

# Public Document Pack

## NOTICE OF MEETING

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# BERKSHIRE PENSION BOARD

will meet on

**TUESDAY, 25TH FEBRUARY, 2020**

**At 1.00 pm**

in the

**MINSTER COURT, MAIDENHEAD**

TO: MEMBERS OF THE BERKSHIRE PENSION BOARD

COUNCILLORS NIKKI CRAIG, ALAN CROSS, JEFF FORD, TONY PETTITT  
(CHAIRMAN) AND NEIL WILCOX (VICE-CHAIRMAN)

Karen Shepherd – Head of Governance - Issued: 17<sup>TH</sup> February 2020

Members of the Press and Public are welcome to attend Part I of this meeting. The agenda is available on the Council's web site at [www.rbwm.gov.uk](http://www.rbwm.gov.uk) or contact the Panel Administrator **Andy Carswell** 01628 796319

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## AGENDA

### PART I

#### STANDING ITEMS

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
1.	<u>INTRODUCTION AND APOLOGIES</u> To receive any apologies for absence.	-
2.	<u>DECLARATION 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 20 <sup>th</sup> November 2019.	7 - 10
4.	<u>ACTION TRACKER</u> To report on any actions.	-
5.	<u>SCHEME AND REGULATORY UPDATE AND INTEGRATED RISK MANAGEMENT</u> To consider the report.	11 - 44
6.	<u>ADMINISTRATION REPORT</u> To consider the report.	45 - 56

#### PART 1 PANEL PAPERS FOR 23 MARCH 2020

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
7.	<u>PART 1 MINUTES FROM PANEL MEETING 16 DECEMBER 2019</u> To note the Berkshire Pension Fund Panel Part I minutes from 16 <sup>th</sup> December 2019.	57 - 58
8.	<u>DATA QUALITY EXERCISE YEAR 2</u> To consider the report.	59 - 64

9.	<u>RISK ASSESSMENT REGISTER EXCEPTIONS REPORT</u> To consider the report.	65 - 66
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### WORK PROGRAMME

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
10.	<u>LOCAL PENSION BOARD WORKPLAN 2019-20</u>	-
	i. Review of Declarations of Interest To consider the report.	67 - 68
	ii. Review of Terms of Reference To consider the report.	69 - 78
	iii. Review of Code of Conduct To consider the report.	79 - 92
	iv. Funding Strategy Statement To consider the report.	93 - 106
	v. Governance Compliance Statement To consider the report.	107 - 116
	vi. Investment Strategy Statement To consider the report.	117 - 122
	vii. Pension Fund Business Plan 2020-21 To consider the report.	123 - 138
11.	<u>ACTUARIAL VALUATION 2019</u> To undertake the training.	Verbal Report
12.	<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 2

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
13.	<u>MINUTES</u>  To approve the Part 2 minutes of the Board meeting on 20 <sup>th</sup> November 2019 and to note the Part 2 minutes of the Panel on 19 <sup>th</sup> December 2019.  <b><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i></b>	139 - 146
14.	<u>LPPI INVESTMENT PERFORMANCE REPORT</u>  To consider the report.  <b><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i></b>	To Follow

## EMERGING ISSUES

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
15.	<u>AOB</u>  To consider AOB.  <b><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i></b>	-

## MEMBERS' GUIDANCE NOTE

### DECLARING INTERESTS IN MEETINGS

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

DPIs include:

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

#### **PREJUDICIAL INTERESTS**

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

#### **DECLARING INTERESTS**

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

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

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

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# Agenda Item 3

## BERKSHIRE PENSION BOARD

WEDNESDAY, 20 NOVEMBER 2019

PRESENT: Nikki Craig, Alan Cross (Chairman), Jeff Ford, Arthur Parker, Barry Stratfull and Tony Pettitt

Officers: Andy Carswell and Kevin Taylor

### INTRODUCTION AND APOLOGIES

The Chairman welcomed everyone to the meeting.

Apologies were received from Neil Wilcox. Barry Stratfull was attending as a substitute.

Members were informed that Arthur Parker had been proposed as a new employer member. It was unanimously agreed that he should be accepted as a Panel member.

### DECLARATION OF INTEREST

Members were reminded that Arthur Parker would need to complete a register of interests and training framework. This process would need to take place for all new members.

There were no declarations of interest.

### MINUTES

**RESOLVED UNANIMOUSLY: That the minutes of the meeting held on October 8<sup>th</sup> 2019 be approved as an accurate record, subject to the word 'Councillors' being removed from the list of attendees.**

Arising from the minutes, Members were informed that details of the separation concept had not yet been found but would be circulated in due course. It was confirmed that the mechanism for ensuring payments to pensioners living overseas were legitimate had been circulated to all members. Nikki Craig informed the Panel that the Pension Fund Annual Accounts had not yet been signed off, but it was anticipated that they would be approved by the December 1<sup>st</sup> deadline.

Kevin Taylor advised that the Council was in the process of recruiting a Director of Resources, who would be responsible for finance and would be the Council's designated Section 151 officer.

### ACTION TRACKER

The Panel was told that Alan Cross and Jeff Ford had recently attended an annual meeting arranged by CIPFA and Barnett Waddingham for members of Pension Boards, which had included some brief training. A briefing note had been prepared by Alan Cross which had been circulated to all members.

There were no items to add to the tracker and its contents were noted.

### SCHEME AND REGULATORY UPDATE

There were no items for discussion.

## ADMINISTRATION REPORT

Kevin Taylor introduced the item and advised the Panel that this was a quarterly update on the performance of the administration team, set against a number of key performance indicators. The Board noted the trends in scheme membership numbers, in particular the number of memberships that were being deferred. This was attributed to outsourcing of services, and new employees of those service providers being appointed to their company's own pension scheme. It was noted that single academies are generally combining into multi academy trusts.

The Board was told that it was hoped to have all employers on the iConnect system by March 2021. iConnect did not require any form filling and all information was sent via encrypted transfer between employer payroll and pension administration systems. The Board members noted the disparity between iConnect users and those who were not on the system in the numbers of transactions that were completed within the relevant timeframes. It was noted that only 42.62 per cent of transactions were completed on time by non iConnect users in the last quarter. However members were told that sometimes a whole block of responses would be received in one go from non iConnect users.

Kevin Taylor informed the Board that he had compared Berkshire's standards against CIPFA's and noted that some of Berkshire's targets – such as a 95 per cent transaction completion rate – were more stringent than CIPFA's. It was noted that two pension surgeries take place at each unitary authority each year and on an ad hoc basis when requested by other employers.

Kevin Taylor stated that data quality was good and had been improving over the past year. The main area of concern was collation of member addresses, as only 94 per cent of correct addresses were on record. Steps were being taken to trace the remainder. With regard to GMP reconciliation members were informed that the Pension Fund was currently liaising with HMRC to confirm the amounts due to be paid to deferred and active members were correct.

It was confirmed that the figures in Chart 10 regarding website hits were of unique users. It was asked if this could be clarified on the bar charts in the report.

The Board noted the contents of the report.

## LOCAL PENSION BOARD WORKPLAN 2019-20

### Breaches of the Law Policy

Kevin Taylor reminded members that a number of policy statements were kept under review to make sure they were still fit for purpose. The particular policies currently under review were due to be considered again at the next Panel meeting on December 16<sup>th</sup>. Members were advised that no changes had been made to the policy statements and none were planned. However if any changes were proposed, members of the Board would be invited to comment prior to the amended policies being published online.

The Board was advised that it was a requirement to report any breaches of law policy, although The Pensions Regulator only needed to be informed of any breaches that were considered to be materially significant. An adjudicator would rule on whether any breaches needed to be escalated to The Regulator. Nikki Craig advised that there had been no reported breaches.

Kevin Taylor advised that The Regulator had censured a pension fund that had failed in its duty to provide annual benefit statements.

### Service Level Agreement between RBWM and RCBPF



Kevin Taylor advised that there had been no changes to the Service Level Agreement, which stated what each party would do to support the other. Regarding an outstanding complaint, Kevin Taylor informed members there was a three-stage process and that stages one and two had both agreed the complaint should be rejected. If the complainant wished to take it further, it would be a matter for The Pensions Ombudsman to make a final determination..

TRAINING ITEM - FEEDBACK FROM ANNUAL MEETING

Kevin Taylor stated that the annual meeting had taken place the previous week, and this had included an administration update, valuation update from the Actuary, and an investment update from the LPPI. Tony Pettitt and Alan Cross both said the meeting had been useful, and a request was made for presentation slides to be circulated to the rest of the Board. Members were reminded that the employer annual meeting would take place in March. The Board was advised that scheme employers would hopefully be made aware of their contribution rates in January.

LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC

**RESOLVED UNANIMOUSLY: To approve the motion to exclude the public.**

ANY OTHER BUSINESS

Kevin Taylor stated that the Actuary had offered to give a presentation at the next Board meeting, on any topic that Members felt would be helpful.

Members were told that discussions were taking place to improve the interaction between the Board and Panel; there was a consensus that this meeting had come too soon. There was a desire to allow the Board to give more considered responses to issues to be discussed by the Panel, in order to allow the Panel to make better, more informed decisions.

The meeting, which began at 11.30 am, finished at 1.56 pm

CHAIRMAN.....

DATE.....

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# LGPS update: a view from the centre

11

Lorraine Bennett

Senior Pensions Adviser

Agenda Item 5

# What's on the horizon?

- McCloud
- £95k cap and exit payment recovery
- Exit credits
- Pensions tax
- HE/FE status
- 4 year valuations and exiting employer flexibilities
- Good governance review



# Working with MHCLG

13



- Luke Hall MP – minister since July 2019
- little or no engagement with SAB to date
- meeting planned for 4 Feb
- Government priorities?

# McCloud - implications for the LGPS

- remedy will be upwards
- HM Treasury will set the parameters
- LGPS will be treated separately to other schemes
- <sup>14</sup>remedy likely to involve the extension of **some form** of the current underpin
- may need to revisit leavers back to April 2014
- employers must keep hours and service break information
- SAB to set up two working groups

# Good governance review



- to improve Scheme governance and administration to a consistent level - with independent assessment
- phase I and II reports available on [www.lgpsboard.org](http://www.lgpsboard.org)
- submit comments on phase II by 3 Feb
- phase III work will include drafting statutory guidance on governance compliance statements and establishing KPIs

# Regulations tidy up

- technical changes plus....
- ⇒ • pre 2014 leavers – use AVC to buy scheme pension
- death grants over two years
- de-minimis payments for pre 2008 leavers
- removal of five year limit for refunds
- forfeiture provisions





# and not forgetting.....

17



# What's next?

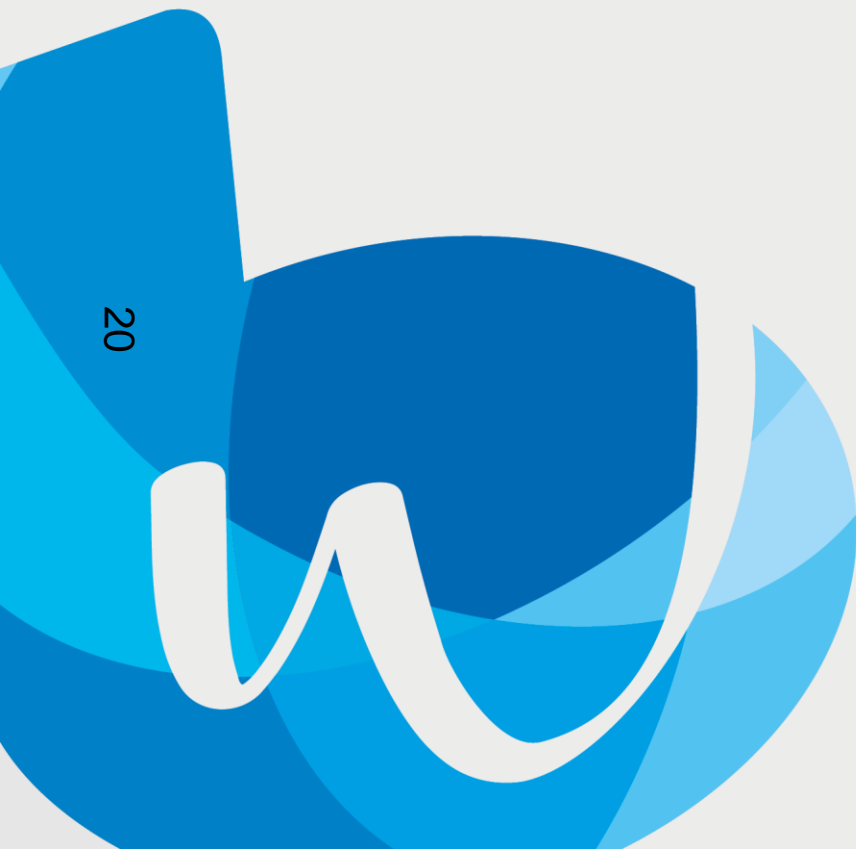
- More legal challenges?
- Further reform ?



# Disclaimer

The information contained in these slides has been prepared by the LGPC Secretariat, a part of the Local Government Association (LGA). It represents the views of the Secretariat, based on our current understanding of the law. It should not be treated as a complete and authoritative statement of the law. Readers may wish, or will need, to take their own legal advice on the interpretation of any particular piece of legislation. No responsibility whatsoever will be assumed by the LGPC Secretariat or the LGA for any direct or consequential loss, financial or otherwise, damage or inconvenience, or any other obligation or liability incurred by readers relying on information contained in these slides.

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# Valuation update

Melanie Durrant FIA CERA



# Regulatory information

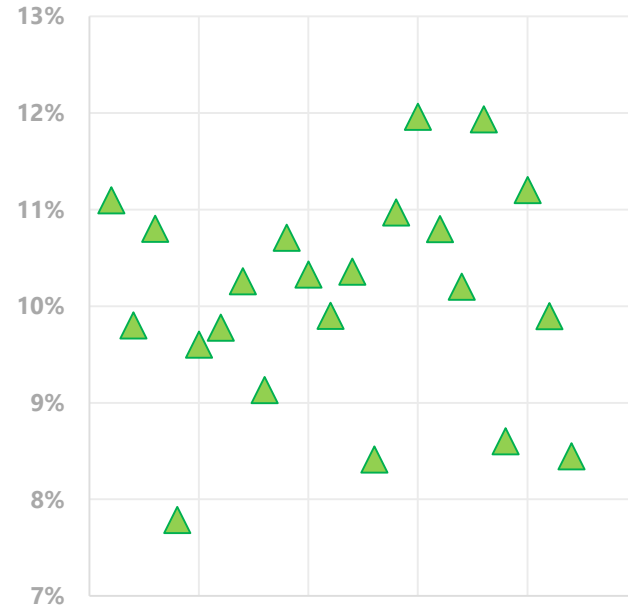
The information in this presentation is based on our understanding of current taxation law, proposed legislation and HM Revenue & Customs practice, which may be subject to future variation. This presentation is not intended to provide and must not be construed as regulated investment advice. Returns are not guaranteed and the value of investments may go down as well as up. Barnett Waddingham LLP is a limited liability partnership registered in England and Wales. Registered Number OC307678. Registered Office: 2 London Wall Place, London EC2Y 5AU. Barnett Waddingham LLP is authorised and regulated by the Financial Conduct Authority and is licensed by the Institute and Faculty of Actuaries for a range of investment business activities.

# Strong investment performance

- › Average investment return 10.1% p.a.
- › “beaten” discount rate of 5.2% average in 2016

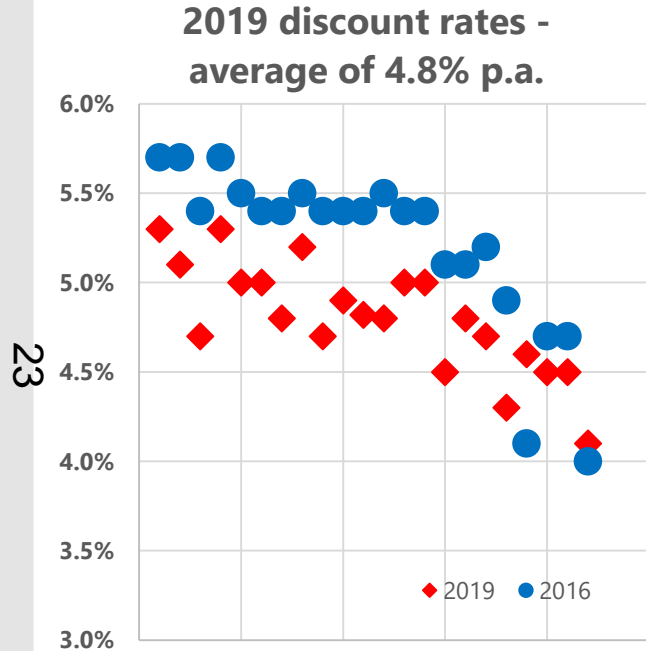
22

Asset returns - % p.a. -  
average of 10.1% p.a.



## Discount rate decrease for the majority of funds

- › Range from 4.1% to 5.3%
- › 0.4% lower than 2016 on average
- › Real discount rate 0.6% lower

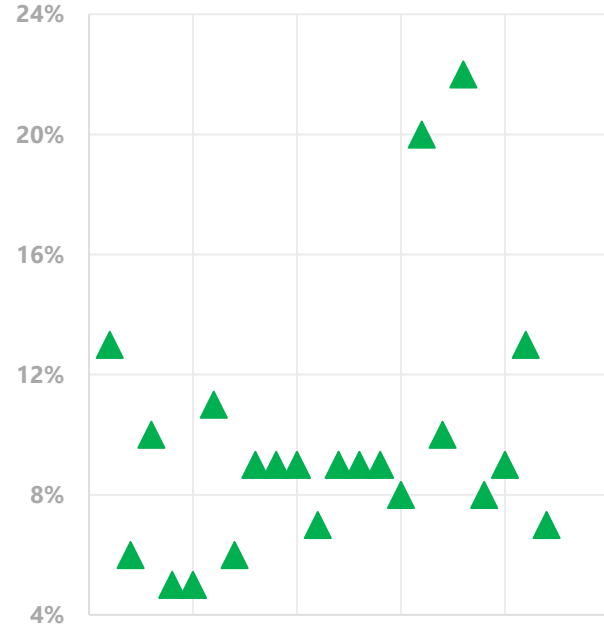


# Improvement in funding levels for all funds

- > Average funding level of 96%
- > Range 78% to 125%
- > Increased divergence

24

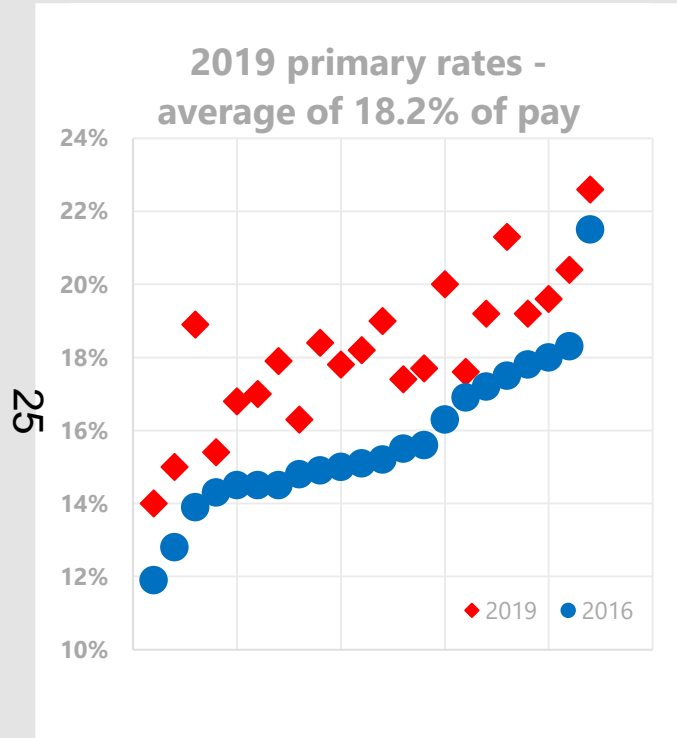
## Average increase in funding level of 10%





## Increase in primary rates for all funds

- › Average increase of 2.4%
- › Offset by fall in secondary rate (where appropriate)



# Interesting averages\*

\*BW funds only



26

**96%**

Funding level



**4.8%**

Discount rate



**18.2%**

Primary rate

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# Investing for Public Sector Pension Schemes

**Pete Smith**

Principal and Senior Investment Consultant



# Regulatory information

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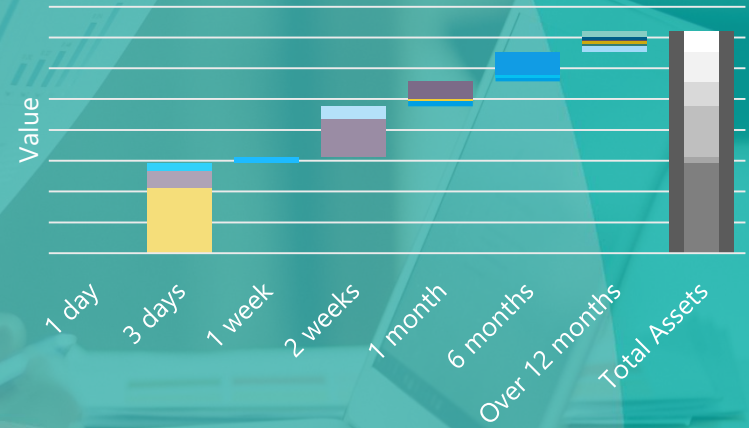
# What's on the agenda

- ›What has been keeping us busy?
- ›Strategy thoughts
- ›ESG

## Social Housing



## Pre-Funding and Liquidity



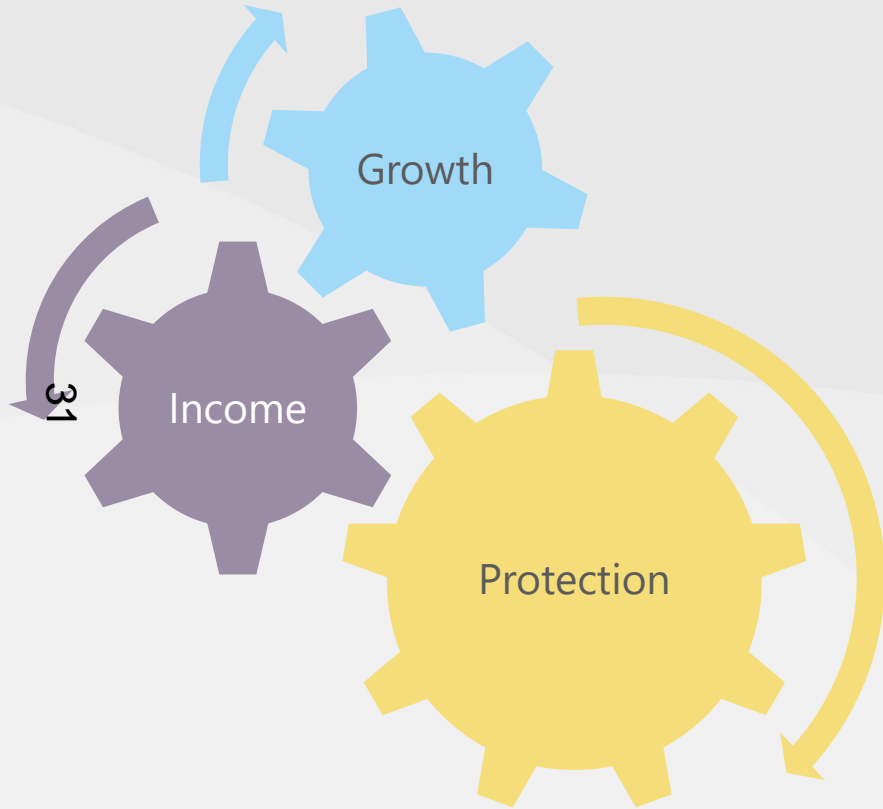
30

## Protection



## ESG





## Key ingredients...

To a successful investment strategy

# Our outlook for markets

Investment Strategy – answers the question: why do you own what you do?

Investment monitoring – answers the question: why do you still own it?

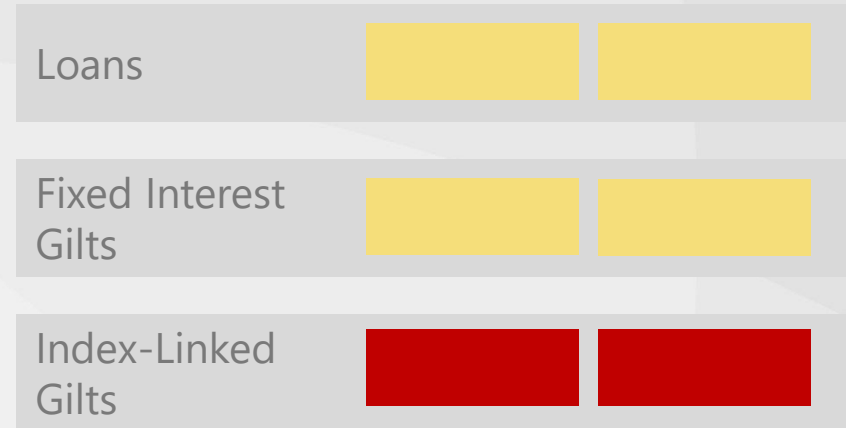
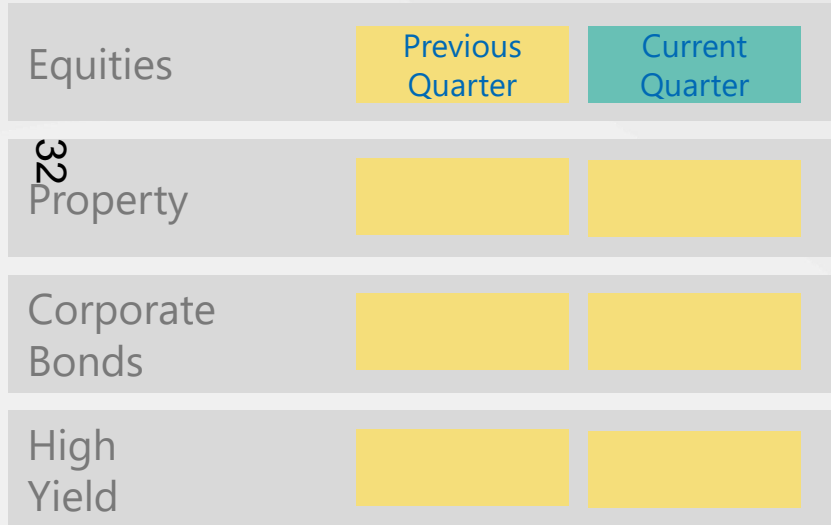
Positive

Cautiously positive

Neutral

Cautiously negative

Negative





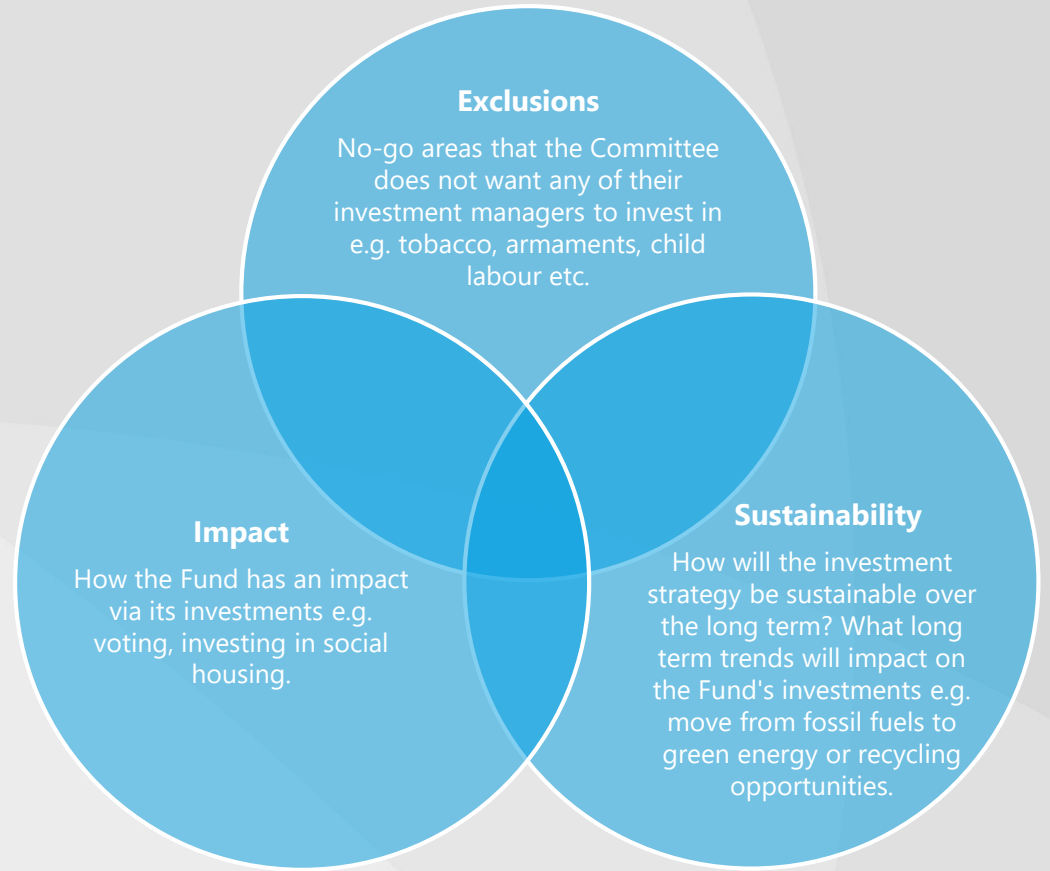
# Part 1: Responsible Investment consultation

- › Scheme Advisory Board seeking responses to the consultation by 31/1 (original deadline extended)
- › Sets out background and guidance on Responsible Investment (RI).
- › Differentiates between financially material factors (e.g. climate risk) and non-financially material factors (e.g. exclusions for the social good, such as tobacco exclusion).
- › **Must** – explain extent to which non-financially material factors taken into account (15% v 3%)
- › **Must** – give a reason for not adopting a policy of exercising rights attaching to investments
- › **Should** – explain extent to which views of Local Pensions Board and other influences taken into account when deciding on non-financially material factors
- › **Should** – explain the approach to social investment
- › **Should** – explain the policy on stewardship with reference to the Stewardship Code (no reference to 2020 Stewardship Code – more onerous than current one)
- › **Should** – publish a report on voting activities as part of the annual report
- › **Should** – explain how they will act as responsible long-term investors through their pool, including how the pool will determine and enact stewardship responsibilities.

34



## ESG



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# Know your employers

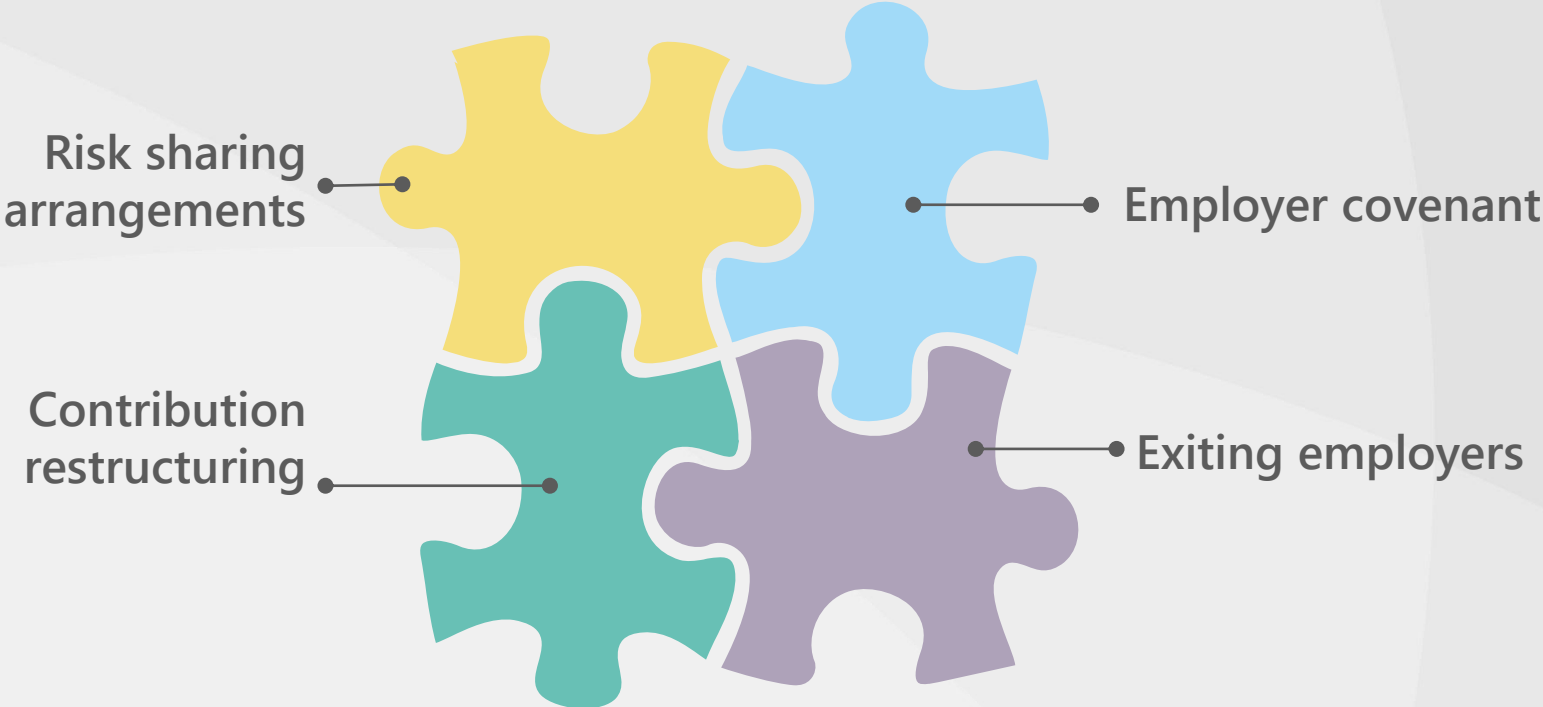
Roisin McGuire FFA



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# Common themes



37

# Risk sharing arrangements

## Agreements

- › Current agreements
- › Future agreements
- › Fund policy?

## Stakeholders

- › Members
- › Employers
- › Actuary
- › Auditor
- › Legal advisors

## How to share risk?

- › Pass-through
- › Guarantees
- › Bonds
- › Pooling
- › Self –insurance
- › External insurance

Contribution holidays

Pre-funding

39

Funding towards exit

Use of contingent assets

Contribution  
restructuring

# Employer covenant

## Employer's ability to meet pension fund commitments



### Qualitative assessment

40

- Categorise at high level
- Agree risk factors
- Assess employer profile



### Quantitative assessment

- Pension fund metrics
- D&B risk score
- Total risk score



### Specialist advice

- Detailed analysis by experts
- Outlook for sector



# Exiting employers

14  
Funding  
towards exit



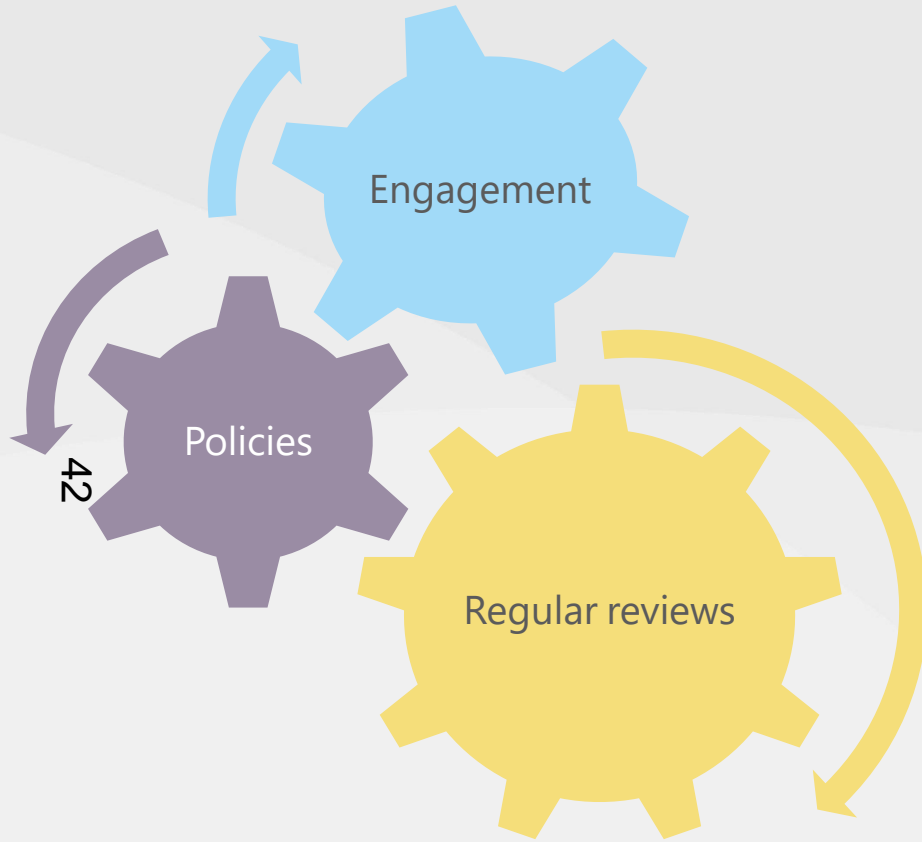
Payment  
plans after  
exit



Exit credits



Policy for  
employers  
who can't  
pay



## Key ingredients...

To knowing your employers



**“A PROBLEM SHARED IS A PROBLEM HALVED.”**

43

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Report Title:	<b>Administration Report</b>
Contains Confidential or Exempt Information?	YES - Part I
Member reporting:	Councillor Sharpe, Chairman Berkshire Pension Fund and Pension Fund Advisory Panels
Meeting and Date:	Berkshire Pension Fund and Pension Fund Advisory Panels – 23 March 2020
Responsible Officer(s):	Kevin Taylor, Pension Services Manager, Philip Boyton, Pension Administration Manager
Wards affected:	None

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## REPORT SUMMARY

1. This report deals with the administration of the Pension Fund for the period 1 October 2019 to 31 December 2019
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)**

<b>Name of consultee</b>	<b>Post held</b>	<b>Date issued for comment</b>	<b>Date returned with comments</b>
Cllr. Julian Sharpe	Chairman – Berkshire Pension Fund Panel		
Adele Taylor	Director of Resources and s151 Officer		



THE ROYAL COUNTY OF  
**BERKSHIRE**  
PENSION FUND

**ADMINISTRATION REPORT**

**QUARTER 3 – 2019/20**

**1 October 2019 to 31 December 2019**

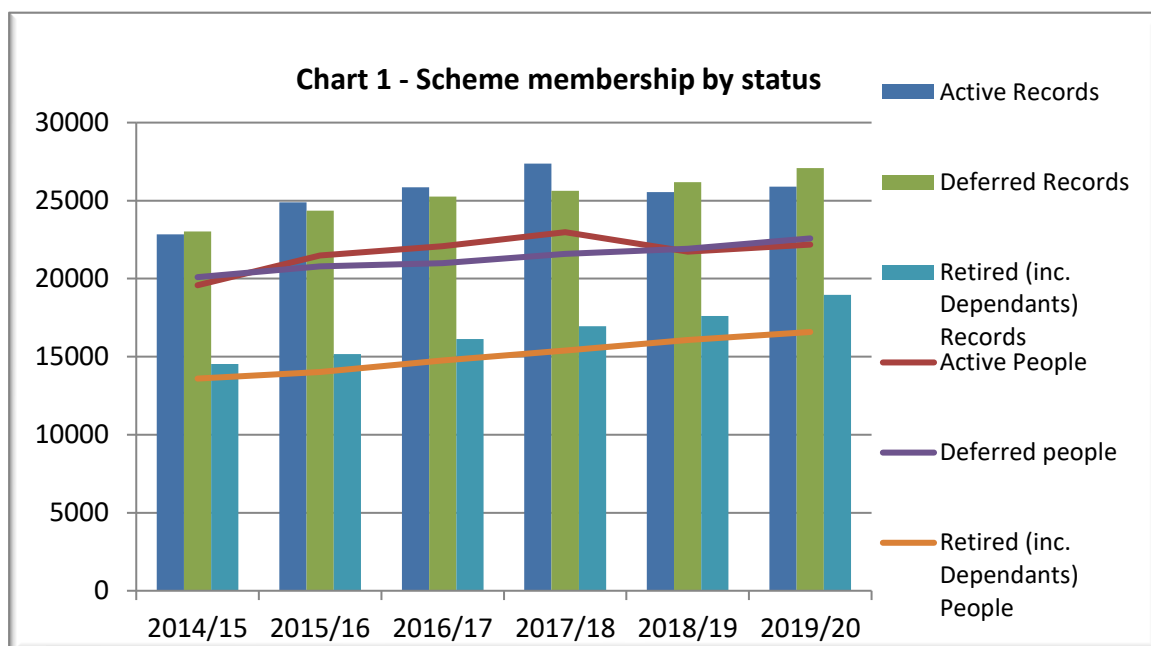
**Contents**

- 1. ADMINISTRATION ..... 5
  - 1.1 Scheme Membership..... 5
  - 1.2 Membership by Employer ..... 5
  - 1.3 Scheme Employers..... 6
  - 1.4 Scheme Employer Key Performance Indicators..... 7
  - 1.5 Key Performance Indicators..... 8
  - 1.6 Communications.....10
  - 1.7 Website Page Views.....10
  - 1.8 Stakeholder Feedback.....10
- 2 SPECIAL PROJECTS.....11
  - 2.1 Guaranteed Minimum Pension (GMP) Reconciliation .....111



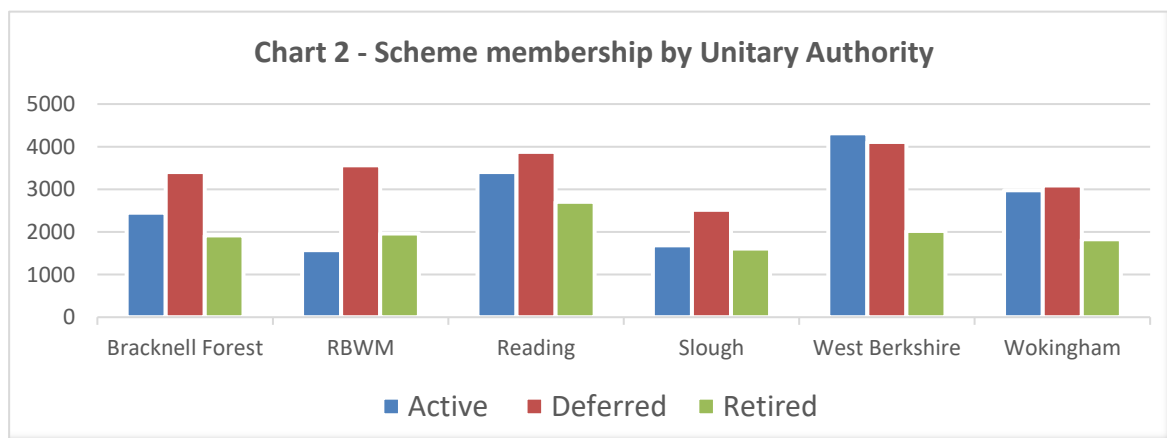
# 1. ADMINISTRATION

## 1.1 Scheme Membership



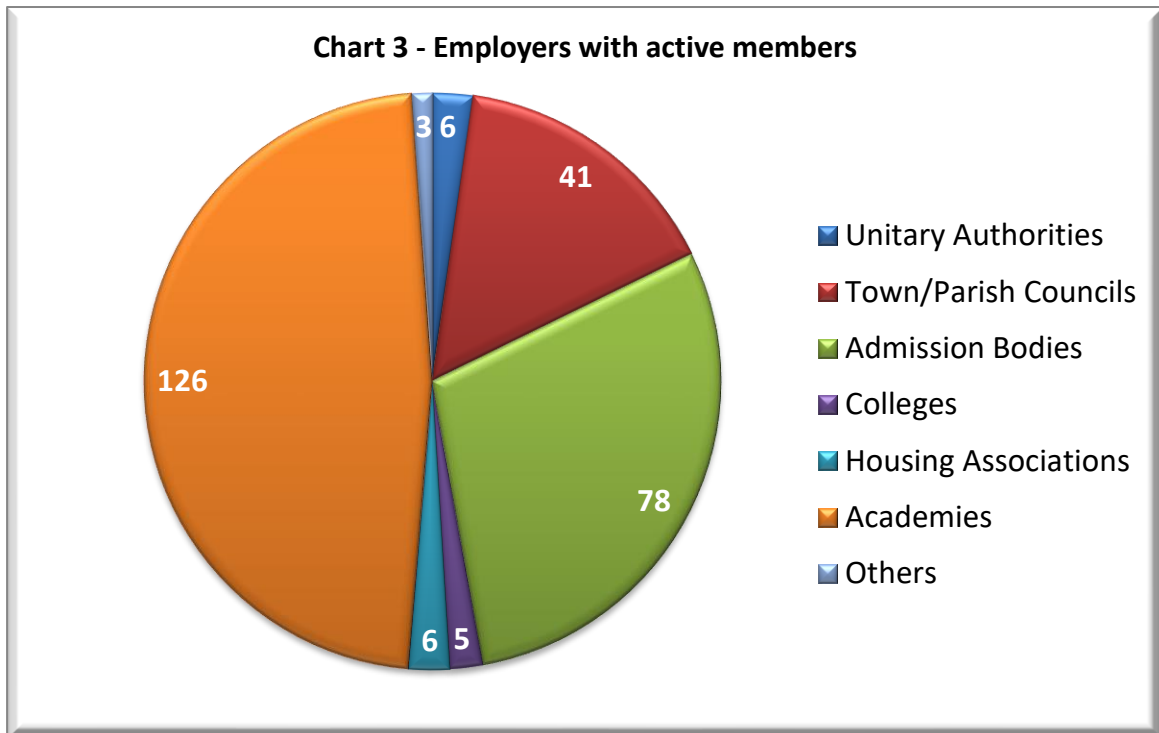
TOTAL MEMBERSHIP			
Active Records	25,887	Active People	22,183
Deferred Records	27,085	Deferred People	22,580
Retired Records	18,972	Retired People	16,583
<b>TOTAL</b>	<b>71,944</b>	<b>TOTAL</b>	<b>61,346</b>

## 1.2 Membership by Employer



Membership movements in this Quarter (and previous Quarter)						
	Bracknell	RBWM	Reading	Slough	W Berks	Wokingham
Active	<b>+67</b> +45	<b>+4</b> -6	<b>+51</b> +103	<b>+146</b> -97	<b>+434</b> -5	<b>+175</b> +29
Deferred	<b>-1</b> +3	<b>-41</b> -3	<b>-14</b> +91	<b>-19</b> -26	<b>+1</b> -2	<b>-8</b> +4
Retired	<b>+9</b> +38	<b>+33</b> +39	<b>+31</b> +21	<b>+27</b> +24	<b>+24</b> +29	<b>+20</b> +23

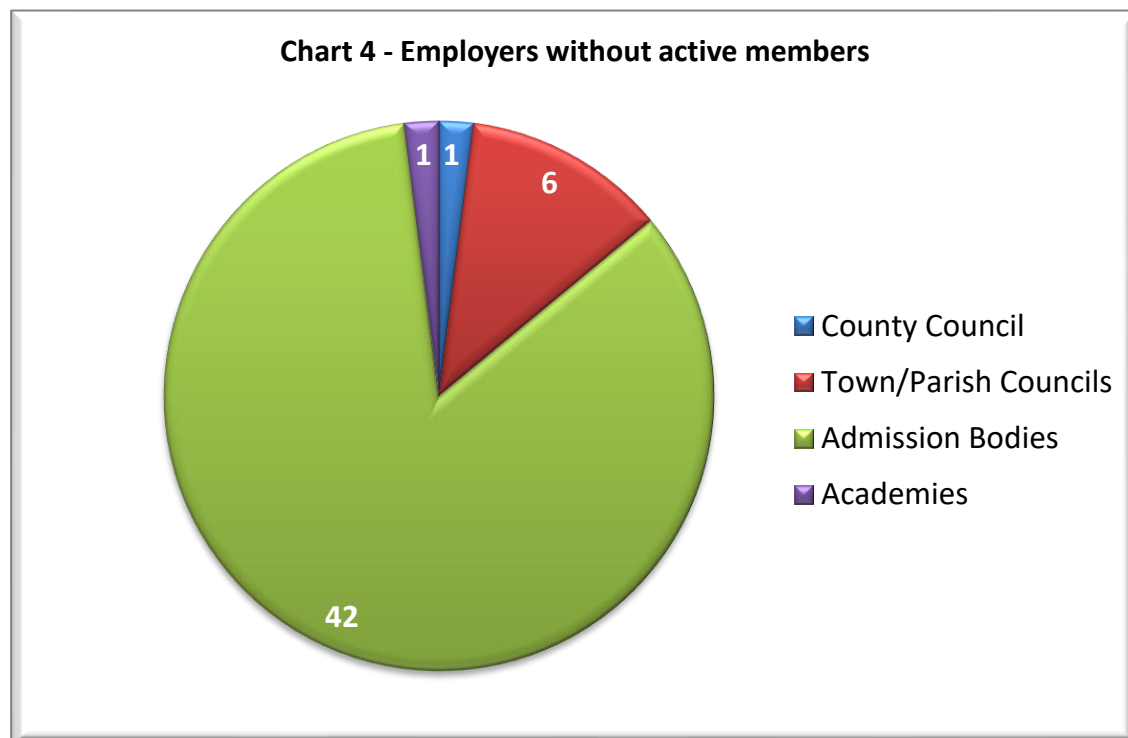
1.3 Scheme Employers



New employers since last report:

**Admission Bodies:** Hayward Services (Prospect), Tyr Abad, Solutions4Health

**Academies:** None



**Exiting employers:** None

## 1.4 Scheme Employer Key Performance Indicators

<b>Table 1A – i-Connect users Quarter 3 (1 October 2019 to 31 December 2019)</b>					
<b>Employer</b>	<b>Starters</b>	<b>Leavers</b>	<b>Changes</b>	<b>Total</b>	<b>Achieved</b>
Bracknell Forest Cncl	127	112	160	399	98.64%
RBWM	166	98	161	425	99.32%
Reading BC	303	257	499	1059	99.33%
Slough BC	139	92	189	420	93.46%
West Berks Council	346	193	471	1010	98.95%
Wokingham BC	123	54	99	276	99.67%
Academy/ School	287	183	1993	2463	91.86%
Others	95	55	339	489	94.16%
<b>Totals</b>	<b>1586</b>	<b>1044</b>	<b>3911</b>	<b>6541</b>	<b>96.92%</b>

**NOTES:** Table 1A above shows all transactions through i-Connect for the third quarter of 2019/20. 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.

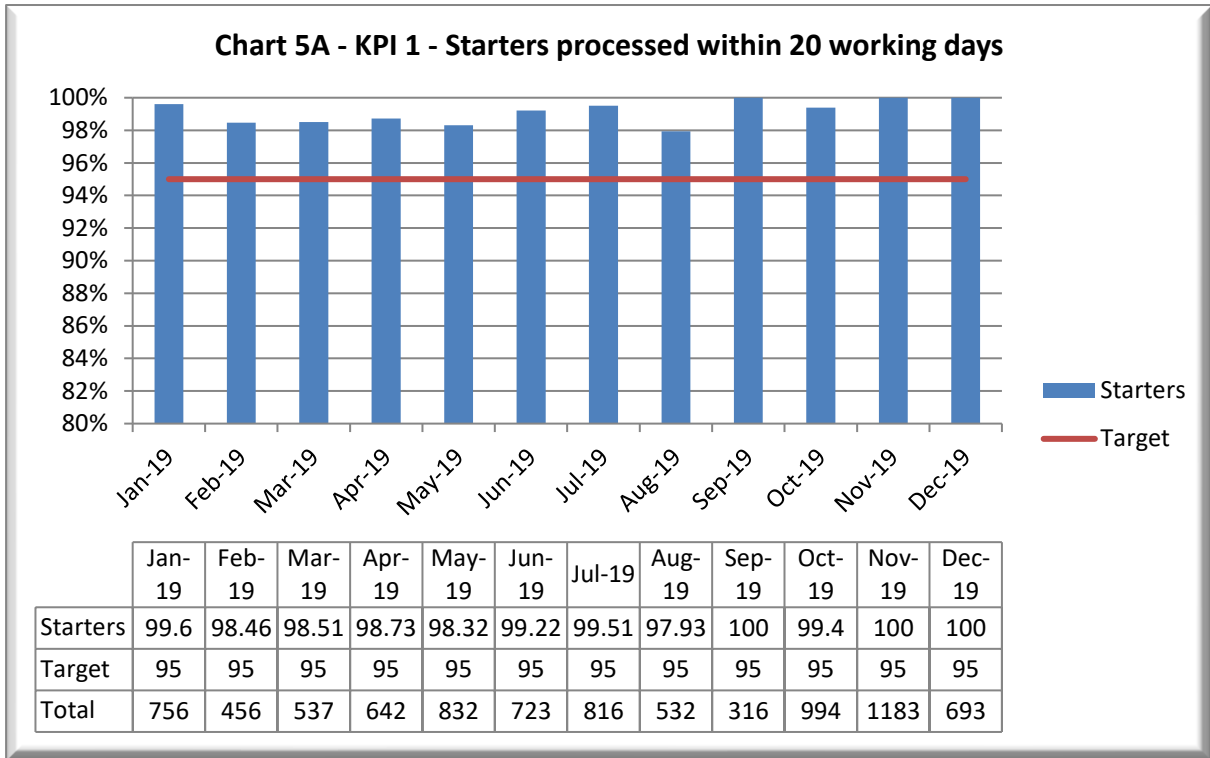
Of the remaining 179 scheme employers, 57 will be uploaded by 31 March 2020 with the remaining 122 by 31 March 2021.

All scheme employers with 50 or more scheme members will be using i-Connect by the end of the 2019/20 financial year.

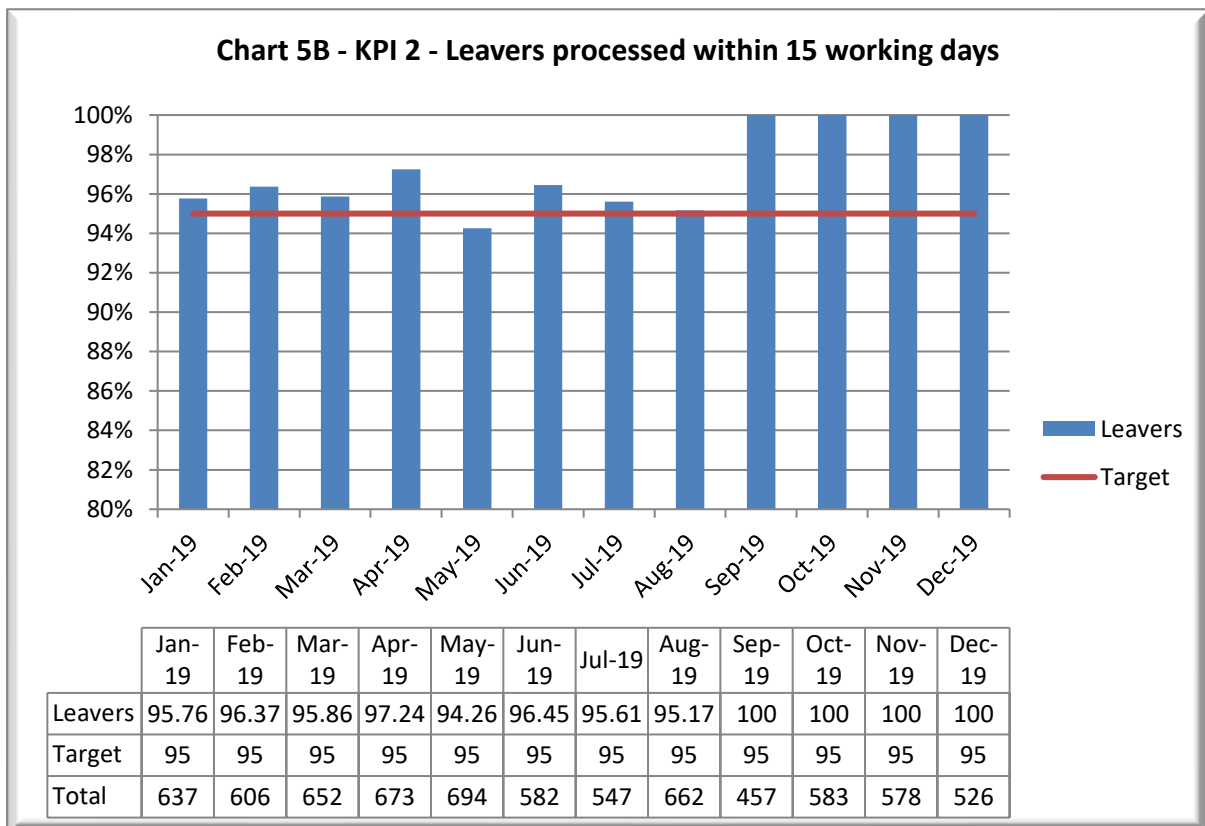
All scheme employers with fewer than 50 and but more than 10 scheme members will using i-Connect by the end of the 2020/21 financial year

Scheme employers with fewer than 10 scheme members will be given the option of using an on-line portal version of i-Connect by 31 March 2021.

1.5 Key Performance Indicators

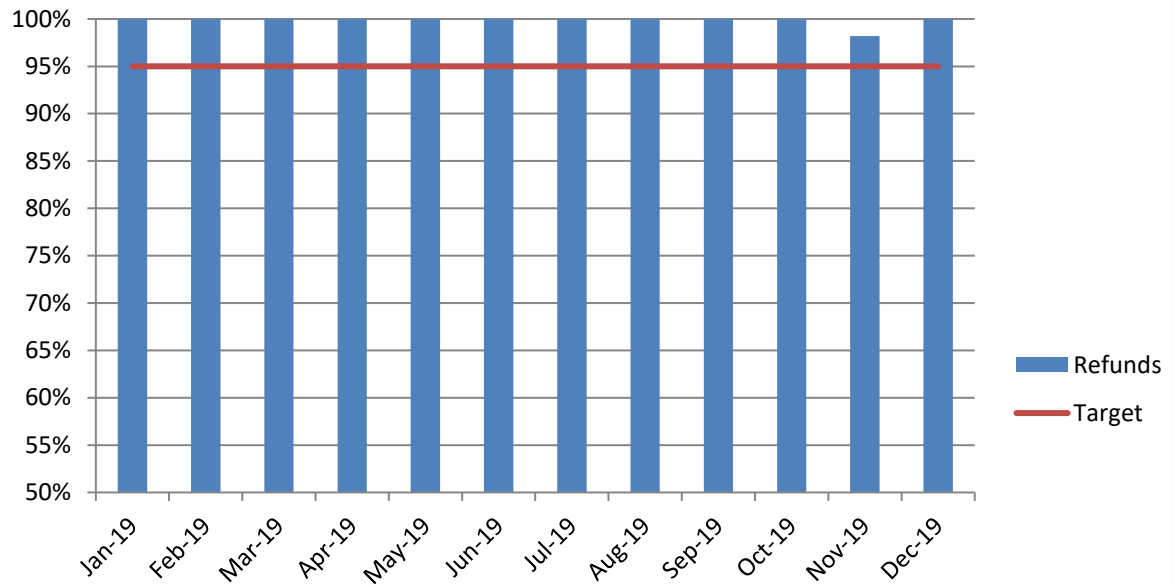


**CIPFA Benchmark:** Two months from date of joining the scheme or if earlier within one month of receiving jobholder information.



**CIPFA Benchmark:** As soon as practicable and no more than two months from date of notification from scheme employer.

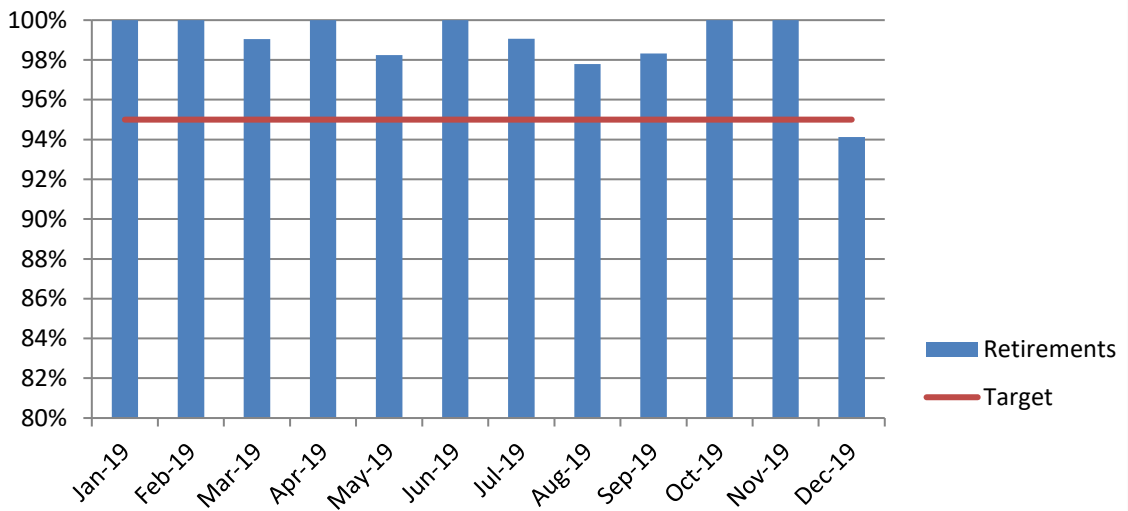
**Chart 5C - KPI 3 - Refunds processed within 10 working days**



	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Refunds	100	100	100	100	100	100	100	100	100	100	98.18	100
Target	95	95	95	95	95	95	95	95	95	95	95	95

**CIPFA Benchmark:** To be confirmed.

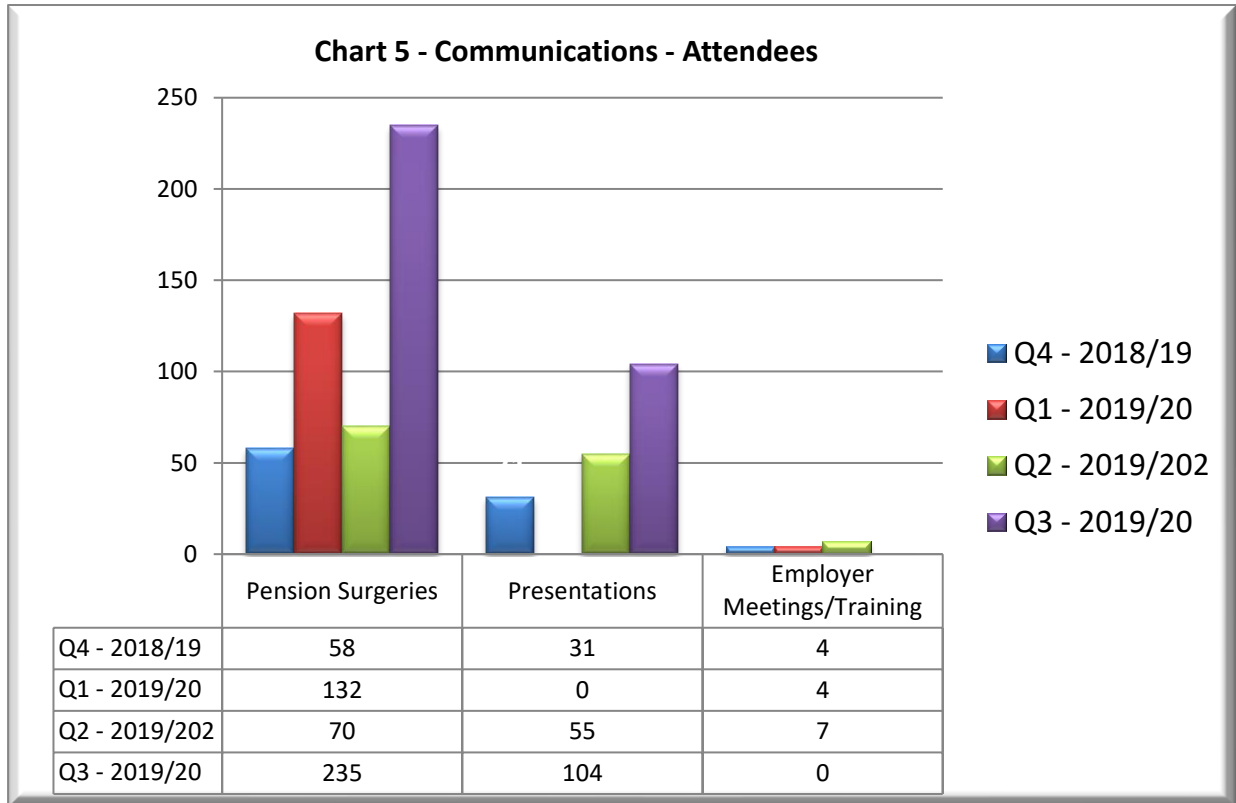
**Chart 5D - KPI 4 - Retirements processed within 5 working days**



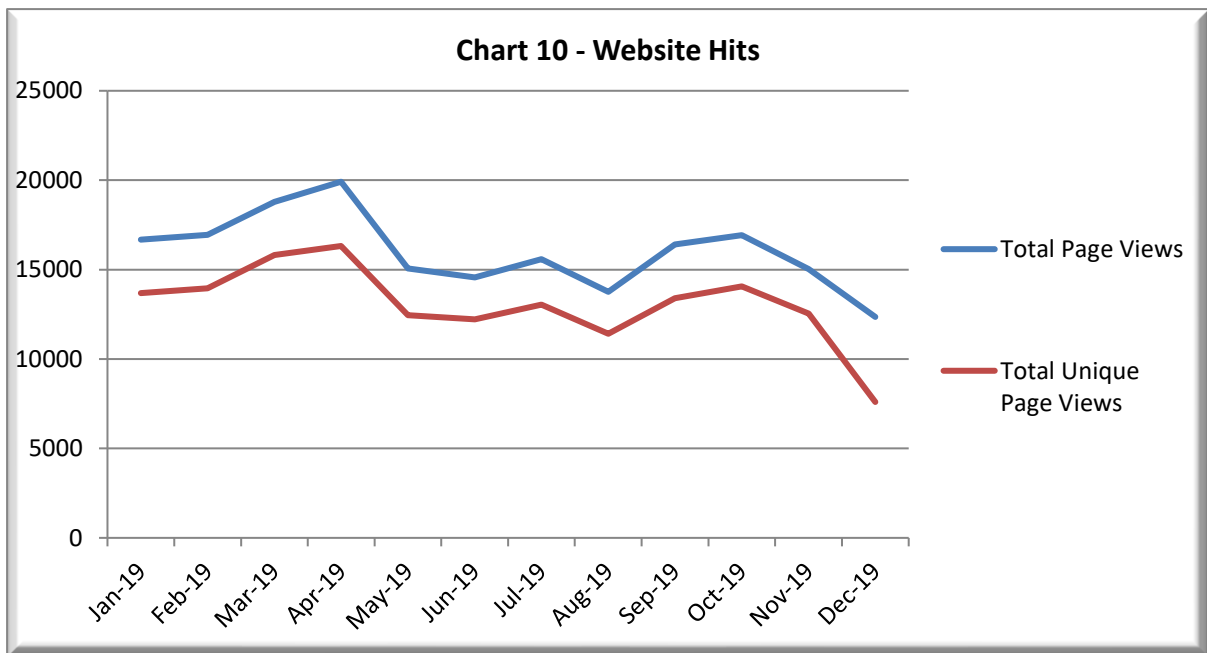
	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Retirements	100	100	99.04	100	98.25	100	99.07	97.8	98.33	100	100	94.12
Target	95	95	95	95	95	95	95	95	95	95	95	95
Total	84	115	104	125	114	98	107	91	120	126	95	68

**CIPFA Benchmark:** One month from date of retirement if on or after normal pension age or two months from date of retirement if before normal pension age.

1.6 Communications



1.7 Website Page Views



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.

There is no feedback to report.

## 2 SPECIAL PROJECTS

### 2.1 *Guaranteed Minimum Pension (GMP) Reconciliation*

Following the end of contracting out in April 2016, HM Revenue & Customs (HMRC) intended to send during December 2018 a statement to all individuals affected stating the amount of Guaranteed Minimum Pension (GMP) they will receive at State Pension Age and which public or private sector pension scheme is responsible for paying it.

Ahead of this Officers had opportunity to review the GMP values held for scheme members with those calculated by HMRC to ensure that the correct values are being paid and to rectify any instances where discrepancies were identified, the outcome being that going forward the Royal Borough of Windsor & Maidenhead as the Administering Authority for the Royal County of Berkshire Pension Fund (RCBPF) is responsible for making payment of the correct GMP liabilities.

Officers completed the project in respect of pensioner and dependant scheme members in February 2018 and it was acknowledged by the Local Government Association (LGA) that the Pension Fund was the first LGPS Pension Fund to do so.

Due to the volume of queries received by HMRC from UK pension schemes a statement was not issued and unfortunately Officers have experienced significant difficulties receiving responses from HMRC to queries raised in respect of active and deferred scheme members.

The total number of queries it has been necessary for Officers to raise with HMRC is 13,424, of which 4,965 remain outstanding. This represents 10.67% of the total overall active and deferred scheme membership at 31 December 2019.

The significant difficulties are not preventing Officers from calculating and paying benefits quickly and accurately due to the availability of HMRC's online service that is readily accessible to all LGPS Pension Fund's.

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# Public Document Pack Agenda Item 7

## BERKSHIRE PENSION FUND PANEL

MONDAY, 16 DECEMBER 2019

PRESENT: Councillors David Hilton (Vice-Chairman), Julian Sharpe (Chairman), John Story, Simon Bond and Wisdom Da Costa

Officers: Philip Boyton, David Cook and Kevin Taylor. Local Pension Partnership (LPP) representatives Tony Williams and Richard Tomlinson, Law Debenture: Andrew Harrison. Investment Group: Rohan Worrall and Aoifinn Devitt. Pension Board: Alan Cross

### APOLOGIES

Apologies for absence were received by Cllr Law, Cllr Lovelock and Mr Finlay.

### DECLARATIONS OF INTEREST

There were no declarations of interest received.

### MINUTES

Resolved unanimously: that the Part I minutes of the meeting held on 23 September 2019 were approved as a true and correct record.

### TERMS OF REFERENCE

The Pension Services Manager informed the Panel that at the last meeting the terms of reference were presented for new members. It was agreed that they would be amended and were being presented to this meeting with tracked changes. The amended version would need to go to RBWM Council for approval and adoption.

Cllr Da Costa asked why the changes were being recommended and was informed that it was due to pooling with LPP.

Cllr Bond questioned why emergency powers were required to change investments. Cllr Hilton replied that it was unlikely that the investment group would use the emergency powers especially now we were joined with LPP, however there remained some legacy investments that were not pooled so it was prudent to have emergency provisions in place.

The Panel noted the revised terms of reference.

### PENSION FUND PANELS ANNUAL WORK PLAN

The Pension Services Manager introduced the report that detailed a number of Administering Authority policy statements for review as set out on the Panel's work programme.

Cllr Da Costa asked for the main points of the service level agreement and provision of expertise to meet them. He was informed that it covered the key areas of the work the Administering Authority undertook to fulfil statutory duties and that training was provided and performance monitored via KPI's in the Administration Report.

**Resolved unanimously: that the Panel notes the report and:**

- i) Subject to any amendments being proposed, approves the policy statements set out in Appendix 1 to the report as continuing to be fit for**

**purpose.**

**ii) Request that officers produce and publish the approved policy statements on the Berkshire Pension Fund website.**

## ADMINISTRATION REPORT

The Pension Administration Manager introduced the latest Administration Report for the period covering 1 July 2019 to 30 September 2019. Pages 45 onwards detailed the performance against key performance indicators.

Cllr Story asked for clarification on what admission bodies were and was informed that they were private companies who were admitted to the Fund as part of a service outsourcing with scheme members whose employment was TUPE transferred retaining a right to membership of the pension scheme, for example Optalis.

The Chairman asked why it was taking so long to get everyone using i-Connect and was informed that about 79% of scheme records were currently covered by it but there remained issues such as third party payroll providers still not able to use the system. The unitary authorities were all on board with remaining employers scheduled for upload by March 2021.

**Resolved unanimously: that Panel notes the report and:**

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

## LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PRESS AND 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 5.00 pm, finished at 7.00 pm

CHAIRMAN.....

DATE.....

Report Title:	<b>Data Quality Exercise – Year 2</b>
Contains Confidential or Exempt Information?	YES - Part I
Member reporting:	Councillor Sharpe, Chairman Berkshire Pension Fund and Pension Fund Advisory Panels
Meeting and Date:	Berkshire Pension Fund and Pension Fund Advisory Panels 23 March 2020
Responsible Officer(s):	Philip Boyton, Pension Administration Manager
Wards affected:	None

## REPORT SUMMARY

1. This report provides Panel Members with an overview of The Pensions Regulator's requirements around data quality and accuracy.
2. It provides details of the findings from the second data quality exercise undertaken in line with the Regulator's guidance and reporting specifications.

## 1 DETAILS OF RECOMMENDATION(S)

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

- i) **Monitors the quality of data through future administration reports, and**
- ii) **Recognises the importance placed upon the Scheme Manager (Administering Authority) in meeting the standards imposed by the Pensions Regulator.**

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

- 2.1 Members have in the past been presented with details of the role that The Pensions Regulator (tPR) now has in overseeing Public Service Pension Schemes since the introduction of the Public Service Pensions Act 2013. All public service schemes, of which the LGPS is one, are required to keep specific data on members and beneficiaries and must be able to demonstrate that the data they hold is of the highest quality and standard.
- 2.2 tPR expects all UK pension schemes to measure the presence and accuracy of the data they hold and put plans in place to resolve discrepancies where they find them. tPR require an annual return to be completed so that they can track the progress of schemes as they incorporate the standards that tPR expect of all schemes. By measuring certain data tPR can determine behaviours which contribute to schemes being well run.
- 2.3 tPR expect Scheme Managers (Administering Authority) to measure data at least once a year and whilst enforcement action will not be taken on the basis of scores alone, tPR may, if they have concerns that legal requirements or certain standards are not being met, engage with Scheme Managers and take action where Scheme

Managers fail to demonstrate that they are taking appropriate steps to improve their records.

2.4 There are two types of data that tPR monitor, Common Data and Scheme Specific Data (formerly known as Conditional Data). Common Data is a subset of member and beneficiary data as set out in regulations whereas scheme-specific data refers to the rest of the data a public service scheme needs to run a scheme i.e. the remaining member and transaction fields.

2.5 The tPR annual return measures data accuracy as well as the presence of data. tPR expects the Scheme Manager (Administering Authority) to understand the controls their scheme administrators have put in place to ensure the quality of data, have confidence that these are sufficient for the needs of the scheme and receive regular reports on the data.

2.6 As previously reported, the Pension Fund has signed an initial 3-year agreement with *heywood's*, the provider of the Pension Fund's administration software, to begin a data cleansing exercise to identify any data discrepancies. This exercise will be performed annually and will demonstrate to tPR how serious the Administering Authority is with regard to holding accurate data on behalf of its scheme members and beneficiaries.

2.7 This report sets out at Appendix the results of the first data quality exercise recently undertaken.

2.8 Action is already being taken to identify the means by which the data discrepancies identified can be corrected.

### **3 KEY IMPLICATIONS**

3.1 The Scheme Manager (Administering Authority) is required by law to maintain the Royal County of Berkshire Pension Fund in accordance with the LGPS Regulations and all other associated legislation. 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 administration.

3.2 The Scheme Manager (Administering Authority) has a responsibility to manage the administration of the Scheme on behalf of all Scheme members ensuring that all aspects of administration are effective, efficient and that benefits are calculated accurately in accordance with the scheme regulations.

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

4.1 The 3-year contract entered into with *heywood's* is valued at a cost of £5,000 per annum although the Pension Fund negotiated the service for free for the first three years. tPR may impose fines ranging from a £400 fixed penalty to a varying daily escalating penalty from £50 to £10,000. The contract cost is deemed to be good value for money.

## **5 LEGAL IMPLICATIONS**

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

## **6 RISK MANAGEMENT**

- 6.1 Fines imposed by tPR can be severe not only financially but reputationally. This risk is kept to a minimum by taking the steps necessary to annually review member data ensuring that records are maintained to the highest standard possible.

## **7 POTENTIAL IMPACTS**

- 7.1 Failure to maintain the Pension Fund in accordance with statutory legislation could result in fines being imposed by tPR and a loss of confidence in the Scheme Manager (Administering Authority).

## **8 CONSULTATION**

Not applicable.

## **9 TIMETABLE FOR IMPLEMENTATION**

- 9.1 Data quality check to be undertaken annually each September from 2018 to 2020 and then reviewed.

## **10 APPENDICES**

Appendix 1 – Overview and results of the September 2018 data quality exercise.

## **11 BACKGROUND DOCUMENTS**

- 11.1 Public Service Pensions Act 2013  
11.2 Local Government Pension Scheme Regulations 2013 (as amended)  
11.3 tPR annual return.

## **12 CONSULTATION (MANDATORY)**

<b>Name of consultee</b>	<b>Post held</b>	<b>Date issued for comment</b>	<b>Date returned with comments</b>
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Panels		
Adele Taylor	Director of Resources and Section 151 Officer		

## APPENDIX 1

### LOCAL GOVERNMENT PENSION SCHEME DATA QUALITY REPORT

This report is split into two sections, Common Data and Scheme Specific Data. In both cases a benchmark has been applied to the results based on the following categories and thresholds:

Category	Pass Threshold
Blue	Pass rate > = 98%
Green	95% <= Pass rate < 98%
Amber	90% <= Pass rate < 95%
Red	Pass rate < 90%

These benchmarks are illustrated in the background of the results graph.

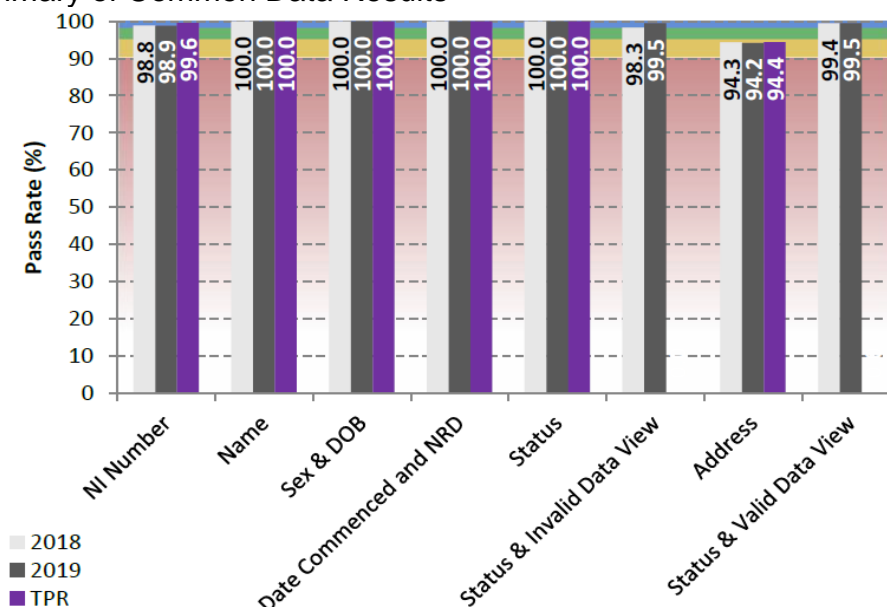
The 2019 tests were conducted across 90,580 scheme member records, an increase of 2,931 on the 2018 tests.

#### 1.0 COMMON DATA

##### 1.1 Common Data items

In total there are 11 items of Common Data that all UK pension schemes are expected to hold for all their current and former scheme members’.	
Address	Last Status Event
Current Membership Status	NI Number
Date of Birth	Normal Pension Age
Date Pensionable Service Started	Postcode
Forename(s) or Initial(s)	Surname
Gender	

##### 1.2 Summary of Common Data Results



### 1.3 Analysis

DATA ITEMS	TOTAL ITEMS 2019	MEMBER RECORDS WITHOUT A SINGLE FAILURE 2019
Conditions tested	724,640	-
Conditions passed	717,455	-
Conditions failed	7,185	-
<b>Pass percentage</b>	<b>99.00% (+0.16%)</b>	<b>92.40% (+1.1%)</b>

### 1.4 Data Correction Plan

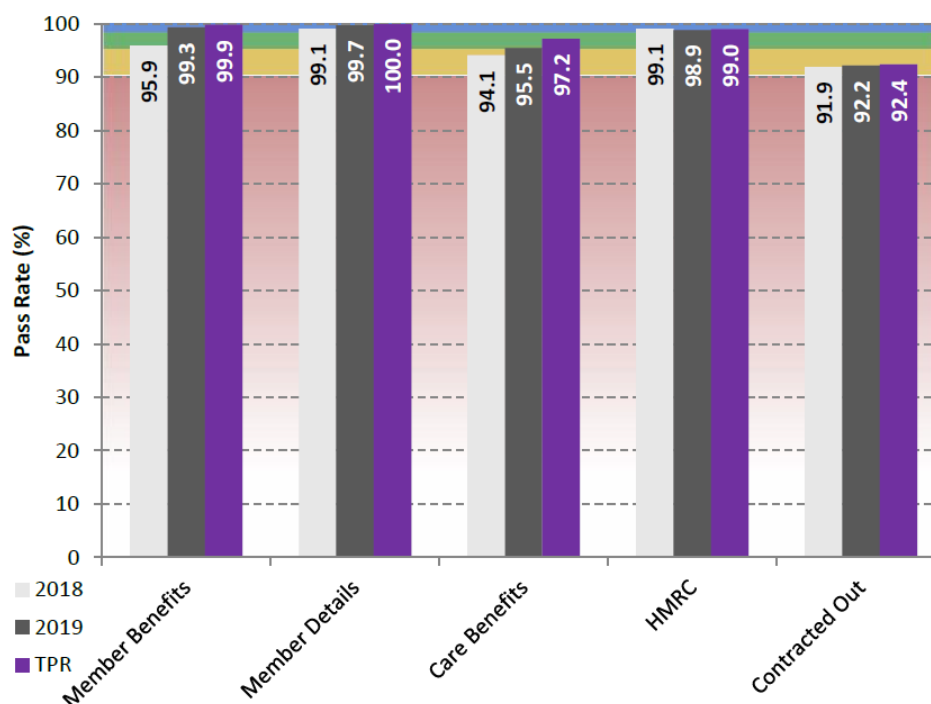
CATEGORY	PRIORITY				Total
	Very high	High	Medium	Low	
NI Number	-	-	-	996	<b>996</b>
Name	-	-	-	-	<b>0</b>
Sex/ Date of Birth	-	10	-	-	<b>10</b>
Date Commenced and NRD	-	1	-	-	<b>1</b>
Status	-	-	-	-	<b>0</b>
Status and Invalid Data View	-	487	-	-	<b>487</b>
Address	-	-	5,247	-	<b>5,247</b>
Status and Valid Data View	6	-	-	438	<b>444</b>
<b>Total</b>	<b>6</b>	<b>498</b>	<b>5,247</b>	<b>1,434</b>	<b>7,185</b>

## 2.0 SCHEME SPECIFIC DATA

### 2.1 Scheme Specific items

In total there are 60 items of Scheme Specific Data that tPR are measuring across all Local Government Pension Funds. A selection of these items is provided below.	
Annual Allowance	Post 1 April 2014 Career Pay
Date Contracted Out	Post 1 April 2014 Career Pay Revaluation
Date Joined Scheme	Pre 6 April 1988 Guaranteed Minimum Pension (GMP)
Date of Leaving	Post 6 April 1988 Guaranteed Minimum Pension (GMP)
Employee and Employer Additional Pension Contributions History	Scheme Year Benefit Crystallisation Event
Employee and Employer Basic Pension Contributions History	Total Original Deferred Benefit
Employer Name	Tranches of Original Deferred Benefit
Lifetime Allowance	Total Gross Annual Pension
Membership History	Tranches of Total Gross Annual Pension
NI Contributions/ Earnings History	Total Gross Dependant Annual Pension
Pension Sharing Order (PSO)	Tranches of Total Gross Dependant Annual Pension
Pre 1 April 2014 Final Pay	Transfer In Details

## 2.2 Summary of Scheme Specific Data Results



## 2.3 Analysis

DATA ITEMS	TOTAL ITEMS 2019	MEMBER RECORDS WITHOUT A SINGLE FAILURE 2019
Conditions tested	848,270	-
Conditions passed	835,211	-
Conditions failed	13,059	-
<b>Pass percentage</b>	<b>98.46% (+0.88%)</b>	<b>91.3% (+5.2%)</b>

## 2.4 Data Correction Plan

CATEGORY	PRIORITY				Total
	Very high	High	Medium	Low	
Member Benefits	59	720	-	-	<b>779</b>
Member Details	369	864	-	180	<b>1,413</b>
CARE Benefits	-	2,310	-	-	<b>2,310</b>
HMRC	-	542	383	34	<b>959</b>
Contracted Out	-	3,589	4,009	-	<b>7,598</b>
<b>Total</b>	<b>428</b>	<b>8025</b>	<b>4392</b>	<b>214</b>	<b>13,059</b>



## Royal County of Berkshire Pension Fund – Risk Assessment Register Exceptions Report

Ref	Risk	Risk Category	Cause	Impact	Risk owner	Controls in place to manage the risk	Current risk rating				Further actions necessary to manage the risk	Risk action owner	Date Complete	Target risk rating				Next Review Date
							I m p a c t	L i k e l i h o o d	S c o r e	Level of risk				I m p a c t	L i k e l i h o o d	S c o r e	Level of risk	
PEN 004	Failure to maintain a high quality member database.	Operational	Poor or non-existent notification of member data by Scheme employers.	Incorrect records, incorrect benefit estimates, potentially incorrect pension benefits being paid. Scheme members access wrong information via self-service. Loss of reputation, more complaints, poor performance.	Director of Resources and s151 Officer	Fund continues to work with employers to improve data quality. Pro-active checks when benefits are calculated. Membership information is checked as part of year-end processing	4	2	8	Medium	Key aim of the Pension Administration Strategy is to engage employers in the use of i-Connect.	Kevin Taylor Philip Boyton	March 2021	4	1	4	Low	March 2020
PEN 011	Loss of key staff.	Operational	The specialist nature of the work means some staff have become experts in the LGPS regulations and investment policies.	If someone leaves or becomes ill a big knowledge gap is left behind.	Director of Resources and s151 Officer	In the event of a knowledge gap external consultants and independent advisors can help in the short-term.	4	2	8	Medium	Loss of key staff in 2023 has been highlighted at an early stage in order to consider appropriate succession planning.	Kevin Taylor	Ongoing	2	2	4	Low	March 2020
PEN 017	Inability to return the Funding Level to 100%.	Strategic	Lack of proper strategy to achieve 100% funding level. Actual investment returns fail to meet expected returns.	Fund remains underfunded and employer contribution rates increase.	Director of Resources and s151 Officer	Fund has published Funding Strategy Statement. Deficit recovery plan implemented following 2010 valuation. Fund regularly monitors investment returns and the Actuary provides a funding update each month.	4	2	8	Medium	Regular performance updates received from LPPI Ltd.	Kevin Taylor	Ongoing	4	1	4	Low	March 2020
PEN 025	Inability of Scheme employers to meet their obligations.	Strategic	When a Scheme employer no longer has any active members a cessation valuation is triggered and an exit payment required if a funding deficit exists to meet future liabilities.	Failure to collect cessation payments means the cost of funding future liabilities will fall to the Fund and therefore all Scheme employers that remain in it meaning a potential increase in employer contributions.	Director of Resources and s151 Officer	The Pension Fund Panel has authorised officers to take appropriate steps to review employer covenants and take the necessary action to mitigate the impact that the failure of one Scheme employer can have on all other Scheme employers.	3	2	6	Medium	LPPI Ltd assessing risks.	Kevin Taylor	Ongoing	3	1	3	Low	March 2020

## Royal County of Berkshire Pension Fund – Risk Assessment Register Exceptions Report

Ref	Risk	Risk Category	Cause	Impact	Risk owner	Controls in place to manage the risk	Current risk rating				Further actions necessary to manage the risk	Risk action owner	Date Complete	Target risk rating				Next Review Date
							I m p a c t	L i k e l i h o o d	S c o r e	Level of risk				I m p a c t	L i k e l i h o o d	S c o r e	Level of risk	
PEN 030	Cyber attack	Strategic	Systems not protected from unauthorised access or being otherwise damaged or made inaccessible.	Complete breakdown of services with potential permanent loss of personal data.	Director of Resources and s151 Officer	System provider has robust accredited solutions in place to ensure any cyber-attack can be identified and prevented.	4	2	8	Medium	Aquila Heywood continuously monitor and test systems to ensure compliance with expected standards.	Kevin Taylor Philip Boyton	Ongoing	4	1	4	Low	March 2020

**Pension Board Members Register of Interests**

<b>Name</b>	<b>Current Employment/Office</b>	<b>Trade of Profession</b>	<b>Board Representation</b>	<b>Education / Professional / Qualifications / Decorations</b>	<b>Directorships</b>	<b>Association with non-profit organisations with a link to the Berkshire Pension Fund</b>	<b>Consultancies and sponsorships</b>	<b>Trades union membership</b>	<b>Occupational Pension Schemes</b>	<b>Personal or Stakeholder Pensions</b>	<b>Date of declaration</b>
Alan Cross	Deferred Member	Accountant in Local Government	Scheme Members	BSc, GiMA, CPFA, MBA	None	None	None	UNISON	LGPS	None	10/09/2018
Arthur Parker	Chief Accountant, Bracknell Forest Council	Accountant in Local Government	Scheme Employers	BSc Honours Zoology, member of CIPFA	None	None	None	None	LGPS	None	20/11/2019
Jeff Ford	Active Member - Hungerford Town Council	Associate of Chartered Institute of Bankers	Scheme Members	Associate of Chartered Institute of Bankers	None	None	None	None	Barclays Bank PLC, Dorset LGPS, Berkshire LGPS	Standard Life Stakeholder	08/03/2017
Neil Wilcox	AD Finance & Audit (£151), Slough Borough Council	Accountant in Local Government	Scheme Employers	LLB (Hons); ACMA	None	None	None	None	LGPS	Royal Liverpool	15/06/2017
Nikki Craig	Head of HR and Corporate Projects, Royal Borough of Windsor & Maidenhead	Head of HR and Corporate Projects	Scheme Employers	CIPD	Council appointed Non-Executive Director Achieving for Children	None	None	None	LGPS	None	11/09/2018
Tony Pettitt	Retired Member	Chartered Transport Planner	Scheme Members	BA Human Geography, MSc Transport Planning and Management, Fellow of Chartered Institute of Logistics and Transport, Member of Institute of Highways and Transportation, Member Market Research Society	Reading Buses, Carnmenyn Consulting	None	None	None	LGPS (Retired)	Scottish Widow (PP), Friends Life (DC, Reading Buses)	04/01/2017

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## TERMS OF REFERENCE FOR PENSION BOARD MEMBERS

### 1 *Introduction*

This document sets out the Terms of Reference of the local Pension Board of the Royal Borough of Windsor & Maidenhead (the 'Administering Authority') a scheme manager as defined under Section 4 of the Public Service Pensions Act 2013. The local Pension Board is established in accordance with Section 5 of that Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).

The Pension Board is established by the Administering Authority and operates independently of the Pension Fund Panel and Pension Fund Advisory Panel. Relevant information about its creation and operation are contained in these Terms of Reference.

The Pension Board is not a committee constituted under Section 101 of the Local Government Act 1972 and therefore no general duties, responsibilities or powers assigned to such committees or to any sub-committees or officers under the constitution, standing orders or scheme of delegation of the Administering Authority apply to the Board unless expressly included in this document.

The Pension Board has been constituted separately to the Pension Fund Panel and the Pension Fund Advisory Panel and regulation 106(2) of the Local Government Pension Scheme Regulations 2013 (as amended) does not apply.

### 2 *Interpretation*

The following terms have the meanings as outlined below:

<b>'the Act'</b>	The Public Service Pensions Act 2013.
<b>'the Administering Authority'</b>	means the Royal Borough of Windsor & Maidenhead.
<b>'the Code'</b>	means the Pension Regulator's Code of Practice No. 14, governance and administration of public service pension schemes.
<b>'the Pension Fund'</b>	means the Royal County of Berkshire Pension Fund managed and administered by the Administering Authority.
<b>'the Pension Fund Panel'</b>	means the 'committee' who has delegated decision making powers for the Pension Fund in accordance with Section 101 of the Local Government Act 1972.
<b>'the Regulations'</b>	means the Local Government Pension Scheme Regulations 2013 (as amended), the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations

2014 (as amended) including any earlier regulations as defined in these regulations to the extent that they remain applicable and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016~~09~~ (as amended).

**‘Relevant legislation’**

means relevant overriding legislation as well as the Pension Regulator’s Codes of Practice as they apply to the Administering Authority and the Pension Board notwithstanding that the Codes of Practice are not legislation.

**‘the Scheme’**

means the Local Government Pension Scheme in England and Wales.

**3 Statement of Purpose**

The purpose of the Pension Board is to assist the Administering Authority in its role as a scheme manager of the Scheme. Such assistance is to:

- a) Secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme and requirements imposed by the Pension Regulator in relation to the Scheme; and
- b) To ensure the effective and efficient governance and administration of the Scheme.

**4 Duties of the Pension Board**

The Pension Board should, at all times, act in a reasonable manner in the conduct of its purpose. In support of this duty, Pension Board members should be subject to and abide by the code of conduct for Pension Board members.

**5 Establishment**

The Pension Board is established in accordance with the Administering Authority’s Constitution as approved at a meeting of the Constitution Sub-Committee on 20 February 2015. Subsequent to its establishment the Pension Board may establish sub-committees.

**6 Membership**

In accordance with section 5(4)(c) of the Public Service Pensions Act 2013 the Pension Board is required to include employer representatives and member representatives in equal numbers.

The Pension Board shall consist of;

- 3 Scheme Member Representatives; and
- 3 Scheme Employer Representatives

~~These representatives shall normally be selected annually from the nominees obtained by the Administering Authority, by a majority vote of the outgoing Board members. Where a majority decision is not obtained, the Chairperson shall have the casting vote.~~

Members in all categories will only be appointed to the Pensions Board if they meet the knowledge and skills requirements set out in the relevant regulations and guidance, or commit to doing so within three months of the appointment date.

The Member and Employer Representatives shall have voting rights, while other representatives, where required from time to time, are not entitled to vote.

For clarity, “Scheme Employer Representatives” means persons appointed to the Board for the purpose of representing Scheme employers for the Scheme and “Scheme Member Representatives” means persons appointed to the Board for the purpose of representing members of the Scheme.

Members of the Pension Board will commit to attending all scheduled meetings. Attendance records will be maintained (and published) ~~in line with a schedule set out in Appendix 4 of this handbook.~~

A chairperson and vice chairperson will be elected annually by a majority vote by the Board members. Where a majority decision is not obtained, the outgoing Chairperson shall have the casting vote.

## **7 Scheme Member Representatives**

Scheme member representatives will be appointed from the overall scheme membership including active, deferred and retired members, following a transparent recruitment process open to all Scheme members and approved by the Administering Authority.

They should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

## **8 Scheme Employer Representatives**

Scheme employer representatives shall be office holders or senior employees of the employers with active members. It is expected that the majority of scheme employer representatives will come from the Unitary Authorities in Berkshire as they represent the majority of the Scheme membership. No officer responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Pension Board.

Scheme employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

## **9 Substitutes**

A substitute must be named and nominated by a full Board member and should have sufficient knowledge and understanding to enable full participation at Board meetings. Where a vote may be required a substitute can act as a proxy for the full Board member on behalf of whom they are acting. Proxy voting nominations should be confirmed in advance of a meeting with the Chair.

## **10 Ending Representation**

Persons appointed to the Pensions Board can be removed, through resolution of the Board, on grounds of non-attendance, breach of code, non-participation of training or where they become ineligible.

## **11 Duties of the Chair**

The Chair to the Pension Board:

- a) Shall ensure the Pension Board delivers its purpose as set out in these Terms of Reference;
- b) Shall ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered; and

- c) Shall seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached. Instances of failure to reach a consensus position will be recorded and published.

## **12 Notification of Appointments**

When appointments to the Pension Board have been made the Administering Authority shall publish the names of the Pension Board members, the process followed in the appointment together with the way in which the appointments support the effective delivery of the purpose of the Pension Board.

## **13 Terms of Office**

The term of office for Pension Board members is initially 1 year but unless specifically terminated within that first year will run indefinitely until either the member resigns or the member is removed by the Board.

~~Extensions to terms of office may be made with the agreement of the Pension Board.~~

Pension Board membership may be terminated during the initial 1 year term of office or subsequent ongoing period~~prior to the end of the term of office~~ due to:

- a) A Scheme member representative appointed on the basis of their membership of the Scheme no longer being a member of the LGPS in Berkshire;
- b) A Scheme member representative no longer being a Scheme member or a representative of the body on which their appointment relied;
- c) A Scheme employer representative no longer holding the office or employment or being a member of the body on which their appointment relied;
- d) A Pension Board member no longer being able to demonstrate to the Administering Authority their capacity to attend and prepare for meetings and to participate in required training;
- e) The representative being withdrawn by the nominating body and a replacement identified;
- f) A Pension Board member has a conflict of interest which cannot be managed in accordance with the Pension Board's conflict policy;
- g) A Pension Board member who is an officer of the Administering Authority becomes responsible for the discharge of any function of the Administering Authority under the Regulations.

## **14 Conflicts of Interest**

All members of the Pension Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflicts of interest arising as a result of their position on the Pension Board.

A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Pension Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.



On appointment to the Pension Board and following any subsequent declaration of a potential conflict by a Pension Board member, the Administering Authority shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Pension Board's conflict policy and the requirements of the Code.

### **15 Knowledge and Understanding (including Training)**

Knowledge and understanding must be considered in light of the role of the Pension Board to assist the Administering Authority in line with the requirements outlined in paragraph 3 above. The Pension Board shall establish and maintain a Knowledge and Understanding Policy and Framework to address the knowledge and understanding requirements that apply to Pension Board members under the Act. That policy and framework shall set out the degree of knowledge and understanding required as well as how the knowledge and understanding is acquired, reviewed and updated.

Pension Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Pension Board's knowledge and understanding policy and framework.

Pension Board members shall participate in such personal training needs analysis or other processes that are put in place in order to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Pension Board.

### **16 Meetings**

The Pension Board will meet at least biannually and up to 4 times each year.

Meetings shall normally take place between normal office hours at the offices of the Royal County of Berkshire Pension Fund.

As part of each meeting the Board will decide the need or otherwise for non-members to be invited to future meetings of the Board to give advice or guidance on matters arising from issues raised during the course of Pension Board meetings.

The Chair of the Pension Board with the consent of the Pension Board membership may call additional meetings. Urgent business of the Pension Board between meetings may, in exceptional circumstances, be conducted via communication between members of the Pension Board including telephone conferencing and emails.

### **17 Quorum**

A meeting is only quorate when at least 50% of Board members are present and both Scheme member and Scheme employer representatives are in attendance. For actions to be agreed the Chair or Vice Chair of the Pension Board must be in attendance. A meeting that becomes inquorate may continue but any decisions will be non-binding.

### **18 Sub-groups**

There may be occasion to undertake sub-group meetings to complete a specific piece of work, or where data or preparation needs to be undertaken by a specific section of the Board. Any formed sub-groups will report to the main Pension Board who will agree and lead on the strategic direction of the activity being undertaken.

### **19 Board Administration**

An officer employed in the Democratic Services department of the Administering Authority shall provide all secretarial services to the Pension Board.

The Chair of the Pension Board will agree an agenda prior to each meeting which, along with supporting papers, will be issued at least 10 working days (where practicable) in advance of the meeting except in the case of matters of emergency.

Each Pension Board member will provide an email address for circulation of all Pension Board documents all of which will be provided electronically wherever possible and only in paper format upon request.

Draft minutes of each meeting including all actions and agreements will be recorded and circulated to all Pension Board members within 10 working days (where practicable) after the meeting. These draft minutes will be subject to formal agreement by the Pension Board at their next meeting. Any decisions made by the Pension Board should be noted in the minutes and in addition where the Pension Board was unable to reach a decision such occasions should also be noted in the minutes.

The minutes may with the agreement of the Pension Board, be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the [General Data Protection Regulations 2018](#)~~Data Protection Act 1998~~.

The Chair of the Pension Board shall ensure that Pension Board members meet and maintain the knowledge and understanding as determined in the Pension Board's Knowledge and Understanding Policy and Framework and other guidance and legislation.

The Chair of the Pension Board shall arrange such advice as is required by the Pension Board subject to such conditions as are listed in these Terms of Reference for use of the budget set for the Pension Board.

The Chair of the Pension Board shall ensure an attendance record is maintained along with advising the Administering Authority on allowances and expenses to be paid under these terms.

The Pension Board Secretary shall liaise with the Chair of the Pension Board and the Administering Authority on the requirements of the Pension Board, including advance notice for officers to attend and arranging dates and times of Pension Board meetings.

## **20 Public access to Pension Board meetings and information**

The Pension Board meetings are open to the general public (unless there is an exemption under relevant legislation which would preclude part (or all) of the meeting from being open to the general public).

The following will be entitled to attend Pension Board meetings in an observer capacity:

- a) Members of the Pension Fund Panel or Pension Fund Advisory Panel;
- b) Any person requested to attend by the Pension Board.

Any such attendees will be permitted to speak at the discretion of the Chair.

In accordance with the Act the Administering Authority shall publish information about the Pension Board to include:

- a) The names of Pension Board members and their contact details;
- b) The representation of Scheme employers and Scheme members on the Pension Board;

- c) The role of the Pension Board;
- d) These Terms of Reference.

The Administering Authority shall also publish other information about the Pension Board including:

- a) Agendas and minutes;
- b) Training and attendance logs;
- c) An annual report on the work of the Pension Board to be included in the Pension Fund's own annual report.

All or some of this information may be published using the following means or other means as considered appropriate from time to time:

- a) On the Pension Fund's own website;
- b) As part of the Pension Fund's Annual Report and Accounts;
- c) As part of the Governance Compliance Statement.

Information may be excluded on the grounds that it would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

## **21 Expenses and Allowances**

The Pension Fund may meet the expenses of the Pension Board with the administering authority's policy on expenses.

## **22 Budget**

The Pension Board is to be provided with adequate resources to fulfil its role. In doing so, the budget for the Pension Board will be met from the Pension Fund. The Pension Board will seek approval from the Administering Authority for any items of expenditure over and above the normal expenses and allowances set out in paragraph 21 above.

The Pension Board will access all shared information and have certain resources made available through the Berkshire Pension Fund website as maintained and facilitated by the scheme manager.

## **23 Reporting**

The Pension Board should in the first instance report its requests, recommendations or concerns to the Pension Fund Panel. In support of this any member of the Pension Board may attend a meeting of the Pension Fund Panel as an observer.

The Pension Board should report any concerns over a decision made by the Pension Fund Panel to the Pension Fund Panel subject to the agreement of at least 50% of voting Pension Board members providing that all voting members are present. If not all voting members are present then the agreement should be of all voting members who are present where the meeting remains quorate.

On receipt of a report from the Pension Board setting out concerns over a decision they have made, the Pension Fund Panel should, within a reasonable period, consider and respond to the Pension Board.

Where the Pension Board is not satisfied with the response received it may request that a notice of its concern be placed on the Pension Fund's website and in the Pension Fund's annual report.

Where the Pension Board is satisfied that there has been a breach of regulation which has been reported to the Pension Fund Panel and has not been rectified within a reasonable period of time it is under an obligation to escalate the breach.

The appropriate internal route for escalation is to the Monitoring Officer of the Administering Authority

The Pension Board may report concerns to the LGPS Scheme Advisory Board for consideration subsequent to, but not instead of, using the appropriate internal route for escalation.

## **24 Core functions**

The first function of the Pension Board is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme and requirements imposed by the Pensions Regulator in relation to the Scheme. Within this extent of this core function the Pension Board may determine the areas that it wishes to consider including, but not restricted to:

- a) Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Pension Fund Panel;
- b) Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code;
- c) Review the compliance of Scheme employers with their duties under the Regulations and relevant legislation;
- d) Assist with the development of and continually review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles;
- e) Assist with the development of and continually review Scheme member and Scheme employer communications as required by the Regulations and relevant legislation;
- f) Monitor complaints and performance on the administration and governance of the Scheme;
- g) Assist with the application of the Internal Disputes Resolution Procedures;
- h) Review the complete and proper exercise of Pensions Ombudsman cases;
- i) Review the implementation of revised policies and procedures following changes to the Scheme;

- j) Review the arrangements for the training of Pension Board members and those elected members and officers with delegated responsibilities for management and administration of the Scheme;
- k) Review the complete and proper exercise of Scheme employer and Administering Authority discretions;
- l) Review the outcome of internal and external audit reports;
- m) Review draft accounts and Pension Fund annual report;
- n) Review the compliance of particular cases, projects or processes on request of the Pension Fund Panel;
- o) Any other area within the statement of purpose (i.e. assisting the Administering Authority) the Pension Board deems appropriate.

The second core function of the Pension Board is to ensure the effective and efficient governance and administration of the Scheme. Within this extent of this core function the Pension Board may determine the areas it wishes to consider including but not restricted to:

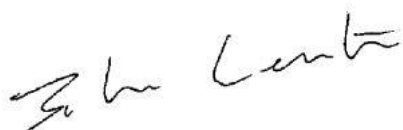
- a) Assist with the development of improved customer services;
- b) Monitor the performance of administration, governance and investments against key performance targets and indicators;
- c) Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority;
- d) Monitor investment costs including custodian and transaction costs;
- e) Monitor internal and external audit reports;
- f) Review the risk register as it relates to the Scheme manager function of the Administering Authority;
- g) Assist with the development of improved management, administration and governance structures and policies;
- h) Review the outcome of actuarial reporting and valuations;
- i) Assist in the development and monitoring of process improvements on request from the Pension Fund Panel;
- j) ~~Assist in the development of asset voting and engagement processes and compliance with the UK Stewardship Code;~~
- k) Any other area within the statement of purpose (i.e. ensuring effective and efficient governance of the Scheme) the Pension Board deems appropriate.

In support of its core functions the Pension Board may make a request for information to the Pension Fund Panel with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing.

In support of its core functions the Pension Board may make recommendations to the Pension Fund Panel which should be considered and a response made to the Pension Board on the outcome within a reasonable period of time.

## 25 *Review of Terms of Reference*

These Terms of Reference shall be reviewed on each material change to those parts of the Regulations and statutory guidance covering local Pension Boards and may be amended, varied or modified in writing after consultation and agreement by Board members. They will be reviewed annually to ensure continuing regulatory compliance and ongoing development of the Board members.



Date: ~~1 December 2017~~

.....  
Signed on behalf of the Administering Authority  
(Cllr. ~~Julian Sharpe~~~~ohn Lenton~~ – Chairman to the Berkshire Pension Fund Panel and  
Advisory Panel)



Date: ~~1 December 2017~~

.....  
Signed on behalf of the Pension Board  
(~~Alan Cross~~~~Tony Pettit~~ - Chair of the Pension Board)



## CODE OF CONDUCT FOR PENSION BOARD MEMBERS

### *Introduction*

The Pension Board for the Royal County of Berkshire Pension Fund is established under Section 5 of the Public Service Pensions Act 2013 and in accordance with regulation 106 of the Local Government Pension Scheme Regulations 2013 as inserted by The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 (S.I. 2015 No. 57).

This document sets out a code of conduct for members of the Board and applies to all members and any other invited regular attendees at Board meetings from all organisations.

### *Contents*

- 1 Public service values
- 2 The role of the chair
- 3 Statutory responsibilities of Board members
- 4 Delegation
- 5 Responsibilities of individual Board members
- 6 Political activity
- 7 Conflicts of interest
- 8 Personal liability of Board members
- 9 Openness and responsiveness
- 10 Accountability for public funds

Schedule A	The seven principles of public life
Schedule B	Managing conflicts of interest
Schedule C	The register of Board members' interests: declaration form

Approved by Board: ~~23 March 2015~~ ~~6 November 2015~~ 2015

~~Last reviewed: 24 November 2016~~

Next due for review: ~~March 2017~~ ~~November 2017~~ 2017

## 1 *Public Service Values*

Members of the Pension Board will at all times:

- Observe the highest standards of propriety involving impartiality, integrity and objectivity in relation to the stewardship of public funds as held by the Pension Fund and the management of these funds with regard to all of the stakeholders that the Pension Board represents;
- Maximise value for money through ensuring that services are delivered in the most economical, efficient and effective way, within available resources, and with independent validation of performance achieved wherever practicable;
- Be accountable to the administering authority, all Pension Fund stakeholders and Pension Fund staff for the activities undertaken by the Pension Board in its stewardship of public funds and the extent to which its performance and objectives have been met;
- Ensure that the Pension Board is at all times compliant with statutory pension legislation and requirements imposed by the Pensions Regulator in relation to the Local Government Pension Scheme.

## 2 *The Role of the Chair*

The chair has particular responsibility for providing effective strategic leadership on matters such as:

- Formulating the Board's strategy for discharging its statutory duties;
- Encouraging high standards of propriety and promoting efficient and effective use of resources;
- Ensuring that the Board, in reaching decisions, takes proper account of statutory legislation, guidance issued by the Pensions Regulator and guidance provided by relevant officers for the administering authority;
- Representing the views of the Board to all relevant stakeholders and the wider general public;
- Providing an assessment of the performance of individual Board members, on request, when they are considered for re-appointment to the Board or for the appointment of new Board members upon application.

The chair will ensure that the Board meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions taken and, where appropriate, the views of individual board members.

The chair will ensure that all members of the Board are at all times compliant with the responsibilities and duties required of them and will promote training for all members of the Board and encourage attendance of these sessions. Furthermore the chair will ensure an induction programme is organised for all new Board members to attend.

Approved by Board: ~~23 March~~~~6 November~~ 2020~~15~~

~~Last reviewed: 24 November 2016~~

Next due for review: ~~March~~~~November~~ 2021~~17~~



### 3 *Statutory Responsibilities of Board members*

Members of the Board have statutory responsibility for assisting the administering authority in securing compliance with the Local Government Pension Scheme regulations, any other legislation relating to governance and administration of the Scheme and any requirements imposed by the Pensions Regulator in relation to the Scheme.

Board members must:

- Ensure that high standards of governance and administration are observed and maintained at all times;
- Ensure that the Board operates within the limits of its statutory authority and any other conditions laid down by the Pensions Regulator;
- Ensure that, in reaching decisions, the Board has taken into account any guidance issued by the appropriate professional advisor;
- Ensure that all policies and practices upon which the Board advises meet with key strategic objectives of the administering authority.

The chair and other members of the Board should each have copies of, or have easy access to:

- The Pension Board member's Handbook (including this Code of Conduct);
- The Local Government Pension Scheme Regulations 2013 (and associated legislation);
- All Pension Fund governance and administration policies;
- The Pension Fund's current Business Plan;
- ~~The Pension Fund's Business Continuity Plan;~~
- The latest version of the Pension Fund's Annual Report and Accounts;
- The most recent Actuarial Valuation Report.

### 4 *Delegation*

To the extent permitted by the Public Service Pension Act 2013, the Superannuation Act 1972 and current Local Government Pension Scheme regulations, responsibility for the day-to-day management and administration of the Scheme is delegated to officers of the Royal Borough of Windsor & Maidenhead.

The Royal Borough has a written Constitution as required by section 37 of the Local Government Act 2000. Section D of Part 6 of the Constitution sets out the delegated powers under which the Pension Board may operate with regard to Pension Fund ~~investments~~ and the functions delegated to officers involved in managing the Pension Fund.

Approved by Board: ~~23 March~~ ~~6 November 2020~~ ~~15~~

~~Last reviewed: 24 November 2016~~

Next due for review: ~~March~~ ~~November 2021~~ ~~17~~

Decisions taken by individual members or sub-committees of the Board under delegated powers will be recorded in written minutes available to the Board as a whole.

## **5 Responsibilities of Individual Board members**

Individual Board members should be aware of their wider responsibilities as members of the Board. Like others who serve the public, they should follow the Seven Principles of Public Life set out by the Committee on Standards in Public Life and which is replicated in Schedule A to this Code of Conduct. Board members must:

- Ensure that high standards of probity are observed at all times;
- Undertake on appointment to comply at all times with this Code of Conduct and with rules relating to the use of public funds;
- Play a full and active role in the work of the Pension Board and act in good faith and in the best interests of the Pension Board;
- Respect the principle of collective decision-making and statutory responsibility and once the Board has made a decision, members should support that decision;
- Deal with all stakeholders fairly, efficiently, promptly, effectively and sensitively and not act in a way that unjustifiably favours or discriminates against particular individuals or interests;
- Not misuse information gained in the course of their public service for personal gain or for political purpose, nor seek to use the opportunity of public service to promote private interests or those of connected persons, firms, businesses or other organisations;
- Declare to the chair any private interests which may be perceived to conflict with their public duties;
- Not misuse official resources (including facilities, equipment, stationery, telephony and other services) for personal gain or for political purposes;
- Comply with any statutory or administrative requirements relating to membership of the Board;
- Ensure that they comply with the requirements of Confidentiality, Disclosure of Information and Data Protection regulations both whilst a member of the Board of once having left the Board.

## **6 Political Activity**

Whilst there is no restriction placed on members of the Pension Board with regard to political activity members of the Board should:

- Be conscious of their responsibilities and seek to abide by the Seven Principles of Public Life (set out in Schedule A – selflessness; integrity; objectivity, accountability, openness, honesty, leadership);

Approved by Board: ~~23 March~~ ~~6 November 2020~~ ~~15~~

~~Last reviewed: 24 November 2016~~

Next due for review: ~~March~~ ~~November 2021~~ ~~17~~

- Exercise a proper discretion in relation to the work of the Pension Board and agree not to make political speeches or engage in other political activities that relate directly to pension policy or pension regulations;
- Remain alert to the possibility of a conflict between their political interests and their role on the Pension Board and declare such conflicts as they may arise.

All Board members are expected to:

- Consult the Chair of the Board if they have any queries or doubts in relation to these requirements;
- Inform the Chair of the Board before undertaking any significant political activity; and
- Understand that their appointment as a Board member may be terminated if, in the view of the Chair of the Board, the positions are incompatible.

## **7 Conflicts of Interest**

Board members are entitled to manage their own affairs in privacy. However, their work for the Board must be carried out in an environment that is free from any suggestion of improper influence. Those providing information must be confident that it will be properly handled and conflicts of interest must be identified immediately they arise and be properly managed.

Board members must take steps to ensure that any conflict of interest which they may be subject to does not affect a decision taken by the Pension Board.

The chair and other Board members are expected to declare any personal or business interests which may conflict with their responsibilities as Board members.

There are two key requirements:

- 1 to declare any potential conflict of interest which arises in the course of their work as a Board member, whenever it becomes relevant;
- 2 to complete a declaration of interests annually.

Guidance on these requirements is set out in Schedule B with a declaration form for the registration of Board member interests found in Schedule C.

## **8 Personal Liability of Board members**

The Government has indicated that individual members of the boards of public bodies who have acted honestly and in good faith will not have to meet out of their own personal resources any personal civil liability which is incurred in execution or purported execution of their board functions, save where the person has acted recklessly.

## **9 Openness and Responsiveness**

The administering authority is subject to a number of legal requirements in relation to the information it holds including the Public Service Pension Act 2013, the Freedom of Information Act 2000 and the Data Protection Act 1998. Subject to these requirements, Board members

Approved by Board: ~~23 March~~ ~~6 November 2020~~ ~~15~~

~~Last reviewed: 24 November 2016~~

Next due for review: ~~March~~ ~~November 2021~~ ~~7~~

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are expected to conduct all their dealings in an open and responsible way. This should include:

- Making publicly available annual reports;
- Where practical and appropriate, holding open meetings;
- Releasing minutes or summary reports of meetings;
- Following best practice in making available information to all stakeholders and the public in general through the Berkshire Pension Fund website;
- Maintaining well publicised and easy-to-use complaints procedures.

#### **10 Accountability for Public Funds**

Board members have a duty to ensure the safeguarding of public funds and the proper custody of assets which have been publicly funded. They must carry out their fiduciary responsibilities effectively and at all times conduct its operations as economically and efficiently as possible with full regard the relevant statutory provisions set out by the Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations 2013.

The Board should ensure that it can demonstrate that its resources are used to good effect, with propriety, and without grounds for criticism that public funds are being used for private, partisan or political purposes.

Approved by Board Members: ~~26 November 2015~~ 23 March 2020

~~Reviewed: 24 November 2016~~

Next due for review: March 2021~~November 2017~~

Approved by Board: 23 March~~6 November 2020~~~~15~~

~~Last reviewed: 24 November 2016~~

Next due for review: March~~November 2021~~~~7~~

## **SCHEDULE A – The seven principles of public life**

### **Selflessness**

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that influence them in the performance of their official duties.

### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merits.

### **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

### **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

### **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

### **Leadership**

Holders of public office should promote and support these principles by leadership and example.

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~~Last reviewed: 24 November 2016~~

Next due for review: ~~March~~ ~~November 2017~~ 2017

Approved by Board: ~~23 March~~6 November 20~~2015~~  
~~Last reviewed: 24 November 2016~~  
Next due for review: ~~March~~November 20~~17~~

## **SCHEDULE B – Managing conflicts of interest**

This schedule provides guidance as follows:

- 1 What is a conflict of interest?
- 2 The register of Board members' interests;
- 3 Definition of terms used in this schedule;
- 4 Definition of terms used in the register of interests declaration form.

### **1 What is a conflict of interest?**

A conflict of interest arises when the work carried out on behalf of the Pension Board could be affected by a personal interest or personal association. It becomes significant if an independent third party might reasonably take the view that there is a risk that a Board member's resultant actions (or those of a personal associate) might be affected, whether or not they are affected.

Conflicts of interest may arise for example as a result of:

- A direct or indirect financial interest;
- A direct or indirect financial interest held by a commercial undertaking with which the Board member has connections;
- A significant relationship with those affected or likely to be affected by the matter;
- The interests of a connected person;
- An expectation of future interest (for example, future employment);
- In some cases, a previous association on the matter;
- An interest arising from a common interest grouping, such as a trade association, trades union membership or other private society.

The common law requires:

- That members of public bodies should not participate in the discussion or determination of matters in which they have a direct pecuniary interest; and
- That when an interest is not of a direct pecuniary kind, members should consider whether participation in the discussion or determination of a matter would suggest a real danger of bias. This should be interpreted in the sense that members might either unwittingly or otherwise unfairly regard with favour or disfavour the case of a party to the matter under consideration. In considering whether a real danger of bias exists in relation to a particular decision, members should assess whether they, or connected persons, are likely to be affected more than the generality of those affected by the decision in question.

Approved by Board: ~~23 March~~~~6 November~~ 2020~~15~~

~~Last reviewed: 24 November 2016~~

Next due for review: ~~March~~~~November~~ 2021~~17~~

Where, in accordance with the above, members do not participate in the discussion or determination of a matter, they should withdraw from the meeting, even if held in public, when requested to do so by the chair of the meeting. This is because the continued presence of someone who has declared an interest might be thought likely to influence the judgement of other members present.

Whether or not Board members are able, in light of the consideration above, to participate in the discussion or determination of a matter, they should declare as soon as practicable after a meeting begins if they have an interest, pecuniary or other, in a matter being considered. They should also disclose any interests in it which they are aware on the part of connected persons and persons living in the same households as the Board member. In addition, Board members should consider whether they need to disclose relevant interests of other persons or organisations which members of the public might reasonably think could influence the member's judgement.

In addition to the disclosures in the register of interests, Board members also have a duty to declare to the chair any potential conflict of interest which arises in the course of their work whenever it becomes relevant.

## **2 Personal dealings in shares and related investments**

Board members are expected to observe the highest standards in relation to their personal dealings –and should declare any conflicts of interest that they feel may arise as a result of carrying out their work for the Pension Board.

All information relating to these arrangements will be treated as confidential.

## **3 The register of board members' interests**

The purpose of this register is to ensure that the administering authority has a record of Board members' declarations of interest. It provides a mechanism whereby possible conflicts of interests can be identified. The existence of the register does not remove the obligation on Board members to declare interests as they arise in the course of the Board's work.

The register will list all interests that stakeholders and members of the public in general might reasonably think could influence Board members' judgement:

- Direct pecuniary interests;
- Indirect pecuniary interests (indirect pecuniary interests arise from connections with bodies which have a direct pecuniary interest or from being a partner of, or being employed by, a person with such interests);
- Non-pecuniary interests that relate closely to the Pension Fund's activities.

The register will be held by the administering authority. A summary of the register will be published and may be disclosed to the internal auditor, the administering authority's complaints adjudicator or the Secretary of State in the event that a complaint is raised concerning the conduct or judgement of a Board member.

Board members are expected to ensure their register of interests declaration is kept up to date.

Approved by Board: ~~23 March~~~~6 November~~ 2020~~15~~

~~Last reviewed: 24 November 2016~~

Next due for review: ~~March~~~~November~~ 2021~~7~~



## 4 Definitions

### 4.1 Terms used in Schedule B

<b>Dealings</b>	includes purchase, sales, subscriptions, acceptance of take-over and other offers and all other methods of acquiring or disposing of shares and related investments or any rights or interests in shares and related investments.
<b>Significant relationship</b>	means a relationship which an independent third party might reasonably consider could affect the actions taken or the actions taken by a personal associate (whether or not it does actually affect the actions taken).
<b>Connected persons</b>	means spouses and partners, children and step-children under the age of 18, persons for whom Board members take significant financial decisions and trusts of which a Board member is a 'trustee'.
<b>Share and related investments</b>	there is no requirement to seek permission to deal or to declare an interest in relation to collective investment schemes (such as unit trusts and OEICS including any held in a general PEP or ISA) and other investments where the Board member has no direct influence on the management of the investment.
<b>Relevant organisation</b>	means those companies or any company within the same group of companies, either seeking to be or currently listed in the UK and/or quoted and/or regulated in the UK as appropriate and includes those seeking clearance, or the subject or monitoring, enforcement or any other regulatory intervention by the Pensions Regulator.

### 4.2 Terms used in the register of interests declaration form

<b>Current employment or office</b>	refers to any post, other employment or fiduciary positions held by a Board member or held by a Board member in the past five years in connection with a relevant organisation.
<b>Directorships</b>	means remunerated directorships of companies, public or private, other remunerated posts and public appointments currently held by a Board member or connected persons and which come within the Pension Fund's sphere of operation.
<b>Non-profit organisation</b>	refers to offices held by a Board member in non-profit making organisations or trade associations or bodies whose activities could come within the Pension Fund's sphere of operations and responsibilities.

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~~Last reviewed: 24 November 2016~~

Next due for review: ~~March~~ ~~November 2021~~17

**Consultancies and sponsorships** refers to any current professional clients of a Board member whose business interests could come within the sphere or work of the Pension Fund.

**Declarable shareholdings** means the names of companies or other bodies in which a Board member has a beneficial interest or shareholding. This does not include shareholdings through collective investment schemes (e.g. unit trusts) or other arrangements where the member has no influence on financial management of the investment.

**Occupational pension schemes** means the names of any occupational pension scheme of which a Board member or connected person is a scheme member or 'trustee' or in which they hold office.

**Personal/stakeholder pensions** refers to the names of providers of personal or stakeholder pensions held by a Board member or a connected person.

Approved by Board: ~~23 March 2015~~ ~~6 November 2015~~ 2015

~~Last reviewed: 24 November 2016~~

Next due for review: ~~March 2017~~ ~~November 2017~~ 2017

**SCHEDULE C – Register of Board members’ interests**

**Declaration Form**

Name	
Education/Professional Qualifications/Decorations	
Trade or Profession	
Current employment or office	
Directorships	
Non-profit organisations with a link to the Berkshire Pension Fund	
Consultancies and sponsorships	
Trades union membership	
Occupational pension schemes	
Personal or stakeholder pensions	

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by Board: ~~23 March 2015~~ ~~6 November 2015~~  
 Last reviewed: ~~24 November 2016~~  
 Next due for review: ~~March 2017~~ ~~November 2017~~

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## FUNDING STRATEGY STATEMENT



## CONTENTS

<b>1</b>	<b>INTRODUCTION</b>	<b>5</b>
	<i>Purpose of the Funding Strategy Statement</i>	5
	<i>Funding Objectives</i>	5
<b>2</b>	<b>KEY PARTIES</b>	<b>6</b>
	<i>The Administering Authority</i>	6
	<i>Scheme employers</i>	6
	<i>Fund Actuary</i>	7
<b>3</b>	<b>FUNDING STRATEGY</b>	<b>8</b>
	<i>Funding Method</i>	8
	<i>Valuation Assumptions and Funding Model</i>	9
	<i>Future Price Inflation</i>	9
	<i>Future Pay Inflation</i>	9
	<i>Future Pension Increases</i>	9
	<i>Future Investment Returns/Discount Rate</i>	9
	<i>Asset Valuation</i>	10
	<i>Statistical Assumptions</i>	10
	<i>Deficit Recovery/Surplus Amortisation Periods</i>	10
	<i>Pooling of Individual Scheme employers</i>	11
	<i>Cessation Valuations</i>	12
	<i>Early Retirement Costs</i>	12
	<i>Triennial Valuation</i>	12
<b>4</b>	<b>LINKS WITH THE INVESTMENT STRATEGY STATEMENT (ISS)</b>	<b>12</b>
<b>5</b>	<b>RISKS AND COUNTER MEASURES</b>	<b>13</b>
	<i>Financial Risks</i>	13
	<i>Demographic Risks</i>	13
	<i>Regulatory Risks</i>	14
	<i>Governance</i>	14
<b>6</b>	<b>MONITORING AND REVIEW</b>	<b>14</b>





# 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 31<sup>st</sup> March 2019~~6~~ with the assets of the Fund found to be 78~~3~~3% 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 2019~~6~~ 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 1<sup>st</sup> April 2014 (and in the case of some protected members after 31<sup>st</sup> 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~~9~~ 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 20196 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*

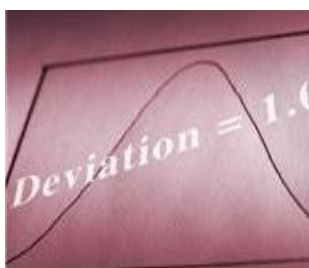
3.20 The asset valuation is a market value of the accumulated Fund at the triennial valuation date adjusted to reflect average market conditions during the 6 months straddling the triennial valuation date.

#### *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 20196 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 20196

valuation, a deficit was revealed and contributions were set to recover this deficit over a period no longer than 241 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	<u>214</u> years
Housing Associations	<u>114</u> years
Colleges (excluding the University of West London)*	<del>814</del> years
Academies	<u>147</u> years
Community Admission Bodies	<u>114</u> 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 36 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 31<sup>st</sup> March 202219.

## **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 201~~63~~ to 201~~96~~ such monitoring activity saw investment returns slightly lower than assumed in the 201~~63~~ 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.

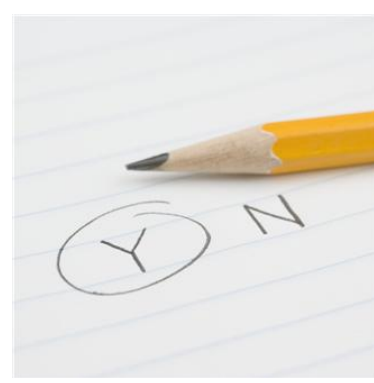
## **6 MONITORING AND REVIEW**

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: ~~2311~~ March 20~~20~~19

Next Review date: March 202~~1~~9



**GOVERNANCE**

**COMPLIANCE**

**STATEMENT**





## CONTENTS

INTRODUCTION.....	5
STRUCTURE .....	5
REPRESENTATION .....	6
SELECTION AND ROLE OF LAY MEMBERS .....	7
VOTING .....	7
TRAINING / FACILITY TIME / EXPENSES .....	7
MEETINGS (frequency/Quorum) .....	8
ACCESS .....	8
SCOPE .....	8
PUBLICITY .....	9



## INTRODUCTION

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

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

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

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

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

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

## STRUCTURE

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

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

- i) The management of the administration of benefits and strategic allocation of fund assets.

**Compliant** – The Constitution of the Council defines the responsibilities of 'the Main Panel' to manage the Pension Fund.

ii) Representatives of Scheme employers and Scheme members should sit on 'the Advisory Panel' to underpin the work of 'the Main Panel'.

**Compliant** – Membership of 'the Advisory Panel' includes five Elected Members from RBWM, one Elected Member from each of the other five Berkshire Unitary Authorities, three other Scheme employer representatives, two union representatives, and two members to represent the active, deferred and retired Scheme members.

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

**Compliant** – 'The Advisory Panel' meets concurrently with 'the Main Panel' with both Panels receiving the same information.

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

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

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

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

## REPRESENTATION

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

The key stakeholders are:

i) Scheme employers.

**Compliant** – The six Berkshire Unitary Authorities and up to three of the other Scheme employers are represented on 'the Advisory Panel'. In addition three Scheme employer representatives make up membership of 'the Pension Board'

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

**Compliant** – 'The Advisory Panel' has two representatives from the major trades unions and makes provision to have two representatives from the active, deferred or retired Scheme membership. In addition 3 Scheme member representatives sit on 'the Pension Board'

iii) Independent Professional Observers.

**Compliant** – An Independent Adviser attends each meeting of 'the Main Panel' and 'the Advisory Panel'. Independent Advisers are also required to attend meetings of 'the Pension Board' as may be requested.



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

**Compliant** – Expert advisers are invited to meetings of ‘the Main Panel’ and ‘the Advisory Panel’ as required. Independent Strategy Advisers attend meetings of the Investment Group. In addition expert advisers are required to attend meetings of ‘the Pension Board’ as may be requested.

v) Where lay members sit on either ‘the Main Panel’ or ‘the Advisory Panel’ they are treated equally in terms of access to papers, meetings and training and are given full opportunity to contribute to the decision making process with or without voting rights. No lay members sit on ‘the Pension Board’.

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

## SELECTION AND ROLE OF LAY MEMBERS

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

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

## VOTING

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

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

## TRAINING / FACILITY TIME / EXPENSES

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

**Compliant** – All members of ‘the Main Panel’ and ‘the Advisory Panel’ are entitled to attend or request training. Members of ‘the Pension Board’ are required to have a working knowledge of the LGPS regulations and other associated legislation as it relates to the governance and administration of the Scheme and so must commit to undertaking the relevant training in order to achieve this requirement. All members of ‘the Main Panel’, ‘the Advisory Panel’ and ‘the Board’ are entitled to request the use of facilities belonging to RBWM in

respect of their respective duties and reasonable expenses incurred will be reimbursed upon request.

ii) Any policy must apply equally to all members of the Panels/Board.

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

## MEETINGS (frequency/Quorum)

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

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

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

**Compliant** – Both Panels meet concurrently

iii) RBWM will hold meetings of ‘the Pension Board’ ahead of each meeting of ‘the Main Panel’ and ‘the Advisory Panel’.

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

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

**Compliant** – ‘The Advisory Panel’ has four lay members. An annual Scheme employer meeting is held in March/April with an annual Scheme member meeting being held in November. In addition pension surgeries and employer training events are held throughout the year.

## ACCESS

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

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

## SCOPE

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

**Compliant** – Wider Scheme issues are considered by ‘the Main Panel’, ‘the Advisory

Panel' and 'the Pension Board' on a regular basis.

## **PUBLICITY**

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

**Compliant** – The Governance Policy Statement is published on the Royal County of Berkshire Pension Fund website ([www.berkshirerpensions.org.uk](http://www.berkshirerpensions.org.uk)) and is available on request from the Pension Fund.

Approved by The Berkshire Pension Fund Panel on 14 January 2019

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## 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 became an Investment Client of the Local Pensions Partnership Investments Limited with effect from 1 June 2018 and the pooling of assets has 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 2019

**Table one: Asset Class Limits**

<b>Asset Class</b>	<b>Policy Portfolio Benchmark</b>	<b>Tolerance Range</b>	<b>Relevant LPPI pool</b>	<b>Investment Objective</b>
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: 11 March 2019**  
**Next review date: March 2020**



## **BUSINESS PLAN 2020-21**

**And**

## **MEDIUM-TERM STRATEGY 2021/2024**





## CONTENTS

1.0	INTRODUCTION.....	5
2.0	STRATEGIC INTENT – MISSION STATEMENT .....	5
3.0	BUSINESS OBJECTIVES.....	5
4.0	VALUES.....	6
5.0	BUSINESS TARGETS 2020/21 .....	7
6.0	KEY ASSUMPTIONS AND RISKS .....	8
7.0	CASH-FLOW SUMMARY .....	8
8.0	KEY INITIATIVES 2020/21.....	9
9.0	REVIEW OF 2019/20 KEY INITIATIVES.....	12
10.0	MEDIUM TERM PLAN 2021/24 .....	15



## 1.0 INTRODUCTION

This document is intended to outline how the Royal County of Berkshire Pension Fund will deal with its key responsibilities during 2020/21 and the over the medium-term from 2021 to 2024. 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:

<b>Business Aim</b>	<b>Business Objective</b>
<b><i>Stakeholder Satisfaction</i></b>	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.
<b><i>Value for Money</i></b>	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.
<b><i>Equip Ourselves for the Future</i></b>	<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>
<b><i>Delivering Together</i></b>	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 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 2020/21

<b>Pension Team Business Objective</b>	<b>2020/21 Target</b>
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 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 Local Pensions Partnership and identify at risk scheme employers.
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.
To work with the Fund's Investment Manager, (LPPI) , to ensure the Investment Strategy is successful.	Investment aims are met and in line with the Investment Strategy Statement and Asset Allocation requirements.

## 6.0 KEY ASSUMPTIONS AND RISKS

The following are the key business assumptions used in the compilation of the 2020/21 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.

## 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
<b>Net Cash Flow</b>	<b>32,953</b>	<b>21,499</b>	

## 8.0 KEY INITIATIVES 2020/21

<b>Business Objective</b>	<b>Key Initiatives</b>
<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>To continue to work with Scheme employers to increase the percentage of member records administered via i-Connect from 85% at March 2020 to 100% at 31 March 2021.</p> <p>Annual review of the Pension Administration Strategy.</p> <p>Annual review of Communications Policy with the continuing aim to provide Scheme information digitally wherever possible.</p> <p>Keep members up to date via newsletters and Scheme employers up to date via bulletins.</p> <p>Run Pension Surgeries at least twice annually for each Unitary Authority and at least once a year for other Scheme employers upon request.</p> <p>Continue to provide training and literature for Scheme employers to assist them in administering the Scheme on behalf of their employees.</p> <p>Continue to provide presentations and literature for Scheme members to provide greater understanding of their Scheme.</p> <p>Maintain the Pension Fund website 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 2020.</p> <p>Complete contributions reconciliation.</p> <p>Achieve a clean audit.</p> <p>Complete Year End procedures in advance of 31 August 2020 to enable prompt issue of annual benefit statements.</p> <p>Annual Benefit Statements (Active and Deferred members) to be issued by 31 August 2020.</p> <p>Apply Pensions Increase and HMT Revaluation Orders.</p> <p>Issue P60's and payslips by 31 May 2020 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 2021.</p>

<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.</p>	<p>Monitor staff requirements to ensure a high-quality service is provided to stakeholders.</p>
<p>To transform, develop and improve the Pensions Team through creating an evidence based continuous improvement culture and ensuring that all agreed projects and other initiatives are delivered to time and budget and achieve the expected benefits.</p>	<p>Ensure that staff “buy-into” RBWM’s performance related pay scheme.</p> <p>Ensure that staff receive appropriate training internally and from external providers.</p>
<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>	<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 2019/20 KEY INITIATIVES

In 2019/20 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. Postponed.</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% by March 2020.</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>Not Achieved as meeting cycle changed during 2019/20.</p>
	<p>Annual review of Communications Policy with the continuing aim to provide Scheme information digitally wherever possible.</p>	<p>Not Achieved as meeting cycle changed during 2019/20.</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 website 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>
To set the Investment Strategy of the Fund and determine the allocation assets.	<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. Last reviewed 23 March 2020.</p> <p>Achieved.</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>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</p>	<p>Not achieved to extension of external audit procedures.</p> <p>Achieved.</p> <p>Achieved for internal audit only.</p> <p>Achieved.</p> <p>Achieved.</p>

	<p>members) to be issued by 31 August 2019.</p> <p>Apply Pensions Increase and HMT Revaluation Orders. 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 compliance with General Data Protection Regulation (GDPR) by 25 May 2018 and ensure continued compliance.</p>	<p>Achieved.</p> <p>Achieved.</p> <p>Achieved – Pension Panel work-plan introduced September 2019.</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 projects and other initiatives are delivered to time and budget and achieve the expected benefits.</p>	<p>Ensure that staff “buy-into” RBWM’s performance related pay scheme.</p> <p>Ensure that staff receive appropriate training internally and from external providers.</p>	<p>Achieved.</p> <p>Achieved.</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.	Ensure Pension Fund Panel, Pension Fund Advisory Panel and Pension Board members receive appropriate training.	Achieved.
	Ensure that Pension Fund Panel, Pension Fund Advisory Panel and Pension Board members understand the Fund's strategy.	Achieved.

## 10.0 MEDIUM TERM PLAN 2021/24

The following table details the medium-term plan for the Pension Fund for the period 2021 to 2024.

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 by 2023.
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 21.
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: 23 March 2023  
Date for review: March 2021

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of the Local Government Act 1972.

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