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NOTICE OF MEETING

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BERKSHIRE PENSION BOARD

will meet on

TUESDAY, 17TH APRIL, 2018

At 1.00 pm

at

MINSTER COURT - 22-30 YORK ROAD MAIDENHEAD

TO: MEMBERS OF THE BERKSHIRE PENSION BOARD

TONY PETTITT (CHAIRMAN), ALAN CROSS (VICE-CHAIRMAN), JEFF FORD, ALAN NASH AND NEIL WILCOX

Karen Shepherd – Service Lead - Democratic Services - Issued: 9 April 2018

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 or contact the Panel Administrator **Andy Carswell on 01628 796319**

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AGENDA

PART I

STANDING ITEMS

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1.	<u>INTRODUCTION AND APOLOGIES</u> To receive any apologies for absence.	
2.	<u>DECLARATIONS OF INTEREST</u> To receive any declarations of interest.	5 - 6
3.	<u>MINUTES</u> To approve the Part I minutes of the meeting held on November 30 th 2017.	7 - 12
4.	<u>SCHEME AND REGULATORY UPDATE</u> Verbal update	

FOR INFORMATION

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5.	<u>POOLING UPDATE</u> Verbal update and for discussion	
6.	<u>STEWARDSHIP REPORT</u> To receive a report from Kevin Taylor	13 - 28
7.	<u>ACTION TRACKER</u> To review the Action Tracker	29 - 30

WORK PROGRAMME

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10.	<u>FUTURE TRAINING REQUIREMENTS</u> For discussion	63 - 64

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11.	<u>NEW OR AMENDED RISKS</u> Verbal update	
12.	<u>IDENTIFIED OR REGISTERED BREACHES</u> Verbal update	65 - 66
13.	<u>ANY OTHER BUSINESS</u> To discuss any other items of business	

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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.

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Agenda Item 3

BERKSHIRE PENSION BOARD

THURSDAY, 30 NOVEMBER 2017

PRESENT: Tony Pettitt (Chairman), Alan Cross (Vice-Chairman), Ford, Pettitt (Chairman) and Wilcox

Officers: Andy Carswell and Kevin Taylor

INTRODUCTION AND APOLOGIES

The Chairman welcomed everyone to the meeting.

There were no apologies for absence.

DECLARATION OF INTEREST

Kevin Taylor declared an interest in the item on Pension Pooling, as an officer of the Berkshire Pension Fund. He was informed that this would not preclude him from speaking on the item.

MINUTES

The Part I minutes of the previous meeting were agreed as an accurate record.

SCHEME AND REGULATORY UPDATE

There were no updates for members.

INVESTMENT FUND POOLING UPDATE

Kevin Taylor informed members that members of the LPP were invited to the most recent meeting of the Berkshire Pension Fund Panel, when the item was discussed. Members were informed that a Borough Project Board, overseen by the Managing Director, had been set up to help the pooling process. Members were informed that not to pool was not an option, as the letter of intent with regards to pooling still stood. A memorandum of understanding was agreed and signed off at the last Pension Fund Panel meeting.

Kevin Taylor informed members that Berkshire would be an equal partner with the other two funds that were being pooled together, even though it was the smallest entity. There would be a total of £13billion in the pooled fund, of which Berkshire would contribute £2billion. However not all assets would be able to be pooled immediately. Members were informed that a business case still needed to be completed and put forward. Final discussions on this were scheduled to take place at an extraordinary meeting of the Pension Fund Panel on December 18th. Kevin Taylor informed members that, under the terms of the memorandum of understanding, the process of TUPE transferring staff to LPP would begin in April. However this process would not be completed until October at the earliest.

Kevin Taylor confirmed that the management of assets would be pooled, but those assets would remain as Berkshire's assets and Berkshire would retain liability for them. As a result Berkshire would still need to compile its own annual report on accounts, in addition to LPP producing one. A separate report on accounts still needed to be compiled, which would be done by LPP rather than existing officers. The ultimate aim was for all funds to be brought under the LPP umbrella, but local offices would remain open in order to assist with management. However this would be reviewed over time and when jobs within the LPP became available, they could potentially be based elsewhere.

STEWARDSHIP REPORT

Members were informed that only one major issue had been identified in the most recent Stewardship Report, relating to scheme members having achieved under the 90 per cent target for moving across to iConnect. This was attributed to Academy conversion dates being pushed back, which then caused problems between separate iConnect accounts between payroll and admin. Kevin Taylor stated that it had been necessary for this to be flagged up in the report, but that it would not cause any ongoing problems. Kevin Taylor also stated that the figures in the report made it clear that iConnect was a positive way forward.

The Vice Chairman asked for greater clarity on the statistics given in figures 1.4 and 1.5. It was suggested that the responsible officer could attend the next panel meeting in order to give a presentation to members. The officer would also be able to provide an answer to a query from Jeff Ford regarding an increase up to 15 per cent, relating to liquidity.

Members were informed that target solvency figures were re-aligning and improving, going from 73 per cent in March 2016 to a current rate of 77-78 per cent.

It was noted and accepted that some investment opportunities were being missed due to staffing levels, and there being a focus on Pooling. The last Investment Working Group had had to be cancelled, so no decisions relating to investments could be made.

The contents of the report was noted by members.

PENSION PANEL MINUTES

The contents of the minutes were noted.

ACTION TRACKER

It was agreed that item 14 could be removed from the Action Tracker. There were no items to add to the Tracker. The contents were noted by members.

Action: To remove item 14 from the Tracker.

REVIEW OF BOARD TERMS OF REFERENCE

Members were reminded that the Terms of Reference were last reviewed and signed off as agreed in January 2017.

Jeff Ford asked about the one-year term of office for members. The Chairman stated that appointments were open-ended once they had been formally agreed; however it was noted that employers reserved the right to change their representative.

Alan Cross asked about substitute members, stating that the Terms of Reference were worded in such a way as it appeared that substitutes were allowed. However it was unclear whether any substitutes attending meetings would have the same ability to participate in meetings, and vote if necessary, even though they would receive the same levels of training as a full member. It was therefore deemed necessary to review the definition of the term substitute.

Regarding the section on quorate meetings, it was agreed that the Chairman's presence did not affect whether or not a meeting was quorate. It was agreed to amend this Term of Reference to reflect that 50 per cent of Board representatives, with at least one member from each group, were required to be present in order for the meeting to be quorate.

Action: To review points 9 and 17 in the Terms of Reference and amend as necessary.

REVIEW OF FUND'S ANNUAL REPORT AND ACCOUNTS

Members were informed that comments about the report made at a previous meeting of the Berkshire Pension Fund Panel had been acted on, with the result that the Annual Report was approved by the Panel and subsequently published.

It was noted that the size of the administration team had increased as a result of vacancies being filled, in order to provide support as the number of scheme employers had also gone up.

Jeff Ford queried the contents of the graph referring to undecided leavers. Kevin Taylor said this referred to a number of different factors, with the major one being when the vesting period changed from two years to three months. Most of the people referenced were those who had failed to claim a refund, and it was not possible for these monies to be written off.

Jeff Ford queried the figures relating to supply and services. Kevin Taylor said that these figures would be looked into as they had been queried previously.

Members were reminded that the report was appended by the Communication Strategy and the Governance Compliance Statement, the latter of which was subject to a further review by a Service Legal Agreement.

REVIEW OF AUDIT REPORTS

Members were informed that the audit had identified seven areas that required treatment, while further minor concerns had been identified at an exit meeting. This was a reduction from 29 areas of concern that had been identified at the previous audit.

It was agreed that the section on named substitutes be removed, on account of the amendment to the Terms of Reference that had been agreed earlier in the meeting. It was also agreed that the section on proxy voting rights be amended, to reflect the fact that any proxy would need to declare any interests at the start of the meeting in the usual way. Conflicts of interest could be identified on an ad hoc basis at individual meetings.

Regarding member training, it was accepted that Councillors elected to the Pension Fund Panel would require some form of training; however this could not be done until each Councillor's competencies had been identified. Members were informed that it had not been ascertained how other local authorities had managed to get around this problem. Kevin Taylor said that once pooling had been implemented, it was likely that the roles of Pension Fund Panel members would change. It was anticipated that the role of the Panel would also change, to monitor LPP's activities and hold them to account.

The traffic light framework on reporting breaches had been updated so it was in line with requirements. Training on reporting breaches would be given to the necessary officers in the new year.

Regarding Service Level Agreements, it was noted that these were held in respect of most scheme employers. However this situation would be monitored during the Pooling process.

It was noted that the Constitution had been updated and amended since the time of the audit report.

It was noted that the audit had graded the governance as being the second highest out of four possible grades, and it was hoped that the highest possible score could be achieved by the time of the next audit. The Chairman stated that it was worth noting the improvements that had been made since the previous audit.

REVIEW OF PENSION ADMINISTRATION STRATEGY

The contents were noted by members.

TRAINING REQUIREMENTS

It was noted that since the publication of the paper, Jeff Ford had completed his training on issues relating to the public sector and Neil Wilcox had completed some of the training and the paper needed to be updated accordingly.

It was agreed that a short training presentation relating to stakeholder consultation and communication would take place prior to the next meeting. Members were requested to contact the Chairman and/or Vice Chairman to raise any other topics they wanted to receive training on before future meetings.

PRUDENTIAL SALARY SACRIFICE SHARED COST AVC PLAN

Kevin Taylor informed members that Prudential had offered existing and future AVC scheme members the opportunity to use a salary sacrifice scheme, as opposed to the existing AVC contribution deduction from pay system. This would create significant savings on National Insurance for employees and employers. Kevin Taylor stated his belief that the proposal should be adopted. Members were informed that West Berkshire Council had agreed to adopt this scheme, and meetings with Royal Borough members were scheduled to take place. News on any developments would be circulated through a newsletter.

NEW OR AMENDED RISKS

Members were informed that no new risks had been identified.

The Chairman informed members about his attendance at the Pension Board Chairs' Seminar, which he said had been useful. The Chairman said the key learning he took away from the event related to Data Protection regulation, and the requirements in place on all handlers of personal and sensitive data, as the risks associated with non-compliance were substantial. The Chairman stated his belief that early non-compliance with the regulations could lead to legal precedents being set, and felt that the risk register should be updated to include what work was being undertaken to ensure compliance.

It was confirmed that RBWM, as the data handler, was the administering authority rather than the Pension Fund. Discussions regarding data handling, how it was stored and what data was held, were taking place between the Pension Fund and the GDPR team at RBWM. Members were informed that the deadline for compliance with the regulations was May 1st 2018.

IDENTIFIED OR REGISTERED BREACHES

Members were informed that consideration was being given to a potential breach. It was not yet known if it was significant enough to warrant a full investigation. Members were informed that it related to an employer's performance in providing data, which impacted on the Pension Fund's ability to produce benefit statements on time.

ANY OTHER BUSINESS

Kevin Taylor raised an item on the Governance Compliance Statement, relating to compliance with scheme regulation. The most recent audit indicated that the Governance Compliance Statement appeared not to have been updated since it was first created in May 2015. Kevin Taylor informed members that he had suggested some amendments to this document, which were due for consideration at the Extraordinary meeting of the Pension Fund Panel on December 18th. These proposed amendments were circulated amongst members prior to the

meeting. The Chairman said that the proposed amendment to the document relating to frequency of meetings and quorum should be altered to reflect the further amendments that were made earlier in the meeting. It was also agreed that Board meetings should be held ahead of the main Pension Fund Panel meetings, wherever practically possible.

It was agreed amongst members that the next Board meeting would take place on February 21st.

LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC

RESOLVED UNANIMOUSLY: To agree the motion.

The meeting, which began at 1.15 pm, finished at 4.00 pm

CHAIRMAN.....

DATE.....

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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 April 2018
Responsible Officer(s): Kevin Taylor, Deputy Pension Fund Manager, Pedro Pardo, Investment Manager
Wards affected: None

REPORT SUMMARY

1. This report deals with the stewardship of the Pension Fund for the period 1 October 2017 to 31 March 2018
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

QUARTERS 3 & 4 – 2017/18

1 October 2017 TO 31 March 2018

(Pension investment data to 28 February 2018)

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1. INVESTMENT PERFORMANCE AND ASSET ALLOCATION

1.1 Pension Fund key financial indicators

Table 1	March 2013	March 2016	Dec 2017
Asset Value (Smoothed)	£1,561.8m	£1,645.3m	£1,999.6m
Asset Value (Unsmoothed)	£1,572.4m	£1,655.9m	£2,029.3m
Liabilities (Smoothed)	£2,088.8m	£2,238.7m	£2,602.5m
Liabilities (Unsmoothed)	£2,107.7m	£2,257.0m	£2,608.7m
Deficit (Smoothed)	£527.0m	£593.3m	£602.9m
Deficit (Unsmoothed)	£535.3m	£601.1m	£579.5m
Funding Level (Smoothed)	75%	73%	77%
Funding Level (Unsmoothed)	75%	73%	78%
Deficit Recovery Period	27 years	24 years	23 years
Nominal Discount Rate (Smoothed)	6.1%	5.7%	5.7%
Real Discount Rate (Smoothed)	3.4%	3.3%	3.0%
Investment Performance Target (Smooth Return required to restore funding level)	6.7%	6.9%	6.9%
Nominal Earnings Inflation Assumption	4.5%	3.9%	4.2%
Consumer Price Index Inflation Assumption	2.7%	2.4%	2.7%
Employers Contributions – Future Service (Smoothed)	12.7%	13.8%	15.4%
Employers Contributions – Past Service Deficit (Smoothed)	6.9%	8.1%	8.1%

1.2 Change in the smoothed liabilities

Table 2	31 Dec 2017
Liability reconciliation	£m
Disclosed smoothed liability at 31/03/2016	2,242.0
Update of smoothing adjustment	-3.34
Updated smoothed liability at start	2,238.7
New liabilities (including transfers in)	174.5
Liabilities extinguished	-188.4
Net new liabilities from bulk transfers in/out	-
Interest on liabilities	240.2
Change due to discount rate	-22.0
Change due to inflation assumption	159.5
Increase in Liabilities	363.8
Smoothed liability at 31 December 2017	2,602.5

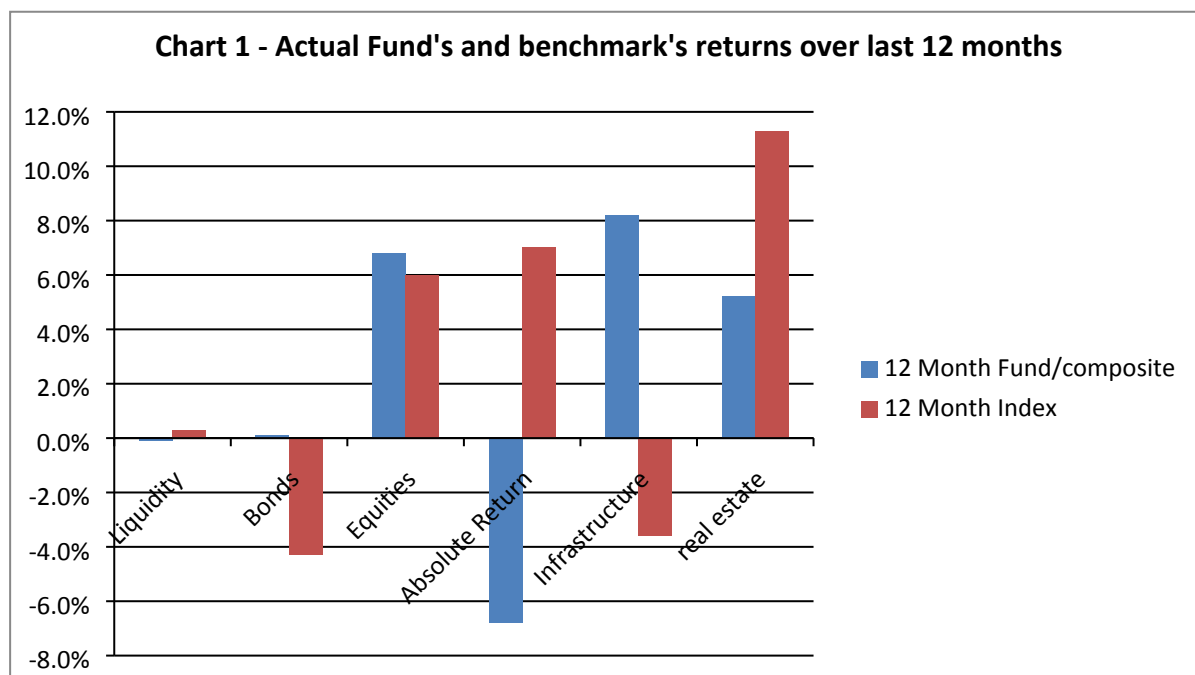
NOTE: The actuary smooths liabilities by taking the average liability figure over the last 6 months. The liabilities are now valued on the 2016 basis and consistent with the 2016 actuarial valuation. The value of the longevity swap is now included in the asset value rather than the liability value (but not in the Fund NAV and returns calculated by JP Morgan).

1.3 Market returns in GBP

All Fund and Index returns in the table below are as at 28 February 2018 and denominated in GBP.

Table 3		3 month in GBP	12 month in GBP	36 month in GBP
Liquidity	Fund	-0.05%	-0.14%	0.17%
1 Week GBP Libor	Index	0.12%	0.32%	0.38%
	Relative	-0.17%	-0.46%	-0.21%
Bonds	Fund	0.52%	0.12%	9.49%
Barclays Global Aggregate	Index	-1.13%	-4.26%	6.44%
	Relative	1.65%	4.38%	3.05%
Developed Markets Equities	Fund	0.13%	6.14%	9.46%
Morgan Stanley Capital International (MSCI) World	Index	0.49%	5.99%	12.41%
	Relative	-0.35%	0.15%	-2.95%
Emerging Markets Equities	Fund	3.36%	16.20%	11.96%
Morgan Stanley Capital International EM Equities	Index	5.17%	17.87%	13.22%
	Relative	-1.81%	-1.67%	-1.26%
Private Equity	Fund	0.47%	-0.72%	12.22%
9% per annum	Index	2.18%	9.00%	9.00%
	Relative	-1.71%	-9.72%	3.22%
Total Equities	Fund	0.99%	6.75%	10.50%
Morgan Stanley Capital International World	Index	0.49%	5.99%	12.41%
	Relative	0.50%	0.76%	-1.91%
Absolute Return	Fund	-1.76%	-6.79%	4.79%
7% per annum	Index	1.68%	7.00%	7.01%
	Relative	-3.44%	-13.79%	-2.21%
Infra-structure	Fund	-0.68%	8.17%	14.87%
FTSE Global Core 50/50	Index	-8.01%	-3.58%	9.29%
	Relative	7.33%	11.75%	5.58%
Real Estate	Fund	1.43%	5.15%	11.35%
UK Investment Property Databank	Index	2.82%	11.28%	9.03%
	Relative	-1.39%	-6.13%	2.32%
Total Fund Nominal	Fund	0.85%	5.81%	7.60%
UK CPI	Index	0.29%	2.74%	1.80%
Total Fund Real	Relative	0.56%	3.07%	5.80%
Total Fund Target (4.5% real)		1.11%	4.50%	4.50%

1.4 Fund performance in GBP



1.5 Exception Traffic Lights

Table 4

Traffic Lights February 2018					
<u>Colour</u>		<u>£ m</u>	<u>Fund %</u>	<u>Comment</u>	<u>Date Traffic Light Changed</u>
	<u>BONDS</u>				
	<u>Convertible Bonds</u>				
Amber	Aviva	38.1	1.8%	Changes in management team & weak performance	Jul-14
Amber	Blue Bay Global	28.6	1.4%	Currency volatility & weak performance has resulted in disappointing GBP returns.	Jul-14
	<u>EQUITIES</u>				
	<u>Private Equity</u>				
Amber	South East Growth Fund	2.1	0.1%	Terms of additional extension to fund life agreed	Jul-13
Amber	Stafford Sustainable Fund	3.7	0.2%	Disappointing performance. Buyer not found	Jul-13
	<u>Absolute Return</u>				
Amber	Swan (formerly Grosvenor)	72.3	3.5%	Volatile performance since 2017 second half	Jan-18
	<u>INFRASTRUCTURE</u>				
Amber	JPMorgan AIRRO India SideCar Fund	6.8	0.3%	Delays in construction of key assets and adverse legal developments	Jun-17
Amber	Macquarie SBI Infrastructure Ltd	4.2	0.2%	Performance adversely affected by delays in construction of key assets	Jul-13
	<u>PROPERTY</u>				
Amber	Aviva UK Fund of Funds	68.1	3.3%	Change in the Head of Team	Aug-17
Amber	Aviva Global Fund of Funds	153.2	7.3%	Change in the Head of Team	Aug-17
	<u>Total Fund Valuation (excl prepaid contribs)</u>	2,086.0			

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

Table 5 Comparison of Strategic Asset Allocation “SSA” changes					
SSA Weights	31/03/2013	31/03/2016	28/02/2018	12m change	36m change
Liquidity	1.1%	5.1%	15.5%	7.3%	13.6%
Investment Grade Debt	7.9%	5.0%	3.2%	-0.1%	-2.2%
Other Debt	8.7%	9.4%	9.4%	-0.5%	0.4%
Total Debt	16.6%	14.3%	12.6%	-0.6%	-1.9%
Developed Market Equities	17.2%	22.1%	23.1%	-0.5%	0.9%
Developing Market Equities	14.7%	12.4%	11.7%	-0.6%	-1.1%
Private Equity	9.2%	10.1%	11.2%	0.1%	3.0%
Total Equities	41.1%	44.6%	46.0%	-1.1%	2.8%
Absolute Return	17.3%	17.4%	3.8%	-5.4%	-13.7%
Infrastructure	4.7%	4.7%	5.2%	-1.6%	1.2%
Commodities	9.8%	2.6%	3.4%	0.6%	-0.3%
Real Estate	9.8%	11.1%	13.0%	-0.2%	1.1%
Other	-0.3%	0.2%	0.6%	1.0%	-2.9%
Real Assets	23.9%	18.5%	22.2%	-0.2%	-0.9%
Fund Total	100%	100%	100%		

1.7 Solvency

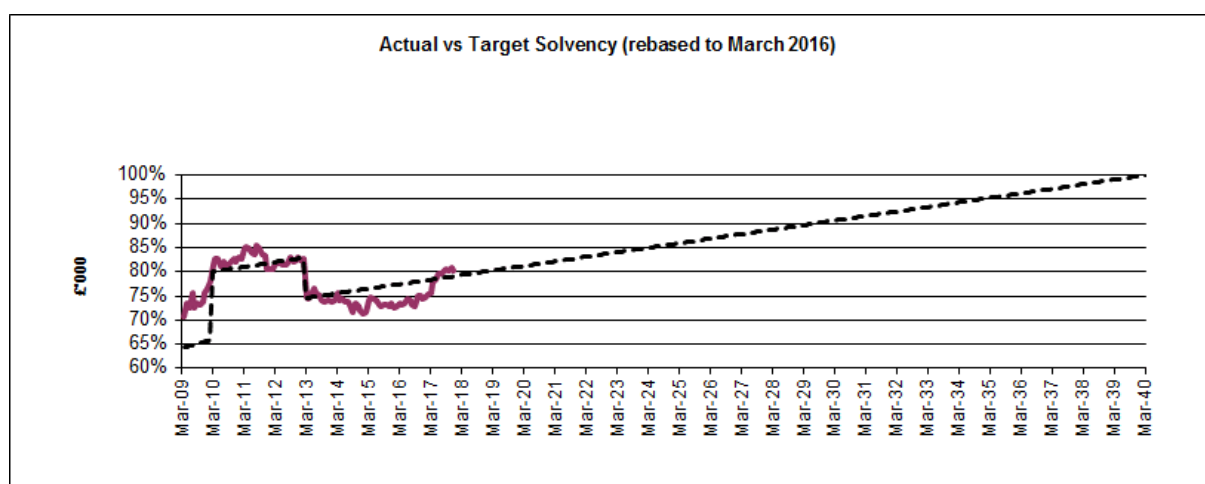


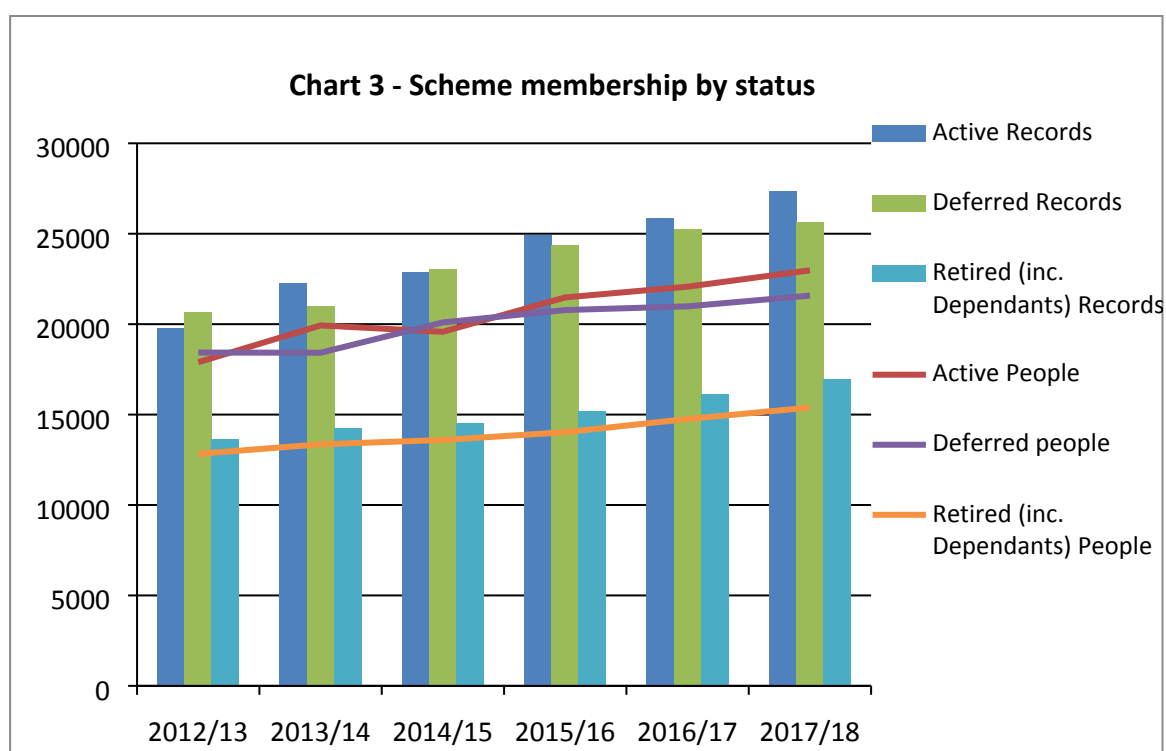
Table 6 – Funding Level (12 months)				
Month	Smoothed		Unsmoothed	
	Surplus/Deficit £000s	Funding Level	Surplus/Deficit £000s	Funding Level
January 2017	(632,066)	75%	(635,317)	75%
February 2017	(642,066)	75%	(618,573)	75%
March 2017	(636,550)	75%	(621,985)	76%
April 2017	(633,240)	75%	(636,213)	75%
May 2017	(639,874)	75%	(621,661)	76%
June 2017	(605,273)	76%	(581,161)	77%
July 2017	(599,828)	77%	(584,725)	77%
August 2017	(587,295)	77%	(581,196)	77%
September 2017	(588,703)	77%	(564,301)	78%
October 2017	(590,953)	77%	(570,587)	78%
November 2017	(571,037)	78%	(557,043)	78%
December 2017	(602,862)	77%	(579,474)	78%

Table 7 - 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	-49,555	14,751	17,000

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?

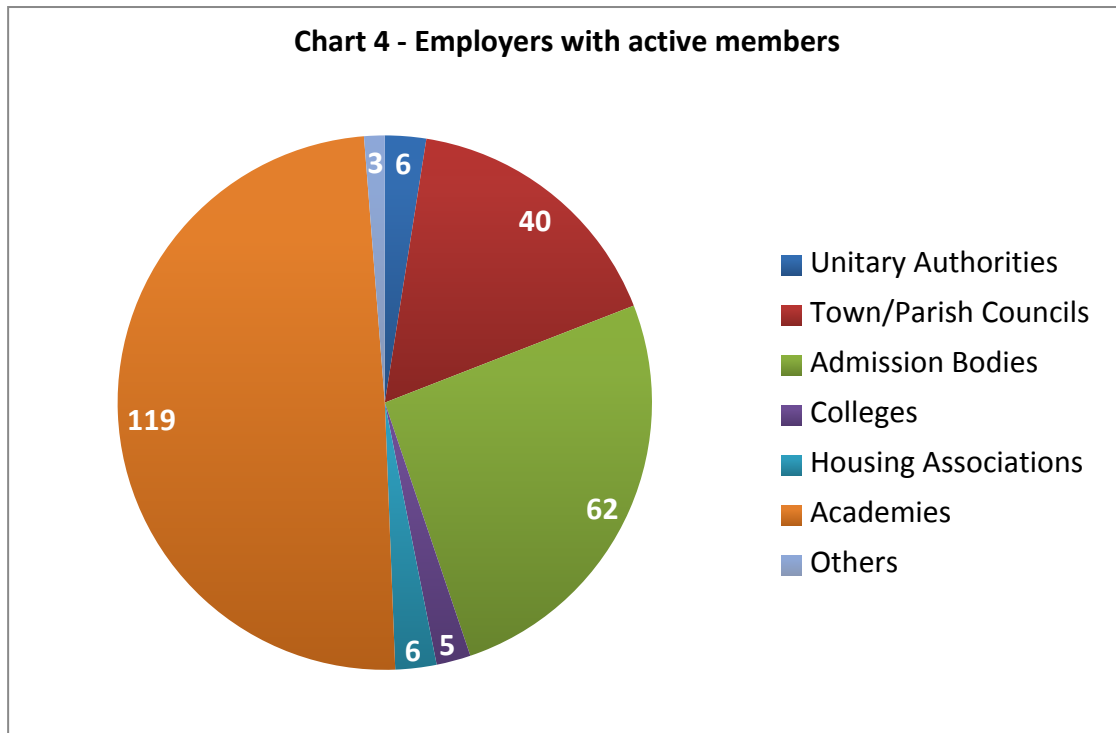
2 GOVERNANCE AND ADMINISTRATION

2.1 Scheme membership



TOTAL MEMBERSHIP			
Active Records	27369	Active People	22978
Deferred Records	25624	Deferred People	21578
Retired Records	16955	Retired People	15387
TOTAL	69948	TOTAL	59943

2.2 Scheme Employers

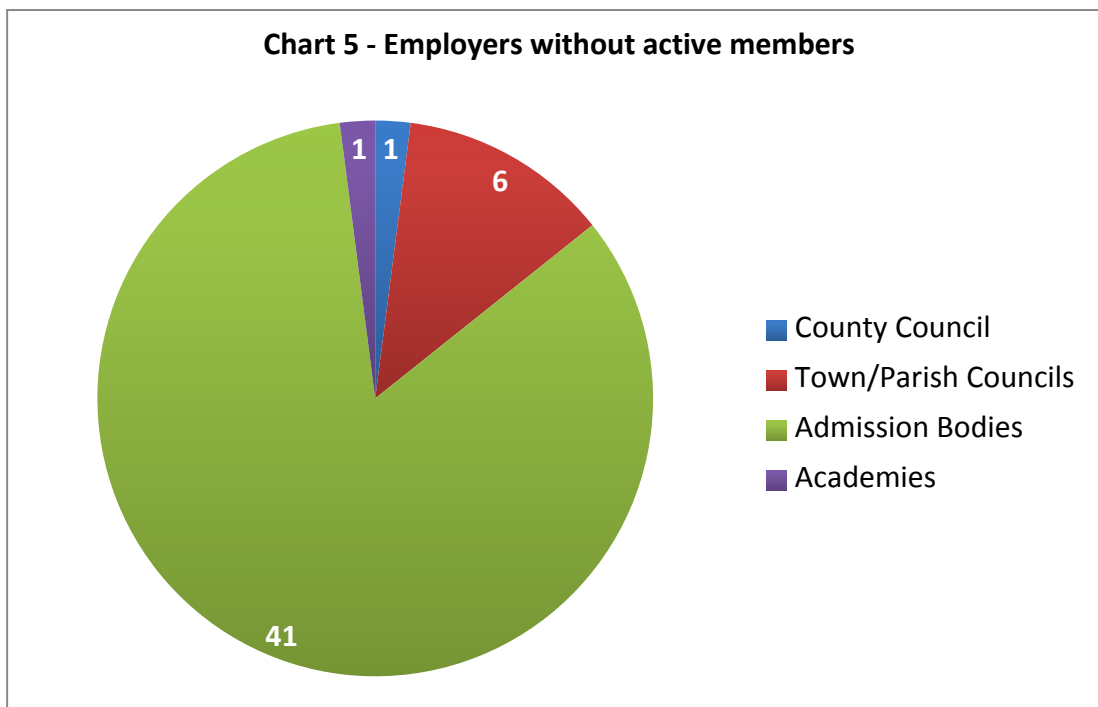


New employers since last report:

Admission Bodies: RBWM Property Company Ltd, Osborne Property Services Lid, NSL Ltd, The Beehive (Wokingham) Ltd, Bouygues E&S FM UK Ltd.

Academies: The Corvus Learning Trust (4 Schools – Edgbarrow (Bracknell Forest), Hatch Ride, Oaklands Junior and Oaklands First (all Wokingham)); The Circle Trust (2 Wokingham Schools – St Crispin’s and Nine Mile Ride).

Town/Parish Councils: Hampstead Norreys PC, Ruscombe PC, Pangbourne PC



Exiting employers: Vinci Park (Bracknell), Interserve, Slough Enterprise Ltd, Barkham PC, C-Salt, Ruscombe PC

2.3 Scheme Employer Key Performance Indicators

Employer	Starters	Leavers	Changes	Total	Errors	Achieved
RBWM	200	114	531	845	33	96.2415%
Reading BC	363	228	2990	3581	32	99.1143%
Academies	434	107	1037	1578	163	90.6376%
Colleges	66	29	837	932	17	98.2086%
Others	29	6	81	116	5	95.8678%
Totals	100	41	33	174	7	96.1326%

NOTES: Table 8A above shows all transactions through i-Connect for the third quarter of 2017/18. 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.

Exception report – less than 90% achieved

None

Employer	Starters	Leavers	Total	This Quarter	Quarter <1	Trend	
						Quarter <2	Quarter <3
	In/Out	In/Out					
Bracknell	65/99	26/9	199	45.73%	78.10%	49.50%	52.66%
RBWM	1/23	10/12	46	23.91%	59.38%	20.00%	16.49%
Reading	0/5	27/21	53	50.94%	27.27%	19.35%	16.67%
Slough	149/80	1/10	240	62.50%	78.05%	53.49%	43.24%
W Berkshire	1/10	34/27	72	48.61%	9.84%	14.22%	10.00%
Wokingham	30/18	6/3	57	63.16%	55.00%	45.61%	35.24%
WBC Schs.	69/372	3/23	467	15.42%	1.52%	1.90%	1.59%
Academies	72/224	17/47	360	24.72%	42.47%	34.95%	14.89%
Colleges	4/16	2/0	22	27.27%	36.67%	23.81%	13.16%
Others	37/39	5/23	104	40.38%	57.89%	48.03%	26.25%
Totals	428/886	131/175	1620	34.51%	45.18%	35.41%	20.51%

NOTES: Some employers listed in Table 8B above will also be listed in Table 8A. This is because not all employees of a scheme employer are paid through the scheme employer's payroll e.g. some non-teaching staff at Local Authority maintained schools may be paid via a third party payroll provider which is not an i-Connect user although those individuals are employees of the relevant Unitary Authority.

Details of starters and leavers only are recorded by the team. Other pension record changes may or may not have been received by the Pension Fund via payroll or from the scheme member direct. Experience tends to show that individuals may notify payroll of certain data changes but not always pensions and that payroll may not always forward information to the pension team.

Many missing data items are found through the year-end process which can be a long, labour intensive exercise for both the Pension Fund and the scheme employer. Employers using i-Connect do not have a year-end process to deal with as all data is uploaded and verified on a monthly basis.

2.4 Administration – Key Performance Indicators

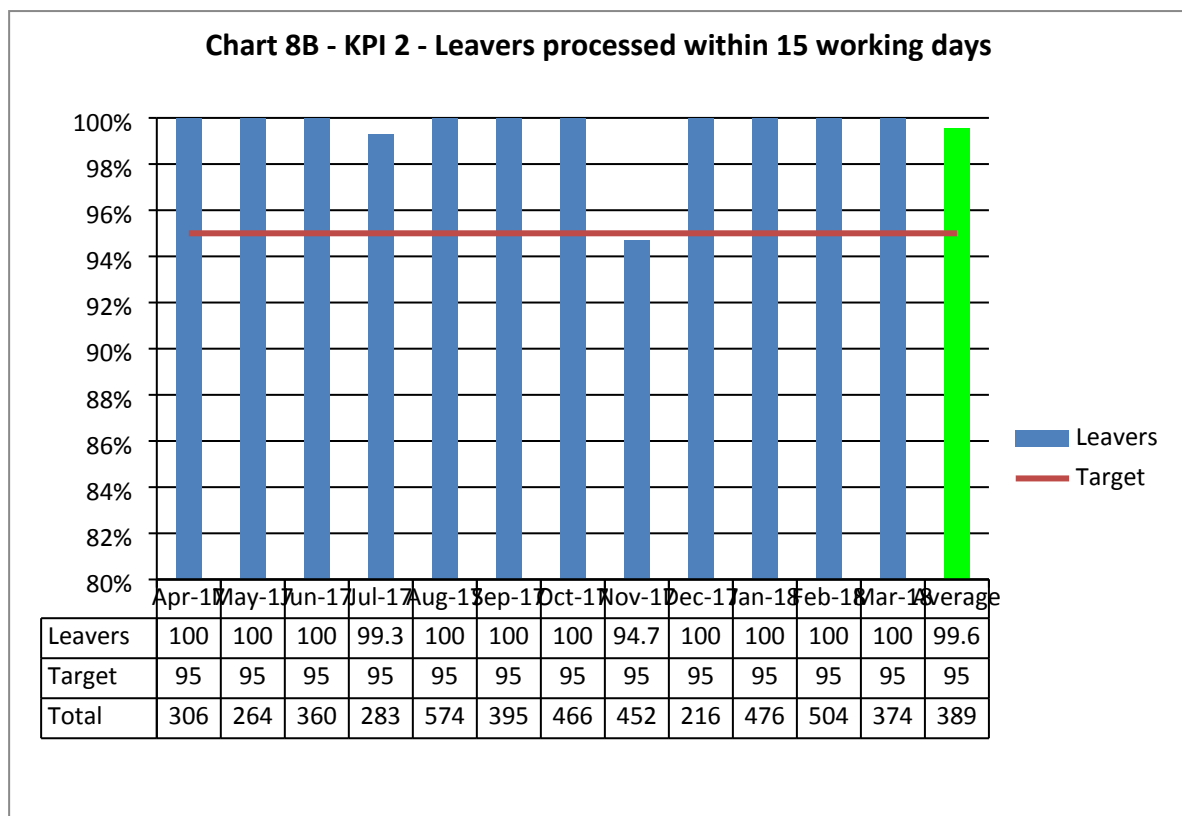
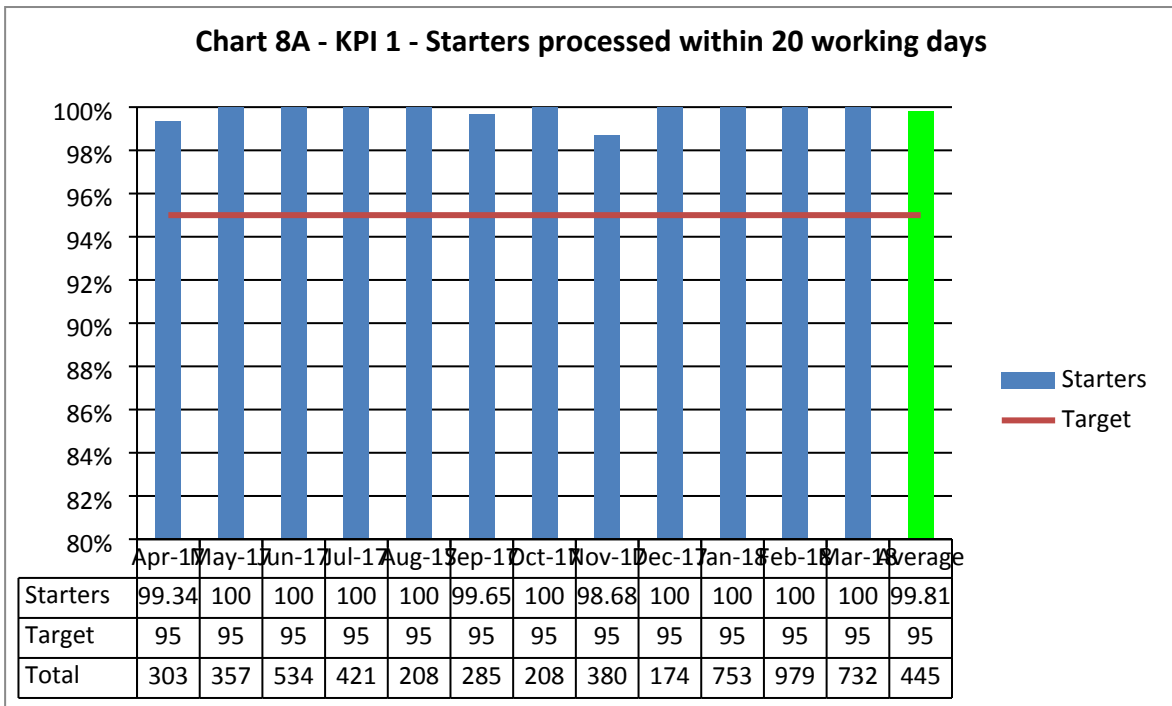
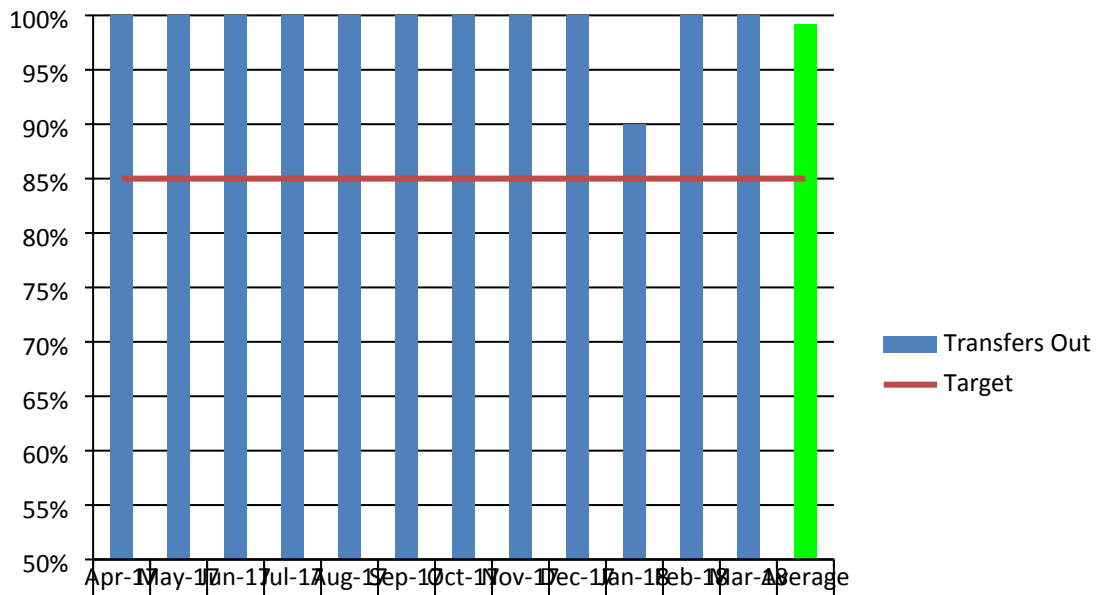
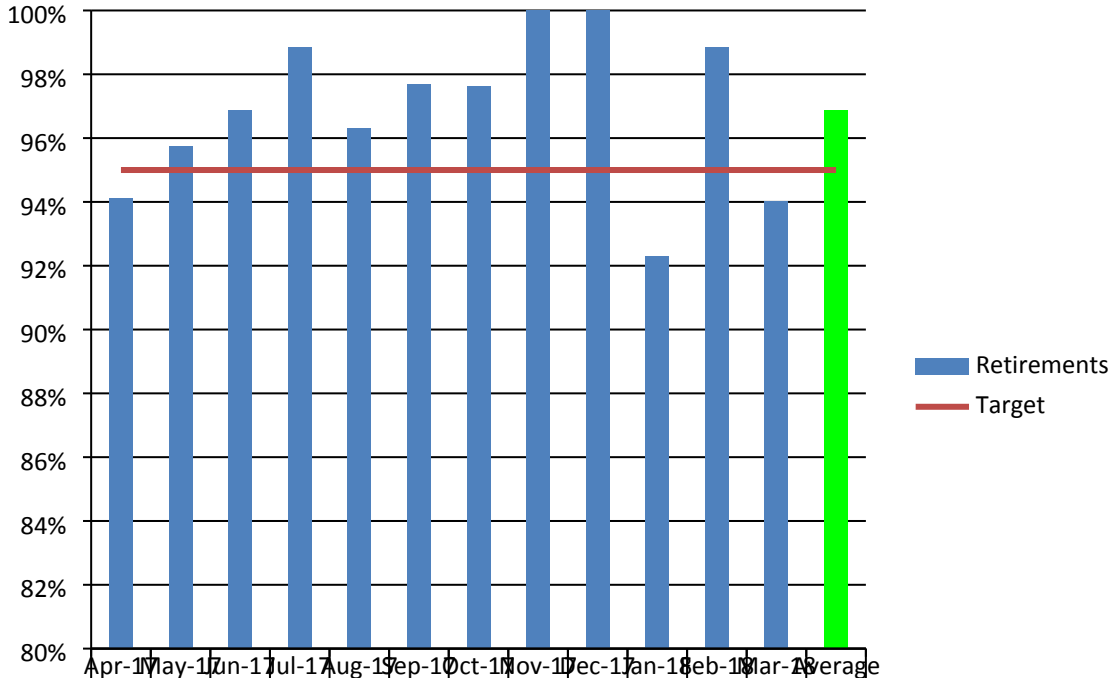


Chart 8C - KPI 3 - Transfers out processed within 15 working days



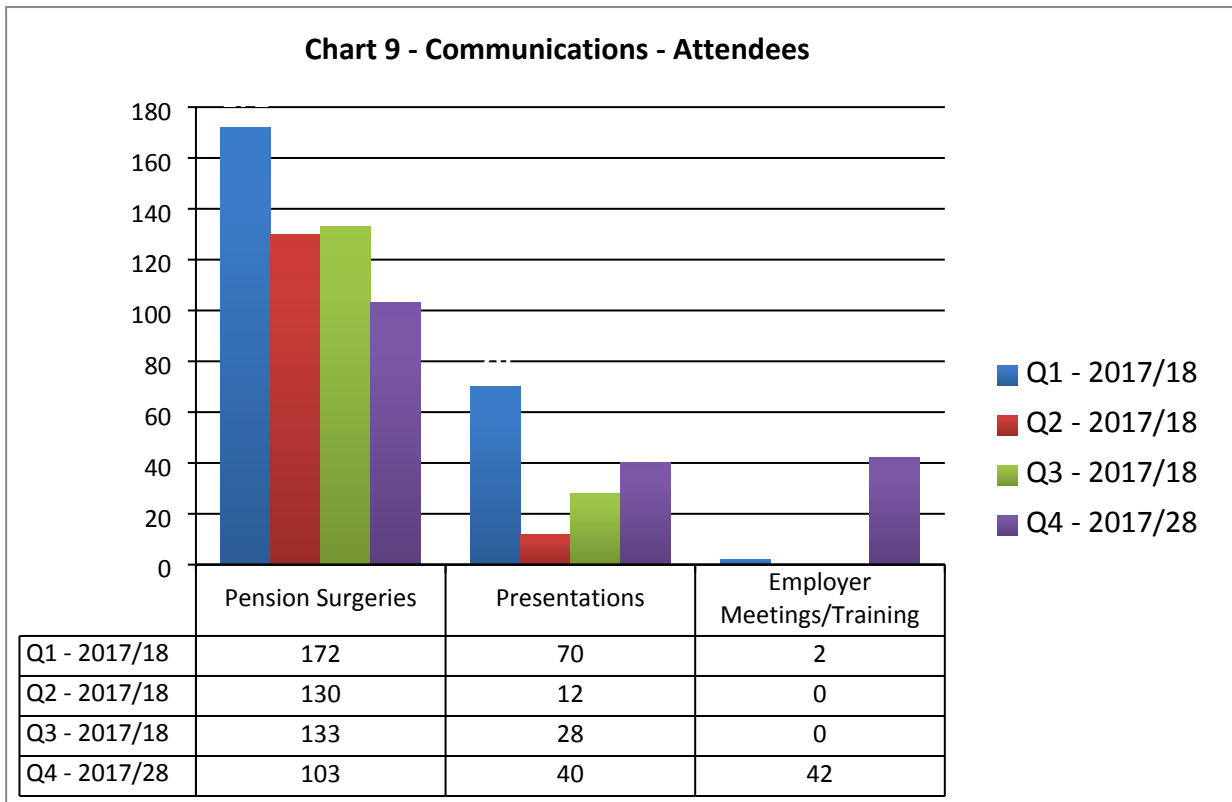
	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Average
Transfers Out	100	100	100	100	100	100	100	100	100	90	100	100	99.2
Target	85	85	85	85	85	85	85	85	85	85	85	85	85
Total	4	14	1	1	2	6	5	6	3	6	5	1	4.5

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

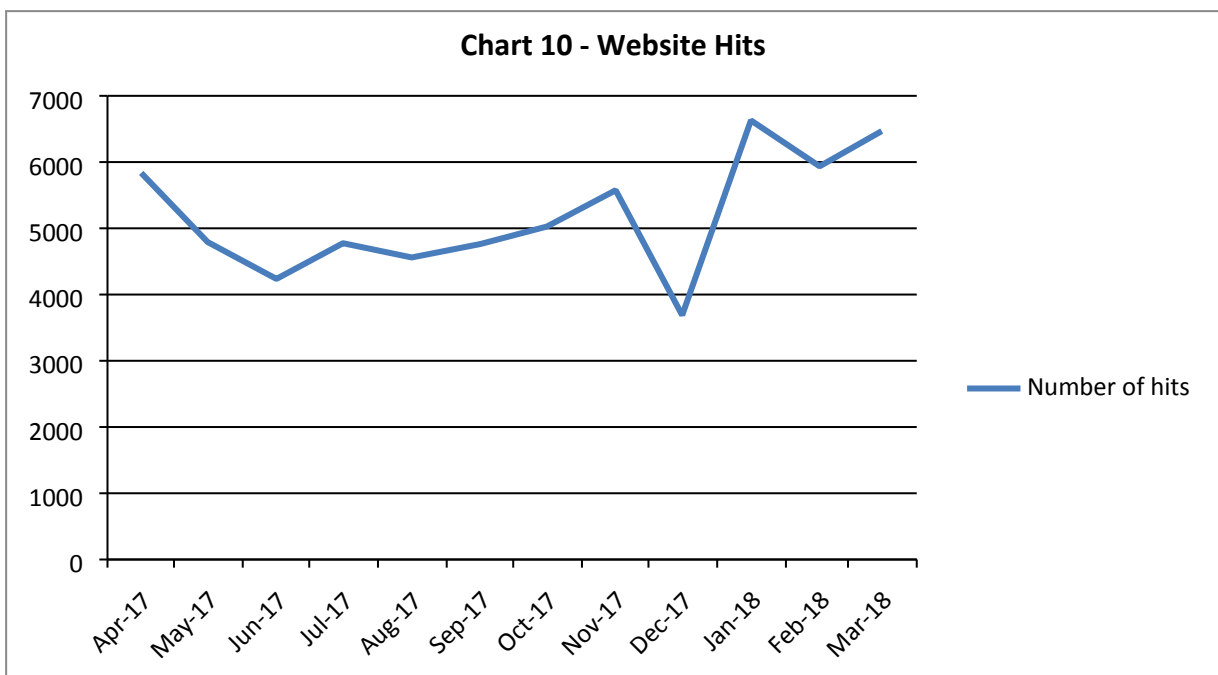


	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Average
Retirements	94.1	95.7	96.9	98.8	96.3	97.7	97.6	100	100	92.3	98.9	94	96.9
Target	95	95	95	95	95	95	95	95	95	95	95	95	95

2.5 Administration – Communications



2.6 Website hits



2.7 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. The table below details the comments and complaints received during October 2017 to March 2018.

SCHEME MEMBER NAME	THIRD PARTY NAME	DATE RECEIVED	METHOD RECEIVED	FEEDBACK RECEIVED
AW		04/12/2017	E-mail	Thank you so much for your dedication and patience. Very much appreciated.
	DM, Pension Officer, Greenwish Leisure	06/12/2017	E-mail	Many thanks [NAME] for the quick response. You are a star.
	JS, RBWM	06/12/2017	E-mail	Your crown is well and truly still in place and shining. Your Privacy Notice is the first one to be approved. I will be using it as an exemplar!
AL		08/12/2017	Face to Face	MW told me you were definitely the man I needed to see. Much appreciated, you have been a great help.
CH		15/12/2017	Telephone	Wishes all the wonderful staff of Berkshire Pensions a very Happy Christmas.
GB		15/12/2017	Telephone	Member has TUPE transferred to Oxfordshire Pension Fund (OCC) but requires an estimate. She said you can't speak to a person and have to leave a message at OCC and wait for a call back. She has left OCC multiple messages. It is not like Berkshire Pension Fund where you can always speak to a person straight away.
CW		15/12/2017	E-mail	May I take this opportunity to thank yourself and the Pension Team for all your help and advice on my pensions, over the last 12 months. Also can I thank yourself, for the helpful and informative meeting's we had to discuss my pensions and options. Once again, thanks for the helpful and welcoming service you and your team have provided. A Merry Christmas to you all, and a Happy New Year
SN		21/12/2017	Telephone	Very best wishes for the festive period and a big thank you for the fantastic service provided to her and the Payroll Team over the last year

2.8 Special projects

- i-Connect Software
 - Bracknell Forest Council – Recognise a change to their internal processes is required to avoid a repeat of the high number of queries needing to be resolved during Year End 2017 processing.
 - Dataplan – A payroll provider, submitting scheme member data on behalf of 10 scheme employers.
 - West Berkshire Council – Went LIVE in November 2017.
 - Wokingham BC (In-house) – Intended to go LIVE in September 2017. However, the first submission identified a number of data discrepancies. Now expected to go LIVE before 31 March 2018 to avoid Year End processing.
 - Oxford Diocesan Schools Trust – Expected to go LIVE before 1 April 2018.

Overall there are currently 49 scheme employers submitting monthly data to the Administration Team using i-connect. This represents 53% of the current total active scheme membership.

- Pension Administration Standards Association (PASA)
Remains ongoing with a target date of 31 March 2018 to have all desktop procedures written and accreditation applied for.
- General Data Protection Regulation (GDPR)
The Pension Fund is reviewing and updating all existing policies and procedures in readiness for the changes to data protection regulations due to come into force from 25 May 2018.

- GMP Reconciliation

With the removal of the contracted-out nature of public service pension schemes the Pension Fund entered into a period of reconciliation against DWP records to ensure that the correct GMP (Guaranteed Minimum Pension) values are held by the Pension Fund for Pensioner and Dependant scheme members. It is now strongly anticipated this project will be completed by 1 February 2018.

This process will be followed by the Pension Fund ensuring that the correct GMP values are held for Active scheme members.

The deadline by when all Pension Funds must complete their reconciliation is 31 December 2018.

- Wokingham Schools – Selima

The Pension Fund has undertaken to complete a data matching exercise in respect of scheme members employed at Wokingham Borough Council (WBC) maintained schools. The reason for doing this is that for many years the Pension Fund has identified problems with the data being supplied, or not supplied as is more the case, by WBC's contracted payroll provider, Selima.

Last year, as a result of this issue the Pension Fund did not release annual benefit statements to members as it considered its membership data to be unusable.

Therefore, the Pension Fund has decided to be proactive and to take on a significant workload in order to update and manage the flow of data between Selima, WBC and the Fund. A challenging work plan has been put in place involving each of the 48 schools identified as part of this process and senior officers at WBC are aware of and are monitoring the actions being taken and the progress being made.

Our aim is to have all membership data up to 31 March 2017 updated by the end of May 2018 so that the 2017 annual benefit statements can be issued to the affected members. Work will then commence of the 2017/18 year end process with the aim of having all data uploaded and accurate before the end of August 2018 so that the 2018 annual benefit statements can be issued in line with the statutory requirement of 31 August 2018. Thereafter, steps will be taken to ensure that this employer moves to i-connect thereby removing the risk of these actions having to be taken again in the future.

Action No.	Date of meeting	Action Item Description	Comments	Assigned To	Status	Status	Date
12	26/11/2015	b) Adoption of Training Plan.	Board members to inform the DPFM of any training completed.	Board Members	Open		
13	26/11/2015	Pension Administration Strategy.	Board members to provide DPFM with a list of key officers within their organisations to be added to Pension Fund distribution list.	Board Members	Open		
14	22/02/2016	Compliance with CIPFA audit guidelines.	Chair to write to s.151 officer regarding Administering Authority's compliance with CIPFA audit guidelines.	Billy Webster	Open	Initially with Howard Pearce. Passed to Billy Webster.	

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BUSINESS PLAN 2018-19

And

**MEDIUM-TERM STRATEGY
2019/2022**



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1.0 INTRODUCTION

This document is intended to outline how the Royal County of Berkshire Pension Fund will deal with its key responsibilities during 2018/19 and the over the medium-term from 2019 to 2022. The Administering Authority to the Royal County of Berkshire Pension Fund is the Royal Borough of Windsor & Maidenhead (RBWM).

The Pension Fund has two teams – The Pension Administration Team and The Pension Finance Team. Accounting for the Fund is carried out by colleagues within the Finance Team within RBWM's Corporate and Community Services Directorate.

The Business Plan will be used to guide and direct the Fund, provide clarity and alignment on goals and objectives and establish key initiatives for the forthcoming year. In addition, it is available to all stakeholders to better understand what the Fund is planning to do to provide an efficient service across the County of Berkshire whilst supporting the overall corporate aims of RBWM as the Administering Authority to the Pension Fund.

This Business Plan will be updated annually and presented to the Pension Fund Panel for adoption. The plan will also review the previous year's plan and detail whether the objectives therein were met.

2.0 STRATEGIC INTENT – MISSION STATEMENT

The Royal County of Berkshire Pension Fund aims:

To deliver an efficient pension service to all stakeholders in the Fund that:

- *Is cost effective, high quality, innovative and fit for purpose;*
- *Ensures that Scheme members receive the right benefits at the right time;*
- *Ensures Scheme members are kept informed about their benefits and changes in regulations which will affect them;*
- *Manages the Fund's investments in a risk controlled manner to meet the Fund's strategic investment objectives;*
- *Recognises that pensions are an important part of employees' reward packages which assists employers to deliver their strategic goals;*
- *Provides staff in the Pension Fund team with a satisfying work environment and career development path.*

3.0 BUSINESS OBJECTIVES

The business objectives for the Pension Fund team are directly aligned to the Council's corporate aims, as follows:

Business Aim	Business Objective
Stakeholder Satisfaction	To deliver an effective pension service that meets the expectations of Scheme members and other stakeholders as measured by a low number of complaints and adherence to agreed KPIs.

Value for Money	<p>To manage the assets of the Fund in such a way as to achieve the medium term investment return objective, achieve value for money in all contracts and manage all other direct costs in managing the Fund and paying pension benefits.</p> <p>To ensure we always remain compliant with legislative and regulatory requirements, avoiding any financial penalties or negative publicity, identifying and reducing business risks and minimising any negative internal and external audit comments and feedback.</p>
Equip Ourselves for the Future	<p>To manage staff effectively in order to deliver high levels of morale, ensuring all staff are effectively performance managed and developed by ensuring sickness rates are reduced, aligned objectives are set for all staff, performance appraisals are undertaken and poor performers are appropriately dealt with.</p> <p>To transform, develop and improve the Pension Team through creating an evidence-based continuous improvement culture and ensuring that all agreed projects and other initiatives are delivered to time and budget and achieve the expected benefits.</p>
Delivering Together	<p>To work together with Elected Members to deliver the goals and objectives of the Pension Fund Panel, to be measured by positive feedback from Lead Members.</p>

4.0 VALUES

The CREATE values of RBWM have been cascaded throughout the team and translated into local values and behaviours. In the spirit of the behaviours adopted by the Royal Borough of Windsor & Maidenhead, the Pension Team will adopt the following values and behaviours:

- There will be no ‘ambushing’ or surprises - discuss first before raising in public;
- We will always be realistic when negotiating timescales and be considerate of other’s priorities and time;
- Everyone’s view matters and we will always give credit where it is due;
- We will share information, be inclusive and supportive and back each other up;
- We will always consider Scheme members and other stakeholders in everything we do;
- We will always look to do something rather than find ways to not do it and we will always look to support a reasonable request;
- We will accept being challenged and only challenge ideas not people;
- We will always deal with issues and not let them fester;

- We will always lead by example;
- We will use face to face communication as our preferred initial medium with telephony as our second preference;
- If we do e-mail we will always use appropriate distribution lists;
- We will always respect each other and work together to meet the Fund's objectives;
- We will promote and celebrate success;
- We will take full responsibility for our actions.

5.0 BUSINESS TARGETS 2018/19

Pension Team Business Objective	2017/18 Target
To deliver an effective pensions service that meets the expectations of members and other stakeholders as measured by a low number of complaints and adherence to agreed KPIs.	All annual benefits statements to be issued on time. 95% of critical service standards achieved (stretch 100%). 90% of non-critical service standards to be achieved (stretch of 95%). Service related complaints to be less per member than 2017/18.
To manage the assets of the Fund in such a way as to achieve the medium term investment return objective, achieve value for money in all contracts and manage all other direct costs in managing the Fund and paying benefits.	Achieve a 4.5% real investment return over an economic cycle (7 years). Tender all contracts when due with a stretch objective of reducing costs (on a like-for-like basis) in real terms.
To ensure we always remain compliant with legislative and regulatory requirements, avoiding any financial penalties or negative publicity, identifying and reducing business risks and minimising any negative internal and external audit comments and feedback.	Positive feedback from internal and external auditors that controls are better than in previous years. To maintain robust business continuity, disaster recovery and emergency plans for all areas. Reduce risk profile of the Pension Fund.
To incorporate Integrated Risk Management into the management of the Fund	Develop a Risk Dashboard with Lincoln Pensions
To comply with the Government's Pooling Directive	Work with The Local Pensions Partnership to become a partner.
To manage staff effectively in order to deliver high levels of morale, ensuring all staff are effectively performance managed and developed by ensuring sickness rates are reduced, aligned objectives are set for all	Overall staff satisfaction of at least 70% (stretch of 75%). Staff absence rate to be reduced by 10% from 2016/17 levels (stretch of 15%).

staff, performance appraisals are undertaken and poor performers are dealt with appropriately.	
To transform, develop and improve the pension teams through creating an evidence-based continuous improvement culture and ensuring that all agreed projects and other initiatives are delivered to time and budget and achieve the expected benefits.	Deliver 90% of tasks within the pension teams' operational plan (stretch of 95%). Deliver all agreed programmes and projects to time and budget.
To work together with Elected Members to deliver the goals and objectives of the Pension Fund Panel, to be measured by positive feedback from Lead Members.	Positive feedback from Lead Members on performance and engagement.

6.0 KEY ASSUMPTIONS AND RISKS

The following are the key business assumptions used in the compilation of the 2018/19 budget:

- Sufficient staff resources are available and committed to deliver business as usual and agreed projects, with key posts filled if they become vacant;
- The gap between benefits payable and contributions received will grow in the medium term thereby requiring the investment portfolio to generate a level of investment income sufficient to meet that gap to avoid the need to sell investments at an inopportune time;
- Staff turnover is as expected otherwise the Pension Team will struggle to meet its obligations to stakeholders;
- That performance targets remain as agreed;
- That central support resources are available to support the Pension Team;
- Changes to legislation do not adversely impact on the operation of the Pension Fund;
- Training and development resources are available;
- The new change management model is fully embedded and effective in managing and prioritising projects;
- FOI and DPA requests will not increase;
- Number of schools converting to academies and the number of new employers admitted to the Fund will remain in-line with previous years' experience;
- The Pension Fund will need to adjust investment strategy as a result of the Government's investment pooling strategy.

7.0 CASH-FLOW SUMMARY

A summary of the forecast cash-flow for the Pension Fund is shown below:

	Year to 31/03/17 (actual) £'000's	Year to 31/03/18 (forecast) £'000's	Year to 31/03/19 (forecast) £'000's
Contributions – employees	26,433	26,400	26,400
Contributions – employers normal	53,021	54,200	57,963
Contributions – employers deficit	17,291	18,298	16,251
Transfers In	9,826	6,600	6,600
Employers additional contribution for early retirements	2,000	1,800	1,800
Investment Income via Custodian	32,708	33,689	34,700
Pensions Paid (Gross)	-82,140	-83,400	-85,902
Retirement Lump Sums	-20,743	-21,200	-21,200
Transfers Out	-6,966	-6,500	-6,500
Investment Management Costs	-6,940	-7,148	-7,363
Employee & Other Costs	-1,438	-1,300	-1,300
Net Cash Flow	23,052	21,439	21,499

8.0 KEY INITIATIVES 2018/19

Business Objective	Key Initiatives
To deliver an effective pensions service that meets the expectations of members and other stakeholders as measured by a low number of complaints and adherence to agreed KPIs.	<p>Ensure that Pension Administration Software is kept up to date.</p> <p>Apply for PASA accreditation by April 2018 and to become fully accredited by December 2018.</p> <p>To continue to work with Scheme employers to increase the percentage of member records administered via i-Connect from 53% at March 2018 to 70% by March 2019.</p> <p>Continual review of Service Level Agreements to ensure they remain current.</p> <p>Annual review of the Pension Administration Strategy.</p> <p>Annual review of Communications Policy with the continuing aim to provide Scheme information digitally wherever possible.</p> <p>Keep members up to date via newsletters and Scheme employers up to date via bulletins.</p>

	<p>Run Pension Surgeries at least twice annually for each Unitary Authority and at least once a year for other Scheme employers upon request.</p> <p>Continue to provide training and literature for Scheme employers to assist them in administering the Scheme on behalf of their employees.</p> <p>Continue to provide presentations and literature for Scheme members to provide greater understanding of their Scheme.</p> <p>Maintain the Pension Fund web-site to the highest standards ensuring that all information is current and accurate.</p> <p>Ensure the continued development of Member Self Service to the highest possible standard and in line with scheme and pension software supplier changes.</p> <p>Continue the promotion and development of the Employer Self Service (ESS) application to enable Scheme employers to access the pension details of their own employees.</p>
<p>To manage the assets of the Fund in such a way as to achieve the medium term investment return objective with minimal loss of capital, achieve value for money in all contracts and manage all other direct costs in managing the fund and paying benefits.</p>	<p>Join the Local Pensions Partnership to comply with investment pooling as required by the Department for Communities and Local Government.</p> <p>Implement Investment Strategy as agreed by the Pension Fund Panel.</p> <p>Ensure that no fire-sale of assets is required to meet benefit payments.</p>
<p>To ensure we always remain compliant with legislative and regulatory requirements, avoiding any financial penalties or negative publicity, identifying and reducing business risks and minimising any negative internal and external audit comments and feedback.</p>	<p>Produce Annual Financial Statements so they can be published by 1 December 2017.</p> <p>Complete contributions reconciliation.</p> <p>Achieve a clean audit.</p> <p>Complete Year End procedures in advance of 31 August 2018 to enable prompt issue of annual benefit statements.</p> <p>Annual Benefit Statements (Active and Deferred members) to be issued by 31</p>

	<p>August 2018.</p> <p>Apply Pensions Increase and HMT Revaluation Orders.</p> <p>Issue P60's and payslips by 31 May 2018 in line with statutory legislation.</p> <p>Service the Berkshire Pension Board to ensure they receive the information they require to discharge their obligations.</p> <p>Ensure that all Pension Fund policies are current.</p> <p>Ensure continuing compliance with the Pensions Regulator's Code of Practice number 14.</p> <p>Ensure compliance with General Data Protection Regulation (GDPR) by 25 May 2018 and ensure continued compliance.</p>
To manage staff effectively in order to deliver high levels of morale, ensuring all staff are performance managed and developed by ensuring sickness rates are reduced, aligned objectives are set for all staff, performance appraisals are undertaken and poor performers are appropriately dealt with.	Monitor staff requirements to ensure a high quality service is provided to stakeholders.
To transform, develop and improve the Pensions Team through creating an evidence based continuous improvement culture and ensuring that all agreed projects and other initiatives are delivered to time and budget and achieve the expected benefits.	<p>Ensure that staff "buy-into" RBWM's performance related pay scheme.</p> <p>Ensure that staff receive appropriate training internally and from external providers.</p>
To work together with Elected Members to deliver the goals and objectives of the Pension Fund Panel, to be measured by positive feedback from Lead Members.	<p>Ensure Pension Fund Panel, Pension Fund Advisory Panel and Pension Board members receive appropriate training.</p> <p>Ensure that Pension Fund Panel, Pension Fund Advisory Panel and Pension Board members understand the Fund's strategy.</p>

9.0 REVIEW OF 2017/18 KEY INITIATIVES

In 2017/18 we said that we would:

Business Objective	Key Initiatives	Outcome
To deliver an effective pensions service that meets the expectations of members and other stakeholders as measured by a low number of complaints and adherence to agreed KPIs.	Ensure that Pension Administration Software is kept up to date	Achieved. All Pension Administration Software has been kept up to date.
	Finalise Desktop Procedures to ensure consistency of working practices in the Pension Administration Team	Completed.
	Continue to promote and encourage employers to use i-Connect as the administering authority's preferred method of data transfer.	Achieved. 53% of Scheme members records were administered using i-Connect at March 2018 an increase of 26% from March 2017.
	Continual review of Service Level Agreements to ensure they remain current.	Achieved.
	Keep members up to date via newsletters.	Achieved. All newsletters produced throughout 2017/18 on time and in line with the Fund's Communication policy.
	Run Pension Surgeries at least twice annually for each unitary authority and as requested by other employers.	Achieved. A total of 19 surgeries were held through 2017/18 with 546 members attending.
	Educate scheme employers by providing scheme training upon request.	Achieved. 2 employer training sessions provided.
	Educate scheme members by providing presentations upon request from scheme employers.	Achieved. 9 presentations provided.
	Maintain web-site to highest standards ensuring that all information is current.	Achieved. Web-site is continually reviewed and updated.
	To increase the number of visits made to scheme employers to discuss key statutory responsibilities and improve performance.	Partially achieved. As e-communications improve fewer requests for site visits are received.

<p>To manage the assets of the Fund in such a way as to achieve the medium term investment return objective with minimal loss of capital, achieve value for money in all contracts and manage all other direct costs in managing the fund and paying benefits.</p>	<p>Join an LGPS Investment Pool as required by the Department for Communities and Local Government.</p> <p>Implement Investment Strategy as agreed by the Pension Fund Panel.</p> <p>Ensure that no fire-sale of assets is required to meet benefit payments</p>	<p>Not achieved. Pension Panel agreed to join the London Pensions Partnership (LPP) at its meeting on 22 January 2018.</p> <p>Achieved.</p> <p>Achieved.</p>
<p>To ensure we always remain compliant with legislative and regulatory requirements, avoiding any financial penalties or negative publicity, identifying and reducing business risks and minimising any negative internal and external audit comments and feedback.</p>	<p>Produce Annual Financial Statements so they can be published by 1 December 2017.</p> <p>Complete contributions reconciliation.</p> <p>Achieve a clean audit.</p> <p>Complete Year End procedures before 31 August 2017 to enable prompt issue of annual benefit statements.</p> <p>Annual Benefit Statements (Active and Deferred members) to be issued by 31 August 2017.</p> <p>Apply Pensions Increase and HMT Revaluation Orders.</p>	<p>Achieved. Document published and available from Pension Fund website.</p> <p>Achieved.</p> <p>Achieved. Audit rating 'Complete and Effective – Highest out of 4 Audit Opinions'.</p> <p>Partially achieved. 97.5% of procedures were completed on time. Remaining 2.5% of procedures were not completed on time due to certain Scheme employer data received by the Fund being of a poor quality.</p> <p>Partially achieved. 100% of deferred member statements issued on time. 97.5% of active member statements issued on time the remaining 2.5% be issued out of time due to issues with certain Scheme employer data. Matter under review.</p> <p>Achieved. Pensions Increase applied in line with statutory legislation.</p>

	<p>Issue P60's and payslips.</p> <p>Ensure that employers complete Policy Statements as required by LGPS Regulations 2013.</p> <p>Service the Berkshire Pension Board to ensure they receive the information they require to discharge their obligations.</p> <p>Ensure that all Pension Fund policies are current.</p> <p>Ensure compliance with the Pensions Regulator's Code of Practice number 14.</p>	<p>Achieved. All documents issued in line with statutory legislation.</p> <p>Partially achieved. A small number of Scheme employers have yet to issue their policies but are kept under review.</p> <p>Achieved. Pension Board receive everything required to operate effectively.</p> <p>Achieved. All policies are kept under review and updated as necessary.</p> <p>The Pension Board procured an audit review of the administering authority's compliance with Code 14 with a number of minor concerns being identified and resolved.</p>
<p>To manage staff effectively in order to deliver high levels of morale, ensuring all staff are performance managed and developed by ensuring sickness rates are reduced, aligned objectives are set for all staff, performance appraisals are undertaken and poor performers are appropriately dealt with.</p>	<p>Monitor staff requirements to ensure a high quality service is provided to stakeholders.</p>	<p>Achieved.</p>
<p>To transform, develop and improve the Pensions Team through creating an evidence based continuous improvement culture and ensuring that all agreed projects and other initiatives are delivered to time and budget and achieve the expected benefits.</p>	<p>Ensure that staff "buy-into" RBWM's performance related pay scheme.</p> <p>Ensure staff receive appropriate training internally and from external providers.</p>	<p>Achieved.</p> <p>Achieved.</p>

To work together with Members to deliver the goals and objectives of the Pension Fund Panel, to be measured by positive feedback from Lead Members.	Ensure Pension Fund Panel, Pension Fund Advisory Panel and Pension Board members receive appropriate training. Ensure that Pension Fund Panel, Pension Fund Advisory Panel and Pension Board members understand the Fund's strategy.	Achieved. Achieved.

10.0 MEDIUM TERM PLAN 2019/22

The following table details the medium term plan for the Pension Fund for the period 2019 to 2022.

Objective	Rationale	Timescale
Investment Pooling.	Required by the Department for Communities and Local Government per their announcement 25 November 2015.	All investments to be pooled with Local Pensions Partnership (LPP) by mid-2020. Investment staff to TUPE transfer to LPP on 1 June 2018. Business case for merger of pension administration to be considered during 2018/19.
Attain accreditation to the Pensions Administration Standards Association (PASA).	Accreditation will confirm that the Pension Administration Team are adhering to industry best practice.	Accreditation to be achieved during 2018/19.
Credit insure the Fund against loss incurred by the insolvency of admission bodies.	Protects the Fund against losses incurred when admission bodies become insolvent and they are unable to meet their cessation liabilities.	Initial work completed in 2015. Further work regarding feasibility of an insured solution undertaken in 2016/17. Further work required in 2018/19.
Reconciliation of Guaranteed Minimum Pension (GMP) obligations.	Reconcile GMP values held with those calculated by HMRC or Fund faces making overpayments to existing scheme members and even to individuals for whom it is believed there is no liability.	Work completed in February 2018.
Introduction of Employer Self Service (ESS)).	Increase ability of Scheme employers to interact with the Fund via self-service facilities (operational efficiency)	System implemented in 2017/18 but further development required in 2018/19
i-Connect	Will lead to improved quality	100% (or maximum viable)

	of data held by Fund and increased efficiency of the service	achieved by 31 March 2019
Maintain sufficient cash-flow to avoid fire-sale of assets to meet benefits payable	Avoid sale of assets at low process negatively impacting long-term sustainability of the fund	On-going
Investigate additional longevity insurance	Protect fund against unforeseen improvements in life expectancy	On-going
Continuous review of investment strategy	Ensure that investment strategy is "fit for purpose"	On-going
Review inflation hedging possibilities	Protect fund against large rises in inflation	On-going

Approved by Berkshire Pension Fund Panel: 2018



FUNDING STRATEGY STATEMENT

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1 INTRODUCTION

1.1 This is the Funding Strategy Statement (“FSS”) for the Royal County of Berkshire Pension Fund (“the Fund”) which is administered by The Royal Borough of Windsor and Maidenhead (“the Administering Authority”). It has been prepared in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013.

1.2 This statement should be read in conjunction with the Fund’s Investment Strategy Statement (“ISS”)

Purpose of the Funding Strategy Statement

1.3 The purpose of the FSS is to explain the Fund’s approach to meeting the employer’s pension liabilities and in particular:

- To establish a clear and transparent Fund-specific strategy which will identify how employers’ pension liabilities are best met going forward;
- To take a prudent longer-term view of funding those liabilities; and
- To support the regulatory framework to ensure the solvency of the Fund and the long-term cost efficiency of the Scheme, and where possible to maintain as nearly constant Scheme employer contribution rates as possible.

1.4 The purpose of the Fund is to:

- Collect monies in respect of employee and employer contributions, transfer values and investment income;
- Facilitate payment of Local Government Pension Scheme (LGPS) benefits, transfer values, costs, charges and expenses; and
- Accumulate and invest money received and facilitate the management of this.

Funding Objectives

1.5 Contributions are paid to the Fund by Scheme members and Scheme employers to provide for the benefits which will become payable to Scheme members when they fall due.

1.6 The funding objectives are to

- Set levels of employer contributions that will build up a fund of assets that will be sufficient to meet all future benefit payments from the Fund and ensure the solvency of the Fund;
- Set contributions which maximise the long-term cost efficiency. Broadly, this means that paying contributions as soon as possible so that any deficit is addressed quickly is preferable;



- Build up the required assets in such a way that produces levels of employer contributions that are as stable as possible;
- Minimise the risk of employers leaving with unpaid deficits, which then fall to the other employers;
- Ensure effective and efficient management of employer liabilities; and
- Allow the return from investments to be maximised within reasonable risk parameters.

2 KEY PARTIES

2.1 The parties directly concerned with the funding aspect of the Pension Fund are contained in this section of the FSS. A number of other key parties, including investment managers and external auditors also have responsibilities to the Fund but are not key parties in determining funding strategy.

The Administering Authority



The Administering Authority for the Royal County Berkshire Pension Fund is the Royal Borough of Windsor & Maidenhead. The main responsibilities of the Administering Authority are as follows:

- Collect and account for employee and employer contributions;
- Pay the benefits to Scheme members and their dependants as they fall due;
- Invest the Fund's assets ensuring sufficient cash is available to meet the liabilities as and when they become due;
- Take measures as set out in the regulations to safeguard the Fund against the consequences of employer default;
- Manage the Actuarial valuation process in conjunction with the Fund Actuary;
- Prepare and maintain the FSS and also the ISS (Investment Strategy Statement) and after consultation with other interested parties;
- Monitor all aspects of the Fund's performance and funding to ensure that the FSS and the ISS are updated as necessary; and
- Effectively manage any potential conflicts of interest arising from its dual role as both Fund administrator and Scheme employer.

Scheme employers

2.3 The responsibilities of each individual Scheme employer which participates in the Fund, including the Administering Authority in its capacity as a Scheme employer, are as follows:

- Collect employee contributions and pay these together with their own employer contributions as certified by the Fund Actuary within the statutory timescales;
- Promptly notify the Administering Authority of any new Scheme members and any other membership changes in accordance with the pension administration service level agreement;
- Promptly notify the Administering Authority of any Scheme member who leaves or retires from their employment in accordance with the pension administration service level agreement;
- Promptly notify the Administering Authority of all Scheme member data and information required by the Administering Authority in accordance with the pension administration service level agreement so that the Administering Authority is able to accurately calculate the value of benefits payable to each Scheme member;
- Exercise any discretions permitted under the Scheme Regulations and to produce, maintain and publish a policy statement with regard to the exercise of those discretions;
- Meet the costs of any augmentations or other additional costs such as Pension Fund strain costs resulting from decisions to release early Scheme members' retirement benefits in accordance with Scheme regulations and agreed policies and procedures;
- Provide any information as requested to facilitate the Actuarial valuation process.



Fund Actuary

2.4 The Fund Actuary for the Royal County of Berkshire Pension Fund is Barnett Waddingham LLP. The main responsibilities of the Fund Actuary are to:

- Prepare the Actuarial Valuation having regard to the FSS and the Scheme Regulations;
- Prepare annual FRS102/IAS19 (accounting standards) reports for all Scheme employers requiring such a report for their annual report and accounts;
- Advise interested parties on funding strategy and completion of Actuarial valuations in accordance with the FSS and the Scheme Regulations;
- Advise on other actuarial matters affecting the financial position of the Fund.



3 FUNDING STRATEGY

- 3.1 The funding strategy seeks to achieve (via employee and employer contributions and investment returns) two key objectives:
- A funding level of 100% as assessed by the Fund's appointed actuary, triennially, in accordance with the Scheme Regulations;
 - As stable an employer contribution rate as is practical.
- 3.2 The funding strategy recognises that the funding level will fluctuate with changing levels of employment, retirements, actuarial assumptions and investment returns and that the employer contribution has to be adjusted to a level sufficient to maintain the pension Fund's solvency and to achieve a funding level of 100% over the longer term.
- 3.3 The Actuarial valuation process is essentially a projection of future cash-flows to and from the Fund. The main purpose of the triennial valuation is to determine the level of employers' contributions that should be paid over an agreed period to ensure that the existing assets and future contributions will be sufficient to meet all future benefit payments from the Fund.
- 3.4 The last Actuarial valuation was carried out as at 31st March 2016 with the assets of the Fund found to be 73% of the accrued liabilities for the Fund.

Funding Method

- 3.5 The funding target is to have sufficient assets to meet the accrued liabilities for each Scheme employer in the Fund. The funding target may, however, also depend on certain Scheme employer circumstances and will, in particular, have regard to whether a Scheme employer is an "open" employer (which allows new recruits access to the Fund) or a "closed" employer (which no longer permits new employees access to the Fund). The expected period of participation by a Scheme employer in the Fund may also affect the chosen funding target.
- 3.6 For all Scheme employers the Actuarial funding method adopted considers separately the benefits in respect of service completed before the Valuation date ("past service") and benefits in respect of service expected to be completed after the Valuation date ("future service"). This approach focuses on:
- The past service funding level of the Fund. This is the ratio of accumulated assets to liabilities in respect of past service after making allowance for future increases to members' pay and pensions in payment. A funding level in excess of 100% indicates a surplus of assets over liabilities whereas a funding level of less than 100% indicates a deficit.
 - The future funding rate i.e. the level of contributions required from the individual Scheme employers which together with employee contributions are expected to support the cost of benefits accruing in the future.
- 3.7 For "open" Scheme employers, the Projected Unit method is used which, for the future service rate, assesses the cost of one year's benefit accrual.
- 3.8 For "closed" Scheme employers the funding method adopted is known as the Attained Age Method. This gives the same results for the past service funding level as the Projected Unit Method but for the future cost it assesses the average cost of the

benefits that will accrue over the remaining working lifetime of the active Scheme members.

Valuation Assumptions and Funding Model

- 3.9 In completing the Actuarial valuation it is necessary to formulate assumptions about the factors affecting the Fund's future finances such as inflation, pay increases, investment returns, rates of mortality, early retirement and staff turnover etc.
- 3.10 The assumptions adopted at the valuation can therefore be considered as:
- The statistical assumptions which generally speaking are estimates of the likelihood of benefits and contributions being paid; and
 - The financial assumptions which generally speaking will determine the estimates of the amount of benefits and contributions payable and their current or present value.

Future Price Inflation

- 3.11 The base assumption in any triennial valuation is the future level of price inflation. This is derived by considering the average difference in yields from conventional and index linked gilts during the 6 months straddling the valuation date using a point from the Bank of England RPI Inflation Curve. This gives an assumption for Retail Prices Index (RPI) inflation, which is then adjusted to get an assumption for Consumer Prices Index (CPI) inflation. At the 2016 valuation, CPI was assumed to be 0.9% per annum lower than RPI, giving a CPI inflation assumption of 2.4% per annum.



Future Pay Inflation

- 3.12 As benefits accrued before 1st April 2014 (and in the case of some protected members after 31st March 2014) are linked to pay levels at retirement it is necessary to make an assumption as to future levels of pay inflation. The assumption adopted in the 2016 valuation is that pay increases will, on average over the longer term, exceed CPI by 1.5% per annum. In the short term in anticipation of Government policy, it has been assumed that pay increases for the 4 year period to 31 March 2020 would be limited to CPI.

Future Pension Increases

- 3.13 Pension increases are assumed to be linked to CPI.

Future Investment Returns/Discount Rate

- 3.14 To determine the value of accrued liabilities and derive future contribution requirements it is necessary to discount future payments to and from the Fund to present day values.

- 3.15 The discount rate adopted depends on the funding level target adopted for each Scheme employer.



- 3.16 For “open” Scheme employers the discount rate applied to all projected liabilities reflects a prudent estimate of the rate of investment return that is expected to be earned from the underlying investment strategy by considering average market yields and indicators in the 6 months straddling the valuation date. This discount rate so determined may be referred to as the “ongoing” discount rate.

The level of prudence at the 2016 valuation differed between the major councils and the remaining employers, to reflect the difference in covenant strength. This gave a discount rate of 5.7% per annum for the unitary authorities (and the employers pooled with them) and of 5.5% per annum for the other employers.

- 3.17 For “closed” employers an adjustment may be made to the discount rate in relation to the remaining liabilities once all active members are assumed to have retired if at that time (the projected “termination date”) the Scheme employer either wishes to leave the Fund or the terms of their admission requires it.
- 3.18 The Fund Actuary will incorporate such an adjustment after consultation with the Administering Authority.
- 3.19 The adjustment to the discount rate is essentially to set a higher funding target at the projected termination date so that there are sufficient assets to fund the remaining liabilities on a “minimum risk” rather than on an ongoing basis to minimise the risk of deficits arising after the termination.

Asset Valuation

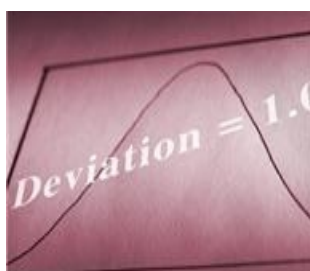
- 3.20 The asset valuation is a market value of the accumulated Fund at the triennial valuation date adjusted to reflect average market conditions during the 6 months straddling the triennial valuation date.

Statistical Assumptions

- 3.21 The statistical assumptions incorporated into the triennial valuation such as future rates of mortality etc are based on national statistics but then adjusted where deemed appropriate to reflect the individual circumstances of the Fund and/or individual Scheme employers. For the 2016 valuation, the Fund received a bespoke analysis of the pensioner mortality and the results of this analysis were used to aid in setting a suitable assumption for the Fund.

Deficit Recovery/Surplus Amortisation Periods

- 3.22 Whilst one of the funding objectives is to build up sufficient assets to meet the cost of benefits as they accrue it is recognised that at any particular point in time, the value of the accumulated assets will be different to the value of accrued liabilities depending on how the actual experience of the Fund differs to the actuarial assumptions. Accordingly the Fund will normally either be in surplus or in deficit.



- 3.23 Where the Actuarial valuation discloses a significant surplus or deficit then the levels of required Scheme employers’ contributions will include an adjustment to either amortise the surplus or fund the deficit over a period of years. At the 2016 valuation, a deficit was revealed and contributions were set to recover this deficit over a period no longer than 24 years.

3.24 The period that is adopted for any particular Scheme employer will depend upon:

- The significance of the surplus or deficit relative to that Scheme employer’s liabilities;
- The covenant of the individual Scheme employer and any limited period of participation in the Fund; and
- The implications in terms of stability of future levels of Scheme employers’ contributions.

3.25 At the 2016 triennial valuation the period adopted to recover the deficit was:

Type of Scheme Employer	Maximum Length of Recovery Period
Unitary Authorities and Associated Employers	24 years
Housing Associations	14 years
Colleges (excluding the University of West London)*	14 years
Academies	17 years
Community Admission Bodies	14 years
Transferee Admission Bodies	Future working life of current employees or contract period whichever is the shorter period

3.26 Where a Scheme employer’s contribution has to increase significantly then the increase may be phased in over a period not exceeding 6 years although this may only be allowed for some Scheme employer types or if the increase in contributions would increase the risk of an employer insolvency, leaving an unpaid deficit and adversely affecting other employers’ contributions and the solvency of the Fund as a whole.

Pooling of Individual Scheme employers

3.27 The policy of the Fund is that each individual Scheme employer should be responsible for the costs of providing pensions for its own employees who participate in the Fund. Accordingly contribution rates are generally set for individual employers to reflect their own particular circumstances.

3.28 However, certain groups of individual Scheme employers may be pooled for the purposes of determining contribution rates to recognise common characteristics or where the number of Scheme members is small.

3.29 Currently, other than Scheme employers that are already legally connected, there are the following pools:

- Colleges (with the exception of the University of West London)*
- Academies
- Community Admission Bodies



- Housing Associations

3.30 The main purpose of pooling is to produce more stable Scheme employer contribution levels in the longer term whilst recognising that ultimately there will be some level of cross subsidy of pension cost amongst pooled Scheme employers.

*The University of West London is a closed employer whose membership and liability profile no longer makes it a viable employer for inclusion within the college pool.

Cessation Valuations

3.31 On the cessation of a Scheme employer's participation in the Fund, the Actuary will be asked to make a termination assessment. Any deficit in the Fund in respect of the Scheme employer will be due to the Fund as a termination contribution, unless it is agreed by the Administering Authority and the other parties involved that the assets and liabilities relating to the Scheme employer will transfer within the Fund to another participating Scheme employer.

3.32 In assessing the deficit on termination, the Actuary may adopt a discount rate based on gilt yields or other lower risk assets and adopt different assumptions to those used at the previous triennial valuation to protect the other Scheme employers in the Fund from having to fund any future deficits from the liabilities that will remain in the Fund.

Early Retirement Costs

3.33 The Actuary's funding basis makes no allowance for premature retirement except on grounds of permanent ill health. Scheme employers are required to pay additional contributions whenever an employee retires before attaining the age at which the triennial valuation assumes that benefits are payable. The calculation of these costs is carried out with reference to a calculation approved by the Actuary to the Fund.



3.34 The Fund monitors each Scheme employer's ill health experience on an ongoing basis. If the cumulative number of ill health retirements in any financial year exceeds the allowance at the previous triennial valuation by a statistically significant amount, the Scheme employer may be charged additional contributions on the same basis as apply for non-ill health cases.

Triennial Valuation

3.35 The next triennial valuation is due as at 31st March 2019.

4 LINKS WITH THE INVESTMENT STRATEGY STATEMENT (ISS)

4.1 The main link between the FSS and the ISS relates to the discount rate that underlies the funding strategy as set out in the FSS and the expected rate of investment return which is expected to be achieved by the underlying investment strategy as set out in the ISS.

- 4.2 As explained above the ongoing discount rate adopted in the Actuarial valuation is derived by considering the expected return from the underlying investment strategy and so there is consistency between the funding strategy and the investment strategy.

5 RISKS AND COUNTER MEASURES

- 5.1 Whilst the funding strategy attempts to satisfy the funding objectives of ensuring sufficient assets to meet pension liabilities and stable levels of Scheme employer contributions, it is recognised that there are a number of risks that may impact on the funding strategy and hence the ability of the strategy to meet the funding objectives.
- 5.2 The major risks for the funding strategy are financial risks although there are external factors including demographic risks, regulatory risks and governance risks.

Financial Risks

- 5.3 The main financial risk is that the actual investment strategy fails to produce the expected rate of investment return (in real terms) that underlies the funding strategy. This could be due to a number of factors including market returns being less than expected and/or chosen fund managers who are employed to implement the chosen investment strategy failing to achieve their performance targets. The triennial valuation results are most sensitive to the real discount rate. Broadly speaking an increase/decrease of 0.1% per annum in the real discount rate will decrease/increase the liabilities by 2% and decrease/increase the required Scheme employer contribution by around 1.0% of payroll.
- 5.4 The Pension Fund Panel regularly monitor the investment returns achieved by the fund managers and seek advice from Officers and independent advisors on investment strategy. In the inter-valuation period 2013 to 2016 such monitoring activity saw investment returns slightly lower than assumed in the 2013 valuation.



- 5.5 In addition the Fund Actuary provides monthly funding updates between triennial valuations to check whether the funding strategy continues to meet the funding objectives.

Demographic Risks

- 5.6 Allowance is made in the funding strategy via the actuarial assumptions of continuing improvement in life expectancy. However, the main risk to the funding strategy is that it might underestimate the continuing improvement in mortality. For example an increase in 1 year to life expectancy of all members in the Fund will reduce the funding level by around 2%
- 5.7 The actual mortality of retired members in the Fund is, however, monitored by the Fund Actuary at each Actuarial valuation and assumptions kept under review.
- 5.8 The liabilities of the Fund can also increase by more than has been planned as a result of early retirements (including redundancies).

5.9 However, the Administering Authority monitors the incidence of early retirements and procedures are in place that require individual Scheme employers to pay additional amounts to the Fund to meet any additional costs arising from early retirements thereby avoiding unnecessary strain on the Fund.

Regulatory Risks

5.10 The benefits provided by the Scheme and employee contribution levels are set out in Statutory Regulations as determined by central Government. The tax status of the invested assets is also determined by central Government.

5.11 The funding strategy is therefore exposed to the risks of changes in the Statutory Regulations governing the Scheme and changes to the tax regime which increase the cost to individual Scheme employers of participating in the Scheme.

5.12 The Administering Authority actively participates in any consultation process of any change in Regulations and seeks advice from the Fund Actuary on the financial implications of any proposed changes.

Governance

5.13 Several different Scheme employers participate in the Fund. Accordingly it is recognised that a number of Scheme employer specific events could impact on the funding strategy including:

- Structural changes in an individual Scheme employer's membership;
- An individual Scheme employer deciding to close the Scheme to new employees;
- A Scheme employer ceasing to exist without having fully funded their pension liabilities; and
- New Scheme employers being created out of existing Scheme employers.

5.14 The Administering Authority monitors the position of Scheme employers participating in the Fund particularly those that may be susceptible to the aforementioned events and takes advice from the Fund Actuary when required.

5.15 In addition the Administering Authority keeps in close touch with all individual Scheme employers participating in the Fund and regularly holds meetings with Scheme employers to ensure that, as Administering Authority, it has the most up to date information available on individual Scheme employer situations and also to keep individual Scheme employers fully briefed on funding and related issues.

6 MONITORING AND REVIEW

6.1 This FSS is reviewed formally, in consultation with the key parties, at least every three years to tie in with the triennial valuation process.

6.2 The Administering Authority also monitors the financial position of the Fund between triennial valuations and may review this FSS more frequently if deemed necessary.

Approved by the Berkshire Pension Fund Panel

12 March 2018

Next Review date: March 2020

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BERKSHIRE PENSION BOARD - TRAINING LOG

Training Framework	AC	AN	BW	ID	JF	NW	PS	TP	Substitutes		
									AW	SN	TB

TPR's Public Sector Online Toolkit (7 modules):

Conflicts of Interest						3					
Managing Risk and Internal Control						3					
Maintaining Accurate Records						2					
Maintaining Member Contributions						2					
Providing Information to Members and Others						3					
Resolving Internal Disputes						3					
Reporting Breaches of the Law						3					

TPR Code of Practice No.14

Governing Your Scheme	3				3	3		3			
Managing Risks	4				3	3		4			
Administration	3				3	2		4			
Resolving Issues	4				3	2		3			

Pensions Legislation

The Legislative Framework for Pensions in the UK	3				1	3		3			
LGPS Regulations and Statutory Guidance	4				4	2		3			
LGPS Discretions	4				2	2		4			
Other Legislation	2				1	2		2			

Pensions Governance

Understanding National and Local Governance Structure	3				2	3		3			
Knowledge of Pension Fund Stakeholders	4				2	4		3			
Knowledge of Pension Fund Stakeholder Consultation and Communication	3				1	2		3			
Governance Policies	3				2	3		4			

Pension Administration

Understanding Best Practice	3				3	2		3			
Interaction with HMRC	2				1	2		3			
Additional Voluntary Contributions	3				3	2		3			
The Role of the Scheme Employer	4				3	2		4			
Stewardship Report	3				1	2		3			

BREACHES REGISTER

POTENTIAL INVESTIGATION OUTCOMES				
	CAUSE	EFFECT	REACTION	WIDER IMPLICATIONS
BREACH DETAILS	Failure to issue Annual Benefit Statements (ABSs) within the statutory deadline (31 August 2017) to scheme members employed at schools within the Wokingham Borough Council (WBC) schools payroll currently run by a third party contractor Selima.			
DATE IDENTIFIED	1 September 2017			
RED				
AMBER				
GREEN	WBC's contacted payroll services have failed to provide required membership data.	Pension Fund has been unable to issue accurate and meaningful ABSs to the scheme member affected.	Pension Fund has communicated this failing to WBC as the scheme employer directly and via internal audit but as yet to no avail.	Pension Fund is failing in its statutory duties and runs the risk of being reported to TPR.
DATE REVIEWED BY RESPONSIBLE PERSON	22 January 2018			
OUTCOME AND ACTION TAKEN	<p>Although around 2.5% of the scheme membership has not received a 2017 ABS within the statutory deadline the Fund as a whole has achieved 97.5% compliance with the scheme regulations. Overall, this is not seen as being materially significant whilst accepting that those scheme members affected are not receiving a suitable level of service. Actions are being taken by the Fund to resolve the issue and a statement will be produced manually for any member who requests one. All affected scheme members to be written to (preferably by WBC as the employer) explaining why this issue has arisen and the actions to be taken to ensure that not only the 2017 ABSs can be produced but that the 2018 ABSs will be produced within the statutory deadline of 31 August 2018.</p> <p>See attached action plan for further information.</p>			
NAME OF REPORTER AND DATE REPORTED TO TPR				
TPR RESPONSE				
ACTION TAKEN				

65

Agenda Item 12

POTENTIAL INVESTIGATION OUTCOMES				
	CAUSE	EFFECT	REACTION	WIDER IMPLICATIONS
BREACH DETAILS				
DATE IDENTIFIED				
RED				
AMBER				
GREEN				
DATE REVIEWED BY RESPONSIBLE PERSON				
OUTCOME AND ACTION TAKEN				
NAME OF REPORTER AND DATE REPORTED TO TPR				
TPR RESPONSE				
ACTION TAKEN				