc require amendment to have a positive impact?	No	No	Damien Pantling	N/A

If you answered **yes** to either / both of the questions above a Full Assessment is advisable and so please proceed to Stage 2. If you answered “No” or “Not at this Stage” to either / both of the questions above please consider any next steps that may be taken (e.g. monitor future impacts as part of implementation, re-screen the project at its next delivery milestone etc).

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Investment Strategy Statement

Stage 2 : Full assessment

2.1 : Scope and define

2.1.1 Who are the main beneficiaries of the proposed strategy / policy / plan / project / service / procedure? List the groups who the work is targeting/aimed at.

2.1.2 Who has been involved in the creation of the proposed strategy / policy / plan / project / service / procedure? *List those groups who the work is targeting/aimed at.*

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ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Investment Strategy Statement

2.2 : Information gathering/evidence

2.2.1 What secondary data have you used in this assessment? *Common sources of secondary data include: censuses, organisational records.*

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2.2.2 What primary data have you used to inform this assessment? *Common sources of primary data include: consultation through interviews, focus groups, questionnaires.*

Eliminate discrimination, harassment, victimisation

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Investment Strategy Statement

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

Advance equality of opportunity

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Investment Strategy Statement

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Investment Strategy Statement

Foster good relations

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

2.4 Has your delivery plan been updated to incorporate the activities identified in this assessment to mitigate any identified negative impacts? If so please summarise any updates. *These could be service, equality, project or other delivery plans. If you did not have sufficient data to complete a thorough impact assessment, then an action should be incorporated to collect this information in the future.*

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Investment Strategy Statement

Report Title:	**Responsible Investment Update**
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee 7 March 2022
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

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Royal Borough of Windsor & Maidenhead

REPORT SUMMARY

The Pension Fund Committee agreed and released an Environmental, Social and Governance (ESG) public statement in late 2020 clarifying its commitment to long-term responsible investment of pension savings. Following this, the fund approved an updated Responsible Investment (RI) policy on 22 March 2021 supported by several values, principles, and priorities.

Whilst responsible investing and ESG have always been guiding principles in the Fund's investment strategy, the decision to pool funds with LPPI from 1 June 2018 enabled more active monitoring and consolidation of its responsible investment outcomes.

Climate Change is one of the underlying priorities in the Fund's RI policy and this report sets out to formally update members on LPPI's most recent amendments to their RI policy (namely on the exclusion of fossil fuel extraction companies), to report on the Fund's responsible investment outcomes and to report on the Fund's recent engagement activities.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report and;

i) Acknowledges LPPI's updated Responsible Investment policy (climate change Annex); and

ii) Acknowledges the Fund's RI dashboard, RI report, active engagement report and achievement of associated outcomes.

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

2.1 Since 1 June 2018, all Fund investments have been pooled and are actively managed by the Fund's Investment Manager LPPI. Responsible investing is an underpinning principal of LPPI's investment approach and is documented by a suite of detailed RI policies available on their website.

2.2 LPPI's active decision to declare a net-zero commitment was reported at the 6 December 2021 meeting, however, this report outlines the LPPI official policy update on this matter (Climate change Annex to LPPI's Responsible Investment Policy dated January 2022).

2.3 Appendix 1 to this report details three key changes to LPPI's Responsible Investment policy (climate change Annex), these are summarised as follows:

2.3.1 Record LPPI's commitment to the goal of Net Zero portfolio emission by 2050 in partnership with its clients. This follows LPPI becoming a signatory to the IIGCC Net Zero Asset Manager Commitment on 1st November 2021.

2.3.2 Confirm the exclusion of extractive fossil fuel companies from the LPPI Global Equities Fund ("GEF") from 31st December 2021.

2.3.3 Reflect that Climate Change management is a priority theme within LPPI's new Shareholder Voting Guidelines (published August 2021) and considered in reaching voting decisions.

2.4 Specifically in regard to divestment (and exclusion) of extractive fossil fuels from the global equities fund, the Fund's own Responsible Investment policy prioritises engagement over divestment. However, in this particular case, these holdings were no longer a natural fit for the fund's enduring quality bias and, considering the size of their weighting, consumed disproportionate stewardship resources hence LPPI's decision to divest and exclude from the portfolio.

2.5 Considering the wider net-zero journey, divestment and exclusion of holdings will not necessarily follow for other assets classes.

2.6 From December 2021, the Fund has reported publicly on its implementation and outcomes concerning responsible investment. The report and dashboard as at Q4 2021 (or Q3 2021/22) are included at Appendix 2 and Appendix 3 to this report.

2.7 In addition to the report provided last quarter, the current report now shows full "green/brown" portfolio exposures to all of the Fund's equity assets (listed equity, private equity, and infrastructure) plus corporate bonds within fixed income. This information was provided in Part-2 last quarter due to a degree of uncertainty regarding the "on balance-sheet" assets but can now be reported accurately and therefore publicly. The key takeaways from this analysis are as follows:

2.7.4 Investments in brown sectors (extraction, transportation, storage, supply, and generation of energy from fossil fuels) are 1.10% of the portfolio.

2.7.5 Investments in green sectors (renewable energy generation, clean technology, and decarbonising activities) are 3.52% of the portfolio.

2.8 As illustrated above, the green exposure significantly outweighs the brown exposure within the identified portfolio. Further work is being undertaken by

LPPI to report on the green/brown exposure of the whole Fund and this shall be reported in due course.

2.9 As detailed in the Fund's Responsible Investment policy, "the RCBPF considers engagement to be a route for exerting a positive influence over investee companies and encouraging responsible corporate behaviour." The Fund has appointed an engagement partner to ensure active engagement with companies across its credit and equity portfolios, seeking to improve a company's behaviour on ESG (Environmental, Social and Governance) related issues. The Fund's active engagement outcomes are reported as at Q4 2021 (or Q3 2021/22) in Appendix 4.

3. KEY IMPLICATIONS

3.1 The Fund are receiving a growing number of Freedom of Information (FOI) requests regarding how the Fund's investment assets are being managed and invested responsibly. Moreover, the recent focus has been on environmental factors concerning carbon emissions and fossil-fuel exposure. The Fund's RI dashboard acts as a public document to be updated quarterly and aims to address the majority of public requests for information.

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 Net-zero strategy development and LPPI's recent decision to exclude extractive fossil fuel companies from its global equities fund has involved divesting from a relatively small opportunity set. However, these investments consumed disproportionate stewardship resources and the associated costs of maintaining these. Exclusion of these assets enables attention to move to a broader range of sectors impacted by transition risk providing the fund with future opportunities and an improved framework to manage risk.

4.2 At present, the Fund's investment performance and expected returns are not mutually exclusive to the achievement of its responsible investment policy outcomes. Therefore, the Fund's fiduciary duty and ultimate goal to pay pensions is not adversely affected by implementation of its existing RI and ESG policies.

5. LEGAL IMPLICATIONS

5.1 Reporting against RI metrics and making a net-zero commitment are not legal requirements. TCFD reporting requirements, when published, will be a legal requirements and legislated by DLUHC (Department for Levelling up, Housing and Communities). These requirements will likely involve penalties and levies by PR for non-compliance. TCFD requirements shall be implemented in due course.

6. RISK MANAGEMENT

6.1 The below table relates to risk "PEN005" from the risk register considered and approved by Pension Fund Committee on 6 December 2021.

Table 1: Impact of risk and mitigation (PEN005)

Risk Description	Gross Risk Score	Mitigating Actions	Net Risk Score
Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage if not compliant. The administering authority declared an environmental and climate emergency in June 2019, effect on Pension Fund is currently unknown. TCFD regulations impact on LGPS schemes currently unknown but expected to come into force during 2022/23.	27	1) Review ISS in relation to published best practice (e.g., Stewardship Code) . 2) Ensure fund managers are encouraged to engage and to follow the requirements of the published ISS. 3) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and Pensions and Lifetime Savings Association (PLSA), which raises awareness of ESG issues and facilitates engagement with fund managers and company directors. 4) An ESG statement and RI Policy was drafted for the Pension Fund as part of the ISS and approved in March 2021. 5) Officers regularly attend training events on ESG and TCFD regulations to ensure stay up to date with latest guidance. 6) LPPI manage the fund's investments and have their own strict ESG policies in place which align with those of the fund.	**18**

7. POTENTIAL IMPACTS

7.1 Equalities. Equality Impact Assessments are published on the council's website. There are no EQIA impacts as a result of taking this decision. A completed EQIA has been attached at Appendix 5 to this report.

7.2 Climate change/sustainability. This report is centred around the topic of climate change and sustainability and such impacts are documented in detail through the report and its appendices.

7.3 Data Protection/GDPR. There are no additional data protection/GDPR considerations as a result of taking this decision

8. CONSULTATION

8.1 The Fund's Investment Advisor LPPI was consulted in preparing this report.

9. TIMETABLE FOR IMPLEMENTATION

9.1 LPPI have already began to implement their plans for net-zero by 2050 from the date of becoming an IIGCC signatory. Responsible investment outcomes are not subject to any specific timeline and are instead ongoing.

10. APPENDICES

10.1 This report is supported by 5 appendices:

- Appendix 1: LPPI Responsible Investment Policy, Climate Change Annex Jan 2022.
- Appendix 2: Responsible Investment Report Q4 2021
- Appendix 3: Responsible Investment Dashboard Q4 2021
- Appendix 4: Active Engagement Report Q4 2021
- Appendix 5: EQIA

11. BACKGROUND DOCUMENTS

11.1 This report is supported by 2 background documents available at Pension Fund Policies | Berkshire Pension Fund (berkshirepensions.org.uk)

- Responsible Investment Policy (March 2021)
- Environmental, Social and Governance (ESG) Statement (December 2020)

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Mandatory:	*Statutory Officers (or deputy)*		
Adele Taylor	Executive Director of Resources/S151 Officer	**22/02/2022**	**24/02/2022**
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	**22/02/2022**	
Deputies:			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	**22/02/2022**	**25/02/2022**
Elaine Browne	Head of Law (Deputy Monitoring Officer)	**22/02/2022**	**28/02/2022**
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	**22/02/2022**	**25/02/2022**
Other consultees:			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	**22/02/2022**	

13. REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Pension Fund Committee decision	~~Yes~~/No	~~Yes~~/No

Report Author: Damien Pantling, Head of Pension Fund

Local Pensions Partnership Investments Ltd

Responsible Investment Policy
Annex on Climate Change

1. Introduction

This annex to our Responsible Investment Policy explains our climate change beliefs and describes our approach to understanding and managing the risks and opportunities climate change presents for the portfolios we manage on behalf of clients.

2. Our Climate Change Beliefs

Climate change poses a long-term and material financial risk to client portfolios. It has the potential to impact value across all the asset classes we invest in globally, but the route scale and timing of this impact is both complex and uncertain.

Climate change is a systemic risk which arises from the physical effects of sustained changes in weather patterns due to global warming and from human interventions to mitigate and manage these changes by adapting to new circumstances through regulation, technological innovation, or other cultural shifts.

Climate change will impact companies globally. It has the potential to destroy value where business risks are not being recognised and integrated into effective strategic planning but also presents opportunities for value creation where products and services can be developed which solve problems and meet societal needs.

The scope, dimensions, materiality and long-term significance of climate change as an investment issue merit specific attention as part of our Responsible Investment approach and the processes we develop to implement this in practice. Aiming to align our stewardship with the objectives of the Paris Agreement, we have set the goal of achieving net zero portfolio emissions by 2050 in partnership with our client pension funds. In November 2021 we signed the Institutional Investors Group on Climate Change (IIGCC) Net Zero Asset Manager Commitment which forms part of the IIGCC Net Zero (1.5°C) Investment Framework.

3. Our Climate Change Beliefs Translated into Practice

Our ultimate objective is to be able to identify, quantify, measure, act, monitor and report to clients on our management of climate change risk on their behalf. This is a significant undertaking with numerous challenges, and we recognise that we remain at an early stage of an ongoing task to evolve our capabilities, access insightful data, set appropriate measures and monitor and report on our progress. The implementation of our net zero commitment will expand the range of measures we need to take (for which planning is underway) but the steps already in place and the areas we have identified for further development are briefly set out below.

Investment Selection & Portfolio Monitoring

Our approach to asset selection (for internally managed assets) and to manager selection and monitoring (for assets managed by external managers) is built around detailed risk analysis and an up-to-date understanding of context as part of due diligence. This approach suits the complexity and multi-dimensional nature of climate change and the challenge it poses for strategy integration.

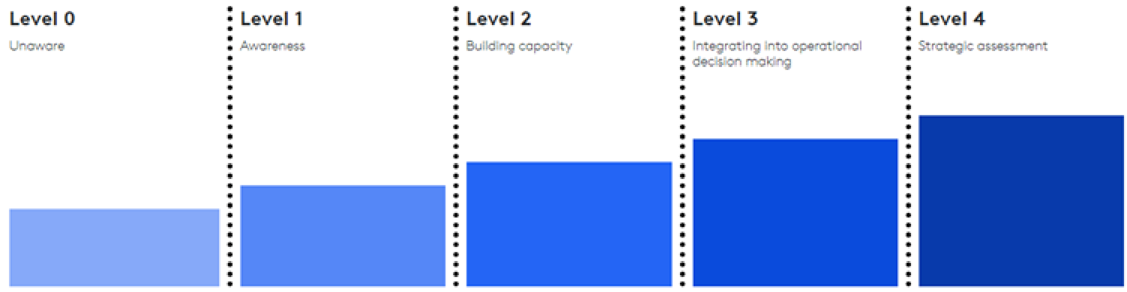
Our starting point is to ensure managers share our beliefs and have the capabilities to meet our requirements. In appointing third party managers we routinely assess their approach to responsible investment and the integration of environmental, social and corporate governance (ESG) factors. Our 'Manager ESG Rating approach' incorporates a detailed Due Diligence Questionnaire which includes specific questions on assessing, monitoring and reporting on climate change. Questionnaire responses inform our detailed selection and appointment process.

Identifying the risks client portfolios face from climate change requires quantitative measurement along with qualitative interpretation. Measurement and monitoring require information. We are continually seeking data and tools to help us to assess the position of individual companies and support our evaluation of the aggregate position at headline level. Use of tools such as Transition Pathway Initiative (TPI) aids our assessment of companies and informs our ongoing dialogue with managers around their own evaluation of the climate change risks their portfolios encompass. Our main focus to date has been on listed equities where information is most readily available, but learning gained here is informing the more challenging (and ongoing) task of assessing the position of wider asset classes.

Our objective is to understand the preparedness of investee companies for the transition to a low carbon economy, support companies which are managing the risks and opportunities on behalf of shareholders and challenge those which are not. Our scrutiny and challenge are based on a consistent measure. We use data from CDP and the TPI to ensure our review of the position of our listed equities investments is referenced against external measures of corporate progress in the planning and management of climate-related business risks. The TPI toolkit is publicly available, refreshed annually and accessible to all managers without the

Transition Pathway Initiative (TPI) – Management Quality Stairway

Companies are assessed to one of 5 levels based on their position in relation to the recognition and management of transition risks. Standard questions are posed and are answered using publicly available data.



need to subscribe to a proprietary data system. We are a long-term supporter and Strategic Asset Owner Partner to the TPI.

We are also utilising data on greenhouse gas emissions to understand the position of different sectors and companies and determine the alignment of our Global Equities Fund with a below 2°C[1] pathway in order to reference our position relative to the goals of the Paris Agreement. We will be developing this methodology further and expanding it to more asset classes as the market for scenario analysis develops. This will generate a more complete picture of the alignment with, as well as resilience of, our portfolio to a below 2°C world.

We recognise that whilst all companies may ultimately be impacted by climate change, some sectors face greater risks due to their emissions intensity or involvement in traditional energy production based on fossil fuels which will need to be significantly curtailed to meet global emissions reduction targets. At a sectoral level, we have identified thermal coal extraction as a particular focus of risk. Coal is the most carbon intensive fossil fuel and the traditional energy source most likely to face declining demand in the face of rising renewable output at a reducing cost. As a consequence, we took the decision (in 2019) to cease investing in thermal coal extraction across our portfolio by progressively divesting existing holdings and placing an exclusion on further investments in this sector[2]. This approach is in line with protecting the long-term financial interests of all clients but presents challenges within private markets if pooled funds lack the facility to exclude sectors, reducing product choice. Our objective is to avoid new (future) exposure to thermal coal via exclusion whilst monitoring and managing existing exposures out of the portfolio over time where this is achievable without significant financial detriment.

Our net zero commitment (November 2021) has tightened our focus on the obligations of asset ownership and the importance of deploying stewardship resources for greatest influence. This has prompted a decision to exclude extractive fossil fuel companies from our Global Equities Fund by the end of 2021.[3] This step is an acknowledgement that the sector is not a natural match for the Fund's enduring quality bias and consumes stewardship resources disproportionate to the small exposure we might select to own long-term and the limited scope for shareholder influence this offers. Removing what has historically been a relatively small opportunity set for our Global Equities Fund will allow attention to move to a broader range of sectors impacted by transition risk and required to decarbonise. We will be considering our position on extractive fossil fuel companies within other asset classes as part of our net zero strategy development. Our approach will consider implementation routes for fulfilling our commitment to stewardship supportive of real-world decarbonisation which contributes to the acceleration of a market-wide transition aligned with the goals of the Paris Agreement.

Going forwards, we will continue to use the TPI as a measurement tool to assess carbon intensive companies and as a signal for engagement priorities with delegate managers.

[1] Under the Paris Agreement (December 2015) countries agreed to work to limit global temperature rise to well below 2°C.The IIGCC Net Zero Investment Framework (Aug 2020) supports investors to plan for net zero emissions by 2050, an ambition aligned with limiting global warming to 1.5°C above pre-industrial levels.
[2]Companies within GICS 10102050 (Coal & Consumable Fuels)
[3]Companies within extractive fossil fuel industries are defined as those within:
- GICS 10101010 (Oil & Gas Drilling)
- GICS 10102010 (Integrated Oil and Gas)
- GICS 10102020 (Oil and Gas Exploration and Production)

Active Ownership (Voting and Engagement)

Our commitment to encouraging good corporate governance through our ownership activities includes a specific focus on climate related issues for investee companies.

Our shareholder voting approach explicitly identifies all upcoming resolutions on environmental themes. In appropriate circumstances we will support resolutions which encourage companies to recognise, evaluate, adapt to and report on climate related business risks and opportunities, or which urge them to evolve their current approach where further development is warranted. This is in line with our Shareholder Voting Policy which recognises the responsibility of asset owners to monitor and engage with investee companies in order to protect value.

Our Shareholder Voting Guidelines provide further clarity on our decision making with regards to our Shareholder Voting Policy. As part of this, we identify effective management of climate change as a priority engagement theme and provide further details on the steps we take if we believe minimum standards, such as TPI scores or alignment of targets and trajectories to the Paris Agreement, are not being met.

As part of our engagement approach, LPPI is networked with a range of organisations working on climate related agendas. These include the Principles for Responsible Investment, the Institutional Investor Group on Climate Change, the Transition Pathway Initiative and Climate Action 100+. Our interactions with these groups inform our thinking and provide opportunities to support collective initiatives which encourage companies to address climate change related business risks and report transparently on their efforts.

We support the recommendations of the FSB's Taskforce on Climate Related Financial Disclosure which identified that inadequate corporate reporting creates significant information gaps which prevent investors from evaluating the quality of climate change governance by investee companies. We encourage investee companies to develop their reporting in line with the disclosures outlined by the TCFD.

We also recognise that TCFD recommendations on enhanced reporting extend to investors and Asset Managers. As part of the evolution of our approach to climate change we reported for the first time against the TCFD disclosure requirements in 2019 on a voluntary basis. We will continue to strengthen our alignment with the TCFD and related regulations and work towards providing enhanced reporting on our activities going forward.

To ensure the continuing effectiveness of our approach to addressing climate change as part of our commitment to Responsible Investment our Stewardship Committee will review this annex to our Responsible Investment Policy on an annual basis and will update it to reflect changes in approach and further progress.

For Professional Clients in the UK Only

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This report has been prepared by LPPI for Royal County of Berkshire Pension Fund (RCBPF) as a professional client.

1. Introduction

This report on Responsible Investment (RI) is a companion to the LPPI RI Dashboard (Appendix 1) and the Quarterly Active Ownership Report (Appendix 2).

It covers stewardship in the period 1st October - 31st December 2021 plus insights on current and emerging issues for client pension funds.

[R] This symbol indicates a term explained in the reference section at the end of this report.

Key takeaways for the period:

- In Q4 2021 LPPI voted on 96% company proposals, supporting 89% of these.
- Investments in Brown sectors (extraction, transportation, storage, supply, and generation of energy from fossil fuels) are 1.10% of the portfolio.
- Investments in Green sectors (renewable energy generation, clean technology, and decarbonising activities) are 3.52% of the portfolio.
- LPPI's first Net Zero update is to confirm the appointment of Chronos Sustainability as our Net Zero consultant.
- The annual emissions snapshot for the LPPI Global Equities Fund, has confirmed a further reduction in the carbon intensity for the portfolio, compared with the same point in 2020. The intensity is also well below that of the fund's benchmark (MSCI ACWI)[R].
- The Climate Change Annex to LPPI's Responsible Investment Policy has been updated and is available from the LPPI website.

2. RI Dashboard – portfolio characteristics

This section of the report shares key takeaways from the RI Dashboard at Appendix 1.

As an enhancement, LPPI has developed and added a new section to the end of the RI Dashboard this quarter. The new Client Guide aims to assist the interpretation of metrics presented and is in response to feedback from clients that readers would benefit from additional context and explanation. We welcome comments on the new section piloted in the Q4 2021 Dashboard and feedback on ways it can be further enhanced.

Asset class metrics (*Dashboard pages 1 & 2*) offer insights on the composition of the portfolio and its general characteristics. See the summary for Q4 2021 outlined below.

Listed Equities (Dashboard p1)

Sector Breakdown

Categorised by GICS[R] the largest sectoral exposures for the Global Equity Fund (GEF) are Information Tech. (27%), Consumer Staples (15%), and Industrials (12%).

Comparing the GEF with its benchmark (MSCI ACWI)[R] gives insight into how sector exposures for the fund differ from a global market index. The length of each horizontal bar indicates by how much exposures differ in total (+ or –) compared with the benchmark, which is the outcome of active managers making stock selection decisions rather than passively buying an index.

Top 10 Positions

The top 10 companies (10 largest positions) make up 24% of the total LPPI GEF.

In Q4 2021 Microsoft remains the largest holding in the GEF. Nestlé and Visa remain in the top three as the second and third largest holdings in the GEF respectively. Accenture, Colgate-Palmolive, Starbucks, and Pepsi's positions remained unchanged (4th, 5th, 6th, and 7th respectively) between Q3 and Q4. Below the top 7 holdings, Costco moved up 2 positions, to 8th largest holding whilst Alphabet and Experian (8th and 9th in Q3) replaced by Apple and Adobe to become 9th and 10th.

Portfolio ESG Score

The GEF's Portfolio ESG score has increased from 5.3 to 5.4 between Q3 and Q4. In the same period the equivalent score for the benchmark increased from 5.1 to 5.2.

Transition Pathway Initiative (TPI)

Monitoring against TPI[R] Management Quality ratings confirms the GEF continues its relatively low exposure to highly carbon intensive activities with minimal changes in ratings since Q3. By value, the coverage of the GEF represented within the globally high emitting companies under TPI assessment remains unchanged from Q3, at 12%.

The number of GEF companies in scope of TPI scoring has decreased by 2 since Q3 2021, changing from 24 to 22.

Of the 22 companies in TPI scope:

- 97% (by value) are rated TPI 3 and above – demonstrably integrating climate change into their operational planning (TPI3) and into their strategic planning (TPI 4). This is up from 90% in Q3 2021, which is a reflection of three companies TPI scores being re-evaluated and improving to TPI 3.
- 4 companies are scored below TPI 3 and are under monitoring.

The Real-World Outcomes section of the dashboard features examples of socially positive investments and this quarter the focus is on Listed Equity. Pages 6-8 share information on a selection of investments within the Berkshire Fund portfolio which are developing solutions in large, small and mid-cap companies.

<u>Other asset classes (Dashboard p2)</u>

Private Equity

Sector and geographical exposures remained unchanged to those reported in Q3 2021. The portfolio continued to have a strong presence in Sweden (34%) and the largest sector exposure continued to be Health Care (47%).

Infrastructure

The geographical exposures to UK based Infrastructure slightly decreased, moving from 47% exposure in Q3 to 43% in Q4. The largest sectoral exposure remained in Traditional Energy, Renewable Energy, Waste, which makes up 37% of the portfolio.

Real Estate

Sector and geographical exposures remained similar to those reported in Q3 2021. The portfolio continued to be largely deployed in the UK, with 71% assets here. The largest sectoral exposure continued to be Industrial assets, making up 29% of the portfolio.

Green & Brown Exposures

As reported for the first time in Q2 2021, LPPI has conducted analysis to identify exposure to Green and Brown activities within the RCBPF portfolio. We will continue to refine and evolve our methodology over time.

Calculation of the Fund's exposure to Green and Brown activities focusses specifically on equity assets (Listed Equity, Private Equity, and Infrastructure) plus corporate bonds within Fixed Income. Figures give an indication, rather than a precise measure, as an assistance to reviewing the overall position.

Green activities are those directly contributing to real world decarbonisation, principally through renewable energy generation, but include other activities supporting lower emissions including district heating, and waste management. Brown activities are those directly involved with extracting, transporting, storing, and otherwise supplying fossil fuels, or using them to generate energy.

The dashboard presents information on the trend in Green and Brown exposures (commencing in Q2 2021). Quarterly changes in Green and Brown exposure reflect multiple factors at play including funds reaching maturity, assets being revalued, and investments being made and sold. The total value of the RCBPF portfolio (as the denominator) also affects Brown and Green % shares quarterly.

Compared with Q3 2021, Brown exposure has decreased from 1.31% to 1.10%. The biggest contributor was the removal of two extractive fossil fuel assets within the GEF. However, this was slightly offset by the addition of 'Brown' assets identified as part of a recent audit (Q4 2021), located within existing pooled funds (Infrastructure and Private Equity). Growth in the value of RCBPF's Fund (as the denominator) between Q3 and Q4, also contributed to the overall reduction in the proportion of Brown assets.

Compared with Q3 2021, Green exposure has increased from 3.12% to 3.52% of the portfolio. The biggest influence on the improved coverage is the overall value of the assets identified as Green, predominantly from a net asset valuation uplift for the Infrastructure assets.

Investments in renewable energy generation from Wind, Solar, Hydro, and Waste make up 50% of total Green exposure, and 94% of Green exposure is via Infrastructure assets.

Certain asset classes and investments lend themselves well to classification of their respective economic activities against our agreed definition of 'Green and Brown', such as Listed Equities and Infrastructure. For example, it is relatively straightforward to assess the economic activity of a windfarm or an oil pipeline, but other investments may present challenges in classification. Within Real Estate, there is no clear consensus on Green and Brown classification, with multiple classifications, reporting frameworks and certifications; each potentially providing a different stance on what may be considered Green or Brown. Moreover, there are also difficulties to classify an asset which on the face of it may have no obvious links to fossil fuel activities, such as a residential building within Real Estate, and thus could not be compared with other asset classes. For other asset classes, such as Credit and Diversifying Strategies, there are challenges in obtaining the level of granular data required to classify an exposure as Green or Brown. As the industry as a whole evolves in practices and reporting we will continue our development to provide as much transparency as possible of The Fund's portfolio.

3. Core Stewardship

This section of the report gives an overview of stewardship activities in the last quarter. Client pension funds delegate day to day implementation of the Partnership's approach to RI at Local Pensions Partnership Investments Ltd (LPPI). Ongoing stewardship activities by LPPI include portfolio and manager monitoring and the exercise of ownership responsibilities via shareholder voting, and engagement.

Shareholder Voting - LPPI Global Equity Fund (GEF) *(Dashboard page 3)*

Shareholder voting is overseen centrally by LPPI rather than by individual asset managers. LPPI receives analysis and recommendations from an external provider of proxy voting and governance research. We follow Sustainability Voting Guidelines focussed on material ESG considerations and liaise with providers and asset managers as needed to reach final voting decisions.

Full details of all shareholder voting by LPPI are publicly available from the LPP website within quarterly shareholder voting reports.

The period 1st October - 31st December 2021 encompassed 50 meetings and 337 resolutions voted. LPPI voted at 96% meetings where GEF shares entitled participation. The shortfall reflects an issue under investigation involving interactions in the voting chain between LPPI's proxy voting services provider and local sub-custodian regarding entitlement to vote.

Company Proposals
LPPI supported 89% of company proposals in the period.

Voting against management concentrated on:

- the election of directors (addressing individual director issues, overall board independence, and over-boarding), 43% of votes against company proposals.
- non-salary compensation (addressing inadequate disclosure of underlying performance criteria, use of discretion, and the quantum of proposed rewards), 27% of votes against company proposals.
- the support of shareholder resolutions, covering topics including climate change, human rights, diversity, and political lobbying (23%).

Case Study – Directors Related

- LPPI voted against eight directors across four companies due to a lack of Board independence. At Groupe Bruxelles Lambert (Belgium: Multi-Sector Holdings) for example, LPPI voted against one director nominee due to the lack of overall Board independence. Result: 33.8% Against. No other vote results disclosed.

- At The Estee Lauder Companies Inc. (USA: Personal Products), LPPI withheld support for one director nominee due to over-boarding. Result: 9.2% Against.

- At Guoco Group Limited (Hong Kong: Industrial Conglomerates), LPPI voted against the Chair of the Nomination Committee due to the lack of gender diversity on the Board. Result: 0.4% Against.

Case Study – Non-Salary Compensation

- At Nike (USA: Footwear), LPPI voted against the say on pay. This was due to factors including a significant portion of long-term incentives that were not performance-related (and undesirable metrics for the portion that was), and excessive awards. Result: 28.1% Against.

- At Medtronic (Ireland: Health Care Equipment), LPPI voted against the say on pay. This was due to changes in the long-term incentive plan (LTIP), alongside the additional complexity introduced. Result: 9.7% Against.

Shareholder Proposals

- At Autozone (USA: Automotive Retail), LPPI supported the shareholder resolution requesting the company introduce reporting on short and long-term greenhouse gas emissions reductions targets in line with the Paris Agreement[R]. The vote passed with 70.4% support.

- At Microsoft (USA: Systems Software), LPPI supported a shareholder resolution requesting the company release a transparency report detailing the effectiveness of workplace sexual harassment policies. The vote passed with 78.0% support.

- At Nike (USA: Footwear), LPPI supported a shareholder resolution requesting more comprehensive information regarding their political contributions. The vote resolution did not pass but received support of 30.5%. LPPI also supported a shareholder resolution at Nike requesting the company publish a human rights impact assessment examining the actual and potential impacts of its cotton sourcing. The resolution received support of 27.7%.

Shareholder Engagement

Company and manager engagements are underway on an ongoing basis, directly through board seats and Limited Partner Advisory Committees (LPAC) for private market assets, and more conventionally through shareholder engagement with listed companies.

LPPI's engagement partner Robeco has completed a fifth full quarter of engagement activity. The RI Dashboard (page 4) presents engagement headlines for the quarter which confirm the Robeco Active Ownership Team undertook 73 activities in total, and the predominant focus (by topic) was Environmental Management.

Page 5 of the Dashboard summarises the status of each live engagement theme (as it stood at the end of Q4 2021).

The Active Ownership Report at Appendix 2 provides detailed narrative on thematic engagements underway with listed companies (representing shares held by the Global Equities Fund, or corporate bonds held by the LPPI Fixed Income Fund).

Each quarter, we provide further insights into live themes underway by the Robeco Active Ownership Team, this quarter we share insights on focus themes in the year ahead.

Robeco Active Ownership: new engagement themes for 2022

Each year in Q4, Robeco clients submit engagement priorities and suggestions to inform new themes for the year ahead. These suggestions are aggregated and presented at the annual client panel for further discussion. The four new engagement themes for 2022 are below and will be rolled out across the year.

Net Zero Emissions
Net Zero commitments of asset owners and asset managers require increased climate coverage. This engagement theme will be an expansion of the Net Zero Emission engagement theme launched in 2020, focussing on high carbon emitting companies that are lagging in their transition to net zero.

Natural Resource Management
Water and waste are critical factors that influence environmental stability. Environmental regulation is rapidly increasing for both corporates and investors. This engagement theme will focus on companies that face environmental issues such as seabed and land mining, PFAS emissions, water scarcity, agrochemical waste and plastic waste.

Diversity, Equity, and Inclusion
Companies play a crucial role in creating diverse, equitable and inclusive (DEI) workplaces through their human capital strategy. The theme will aim to improve embedding DEI in companies' human capital strategies. Companies will be expected to set clear targets to strengthen DEI practices and outcomes. Further, companies will be expected to measure and disclose meaningful data and outcomes related to workforce composition, promotion, recruitment, retention rates and equity pay practices.

Nature Action 100
25% of all species on Earth are at risk of extinction by 2050. This engagement will be part of a global collaborative engagement program, building on the lessons learned from Climate

Action 100[R]. The focus of the engagement will be on terrestrial, fresh water and marine biomes. Dependencies and potential impact on biodiversity, such as deforestation, overfishing and pollution will be assessed. The Nature Action 100 governance structure is currently under negotiation and aims to build on the Nature benchmark of the World Benchmarking Alliance.

4. Collaborations and Partnerships

LPPI participates in a range of investor groups and partnerships which provide opportunities for shared learning and a platform for collective action. The following are headlines for Q4 2021.

Net Zero by 2050 Update

In partnership with our client pension funds, LPPI has set the goal of achieving Net Zero portfolio emissions by 2050. In November 2021 we signed the Institutional Investors Group on Climate Change (IIGCC)[R] Net Zero Asset Manager Commitment, which forms part of the IIGCC Net Zero (1.5°C) Investment Framework (NZIF). We will be collaborating with and are well placed to learn from partners, peers and industry leaders through our participation in this IIGCC initiative. More information about this is available from the LPPI website.

The IIGCC 1.5°C framework will inform LPPI's approach to aligning the portfolio we manage with the goals of the Paris Agreement whilst remaining focussed on sustainable investment outcomes for client pension funds. As our Net Zero analysis and planning evolve, we will keep client funds updated and share insights into the actions we are taking, and the progress being made.

Our first update is to confirm LPPI's appointment of Chronos Sustainability as our Net Zero consultant. Chronos will be providing advice, support, and practical assistance for developing LPPI's Net Zero route map and an implementation plan for the initial steps of a long-term pathway towards Net Zero portfolio emissions by 2050.

30% Club

During 2021, the 30% Club[R] expanded its focus to include ethnic diversity in addition to gender diversity. To mark the launch of the new approach, the 30% Club set out a statement on race equity which was originally intended for publication in November 2021. LPPI provided feedback during the drafting process and have been added as signatories to the final statement as members of the 30% Club. The statement will now be published in February 2022 and contains the following targets for 2023:

- *Beyond 30% representation of women on all FTSE 350 boards, including one person of colour.*
- *Beyond 30% representation of women on all FTSE 350 Executive Committees, including one person of colour***.**
- *Beyond 30% of all new FTSE 350 Chair appointments to go to women between 2020 and 2023.*

The statement also advocates for a number of actions at UK listed companies including better data collection and disclosure of the ethnic make-up of workforces and action plans to reduce race based inequalities. Signatories to the letter commit to actively engage with board Chairs, nomination committees and executive teams on the issue of racial inequality. Additionally, where insufficient progress is made against targets, 30% Club members will consider voting against the re-election of board directors beginning in 2022.

These commitments are reflective of our existing engagement priorities outlined in our Shareholder Voting Guidelines and align with our ongoing work as investor signatories of the WDI and Asset Owner Diversity Charter.

Workforce Disclosure Initiative

LPPI is an investor signatory for the Workforce Disclosure Initiative (WDI), an investor collaboration platform which seeks to enhance corporate management of workforce issues through increased transparency. At the start of the 2021 engagement cycle, LPPI identified five target companies as priorities to respond to the WDI annual survey and coordinated with other investor signatories to lead a letter campaign to encourage participation for two of these targets. Following engagement, four out of the five target companies responded to the survey providing us with enhanced insights on their workforce management.

5. Other News and Insights

Letter to LGPS Chairs – Occupied Palestine

In December 2021 the LGPS Scheme Advisory Board (SAB) discussed a letter sent to all LGPS Pension Fund Chairs in November 2021 by Michael Lynk, United Nations Special Rapporteur on the Palestinian Territories, which asks a number of questions of LGPS funds regarding their investments. The minutes of the SAB meeting held on 13th December 2021 confirmed the Board was liaising with the Local Authority Pension Fund Forum (LAPFF) regarding a response and would organise a call with Mr Lynk to take place in the early new year.

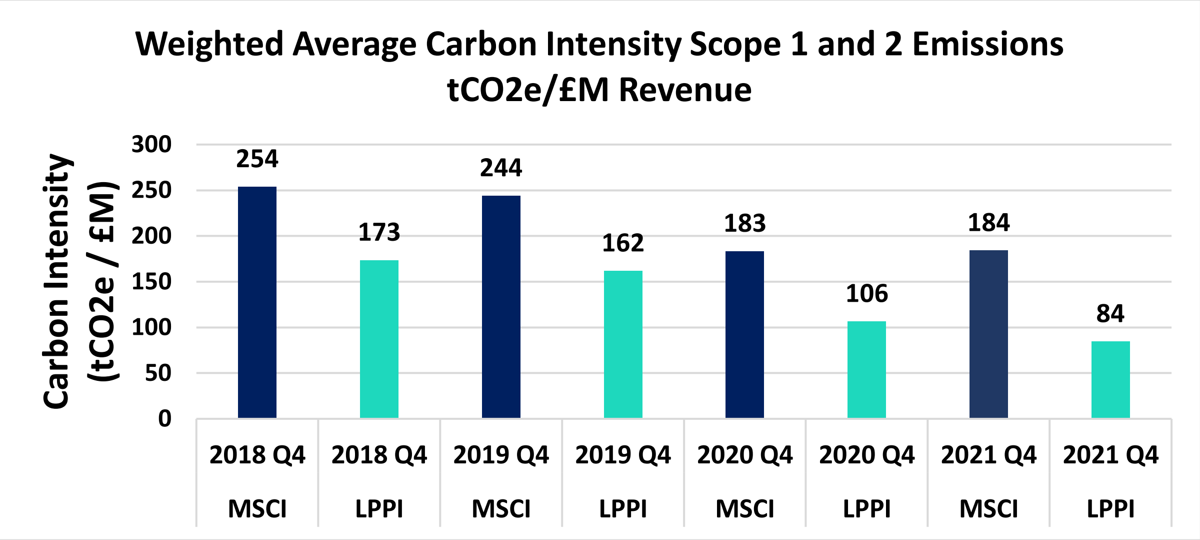
The involvement and mediation of the SAB and LAPFF are helpful given LPGS funds are facing targeted divestment lobbying whilst simultaneously awaiting details of new legislation from the UK Government “to stop public bodies from imposing their own approach or views about international relations, through preventing boycott, divestment or sanctions campaigns against foreign countries” (The Queens Speech 2021 - 11 May 2021, page 151).

GEF Carbon Footprint Analysis

LPPI reviews the carbon intensity of the Global Equity Fund at 31st December each year. The annual snapshot exercise, based on available and modelled data, has confirmed a further reduction in the carbon intensity of the fund compared with the same point in 2020 and an intensity well below that of the fund’s benchmark (MSCI ACWI)[R].

Graph 1 below shows the position using a revenue measure (gross carbon emissions divided by total revenues for Global Equities Fund (GEF) companies) and includes scope 1 and 2 emissions[R].

Graph 1



Note: In calculating these numbers the following are to be considered when reconciling against other LPPI reporting:

- exclusion of cash,
- exclusion of a position in SPDR [Materials exposure] – a physical gold position, which the data provider currently is wrongly assuming as a traditional materials position from a carbon intensity point of view,
- potential rounding effects.

LPPI

Roughly 2/3 of LPPI's drop in scope 1 + 2 portfolio carbon intensity is from Utilities and Industrials sectors. For Industrials, the portfolio as at year end consisted of companies with 50% lower scope 1 + 2 intensity than the previous year. This was due to general churn of the portfolio, where three companies that collectively made up 45% of the previous years' sector carbon intensity were removed. For Utilities, it was a reduction of exposure by 1 percentage point, dropping from 2.5% in 2020 Q4 to 1.5% 2021 Q4.

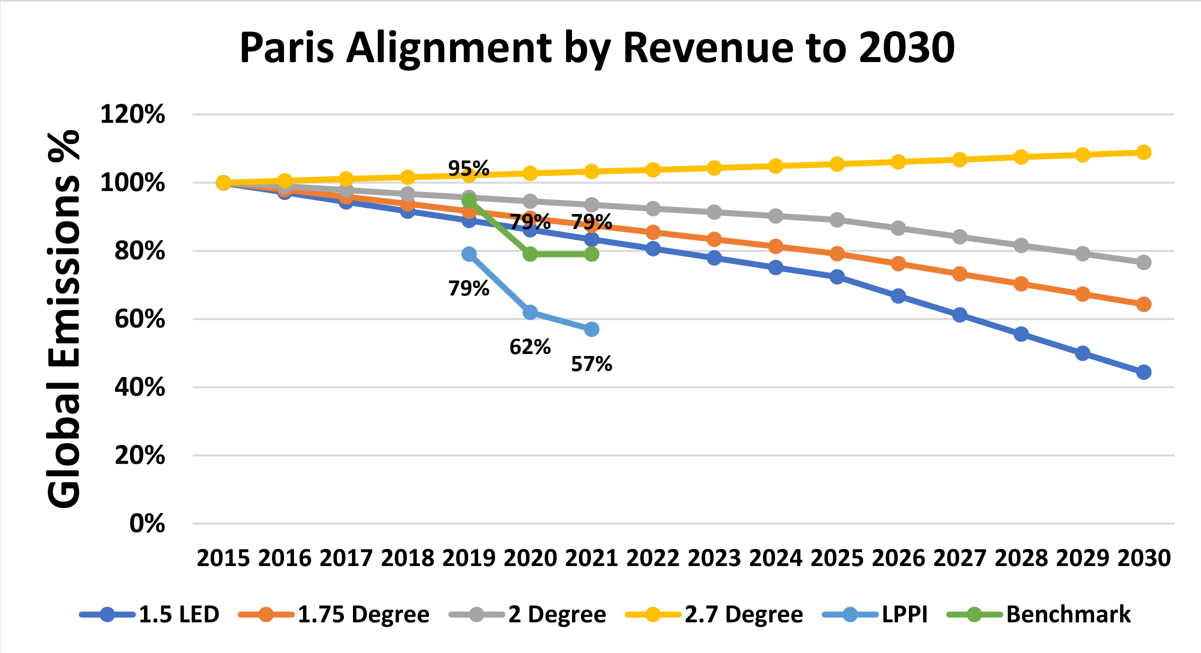
Other noteworthy drivers of the decreased portfolio carbon intensity were from Materials and Energy sectors. In both sectors there was a reduction in exposure; 0.5 percentage point drop to 1.2% overall for Materials and a 0.2 percentage point drop to 0.4% overall in Energy. The reduction of carbon intensity in Energy was due to the removal of two extractive fossil fuel companies from the portfolio, which previously made up 41% of the sector emissions.

MSCI

Our benchmark (MSCI ACWI) had a slight increase in scope 1 + 2 portfolio carbon intensity, which was mainly from Energy and Industrials. For Energy, it was the combination of an increase in sector intensity by 5.7% (an increase of 25 tCO2e / 1M USD revenue) and a sector weight increase of 0.4 percentage points, from 3.0% to 3.4%. For Industrials, it was the increase in sector carbon intensity by 17.5% (an increase of 18.3 tCO2e / 1M USD revenue). Utilities was the most noteworthy driver to a reduction in portfolio carbon intensity, with the sector weight reducing by 0.1 percentage points, a decrease from 3.0% to 2.9%.

In prior years we have shared an additional metric (from our provider of carbon metrics - Urgentem) which plots the GEF's carbon intensity against decarbonisation pathways for different global temperature outcomes by 2050. Graph 2 shows the latest position for this metric using a revenue intensity based measure (portfolio gross carbon emissions divided by portfolio revenue). It reflects scope 1, 2 and 3 emissions[R].

Graph 2



The graph observes that portfolio carbon intensity continued to fall between 2019, 2020 and 2021 for LPPI, indicating a current position beneath the trajectory for achieving the Paris Agreement goal of well below 2°c.

We caution that this complicated metric involves numerous assumptions and has material limitations we fully acknowledge.

In common with other investors, we await the development of robust market-standards for assessing portfolio alignment with the Paris Agreement, which are based on universally accepted, understandable, and decision-useful metrics.

Climate Change Annex Update

The Climate Change Annex to LPPI's Responsible Investment Policy has been updated. Available from the LPPI website, the refreshed document:

- records LPPI's commitment to the goal of Net Zero portfolio emission by 2050 in partnership with our client pension funds,
- confirms the exclusion of extractive fossil fuel companies from the LPPI Global Equities Fund (GEF) from 31 December 2021,
- reflects that climate change management is a priority theme within LPPI's Shareholder Voting Guidelines (published August 2021) and is considered in reaching voting decisions.

The decision to exclude extractive fossil fuels from the GEF is pragmatic. Our Net Zero commitment involves supporting real world decarbonisation by 2050 through encouraging all companies and sectors to transition over time. In practice, resource constraints impose limitations which will require engagement to be prioritised to financially material considerations and the likelihood for positive outcomes. Within the GEF, extractive fossil fuel companies are not a natural fit meaning small positions, conveying limited influence, but with challenging pathways to net zero.

TCFD Update

In previous reports we have highlighted the phased introduction of mandatory TCFD[R] reporting requirements for occupational pension schemes and asset managers. As it pertains to LPPI, the FCA has now issued its final rules for the implementation of climate change disclosure within an updated ESG Factbook. This commits LPPI to publish FCA aligned entity and, where relevant, product level TCFD reports by June 2024.

However, the consultation by the Department for Levelling up, Housing and Communities (previously MHCLG) on how these regulations will be translated for the LGPS has been delayed until the first half of 2022. On publication of the consultation, LPPI and its clients will still have 12 weeks to consider the proposals and provide a response if desired.

LPPI's Annual Report on RI and Stewardship 2020/21

As reported last quarter, LPPI has produced an Annual Report on Responsible Investment and Stewardship 2020/21 which offers a detailed account of our activities. Both the full report and a shorter highlights report are now available from the RI section of the LPPI website.

For Reference

GICS - Global Industry Classification System
The most widely used approach to categorising activities into industry sectors. The main standard in use for public markets with growing use for other asset classes. For more information on GICS and the activities that fall into each sector, please see:
https://www.spglobal.com/marketintelligence/en/documents/112727-gics-mapbook_2018_v3_letter_digitalspreads.pdf

Paris Agreement
The Agreement is a legally binding international treaty to tackle climate change and its negative impacts. The Agreement includes commitments from all countries to reduce their emissions and work together to adapt to the impacts of climate change. It entered into force on 4 November 2016.

The Agreement sets long-term goals to guide all nations to:

- substantially reduce global greenhouse gas emissions to limit the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees,
- review countries' commitments every five years,

- provide financing to developing countries to mitigate climate change, strengthen resilience and enhance abilities to adapt to climate impacts.

https://www.un.org/en/climatechange/paris-agreement

Climate Action 100+

Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

30% Club

The 30% Club is a campaign group of business chairpersons and CEOs taking action to increase gender diversity on boards and senior management teams. It was established in the United Kingdom in 2010 with the aim of achieving a minimum of 30% female representation on the boards of FTSE 100 companies.

IIGCC

Institutional Investor Group on Climate Change. LPPI is a member.

MSCI ACWI - MSCI All Country World Index

A stock index designed to track broad global equity-market performance. The LPPI Global Equity Fund's benchmark.

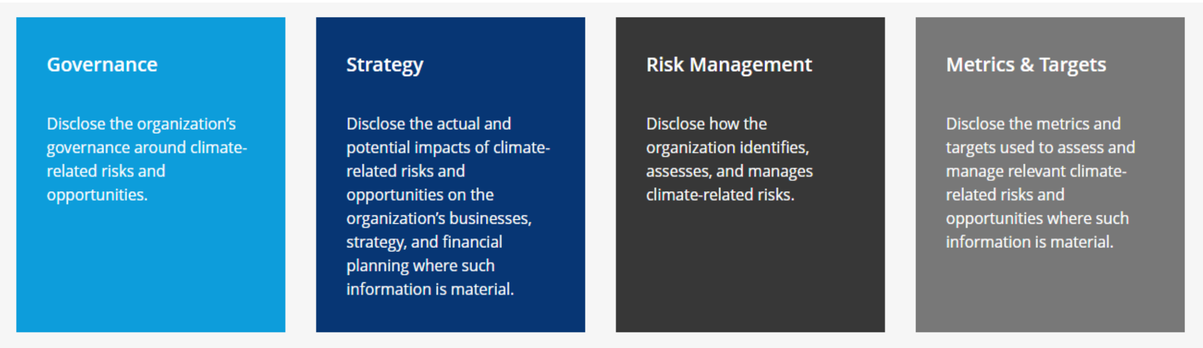
MSCI - **Morgan Stanley Capital International**

A global index provider.

TCFD - Taskforce on Climate Related Financial Disclosure

The Financial Stability Board created the Task Force on Climate-related Financial Disclosure (TCFD) to improve and increase reporting of climate-related financial information by companies and investors.

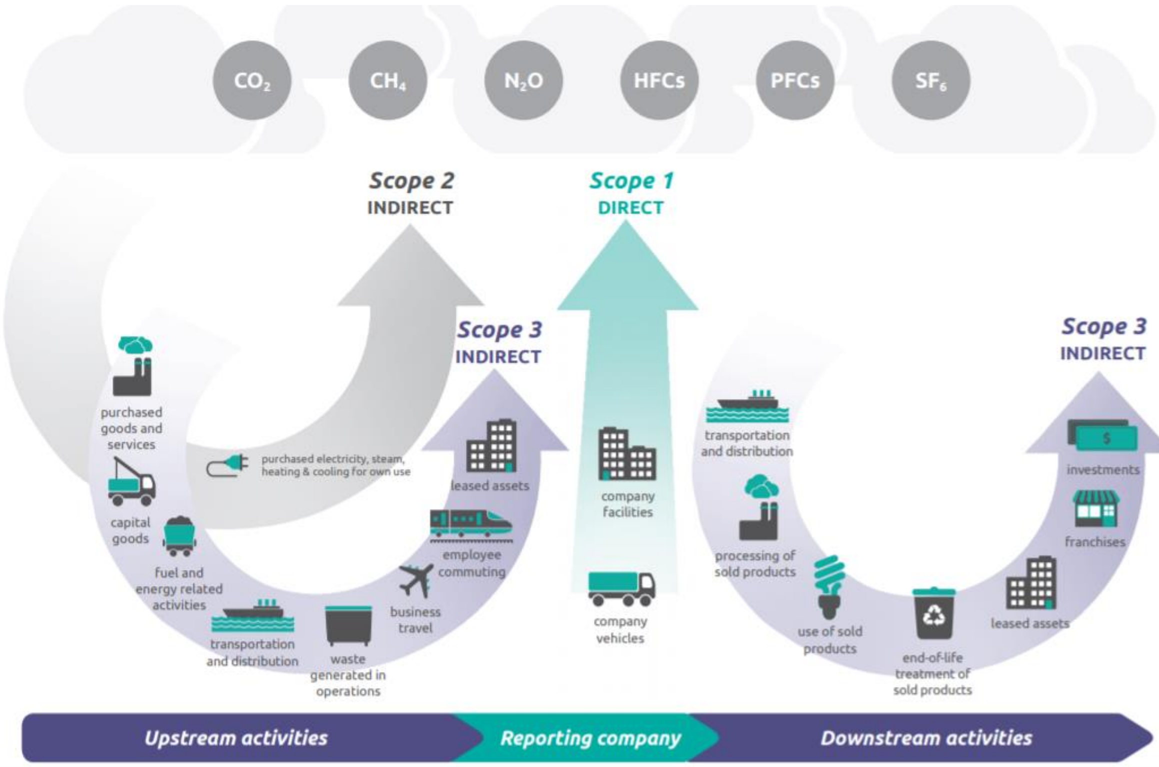
Recommendations include annual disclosure under 4 pillars:



TPI - **Transition Pathway Initiative** https://www.transitionpathwayinitiative.org/

The TPI assesses the highest emitting companies globally on their preparedness for a transition to a low carbon economy. 368 companies are rated TPI 0-4* for Management Quality based on 19 separate datapoints. TPI Management Quality scores provide an objective external measure of corporate transition readiness.

Scope 1, 2 & 3 Emissions



Source: [GGH Protocol]

Scope 1 covers direct **emissions** from owned or controlled sources.
Scope 2 covers indirect **emissions** from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.
Scope 3 includes all other indirect **emissions** that occur in a company's value chain.

Responsible Investment Dashboard Q4 2021

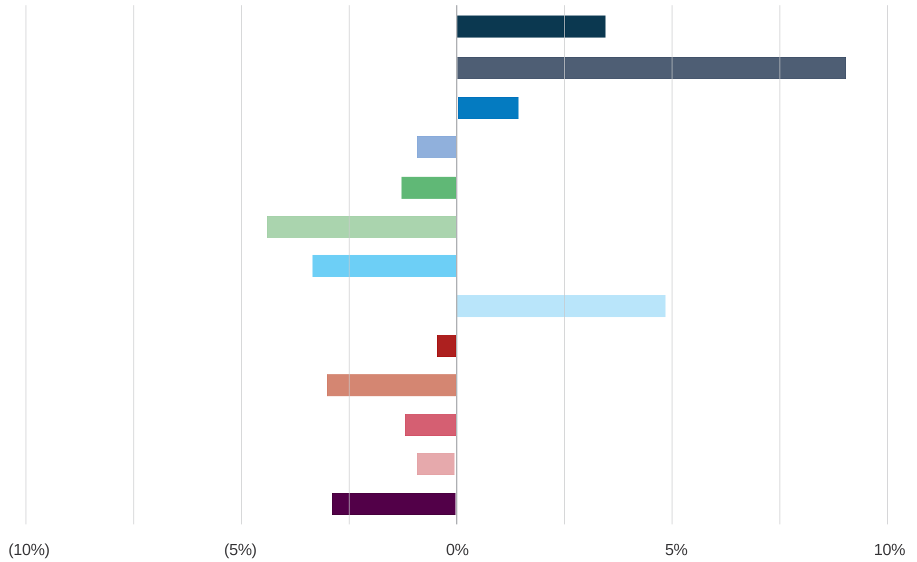
1. Portfolio Insights

Listed Equities (LPPI Global Equities Fund)

Sector breakdown (%)

Sector	%
Information Technology	26.8
Consumer Staples	15.4
Industrials	12.1
Financials	11.9
Consumer Discretionary	10.1
Health Care	6.9
Communications Services	5.6
Cash	4.9
Real Estate	1.9
Materials	1.3
Utilities	1.3
Others	1.0
Energy	0.7

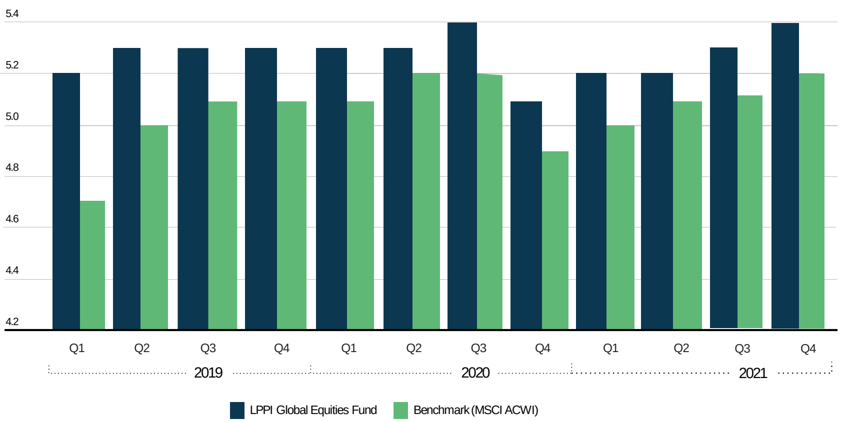
LPPI Global Equities Fund sector weights vs MSCI ACWI ND



Top 10 positions

	Portfolio (%)
1. Microsoft	4.5
2. Nestle	3.4
3. Visa	2.8
4. Accenture	2.6
5. Colgate-Palmolive	2.3
6. Starbucks	2.1
7. Pepsico	2.0
8. Costco	1.6
9. Apple	1.6
10. Adobe	1.5

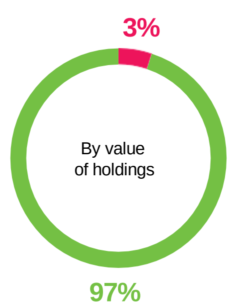
Portfolio ESG Score (MSCI ESG Metrics)

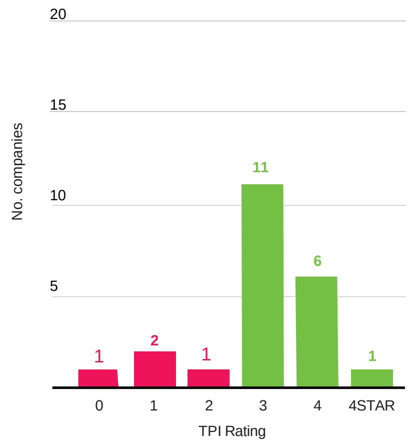


Transition Pathway Initiative – Management Quality Headlines

11.7%

GEF covered by TPI analysis (Q4 2021)





TPI Management Quality Rankings

1 - Unaware
2 - Aware
3 - Building capacity
4 - Integrated into operational decisions
5 - Strategic assessment

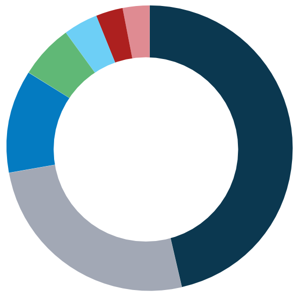
Responsible Investment Dashboard Q4 2021

1. Portfolio Insights

Other asset classes

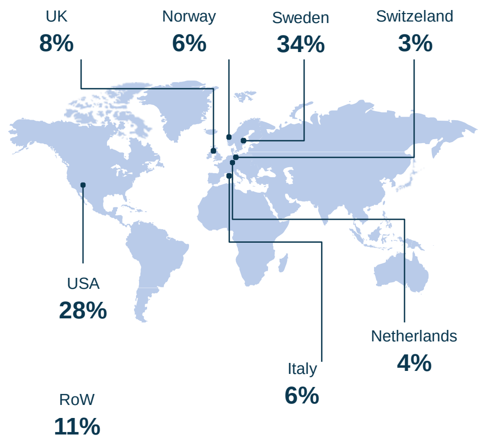
Private Equity

Industry Breakdown (%)



- Healthcare. 47
- IT 26
- Industrials 12
- Consumer Discretionary 6
- Financials 4
- Remaining industries 3
- Consumer Staples 3

Region Breakdown (%)



Real Estate (LPPI Real Estate Fund)

Sector Breakdown (NAV %)

- Industrial 29
- Office 20
- Residential 18
- Retail 11
- Agriculture 10
- Other 10

Geographical Exposure (NAV %)

UK 71%

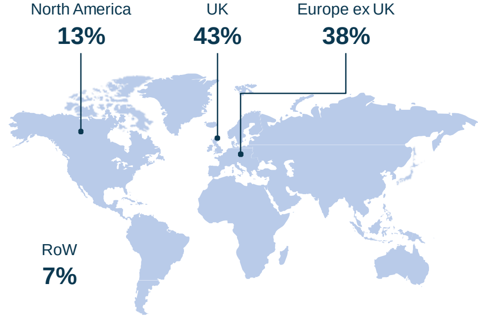
Non UK 29%

Infrastructure (LPPI Global Infrastructure Fund)

Industry Breakdown (%)

- Traditional Energy, Renewable Energy, Waste 37
- Transport & Distribution 23
- Regulated Assets 17
- Social (incl PFI) 13
- Other 11

Region Breakdown (%)



Green & Brown Exposure

Green

Investments in businesses directly contributing to the global transition to a lower carbon economy, expressed as a % of the total value of the Pension Fund.

3.52% of portfolio

Green Bonds 0.07% | Private Equity 0.13% | Infrastructure 3.32%

Public Markets 0.07% | Private Markets 3.46%

1.78% Renewable Energy Generation

Solar 0.31% | Wind 1.16% | Hydro 0.10% | Other 0.20%

1.75% Other "Green"

Clean Tech funds 0.51% | Decarbonisation 1.23%

Brown

Investments in traditional energy (based on fossil fuels) expressed as a % of the total value of the Pension Fund.

1.10% of portfolio

Listed Equity 0.20% | Fixed Income 0.05% | Private Equity 0.30% | Infrastructure 0.55%

Public Markets 0.25% | Private Markets 0.85%

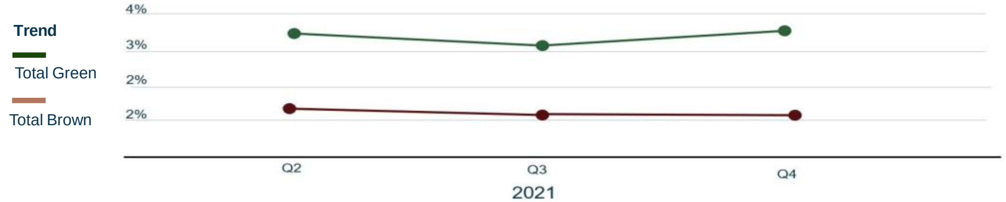
0.95% Energy

Upstream 0.27% | Midstream 0.13% | Downstream 0.34% | Integrated 0.21%

0.15% Generation

Electricity Generation 0.15%

Trend



The above Green and Brown metrics apply to parts of the portfolio which have exposure to a specific set of activities as per our definition of Green and Brown, and which are quantifiable at the time of publication (please see appendix). LPPI's Responsible Investment team continually endeavour to provide clients with the greatest picture of exposure possible.

Shareholder Voting

Shareholder Voting Statistics (LPPI Global Equity Fund)

Headlines

48 Meetings Voted

337 Proposals Voted

Supported 89%
321 Company Proposals

Supported 69%
16 Shareholders Proposals

38% Meetings with a vote against Management

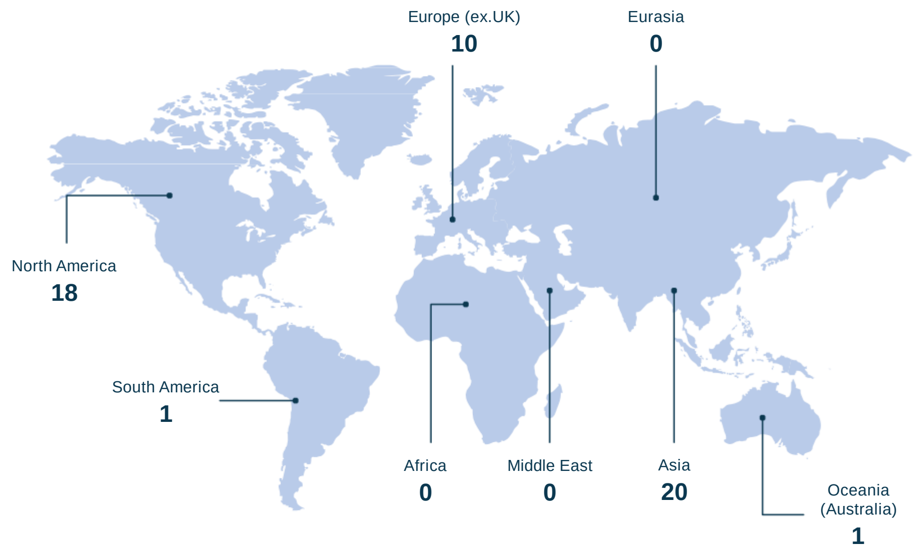
Votes Against Management (By theme)

- Election of directors (and related proposals) 19
- Non-salary compensation 12
- Shareholder resolutions 10
- Capitalisation 2
- Mergers, acquisitions and reorganisations 1
- Anti-takeover (and related proposals) 0
- Routine business 0

Voting (By Theme)

Theme	Against	For
Election of directors (and related proposals)	19	152
Non-salary compensation	12	33
Anti-takeover (and related proposals)	0	0
Mergers, acquisitions and reorganisations	1	12
Capitalisation	2	21
Routine business	0	69
Shareholder proposals	5	11

Voting (By Region)*



*Total votable meetings

Responsible Investment Dashboard Q4 2021

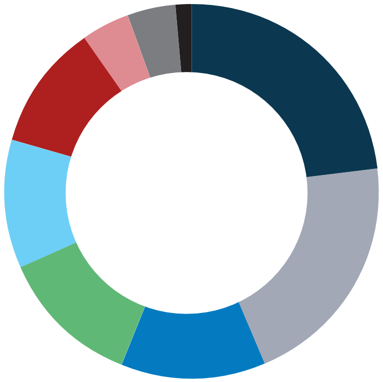
2. Stewardship Headlines

Engagement (Public Markets)

Activity (by Topic)

Environmental Management	17
Corporate Governance	14
Human Rights	11
SDG Engagement	11
Environmental Impact	6
Healthy Living	5
Social Management	4
Human Capital	3
Global Controversy Engagement	2

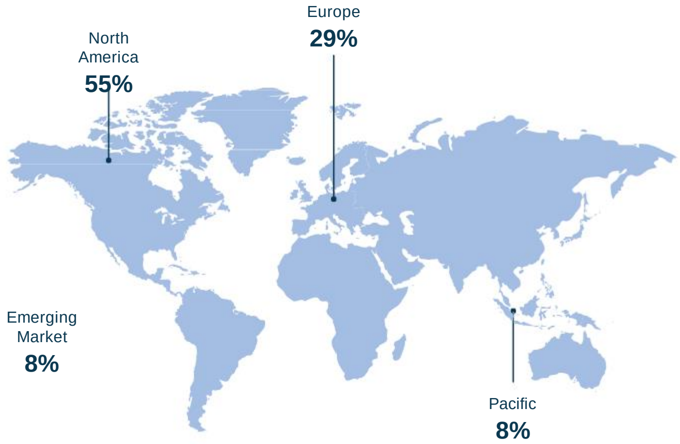
Activity (by Sector)



Activity (by Method)

E-mail	48
Conference call	46
Analysis (no actual contact with company)	24
(Open) Letter	20
Speaking at conferences	0
Meeting at company offices	0
Active voting	0
Shareholder resolution	1
Speaking at a shareholder meeting	0
Meeting at Robeco offices	0
Issue press release	0

Activity (by Region) (%)

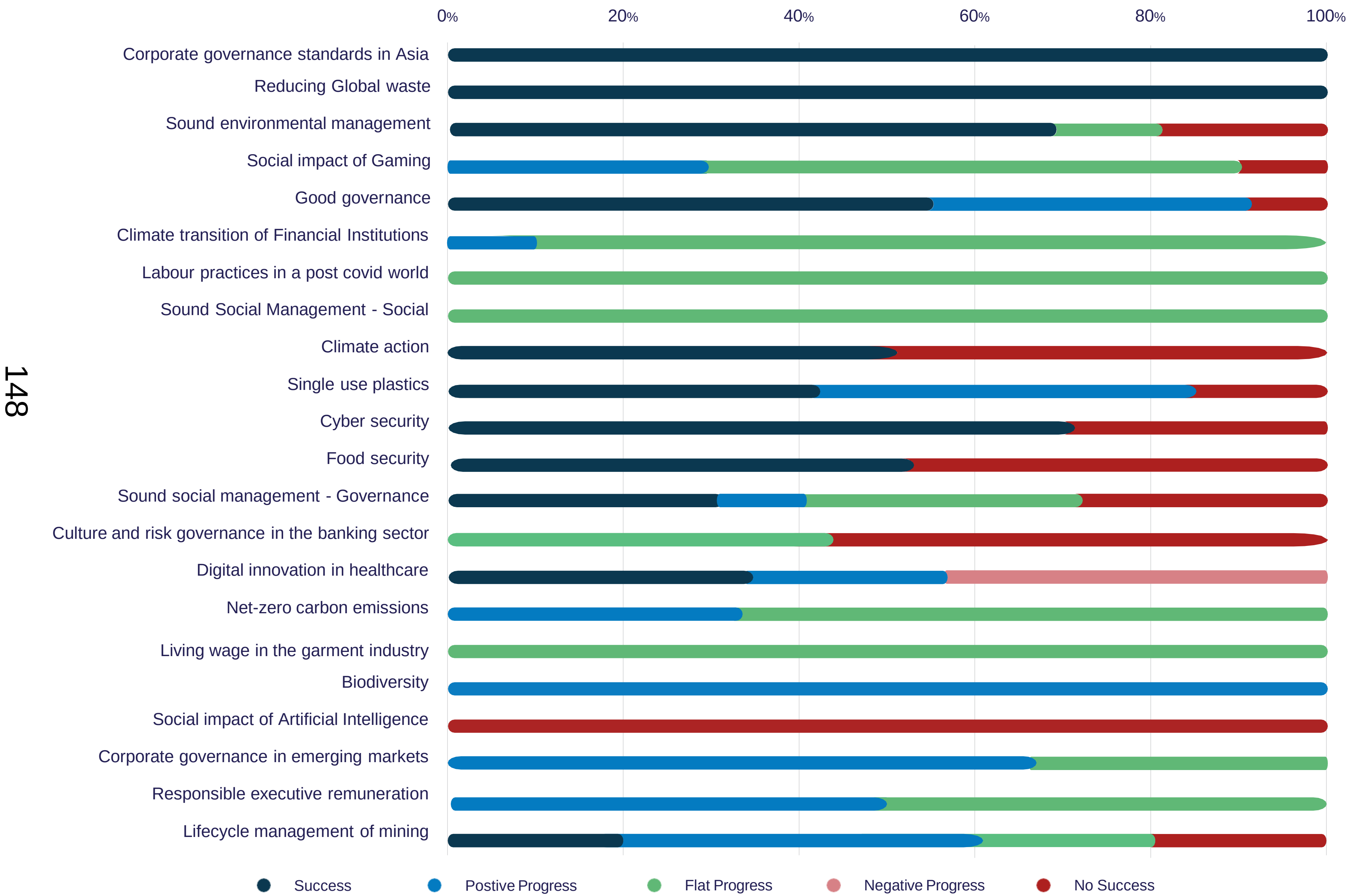


Source: Robeco Active Ownership Report Q4 2021

Responsible Investment Dashboard Q4 2021

Engagement (Public Markets)

Engagement Results (by Theme)



148

Costco globally operates warehouses through a membership model, offering competitive prices on a limited selection of brands and private label products across fresh and non-perishable food, apparel, pharmaceuticals, electronics, and other appliances.

The company encourages a unique corporate culture that relies, in part, on treating its employees better than the retail industry as a whole and offering them meaningful work in a variety of ways.

This translates into:

- superior levels of employee engagement/satisfaction
- higher customer service
- happier customers
- therefore, higher revenues and profits for the company

7% p.a.

employee turnover averages

Employee turnover averages c.7% p.a., compared to c.50% for the broader retail industry. 60% of employees have been at the firm for 5+ years, 30% for 6-10 years and 10% for over 25 years.

$23

average hourly wage

The company pays an average hourly wage of $23, versus an average c.$13 equivalent in the wider retail industry – or $17 at Walmart. In 2019 the company increased its minimum wage to $14-15, on a par with Amazon and more than double the federal minimum of $7.25.

90%

eligible for medical cover

90% of employees are eligible for medical cover, compared to 60% for the industry, while eligible hourly staff also receive 401k contri-butions and twice-yearly bonuses.

Focus on career development

There is a clear focus on career development and policy of promoting from within, to the extent that 70% of warehouse managers began in hourly positions, while direct warehouse experience is mandatory for head office staff.

abcam

Abcam produces high quality protein research tools and is one of the world's largest suppliers of research grade antibodies, biochemicals, proteins and peptides.

Antibodies play a vital role in biomedical research, and are seen as the gold standard for detecting, quantifying, and modifying proteins in scientific research experiments.

In doing so they help advance the global understanding of biology and causes of disease, leading to scientific breakthroughs in the development of medicines and treatments.

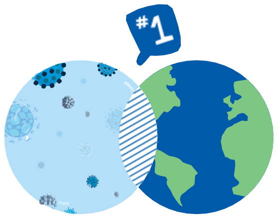
The global pharmaceutical industry continues to face several productivity challenges, which Abcam's products are designed to address:

- From 2010-2019, the cost of bringing a new drug to market almost doubled, while the average project length increased from 9.7 years in the 1990s to 10-15 years in the 2010s.
- Avoidable Experiment Expenditure (AEE) is a significant source of unnecessary spend and effort, with an estimated $17bn lost annually in avoidable experiment R&D expenditure. Low quality antibodies are cited as the key reason for this, due to specificity and batch to batch variability.

750,000

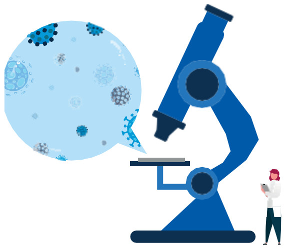
research scientist customers

The company serves c.750,000 research scientist customers globally (covering an estimated 2/3rds of global life science researchers).



#1 global company for antibodies

The company was cited as the number one company for research antibodies globally in 2019 (according to life sciences data firm CiteAb), with over half of all life science papers published in the year citing use of an Abcam product.



>450

validated antibodies

Abcam supplies >450 antibodies validated for use on third-party platforms or for diagnostic use.

Largest antibody contributor

The company has been independently verified as the largest antibody contributor to peer-reviewed publications in research into Alzheimer's disease.

www.abcam.com

Masimo

Masimo is a global medical technology firm that develops, manufactures, and sells a variety of non-invasive monitoring technologies. The company's mission is to improve patient outcomes and reduce cost of care through non-invasive monitoring.

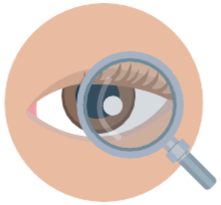
Masimo's core product, the Single Extraction Technology (SET) pulse oximetry, is the industry standard for measuring oxygen saturation levels (how quickly the body is delivering oxygen to the body's tissues) in the blood.

Oxygen saturation is a standard patient vital sign measurement, as it can provide early warning of conditions such as hyperoxemia, which can result in organ damage and even death in extreme instances. This technology is highly trusted by clinicians to safely monitor c.100m patients p.a. for use in everything from ICUs and surgical suites to long term care facilities and home use.

17/20

hospital choice

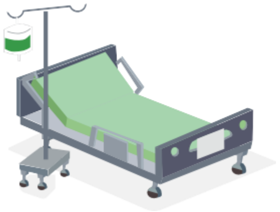
Masimo was chosen as the primary pulse oximeter technology by 17/20 hospitals listed on the US News & World Report Best Hospitals Honour Roll (for 2017/2018).



>50%

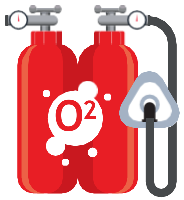
cut rates of retinopathy

In studies of premature babies, use of Masimo's SET has been shown to cut rates of retinopathy (disease of the retina) by more than 50%.



Annual savings

Studies have shown that a typical 250 bed hospital could save between $315k and $2.4m annually by using Masimo's technology, compared to rival offerings.



Helping through COVID

It also became clear during the pandemic that oxygen saturation was a predictive measure of higher mortality amongst patients hospitalized with COVID-19, further increasing the relevance of Masimo's products.

www.masimo.co.uk

Portfolio Insights (Pages 1 - 2)

Sector Breakdown (%)

- Identifies the Global Equity Fund's ("GEF") sector breakdown and their proportions.

GEF Sector Weights

- Comparison of sector weights against their benchmark.
- The larger the bar the bigger the difference between GEF and benchmark weightings.
- Where a positive number is shown, this indicates the GEF is overweight to a sector.
- Where a negative number is shown, this indicates the GEF is underweight to a sector.

Top 10 Positions

- The top 10 GEF companies as a % of the asset class portfolio.

Portfolio ESG Score

- This is a relative indicator and not a measure of portfolio ESG risk exposure.
- Individual companies are assigned an ESG score (between 0-10). The final numbers shown in the bar chart are the weighted averages of these scores for the stocks held in the GEF vs its benchmark through time.
- This table is a comparison with the benchmark and reviews changes over time.
- LPPI utilise an established methodology (developed by MSCI) for determining the ESG score of stocks within the GEF. Further details can be found here: https://www.msci.com/documents/1296102/21901542/MSCI+ESG+Ratings+Methodology+-+Exec+Summary+Nov+2020.pdf
- The higher the score shown, the better the ESG credentials of the GEF / benchmark.

Portfolio Insights (Pages 1 - 2)

Transition Pathway Initiative (TPI) Headlines

- TPI assess how well the largest global companies in high carbon emitting sectors are adapting their business models for a low carbon economy.
- The % of GEF covered by TPI shows the portfolio exposure to high emitting companies.
- The number/proportion of companies with top scores (TPI 3 and 4) is a measure of the quality of transition management by the high emitting companies held within the GEF.
- Detailed TPI methodology can be found through the following link: https://www.transitionpathwayinitiative.org/methodology

Private Market Asset Classes

- These metrics indicate the industry sector and regional breakdown as a %of the asset class for Private Equity, Infrastructure and Real Estate investments.

Green & Brown

- These metrics indicate the Pension Fund's total portfolio exposure (%) to green and brown assets. Current coverage extends to: Listed Equity, Fixed Income, Green Bonds, Private Equity, and Infrastructure.
- These are further broken down into their sectors/activities related to green and brown.

Green:

These are investments in renewable energy and sectors/activities assisting in renewable energy generation, low carbon tech and wider decarbonising activities.

Brown:

Investments in energy and power generation based on fossil fuel activities, including: extracting (upstream), transporting (midstream), refining (midstream), supplying (downstream), or some energy companies that legitimately span all aspects (integrated). Fossil fuels used to generate energy is part of electricity generation.

Stewardship Headlines (Pages 3 - 5)

Shareholding Voting

- Key shareholder voting metrics for LPPI's GEF.
- The Headline section provides insight into the scope of voting activity, including how votes against management is concentrated.
- LPPI is responsible for voting on each decision taken, working in partnership with Institutional Shareholder Services to best inform views prior to taking action.
- The map of votes per region is included because different jurisdictions have different voting seasons. This provides context to the reporting of voting statistics quarter to quarter as votes take place in batches depending on the companies domicile at different points throughout the year.

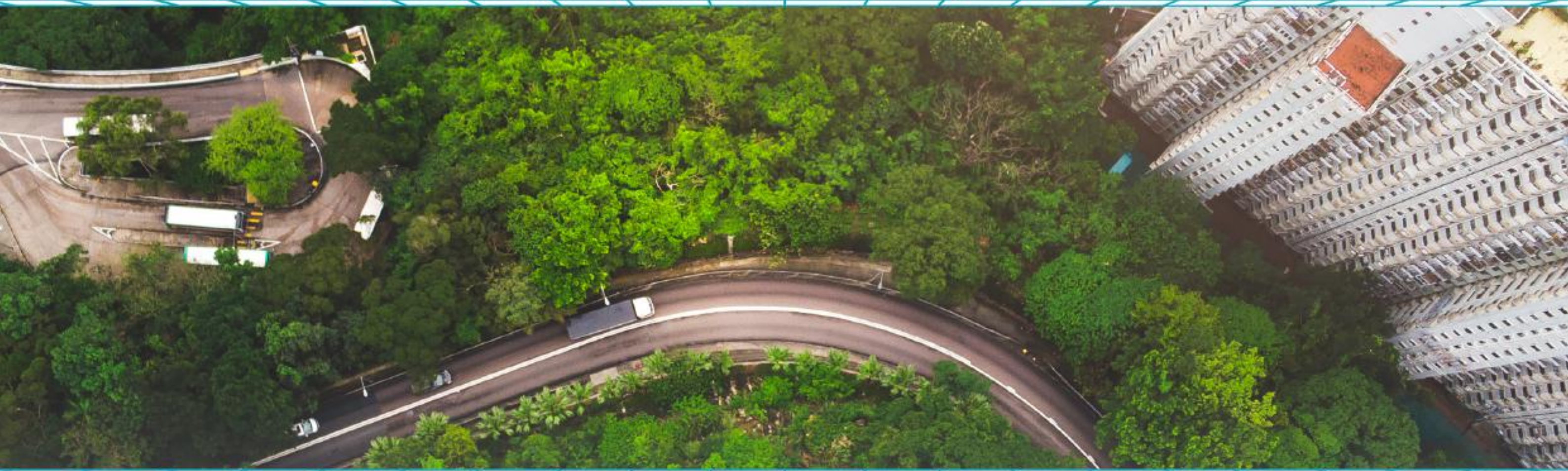
Engagement (Puplic Markets)

- Engagement is an active, long-term dialogue between investors and companies on environmental, social and governance factors, which can be executed through a variety of channels.
- This section outlines the engagement activities undertaken in the public markets by topic, sector, method, and region (indicating the number of companies engaged / geographical distribution).
- "Activity by method" summarises engagements by category / method and can include multiple inputs from the same company.
- The updated Robeco Active Ownership report summarises our engagement activities for the quarter and breaks them down into sub-sectors, where they are rated on success/progress (shown as a %).
- Page 9 of the Robeco stewardship policy outlines further details of their process: https://www.robeco.com/docm/docu-robeco-stewardship-policy.pdf

Real World Outcomes (Pages 6 - 8)

- This section provides real world ESG case studies, relevant to the Pension Fund's holdings, which rotate between asset classes each quarter.
- The focus of the real world outcomes rotates between asset classes for each quarter in the following pattern:
    - Q1 – Infrastructure
    - Q2 – Real Estate
    - Q3 – Private Equity
    - Q4 – GEF
- The case studies are an in-depth review of positive ESG practices for current investments within the portfolio over the past year.

ROBECO
The Investment Engineers



ACTIVE OWNERSHIP REPORT

ROBECO | 01.10.2021 - 31.12.2021

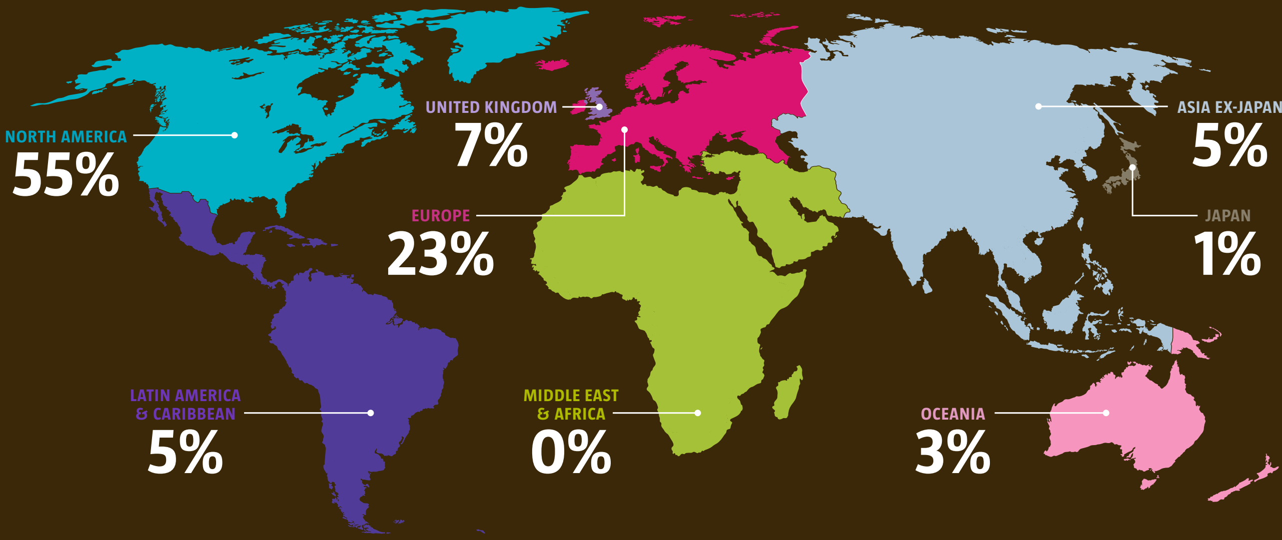
Q4
2021

LPP
Local Pensions Partnership Investments

Sustainable Investing Expertise by ROBECOSAM

Q4|21 FIGURES ENGAGEMENT

Engagement activities by region



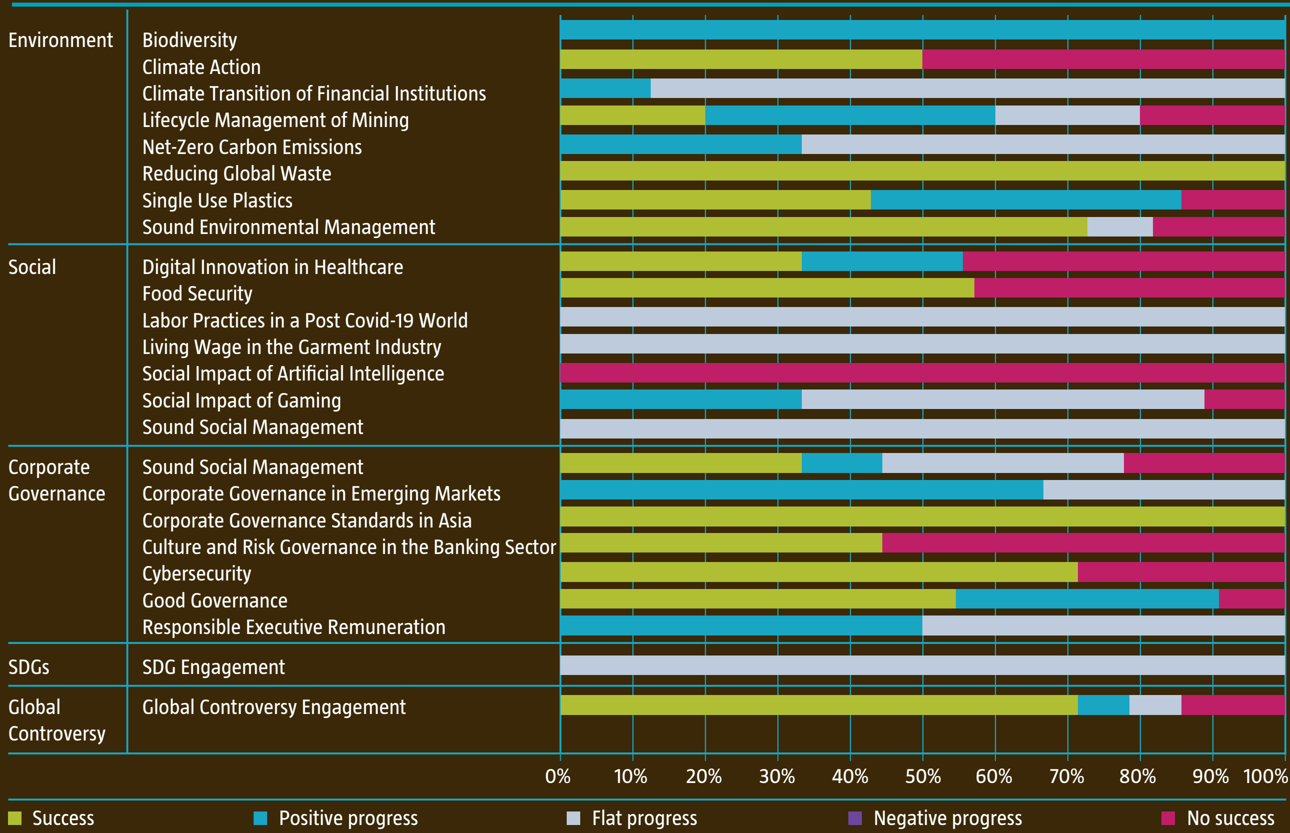
Number of engagement cases by topic

	Q1	Q2	Q3	Q4	YTD
Environment	25	17	8	23	35
Social	18	24	15	23	33
Corporate Governance	9	12	8	14	18
SDGs	-	-	2	11	12
Global Controversy	1	4	3	2	4
Total	53	57	36	73	102

Number of engagement activities per contact type

	Q1	Q2	Q3	Q4	YTD
Meeting	-	1	0	0	1
Conference call	34	38	23	46	144
Written correspondence	37	49	20	68	174
Shareholder resolution	1	0	0	1	2
Analysis	19	9	4	24	56
Other	2	4	0	0	7
Total	93	101	47	139	384

Progress per theme



CONTENTS

INTRODUCTION

Over the last quarter of 2021, we saw a strong collective effort to protect our climate and biodiversity, not only at Robeco but across the world. Companies and governments set new, ambitious goals to reduce their environmental impact during the 26th UN Climate Change Conference (COP26) held in November. Leading up to COP26, Robeco launched its Net Zero roadmap, paving the way to decarbonizing all its assets under management by 2050. Engagement lies at the core of our climate change strategy, reflecting the importance that we attribute to active ownership.

Despite recently expanded commitments, doubts remain whether companies are equipped to sufficiently limit global warming. In our new 'Acceleration to Paris' engagement theme, Robeco focuses on the climate laggards and largest emitters within our investment universe in order to help them ramp up their decarbonization efforts. In light of the urgency of taking action, failure to make progress can be regarded as a breach of global standards, with escalation or even exclusion as potential consequence.

Besides the growing importance that we attach to climate change, we want to stop to reflect on some of our ongoing and concluding engagements. On the social front, we have closed our engagement efforts tackling the payment of living wages across the garment supply chain, an industry in which poverty pay levels and strong power inequalities are common. During the engagement, we followed fashion brands as they took concrete action to address the issue, from integrating living wage definitions into their policies and adopting responsible purchasing practices, to offering transparent grievance mechanisms across their supply chains.

Meanwhile, on the governance side, we concluded our engagement with the financial sector around culture and risk governance. Financial institutions are exposed to numerous governance-related risks, some reaching as far as money laundering or other financial crimes. Thus, carefully drafted incentive and remuneration policies, in-depth processes around non-financial crimes and strong risk governance are key to building a strong financial sector. Through the engagement, we for instance were able to push for more balanced employee and executive remuneration schemes and learned about the importance of corporate culture in defining risk governance.

While we believe that companies can do much to improve their corporate governance, regulatory action is also required to foster systematic change. We provide an update on our policy engagement with stock exchanges, financial regulators, and related stakeholders across emerging markets, during which we provide them with feedback on their corporate governance standards. This report offers insights into our ongoing dialogue with the Korean Corporate Governance Service, reflecting on South Korea's corporate governance codes and the country's enhanced approach towards environmental and social accountability.

Lastly, we have also updated our enhanced engagement program, focusing on companies involved in severe and structural breaches of the United Nations Global Compact (UNGC) or the OECD Guidelines for Multinational Enterprises. We have strengthened the oversight and decision-making process, with a robust underlying dataset aligned with the UNGC and OECD guidelines and with the establishment of a new Controversial Behavior Committee. This renewed process and enhanced engagements with companies will be led by a dedicated Controversy Engagement Specialist we recently onboarded.

As we move into the new year, we are encouraged by the global movement that is putting environmental and social issues at the forefront of their actions.

Carola van Lamoen
Head of Sustainable Investing

"Much like for the countries, many companies have not substantiated these longer-term targets with credible strategies for how these emissions cuts will be achieved"

ACCELERATION TO PARIS

INTERVIEW WITH NICK SPOONER – *Engagement Specialist*

This quarter we launch Robeco's new 'Acceleration to Paris' engagement theme, recognizing the accelerated action needed to achieve the goals of the Paris agreement. We have analyzed 200 of the largest emitters across our investment universe on their climate-risk and selected the 13 worst performers to enter our climate-focused enhanced engagement program. In this Q&A, Nick Spooner explains Robeco's refined climate engagement approach and reflects on past successes.

What changes do you see in the policy landscape that have the potential to impact corporate climate commitments?

The 26th UN Climate Change Conference (COP26) has now concluded and there is much to reflect on. While the level of ambition has certainly increased, as governments made more specific pledges and targets to cut emissions to combat global warming, there is still a long way to go. Many countries have yet to set out explicit plans for how they will decarbonize their economies by 45% over the next eight years, consistent with the recommendations of the Intergovernmental Panel on Climate Change (IPCC). One overarching outcome from the conference was the success of the ratcheting mechanism, with many countries coming forward with new net zero targets, and others increasing the level of ambition of their existing targets. This has been enabled by a shared sense of responsibility and the risk that some countries could fall behind and face enhanced policy risks such as carbon border adjustment mechanisms which would negatively impact their export markets.

Are companies reacting to policy changes and implementing net zero strategies?

What is true for countries is true for companies. In the private sector, there has been a rapid increase in the number of net zero targets, with 52% of Climate Action 100+ companies now setting one. However, much like for the countries, many of these companies have not substantiated these longer-term targets with credible strategies for how these emissions cuts will be achieved.

There is also a large set of companies that have yet to set greenhouse gas emission reduction targets or a net zero target. It is these companies that face the most significant transition risks; a lack of targets and policies is likely to act as a proxy for the mismanagement of climate-related risks and opportunities.

How does Robeco plan to address this through the climate engagement program?

Our Acceleration to Paris engagement program focuses on these laggards. A number of companies were identified as the largest emitters within Robeco's investment universe. We used a proprietary system that leverages third-party data sources such as the Climate Action 100+ Net Zero Benchmark to assess the top 200 emitters in the universe.

'WE EXPECT THAT SETTING BOUNDARIES TO THE ENGAGEMENT AND ULTIMATUMS FOR THE COMPANIES IN THEIR PROGRESS INCREASES THE PRESSURE ON THEM AND ALSO CREATES GREATER ACCOUNTABILITY AROUND THE ENGAGEMENT PROCESS.'

NICK SPOONER

In addition to looking at key indicators around climate risk management, we included an additional layer that identifies companies which continue to expand thermal coal power infrastructure, which we deem to be incompatible with the Paris Agreement. Through this analysis, we are able to categorize companies based on their performance and target the worst-performing companies. Each of the companies in the program will be receiving a letter outlining our expectations in managing climate-related risks. Those included within the Acceleration to Paris program will receive a tailored letter to initiate our engagement with them.

For 42% of the companies we assessed, there was insufficient data to accurately score them. This highlights a broader systemic issue related to the insufficient disclosure of material climate information and the need for enhanced regulations mandating the disclosure of climate-related financial risks.

How were companies selected for the program and what is the expectation of them in the engagement strategy?

Of the companies that we were able to fully assess, the 13 that ranked lowest were selected for enhanced engagement. These companies show the lowest level of awareness to climate-related risks and opportunities, creating material risks for investors from the energy transition. As these companies are relative laggards, there is already a proven pathway for them to improve and fall into line with the average sectoral performance.

Something that we also hope to achieve is to promote best practices in managing climate-related risks and opportunities that will create a spill-over effect across sectors and regions. We hope this will enhance the systemic impact of the engagement program.

So, by taking a focused approach to engagement, we aim to improve the relative performance of these companies and contribute to the reduction in real-economy emissions. This is also a core component of Robeco's Net Zero strategy, which targets an average annual emissions reduction from our investments of 7% per year. Our goal is to maximize the amount of emissions that are reduced within our investments through engagement with companies to lower their absolute level of emissions, along with the emissions' intensity.

What happens if there is insufficient progress in the engagement?

In recognition of the urgency of the climate crisis, and the short time left to reduce emissions by 45% by 2030, we have created the Acceleration to Paris program to drive rapid changes in corporate behaviors. The engagement program is designed to last for four years, though we will review its progress at regular intervals to assess whether companies have taken sufficient steps to manage climate-related risks and opportunities.

Should any company be making insufficient progress, we will deploy escalation tactics. We expect that setting boundaries to the engagement and ultimatums for the companies in their progress increases the pressure on them and also creates greater accountability around the engagement process.

We will track progress through company-level indicators, engagement indicators and outcomes, and ultimately establish ways to effectively track changes in the real economy. Our traffic light assessment methodology will evolve over the course of the program to establish a more accurate tracking process that enables benchmarking and reporting of progress on an annual basis.

What other actions will be taken to escalate the engagement?

Escalation tactics include, but are not limited to, voting against management on certain annual meeting agenda items, filing shareholder resolutions, and seeking to elect new board directors who are more willing to make the necessary changes.

We will also be working collaboratively with other shareholders as a 'strength in numbers' collective effort has often proven to be more powerful in effecting change. As the methodology for selecting companies has focused on the largest emitters, there is a significant overlap with the Climate Action 100+ initiative (CA100+), which offers an opportunity for collaboration through this forum. Each of these options will be used on a case-by-case basis depending on the perceived benefit.

How will this build on current climate engagements?

The Acceleration to Paris theme is the third pillar of our broader climate engagement program, the other two being the themes Net Zero Carbon Emissions and Climate Transition of Financial Institutions. The Net Zero Carbon Emissions theme launched in 2020 has seen successful outcomes during Q4 2021, two of which are:

Enel commits to full decarbonization by 2040

Throughout 2021, Robeco has been engaging with Enel with a particular focus on setting long-term targets for its scope 3 emissions from natural gas sales to customers, which represent 23% of total emissions, and a decarbonization strategy for its natural gas generation activities. At its Capital Markets Day on 24 November, Enel committed to fully decarbonizing by 2040, bringing forward its previous net zero target by a decade. In order to meet this target, Enel has committed to generate and sell energy exclusively from renewable sources. The company aims to reach 154 GW of capacity in renewables by 2030, which if achieved would make it the largest renewables operator in the world based on peers' current targets.

The target to reduce scope 3 emissions from Enel's natural gas retail business was an explicit request that Robeco made earlier this year as the investor leading the engagement under the CA100+ initiative. Enel's announcement is therefore a huge step forward and places the company in a genuine leadership position as it transitions to a low-carbon business model.

WEC Energy commits to setting targets on scope 3 emissions

Robeco has been engaging with WEC Energy as a member of CA100+. The coalition identified a significant gap in the company's climate strategy as it lacks targets to reduce scope 3 emissions from the sale of natural gas to customers which represent 50% of total emissions.

After engaging through 2021 without seeing significant progress, CA100+ escalated the dialogue by threatening to file a shareholder resolution. In response, in November 2021 WEC Energy committed to setting targets on scope 3 emissions in 2022. In addition, WEC will produce a progress report prior to the 2023 annual shareholder meeting, issuing annual progress reports thereafter, that disclose goals and strategies relative to Scope 3 emissions from the natural gas distribution business.

Fashion victim: Tackling poverty pay in the apparel sector

LIVING WAGE IN THE GARMENT INDUSTRY

LAURA BOSCH – *Engagement specialist*

This quarter, we concluded our engagement theme focused on advancing the payment of living wages across the global apparel supply chain. While around half of the engagement dialogues were closed successfully, we recognize that structural changes in the industry are needed to systematically advance the payment of living wages across the board.

'IF THERE WAS EVER A TIME FOR WORKING TOWARDS A PAYMENT OF LIVING WAGES, IT IS NOW.'

LAURA BOSCH

The poverty rate has reached almost 10% of the global population due to the impact of Covid-19, pushing over 100 million workers into poverty worldwide, and increasing the proportion of the so-called 'working poor'. Poverty pay is one of the most pressing issues for workers worldwide, and it is systemically embedded in the global garment and sportswear industries. Workers' wages represent only a fraction of what consumers pay for their clothes because of deep-rooted structural power dynamics. Governments have kept minimum wages low in a bid to create jobs and boost their economies. As a result, a minimum wage – where it exists as a legally binding standard – is far from sufficient to provide for workers and their families' basic needs. Therefore, paying a living wage is instrumental in the battle against poverty reduction across the globe.

Engagement focus

In 2019, we launched an engagement program focused on advancing the payment of living wages in the global supply chain of the apparel industry. We carried this out through the Platform Living Wage Financials (PLWF), a coalition of 18 financial institutions, using their influence and leverage to engage with their investee companies on this topic. We engaged with nine companies in the industry, ranging from fast fashion retailers to luxury brands. The program focused on how companies uphold the payment of living wages across their strategy; how this is supported by responsible purchasing practices and meaningful industry collaborations; and whether they offered remedies when incidents were identified. After three years of engagement, we have seen some positive progress in the sector which has enabled us to successfully close around half of the cases.

Stepping stones towards living wages

While brands are laying out more comprehensive strategies on labor practices across their supply chain, there is still limited evidence of living wages actually being paid in sourcing countries. Over time, most of the companies under engagement have adopted references to living wages across their policies, yet only a handful lay out a strategic plan on how to accelerate the payment of living wages in their supply chain. Without a robust corporate ambition to close the gap between actual wages and living wage estimates, it is challenging to allocate sufficient corporate resources towards this goal.

We have noted progress in the companies' efforts to collect data on the wage levels paid across their supply chains, and to compare those against living wage benchmarks. Although few companies disclose the figures and findings from these assessments, we recognize that conducting this wage gap analysis does represent a significant step forward. These insights allow brands to clearly identify where wide wage gaps are located, enabling them to factor in this information in their decision-making process, such as in sourcing strategies and purchasing practices.

Living wages for workers can be achieved through sector-wide collaborations promoting collective bargaining at the industry level, and by adopting responsible purchasing practices. Several companies in our engagement program showcased positive progress in these two areas, yet there are limited disclosures on how these initiatives contribute to driving wage improvements on the ground. For instance, most brands participate in multi-stakeholder initiatives promoting decent work across their supply chains. However, few brands take ownership of these partnerships by disclosing their outcomes, and whether they contributed to closing the wage gap.

Looking forward

While the payment of living wages will remain on corporates' agenda for the years to come, there are other pressing issues haunting the industry in the midterm. China is the world's largest producer of yarn, textiles and apparel, as well as the second-largest producer of cotton worldwide, with a significant degree of vertical supply chain integration. Allegations of forced labor involving minority communities in the Chinese region of Xinjiang have exposed the supply chains of apparel companies to these risks. We will continue our engagement with apparel companies in our newly launched 'Enhanced Human Rights Due Diligence' engagement theme, focusing on companies' sourcing strategies and efforts to prevent human rights violations in their supply chains.

Regulation is a key piece of the puzzle when it comes to getting fashion companies to take responsibility for global labor issues. The expected EU mandatory environmental and human rights due diligence legislation will steer companies towards respecting and adhering to human rights. Though living wages will not be an explicit reporting element, accurate due diligence will naturally allow for it to be assessed as a salient risk. This legislation is expected to include liability and enforcement mechanisms, as well as access to remedy provisions for victims of corporate abuse.

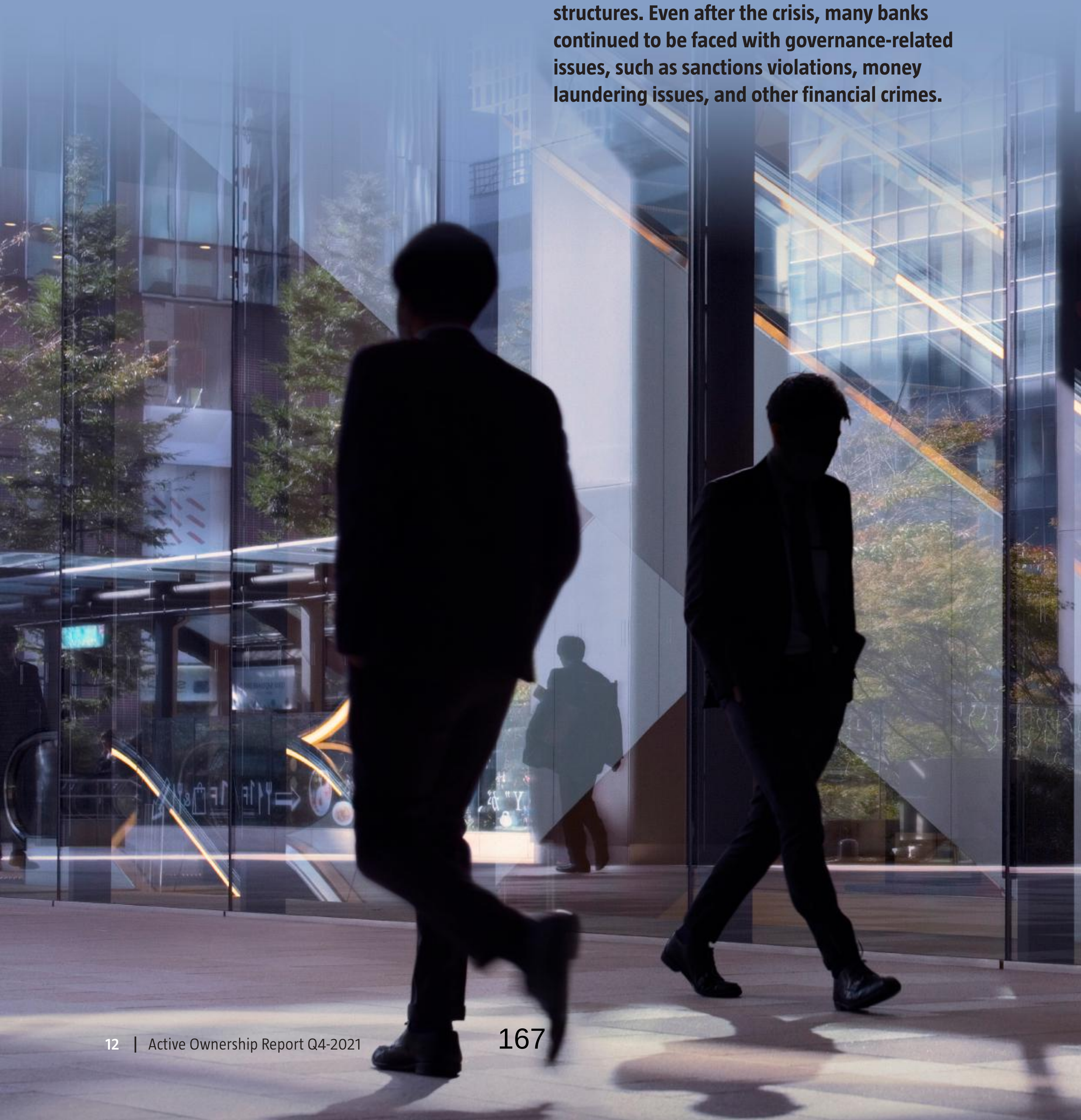
Lastly, financial institutions will soon have to comply with the EU Taxonomy, which obliges investors to perform due diligence and ESG analysis on their investment portfolios. In addition, the 'do no significant harm' checks will need to be performed for all investments to ensure that companies are not contributing negatively to sustainability topics, including a lack of robust human rights due diligence and forced labor risks. While waiting for global legislative breakthroughs, it must be made clear to brands, governments and all other stakeholders that there is no time to sit back and wait. If there was ever a time for working towards a payment of living wages, it is now. ■

Banking on governance

CULTURE AND RISK GOVERNANCE IN THE BANKING SECTOR

MICHIEL VAN ESCH – *Engagement specialist*

This quarter, we are concluding Robeco's engagement project on the quality of risk management and governance in the financial industry, which we started in 2017. Since the global financial crisis, many banks have been forced to redesign their approach to risk management, compliance and incentive structures. Even after the crisis, many banks continued to be faced with governance-related issues, such as sanctions violations, money laundering issues, and other financial crimes.



Our engagement project aimed to address these issues by firstly analyzing the quality of governance on a set of issues, and secondly (where possible) to seek improvements. Four topics were made a priority: incentives for risk-taking personnel; remuneration policies for executives; processes around non-financial crimes; and the quality of risk governance.

Incentive structures: towards a balanced approach that serves all stakeholders

Incentives have been an area of focus for many financial institutions in recent years. One clear example where incentives went wrong were the mis-selling schemes uncovered at Wells Fargo a few years ago. Employees across the firm had structurally opened accounts for customers without their consent. A key driver for these mishaps was the incentive structure of the bank. Employees were encouraged to focus on selling as many products (i.e., cross-selling) as possible for individual clients. And it was not only Wells Fargo that experienced unintended consequences from its incentive structures – it was common at other banks as well.

As a result, many banks have now moved their incentive structures away from meeting sales targets towards a more balanced approach. In recent years, performance evaluation schemes and KPIs for variable pay have changed. Many banks have incorporated so-called scorecards that evaluate employees on a set of metrics including client care, risk management, teamwork and other KPIs rather than only looking at sales targets. In some cases, banks have stripped variable pay altogether, or drastically lowered the amount of bonus pay to avoid so-called perverse incentives.

Executive remuneration: how to appropriately account for risk?

Another aspect closely related to the incentives of employees is the behavior of the executive management. Therefore, we also closely looked at whether the risk appetite of top management was appropriately aligned with prudent risk management and the interests of investors more broadly. We carefully evaluated the remuneration practices of several banks and the processes they had set up for key risk takers, including executives. Option structures that specifically allowed for upside potential are clear red flags, as these can trigger excessive risk-taking behavior.

We noted that companies increasingly consider risk as an important part of their executive remuneration policies. This happens, for example, by limiting payouts above specific return thresholds, or by requiring certain solvency requirements as a requirement for variable pay to begin with. We noted that pay practices differ widely between markets, with many European banks taking a more conservative approach to variable pay for executives than their American counterparts.

Non-financial risks are as material as ever

Non-financial risks are those that don't directly relate to financial developments such as interest rate rises or falls, or changes in the economic environment. They deal with risks linked to regulation, operational incidents, and a wide range of risks stemming from the behavior of employees. Risks linked to financial crimes in particular have come to the fore in recent years. Several banks have been fined heavily for having insufficient controls in place in relation to money laundering. Many banks have subsequently allocated an increasing part of their resources to detect money laundering by implementing Know Your Client (KYC) procedures and by improving the monitoring of suspicious transactions. However, the issue remains difficult to solve, as criminals involved in money laundering use multiple banks for their activities, while monitoring at individual banks can at best capture just one piece of the puzzle. Therefore, initiatives are being developed in several regions for banks to share practices and information with each other.

Risk governance – is it process or culture?

Our final objective related to risk oversight. Even though it may sound straightforward, this is probably the most difficult metrics to measure as an outsider to any financial institution. Some of our expectations dealt with observable qualities, such as whether there was sufficient risk expertise on the board of directors, whether the bank had an adequate risk appetite framework, and whether the risk and compliance functions were set up so that they can operate independently. However, a binary 'yes or no' answer to these questions only provides a partial picture of a more complex oversight system. Even if some of these best practices are met, it is no guarantee that oversight is being performed adequately.

Over the course of our engagement, we have seen banks that had met such best practices still ran into problems with regulatory requirements. The reality is that large banks run a variety of financial services across many different jurisdictions with a variety of different regulations which are continuously changing.

> **'THE RELEVANT QUESTION IS HOW BANKS CAN QUICKLY ADDRESS EMERGING ISSUES, PUT NEW PROCESSES IN PLACE, AND ESCALATE THREATS APPROPRIATELY.'**
>
> MICHIEL VAN ESCH

Therefore, all banks will have at least some degree of regulatory and compliance issues. The relevant question is how banks can quickly address emerging issues, put new processes in place, and escalate threats appropriately.

Banks that ran into severe issues often told us that in the end there was no culture of escalation, or that risk reporting was not sufficiently to the point. These issues can only partially be explained by looking at governance structures and procedures. The other relevant part is cultural and behavioral. Are boards digging deep into the quality of their risk and compliance procedures? Is management creating a culture that addresses risk instead of ignoring it? Discussing these questions with board members or management often gave us the best insights into risk management priorities and the most urgent challenges.

Looking back at the engagement

Looking back at four years of engagement in the financial sector, we note progress on some of our objectives. However, for most banks we still struggle to gain conviction on the quality of their risk management, and can only find external indicators for corporate culture. Therefore, we have been able to close our engagement with less than half of our peer group.

For the banks where the engagement was successfully closed, we were often able to verify that KPIs for executives contained relevant performance indicators in order to improve risk management and take a cautious approach towards risk. For many European banks, we were also able to get a better understanding of how key risk takers within the firm were rewarded, and what type of incentives applied for sales forces. In many instances, we were also able to verify that banks lived up to basic expectations on risk governance, including centralizing risk and compliance reporting, escalation procedures and the level of risk expertise on the supervisory board.

The most difficult objective proved to be the objective on operational risk management and understanding the quality of approaches to counteract money laundering. Even though many banks seem to follow the same processes, it remained hard to get a better understanding of the actual implementation of such processes. Even where banks are making steady progress to improve risk management towards trending risks such as financial crimes, new challenges and regulation put the financial sector in a dynamic in which new enhancements need to be made on a continuous basis. ■

Governance through governments

CORPORATE GOVERNANCE IN EMERGING MARKETS

RONNIE LIM – *Engagement specialist*

Our engagement program for emerging markets focusses on both policy and company engagement. Policy engagement provides opportunities to provide feedback to stock exchanges, financial regulators and related stakeholders on corporate governance standards, and these engagements may have a wider impact than corporate engagement alone.

We have approached several institutions in China, South Korea, Brazil and Hong Kong. The aim of our engagement is to provide better protection for minority shareholders and improve independent oversight on companies, but also to improve disclosure requirements, including ESG-related reporting. In the second half of 2021, we discussed the recent revision of South Korea's ESG codes together with the Korea Working Group at the Asian Corporate Governance Association.

There were some minor revisions in the ESG codes for corporate governance, but major changes to the environmental and social components. Following feedback from multiple stakeholders, the Korea Corporate Governance Service published its 'ESG Code of Best Practices – Revisions and Key Changes' in August 2021. South Korea now has a meaningful ESG code which is expected to be used by ESG ratings organizations and the country's Fair-Trade Commission, along with the principal Ministries of Justice, Environment and Social Justice, and by domestic companies.

The Code's revisions addressed major issues that were faced by the business community together with international investors' contributions to ESG guidelines. The Code's main characteristics are that it now reflects international norms having made significant changes to the global disclosure requirements for public companies.

The revisions to the Environmental Code have a renewed focus on risk management, emphasizing how companies should prepare and respond to environmental risks, the circular economy, green bonds and the impact of companies in supply chains. It also introduced governance concepts such as those recommended by the Task Force on Climate-Related Financial Disclosures.

The revisions to the Social Code emphasized governance by using the World Business Council on Sustainable Development Enterprise Risk Management Framework. The issues addressed are principally human rights, social responsibility in the supply chain (based on ISO 26000), consumer protection and the 2021 Korea Corporate Manslaughter Act.

The revisions to the Governance Code included key matters which the Korea Working Group has been engaging on, including the responsibilities of the board and its individual directors, ESG risks and succession planning. New emphasis was placed on the responsibilities of the boards of conglomerates to protect the interests of shareholders equally, and to manage potential conflicts of interest in related-party transactions. Other revisions include enhancing transparency with stakeholders on ESG, the appointment of independent directors on an audit committee, and remuneration policies.

A few areas of improvement could be the inclusion of metrics and targets in the Code, and that foreign investors be invited to make formal submissions to future revisions.

In conclusion, the revised code represents a significant improvement in the breadth and content of from the existing corporate ESG norms for South Korean companies, especially in the social and environmental dimensions. We are especially encouraged by the increased expectations for transparency and accountability for businesses, and that it is now largely the responsibility of investors to engage their portfolio companies to commit to tangible targets. ■

'POLICY ENGAGEMENT PROVIDES OPPORTUNITIES TO PROVIDE FEEDBACK TO STOCK EXCHANGES, FINANCIAL REGULATORS AND RELATED STAKEHOLDERS ON CORPORATE GOVERNANCE STANDARDS, AND THESE ENGAGEMENTS MAY HAVE A WIDER IMPACT THAN CORPORATE ENGAGEMENT ALONE.'

RONNIE LIM

COMPANIES UNDER ENGAGEMENT

Lifecycle Management of Mining
Newcrest Mining
Barrick Gold Corp.
Fortescue Metals Group Ltd.
Grupo Mexico SAB de CV
Polyus Gold OAO

Net-Zero Carbon Emissions
CRH Plc
WEC Energy Group Inc
Enel

Reducing Global Waste
Waste Management, Inc.

Climate Action
Chevron
Cummins, Inc.
Duke Energy Corp.
Enel
Southern Co.

Climate Transition of Financial Institutions
Bank of America Corp.
Barclays Plc
Citigroup, Inc.
HSBC
JPMorgan Chase & Co., Inc.
ING Groep NV
BNP Paribas SA
Sumitomo Mitsui Financial Group, Inc.

Sound Environmental Management
Kinder Morgan, Inc.
Royal Ahold Delhaize N.V.
Colgate-Palmolive Co.
Danone
Grupo Bimbo SAB de CV
McDonalds
Mondelez International
Nestlé
Wal-Mart Stores
Guangdong Investment Ltd.

Biodiversity
Mondelez International
Suzano Papel e Celulose SA

Single Use Plastics
Berry Plastics Group, Inc.
Henkel AG & Co. KGaA
Nestlé
PepsiCo, Inc.
Procter & Gamble Co.
Danone

Labor Practices in a Post Covid-19 World
InterContinental Hotels Group Plc
Meituan Dianping
Wal-Mart Stores

Food Security
Bayer
CNH Industrial NV
Deere & Co.
Syngenta AG
Yara International

Human Rights Due Diligence for Conflict-Affected and High-Risk Areas
Booking Holdings, Inc.

Living Wage in the Garment Industry
NIKE
Gap

Social Impact of Artificial Intelligence
Alphabet, Inc.
Adobe Systems, Inc.
Microsoft
Apple
Facebook, Inc.
Booking Holdings, Inc.
Visa, Inc.
Accenture Plc

Digital Innovation in Healthcare
AbbVie, Inc.
CVS Caremark Corp.
Fresenius SE
Quintiles IMS Holdings, Inc.
HCA Holdings, Inc.
Anthem, Inc.

Social Impact of Gaming
Tencent Holdings Ltd.

Sound Social Management
Henkel AG & Co. KGaA
Teva Pharmaceutical Industries Ltd.
Bayer
Syngenta AG
Procter & Gamble Co.
Thermo Fisher Scientific, Inc.
Aon Plc
Reckitt Benckiser Group Plc

Corporate Governance in Emerging Markets
Midea Group Co. Ltd.
Samsung Electronics

Corporate Governance Standards in Asia
Samsung Electronics

Good Governance
Heineken Holding
Samsung Electronics
Persimmon Plc
Nissan Motor
Sumitomo Mitsui Financial Group, Inc.

Responsible Executive Remuneration
Henkel AG & Co. KGaA
Linde Plc
NIKE
Wolters Kluwer
Booking Holdings, Inc.

Culture and Risk Governance in the Banking Sector
Wells Fargo & Co.
HSBC
ING Groep NV
Barclays Plc
JPMorgan Chase & Co., Inc.
Citigroup, Inc.
Bank of America Corp.
BNP Paribas SA

Cybersecurity
Reckitt Benckiser Group Plc
Booking Holdings, Inc.
Visa, Inc.
Altice NV
Vodafone
Fidelity National Information Services, Inc.

SDG Engagement
Adobe Systems, Inc.
Alphabet, Inc.
Anthem, Inc.
Apple
Boston Scientific Corp.
Charter Communications, Inc.
Facebook, Inc.
JPMorgan Chase & Co., Inc.
Novartis
Salesforce.com, Inc.
Samsung Electronics
Union Pacific

Global Controversy Engagement
During the quarter, 2 companies were engaged based on potential breaches of the UN Global Compact and/or the OECD Guidelines for Multinational Enterprises.

ENGAGEMENT BY ASSET CLASS

AbbVie, Inc.	Credit
Accenture Plc	Equity
Adobe Systems, Inc.	Equity
Alphabet, Inc.	Equity
Aon Plc	Equity
Apple	Credit/Equity
Atlantia SpA	Credit
Bank of America Corp.	Credit
Barclays Plc	Credit
Barrick Gold Corp.	Equity
Berry Plastics Group, Inc.	Credit
BNP Paribas SA	Credit
Booking Holdings, Inc.	Credit/Equity
Boston Scientific Corp.	Credit
Charter Communications, Inc.	Credit
Citigroup, Inc.	Credit
CRH Plc	Equity
CVS Caremark Corp.	Credit
Danone	Equity
Danske Bank AS	Credit
Enel	Credit
Facebook, Inc.	Equity
Fortescue Metals Group Ltd.	Credit
Fresenius SE	Credit
Gap	Credit
Grupo Mexico SAB de CV	Equity
Guangdong Investment Ltd.	Equity
HCA Holdings, Inc.	Credit/Equity
Heineken Holding	Credit
Henkel AG & Co. KGaA	Equity
HSBC	Credit
ING Groep NV	Credit
InterContinental Hotels Group Plc	Credit
JPMorgan Chase & Co., Inc.	Credit
Linde Plc	Credit/Equity
Meituan Dianping	Equity
Microsoft	Equity
Midea Group Co. Ltd.	Equity
Nestlé	Equity
Newcrest Mining	Equity
NIKE	Equity
Novartis	Equity
PepsiCo, Inc.	Equity
Polyus Gold OAO	Equity
Procter & Gamble Co.	Credit/Equity
Quintiles IMS Holdings, Inc.	Credit
Salesforce.com, Inc.	Equity
Samsung Electronics	Equity
Sumitomo Mitsui Financial Group, Inc.	Credit
Suzano Papel e Celulose SA	Credit/Equity
Tencent Holdings Ltd.	Equity
Thermo Fisher Scientific, Inc.	Credit
Union Pacific	Equity
Visa, Inc.	Equity
Wal-Mart Stores	Equity
WEC Energy Group Inc	Equity
Wells Fargo & Co.	Credit/Equity
Wolters Kluwer	Equity

CODES OF CONDUCTS

Robeco's Engagement Policy

Robeco actively uses its ownership rights to engage with companies on behalf of our clients in a constructive manner. We believe improvements in sustainable corporate behavior can result in an improved risk return profile of our investments. Robeco engages with companies worldwide, in both our equity and credit portfolios. Robeco carries out two different types of corporate engagement with the companies in which we invest; value engagement and enhanced engagement. In both types of engagement, Robeco aims to improve a company's behavior on environmental, social and/or corporate governance (ESG) related issues with the aim of improving the long-term performance of the company and ultimately the quality of investments for our clients.

Robeco adopts a holistic approach to integrating sustainability. We view sustainability as a long-term driver of change in markets, countries and companies which impacts future performance. Based on this belief, sustainability is considered as one of the value drivers in our investment process, like the way we look at other drivers such as company financials or market momentum.

More information is available at: https://www.robeco.com/docm/docu-robeco-engagement-policy.pdf

The UN Global Compact

One of the principal codes of conduct in Robeco's engagement process is the United Nations Global Compact. The UN Global Compact supports companies and other social players worldwide in stimulating corporate social responsibility. The Global Compact became effective in 2000 and is the most endorsed code of conduct in this field. The Global Compact requires companies to embrace, support and adopt several core values within their own sphere of influence in the field of human rights, labor standards, the environment and anti-corruption measures. Ten universal principles have been identified to deal with the challenges of globalization.

Human rights

1. Companies should support and respect the protection of human rights as established at an international level
2. They should ensure that they are not complicit in human-rights abuses.

Labor standards

3. Companies should uphold the freedom of association and recognize the right to collective bargaining
4. Companies should abolish all forms of compulsory labor
5. Companies should abolish child labor
6. Companies should eliminate discrimination in employment.

Environment

7. Companies should adopt a prudent approach to environmental challenges
8. Companies should undertake initiatives to promote greater environmental responsibility
9. Companies should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. Companies should work against all forms of corruption, including extortion and bribery.

More information can be found at: https://www.unglobalcompact.org/

CODES OF CONDUCTS

OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries, and are another important framework used in Robeco's engagement process. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognized standards.

The Guidelines' recommendations express the shared values of the governments of countries from which a large share of international direct investment originates and which are home to many of the largest multinational enterprises. The Guidelines aim to promote positive contributions by enterprises to economic, environmental and social progress worldwide.

More information can be found at: http://mneguidelines.oecd.org/

International codes of conduct

Robeco has chosen to use broadly accepted external codes of conduct in order to assess the ESG responsibilities of the entities in which we invest. Robeco adheres to several independent and broadly accepted codes of conduct, statements and best practices and is a signatory to several of these codes. Next to the UN Global Compact, the most important codes, principles, and best practices for engagement followed by Robeco are:

- International Corporate Governance Network (ICGN) statement on
- Global Governance Principles
- United Nations Global Compact
- United Nations Sustainable Development Goals
- United Nations Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- Responsible Business Conduct for Institutional Investors (OECD)

In addition to our own adherence to these codes, we also expect companies to follow these codes, principles, and best practices. In addition to our own adherence to these codes, we also expect companies to follow these codes, principles, and best practices.

Robeco's Voting Policy

Robeco encourages good governance and sustainable corporate practices, which contribute to long-term shareholder value creation. Proxy voting is part of Robeco's Active Ownership approach. Robeco has adopted written procedures reasonably designed to ensure that we vote proxies in the best interest of our clients. The Robeco policy on corporate governance relies on the internationally accepted set of principles of the International Corporate Governance Network (ICGN). By making active use of our voting rights, Robeco can, on behalf of our clients, encourage the companies concerned to increase the quality of the management of these companies and to improve their sustainability profile. We expect this to be beneficial in the long term for the development of shareholder value.

Collaboration

Where necessary, Robeco coordinates its engagement activities with other investors. Examples of this includes Eumedion; a platform for institutional investors in the field of corporate governance and the Carbon Disclosure Project, a partnership in the field of transparency on CO_2 emissions from companies, and the ICCR. Another important initiative to which Robeco is a signatory is the United Nations Principles for Responsible Investment. Within this context, institutional investors commit themselves to promoting responsible investment, both internally and externally.

Robeco's Active Ownership Team

Robeco's voting and engagement activities are carried out by a dedicated Active Ownership Team. This team was established as a centralized competence center in 2005. The team is based in Rotterdam, the Netherlands, and Hong Kong. As Robeco operates across markets on a global basis, the team is multi-national and multi-lingual. This diversity provides an understanding of the financial, legal and cultural environment in which the companies we engage with operate. The Active Ownership team is part of Robeco's Sustainable Investing Center of Expertise headed by Carola van Lamoen. The SI Center of Expertise combines our knowledge and experience on sustainability within the investment domain and drives SI leadership by delivering SI expertise and insights to our clients, our investment teams, the company and the broader market. Furthermore, the Active Ownership team gains input from investment professionals based in local offices of the Robeco around the world. Together with our global client base we are able leverage this network to achieve the maximum possible impact from our Active Ownership activities. ■

ROBECO

Robeco Institutional Asset Management B.V. (Robeco) is a pure play international asset manager founded in 1929. It currently has offices in 15 countries worldwide and is headquartered in Rotterdam, the Netherlands. Through its integration of fundamental, sustainability and quantitative research, Robeco is able to offer institutional and private investors a selection of active investment strategies, covering a range of asset classes.

Sustainability investing is integral to Robeco's overall strategy. We are convinced that integrating environmental, social and governance (ESG) factors results in better-informed investment decisions. Further we believe that our engagement with investee companies on financially material sustainability issues will have a positive impact on our investment results and on society.

More information can be found at:
https://www.robeco.com

IMPORTANT INFORMATION

ROBECO
The Investment Engineers

Contact

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The Netherlands

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I www.robeco.com

1318-0222

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

Essential information

Items to be assessed: (please mark ‘x’)

Strategy		**Policy**		**Plan**		**Project**	x	**Service/Procedure**	

Responsible officer	Damien Pantling	**Service area**	Pension Fund	**Directorate**	Finance

Stage 1: EqIA Screening (mandatory)	Date created: 25/02/2022	**Stage 2 : Full assessment (if applicable)**	N/A

Approved by Head of Service / Overseeing group/body / Project Sponsor:
“I am satisfied that an equality impact has been undertaken adequately.”

Signed by (print):

Dated:

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

Guidance notes

What is an EqIA and why do we need to do it?
The Equality Act 2010 places a ‘General Duty’ on all public bodies to have ‘due regard’ to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advancing equality of opportunity between those with ‘protected characteristics’ and those without them.
- Fostering good relations between those with ‘protected characteristics’ and those without them.

EqIAs are a systematic way of taking equal opportunities into consideration when making a decision, and should be conducted when there is a new or reviewed strategy, policy, plan, project, service or procedure in order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups. All completed EqIA Screenings are required to be publicly available on the council’s website once they have been signed off by the relevant Head of Service or Strategic/Policy/Operational Group or Project Sponsor.

What are the “protected characteristics” under the law?
The following are protected characteristics under the Equality Act 2010: age; disability (including physical, learning and mental health conditions); gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

What’s the process for conducting an EqIA?
The process for conducting an EqIA is set out at the end of this document. In brief, a Screening Assessment should be conducted for every new or reviewed strategy, policy, plan, project, service or procedure and the outcome of the Screening Assessment will indicate whether a Full Assessment should be undertaken.

Openness and transparency

RBWM has a ‘Specific Duty’ to publish information about people affected by our policies and practices. Your completed assessment should be sent to the Strategy & Performance Team for publication to the RBWM website once it has been signed off by the relevant manager, and/or Strategic, Policy, or Operational Group. If your proposals are being made to Cabinet or any other Committee, please append a copy of your completed Screening or Full Assessment to your report.

Enforcement

Judicial review of an authority can be taken by any person, including the Equality and Human Rights Commission (EHRC) or a group of people, with an interest, in respect of alleged failure to comply with the general equality duty. Only the EHRC can enforce the specific duties. A failure to comply with the specific duties may however be used as evidence of a failure to comply with the general duty.

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

Stage 1 : Screening (Mandatory)

1.1 What is the overall aim of your proposed strategy/policy/project etc and what are its key objectives?
Climate Change is one of the underlying priorities in the Fund's RI policy and this report sets out to formally update members on LPPI's most recent amendments to their RI policy (namely on the exclusion of fossil fuel extraction companies), to report on the Fund's responsible investment outcomes and to report on the Fund's recent engagement activities.

1.2 What evidence is available to suggest that your proposal could have an impact on people (including staff and customers) with protected characteristics? Consider each of the protected characteristics in turn and identify whether your proposal is Relevant or Not Relevant to that characteristic. If Relevant, please assess the level of impact as either High / Medium / Low and whether the impact is Positive (i.e. contributes to promoting equality or improving relations within an equality group) or Negative (i.e. could disadvantage them). Please document your evidence for each assessment you make, including a justification of why you may have identified the proposal as "Not Relevant".

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

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Protected characteristics	Relevance	Level	Positive/negative	Evidence
Age				*Key data: The estimated median age of the local population is 42.6yrs [Source: ONS mid-year estimates 2020]. An estimated 20.2% of the local population are aged 0-15, and estimated 61% of the local population are aged 16-64yrs and an estimated 18.9% of the local population are aged 65+yrs. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]*
Disability				
Gender re-assignment				
Marriage/civil partnership				
Pregnancy and maternity				
Race				*Key data: The 2011 Census indicates that 86.1% of the local population is White and 13.9% of the local population is BAME. The borough has a higher Asian/Asian British population (9.6%) than the South East (5.2%) and England (7.8%). The forthcoming 2021 Census data is expected to show a rise in the BAME population. [Source: 2011 Census, taken from Berkshire Observatory]*
Religion and belief				*Key data: The 2011 Census indicates that 62.3% of the local population is Christian, 21.7% no religion, 3.9% Muslim, 2% Sikh, 1.8% Hindu, 0.5% Buddhist, 0.4% other religion, and 0.3% Jewish. [Source: 2011 Census, taken from Berkshire Observatory]*
Sex				*Key data: In 2020 an estimated 49.6% of the local population is male and 50.4% female. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]*
Sexual orientation				

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

Outcome, action and public reporting

Screening Assessment Outcome	Yes / No / Not at this stage	Further Action Required / Action to be taken	Responsible Officer and / or Lead Strategic Group	Timescale for Resolution of negative impact / Delivery of positive impact
Was a significant level of negative impact identified?	No	No	Damien Pantling	N/A
Does the strategy, policy, plan etc require amendment to have a positive impact?	No	No	Damien Pantling	N/A

If you answered **yes** to either / both of the questions above a Full Assessment is advisable and so please proceed to Stage 2. If you answered “No” or “Not at this Stage” to either / both of the questions above please consider any next steps that may be taken (e.g. monitor future impacts as part of implementation, re-screen the project at its next delivery milestone etc).

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

Stage 2 : Full assessment

2.1 : Scope and define

2.1.1 Who are the main beneficiaries of the proposed strategy / policy / plan / project / service / procedure? List the groups who the work is targeting/aimed at.

2.1.2 Who has been involved in the creation of the proposed strategy / policy / plan / project / service / procedure? *List those groups who the work is targeting/aimed at.*

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ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

2.2 : Information gathering/evidence

2.2.1 What secondary data have you used in this assessment? *Common sources of secondary data include: censuses, organisational records.*

2.2.2 What primary data have you used to inform this assessment? *Common sources of primary data include: consultation through interviews, focus groups, questionnaires.*

Eliminate discrimination, harassment, victimisation

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

Advance equality of opportunity

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

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Foster good relations

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

2.4 Has your delivery plan been updated to incorporate the activities identified in this assessment to mitigate any identified negative impacts? If so please summarise any updates. *These could be service, equality, project or other delivery plans. If you did not have sufficient data to complete a thorough impact assessment, then an action should be incorporated to collect this information in the future.*

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

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Report Title:	**Administration Report**
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 7 March 2022
Responsible Officer(s):	Kevin Taylor, Pension Services Manager and Philip Boyton, Pension Administration Manager
Wards affected:	None

www.rbwm.gov.uk Royal Borough of Windsor & Maidenhead

REPORT SUMMARY

This report deals with the administration of the Pension Fund for the period 1 October 2021 to 31 December 2021. It recommends that Members (and Pension Board representatives) note the Key Administrative Indicators throughout the attached report.

Good governance requires all aspects of the Pension Fund to be reviewed by the Administering Authority on a regular basis. There are no financial implications for RBWM in this report.

The committee are asked to note that Administration Reports are provided to each quarter end date (30 June, 30 September, 31 December and 31 March) and presented at each Committee meeting subsequent to those dates.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Committee notes the report and;

i) Notes all areas of governance and administration as reported; and

ii) Notes all key performance indicators

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

2.1. The Berkshire Pension Fund Committee has a duty in securing compliance with all governance and administration issues.

3. KEY IMPLICATIONS

3.1. Failure to fulfil the role and purpose of the Administering Authority could lead to the Pension Fund and the Administering Authority being open to challenge and intervention by the Pensions Regulator.

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1. No direct financial implications arising from this report.

5. LEGAL IMPLICATIONS

5.1. None.

6. RISK MANAGEMENT

6.1. None.

7. POTENTIAL IMPACTS

7.1. Equalities: Equality Impact Assessments are published on the council's website N/A

7.2. Climate change/sustainability: N/A

7.3. Data Protection/GDPR. N/A

8. CONSULTATION

8.1. Not applicable.

9. TIMETABLE FOR IMPLEMENTATION

9.1. Not applicable.

10. APPENDICES

10.1. This report is supported by 1 appendix:

- Appendix 1: Administration Report 1 October 21 to 31 December 21

11. BACKGROUND DOCUMENTS

11.1. This report is supported by 0 background documents.

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Mandatory:	***Statutory Officers (or deputy)***		
Adele Taylor	Executive Director of Resources/S151 Officer	**22/02/2022**	**24/02/2022**
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	**22/02/2022**	
Deputies:			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	**22/02/2022**	**25/02/2022**
Elaine Browne	Head of Law (Deputy Monitoring Officer)	**22/02/2022**	**28/02/2022**
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	**22/02/2022**	**25/02/2022**
Other consultees:			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	**22/02/2022**	

13. REPORT HISTORY

Decision type:	**Urgency item?**	**To follow item?**
Pension Fund Committee decision	~~Yes~~/No	~~Yes~~/No

Report Author: Kevin Taylor, Pension Services Manager 07992 324393

ADMINISTRATION REPORT

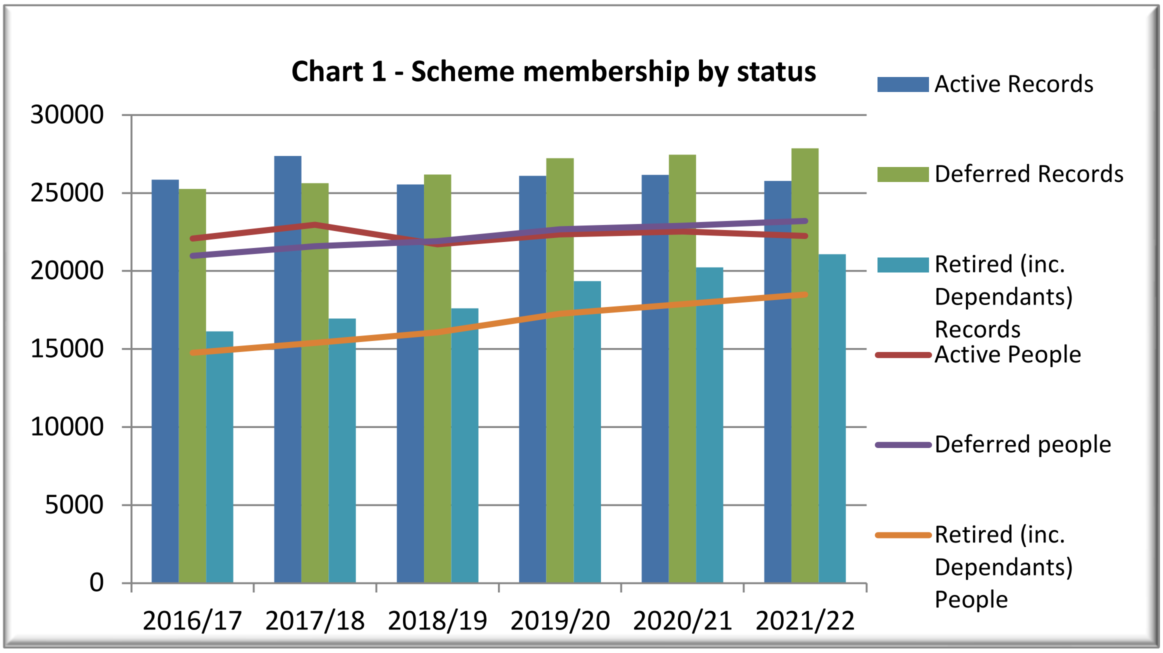
QUARTER 4 – 2021

1 October 2021 to 31 December 2021

Table of Contents

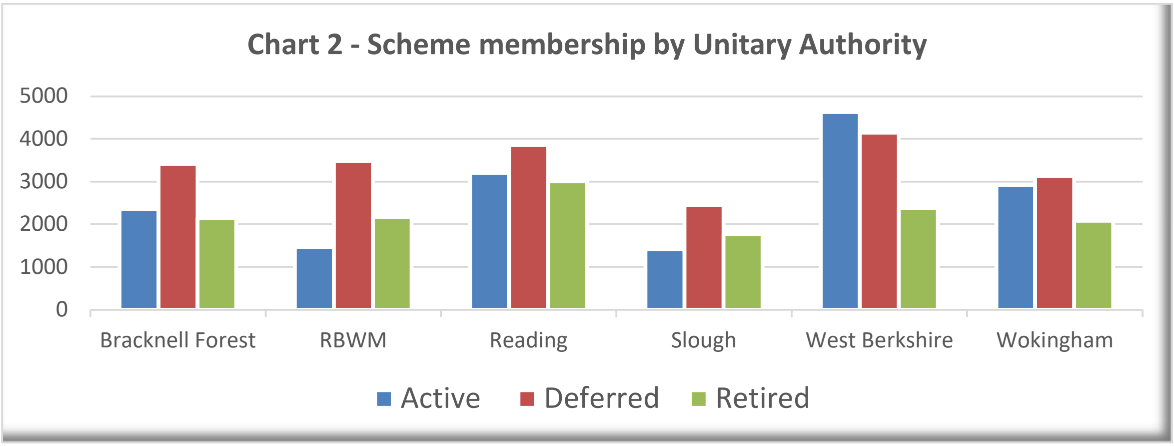
1. ADMINISTRATION

1.1 Scheme Membership



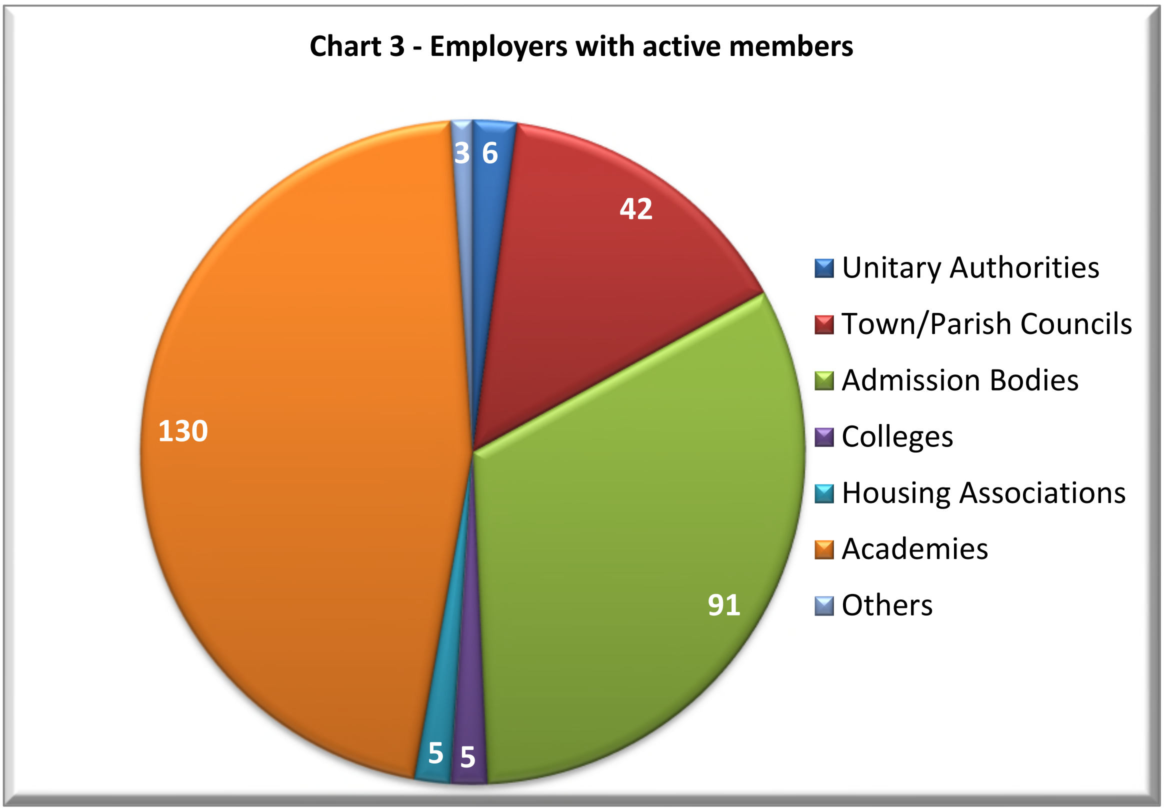
Active Records	25,773	Active People	22,253
Deferred Records	27,858	Deferred People	23,215
Retired Records	21,080	Retired People	18,503
TOTAL	**74,711**	**TOTAL**	**63,971**

1.2 Membership by Employer

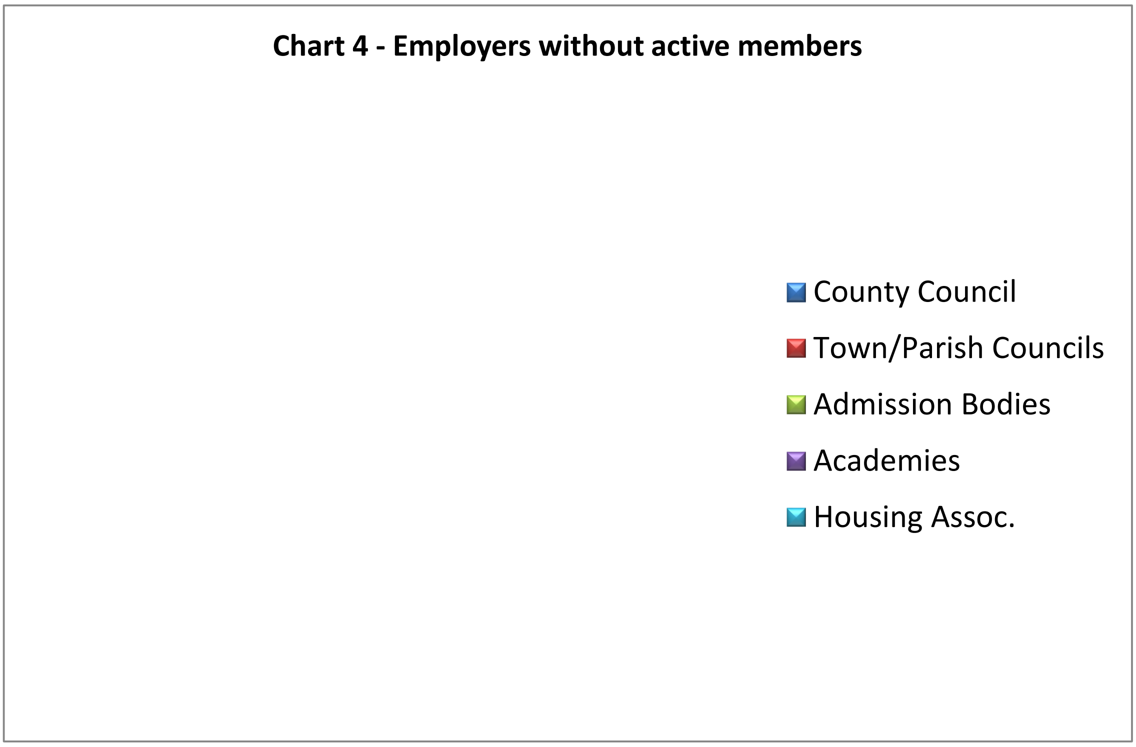


Membership movements in this Quarter *(and previous Quarter)*	Bracknell	RBWM	Reading	Slough	W Berks	Wokingham
Active	**-20** *-44*	**-38** *+27*	**45** *-157*	**-40** *-92*	**-2** *+70*	**+34** *-31*
Deferred	**+4** *+13*	**-2** *-5*	**9** *+6*	**+13** *-4*	**+71** *+5*	**+24** *0*
Retired	**+25** *+28*	**+17** *+30*	**+37** *+38*	**+13** *+38*	**+44** *+54*	**+35** *+27*

1.3 Scheme Employers



New employers since last report:
Admission Bodies: None
Academies: *None*



Exiting employers: Rapidclean (Circle Trust)

1.4 Scheme Employer Key Performance Indicators

Table 1A – i-Connect users Quarter 4 (1 October 2021 to 31 December 2021)

Employer	Starters	Leavers	Changes	Total	Submission Received Within Specification
Bracknell Forest Cncl	172	158	519	849	100%
RBWM	135	106	421	662	100%
Reading BC	252	162	735	1,149	100%
Slough BC	59	99	178	336	100%
West Berks Council	373	210	1,010	1,593	100%
Wokingham BC	187	92	582	861	100%
Academy/ School	598	558	2,743	3,899	84.93%
Others	87	84	311	482	69.64%

NOTES: Table 1A above shows all transactions through i-Connect for the fourth quarter of 2021. Changes include hours/weeks updates, address amendments and basic details updates.

The benefits of i-Connect are:

- Pension records are maintained in 'real-time';
- Scheme members are presented with the most up to date and accurate information through *mypension* ONLINE (Member self-service);
- Pension administration data matches employer payroll data;
- Discrepancies are dealt with as they arise each month;
- Employers are not required to complete year end returns;
- Manual completion of forms and input of data onto systems is eradicated removing the risk of human error.

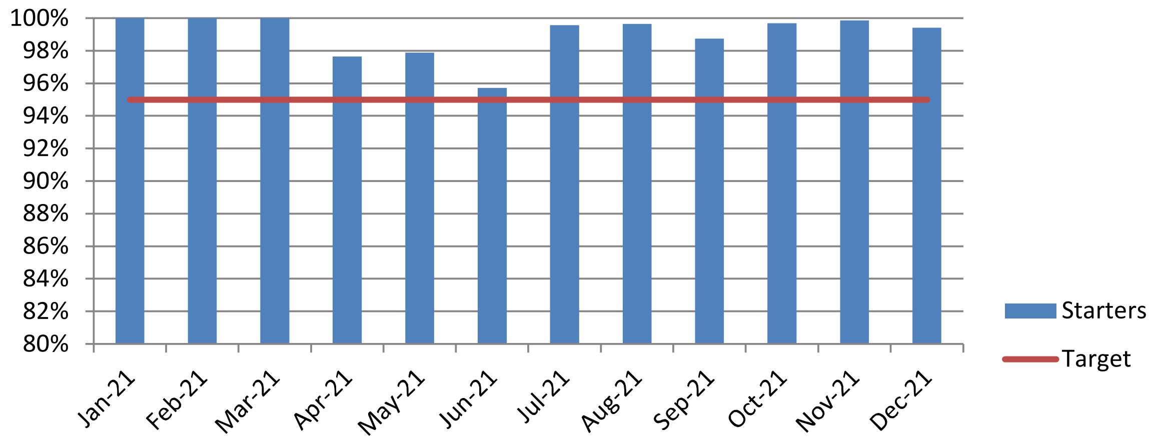
Since the 1 October 2021 Officers are pleased to report the following scheme employers have on boarded i-connect with scheme member data received on a monthly basis:

- Westgate School
- VolkerHighways Limited

136 scheme employers have yet to on-board i-Connect. The Pension Fund is committed, and continues, to work with all scheme employers to adopt i-Connect with currently 90% of scheme member records having been on-boarded. Scheme employers with fewer than 10 scheme members (77 employers) will be given the option of using an on-line portal version of i-Connect.

1.5 Key Performance Indicators

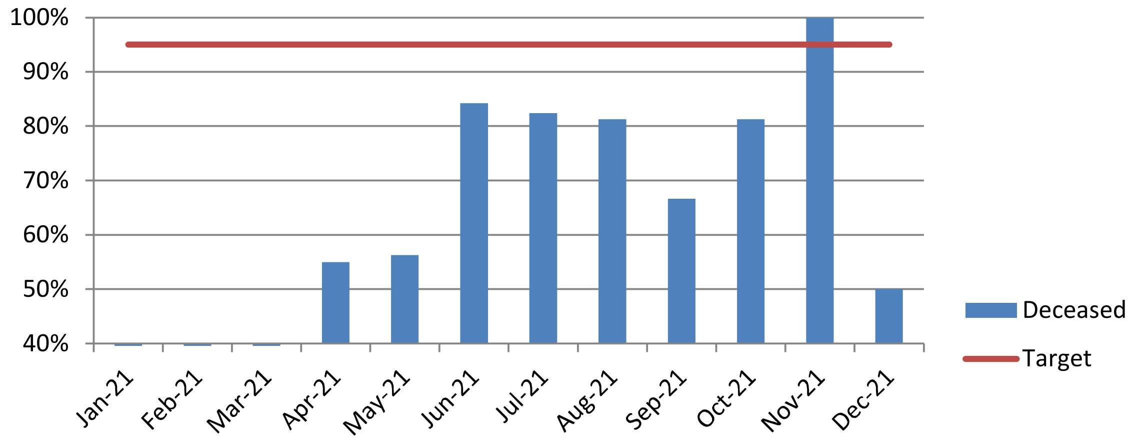
Chart 5A - KPI 1 - Starters processed within 20 working days



	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Starters	100	100	100	97.65	97.87	95.71	99.56	99.64	98.75	99.68	99.86	99.42
Target	95	95	95	95	95	95	95	95	95	95	95	95
Total	560	450	348	383	423	513	457	554	401	941	716	859

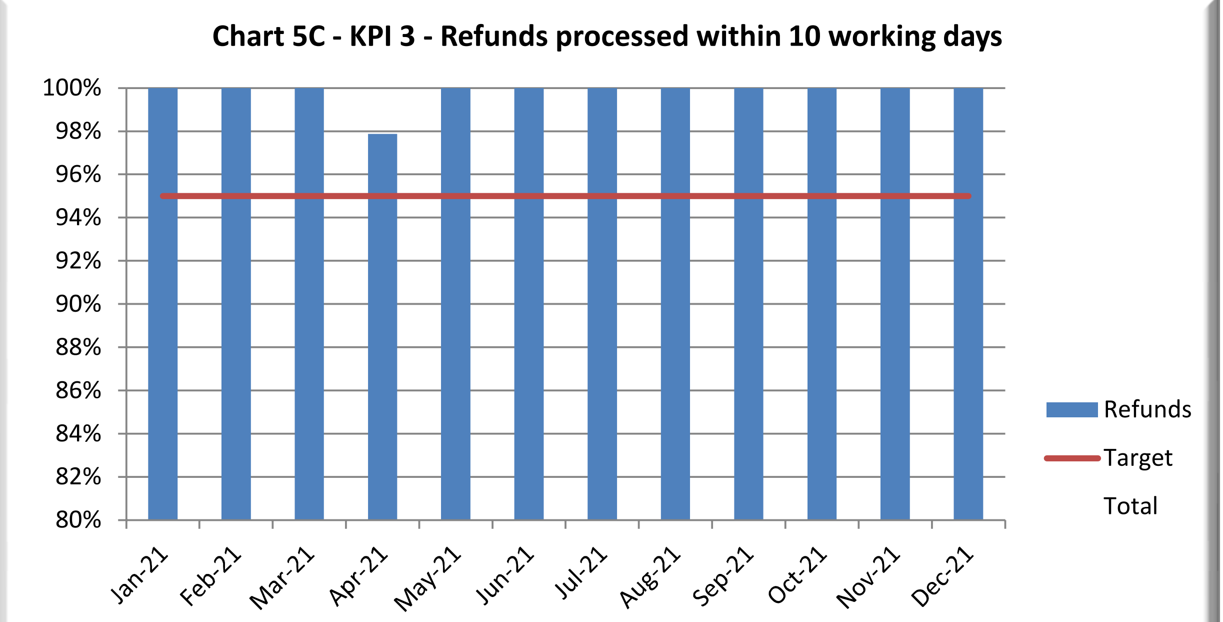
CIPFA Benchmark: Two months from date of joining the scheme or if earlier within one month of receiving jobholder information.

Chart 5B - KPI 2 - Deceaseed processed within 20 working days



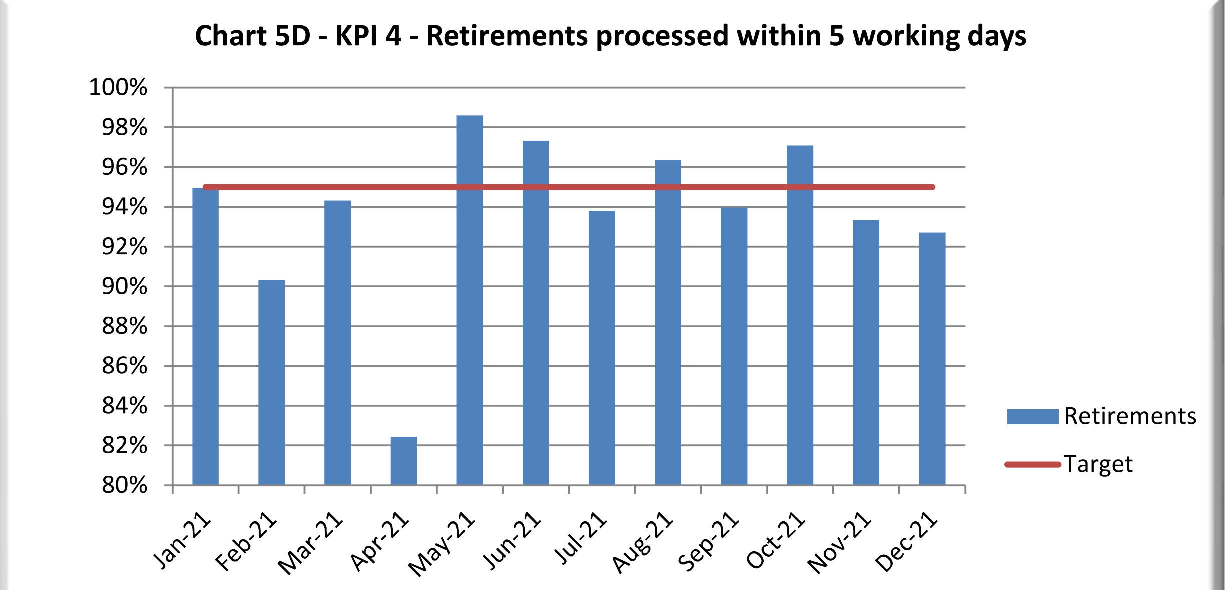
	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Deceased	0	0	0	55	56.25	84.21	82.35	81.25	66.67	81.25	100	50
Target	95	95	95	95	95	95	95	95	95	95	95	95
Total	0	0	0	20	16	19	17	16	15	16	22	8

CIPFA Benchmark: As soon as practicable and no more than two months from date of notification of death from scheme employer or deceased's representative.



	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Refunds	100	100	100	97.87	100	100	100	100	100	100	100	100
Target	95	95	95	95	95	95	95	95	95	95	95	95
Total	28	23	44	47	36	50	51	31	43	53	42	48

CIPFA Benchmark: To be confirmed.

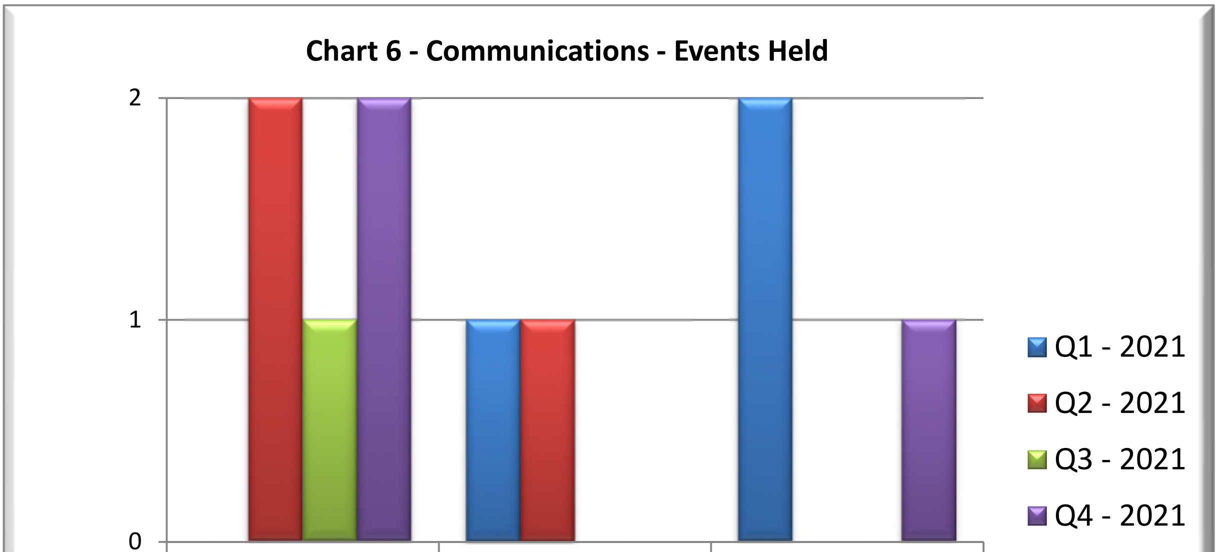


	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Retirements	94.96	90.32	94.32	82.44	98.6	97.33	93.8	96.36	93.96	97.08	93.33	92.71
Target	95	95	95	95	95	95	95	95	95	95	95	95
Total	119	93	88	131	36	150	129	110	149	137	120	96

CIPFA Benchmark: One month from date of retirement if on or after normal pension age or two months from date of retirement if before normal pension age.

1.6 Communications

All events shown have been held remotely.



	Pension Surgeries	Presentations	Employer Meetings/Training
Q1 - 2021	0	1	2
Q2 - 2021	2	1	0
Q3 - 2021	1	0	0
Q4 - 2021	2	0	1

1.7 Stakeholder Feedback

As part of the Pension Fund's aim to achieve Pension Administration Standards Association (PASA) accreditation it is a requirement to report to Members the comments and complaints received from scheme employers and their scheme members on a periodic basis. Please see below feedback received from stakeholders during the fourth quarter:

Date Received	Method	Feedback
02/12/2021	E-mail	Thanks [NAME] should know not to doubt you.
02/12/2021	E-mail	This is perfect as usual, and I am very grateful as always for your assistance and the info is always taken as just an estimate. I haven't forgotten my offer to buy you lunch at an appropriate time.
02/12/2021	Email	Thanks [NAME] that's great and I am privileged to have such valued support from you. I will pop a note in my diary to say hello sometime in March and take from there. Have a great Christmas and once again many thanks.
14/12/2021	E-mail	I wish you to know that I have had outstanding service this morning from one of your Pension Administrators, [NAME]. When I called this morning I was very anxious and worried about a pension issue. Within moments her

		calm and courteous manner reduced my concerns. She consulted with another colleague and returned my call with the information required within a very acceptable timeframe. She was able to explain, what to me is a complicated issue, with clarity. It is very unusual these days to receive a service from someone with these qualities. [NAME] was respectful and knowledgeable without making me feel out of my depth. I hope that you will find a way to acknowledge [NAME] talent.

2 SPECIAL PROJECTS

2.1. McCloud Judgement

In 2014 the Government introduced reforms to public service pensions, meaning most public sector workers were moved into new pension schemes in 2014 and 2015.

In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judges' and firefighters' pension schemes, as part of the reforms, gave rise to unlawful discrimination.

On 15 July 2019 the Chief Secretary to the Treasury made a written ministerial statement confirming that, as 'transitional protection' was offered to members of all the main public service pension schemes, the difference in treatment will need to be removed across all those schemes for members with relevant service.

The changes to the LGPS include transitional protection for members who were within 10 years of their Final salary Scheme normal pension age on 1 April 2012, ensuring that they would receive a pension that was at least as high as they would have received had the scheme not been reformed to a Career Average Revalued Earnings scheme from 1 April 2014.

Following a recent Southern Area Pension Officer Group (SAPOG) meeting attended by Officers of Berkshire Pension Fund, Buckinghamshire Pension Fund (BPF), East Sussex Pension Fund, Hampshire Pension Fund (HPF), Isle of Wight Pension Fund, Oxfordshire Pension Fund, Surrey Pension Fund, West Sussex Pension Fund it has been identified only BPF and HPF have begun collecting historical hour and week data from their respective scheme employers and contracted third party payroll providers.

It has so far proven to be very challenging for BPF and HPF to collect the historical data needed dating back to 1 April 2014 due to a) a lack of scheme employer engagement, b) it only being necessary to retain data for a period of seven financial years and c) scheme employers changing contracted third-party payroll providers.

Since 2019 all SAPOG Pension Funds have kept in touch with their scheme employers about this judgement. The Local Government Association did inform SAPOG that Regulations will be laid before Parliament during July or August 2022 and come into force from 1 October 2023.

In preparation of the extensive work that will be involved to bring scheme member records up to date including the re-calculation of early leaver, pensioner, dependant and transfer out events that have occurred since 1 April 2014, many Pension Funds are planning to increase the size of their administration teams with BPF and HPF having done so already by four and three Pension Officers respectively with the need for potential further resource as the project progresses.

2.3 *Pensions Dashboard Programme*

A national pensions dashboard has been on the horizon for some time and with the Pension Schemes Act 2021 having received Royal Assent last year on 11 February 2021, the Department for Work and Pensions (DWP) has now published, on 31 January 2022, its 137-page consultation document on the draft Pensions Dashboard Regulations. The consultation period ends on 13 March 2022. The Local Government Association (LGA) will be preparing its response to the consultation for circulation to all administering authorities in due course. Officers will await the LGA response before considering any further response that may be required.

It is anticipated the Pensions Dashboards Programme (PDP) will publish further detailed instructions on how a scheme administrator must operate with the dashboards ecosystem.

Officers recognise it is important not to wait for the conclusion of the consultation and for guidance to be issued with almost every aspect of administering a pension scheme being easier to achieve if data is actively managed and incorporates both Common and Scheme Specific data activities, an area officers have successfully improved over the last three years.

At a recent service review meeting with Heywood Pension Technologies, the software providers of the Fund's pension administration system *altair*, officers agreed to act as a 'test-site' for the development and testing of the pension system software that will ultimately enable LGPS Funds to provide member pension data for use in the dashboard.

Officers acknowledge Pensions Dashboards, if done well, could be a game changer in getting individuals to better engage with their pensions and a better efficiency of pension scheme management. Officers understand that the Pensions Dashboard will go live during 2023 but that the draft Pension Dashboard Regulations provide a staging date of 30 April 2024 for all Public Service Pension Schemes.