



NOTICE  
OF  
MEETING

**BERKSHIRE PENSION FUND PANEL**

will meet on

**MONDAY, 16TH JANUARY, 2017**

at

**4.00 pm**

In

**ASCOT AND BRAY - TOWN HALL,**

TO: MEMBERS OF THE BERKSHIRE PENSION FUND PANEL

COUNCILLORS JACK RANKIN, JOHN LENTON (CHAIRMAN), GEOFF HILL,  
DAVID HILTON (VICE-CHAIRMAN) AND JOHN COLLINS

ADVISORY MEMBERS: KHAULA USMANI, CLLR GLENN DENNIS, CLLR  
STANTON, CLLR WORRALL, SUE NICHOLLS, CLLR LAW, PATRICK FULLER  
AND ASIA ALLISON

Karen Shepherd - Democratic Services Manager

Issued: 06/01/17

Members of the Press and Public are welcome to attend Part I of this meeting.

The agenda is available on the Council's web site at [www.rbwm.gov.uk](http://www.rbwm.gov.uk) or contact the  
Panel Administrator

**Fire Alarm** - In the event of the fire alarm sounding or other emergency, please leave the building quickly and calmly by the nearest exit. Do not stop to collect personal belongings and do not use the lifts. Congregate in the Town Hall Car Park, Park Street, Maidenhead (immediately adjacent to the Town Hall) and do not re-enter the building until told to do so by a member of staff.

**Recording of Meetings** – The Council allows the filming, recording and photography of public Council meetings. This may be undertaken by the Council itself, or any person attending the meeting. By entering the meeting room you are acknowledging that you may be audio or video recorded and that this recording will be available for public viewing on the RBWM website. If you have any questions regarding the council's policy, please speak to the Democratic Services or Legal representative at the meeting.

## AGENDA

### PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
1.	<u>APOLOGIES</u>  To receive any apologies for absence.	-
2.	<u>DECLARATIONS OF INTEREST</u>  To receive any declarations of interest.	7 - 8
3.	<u>MINUTES</u>  To approve the Part I minutes of the meeting held on 7 November 2016.	9 - 12
4.	<u>ATTENDANCE OF PENSION BOARD CHAIR</u>  To consider the report.	13 - 16
5.	<u>ADVISORY PANEL APPLICATIONS</u>  To consider the report.	17 - 20
6.	<u>INTERNAL AUDIT REPORT</u>  To consider the report.	21 - 32
7.	<u>INVESTMENT GOVERNANCE</u>  To consider the report.	33 - 38
8.	<u>STEWARDSHIP REPORT</u>  To consider the report	39 - 58
9.	<u>LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC</u>  To consider passing the following resolution:- "That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the remainder of the meeting whilst discussion takes place on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 1-7 of part I of Schedule 12A of the Act"	

## PART II

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
10.	<u>ADVISORY PANEL APPLICATIONS - ANNEX 1</u>  To consider the Part II appendix.  <b><i>(Not for publication by virtue of Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972)</i></b>	59 - 62
11.	<u>MINUTES</u>  To consider the Part II minutes of the meeting held on 7 November 2016.  <b><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i></b>	63 - 66
12.	<u>ACTION TRACKING</u>  To consider the report.  <b><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i></b>	67 - 68
13.	<u>INVESTMENT WORKING GROUP MINUTES 29 NOV 2016</u>  To consider the report.  <b><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i></b>	69 - 72
14.	<u>BRITISH STRATEGIC INVESTMENT FUND</u>  To consider the report.  <b><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i></b>	73 - 84
15.	<u>STRATEGIC ASSET MANAGEMENT PARTNERSHIP</u>  To consider the report.  <b><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i></b>	85 - 104
16.	<u>NOTES OF MEETING BETWEEN THE BERKSHIRE PENSION FUND CHAIR AND LOCAL PENSIONS PARTNERSHIP CHAIR.</u>	105 - 108

To consider the notes.

***(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)***

17.

LGPS POOLING UPDATE

109 - 112

To consider the report.

***(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)***



This page is intentionally left blank

## MEMBERS' GUIDANCE NOTE

### DECLARING INTERESTS IN MEETINGS

#### **DISCLOSABLE PECUNIARY INTERESTS (DPIs)**

DPIs include:

- Any employment, office, trade, profession or vocation carried on for profit or gain.
- Any payment or provision of any other financial benefit made in respect of any expenses occurred in carrying out member duties or election expenses.
- Any contract under which goods and services are to be provided/works to be executed which has not been fully discharged.
- Any beneficial interest in land within the area of the relevant authority.
- Any license to occupy land in the area of the relevant authority for a month or longer.
- Any tenancy where the landlord is the relevant authority, and the tenant is a body in which the relevant person has a beneficial interest.
- Any beneficial interest in securities of a body where
  - a) that body has a piece of business or land in the area of the relevant authority, and
  - b) either (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body **or** (ii) the total nominal value of the shares of any one class belonging to the relevant person exceeds one hundredth of the total issued share capital of that class.

#### **PREJUDICIAL INTERESTS**

This is an interest which a reasonable fair minded and informed member of the public would reasonably believe is so significant that it harms or impairs your ability to judge the public interest. That is, your decision making is influenced by your interest that you are not able to impartially consider only relevant issues.

#### **DECLARING INTERESTS**

If you have not disclosed your interest in the register, you **must make** the declaration of interest at the beginning of the meeting, or as soon as you are aware that you have a DPI or Prejudicial Interest. If you have already disclosed the interest in your Register of Interests you are still required to disclose this in the meeting if it relates to the matter being discussed. A member with a DPI or Prejudicial Interest **may make representations at the start of the item but must not take part in discussion or vote at a meeting.** The term 'discussion' has been taken to mean a discussion by the members of the committee or other body determining the issue. You should notify Democratic Services before the meeting of your intention to speak. In order to avoid any accusations of taking part in the discussion or vote, you must move to the public area, having made your representations.

If you have any queries then you should obtain advice from the Legal or Democratic Services Officer before participating in the meeting.

If the interest declared has not been entered on to your Register of Interests, you must notify the Monitoring Officer in writing within the next 28 days following the meeting.

This page is intentionally left blank



# Agenda Item 3

## BERKSHIRE PENSION FUND PANEL

MONDAY, 7 NOVEMBER 2016

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

ADVISORY MEMBERS: Councillors Dennis, Worrall, Law, Stanton. Mrs Nicholls and Mrs Smith.

INDEPENDENT ADVISER: Mr Dhingra.

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

### APOLOGIES

Apologies for absence were received by Cllr Rankin, Cllr Collins and Cllr Usmani.

### DECLARATIONS OF INTEREST

There were no declarations of interest received.

### MINUTES

The Part I minutes of the meeting held on 12 September 2016 were approved as a true and correct record subject to Mr Dhingra was not in attendance and Mr Boyton was in attendance.

Cllr Stanton asked for clarification on 'outside pooling' with regards to local investments. The Panel were informed that the Government had not yet set guidelines; however assets such as local property investments were outside pooling. Local could also include investments in neighbouring authorities.

### THE LOCAL GOVERNMENT PENSION SCHEME (MANAGEMENT AND INVESTMENT OF FUNDS) REGULATIONS 2016

The Panel considered the report providing an update on The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 which came into force on 1 November 2016.

The Panel were informed that the main changes were the removal of statutory limits for investment in types of investments, the requirement to publish an Investment Strategy Statement by 1 April 2017 and the power for Secretary of State to intervene with the Fund's Investment Strategy.

The statement must set out the maximum percentage of the total value of all investments of fund money that it will be invested in particular investments or classes of investment. The Panel had agreed such limits at its meeting on 11 April 2016. It was noted that the 7% limit on Global Infrastructure approved on 11 April should have read 10%

It was noted that the regulation also made reference to the need to publish the authority's approach to pooling investments, including the use of collective investment vehicles; pooling was an agenda item for consideration at this meeting.

**Resolved unanimously: that the Panel noted the report.**

## PENSION RISKS OF DELIVERING SERVICES DIFFERENTLY

The Panel considered the report that summarised the potential pension risks of scheme employers transferring the delivery of services to the private sector and the impact this could have on the Pension Fund.

It was felt that the Panel needed to be made aware of the risks to the Pension Fund as more authorities outsourced their services and how important it was that S151 officers were aware of the risks when contracts were awarded.

Cllr Hill mentioned that RBWM were currently in the middle of a transformation programme that included joining Community Interest Companies rather than outsourcing services.

The Panel were informed that when staff were subject to a TUPE transfer pensions were not usually included, however the Best Value Staff Transfers (Pension Direction) 2007 ensured that transferred staff either had continued access to the LGPS or to an alternative comparable pension scheme. Due to the difficulties in joining a comparative scheme so far transferred staff remained in the LGPS.

The admission agreements when transferring functions could be either 'open' or 'closed' but experience showed that they tended to be closed. This meant that only those individuals employed by the letting authority at the point of the service transfer retained the right to contribute to the LGPS. No new employees appointed by the admission body could join the scheme. The implications for this was that the number of active members reduced over time and thus the level of contributions to the Fund was reduced whilst the pension liability increased. Ultimately employers would have to pay more or there would need to be a change to the benefit structure of the scheme.

As part of the service tender process, the letting authority was also required to provide details of the pension costs associated with becoming an admission body to the Pension Fund, this included details of a bond or indemnity to protect the Pension Fund against costs arising as a result of the admission agreement terminating early. There was a trend that the letting authorities would limit the amount required for this bond and thus retain the pension risks.

Cllr Hilton mentioned that as RBWM will be moving a large percentage of staff to AFC and Optalis what were the implications. The Panel were informed that the deficit that stood with RBWM before any transfer would remain with the borough and thus there could be fewer active scheme members left with the responsibility of a large deficit.

Cllr Stanton asked what happened to staff being moved to a community interest company and was informed that if they had a closed agreement there would be no new members joining the Fund.

The Pension Fund Manager reiterated the need for this issue to be raised as a matter of urgency as local authorities looked to outsource services. Following a request from Advisory Panel Members it was agreed that a briefing note / guide to the implications would be produced and that this should include a financial implications graph to highlight the problem.

Cllr Hilton asked if the current value of the Fund was sufficient to cover liabilities and was informed that seven years of low interest had increased the level of liability. Investments were sufficient to meet current liabilities the problem was the three-way pension admission agreement.

Cllr Law asked if CIC should offer a LGPS to new employees and was informed that this would increase their liability.

Cllr Law asked if the liability risk placed on local authorities outweigh the benefits of joining a CIC. The Panel were informed that CIC were required to give a bond however these were insufficient and thus the risk was retained by the local authority.

**Resolved unanimously: that the report be noted, that a briefing guide be produced and that Optalis be used as an example to show the implications of an admitted body joining the LGPS on a “closed” basis.**

LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC

**RESOLVED UNANIMOUSLY: That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the remainder of the meeting whilst discussion takes place on following items on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1-7 of part I of Schedule 12A of the Act.**

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

CHAIRMAN.....

DATE.....

This page is intentionally left blank

# Agenda Item 4

Title: Attendance of Pension Board Chair
Contains Confidential or Exempt Information?: <i>NO - Part I</i>
Member reporting: Councillor Lenton, Chairman Berkshire Pension Fund and Pension Fund Advisory Panels
Meeting and Date: Berkshire Pension Fund and Pension Fund Advisory Panels - 16 January 2017
Responsible Officer(s): Nick Greenwood, Pension Fund Manager
Wards affected: None

www.rbwm.gov.uk



Royal Borough  
of Windsor &  
Maidenhead

## REPORT SUMMARY

1. Panel are requested to agree to the attendance of the Berkshire Pensions Board Chair at Part II meetings of the Berkshire Pension Fund Panel

## 1. DETAILS OF RECOMMENDATION(S)

**RECOMMENDATION:** That Panel notes the report and:

- i) **Agrees to the attendance of the Chair of the Berkshire Pensions Board at Part II meetings of the Berkshire Pension Fund and Pension Fund Advisory Panels.**

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

- 1.1 The Chair of the Berkshire Pension Board, Mr William Webster, has requested that he is permitted to attend the Pension Fund Panel meeting on 13 February 2017 when the results of the 2016 Actuarial valuation will be discussed by Panel.
- 1.2 Rather than seek case by case authority for Mr Webster or his successors as Chair of the Pension Board at future meetings of the Panel, with the requirement at each meeting attended Panel approve attendance at Part II of the meeting, Panel are requested to agree attendance will be permitted at all Part II meetings of Panel.

**Table 1: Insert title**

<b>Option</b>	<b>Comments</b>
<b>Agree that the Chair of the Pension Board may attend all Part II meetings of the Pension Fund Panel</b>	<b>Recommended</b>
Insist that approval is sought on a meeting by meeting basis	Not Recommended
Do not allow the Pension Board Chair to attend Part II meetings of the Panel	Not Recommended; denying attendance will hinder relations between the Panel and the Pension Board.

**3. KEY IMPLICATIONS**

- 3.1 The Chair of the Pensions Board may attend Panel meetings on an ad-hoc basis.

**4. FINANCIAL DETAILS / VALUE FOR MONEY**

- 4.1 Travel expenses may be payable to the Pension Board Chair. These are borne by the Pension Fund

**5. LEGAL IMPLICATIONS**

- 5.1 The Panel may choose to allow non-Panel members to attend Part II meetings at their discretion.

**6. RISK MANAGEMENT**

- 6.1 N/A

**7. POTENTIAL IMPACTS**

- 7.1 None

**8. CONSULTATION**

8.1 Chair of the Berkshire Pension Fund and Pension Fund Advisory Panels

**9. TIMETABLE FOR IMPLEMENTATION**

9.1 Immediate

**10. APPENDICES**

10.1 None

**11. BACKGROUND DOCUMENTS**

11.1 None

This page is intentionally left blank



Title: Advisory Panel Applications
Contains Confidential or Exempt Information?: <i>Report NO - Part I / Appendix 1 – Part II</i>
Member reporting: Councillor Lenton, Chairman Berkshire Pension Fund and Pension Fund Advisory Panels
Meeting and Date: Berkshire Pension Fund and Pension Fund Advisory Panels - 16 January 2017
Responsible Officer(s): Nick Greenwood, Pension Fund Manager, Kevin Taylor, Deputy Pension Fund Manager
Wards affected: None

## REPORT SUMMARY

1. This report provides for Members' two applications made by Scheme members for membership of the Pension Fund Advisory Panel.
2. The individual applications can be found at Annex 1.

## 1. DETAILS OF RECOMMENDATION(S)

### RECOMMENDATION That Panel:

- i. **notes the applications**
- ii. **appoints either, both or neither of the candidates with immediate effect to the Pension Fund Advisory Panel.**

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

A review of the composition of the Berkshire Pension Fund Advisory Panel took place at a meeting of the Berkshire Pension Fund Panel and Berkshire Pension Fund Advisory Panel on 6 June 2016.

Following the transfer out of the Thames Valley Probation Trust to the Greater Manchester Pension Fund it was agreed that the composition of the Advisory Panel should be amended so that three non-unitary authority employer representatives could sit on the Advisory Panel.

It was decided that as the number of scheme members employed by the Fund's Academies now represented the same proportion of the Fund as a small unitary authority, it would be appropriate to invite a scheme member from the overall academy membership to sit on the Advisory Panel.

Following extensive efforts to advertise the newly created position, one application was received (John Ralfs – Langley Academy Trust) – see Annex 1.

In addition, two further positions on the Advisory Panel are available, one from the active scheme membership and one from the pensioner/deferred membership. Requests for applications were made as part of the autumn editions of The Scribe and The Quill and one application has been received within the required deadline (Mark Butcher - deferred member) – see Annex 1.

### **3. KEY IMPLICATIONS**

Membership of the Berkshire Pension Fund Panel and Pension Fund Advisory Panel is set out in the Council Constitution. As the Administering Authority, the Royal Borough of Windsor & Maidenhead is required to maintain the Pension Fund in accordance with that Constitution, the Scheme Regulations and Codes of Practice issued by The Pensions Regulator. Failure to do so could damage the reputation of the Royal Borough as the Administering Authority to the Berkshire Pension Fund.

### **4. FINANCIAL DETAILS / VALUE FOR MONEY**

None

### **5. LEGAL IMPLICATIONS**

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**

**Table 1: Risk Analysis**

<b>Risks</b>	<b>Uncontrolled Risk</b>	<b>Controls</b>	<b>Controlled Risk</b>
Pension Scheme not governed in line with legislation	Medium	Internal and External Audits	Low

### **7. POTENTIAL IMPACTS**

N/A

### **8. CONSULTATION**

Not applicable

**9. TIMETABLE FOR IMPLEMENTATION**

Immediate

**10. APPENDICES**

Annex 1 – Individual applications. (Part II)

**11. BACKGROUND DOCUMENTS**

None

**12. CONSULTATION (MANDATORY)**

Berkshire Pension Fund and Pension Fund Advisory Panels

This page is intentionally left blank

Title: Internal Audit Report – Governance and Administration of Berkshire Pension Scheme (TPR Code of Practice 14)
Contains Confidential or Exempt Information?: <i>NO - Part I'</i>
Member reporting: Councillor Lenton, Chairman Berkshire Pension Fund and Pension Fund Advisory Panels
Meeting and Date: Berkshire Pension Fund and Pension Fund Advisory Panels - 16 January 2017
Responsible Officer(s): Nick Greenwood, Pension Fund Manager, Kevin Taylor, Deputy Pension Fund Manager
Wards affected: None

## REPORT SUMMARY

1. This report provided for Members' information details of an Internal Audit Report commissioned to determine whether RBWM as the Administering Authority of the Berkshire Pension Fund is compliant with The Pension Regulator's Code of Practice No.14 concerning Governance and Administration of Public Service Pension Schemes.
2. Many of the issues identified have been dealt with although a few remain outstanding. Please see Appendix 1.
3. A verbal update will be provided at the meeting.

## 1. DETAILS OF RECOMMENDATION(S)

### RECOMMENDATION That Panel:

**notes the Internal Audit Report on compliance with the Pensions Regulator Code of Practice 14.**

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

The Pension Panel acts as the Scheme Manager for the Berkshire Pension Fund and needs to consider and keep under review its governance and administration practices and standards to ensure that it is compliant with Scheme Regulations and the requirements of The Pensions Regulator.

Code of Practice 14 was issued in April 2015 with the comment from the Pensions Regulator that:

“The Public Service Pensions Act 2013 (the 2013 Act) introduces the framework for the governance and administration of public service pension schemes and provides an extended regulatory oversight by the regulator.

The regulator is required to issue one or more codes of practice covering specific matters relating to public service pension schemes. This code of practice sets out the legal requirements for public service pension schemes in respect of those specific matters. It contains practical guidance and sets out standards of conduct and practice expected of those who exercise functions in relation to those legal requirements.

The practical guidance sections in this code are not intended to prescribe the process for every scenario. They do, however, provide principles, examples and benchmarks against which scheme managers and members of pension boards can consider whether or not they have understood their duties and obligations and are reasonably complying with them.”

Internal Audit were requested to review the Fund’s compliance with this Code of Practice and their summary report is attached at Annex 1.

**3. KEY IMPLICATIONS**

3.1 The Administering Authority is required to maintain the Pension Fund in accordance with Scheme Regulations and Codes of Practice issued by The Pensions Regulator. Failure to do so could damage the reputation of the Royal Borough as the Administering Authority to the Berkshire Pension Fund.

**4. FINANCIAL DETAILS / VALUE FOR MONEY**

None

**5. LEGAL IMPLICATIONS**

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**

**Table 1: Risk Analysis**

<b>Risks</b>	<b>Uncontrolled Risk</b>	<b>Controls</b>	<b>Controlled Risk</b>
Pension Scheme not governed in lien with legislation	Medium	Internal and External Audits	Low

**7. POTENTIAL IMPACTS**

Failure to comply with Pension legislation could result in Scheme members being paid the wrong benefits and the Administering Authority being reported to the Pensions Regulator where failure is deemed to be of a material significance.

**8. CONSULTATION**

Not applicable

**9. TIMETABLE FOR IMPLEMENTATION**

Immediate

**10. APPENDICES**

Annex 1 - Internal Audit Report

**11. BACKGROUND DOCUMENTS**

None

**12. CONSULTATION (MANDATORY)**

Berkshire Pension Fund and Pension Fund Advisory Panels

This page is intentionally left blank





THE ROYAL BOROUGH OF  
WINDSOR AND  
MAIDENHEAD



**WOKINGHAM**  
BOROUGH COUNCIL

SHARED AUDIT AND INVESTIGATION SERVICE

---

**INTERNAL AUDIT REPORT (9161)**

**Governance and Administration of  
Berkshire Pension Scheme (Code of  
Practice 14)**

**2016/17**

***RBWM – Corporate and Community  
Services Directorate***

**Draft Report Distribution**

<b>Name</b>	<b>Title</b>
Nick Greenwood	Pension Fund Manager
Kevin Taylor	Deputy Pension Fund Manager
Philip Boyton	Pensions Administration Manager

**Additional Circulation of final report**

<b>Name</b>	<b>Title</b>
William Webster	Chairman of the Pension Board
Russell O'Keefe	Strategic Director of Corporate and Community Services
Rob Stubbs	Head of Finance
Richard Bunn	Chief Accountant
Steve Mappley	Insurance & Risk Manager
KPMG	External Audit

**Auditor**

Madeline White – Senior Auditor

**Report Approved by**

Catherine Hickman, Service Manager – Shared Audit & Investigation Service

## 1. INTRODUCTION

1.1 This audit has been undertaken as part of the approved Annual Internal Audit Plan 2016/17, in accordance with the:

- Audit Charter
- Audit Protocol
- Agreed Terms of Reference previously issued

1.2 The format of this report is based on the Lean Systems Thinking Methodology. Management is therefore requested to specify and explain the countermeasure to the concerns raised, as detailed in the Management Action Plan.

## 2. EXECUTIVE SUMMARY & CONCLUSIONS

2.1 The principal objective of this Audit is to determine whether RBWM as the Administering Authority to the Berkshire Pension Fund is complying with the Governance and administration of public service pension scheme Code of Practice 14

### AUDIT OPINION

Based upon our review of the controls in place within Governance and Administration of public service pension scheme (Code of Practice no14) 2016/17, we have concluded that controls are:

#### **Substantially Complete and Generally Effective (2nd highest out of 4 Audit Opinions)**

- Most key Treatment Measures are in place and these operate effectively.
- The majority of residual risks have been reduced to an acceptable level.
- There are some unacceptable financial implications.
- The majority of concerns are of a predominately moderate impact/likelihood.

(Risk management processes are good and controls are adequate although only Partially effective).

2.2 This review has highlighted that the Deputy Pension Fund Manager has considered and developed practical guidance to suit the characteristics within the Berkshire Pension Fund. In particular the Members' Handbook which incorporates links to relevant governance documentation is an invaluable tool to assist Members in becoming conversant with legislative requirements.

2.3 There are 20 concerns identified in this Audit Report which have been classified as moderate. A further 10 minor concerns have been reported to the Berkshire Pension Fund management at the exit meeting which will also require addressing.

## Management Action Plan

Please complete both the Management Action Plan

For any one concern, you may decide upon one or more countermeasures

PLEASE CUT AND PASTE THE TICK SHOWN INTO THE APPROPRIATE COUNTERMEASURE(S) CELL(S)

Audit Title: Governance and Administration of public service pension scheme (Code of Practice no14) -2016/17

Report No: 9161

REF	CONCERN	RISK	FINDING	Counter Measure				COUNTER MEASURE EXPLANATION	RESPONSIBLE OFFICER	TARGET DATE	DATE: TRANSFER OR TERMINATE
				Treat	Tolerate	Transfer	Terminate				
1	Members/Pensioners will be referring to out of date information.	Moderate	The Terms of Reference for the Pension Board does not:- a)reflect the current structure b)incorporate the date of approval.	√				Discussed at Board meeting of 28 July 2016. Updated and agreed version to follow.	Kevin Taylor Deputy Pension Fund Manager (with assistance from Board Chairman)	30/09/2016	Terms of Reference have been revised and updated. <b>Completed</b>
2	The interests of the non Unitary admitted bodies may not be appropriately represented.	Moderate	There is only 1 scheme member representative outside of the six Unitaries on the Board and no substitutes.	√				Discussed at Board meeting of 28 July 2016 and 24 November 2016. Updated and agreed version to follow. Actions to be considered as to how best the Board ensures that scheme employers are fully represented.	Kevin Taylor Deputy Pension Fund Manager (with assistance from Board Chairman)	28/02/2017	<b>Ongoing</b>
3	Members/Pensioners are not being kept up to date with information and decisions being taken, by the Pension Board members	Moderate	Pension Board minutes are not always available on the Berkshire Pension Board and RBWM website. As at 20th June 2016, February 2016 minutes were not available and November 2015 minutes were marked draft.  In addition, Pension Board Papers relating to 28th April 2016 meeting was not available on the Berkshire Pension Fund website as at 20/6/16.	√				Minutes have now been updated and are available for viewing.	Kevin Taylor Deputy Pension Fund Manager	31/07/2016	<b>Completed</b>
4	Non adherence to Pension Board members handbook	Moderate	Dedicated web page link for scheme members to raise discussion items for the Pension Board has not been seen.	√				Currently under review.	Kevin Taylor Deputy Pension Fund Manager	31/12/2016	Dedicated email created and published on website. <b>Completed</b>

If Countermeasure is "Treat" then complete these columns

Complete where applicable

REF	CONCERN	RISK	FINDING	Treat	Tolerate	Transfer	Terminate	COUNTER MEASURE EXPLANATION	RESPONSIBLE OFFICER	TARGET DATE	DATE: TRANSFER OR TERMINATE
5	Difficulties could arise if Governance documentation is not regularly reviewed and updated	Moderate	Documentation relating to the appointment of Pension Board members is not up to date.	√				Discussed at Board meeting of 28 July 2016. Updated and agreed version to follow.	Kevin Taylor Deputy Pension Fund Manager (with assistance from Board Chairman)	30/09/2016	Agreed as part of Terms of Reference. <b>Completed</b>
6	The Pension Board members may not be able to fulfil all areas of their responsibilities.	Moderate	E-Learning toolkit not completed by the following: a) Alan Cross b) Alan Nash c) Andy Walker d) Surjit Najr e) Terry Baldwin	√				As at 01/08/16 toolkit has been completed by all Board members with the exception of Alan Cross, Alan Nash and Andy Walker.	Kevin Taylor Deputy Pension Fund Manager (with assistance from Board Chairman)	28/02/2017	Only Andy Walker remains outstanding subject to revision of Board membership. <b>Ongoing</b>
7	Without a review of specific competencies and the technical skills required, the Pension Fund Panel and Advisory Panel may be unable to: a) fulfil all areas identified in their Terms of Reference. b) demonstrate that Members can fulfil their responsibilities.	Moderate	Training records including personal training needs analysis have not been seen for the Pension Panel and Advisory Panel	√				Currently under review.	Nick Greenwood Pension Fund Manager  Kevin Taylor Deputy Pension Fund Manager	31/01/2017	<b>Ongoing</b>
8	Pension Board Members may not be able to fulfil all areas of their responsibilities relating to the Terms of Reference.	Moderate	Training analysis not been seen for:- a) Alan Cross b) Alan Nash c) Terry Baldwin d) Andy Walker  Where Training needs analysis have been completed areas have been highlighted where members are not fully conversant with policies and procedures	√				As at 01/08/16 Training analysis has been completed by all Board members with the exception of Alan Nash and Andy Walker.	Kevin Taylor Deputy Pension Fund Manager	28/02/2017	Only Andy Walker remains outstanding subject to revision of Board membership. <b>Ongoing</b>

REF	CONCERN	RISK	FINDING	Treat	Tolerate	Transfer	Terminate	COUNTER MEASURE EXPLANATION	RESPONSIBLE OFFICER	TARGET DATE	DATE: TRANSFER OR TERMINATE
9	Members may be referring to out of date documentation	Moderate	The Code of Conduct relating to Board and Panels have not been dated evidencing :- a) date compiled b) date approved c) date of next review	√				Currently under review.	Kevin Taylor Deputy Pension Fund Manager (with assistance from Board Chairman)	30/11/2016	Completed
10	Conflict of interest may arise which results in the judgement of other members present being influenced.	Moderate	Declaration of Interest forms have not been completed by:- a) Terry Baldwin b) Andy Walker	√				Still outstanding	Kevin Taylor Deputy Pension Fund Manager (with assistance from Board Chairman)	28/02/2017	Ongoing
11	Not all users may have equal access to information and functionality	Moderate	Evidence has not been seen that disabled people's requirements are met in respect of information provided electronically.	√				The administration team have been in touch with Corporate Communications. The Borough works with RNIB who provide recorded CDs of guides and publications. All pension guides and publications will carry a note that we can provide audio or large print copies upon request. A note has also been added to email signatures which provide recipients with details of how to receive emails in large print.	Philip Boyton Pensions Administration Manager	31/07/2016	Completed
12	The Risk Register may not reflect the current position if regular reviews are not undertaken	Moderate	Risk Register review is overdue	√				Currently under review.	Kevin Taylor Deputy Pension Fund Manager	30/09/2016	Completed
13	An administrative breach may occur if sensitive data is inadvertently divulged to a third party.	Moderate	There is not of record held by HR of the following officers undertaking the Information Security and Data Protection training:- A)E-Learning i) Annette Keating (now completed) ii) John Wylie	√				JW requested to complete by 31 August 2016.	Nick Greenwood Pension Fund Manager	31/08/2016	Completed
14	Inconsistent or inappropriate practices may develop in the absence of a retention policy/procedure	Moderate	A retention of records policy does not exist	√				A policy has now been created and adopted.	Philip Boyton Pensions Administration Manager	31/07/2016	Completed

REF	CONCERN	RISK	FINDING	Treat	Tolerate	Transfer	Terminate	COUNTER MEASURE EXPLANATION	RESPONSIBLE OFFICER	TARGET DATE	DATE: TRANSFER OR TERMINATE
15	Non adherence to Pension Administration Strategy	Moderate	The target for issuing the annual benefit statement was not met in 2015.	√				Some annual benefit statements were not issued on time as a result of certain Scheme employers being unable to submit data to the Pension Fund in a timely manner. It was decided not to take any action on this occasion due to the additional pressures imposed by the new CARE scheme but a plan has been put in place to ensure this situation does not arise again.	Kevin Taylor Deputy Pension Fund Manager  Philip Boyton Pensions Administration Manager	31/07/2016	Completed
16	Officers may be referring to out of date policy	Moderate	No evidence seen that the Internal Dispute policy has been reviewed. In addition, the forms within the documents are either not dated or have differing dates.	√				The 'complainis' policy and documents have been updated.	Kevin Taylor Deputy Pension Fund Manager	31/07/2016	Completed
17	Delays may be experienced and timescales not met, if procedures are not clearly documented	Moderate	The Reporting of Breaches procedure does not include a clear process in respect of:- a) obtaining clarification of the law around the suspected breach b) clarifying the facts around the suspected breach where they are not known.	√				The Reporting Breaches guidance has been updated to reflect these findings.	Kevin Taylor Deputy Pension Fund Manager	31/07/2016	Completed
18	Failure to report breaches of law to the Pension Regulator is a "civil offence", i.e non compliance Public Service Pension Act 2013 and Local Pension Scheme Regulations.	Moderate	The Interim Head of Finance and Monitoring Officer was not aware of the guidance and legal requirement, in respect of Reporting Breaches. No training has been given.	√				Action will be taken to provide the necessary training.	Kevin Taylor Deputy Pension Fund Manager	28/02/2017	Ongoing
19	Legal and financial implications could be incurred by the Pension Fund	Moderate	Evidence has not been seen that internal controls within all the services provided by outside providers are adequate and effective.	√				Currently under review.	Nick Greenwood Pension Fund Manager	31/12/2016	Ongoing
20	Legal and financial implications could be incurred by the Pension Fund	Moderate	Evidence has not been seen that the Pension Team hold signed Service Level Agreements from all the Admitted Bodies.	√				Currently under review with consideration being given to the possible merger with LPP.	Kevin Taylor Deputy Pension Fund Manager	31/03/2017	Ongoing

**Governance and Administration of Berkshire Pension Scheme (Code of Practice 14)**

**2016/17**

**Minor Concerns**

<b>Ref</b>	<b>Concern</b>	<b>Cause</b>	<b>DATE MANAGEMENT INFORMED</b>
a	Members/Pensioners will be referring to incomplete and out of date information.	Governance structure does not reflect current position (no independent Chair Document does not quote which admitted Body the Pension Board members are representatives.	27/6/16
b	Code not complied with	Minutes do not detail place of meeting . Venue only detailed on RBWM website.	27/6/16
c	Minutes are not always an accurate record.	Details of all officers attending meetings are not always included in the minutes	27/6/16
d	Members/Pensioners/ Employers may be referring to out of date information.	The following policies do not appear to have been reviewed regularly:- a)Statement of Policy concerning communications (dated 4/14) b)admission body policy (dated 11/14)	27/6/16
e	Pension Board members will be unaware of the correct procedure to follow.	There is not a link in the handbook to the Internal Disputes procedure.	27/6/16
f	Information may not be promptly located by members/pensioners	The website link to the Internal Dispute procedure is on the complaints page and download is entitled complaint and not Internal Dispute procedure.	27/6/16
g	Policy does not correspond with the Code of Practice	In respect of Internal Disputes, the TCR details 6 months as a reasonable time within which applications from persons detailed under pt 226 must be made whereas the policy indicates 4 months.	27/6/16

h	Policy does not correspond with the Code of Practice	The Job Title of the person to complain to is not quoted on the website or within the Internal Dispute policy.	27/6/16
i	Non adherence to procedure	In respect of Reporting Breaches policy:- a)A register relating to the breaches of Law has not been devised. b)Register of Breaches of Law have not been included in the Pension Board Agenda ( pg 8 of the procedure).	27/6/16
j	Pension Board Members will not be able to refer to relevant information promptly.	A review of the members handbook revealed the following:  Pg 31 is there a need to link a copy of the Stewardship report to manual?  Pg 35 s105 – risk assessment and risk evaluation document needs to be attached?  Pg34 – states Who each Pension Board member represents (4.4) – can't see this in 4.4?  g38 – failure to meet requirement re 31 <sup>st</sup> August issue of benefit statement to be reported to Pension Regulator. This happened last year – but no record in the Breaches register?.  Pg 39 – s191 – 193 – re Annual Benefit – can't see 31 <sup>st</sup> August in policy?  Pg44 – no link to an Internal Disputes register?	27/6/16



# Agenda Item 7

Title: Investment Governance
Contains Confidential or Exempt Information?: <i>NO - Part</i>
Member reporting: Councillor Lenton, Chairman Berkshire Pension Fund and Pension Fund Advisory Panels
Meeting and Date: Berkshire Pension Fund and Pension Fund Advisory Panels - 16 January 2017
Responsible Officer(s): Nick Greenwood, Pension Fund Manager
Wards affected: None

www.rbwm.gov.uk



Royal Borough  
of Windsor &  
Maidenhead

## REPORT SUMMARY

1. This paper requests Panel to reaffirm the scheme of delegation approved on 11 April 2016.

## 1. DETAILS OF RECOMMENDATION(S)

**RECOMMENDATION:** That Panel notes the report and:

- i. confirms the scheme of delegation set out in Annex 1

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

2.1 At its meeting on 11 April 2016 Panel approved the scheme of delegation as set out in Annex 1. The Borough's Constitution sub-committee has requested Panel to confirm the scheme due to a formatting error which created uncertainty as to whom some specific powers had been delegated.

**Table 1: Option Analysis**

Option	Comments
Approve Delegated Powers as per Annex 1	Recommended
Do not approve delegated powers	Not recommended

## 3. KEY IMPLICATIONS

3.1 This scheme of delegation codifies how investment decisions are made and enables a clear audit trail to be established.

## 4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 None

## 5. LEGAL IMPLICATIONS

5.1 None

## 6. RISK MANAGEMENT

6.1

**Table 2: Risk Analysis**

Risks	Uncontrolled Risk	Controls	Controlled Risk
No delegated authorities	Medium	Confirm delegated authorities	Low

## 7. POTENTIAL IMPACTS

7.1 None

## 8. CONSULTATION

8.1 Berkshire Pension Fund and Pension Fund Advisory Panels 11 April 2016

## 9. TIMETABLE FOR IMPLEMENTATION

9.1 Immediate

## **10. APPENDICES**

10.1 Annex 1 – Delegated Powers

## **11. BACKGROUND DOCUMENTS**

11.1 Berkshire Pension Fund and Pension Fund Advisory Panel, Investment Governance, 11 April 2016

## **12. CONSULTATION (MANDATORY)**

Berkshire Pension Fund and Pension Fund Advisory Panels

## Annex 1 – Delegated Powers

<b>Delegator</b>	<b>Delegated Authority</b>	<b>Delegatee</b>	<b>Rationale</b>
RBWM	Set Investment Strategy including asset classes and upper limits for investment in those asset classes (required from 1 April 2017 via the Investment Strategy Statement).	Pension Fund Panel	Prerogative of the administering authority which has delegated this to the Pension Fund Panel
RBWM	Award contracts with a value exceeding £50,000 including investment management agreements*		Prerogative of the administering authority which has delegated this to the Pension Fund Panel
Pension Fund Panel	Recommend changes to the Investment Strategy	Investment Working Group	A natural function of the IWG; approval of changes will still require Panel approval.
Pension Fund Panel	Set and change asset allocation		Asset allocation is a “by-product” of investment strategy and should be reviewed regularly. IWG was created to periodically review asset allocation and to review investments
Pension Fund Panel	Review investment opportunities/new managers and authorise Officers to make such investments if they comply with the agreed Investment Strategy and do not involve the award of an investment management agreement. There will be a limit of the higher of £50 million or 3% of the net asset value of the Fund as published in the Fund’s latest Financial Statements for any single or series of investments in any one asset class with any single manager.		IWG was created to review investments including new investments. Delegating this function to IWG will allow Panel to focus on the overall stewardship of the Fund.
Pension Fund Panel	Terminate mandates/ redeem holdings in pooled funds and Limited Partnerships		Delegating this function to IWG will allow Panel to focus on the overall stewardship of the Fund.

Pension Fund Panel	Undertake due diligence on new investments/managers including utilising external resources (e.g. legal assistance) as necessary	Officers	Day to day management of the Fund.
Pension Fund Panel	Complete documentation for making investments		
Pension Fund Panel	Make “capital actions**” decisions where the Capital value of such a decision does not exceed 0.5% (£8.5 million) of the Fund’s assets. Such decisions to include changes to the Absolute Return Portfolio, capital actions for listed equities, co-investment opportunities in private equity, reinvestment of income and capital proceeds from existing investments.		
Pension Fund Panel	Any additional actions that may be required to ensure efficient implementation of the investment strategy or for the efficient management of the Fund. Approval for such actions to be sought from the Chairman or Vice Chairman of the Pension Fund Panel prior to execution.		
Pension Fund Panel	Emergency action to terminate a mandate, redeem a pooled holding or reduce exposure to one or more asset classes and to take any other action necessary to secure/recover Pension Fund Assets	Chairman and Vice Chairman of the Pension Fund Panel or Leader and Lead member of Finance or two strategic directors of RBWM	Constitutional power to protect the fund in times of financial stress.

\* An Investment Management Agreement is a contract between a fund manager and the administering authority to manage a pool of assets for the pension fund.

\*\* For the avoidance of doubt “Capital Actions” refers to actions required to ensure the efficient management of the Fund’s assets and does not enable Officers to make investments not previously approved by IWG or Panel

This page is intentionally left blank

Title: Stewardship Report
Contains Confidential or Exempt Information?: NO - Part I
Member reporting: Councillor Lenton, Chairman Berkshire Pension Fund and Pension Fund Advisory Panels
Meeting and Date: Berkshire Pension Fund and Pension Fund Advisory Panels - 16 January 2017
Responsible Officer(s): Nick Greenwood, Pension Fund Manager
Wards affected: None



## REPORT SUMMARY

1. This report deals with the stewardship of the Pension Fund for the period 1 July 2016 to 30 September 2016 (pages 7 to 9 updated to 31 October 2016)
2. It recommends that Members (and Pension Board representatives) note the Key Financial and Administrative Indicators throughout the attached report.
3. Good governance requires all aspects of the pension fund to be reviewed by the Administering Authority on a regular basis
4. There are no financial implications for RBWM in this report

## 1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Panel notes the report and:

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

Please note that Stewardship Reports are provided to each quarter end date (30 June, 30 September, 31 December and 31 March) and presented at each Panel meeting subsequent to those dates.

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

The Pension Panels have a duty in securing compliance with all governance and administration issues.

## **3. KEY IMPLICATIONS**

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**

Not applicable.

## **5. LEGAL IMPLICATIONS**

None.

## **6. RISK MANAGEMENT**

None.

## **7. POTENTIAL IMPACTS**

None.

## **8. CONSULTATION**

Not applicable.

## **9. TIMETABLE FOR IMPLEMENTATION**

Not applicable.

## **10. APPENDICES**

None.

## **11. BACKGROUND DOCUMENTS**

None.







THE ROYAL COUNTY OF  
**BERKSHIRE**  
PENSION FUND

**STEWARDSHIP REPORT**

**QUARTER 2 – 2016/17**

**1 JULY 2016 TO 30 SEPTEMBER 2016  
(Note: Investments to 31 October 2016)**

## TABLE OF CONTENTS

<a href="#">1. INVESTMENT PERFORMANCE AND ASSET ALLOCATION</a>	7
<a href="#">1.1 Pension Fund key financial indicators</a>	7
<a href="#">1.2 Change in the smoothed liabilities</a>	7
<a href="#">1.3 Market returns</a>	8
<a href="#">1.4 Fund performance</a>	9
<a href="#">1.5 Exception Traffic Lights</a>	9
<a href="#">1.6 Asset allocation update</a>	10
<a href="#">1.7 Solvency</a>	10
<a href="#">2 GOVERNANCE AND ADMINISTRATION</a>	11
<a href="#">2.1 Scheme membership</a>	11
<a href="#">2.2 Scheme Employers</a>	12
<a href="#">2.3 Notices of unsatisfactory performance</a>	13
<a href="#">2.4 Scheme Employer Key Performance Indicators</a>	13
<a href="#">2.5 Administration – Key Performance Indicators</a>	14
<a href="#">2.6 Administration - Communications</a>	16
<a href="#">2.7 Website hits</a>	16
<a href="#">2.8 Special projects</a>	16
<a href="#">2.9 Comments, compliments and complaints</a>	17
<a href="#">Annex 1 – Notices of unsatisfactory performance where materially significant</a>	18
<a href="#">Annex 2 - Summary of employer KPIs</a>	19

## **1. INVESTMENT PERFORMANCE AND ASSET ALLOCATION**

### *1.1 Pension Fund key financial indicators*

The Fund Actuary (Barnett Waddingham) are finalising the 2016 triennial actuarial valuation and will report the results to Panel on 13<sup>th</sup> February 2017. Pending the results the regular Tables 1 and 2 updating the actuarial position have been suspended as the assumptions used have materially changed since the 2013 valuation. Both tables will be updated for the March 2017 Stewardship Report.

### *1.2 Change in the smoothed liabilities*

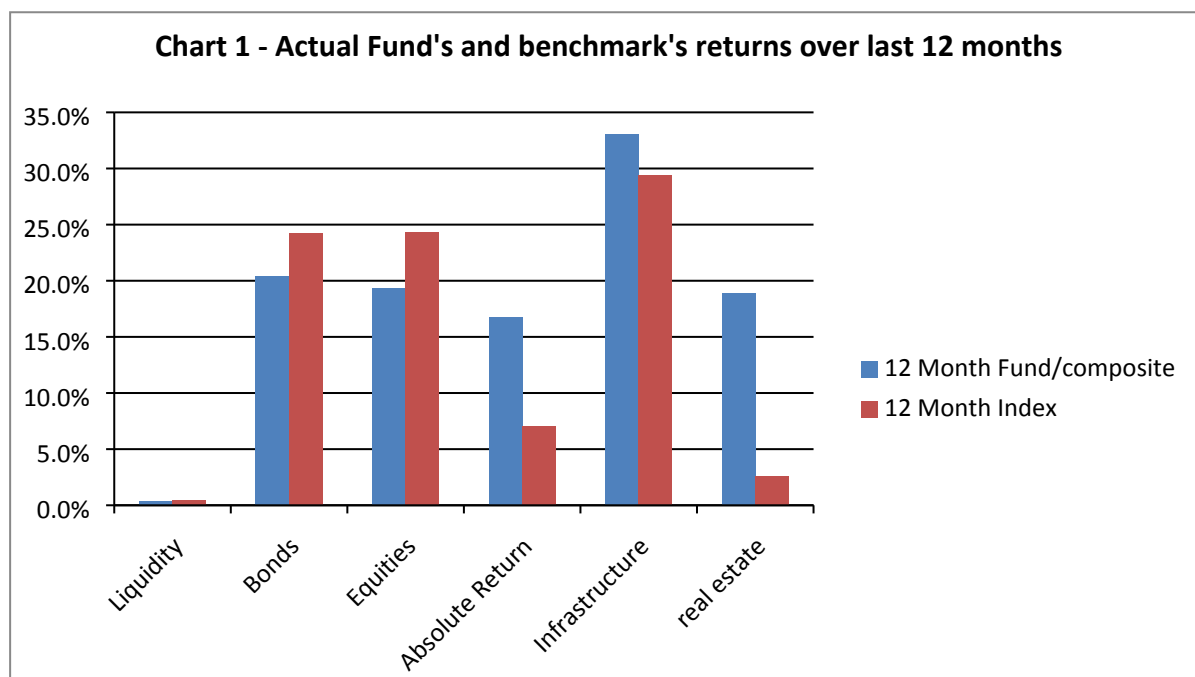
This will be updated once the results of the 2016 actuarial valuation have been published.

### 1.3 Market returns in GBP

All Fund and Index returns in the first three columns of the table below are denominated in GBP. Following the recent strong depreciation of GBP post Brexit returns of non-Sterling assets are significantly higher in sterling terms than in their local currencies. The right most column show 12-month returns in US Dollars as a proxy for the 12-month local currency returns, except for the Absolute Return portfolio as calculated by Grosvenor Capital and Global Property ex-UK as calculated by Aviva (valued quarterly in arrears).

Table 3		3 month in GBP	12 month in GBP	36 month in GBP	12 month in USD
<b>Liquidity</b>	<b>Fund</b>	0.05%	0.35%	0.36%	
1 Week GBP Libor	<b>Index</b>	0.06%	0.41%	0.46%	
	<b>Relative</b>	-0.01%	-0.06%	-0.10%	
<b>Bonds</b>	<b>Fund</b>	4.86%	20.38%	13.28%	-0.09%
Barclays Global Aggregate	<b>Index</b>	-1.59%	24.22%	9.20%	3.10%
	<b>Relative</b>	6.45%	-3.84%	4.08%	-3.19%
<b>Developed Markets Equities</b>	<b>Fund</b>	1.65%	15.10%	n/a	-4.47%
Morgan Stanley Capital International (MSCI) World	<b>Index</b>	4.83%	24.28%	n/a	3.15%
	<b>Relative</b>	-3.18%	-9.18%	n/a	-7.62%
<b>Emerging Markets Equities</b>	<b>Fund</b>	-0.79%	21.90%	7.42%	1.18%
Morgan Stanley Capital International EM Equities	<b>Index</b>	1.53%	30.68%	6.06%	8.47%
	<b>Relative</b>	-2.32%	-8.78%	1.36%	-7.29%
<b>Private Equity</b>	<b>Fund</b>	6.56%	25.74%	n/a	4.36%
9% per annum	<b>Index</b>	2.19%	9.02%	n/a	9.02%
	<b>Relative</b>	4.37%	16.72%	n/a	-4.66%
<b>Total Equities</b>	<b>Fund</b>	2.11%	19.37%	10.73%	-0.93%
Morgan Stanley Capital International World	<b>Index</b>	4.83%	24.28%	13.50%	3.15%
	<b>Relative</b>	-2.72%	-4.91%	-2.77%	-4.08%
<b>Absolute Return</b>	<b>Fund</b>	4.95%	16.71%	9.43%	2.28%
7% per annum	<b>Index</b>	1.70%	7.02%	7.01%	7.02%
	<b>Relative</b>	3.25%	9.69%	2.42%	-4.74%
<b>Infra-structure</b>	<b>Fund</b>	3.29%	33.08%	12.02%	10.46%
FTSE Global Core 50/50	<b>Index</b>	0.07%	29.42%	15.58%	7.42%
	<b>Relative</b>	3.22%	3.66%	-3.56%	3.04%
<b>Real Estate</b>	<b>Fund</b>	4.61%	18.90%	11.17%	13.48%
UK Investment Property Databank	<b>Index</b>	1.60%	2.55%	12.00%	
	<b>Relative</b>	3.01%	16.35%	-0.83%	
<b>Total Fund Nominal</b>	<b>Fund</b>	1.53%	12.24%	7.54%	
UK CPI	<b>Index</b>	0.50%	1.25%	0.76%	
Total Fund Real	<b>Relative</b>	1.03%	10.85%	6.73%	
Total Fund Target UK CPI + 4%		1.48%	5.25%	4.76%	

## 1.4 Fund performance in GBP



## 1.5 Exception Traffic Lights

**Table 4**

<u>Traffic Lights November 2016</u>					
<u>Colour</u>		<u>£ m</u>	<u>Fund %</u>	<u>Comment</u>	<u>Date Traffic Light Changed</u>
	<b>BONDS</b>				
	<b>Convertible Bonds</b>				
Amber	Aviva	35.3	1.9%	Change in management team & weak performance	Jul-14
Amber	Blue Bay Global	26.3	1.4%	Currency volatility has resulted in disappointing GBP returns.	Jul-14
	<b>EQUITIES</b>				
	<b>Private Equity</b>				
Amber	South East Growth Fund	2.4	0.1%	Terms of additional extension to fund life agreed	Jul-13
Amber	Stafford Sustainable Fund	5.0	0.3%	Disappointing performance. Buyer not found	Jul-13
	<b>Absolute Return</b>				
Red	Grosvenor	231.9	12.3%	Disappointing performance in 2016	Oct-16
	<b>INFRASTRUCTURE</b>				
Amber	Macquarie SBI Infrastructure Ltd	4.1	0.2%	Performance adversely affected by delays in construction of key assets	Jul-13
	<b>Total Fund Valuation (excl prepaid contribs)</b>	<b>1,888.6</b>			

### Key

#### Colour Comment

**Red** Recommendation that action be taken: following a review by officers.

**Amber** Performance being reviewed by officers: the fund is not meeting its target return over the medium term (ie over a 1 to 2 year rolling period) or there are adverse material changes to processes/people/the firm.

**Green** Satisfactory performance: performance at least in line with target return or expectations.

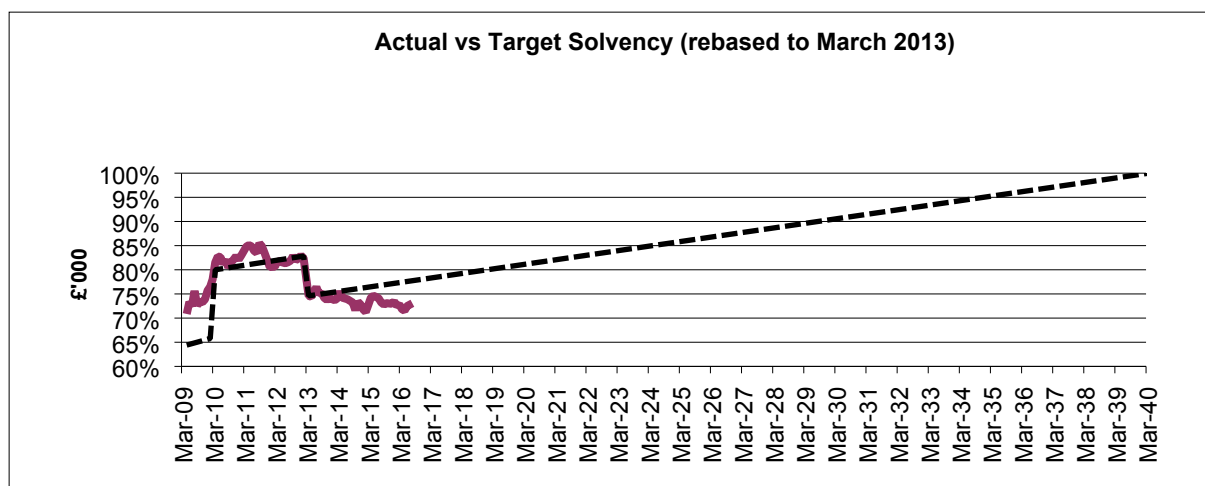
**Blank** Too early in the life of a fund to comment on performance.

## 1.6 Asset allocation update

SSA Weights	Comparison of Strategic Asset Allocation "SSA" changes				
	31/03/2013	31/03/2016	30/11/2016	12m change	36m change
<b>Liquidity</b>	<b>1.1%</b>	<b>5.1%</b>	<b>11.6%</b>	<b>6.7%</b>	<b>9.0%</b>
<b>Investment Grade Debt</b>	7.9%	5.0%	3.2%	-1.8%	-4.9%
<b>Other Debt</b>	8.7%	9.4%	9.6%	1.0%	0.7%
<b>Total Debt</b>	<b>16.6%</b>	<b>14.3%</b>	<b>12.9%</b>	<b>-0.8%</b>	<b>-4.2%</b>
<b>Developed Market Equities</b>	17.2%	22.1%	22.7%	0.5%	5.2%
<b>Developing Market Equities</b>	14.7%	12.4%	11.7%	-0.2%	-2.3%
<b>Private Equity</b>	9.2%	10.1%	11.6%	2.0%	2.6%
<b>Total Equities</b>	<b>41.1%</b>	<b>44.6%</b>	<b>46.0%</b>	<b>2.3%</b>	<b>5.5%</b>
<b>Absolute Return</b>	<b>17.3%</b>	<b>17.4%</b>	<b>12.2%</b>	<b>-5.6%</b>	<b>-5.0%</b>
<b>Infrastructure</b>	4.7%	4.7%	4.8%	0.5%	0.8%
<b>Commodities</b>	9.8%	2.6%	2.2%	-1.0%	-6.1%
<b>Real Estate</b>	9.8%	11.1%	12.4%	-0.5%	2.0%
<b>Other</b>	-0.3%	0.2%	-1.9%	-1.7%	-2.2%
<b>Real Assets</b>	<b>23.9%</b>	<b>18.5%</b>	<b>17.4%</b>	<b>-2.6%</b>	<b>-5.4%</b>
<b>Fund Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		

## 1.7 Solvency

Chart 2



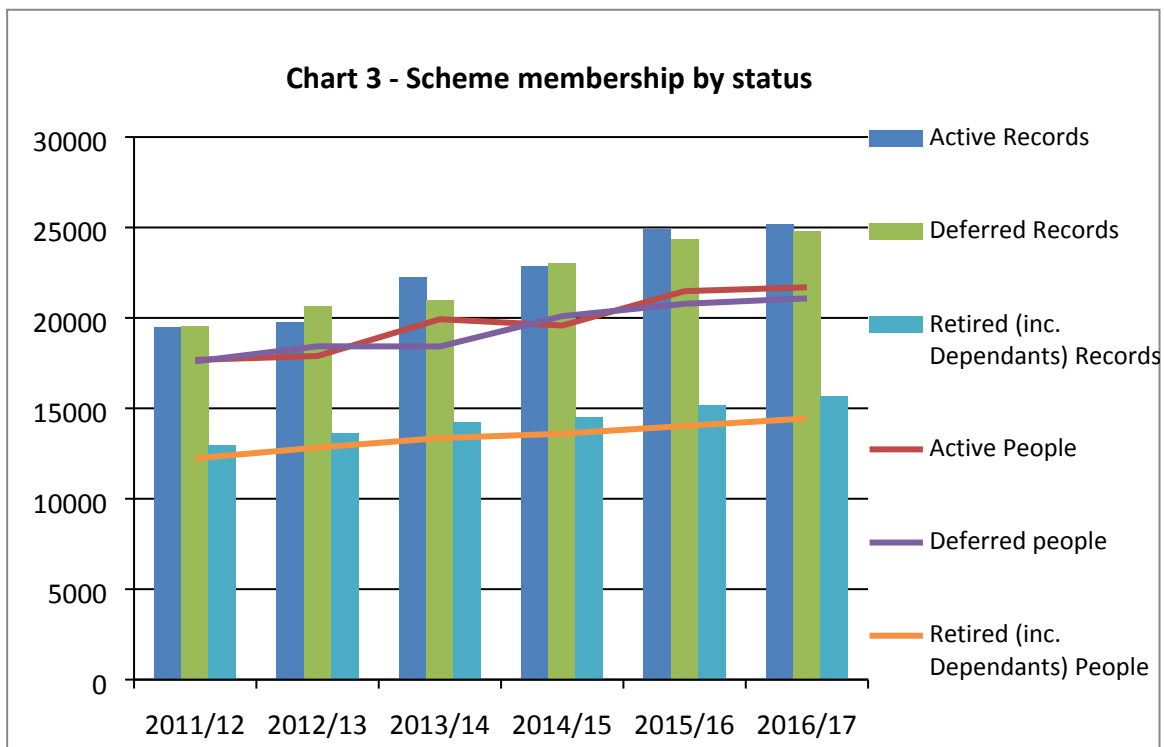
NOTE – to be revised once the valuation results for 2016 are available

Table 6 - Cashflow	Year to 31/03/15 (actual) £'000's	Year to 31/03/16 (actual) £'000's	Year to 31/03/17 (forecast) £'000's
Contributions	87,691	92,957	96,500
Transfers received	1,916	4,761	6,300
Employers' early retirement payments	1,400	1,058	1,300
Investment income via Custodian	23,762	25,868	25,600
Pension paid (gross)	-73,625	-77,854	-82,000
Retirement lump sums	-18,045	-17,213	-20,600
Transfers paid	-67,201	-7,831	-2,700
Investment management costs	-3,654	-5,783	-6,200
Employee & Other costs	-1,799	-1,212	-1,200
Net cash flow	<b>-49,555</b>	<b>14,751</b>	<b>17,000</b>

NOTE: Transfers paid during year to 31 March 2015 were inflated by the statutory transfer of Thames Valley Probation staff to the Greater Manchester Pension Fund.  
Why swing in Investment Income?

## 2 GOVERNANCE AND ADMINISTRATION

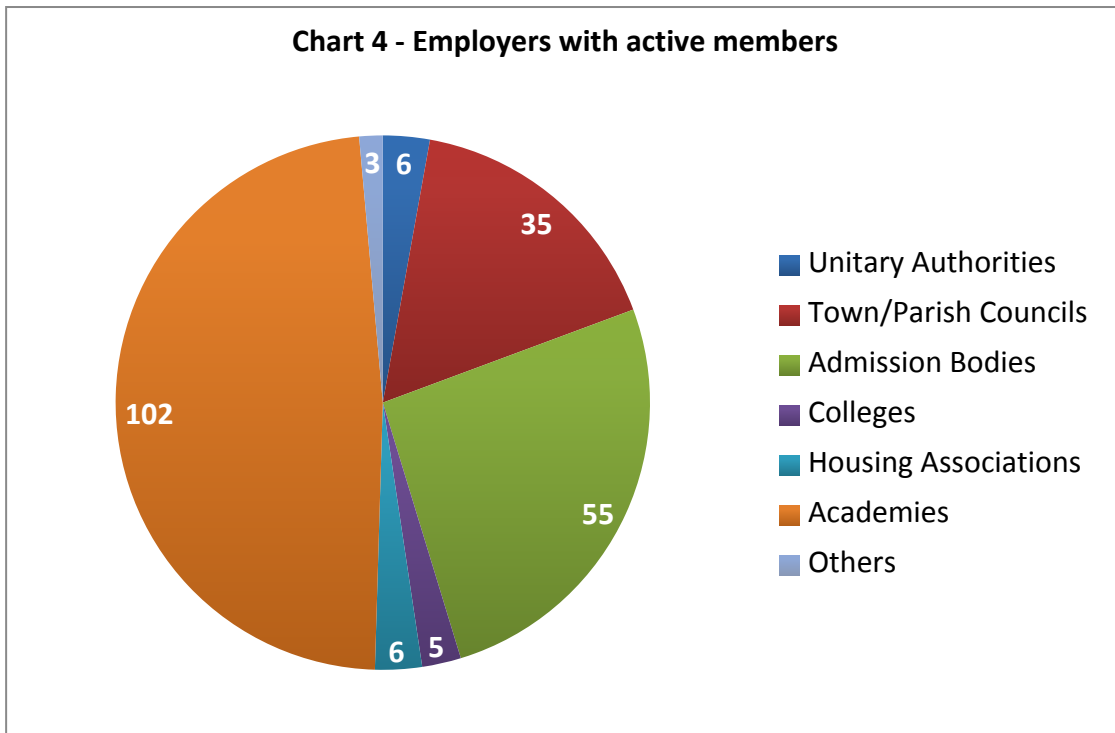
### 2.1 Scheme membership



TOTAL MEMBERSHIP			
Active Records	25162	Active People	21652
Deferred Records	24539	Deferred People	20909
Retired Records	15449	Retired People	14238
<b>TOTAL</b>	<b>65150</b>	<b>TOTAL</b>	<b>56799</b>



## 2.2 Scheme Employers

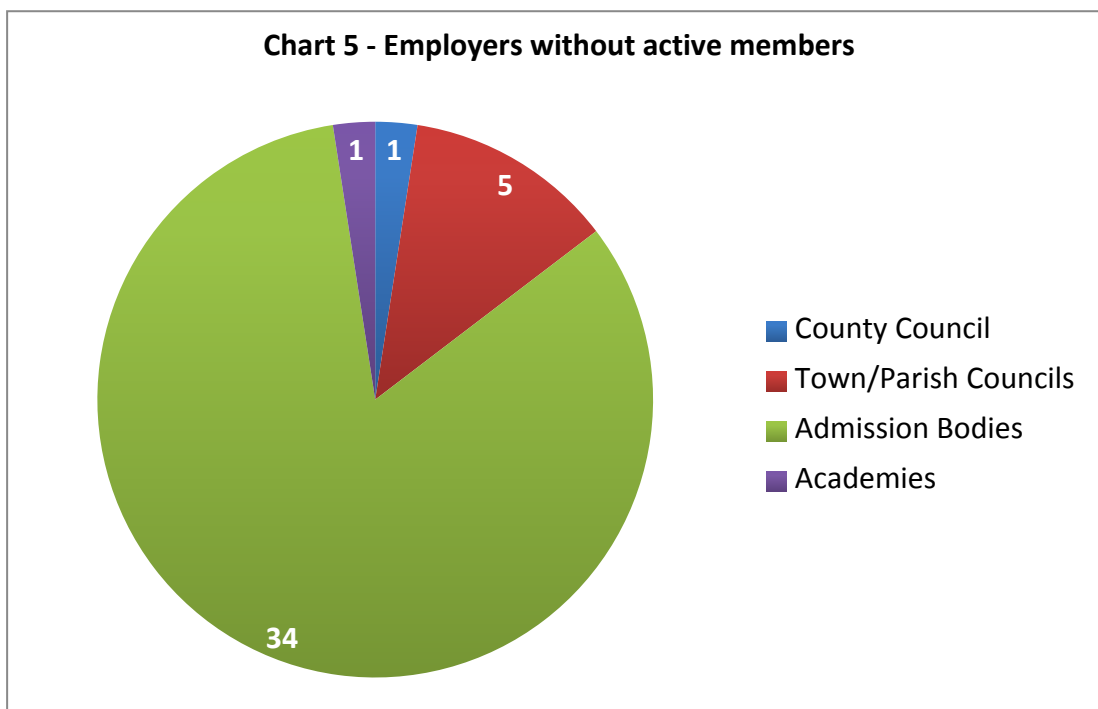


New employers since last report:

**Admission Bodies:** Get Active Sports Ltd (St Anne's School Wokingham), Innovate Services (Prospect School Reading).

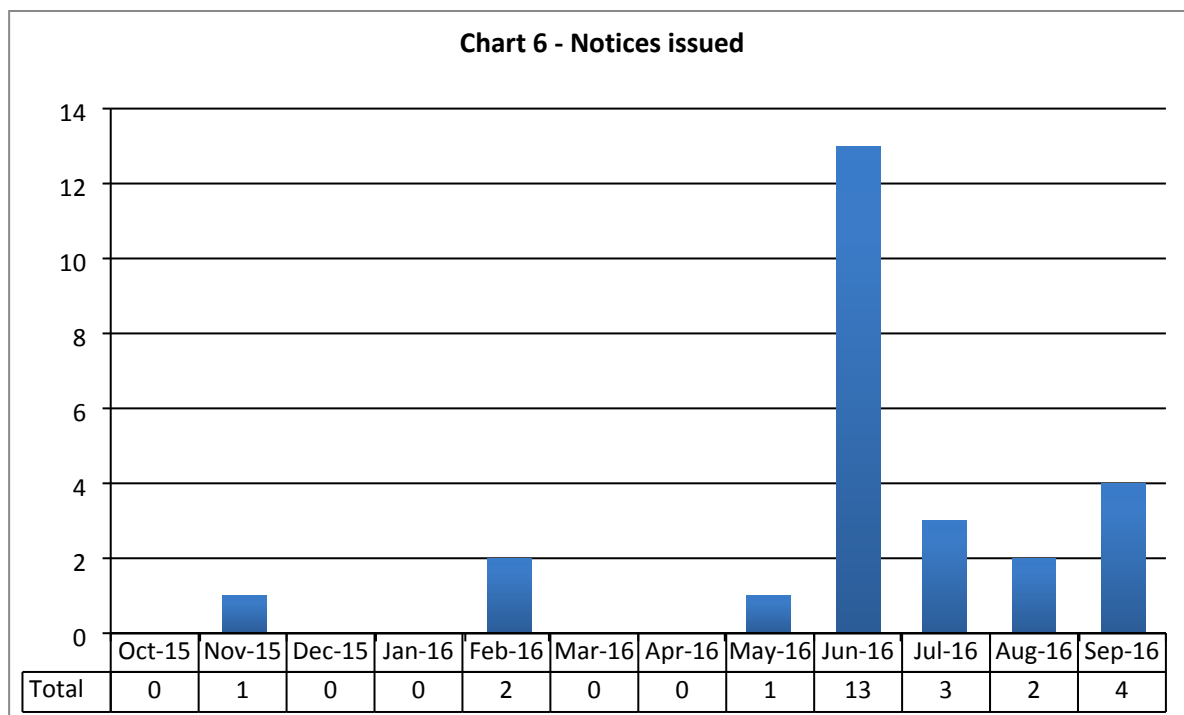
**Academies:** Floreat Montague Park Primary (Wokingham), Bohunt School (Wokingham), John O'Gaunt School (West Berkshire), Beechwood School (Slough).

**Town/Parish Councils:** None.



No exits recorded in this report.

### 2.3 Notices of unsatisfactory performance



NOTE: No cases have been deemed to be of material significance - no reports to TPR

### 2.4 Scheme Employer Key Performance Indicators

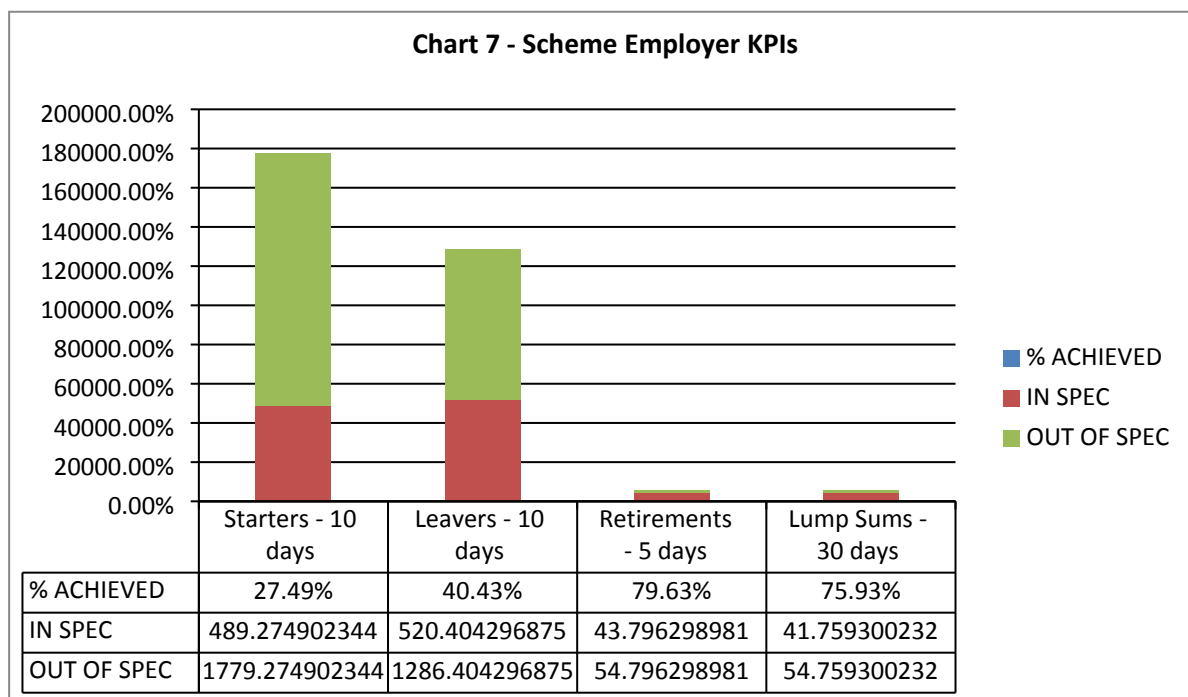
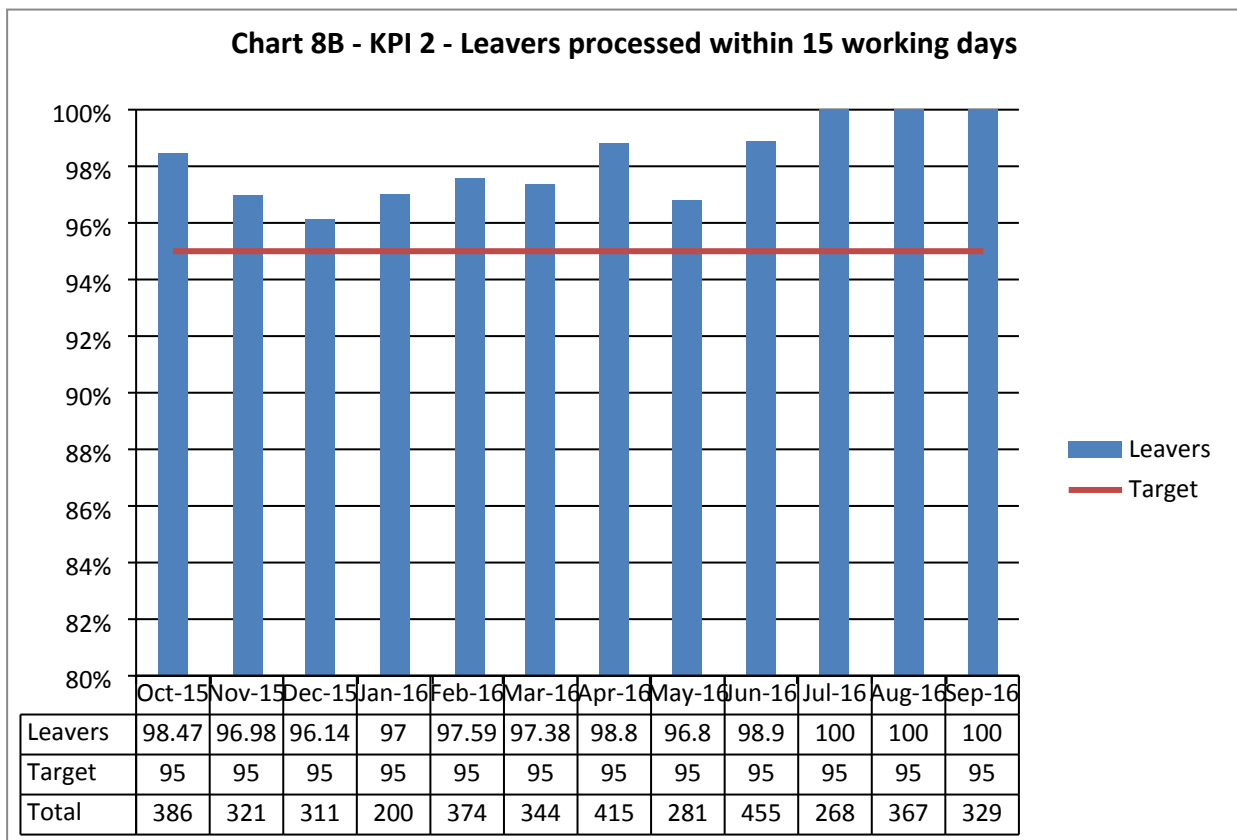
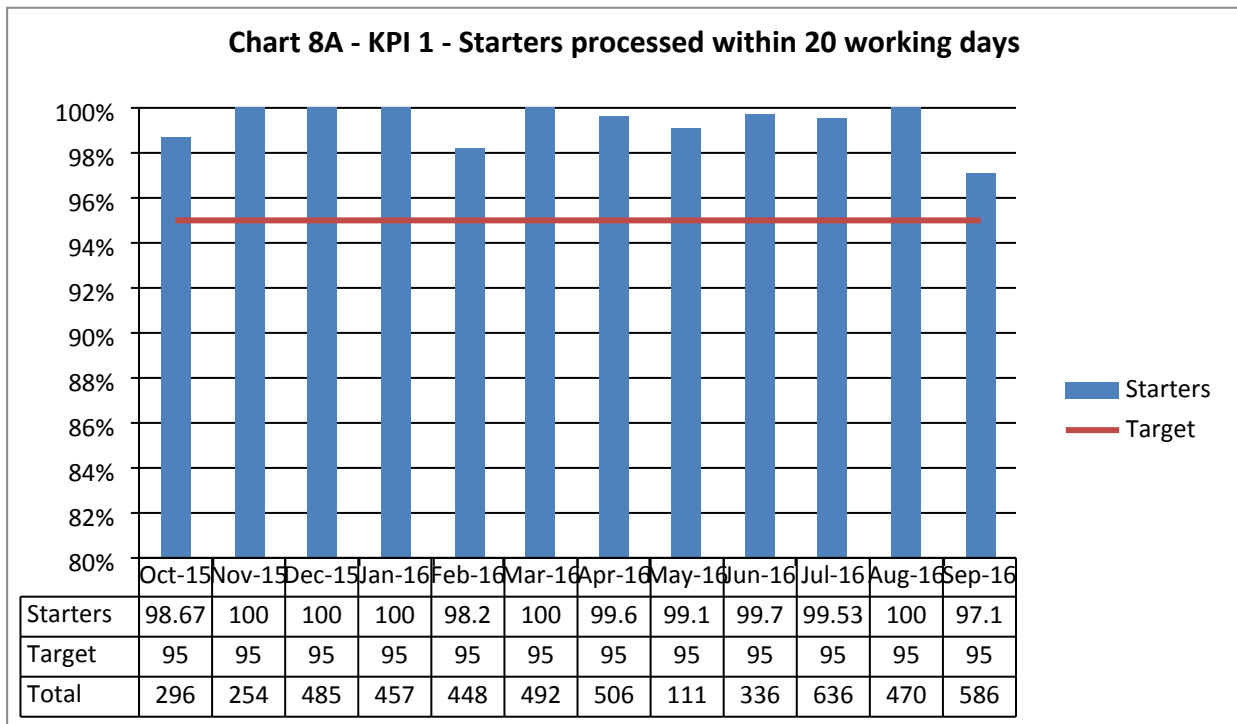
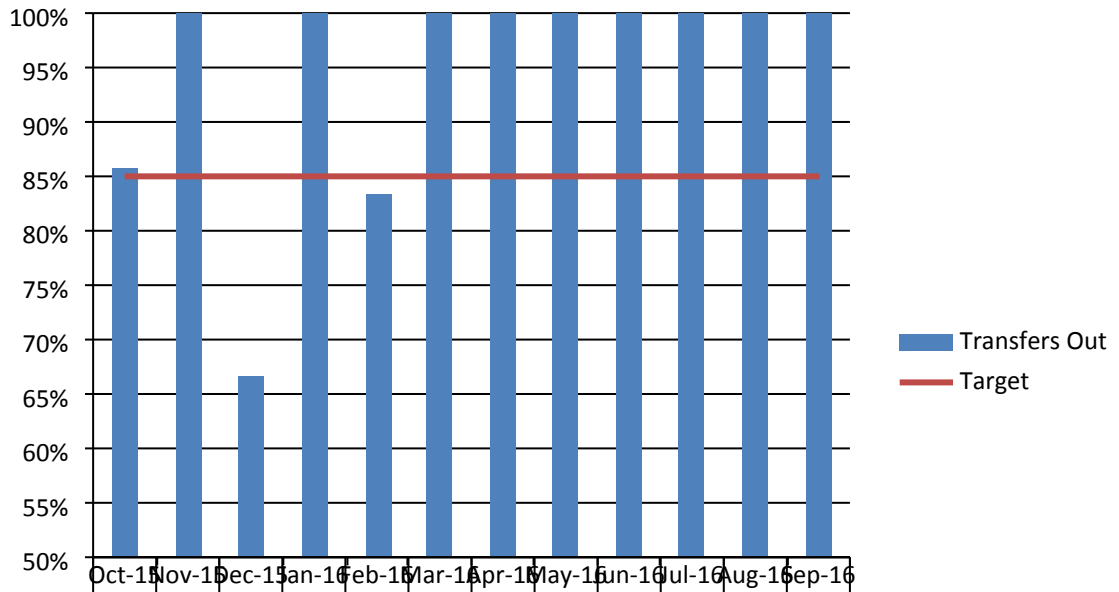


Table 8	TREND	STARTERS	LEAVERS	RETIREMENTS	LUMP SUMS
2016-17	Q1 - OUT	984	235	21	22
	Q1 - IN	362	153	48	46
	<b>% ACHIEVED</b>	<b>26.89%</b>	<b>39.43%</b>	<b>69.57%</b>	<b>67.65%</b>
2015-16	Q4 - OUT	422	162	8	13
	Q4 - IN	298	89	21	16
	<b>% ACHIEVED</b>	<b>41.39%</b>	<b>35.46%</b>	<b>72.41%</b>	<b>55.17%</b>
2015-16	Q3 - OUT	148	653	7	7
	Q3 - IN	529	529	28	28
	<b>% ACHIEVED</b>	<b>78.14%</b>	<b>44.75%</b>	<b>80.00%</b>	<b>80.00%</b>

2.5 Administration – Key Performance Indicators

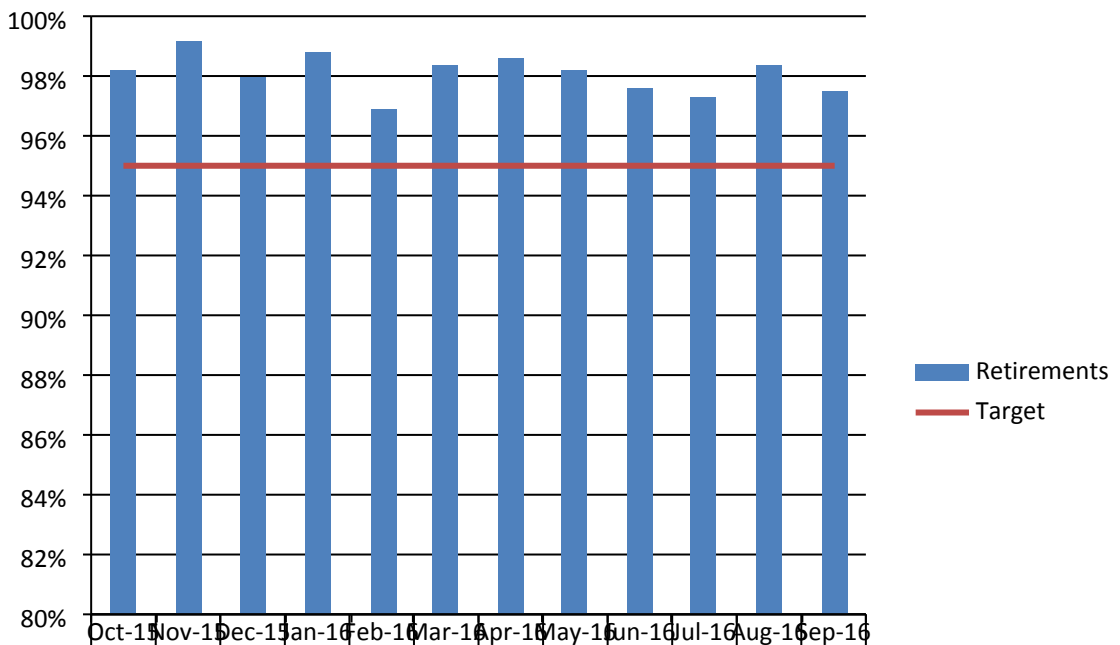


**Chart 8C - KPI 3 - Transfers out processed within 15 working days**



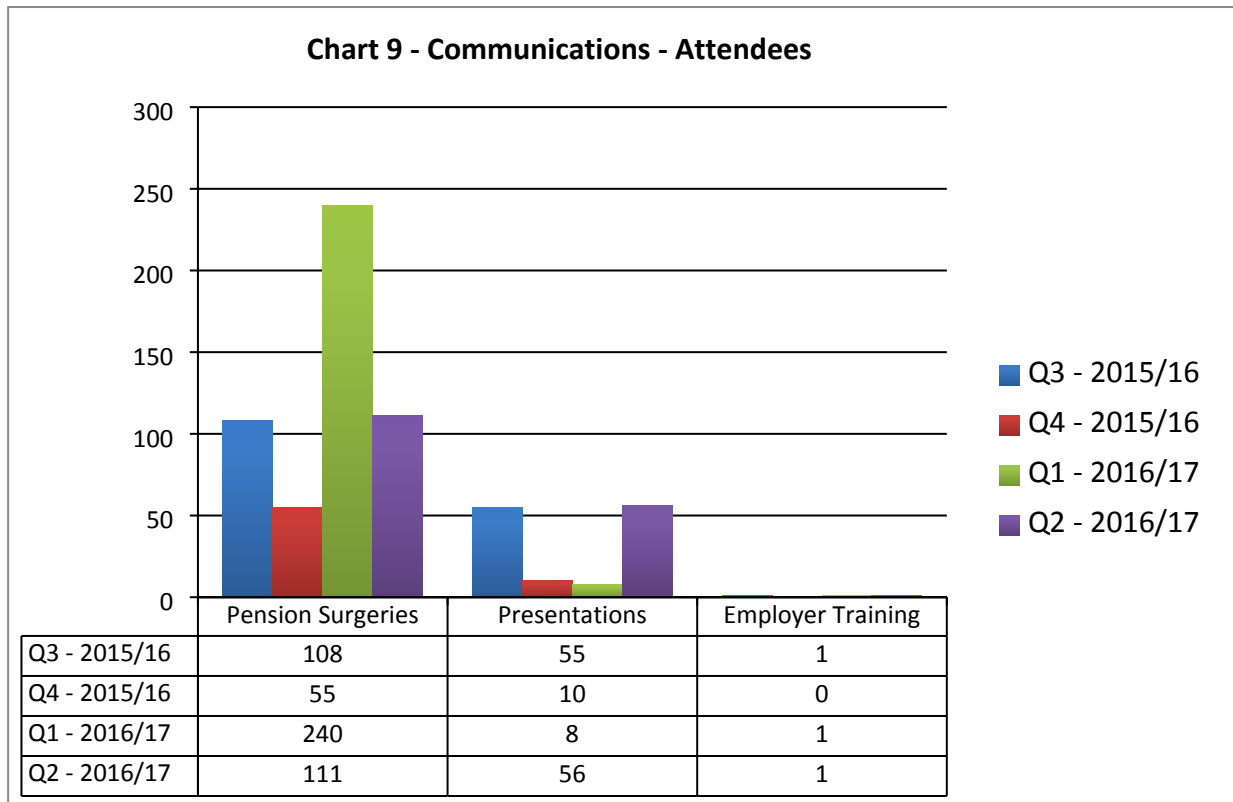
	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
Transfers Out	85.71	100	66.67	100	83.33	100	100	100	100	100	100	100
Target	85	85	85	85	85	85	85	85	85	85	85	85
Total	6	3	3	5	6	3	5	0	0	6	3	1

**Chart 8D - KPI 4 - Retirements processed within 7 working days**

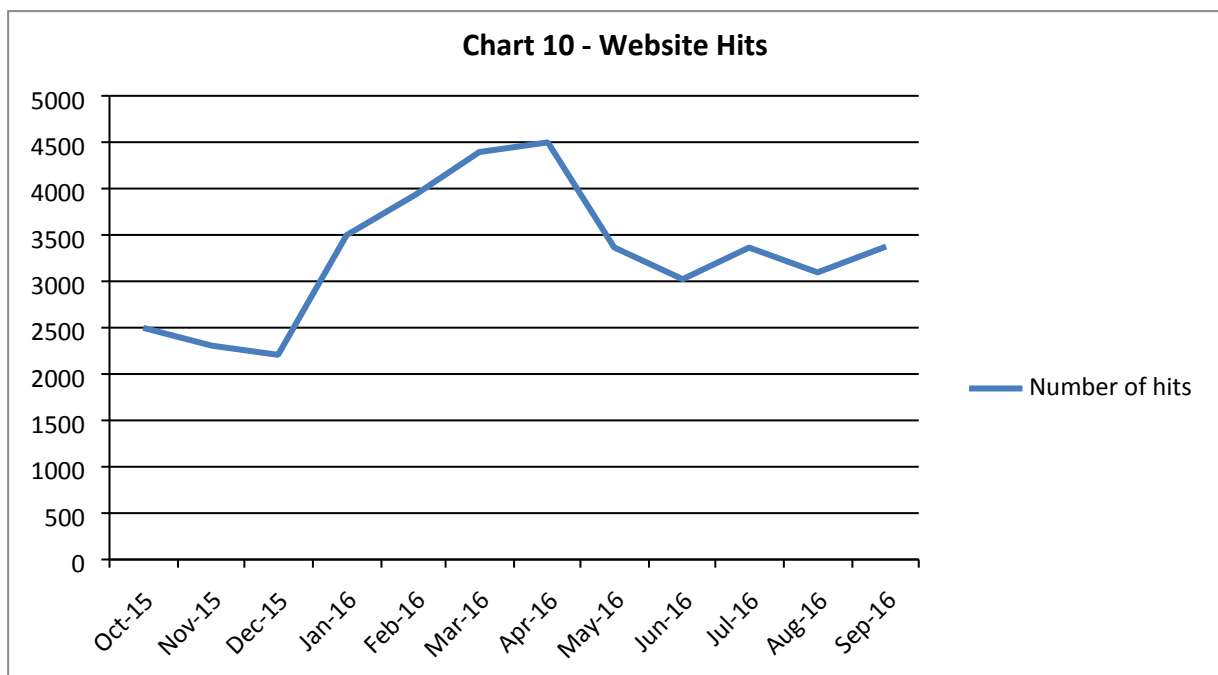


	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
Retirements	98.18	99.15	97.96	98.81	96.88	98.36	98.61	98.18	97.59	97.3	98.36	97.5
Target	95	95	95	95	95	95	95	95	95	95	95	95
Total	108	116	49	84	64	122	72	55	93	74	122	80

## 2.6 Administration – Communications



## 2.7 Website hits

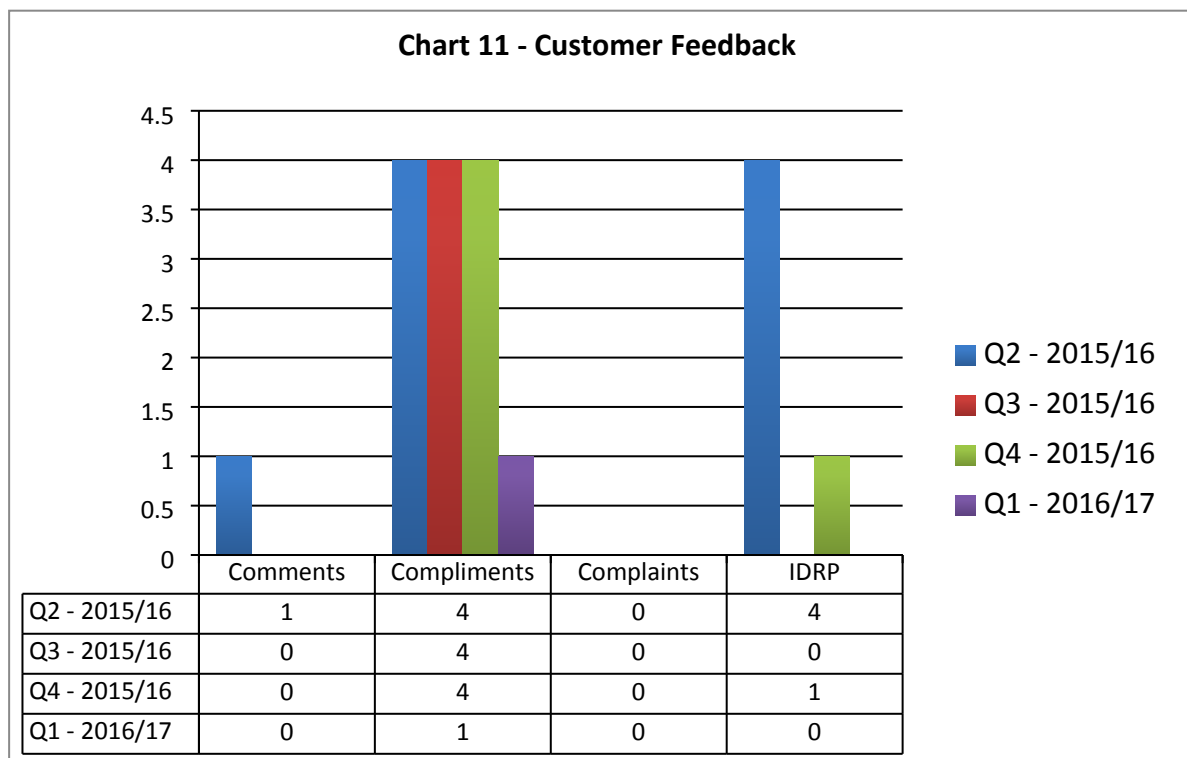


## 2.8 Special projects

- GMP reconciliation
  - With the removal of the contracted-out nature of public service pension schemes the Pension Fund will be entering into a period of reconciliation with DWP records to ensure that the correct GMP (Guaranteed Minimum Pension) values are held by the Fund. To be concluded by March 2018.

- i-Connect
  - Reading BC have indicated that they wish to implement i-Connect in December 2016
  - Initial discussions have been held with Bracknell Forest, Slough BC and Wokingham BC
- PASA
  - Ongoing with a target date of March 2017 to have all desktop procedures written and accreditation applied for.

## 2.9 Comments, compliments and complaints



Period	Case	Summary of complaint	Stage 1	Stage 2	Stage 3	Resolution
Q2 – 2015/16	1	Disputing the tier awarded for ill health retirement.	√	√		Case rejected at stage 1. Currently under review at stage 2.
	2	Request for early release of deferred benefits on compassionate grounds.	√	X	X	Case rejected at stage 1. No application made under stage 2.
	3	Disputing termination of employment and affect on pension benefits	√			Case currently under review at stage 1.
	4	Request for early release of deferred benefits due to permanent ill health.	√	√		Case rejected at stage 1. Currently under review at stage 2.
Q4 – 2015-16	1	Request for release of deferred benefits due to permanent ill health	√			Case rejected at stage 1. No application yet made under stage 2.

NOTE: Stage 1 refers to Adjudicator at Scheme Employer level  
 Stage 2 refers to adjudicator at Administering Authority level  
 Stage 3 refers to the Pensions Ombudsman

*Annex 1 – Notices of unsatisfactory performance*

<b>Form</b>	<b>Oct 15</b>	<b>Nov 15</b>	<b>Dec 15</b>	<b>Jan 16</b>	<b>Feb 16</b>	<b>Mar 16</b>	<b>Apr 16</b>	<b>May 16</b>	<b>Jun 16</b>	<b>Jul 16</b>	<b>Aug 16</b>	<b>Sep 16</b>
<b>1</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>2A</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>2B</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>2C</b>	0	0	0	0	0	0	0	0	8	0	0	0
<b>3</b>	0	1	0	0	2	0	0	1	5	3	2	4
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>13</b>	<b>3</b>	<b>2</b>	<b>4</b>

Key: Form 1: Administering Authority additional costs arising from employers' poor performance  
 Form 2A: Contributions unpaid  
 Form 2B: Contributions paid late  
 Form 2C: Contribution breakdown not received  
 Form 3: Late settlement of Capital Cost invoices

## Annex 2 - Summary of employer KPIs

### Starters received within specification Q2 2016-17

Employer	IN	OUT	Total	% IN	Q1	Q4	Q3
Academies	63	154	217	29.03%	14.52%	24.15%	69.81%
Bracknell Forest Council	145	173	318	45.60%	73.33%	84.96%	96.00%
RBWM	0	4	4	0.00%	3.13%	61.18%	90.77%
Reading BC	25	300	325	7.69%	24.77%	40.51%	68.24%
Slough BC	147	36	183	80.33%	58.11%	66.67%	94.44%
University of West London	n/a	n/a	n/a	n/a	n/a	n/a	n/a
West Berkshire Council	32	495	527	6.07%	20.00%	4.24%	90.96%
Wokingham BC	36	70	106	33.96%	13.93%	70.37%	70.37%
Wokingham BC (Selima)	2	5	7	28.57%	0.00%	0.00%	28.57%

**Note: the figures supplied in the above table for RBWM do not include starters received via i-Connect. The statistics represent starters received from employers in the Royal Borough who choose not to use RBWM payroll services. All new starters set up via i-Connect have been done so within the specification deadline.**

### Leavers received within specification Q2 2016-17

Employer	IN	OUT	Total	% IN Spec	Q1	Q4	Q3
Academies	109	104	213	51.17%	14.29%	41.46%	37.89%
Bracknell Forest Council	138	86	224	61.61%	77.78%	60.00%	56.00%
RBWM	71	94	165	43.03%	26.53%	26.53%	46.67%
Reading BC	29	88	117	24.79%	28.33%	44.44%	49.53%
Slough BC	49	32	81	60.49%	62.07%	33.33%	63.29%
University of West London	n/a	n/a	n/a	n/a	0.00%	n/a%	100.00%
West Berkshire Council	42	218	260	16.15%	50.00%	9.52%	36.94%
Wokingham BC	35	25	60	58.33%	44.44%	27.57%	55.77%
Wokingham BC (Selima)	3	26	29	10.34%	0.00%	0.00%	14.75%

**Note: the figures supplied in the above table for RBWM do not include leavers received via i-Connect. The statistics represent leavers received from employers in the Royal Borough who choose not to use RBWM payroll services. All leavers received via i-Connect were done so within the specification deadline.**



**Retirements not notified within 5 days from retirement date – Q2 2016-17**

Employer	Member	Days Over 5
RBWM	AC	25
RBWM	AC	25
RBWM	SG	22
Reading BC	JC	19
Reading BC	RW	5
West Berkshire Council	ST	17
West Berkshire Council	JL	46
West Berkshire Council	MN	39
West Berkshire Council	JB	10
Wokingham BC (Selima)	CS	37
Wokingham BC (Selima)	MH	25

**Lump sums paid >30 days after retirement date – Q2 2016-17**

Employer	Member	Days Over 30	Interest	Reason
Berkshire Fire & Rescue	AAGN	22	£24.00	1
Bracknell Forest Council	JAM	43	£6.00	2
Bracknell Forest Homes	ADP	25	£19.00	
East Berkshire College	EP	17	£25.00	1
Newbury College	NB	5	£11.00	1
RBWM	SAN	56	£74.00	1
RBWM	SS	15	£24.00	1
Reading BC	LH	26	£15.00	1
Reading BC	MS	34	£47.00	1
Reading BC	SL	29	£46.00	1
West Berkshire Council	JMS	20	£35.00	1
Wokingham BC	VMC	16	£49.97	1

NOTE: All interest paid by the pension fund.

Reason key:

- 1 Scheme employer delay in sending leaver from
- 2 Member delay in returning retirement forms
- 3 Pension Fund delay in calculation and/or making payment

This page is intentionally left blank

By virtue of paragraph(s) 1 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank