

NOTICE
OF
MEETING

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BERKSHIRE PENSION FUND PANEL

will meet on

MONDAY, 11TH MARCH, 2019

at

4.00 pm

In

ASCOT AND BRAY - TOWN HALL, MAIDENHEAD.

TO: MEMBERS OF THE BERKSHIRE PENSION FUND PANEL

COUNCILLORS JOHN LENTON (CHAIRMAN), DAVID HILTON
(VICECHAIRMAN), RICHARD KELLAWAY AND MALCOLM ALEXANDER

ADVISORY MEMBERS: CLLR BROOKER, CLLR JONES, MARK BUTCHER,
CLLR WORRALL, CLLR LAW, CLLR JARVIS, ENGIN ERYILMAZ AND ASIA
ALLISON

Karen Shepherd – Service Lead Governance
Issued: 01/03/2019

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 david.cook@rbwm.gov.uk

Accessibility - Members of the public wishing to attend this meeting are requested to notify the clerk in advance of any accessibility issues. **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. Do not re-enter the building until told to do so by a member of staff. **Recording of Meetings** –In line with the council's commitment to transparency the public part of the meeting will be audio recorded, and may also be filmed and broadcast through the online application Periscope. If filmed, the footage will be available through the council's main Twitter feed @RBWM or via the Periscope website. The audio recording will also be made available on the RBWM website, after the meeting. Filming, recording and photography of public Council meetings may be undertaken by 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 in the public domain. 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

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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 14 January 2019	7 - 8
4.	<u>PENSION FUND PANEL WORKPLAN 2018-19</u> To consider the report.	9 - 48
5.	<u>ABATEMENT OF RETIREMENT PENSION DURING RE- EMPLOYMENT</u> To consider the report.	49 - 54
6.	<u>ADMINISTRATION REPORT</u> To consider the report.	55 - 68
7.	<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 - PRIVATE MEETING

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8.	<u>MINUTES</u> To approve the Part II minutes of the meeting held on 14 January 2019 <i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i>	69 - 72
9.	<u>INVESTMENT PERFORMANCE UPDATE - LPP</u> <i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i>	73 - 86

MEMBERS' GUIDE TO DECLARING INTERESTS IN MEETINGS

Disclosure at Meetings

If a Member has not disclosed an interest in their Register of Interests, they **must make** the declaration of interest at the beginning of the meeting, or as soon as they are aware that they have a DPI or Prejudicial Interest. If a Member has already disclosed the interest in their Register of Interests they 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 the discussion or vote at a meeting.** The speaking time allocated for Members to make representations is at the discretion of the Chairman of the meeting. In order to avoid any accusations of taking part in the discussion or vote, after speaking, Members should move away from the panel table to a public area or, if they wish, leave the room. If the interest declared has not been entered on to a Members' Register of Interests, they must notify the Monitoring Officer in writing within the next 28 days following the meeting.

Disclosable Pecuniary Interests (DPIs) (relating to the Member or their partner) 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 licence 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.

Any Member who is unsure if their interest falls within any of the above legal definitions should seek advice from the Monitoring Officer in advance of the meeting.

A Member with a DPI should state in the meeting: ***'I declare a Disclosable Pecuniary Interest in item x because xxx. As soon as we come to that item, I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Or, if making representations on the item: 'I declare a Disclosable Pecuniary Interest in item x because xxx. As soon as we come to that item, I will make representations, then I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'

Prejudicial Interests

Any interest which a reasonable, fair minded and informed member of the public would reasonably believe is so significant that it harms or impairs the Member's ability to judge the public interest in the item, i.e. a Member's decision making is influenced by their interest so that they are not able to impartially consider relevant issues.

A Member with a Prejudicial interest should state in the meeting: ***'I declare a Prejudicial Interest in item x because xxx. As soon as we come to that item, I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Or, if making representations in the item: 'I declare a Prejudicial Interest in item x because xxx. As soon as we come to that item, I will make representations, then I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'

Personal interests

Any other connection or association which a member of the public may reasonably think may influence a Member when making a decision on council matters.

Members with a Personal Interest should state at the meeting: ***'I wish to declare a Personal Interest in item x because xxx'. As this is a Personal Interest only, I will take part in the discussion and vote on the matter.***

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Agenda Item 3

BERKSHIRE PENSION FUND PANEL

MONDAY, 14 JANUARY 2019

PRESENT: Councillors John Lenton (Chairman), Malcolm Alexander, Richard Kellaway and David Hilton (Vice-Chairman).

Advisory Members: Councillor Worrall, Councillor Jarvis, Councillor Brooker, Councillor Law and Mr Butcher.

Officers: Philip Boyton, David Cook and Kevin Taylor. Local Pension Partnership (LPP) representatives Chris Rule, Richard J. Tomlinson, Tom Richardson and Kevin Parkin. Andrew Harrison, Law Debenture. Investment Group Rohan Worrall and Aoifinn Devitt.

APOLOGIES

There were no apologies for absence received.

DECLARATIONS OF INTEREST

Councillor Brooker declared a personal interest on the agenda as he was a governor for schools that paid into the pension fund, as this was not a Disclosable Pecuniary Interest he stayed and considered the items.

MINUTES

Resolved unanimously: that the Part I minutes of the meeting held on 12 November 2018 were approved as a true and correct record.

In response to a question from Cllr Hilton arising from the minutes it was noted that the LGA had not yet commented on the GAD Section 13 report.

PENSION FUND PANEL WORKPLAN 2018-19

The Deputy Pension Fund Manager introduced the report regarding a number of Administering Authority policy statements for review as set out in the work-plan for 2018/19.

The Panel were asked to consider the following two policies, Governance Compliance Statement and Pension Administration Strategy, that had previously been approved by the Panel and that contained tracked changes highlighting proposed amendments.

Cllr Hilton mentioned that the changes seemed straightforward and asked if there were any substantial changes. The Panel were informed that the changes were mainly due to staff changes and joining LPP, the policies remained as previously approved.

Mark Butcher mentioned that the Governance Compliance Statement mentioned that the Panel would meet four times per year but we were currently meeting six times per year. The Panel were informed that the Panel were constituted to meet four times per year and would be reverting back to four meeting for 2019/20. The frequency of meetings had been increased during pooling negotiations.

Resolved unanimously: that the Panel notes the report and:

- i) Approves the policy statements set out in Appendix 1 to the report having put forward any suggested amendments to those policy documents.
- ii) Request that officers produce and publish the approved policy statements on the Berkshire Pension Fund website.

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 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 4.10 pm, finished at 5.05 pm

CHAIRMAN.....

DATE.....

Report Title:	Pension Fund Panel Work-plan
Contains Confidential or Exempt Information?	YES - 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 – 11 March 2019
Responsible Officer(s):	Kevin Taylor, Deputy Pension Fund Manager
Wards affected:	None

REPORT SUMMARY

1. This report brings to Members' attention a number of Administering Authority policy statements for review as set out in the work-plan for 2018/19 approved previously by Members.
2. Members are asked to consider the items listed in appendix 1 to this report and either suggest any amendments or approve the policy statements as currently written.

1 DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Panel notes the report and:

- i) Approves the policy statements set out in Appendix 1 to the report having put forward any suggested amendments to those policy documents.
- ii) Request that officers produce and publish the approved policy statements on the Berkshire Pension Fund website.

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

- 2.1 In accordance with Regulation 53 of the Local Government Pension Scheme Regulations 2013 ("the Regulations") and as listed in Part 1 of Schedule 3 of the Regulations, RBWM is an Administering Authority (Scheme Manager) required to maintain a Pension Fund for the Scheme.
- 2.2 An Administering Authority is responsible for managing and administering the Scheme in relation to any person for which it is the appropriate Administering Authority under the Regulations.
- 2.3 The Pension Fund Panel as set out in RBWM's Constitution acts as the Scheme Manager and is therefore responsible for ensuring that the Administering Authority fulfils its statutory responsibilities in accordance with the Regulations and the Public Service Pension Act 2013
- 2.4 The purpose of this paper is to identify for Panel members a number of policies for their consideration and review as set out in the work-plan for 2018-19 in order to

meet certain Administering Authority statutory requirements set out in the Regulations.

3 KEY IMPLICATIONS

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

4 FINANCIAL DETAILS / VALUE FOR MONEY

4.1 Not applicable.

5 LEGAL IMPLICATIONS

5.1 The Local Government Pension Scheme Regulations 2013 (as amended) set out the statutory requirements of the Administering Authority.

6 RISK MANAGEMENT

6.1 Failure to maintain the Pension Fund in line with statutory legislation could result in a scheme member or scheme employer reporting the Administering Authority to the Pensions Regulator for failing to fulfil its statutory responsibilities.

7 POTENTIAL IMPACTS

7.1 Failure to maintain the Pension Fund in accordance with statutory legislation could result in a loss of confidence in the Administering Authority.

8 CONSULTATION

N/A

9 TIMETABLE FOR IMPLEMENTATION

9.1 Implementation timetable

Date	Details
11 March 2019	1 – Abatement Policy (see separate paper) 2 – Funding Strategy Statement 3 – Investment Strategy Statement 4 – Pension Fund Business Plan 2019-20
Q1 2019/20	1 – Reporting Breaches of the Law 2 – Risk Management Policy 3 - Risk Assessment Register 4 – SLA Between RBWM and RCBPF
Q2 2019/20	1 – Communication Strategy 2 – Pension Administration Strategy 3 – Pension Fund Annual Report and Accounts 4 – UK Stewardship Code Compliance

Date	Details
Q3 2019/20	1 – Actuarial Valuation Report 2 – Administering Authority Decisions Policy 3 – Governance Compliance Statement 4 – Audit Reports
Q4 2019/20	1 – Abatement Policy 2 – Funding Strategy Statement 3 – Investment Strategy Statement 4 -Pension Fund Business Plan 2020-21

10 APPENDICES

10.1 The appendices to the report are as follows:

- Appendix 1 – Funding Strategy Statement
Investment Strategy Statement
Pension Fund Business Plan 2019-20

11 BACKGROUND DOCUMENTS

11.1 Local Government Pension Scheme Regulations 2013 (as amended)

11.2 Public Service Pensions Act 2013

11.3 The Pensions Regulator’s Code of Practice No. 14

12 CONSULTATION (MANDATORY)

Name of consultee	Post held	Date issued for comment	Date returned with comments
Cllr John Lenton	Chairman – Berkshire Pension Fund Panel		
Rob Stubbs	Section 151 Officer		



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

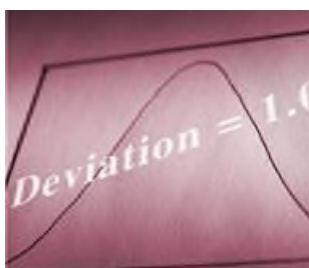
3.20 The asset valuation is a market value of the accumulated Fund at the triennial valuation date adjusted to reflect average market conditions during the 6 months straddling the triennial valuation date.

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: 11 March 2019 ~~21 May 2018~~

Next Review date: March 2020~~19~~

Investment Strategy Statement

The Royal Borough of Windsor & Maidenhead (“RBWM”) acting as the administering authority for The Royal County of Berkshire Pension Fund, a constituent member of The Local Government Pension Scheme in England & Wales, is required by Section 7 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 to publish an Investment Strategy Statement.

This is the second such statement published by the Royal Borough and in accordance with the Regulations it will be reviewed regularly and at no more than 3 year intervals.

The Regulations require the administering authority to outline how it meets each of 6 objectives:

1. A requirement to invest fund money in a wide range of instruments.

RBWM’s policy is that the Pension Fund (the “Fund”) should have a highly diversified investment portfolio spread across different asset classes and different asset managers using differing approaches as appropriate. This ensures that the fund money is invested in a wide range of instruments.

RBWM’s Pension Fund Panel has established an Investment Group which meets at least quarterly to review the Fund’s performance, asset allocation and ability to meet its target return. In addition the Investment Group reviews potential new investment ideas and products offered by its investment manager, Local Pensions Partnership Investments Limited (the “Investment Manager” (LPPI)) and opines whether such ideas are consistent with the investment strategy of the Fund and a suitable investment.

The Investment Group receives advice from suitably qualified Officers and Independent Advisers. It also makes use of information derived from the Investment Manager. It will commission specialist work from an external adviser when it believes that neither Officers nor the Independent Advisers have sufficient experience or expertise in a particular field.

To achieve sufficient diversification the Fund divides assets across 4 broad categories: equities, bonds, real assets and absolute return strategies. The size of each bucket will vary depending on investment conditions but each bucket will itself be diversified.

Any investment strategy will have associated risks, including primarily that of not meeting the returns required to ensure the long-term ability of the Fund to pay benefits as they fall due. To mitigate these risks the Investment Group regularly reviews both the performance and the expected returns from the portfolio to measure whether it has met and is likely to continue to meet its return objective.

In addition the Investment Group notes that there will be an increasing gap between contributions received and benefits – i.e. that the Fund will become cash-flow negative. The Pension Fund Panel does not wish the Fund to sell assets to pay benefits. Consequently, it has resolved that a secondary objective of the investment strategy of the Fund should be to ensure that there is sufficient investment income generated from the Fund's investments to meet any cash-flow shortfall. This has been formalised as a medium term objective to generate a 2% income return across the investment portfolio (i.e. investment income should be at least equivalent to 2% of the Fund's assets).

2. The authority's assessment of the suitability of particular investments and types of investments.

In assessing the suitability of investments RBWM relies on the Investment Manager to take into account relevant factors including, but not limited to, prospective return, risks, concentration or diversification of risk as well as geographic and currency exposures, as well as possible interactions with other investments in the portfolio.

Performance benchmarks are set for the Fund as a whole (target return UK CPI+4.5%) as well as for individual allocations. The Fund's target return is greater than the actuarial discount rate used to value liabilities and has been set at a level sufficient to assist in meeting the funding gap whilst not taking excessive investment risk. Furthermore the Pension Fund Panel has agreed that the Fund should aim to achieve its target return with a low level of volatility in those returns. Whilst the Fund as a whole has an absolute return target, RBWM recognises that for measuring the performance of individual asset classes relative to specific benchmarks may be more appropriate.

In ensuring the suitability of investments RBWM expects the Investment Manager (LPPI) to pay regard to both the potential returns and risk (including possible interactions with other investments in the portfolio). RBWM will also consider the reputational risk of being connected with or investing in any investment proposal made by the Investment Manager. RBWM expects its managers to take into account Environmental, Social and Governance (ESG) issues when making an investment.

RBWM measures the returns and the volatility of those returns on a quarterly basis and publishes the results relative to a global group of investment funds with a similar diversified approach to investment on the Fund web-site.

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

There are a variety of risks to be addressed when managing a Pension Fund with investment risk being just one of them. In 2016, in accordance with the principles of Pensions Regulator guidance, RBWM commissioned Lincoln Pensions to undertake an Integrated Risk Management ("IRM") study of the Fund. This study looked at the interaction of employer covenant risk – the ability of the employers to meet future contributions, support the investment risk (volatility of returns) and underwrite funding risk (volatility of actuarial deficit). The study concluded that:

- The future contributions estimated by the Fund's Actuary (on the GAD's funding test, i.e. aimed at removing an actuarial deficit over 20 years) are likely to be affordable across the Fund's employers over the next 10 years.
- Some of the Fund's larger employers, notably unitary authorities, do face a number of challenges in the near term which could constrain affordability of future contributions, particularly given their statutory duties to provide adequate services.

In reaching these conclusions, the Fund's assets, liabilities, and its participating employers have been subjected to a number of adverse stress scenarios to assess resilience, which serve to test and constrain affordability. Where employers find themselves under stress, they would be required to identify and utilise financial levers in order to maintain contributions at the level required. Such levers could include support from central Government or other employers, increases in council tax rates, increasing borrowings (subject to restrictions) and pledging assets to the Fund.

Early in 2019 the Pension Fund Panel agreed to enter into a 12-month contract with LPPI to undertake further work concerning employer covenants with a view to identifying those employers most at risk of not being able to underwrite their liabilities in the future. The Panel will consider the findings of this work over the coming months and determine action might be necessary to safeguard the Fund against the risks associated with employers exiting the Pension Scheme.

Looking specifically at investment risk RBWM is of the view that the diversification of the Fund investment portfolio is so broad that investment risk (volatility of returns) is low and will continue to be low. Ex ante volatility estimates require forecasts by asset class of volatility and correlation and whilst historic data can be used to estimate volatility for listed assets, it is much more difficult for unlisted (e.g. private equity, infrastructure, real estate) assets. Furthermore RBWM notes that

correlations continually change and in times of financial stress all risk assets trend to a correlation with each other of 1. This “tail risk” means that most risk models either understate risk in times of stress or conservatively over-estimate volatility in normal markets.

The Fund targets a long-term return of UK CPI+4.5%; this is sufficient for it to meet its long-term liabilities. In setting the investment strategy, the Pension Fund Panel decided that this return should be achieved with a low degree of volatility – currently the Fund targets volatility below 10% per annum over the medium term.

As a patient long-term investor the Fund is prepared to ride-out short term volatility in investment markets and may, if suitable opportunities arise, adapt its investment strategy accordingly. At each review of the Investment Strategy Statement the assumptions on risk and return and their impact on asset allocation will be reviewed.

4. The authority’s approach to pooling investments, including the use of collective investment vehicles.

RBWM has broad experience of investing in pooled vehicles be they collective investment vehicles or other “collectives” such as multi-partner Limited Partnerships.

When deciding whether to invest in a collective scheme or to seek a segregated account RBWM, will pay close attention to:

- The relative costs between a collective investment scheme and a segregated account with a focus on the Total Cost of Ownership
- The suitability and ability of a collective investment scheme to meet the mandate requirements of RBWM.

In recognition of the government’s requirement for LGPS funds to pool their investments RBWM ~~has agreed to become~~became an Investment Client of the Local Pensions Partnership Investments Limited- with effect from~~RBWM anticipates that it will become a client of the Local Pensions Partnership Investments Limited by~~ 1 June 2018 and the at which time pooling of assets has will commenced.

5. The authority’s policy on how social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments.

RBWM accepts that stakeholders will have differing views on how social, environmental and corporate governance considerations should be taken into

account and believes that no “one-size fits all” policy can possibly be implemented across such a diverse portfolio such as that of the Fund. Nevertheless RBWM seeks to protect its reputation as an institutional investor and ensures that the Investment Manager ([LPPI](#)) takes into account these issues when selecting investments for purchase, retention or sale. RBWM will not place social, environmental or corporate governance restrictions on the Investment Manager but relies on it to adhere to best practices in the jurisdictions in which they are based, operates and invests.

Furthermore RBWM has implemented three investment theses under “ESG” principles: investment in the food chain, housing and infrastructure. Specifically RBWM has made private equity investments in a “food and water” segregated account within its private equity portfolio, two farmland funds in its property portfolio, a number of infrastructure fund investments both globally and in the UK (in particular it was the seed investor in the Gresham House British strategic Investment Fund focussed on small scale infrastructure and Housing projects) as well as investments to support house builders via the purchase of residual shared equity loan books and a fund specialising in acquiring brownfield land for residential developments.

6. The authority’s policy on the exercising of the rights (including voting rights) attaching to investments.

RBWM expects the Investment Manager to exercise all rights attaching to investments including voting in accordance with recognised responsible investment guidelines. RBWM expects the Investment Manager to comply with the principles of the UK Stewardship Code.

RBWM confirms that the Berkshire Pension Fund has no investments in entities that are connected with the authority but if in future it does these will be limited to no more than 5% of the Fund’s assets.

Table one sets out the asset class limits as agreed by the Berkshire Pension Fund Panel on [11 March 21 May 2018](#)

Table one: Asset Class Limits

Asset Class	Policy Portfolio Benchmark	Tolerance Range	Relevant LPPI pool	Investment Objective
Credit	10%	5-15%	LPP I Credit Investment LP	GBP LIBOR plus 3-5%
Fixed Income	3%	0-6%	LPP I Fixed Income Fund	Barclays Global Aggregate Index GBP Hedged plus 0.5%
Global Equities (*)	40%	30-50%	LPP I Global Equities Fund	MSCI All Country World GBP Index (net dividends reinvested) plus 2%
Private Equity	13%	8-18%	LPP I PE Investments (No. 3) LP	MSCI All Country World GBP Index (net dividends reinvested) plus 4-6%
Total Return	4%	0-10%	LPP I Total Return	1 month GBP LIBOR plus 2-4%
Infrastructure	12.5%	8-16%	LPP I Infrastructure Investment LP	UK CPI plus 4-6%
Real Estate	16.5%	10-20%	LPP I Property Pool	UK CPI plus 4-6%
Cash	1%	0-5%		

Approved by the Berkshire Pension Fund Panel: **21 March 2018**
 Next review date: **March/April 2019**



BUSINESS PLAN 2019-20

And

MEDIUM-TERM STRATEGY 2020/2023



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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 2019/20 and the over the medium-term from 2020 to 2023. The Administering Authority to the Royal County of Berkshire Pension Fund is the Royal Borough of Windsor & Maidenhead (RBWM).

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;*
- *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
<i>Stakeholder Satisfaction</i>	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.
<i>Value for Money</i>	To set an investment strategy that achieves the medium term investment return objective. Achieve value for money in all contracts. Manage all other direct Fund costs associated with the Fund and paying pension benefits.

	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.
<i>Equip Ourselves for the Future</i>	<p>To manage staff effectively in order to deliver high levels of morale, ensuring all staff are effectively performance managed and developed.</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>
<i>Delivering Together</i>	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.

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 2019/20

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%).
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 client and in the long term 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 low, aligned objectives are set for all staff, performance appraisals are undertaken and poor performers are dealt with appropriately.	All staff appraisals to be undertaken within required deadlines and areas for improvement identified with relevant objectives being set and monitored by managers.
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.
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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 31/03/18 (actual) £'000's	Year to 31/03/19 (forecast) £'000's	Year to 31/03/20 (forecast) £'000's
Contributions – employees	26,650	26,400	26,400
Contributions – employers normal	61,089	57,963	
Contributions – employers deficit	18,602	16,251	
Transfers In	13,403	6,600	6,600
Employers additional contribution for early retirements	2,250	1,800	1,800
Investment Income via Custodian	37,734	34,700	
Pensions Paid (Gross)	-86,959	-85,902	-87,800
Retirement Lump Sums	-20,428	-21,200	-21,200
Transfers Out	-10,184	-6,500	-6,500
Investment Management Costs	-7,816	-7,363	
Employee & Other Costs	-1,388	-1,300	-1,300
Net Cash Flow	32,953	21,499	

8.0 KEY INITIATIVES 2019/20

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>To continue to work with Scheme employers to increase the percentage of member records administered via i-Connect from 70% at March 2019 to 85% at 31 March 2020.</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</p>

	<p>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 and best use of Member Self Service to the highest possible standard primarily in line with scheme and pension software supplier changes but also endeavouring to reduce printing and postal costs.</p> <p>Continue the promotion and development of Employer Self Service (ESS) to enable Scheme employers to access the pension details of their own employees.</p> <p>Continue to improve data quality in line with tPR recommendations in respect of common and scheme specific data.</p>
<p>To set an investment strategy 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>Continue to be an Investment Client of Local Pensions Partnership Investment Limited (LPPI) and ensure they implement the 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 2019.</p> <p>Complete contributions reconciliation.</p> <p>Achieve a clean audit.</p> <p>Complete Year End procedures in advance of 31 August 2019 to enable prompt issue of annual benefit statements.</p> <p>Annual Benefit Statements (Active and Deferred members) to be issued by 31 August 2019.</p> <p>Apply Pensions Increase and HMT Revaluation Orders.</p> <p>Issue P60's and payslips by 31 May 2019 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 continued compliance with General Data Protection Regulation (GDPR). .</p> <p>Complete GMP Reconciliation in respect of Active and Deferred scheme members by 31 March 2020.</p>
To manage staff effectively in order to deliver high levels of morale, ensuring all staff are performance managed with aligned objectives being set for all staff.	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 2018/19 KEY INITIATIVES

In 2018/19 we said that we would:

Business Objective	Key Initiatives	Outcome
<p>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>	<p>Ensure that Pension Administration Software is kept up to date.</p>	<p>Achieved</p>
	<p>Apply for PASA accreditation by April 2018 and to become fully accredited by December 2018.</p>	<p>Not achieved. Delayed until 2020/21.</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>Achieved.</p>
	<p>Continual review of Service Level Agreements to ensure they remain current.</p>	<p>Achieved.</p>
	<p>Annual review of the Pension Administration Strategy.</p>	<p>Achieved – last reviewed January 2019.</p>
	<p>Annual review of Communications Policy with the continuing aim to provide Scheme information digitally wherever possible.</p>	<p>Achieved – last reviewed September 2018.</p>
	<p>Keep members up to date via newsletters and Scheme employers up to date via bulletins.</p>	<p>Achieved.</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. Continue to provide training and literature for Scheme employers to assist them in administering the Scheme on behalf of their employees.</p>	<p>Achieved.</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 Employer Self Service (ESS) to enable Scheme employers to access the pension details of their own employees.</p>	<p>Achieved.</p> <p>Achieved.</p> <p>Achieved.</p> <p>Achieved.</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 Ministry of Housing, 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>Achieved. Became an Investment Client of Local Pensions Partnership Investment Limited on 1 June 2018.</p> <p>Achieved – approved May 2018.</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 2018.</p> <p>Complete contributions reconciliation.</p> <p>Achieve a clean audit.</p> <p>Complete Year End procedures in advance of 31</p>	<p>Achieved.</p> <p>Achieved.</p> <p>Achieved.</p> <p>Achieved.</p>

	<p>August 2018 to enable prompt issue of annual benefit statements.</p> <p>Annual Benefit Statements (Active and Deferred members) to be issued by 31 August 2018.</p> <p>Apply Pensions Increase and HMT Revaluation Orders. 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>	<p>Achieved.</p> <p>Achieved.</p> <p>Achieved.</p> <p>Achieved – Pension Panel work-plan introduced July 2018.</p> <p>Achieved – internal audit confirmed compliance.</p> <p>Achieved.</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</p>	<p>Ensure that staff “buy-into” RBWM’s performance related pay scheme.</p> <p>Ensure that staff receive appropriate training internally</p>	<p>Achieved.</p> <p>Achieved.</p>

projects and other initiatives are delivered to time and budget and achieve the expected benefits.	and from external providers.	
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.	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 2020/23

The following table details the medium term plan for the Pension Fund for the period 2020 to 2023.

Objective	Rationale	Timescale
Investment Pooling.	Required by the Ministry for Housing, Communities and Local Government (MHCLG).	All investments to be pooled with Local Pensions Partnership Investments Limited (LPP) by the mid-2020's.
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 2020/21.
Identify key employer risk to protect 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.	Full review to completed by 31 March 20.
i-Connect	Will lead to improved quality of data held by Fund and increased efficiency of the service	100% (or maximum viable) achieved by 31 March 2021
Data Quality	High standards of data quality ensure correct calculation of pension benefits and provides all stakeholders with accurate real-time information.	Complete full data checking by March 2021.
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

Continuous review of investment strategy	Ensure that investment strategy is "fit for purpose"	On-going

Approved by Berkshire Pension Fund Panel:
Date for review:

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Report Title:	Abatement of Retirement Pension During Re-employment
Contains Confidential or Exempt Information?	NO - Part 1
Member reporting:	Councillor Lenton, Chairman Berkshire Pension Fund and Pension Fund Advisory Panels
Meeting and Date:	Berkshire Pension Fund and Pension Fund Advisory Panels – 11 March 2019
Responsible Officer(s):	Kevin Taylor, Deputy Pension Fund Manager
Wards affected:	None

www.rbwm.gov.uk



REPORT SUMMARY

1. This report provides Members with information regarding the reduction or suspension of a Local Government Pension on account of further employment within Local Government after a Scheme member has become entitled to receive their retirement benefits.
2. The report explains the background to the abatement rules, the current statutory provisions and the current policy of the Administering Authority.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Panel notes the report and:

- i) **Agrees to maintain its policy not to apply the abatement rules in any circumstance.**
- ii) **Approves the updated policy statement in Appendix 1 to the report.**
- iii) **Requests that officers produce and publish the approved policy on the Berkshire Pension Fund website.**

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

- 2.1 The LGPS Regulations require that each Pension Fund Administering Authority must formulate and keep under review a policy on pension abatement. Pension abatement is the extent, if any, to which a Scheme member's pension is payment is reduced or suspended where the member re-enters a new employment under which they are again eligible for membership of the LGPS.
- 2.2 Under the current LGPS Regulations 2013, effective from 1 April 2014, pension abatement has been removed. However, under former Regulations still in force, abatement can still be applied. Until 31 March 1998 abatement was mandatory but between 1 April 1998 and 31 March 2014 it became

discretionary and an Administering Authority is still required to issue a statutory policy as to how it will apply the abatement rules.

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

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

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

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

3. KEY IMPLICATIONS

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

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

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

4. FINANCIAL DETAILS / VALUE FOR MONEY

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

5. LEGAL IMPLICATIONS

- 5.1 There are no abatement provisions in the LGPS Regulations 2013. Therefore, abatement cannot be applied to any scheme member leaving their employment and drawing their pension from a date on or after 1 April 2014.
- 5.2 Abatement provisions in regulations 70 and 71 of the LGPS (Administration) Regulations 2008 continue to have effect in relation to pensions in payment deriving from the pre 1 April 2014 Scheme.
- 5.3 The Administering Authority has a statutory duty to keep under review its policy concerning abatement as it applies to the former Scheme Regulations.

6. RISK MANAGEMENT

- 6.1 Failure to maintain the Pension Fund in line with statutory legislation could result in the Administering Authority being reported to the Pensions Regulator for failing to fulfil its statutory responsibilities.

7. POTENTIAL IMPACTS

- 7.1 Failure to maintain the Pension Fund in accordance with statutory legislation could result in a loss of confidence in the Administering Authority.

8. CONSULTATION

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

9. TIMETABLE FOR IMPLEMENTATION

Not applicable.

10. APPENDICES

- 10.1 This report is supported by 1 appendix
- Abatement Policy

11. BACKGROUND DOCUMENTS

- Local Government Pension Scheme Regulations

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Cllr Lenton	Chairman Berkshire Pension Fund Panel		
Rob Stubbs	Section 151 Officer		

LOCAL GOVERNMENT PENSION SCHEME

ADMINISTERING AUTHORITY STATEMENT OF POLICY CONCERNING ABATEMENT



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

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

Resolved

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

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

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

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

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

Approved by the Berkshire Pension Fund Panel: 11 March 2019
Next date for review: March 2020

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Report Title:	Administration Report
Contains Confidential or Exempt Information?	YES - 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 – 11 March 2019
Responsible Officer(s):	Kevin Taylor, Deputy Pension Fund Manager, Philip Boyton, Pension Administration Manager
Wards affected:	None

REPORT SUMMARY

1. This report deals with the administration of the Pension Fund for the period 1 October 2018 to 31 December 2018
2. It recommends that Members (and Pension Board representatives) note the Key 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:

- **All areas of governance and administration as reported**
- **All key performance indicators**

Please note that Administration 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.

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date issued for comment	Date returned with comments
Cllr. John Lenton	Chairman – Berkshire Pension Fund Panel		
Rob Stubbs	Section 151 Officer		



THE ROYAL COUNTY OF
BERKSHIRE
PENSION FUND

ADMINISTRATION REPORT

QUARTER 3 – 2018/19

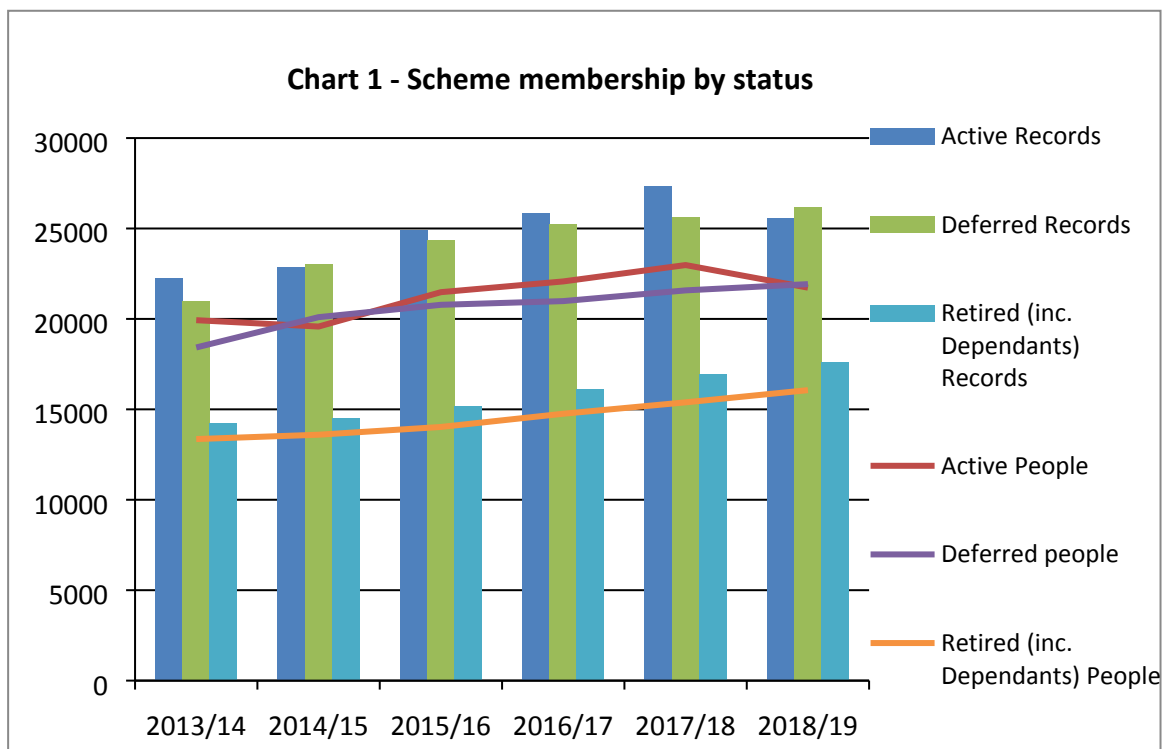
1 October 2018 to 31 December 2018

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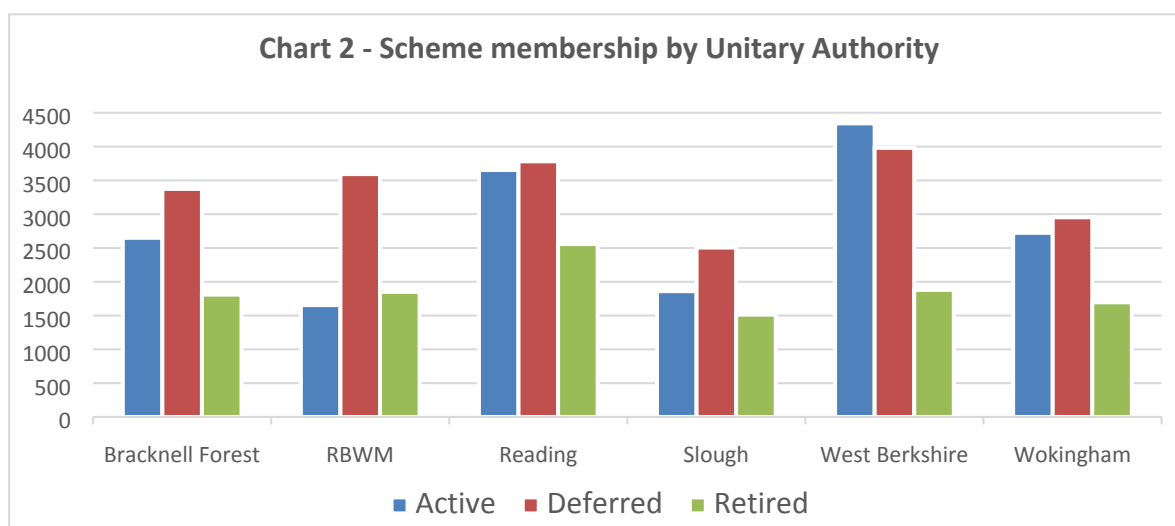
1. ADMINISTRATION

1.1 Scheme Membership



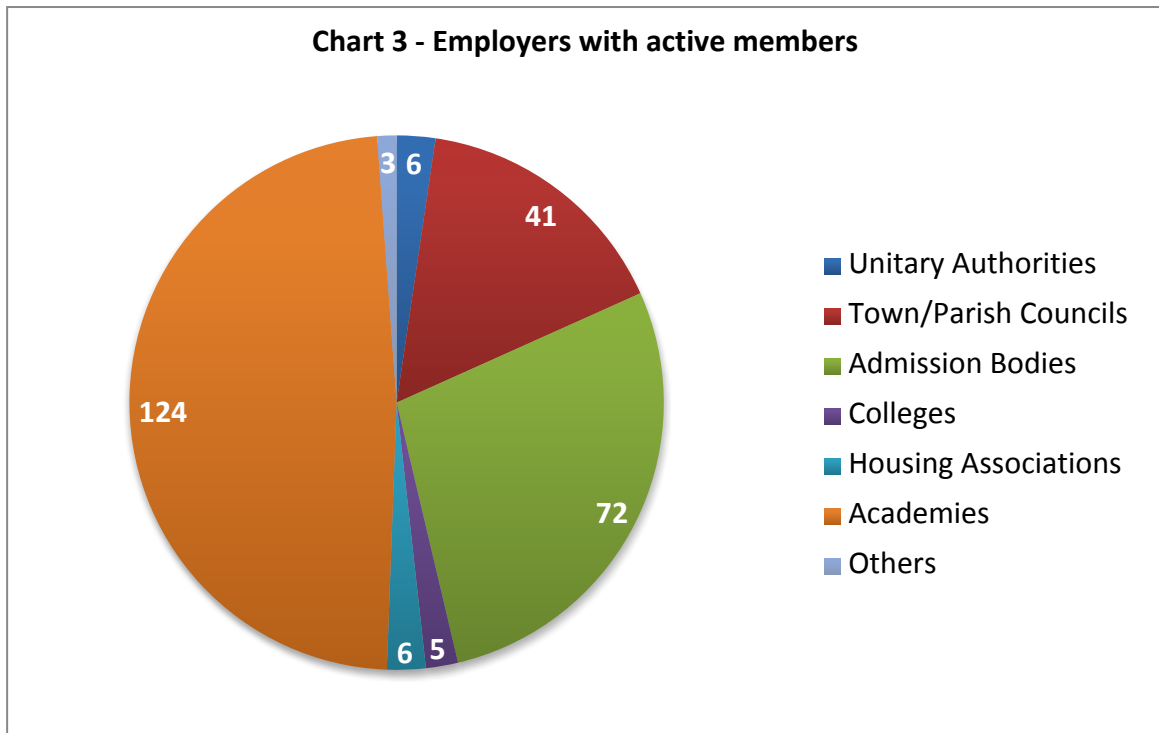
TOTAL MEMBERSHIP			
Active Records	25,547	Active People	21,729
Deferred Records	26,179	Deferred People	21,924
Retired Records	17,603	Retired People	16,061
TOTAL	69,329	TOTAL	59,714

1.2 Membership by Employer



Membership movements in this Quarter (and previous Quarter)						
	Bracknell	RBWM	Reading	Slough	W Berks	Wokingham
Active	-112 +105	-126 -97	-363 -397	-20 -147	-173 -317	-128 +24
Deferred	+33 -4	-10 -25	+15 -66	-3 -100	+117 +7	+103 +114
Retired	+26 +42	+70 +29	+41 5936	+19 -10	+53 +38	+42 +21

1.3 Scheme Employers

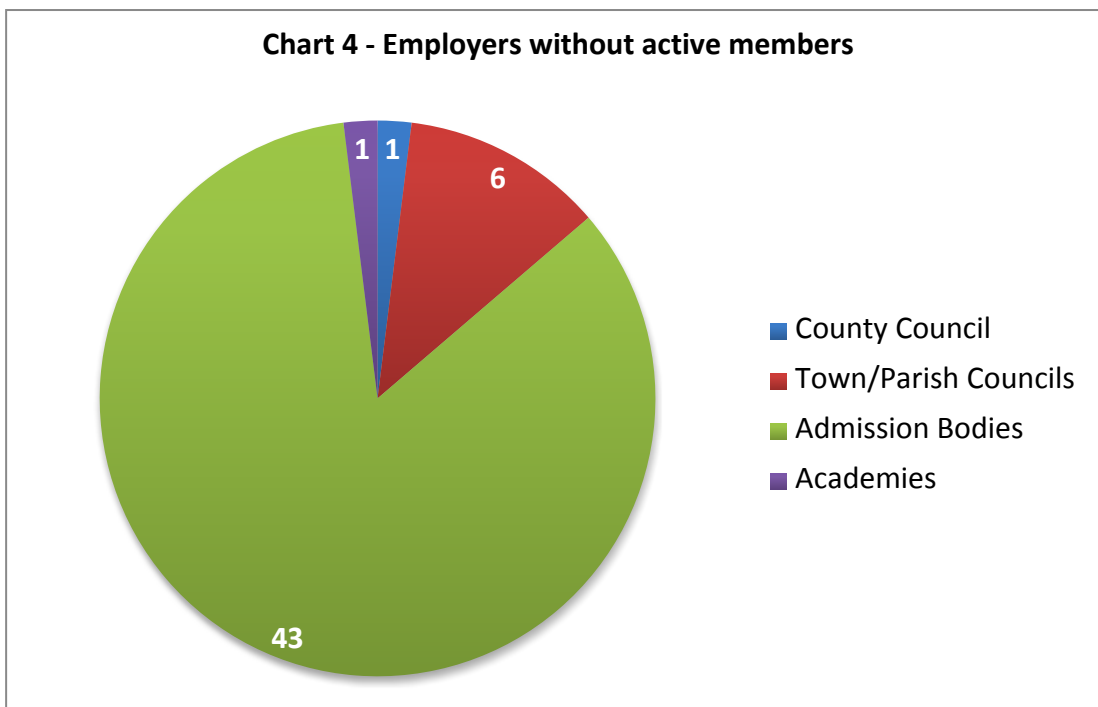


New employers since last report:

Admission Bodies: Aspens Services Ltd (catering staff at Waingels College), Compass Contract Services Ltd (catering staff at The Holt school), KGB Cleaning Ltd (cleaning staff at Denefield School).

Academies: Orchard Hill College Academy Trust

Town/Parish Councils: Bucklebury PC



Exiting employers: None

1.4 Scheme Employer Key Performance Indicators

Employer	Starters	Leavers	Changes	Total	Achieved
RBWM	109	80	362	551	95.2698%
Reading BC	306	563	1,370	2,239	98.9262%
W Berkshire	335	160	973	1,468	97.5274%
Wok BC	110	58	759	927	99.5261%
Acad/ Sch	186	125	962	1,273	92.0624%
Others	32	14	312	358	93.6524%
Totals	1,440	1,049	10,253	12,742	94.7848%

NOTES: Table 1A above shows all transactions through i-Connect for the third quarter of 2018/19. 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	Trend		
					Quarter <1	Quarter <2	Quarter <3
	In/Out	In/Out					
Bracknell	23/28	64/109	87/137	38.84%	41.10%	38.05%	45.73%
RBWM	1/8	34/42	35/50	41.18%	51.13%	11.11%	23.91%
Reading	0/0	51/193	51/193	20.90%	6.01%	18.75%	50.94%
Slough	54/17	22/31	76/48	61.29%	56.32%	51.97%	62.50%
W Berkshire	2/3	46/289	48/292	14.55%	6.28%	24.62%	48.61%
Wokingham	0/2	27/9	27/11	71.05%	38.64%	19.64%	63.16%
WBC Schs.	14/68	3/41	17/109	13.49%	5.61%	6.29%	15.42%
Academies	54/133	26/130	80/263	23.32%	33.28%	18.35%	24.72%
Colleges	14/8	4/1	18/9	66.67%	37.84%	8.06%	27..27%
Others	29/7	35/54	64/61	51.20%	41.99%	27.78%	40.38%
Totals	191/274	287/899	478/1173	28.95%	27.30%	19.33%	35.41%

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.

1.5 Key Performance Indicators

Chart 5A - KPI 1 - Starters processed within 20 working days

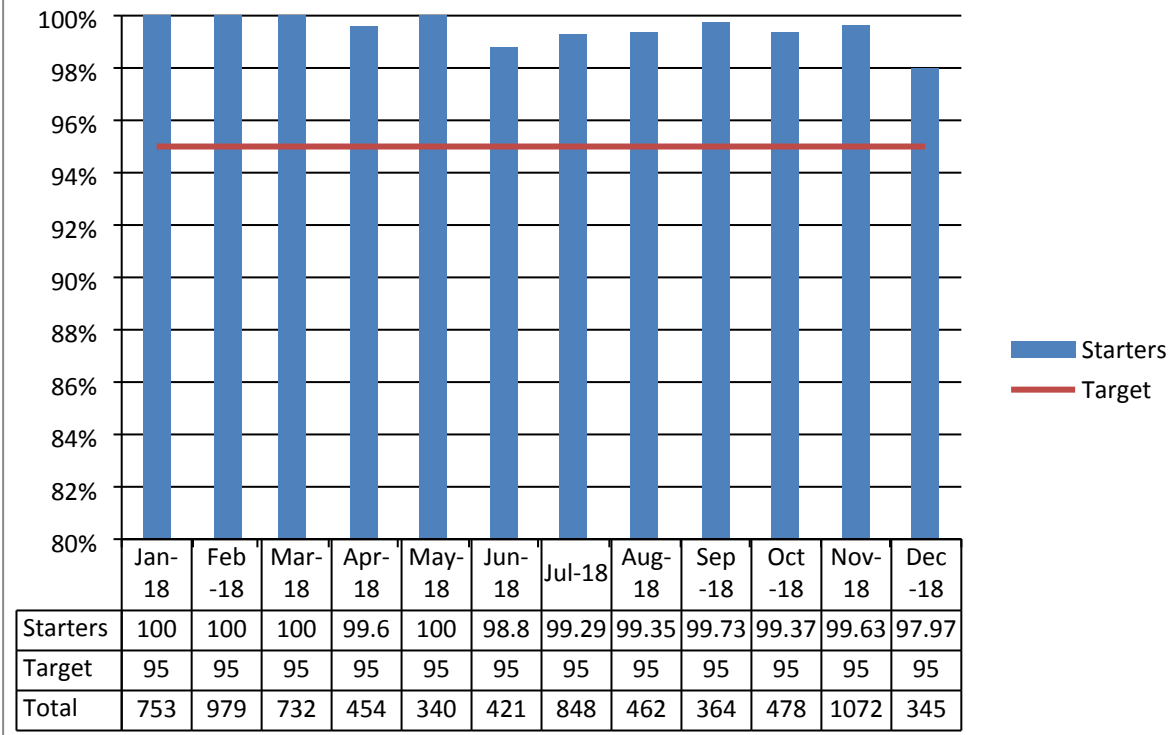
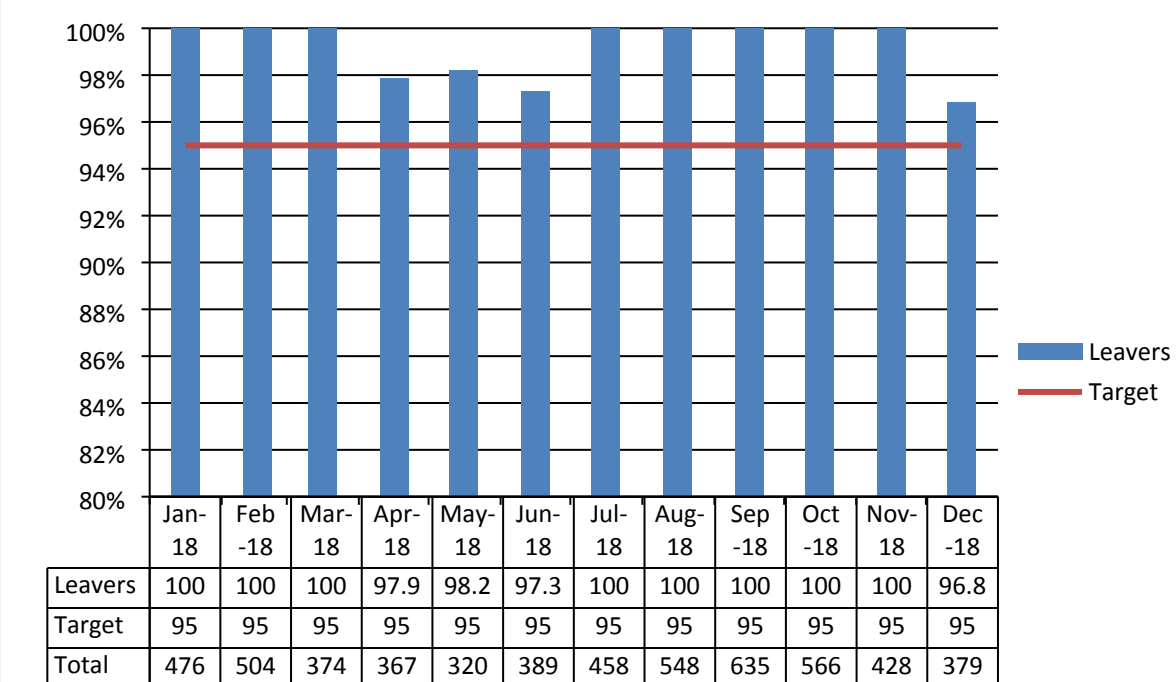


Chart 5B - KPI 2 - Leavers processed within 15 working days



**Chart 5C - KPI 3 - Transfers out Oct 17 to Jun 18
Refunds Jul 18 to Sep 18 - processed within 15 working days**

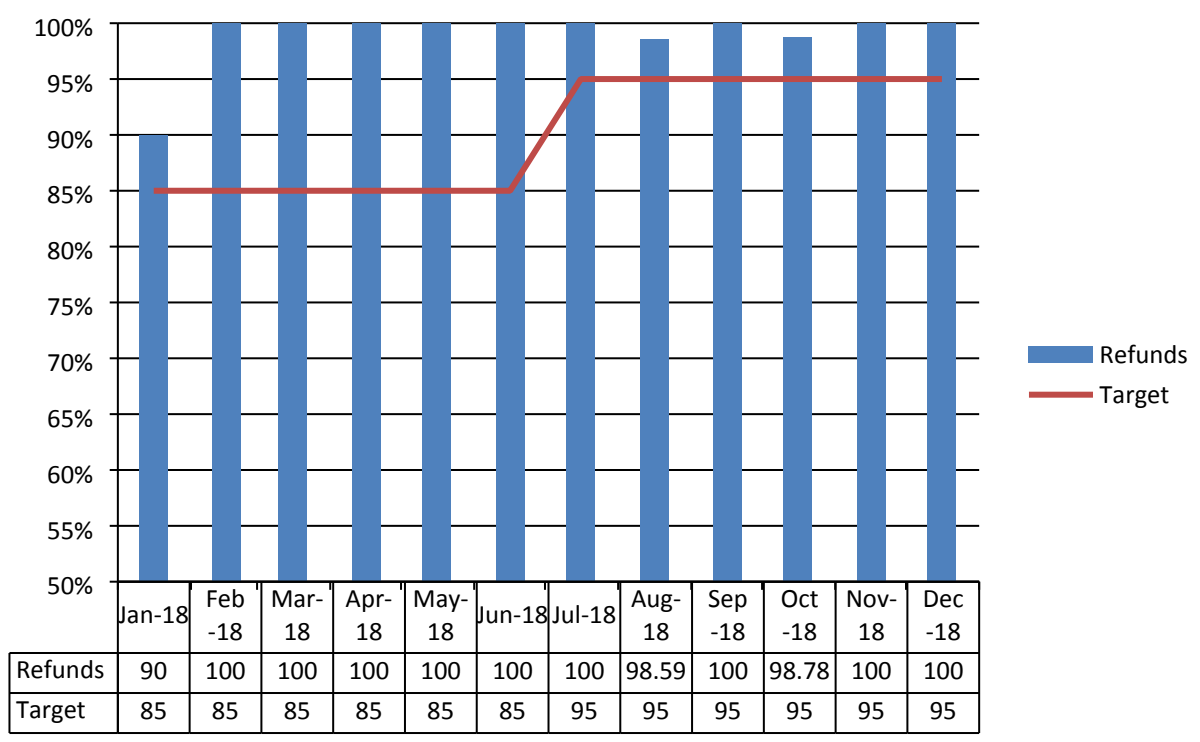
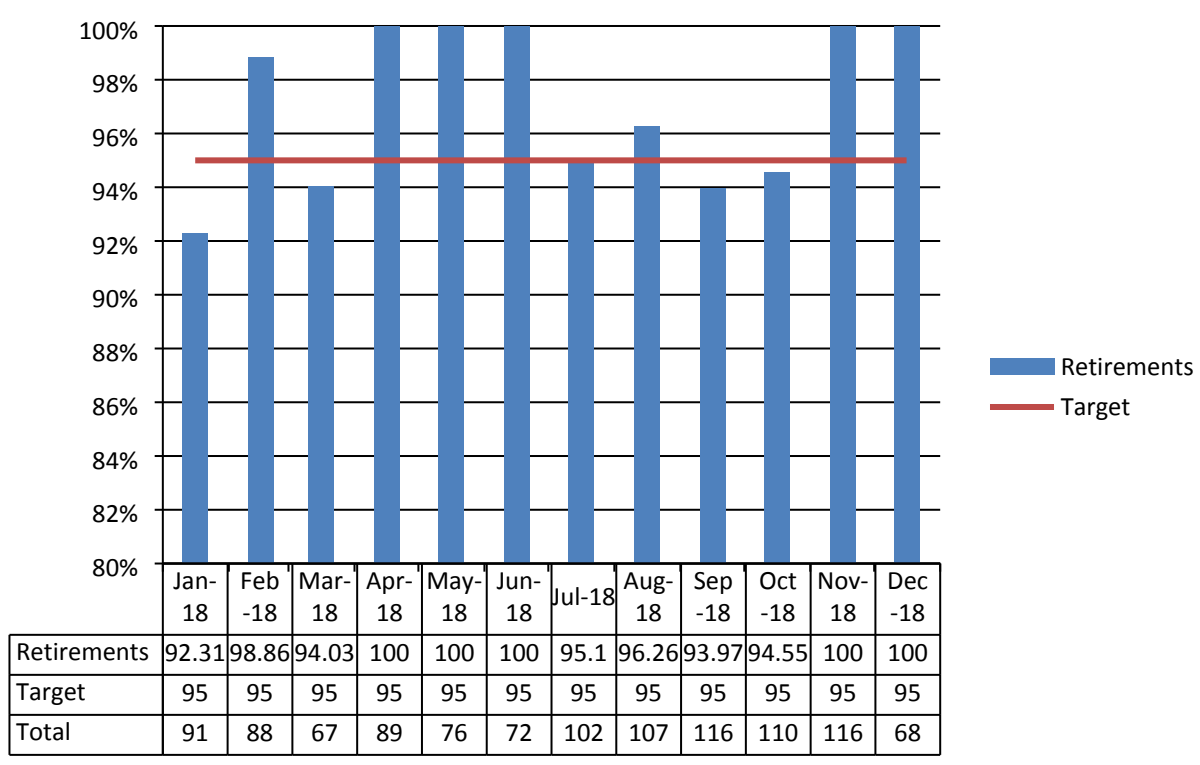
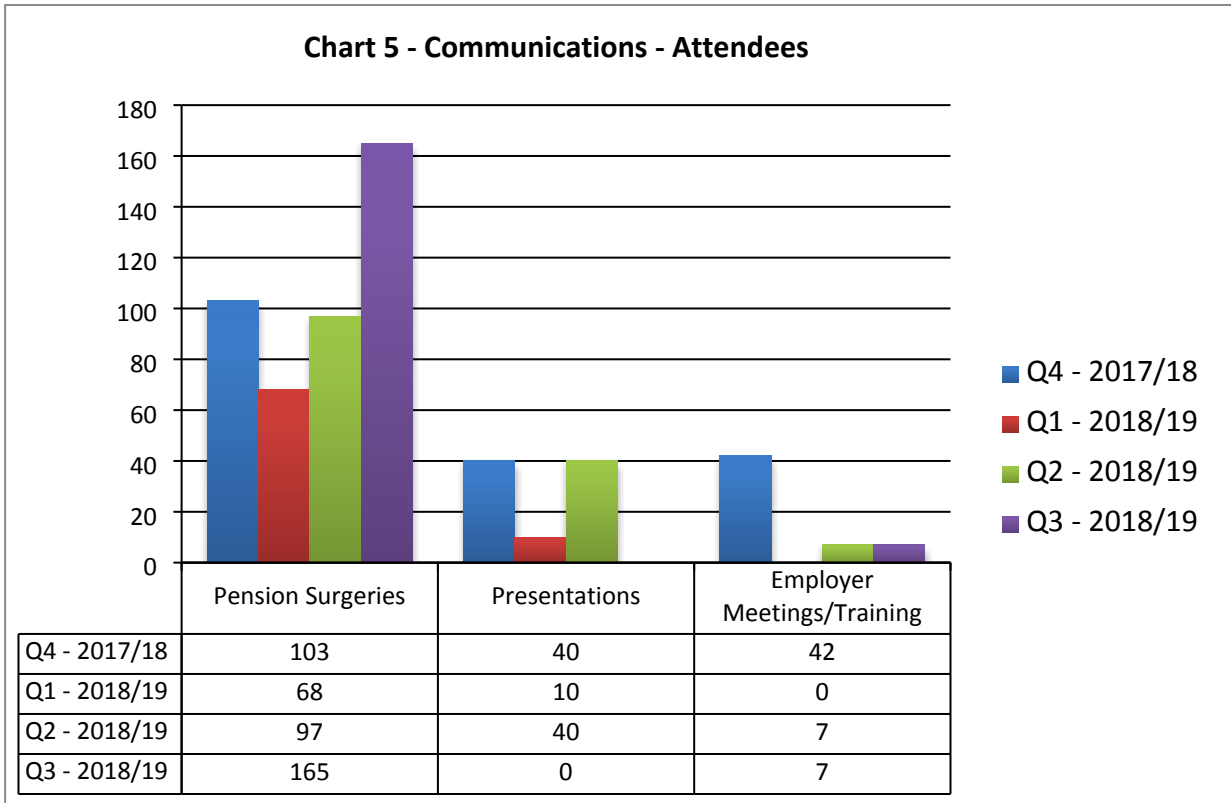


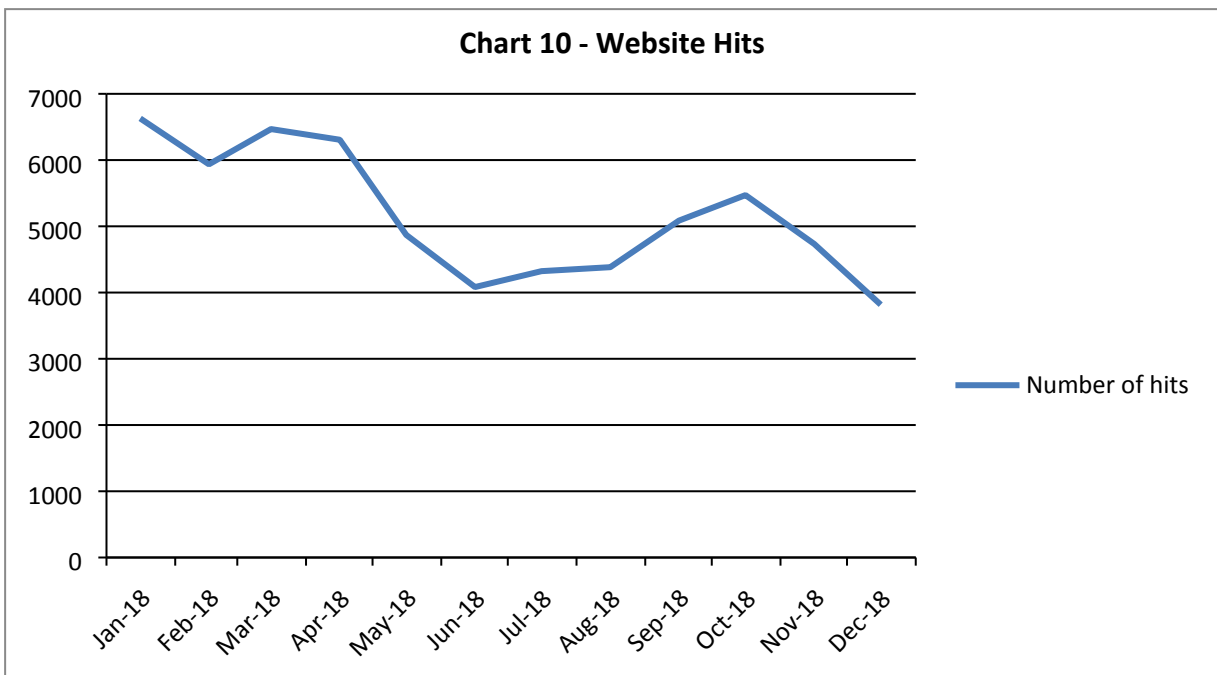
Chart 5D - KPI 4 - Retirements processed within 5 working days



1.6 Communications



1.7 Website Hits



1.8 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.

SCHEME MEMBER NAME	DATE RECEIVED	METHOD RECEIVED	WORK AREA	FEEDBACK RECEIVED
LP	16/10/2018	E-mail	Refund	You recently processed my pension refund claim. I would just like to thank you for your efficiency in this process. I was extremely impressed with how the claim was handled and how quickly the process took place.

2 SPECIAL PROJECTS

2.1 *i-Connect Update*

Officers are pleased to report since November 2018 data is now received in respect of 70% of the current total active scheme membership across 53 scheme employers. This represents a 13% increase of active scheme member data received over three months.

Following the successful on boarding of Bracknell Forest Council in January 2019 the implementation of i-connect remains on going to bring on board the two remaining unitary authorities, Slough Borough Council and Wokingham Borough Council (Schools) due to be completed by 31 March 2019 and 31 May 2019 respectively.

The scheme employers already submitting their scheme member data are listed below:

Altwood C of E School
 Avenue School Special Needs Academy
 Berkshire College of Agriculture
 Berkshire Maetros
 Bracknell Forest Council
 Bracknell Town Council
 Brighter Futures for Children
 Charters School
 Cox Green School
 Desborough College
 Evendons Primary School
 Forest Bridge Academy
 Furze Platt Senior School
 Geoffrey Field Infant School
 Geoffrey Field Junior School
 Highdown School & 6th Form Centre
 Holy Family Roman Catholic School
 Holyport College
 Kendrick School
 Langley Grammar School
 Newlands Girls School
 Optalis Limited (RBWM)
 Optalis Limited (Wokingham)
 Pippins School
 Prospect School
 Queen Anne Royal Free School
 RBWM Property Company Limited

Reading Borough Council
Royal Borough of Windsor & Maidenhead
Royal County of Berkshire Fire & Rescue Service
Slough Borough Council
Slough Children's Services Trust
Southcote School
Thatcham Town Council
The Downs School
The Heights Primary School
The Priory School
West Berkshire Council
Wokingham Borough Council (In-house)
Woodley Town Council

Multi Academy Trusts (MATs)

Ashley Hill Schools Trust
Bellevue Place Education Trust
Bonitas Multi Academy Trust Limited
CfBT School Trust
Marish Academy Trust
NET Academies Trust
Oxford Diocesan Schools Trust
Park Federation Academy Trust
Reach2 Academy Trust
Royal County of Berkshire Schools Trust
Sash Education Trust
Specialist Education Trust
Windsor Learning Partnership

The ongoing success experienced means Officers have chosen to mandate the use of i-connect across all remaining scheme employers using a phased approach.

Communication has already been made with the scheme employers and assurance and commitment given by Officers to fully train, support and guide scheme employers throughout the on boarding process to be concluded by 1 April 2021.

2.2 *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. Officers successfully completed the priority reconciliation and correction of Pensioner and Dependant scheme member benefits during February 2018. This process is now followed by Officers ensuring that the correct GMP values are held for Active and Deferred scheme members.

The deadline by when all Pension Funds must complete their reconciliation of all scheme member records was 31 December 2018. Despite Pension Funds having had since April 2016 to complete this exercise the Local Government Association (LGA) has confirmed many Pension Funds are only now starting to focus their attention on it. Officers are therefore waiting longer to receive a reply to queries raised with HM Revenue & Customs in respect of Active and Deferred scheme members than was experienced for Pensioner and Dependant scheme members.

2.3 *Data Quality Exercise*

The Pensions Regulator (tPR) expects all UK pension schemes to measure the presence and accuracy of the data they hold, and put plans in place to resolve issues where they find them.

Since Officers received the results of the first data cleanse from heywood's, the provider of the Pension Fund's *altair* pension administration software, efforts have been on going to improve the results in respect of Common and Scheme Specific data in readiness for the next data cleanse scheduled for October 2019.

A reminder of the respective scores received during the first data cleanse in October 2018 are shown below:

Data Item	Pass rate	Member records without a single failure
Common	98.85%	91.3%
Scheme Specific	97.58%	86.1%

2.4 *Wokingham Schools - Selima*

A number of historical items currently remain unresolved but action is being taken to bring this matter to a conclusion. These concern non-active members of the scheme (those who no longer contribute but have in the past). For example a number of 'missing' records have been identified that require both a starter and a leaver form to be provided by Selima. Many of these records are now being set up on the pension administration system but Officers have identified a number where leaver forms are still required. Once received action will be taken to notify all affected individuals of their pension options.

Wokingham BC's contract with Selima runs out on 31 March 2019 with a new external payroll provider being appointed from 1 April 2019. Work is already underway with the new provider to on-board i-Connect by 31 May 2019.

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Agenda Item 8

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

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

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