

NOTICE
OF
MEETING

BERKSHIRE PENSION FUND COMMITTEE

will meet on

MONDAY, 20TH SEPTEMBER, 2021

At 4.00 pm

by

GREY ROOM - YORK HOUSE, ON [RBWM YOUTUBE](#)

TO: MEMBERS OF THE BERKSHIRE PENSION FUND COMMITTEE

COUNCILLORS JULIAN SHARPE (CHAIRMAN), DAVID HILTON (VICE-CHAIRMAN), SHAMSUL SHELM, SIMON BOND AND WISDOM DA COSTA

ADVISORY MEMBERS: COUNCILLORS LAW, BROCK, SAFDER ALI, KAISER AND LEAKE.

SUBSTITUTE MEMBERS COUNCILLORS GERRY CLARK, DAVID COPPINGER, GEOFF HILL, ANDREW JOHNSON AND SIMON WERNER

Karen Shepherd – Head of Governance - Issued: 10/09/21

Members of the Press and Public are welcome to attend Part I of this meeting. The agenda is available on the Council's web site at www.rbwm.gov.uk or contact the Panel Administrator **David Cook** david.cook@rbwm.gov.uk

Recording of Meetings – In line with the council's commitment to transparency the Part I (public) section of the virtual meeting will be streamed live and recorded via Zoom. By participating in the meeting by audio and/or video, you are giving consent to being recorded and acknowledge that the recording will be in the public domain. If you have any questions regarding the council's policy, please speak to Democratic Services or Legal representative at the meeting.

AGENDA

PART I

| <u>ITEM</u> | <u>SUBJECT</u> | <u>PAGE NO</u> |
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| 1. | <u>APOLOGIES</u> To receive any apologies for absence. | - |
| 2. | <u>DECLARATIONS OF INTEREST</u> To receive any declarations of interest. | 5 - 6 |
| 3. | <u>MINUTES</u> To approve the Part I minutes of the meeting held on 14 June 2021. | 7 - 10 |
| 4. | <u>PENSION GOVERNANCE UPDATE</u> To consider the report. | 11 - 28 |
| 5. | <u>RISK ASSESSMENT REGISTER</u> To consider the report. | 29 - 40 |
| 6. | <u>ADMINISTRATION REPORT</u> To consider the report. | 41 - 54 |
| 7. | <u>LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC</u> To consider passing the following resolution:- "That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the remainder of the meeting whilst discussion takes place, on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1 and 2 of part I of Schedule 12A of the Act." | - |

PART II - PRIVATE MEETING

| <u>ITEM</u> | <u>SUBJECT</u> | <u>PAGE NO</u> |
|-------------|---|--------------------|
| 9 | <p>i. <u>MINUTES</u></p> <p>To approve the Part II minutes of the meeting held on 14 June 2021.</p> <p><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Governmet Act 1972)</i></p> | 55 - 58 |
| 10 | <p><u>EXITING EMPLOYER</u></p> <p><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Governmet Act 1972)</i></p> | To Follow |
| 11 | <p><u>PERFORMANCE OVERVIEW Q2 2021– LPPI</u></p> <p>To consider the report.</p> <p><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Governmet Act 1972)</i></p> | 59 - 82 |
| 12 | <p><u>RESPONSIBLE INVESTMENT REPORT Q2 2021 – LPPI</u></p> <p>To consider the report.</p> <p><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Governmet Act 1972)</i></p> | 83 - 104 |
| 13 | <p><u>STRATEGIC ASSET ALLOCATION HEALTH CHECK</u></p> <p>To consider the report.</p> <p><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Governmet Act 1972)</i></p> | 105 - 154 |
| 14 | <p><u>LPPI BUSINESS UPDATE</u></p> <p>To consider the report.</p> <p><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Governmet Act 1972)</i></p> | 155 - 158 |

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MEMBERS' GUIDE TO DECLARING INTERESTS IN MEETINGS

Disclosure at Meetings

If a Member has not disclosed an interest in their Register of Interests, they **must make** the declaration of interest at the beginning of the meeting, or as soon as they are aware that they have a DPI or Prejudicial Interest. If a Member has already disclosed the interest in their Register of Interests they are still required to disclose this in the meeting if it relates to the matter being discussed.

A member with a DPI or Prejudicial Interest **may make representations at the start of the item but must not take part in the discussion or vote at a meeting.** The speaking time allocated for Members to make representations is at the discretion of the Chairman of the meeting. In order to avoid any accusations of taking part in the discussion or vote, after speaking, Members should move away from the panel table to a public area or, if they wish, leave the room. If the interest declared has not been entered on to a Members' Register of Interests, they must notify the Monitoring Officer in writing within the next 28 days following the meeting.

Disclosable Pecuniary Interests (DPIs) (relating to the Member or their partner) include:

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

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

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

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

Prejudicial Interests

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

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

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

Personal interests

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

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

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Agenda Item 3

BERKSHIRE PENSION FUND COMMITTEE

MONDAY, 14 JUNE 2021

PRESENT: Councillors Julian Sharpe (Chairman), David Hilton (Vice-Chairman), Shamsul Shelim and Simon Bond.

Also in attendance: Cllr Lovelock, Cllr Ali, Cllr Kaiser, Alan Cross, Rothan Worrall, Aiofinn Devitt, Andrew Harrison.

Officers: Adele Taylor, Ian Coleman, Kevin Taylor, David Cook and Andrew Vallance

APOLOGIES

There were no apologies for absence received.

DECLARATIONS OF INTEREST

There were no declarations of interest received.

MINUTES

The Part I minutes of the meeting held on 22 March 2021 were approved as a true and correct record.

EMPLOYER FLEXIBILITIES

The Committee considered the report regarding the administering authority's responsibilities to the amended LGPS Regulations.

The Pension Services Manager informed that the government amended the Local Government Pension Scheme Regulations 2013 in September 2020 introducing new powers for administering authorities to review employer contributions, spread exit payments and set up Deferred Debt Agreements.

For some employers, a significant issue has been the cost of exiting the Scheme. Prior to September 2020, the LGPS Regulations 2013 required an exit payment to be made when the last active member of a Fund employer left the Scheme, or an employer otherwise ceased to be an employer in the Fund, and the employer was in deficit at the time of their exit. The introduction of deferred employer status allows an administering authority to defer the triggering of an exit payment for a Fund employer where the authority deems this appropriate, has had regard to actuarial advice and has set out its policy in its Funding Strategy Statement.

The introduction of the new powers was intended to help administering authorities manage their liabilities, ensuring that employer contribution rates are set at an appropriate level and that exit payments are managed, with steps taken to mitigate risks, where appropriate. There is no requirement to use these powers, however an authority may do so only where it has set out its Funding Strategy Statement. The proposed changed FFS and two debt policies were attached to the report and if approved would go out to consultation with scheme employers.

In response to questions the Committee were informed that the main changes were due to the change in legislation and there were also clean up changes. If an employer no longer existed members benefits were protected and if there was no guarantor to an exiting employer who could not pay their debt would be spread amongst the Fund. This related to historical

employers in the scheme not new members, the majority had bonds or guarantees in place, they are known employers and a covenant review had been undertaken and presented to the Committee. If we did not introduced changed policies then we could be in a position where we have no opportunity to retrieve funds from exiting employers. Any actuary costs would be met by the employee. The Pension Board had reviewed and approved the report but it was noted their comments had not yet been incorporated.

Resolved unanimously: that the Committee notes the report and:

- i) Approves the policies set out in the appendices to the report; and**
- ii) Authorises Officers to correct any identified typographical errors and consult with scheme employers regarding the content of the policies as agreed.**

EXTERNAL AUDITORS FINAL REPORT 2019/20 AND AUDIT PLAN 2020/21

The Committee considered the report regarding the update on the progress of the 2019-20 Pension Fund audit and a planning report for the 2020-21 Fund audit.

The Committee were informed that Deloitte's ISA260 paper was presented to the Audit and Governance Committee on 17 May 2021 can be found at Appendix 1. An action progress matrix can be found at Appendix 2. The planning report for the 2020-21 audit can be found at Appendix 3. They were awaiting the final sign off of the accounts.

In response to questions it was noted that any issues had been picked up via the CIPFA action plan; the Committee system had been streamlined and a new head of the Pension Fund would start on 1st September 2021; the majority of actions had been completed. It was also noted that the Council was leaving the shared internal audit unit and were in the progress of tendering for a new service.

Resolved unanimously: that the Pension Fund Committee:

- i) Notes the report**
- ii) The external auditor's final ISA260 report at Appendix 1**
- iii) The action progress matrix at Appendix 2**
- iv) The planning report for the 2020-21 audit at Appendix 3.**

PENSION GOVERNANCE PROGRESS REPORT

The Committee considered the report regarding an update on the progress following the recommendations made in an independent report presented to Committee on 19 October 2020 into the governance arrangements of the Pension Fund. As mentioned in the previous report progress was going well as can be seen in appendix 1.

In response to questions the Committee were informed that the new Pension Fund Manager had signed his contract as all references were in, he will be joining on 1st September 2021. The majority of the actions were on track but it was highlighted that cyber security would be a big issue that the administrating authority were working on and it was a known risk.

The Chairman mentioned that we needed to be mindful of training and making sure all Committee members were up to date with training.

The Pension Board Chairman updated that at their March 2021 meeting they had agreed a new Board membership arrangements and recruited two new employer representatives.

Resolved unanimously: that the Pension Fund Committee:

i) Notes the paper and progress matrix at Appendix 1

GOOD GOVERNANCE IN THE LGPS

The Committee considered the report regarding an update on the 'Good Governance in the LGPS' project.

The Committee were informed that this was the 'Phase 3' report produced and published by Hymans Robertson, further statutory guidance would be issued in due course.

MHCLG were expected to issue this statutory guidance to administering authorities that will require them to effectively implement the proposals set out in the Good Governance report. Failure to consider, review and implement the statutory guidance could lead to sanctions.

In response to questions the Committee were informed that this had been driven as some administering authorities had not implemented all required policies. It was important that we were in compliance and training for members was important. Cllr Bond mentioned that there was a recommendation that we have a review every two years, however we have the Pension Board that hold the Committee / Fund to account in regards to that scrutiny function. It was noted that we were currently using model 4 and that we had to wait for guidance if this was acceptable.

Resolved unanimously: that the Pension Fund Committee:

i) Notes the paper and supporting report.

ADMINISTRATION REPORT

The Committee considered the report regarding the administration of the Pension Fund for the period 1 January 2021 to 31 March 2021.

As a recommendation from the Pension Board on Pages 175/76 there has been added an average for the year, as a whole targets were being achieved. With regards to special projects at the end of the report the McCloud case would require a significant amount of resource, we were still awaiting guidance on what needed doing. The year end processing remained on target and statements were being issued in advance of the statutory deadline. There had been an issue with collecting data on the number of hits to the Fund's website as it had been impacted by the administering authority changing its website platform and people can opt out if their hits are recorded.

In response to questions the Committee were informed that RBWM had a low number of active members due to outsourcing such as AFC and Optalis. The risk to RBWM was moderate. With regards to i-Connect about 86% of employers were using the system and work continued to get as many of the remaining on the system. With regards to the chart on page 172 there was a sudden drop in membership in 017/18 when the probation service left.

Resolved unanimously: that Committee notes the report and:

- (i) All areas of governance and administration as reported**
- (ii) 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 4.00 pm, finished at 6.50 pm

CHAIRMAN.....

DATE.....

| | |
|---|--|
| Report Title: | Pension Fund Governance Progress |
| Contains Confidential or Exempt Information | No - Part 1 |
| Lead Member: | Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel |
| Meeting and Date: | Pension Fund Committee and Advisory Panel – 20 September 2021 |
| Responsible Officer(s): | Damien Pantling, Head of Pension Fund, Andrew Vallance, Head of Finance and Deputy Section 151 Officer |
| Wards affected: | None |

REPORT SUMMARY

This report presents to Members an update on the progress following the recommendations made in an independent report presented to Committee on 19 October 2020 into the governance arrangements of the Pension Fund and also the external auditor's report from 2020.

The progress matrices can be found at Appendices 1 and 2

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee:

i) Notes the paper and progress matrices at Appendices 1 and 2.

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

- 2.1 The Royal Borough of Windsor & Maidenhead (RBWM) is the administering authority for the Royal County of Berkshire Pension Fund (RCBPF). RBWM has a statutory duty to maintain the Fund in accordance with The Public Services Pension Schemes Act 2013, associated Local Government Pension Scheme (LGPS) Regulations and wider pension legislation.
- 2.2 Following on from an independent governance report presented to Members on 19 October 2020, which contained a number of recommendations as to how governance could be improved, this report sets out the progress made in implementing the recommendations made.
- 2.3 In addition, a number of recommendations were made by the external auditor following the 2020 audit of the Fund and this report sets out the progress also made in this regard.
- 2.4 The relevant progress matrices can be found at Appendices 1 and 2.

3. KEY IMPLICATIONS

3.1 Failure to consider, review and implement a robust governance structure could lead to sanctions being imposed on RBWM by the Pensions Regulator when it comes to its management of the Pension Fund.

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 Failure to monitor investment performance in line with appropriate strategies could lead to an increased Fund deficit resulting in employers having to pay more.

5. LEGAL IMPLICATIONS

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

6. RISK MANAGEMENT

6.1 Table 1: Risk Analysis

| Risks | Uncontrolled Risk | Controls | Controlled Risk |
|--|--------------------------|------------------------------|------------------------|
| Pension Scheme not governed in line with legislation | Medium | Internal and External Audits | Low |

7. POTENTIAL IMPACTS

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

7.2 Equalities: Equality Impact Assessments are published on the [council's website](#) . N/A

7.3 Climate change/sustainability: N/A

7.4 Data Protection/GDPR. N/A

8. CONSULTATION

8.1 N/A

9. TIMETABLE FOR IMPLEMENTATION

9.1 Ongoing.

10. APPENDICES

10.1 This report is supported by 2 appendices:

- Appendix 1 – Governance progress matrix
- Appendix 2 – External Audit progress matrix

11. BACKGROUND DOCUMENTS

11.1 This report is supported by 0 background documents:

12. CONSULTATION (MANDATORY)

| Name of consultee | Post held | Date sent | Date returned |
|---------------------------------------|--|-----------|---------------|
| <i>Mandatory:</i> | | | |
| <i>Statutory Officers (or deputy)</i> | | | |
| Adele Taylor | Executive Director of Resources/S151 Officer | | |
| Emma Duncan | Deputy Director of Law and Strategy / Monitoring Officer | | |
| <i>Deputies:</i> | | | |
| Andrew Vallance | Head of Finance (Deputy S151 Officer) | | |
| Elaine Browne | Head of Law (Deputy Monitoring Officer) | | |
| Karen Shepherd | Head of Governance (Deputy Monitoring Officer) | | |
| <i>Others:</i> | | | |
| Cllr Julian Sharpe | Chairman – Berkshire Pension Fund Committee | | |
| Ian Coleman | Interim Pension Fund Manager | | |

REPORT HISTORY

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

Report Author: Kevin Taylor, Pension Services Manager, 07792 324393

Independent Governance Report Actions

| | Recommendation | Timeline | Progress | |
|----|---|---------------|---|--|
| 1. | The size of the Pension Fund Advisory Panel should be reduced so that it only includes Councillor representatives. | October 2020 | The membership of the Advisory Panel has been reduced as agreed by the Pension Fund Panel on 19 October 2020. | |
| 2. | Training records need to be completed annually. | December 2020 | A training framework and workplan was agreed by the Pension Fund Committee on 14 December 2020. Training records will be maintained for all members of the Pension Fund Committee, the Pension Fund Advisory Panel and the Pension Board. | |
| 3. | The Pension Board membership should be reviewed to reflect the possible reduced size of the Pension Fund Advisory Panel and membership amended accordingly. | March 2022 | Following the Pension Board's consideration of the Governance Review, it received and agreed a report from the Chair to make various governance changes to set periodical reviews to individual membership, and create flexibility between 6 & 8 members overall (i.e. 3 or 4 each of employer/member representatives). Two additional employer substitute members from the education sector (with different perspectives of the issues) have subsequently been recruited to the board and are attending, and the Chair is currently attempting to recruit appropriate trades union representation. | |
| 4. | The membership of the Pension Fund Panel Sub-Committee (Investment Group) should be four Councillors, and its future reviewed in two years' time. | October 2020 | The Pension Fund Panel Sub-Committee has been abolished. | |
| 5. | Advisers as appointed by the Council should be entitled to attend and speak but not to vote. | October 2020 | Advisers will be requested to attend and speak, but not to vote, at the Pension Fund Committee. The decision to abolish the Sub-Committee will mean that the Advisers will no longer attend these meetings. | |
| 6. | The governance changes should be approved in line with the Council Constitution. | October 2020 | The governance recommendations from the Pension Fund Panel have been agreed by the Council. | |

| | Recommendation | Timeline | Progress | |
|-----|---|---------------------------|--|--|
| 7. | All meetings should be properly clerked and minuted, and the minutes checked prior to publication. In addition, details of all meetings should appear on the Council website with reasons why meeting items, or the meeting itself, are classified as exempt information. | October 2020 | This recommendation relates only to the Sub-Committee, which has been abolished. | |
| 8. | The decision to approve an updated Investment Strategy Statement (ISS) should be postponed and, before the ISS is approved, it should be checked to ensure that it meets the requirement to provide a performance level that will reduce the funding deficit for the RCBPF. | Autumn 2022 | Updating the ISS has been postponed. The content of the ISS will be fully reviewed. A revised ISS is not statutorily required to be approved until 2022. | |
| 9. | Arrangements should be made to provide officer support to enable RCBPF to meet its residual direct functions post pooling. | Spring 2021 | The creation of a post of Head of Pension Fund was agreed by the Pension Fund Panel on 19 October 2020. An appointment has been made effective from 1 September 2021 | |
| 10. | Discussions should take place with the Custodian, Deloitte and LPP to ensure that for those assets still within the legacy custodianship, arrangements are in place to ensure that the 2019/20 Audit runs smoothly. | March 2020 | These discussions took place in March 2020. | |
| 11. | Discussions should take place with LPP to agree timescales and processes for valuations during Accounts closure and to ensure that the agreement is formally amended to reflect these processes and timescales. | March 2020 Spring 2022 | The discussions with LPP took place in March 2020. The management agreement with LPP should be reviewed in 2021/22. | |
| 12. | Discussions should take place with the legacy Custodian and other providers including the LPP Custodian to determine the most economical course of action for Custodian services for the legacy mandates. | March 2022 | The Pension Fund Committee on 14 December 2020 agreed to commence a procurement exercise for the appointment of a Custodian, with the new contract to commence in 2022 | |
| 13. | Review any arrangements RBWM has for meetings and decisions to be taken electronically. The review | October 2020 | This issue relates to the Sub-Committee which has been abolished. | |

| | Recommendation | Timeline | Progress | |
|-----|---|-----------------|--|--|
| | should include the requirement for an accurate record of how decisions are taken. | | | |
| 14. | Ensure that for any organisation where RBWM appoints a director or trustee that declarations of interests are completed, and that both the organisation and the individual are aware that the appointment is only for the period of time that the individual is either an Officer or Member of the Council, or earlier should the Council decide. | October 2020 | This will be implemented for any future appointments. | |
| 15. | The future model of investment advice should be one firm and one Independent Adviser to advise both the Investment Group and the Pension Fund Panel and that this advice should be procured and evaluated in a clear and transparent process. | December 2021 | A procurement exercise will be undertaken in 2021 to appoint Independent Advisers to advise the Pension Fund Committee. | |
| 16. | Advisers should attend both meetings but not be formal members with voting rights. | October 2020 | With the decision to abolish the Sub-Committee, then the Independent Advisers will attend the Pension Fund Committee but will not have voting rights. | |
| 17. | With regard to the longevity swap, RCBPF should put in place arrangements to review the assumptions used by the Actuary in calculating the value of the swap. | April 2020 | This was undertaken as part of the closure of the Accounts for 2019/20. | |
| 18. | RCBPF will need to review the application of any change in accounting standards. | April 2021 | This will occur if and when there are any changes to accounting standards. The changes to accounting standards that were being discussed for implementation in 2020 were deferred due to the onset of Covid. | |
| 19. | With regard to the valuation of other illiquid or non-market assets, revised arrangements should be put in place involving the Custodian, Deloitte, LPP, RBWM and RCBPF. | March 2020 | Arrangements were discussed and agreed in March 2020 prior to the commencement of the Audit for 2019/20. Obtaining valuations for illiquid assets as at 31 March 2020 was severely impacted by the onset of covid. | |
| 20. | RCBPF should arrange a meeting with LPP and Deloitte to ensure that responsibilities are clear for the 2019/20 Audit. This could be held at the same time as the meeting above. | March 2020 | This meeting was held in March 2020. | |

| | Recommendation | Timeline | Progress | |
|-----|--|-----------------|---|--|
| 21. | The Pension Fund Committee should receive the External Audit report in respect of the RCBPF. | March 2021 | The External Audit report will be presented to the Pension Fund Committee on 20 September 2021. | |

Action Plan for issues identified on the ISA260 for RCBPF 2019/20 Statement of Accounts

| | Area of issue | Issues identified | Actions required | Timeline | Lead Officer | Impact on 2020/21 Statement of Accounts |
|----|--|--|---|----------|----------------------|--|
| | CONTROL OBSERVATIONS | | | | | |
| 1. | Valuation of the longevity swap: | This is a significant control weakness and we recommend that the Authority ensures that the valuations provided by the actuary are reviewed and that the assumptions are challenged, understood, and agreed before inclusion of the valuation in the financial statements. We recommend that evidence of this review and assessment is clearly documented. | An independent actuarial valuation of the longevity swap to be obtained each year. The method of conducting this valuation will be discussed and agreed with the actuary in advance of the valuation. | Ongoing | Head of Pension Fund | Will show as a control observation in the 2020/21 ISA260 report. |
| 2. | Valuation of the convertible bond | We recommend that the Committee ensures that the valuation of all bespoke investments is understood by the investment manager before completion of the draft financial statements, and that controls are implemented to ensure an appropriate challenge is made of valuations received from any service organisation. We recommend that evidence of | The convertible bond converted to an equity investment during 2020/21. Historic bespoke investments will remain until such time as it becomes viable for them to be terminated. LPPI as investment manager monitors this closely. | Ongoing | Head of Pension Fund | The issue of the convertible will not arise again although until such time as the legacy assets have been pooled issues surrounding so-called bespoke investments may recur. |

| | Area of issue | Issues identified | Actions required | Timeline | Lead Officer | Impact on 2020/21 Statement of Accounts |
|----|--|--|---|-----------------|----------------------|--|
| | | this review and assessment is clearly documented. | | | | |
| 3. | Valuation of the private equity portfolio and other alternative funds | We recommend that the Fund continues to review the terms and conditions of its relationship with all investment service providers and takes steps to ensure that controls are in place such that the most recent audited financial statements of each fund, along with the regular capital valuation statements and any evidence of any capital transactions are received and regularly reviewed in a timely fashion. We recommend that the Fund also ensures that controls within the financial reporting process are implemented such that the best estimate of the fair value of investments is used in the draft financial statements and that material changes to the investment balances that come to light before signing are reflected in the financial statements. Where the Fund does not have the appropriate resource within | LPPI, as the investment manager for the Fund, maintains an ongoing relationship with all of the individual investment managers. The latest available valuations are included in the pension fund accounts. Problems arose with the preparation of the accounts during 2020/21 due to the impact of the covid pandemic resulting in a sudden fall in asset valuations at the end of March 2020. This situation is not expected to recur. | 31 May 2021 | Head of Pension Fund | Not applicable. |

| | Area of issue | Issues identified | Actions required | Timeline | Lead Officer | Impact on 2020/21 Statement of Accounts |
|----|---|--|---|-------------|----------------------|---|
| | | its staff, it should provide clear instructions to LPP or the custodian to perform the processes and controls required. | | | | |
| 4. | Retrospective review of investment decision making | In our final report on the 2019 audit we also recommended that the Fund perform a review of the arrangements around pension asset investment decision making, monitoring and reporting of the valuation of those investments. This was to include an historic review of the arrangements with respect to the specific assets that were adjusted significantly to identify the lessons that can be learned and to embed this learning into the new arrangements. The outcome from these reviews was to be reported to both the Corporate Oversight & Scrutiny Panel and the Pension Fund Panel. We note that the scope of the work did include these considerations and that the final report was provided to the Authority in July 2020. | The governance of the Pension Fund was restructured in October 2020. All decisions are the responsibility of the Pension Fund Committee. If an urgent decision is required then responsibility is delegated to the Executive Director of Resources. | 31 May 2021 | Head of Pension Fund | Not applicable. |

| | Area of issue | Issues identified | Actions required | Timeline | Lead Officer | Impact on 2020/21 Statement of Accounts |
|----|---------------------------------------|---|---|-----------------|----------------------|--|
| 5. | Review of financial statements | We recommend that the design of the financial statement review control is amended to include checking to underlying working papers, the completion of a full CIPFA checklist, and is communicated clearly to all those involved in the preparation and review process. The implementation of the control should be evidenced appropriately and this evidence should be retained for a sufficient period. | Financial statements are now completed in line with the CIPFA checklist. | 31 May 2021 | Head of Pension Fund | Not applicable. |
| 6. | Review of journals | We recommend that the design of the journal posting review control is amended to include a well-defined scope, for example a checklist. We also recommend that it is communicated clearly to all those involved in the preparation and review process and takes place in a timely manner before journals are posted to the accounting system. The implementation of the control should be evidenced appropriately and | A Borough project plan has been developed to improve the process of journal posting and approval. | 31 March 2022 | Head of Pension Fund | Will show as a control observation in the 2020/21 ISA260 report. |

| | Area of issue | Issues identified | Actions required | Timeline | Lead Officer | Impact on 2020/21 Statement of Accounts |
|----|---|--|---|----------------|----------------------|--|
| | | this evidence should be retained for a sufficient period. | | | | |
| 7. | Administration system editing rights | We recommend that the IT system is updated to prevent super-users from editing their own records, that any editing of each other's records is checked by a third person, and that an annual review of the system audit report is conducted to ensure that this control is being implemented and evidenced. | <p>The system used, altair, is maintained by a third party provider, Heywood. The majority of Local Authority Pension Funds use this system and so any system amendments have to be agreed across all system users. Procedures are being developed to ensure super-users do not amend their own records and that where amendments are made to super user records, a third independent person will review. The same person will undertake an annual review of the system audit file to check that all instances of super-user record access are within required controls.</p> <p>With specific regard to the prevention of 'Super-users' editing their own records it would be necessary to liaise with the Fund's heywood Client Manager. Actions</p> | 31 August 2021 | Head of Pension Fund | Subject to ongoing conversations with system provider. |

| | Area of issue | Issues identified | Actions required | Timeline | Lead Officer | Impact on 2020/21 Statement of Accounts |
|----|---|--|--|---------------|----------------------|--|
| | | | are under consideration as to the possibility of using a 'User Specific Filter' facility where super-users' own NI Numbers could be added so that records access to their own records is set to 'Read Only'. | | | |
| 8. | No evidence of authorisation for overnight loan prior to payment | We recommend that the Fund implements a control to record and review the rationale for all transactions outside the normal course of business, including consideration of any relevant laws, regulations and conflicts of interest. We also recommend that sufficient appropriate evidence is retained, demonstrating that the control has operated for all such transactions. | This matter has been reported to the Pensions Regulator. | May 2021 | Head of Pension Fund | Not applicable. |
| 9. | Separation of the Fund from the Authority | We recommend that the general ledgers of both entities are maintained in isolation. We also recommend that formal documentation is prepared by the Authority to request payments from the Fund, and that this is reviewed by the | A project plan is in place for the Pension Fund to have its own ledger account. | 1 April 2022. | Head of Finance | Will show as a control observation in the 2020/21 ISA260 report. |

| | Area of issue | Issues identified | Actions required | Timeline | Lead Officer | Impact on 2020/21 Statement of Accounts |
|-----|-----------------------------|---|--|-----------------|----------------------|--|
| | | Fund before payments are made. Furthermore, sufficient appropriate evidence should be retained demonstrating that the control has operated for all such transactions | | | | |
| 10. | Benefit calculations | We recommend that a formal record is retained of the points checked by the reviewer of benefit calculations, that a periodic review of the calculations produced by the benefits system is scheduled and carried out by a suitably qualified person and that contingencies are put in place to ensure benefits controls continue to operate in the event of personnel absences. | As a direct result of the Coronavirus pandemic the process of reviewing and checking inputs has successfully become driven by altair Task Management without the need to print Benefit Summary Documents and Letters. There is not an over reliance on the system, those processing the work and those checking are able to manually check the system output and flag any potential inaccuracies in the system output with the Technical Analyst and Assistant Technical Analyst. Those responsible for checking are knowledgeable in the areas they are responsible for checking. | Ongoing | Head of Pension Fund | Subject to ongoing conversations with system provider. |

| | Area of issue | Issues identified | Actions required | Timeline | Lead Officer | Impact on 2020/21 Statement of Accounts |
|-----|--|---|---|-------------|----------------------|---|
| | | | <p>It is acknowledged there was a key period of absence during the year and efforts will continue to be made to build greater resilience into processing all areas of administration and payroll.</p> <p>Altair includes a reportable workflow management system that identifies the stages of an administration process and the user who undertook the relevant task. Heywood, as the system provider, maintains the system on behalf of multiple Pension Fund users and provides system upgrades as required to ensure that the requirements of scheme regulations are met.</p> | | | |
| 11. | Monthly investments update review delayed | We recommend that the accounting records are updated on a timely basis to ensure management information is sufficiently up to date to correctly inform decision making. | Financial and performance management information is made available on a monthly basis. | 31 May 2021 | Head of Pension Fund | Not applicable. |

| | Area of issue | Issues identified | Actions required | Timeline | Lead Officer | Impact on 2020/21 Statement of Accounts |
|-----------------------|---|---|---|-----------------|----------------------|--|
| 12. | IT control – Altair audit trail of changes | We recommend that the annual review of the Altair audit trail include ensuring that completeness of the reports generated for review | Any adjustment to the filtering parameters would need to be undertaken by the system provider, Heywood, and therefore apply to all users of the system. | Ongoing | Head of Pension Fund | Subject to ongoing conversations with system provider. |
| 13. | Administration system – segregation of duties controls) | We recommend that controls are implemented within the system to ensure that work prepared must be sent to someone with review responsibilities. | Controls have been set up by a super user based on the user profiles contained in the system. However, ongoing discussions will be had with the system providers to consider what changes could be made to improve this functionality with the proviso that the system is used by Pension Funds and bespoke amendments may not be financially viable. | Ongoing | Head of Pension Fund | Subject to ongoing conversations with system provider. |
| OTHER FINDINGS | | | | | | |
| 14. | Lack of continuity plans in relation to absence of key individuals | We recommend that continuity plans be developed for all key roles within the Fund's operations. | This will be reviewed as part of the ongoing governance review. | 31 March 2022 | Head of Pension Fund | Not applicable. |
| 15. | Internal audit and monitoring of controls | We recommend that the internal audit function of the Authority is engaged annually | An Internal Audit report for the year 2020/21 that covers Pension Payroll and | 30 June 2021 | Head of Pension Fund | Not applicable. |

| | Area of issue | Issues identified | Actions required | Timeline | Lead Officer | Impact on 2020/21 Statement of Accounts |
|-----|--|---|--|------------------|----------------------|--|
| | | to assess the operation of controls at the Fund. | Administration is near completion. | | | |
| 16. | Compliance with LGPS regulations and the regulator. | We recommend that procedures are developed in response to the requirements, and which ensure that the Fund meets its statutory obligations and regulatory requirements. | The Fund complies with all LGPS regulations and takes notice of all recommendations from The Pensions Regulator. The annual work plan for the Pension Fund Committee includes regular reviews of all statutory policies. | 31 May 2021 | Head of Pension Fund | Not applicable. |
| 17. | Approach to the pension liability disclosure | We recommend that the Fund takes steps to ensure that all non-trivial adjustments to the liability are included at each valuation and that it satisfies itself that appropriate procedures are in place at the actuary to cleanse and check the member data used in each valuation. | We will discuss with actuary. | 31 December 2021 | Head of Pension Fund | Not applicable. |
| 18. | IAS 19 cash flows incomplete | We recommend that the cash flow reporting is reviewed carefully and checked for reasonableness against expectations before it is provided to the actuary. | A review process will be put in place and documented. | 31 December 2021 | Head of Pension Fund | Not applicable. |

| | Area of issue | Issues identified | Actions required | Timeline | Lead Officer | Impact on 2020/21 Statement of Accounts |
|-----|---|--|--|------------------|----------------------|--|
| 19. | Lack of procedures to detect subsequent events | We recommend that a process is implemented to consider this up to the date of signing of the financial statements. | Formal procedures will be put in place. | 31 December 2021 | Head of Pension Fund | Not applicable. |
| 20. | Maintenance of records | It is important that the Fund ensures that adequate records are created and retained to evidence the rationale for all payments leaving the Fund. | Adequate records are maintained although it is not always possible to provide reports in 'unfamiliar' formats. | 31 May 2021 | Head of Pension Fund | Not applicable. |
| 21. | Bank and custodian mandates | We recommend that all mandates are reviewed and updated accordingly to ensure they are complete and contain only relevant personnel. We also recommend that they are updated on an annual basis, or as soon as signatories leave office. | Mandates have been reviewed and have been updated. | 30 April 2021 | Head of Pension Fund | Not applicable. |

| | |
|---|--|
| Report Title: | Risk Assessment Register |
| Contains Confidential or Exempt Information | No - Part 1 |
| Lead Member: | Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel |
| Meeting and Date: | Pension Fund Committee and Advisory Panel – 20 September 2021 |
| Responsible Officer(s): | Damien Pantling, Head of Pension Fund, Andrew Vallance, Head of Finance and Deputy Section 151 Officer |
| Wards affected: | None |

REPORT SUMMARY

This report provides Members with the current version of the Pension Fund's Risk Assessment Register as last approved by Committee on 16 December 2019. High and medium risks are highlighted in the risk assessment document for consideration by Committee Members.

A Risk Assessment Register can be found at Appendix 1.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee:

- i) Considers and notes the Risk Assessment Register and puts forward any suggested amendments as may be felt necessary; and**
- ii) Authorises Officers to update the Risk Assessment Register as agreed by Committee; and**
- iii) Approves publication of the final version on the Pension Fund website.**

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

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

2.2 Currently 0 high risk and 5 medium risks have been identified:

2.2.1 PEN 004: Failure to maintain a high-quality member database: Remains a medium risk whilst the Pension Team continues with its strategy to have all scheme employers using i-Connect by March 2022.

- 2.2.2 PEN 011: Loss of key staff: There is always a risk that key staff could leave but a potential risk has been identified in 2023. An appropriate succession plan will be developed and discussed between senior managers in the coming months.
- 2.2.3 PEN 017: Funding level below 100%: The Government Actuary’s Section 13 report is likely to flag the Berkshire Pension Fund’s funding level at the triennial valuation in 2019. Results from the 2019 valuation were reported to Committee at its meeting in December 2019 and the funding level, whilst improved, remains low and at risk of scrutiny by the Government Actuary.
- 2.2.4 PEN 025: Inability of Scheme employers to meet their obligations: It is proposed to enter into an annual review of employer covenants to be undertaken by the Fund’s Actuary. This item, whilst remaining a medium risk, is ongoing with further support to be provided by the Fund’s actuary.
- 2.2.5 PEN 030: Cyber Attack: Committee has previously received a report evidencing that pension systems are secure from cyber-attack. Overall Cyber Strategy to be developed to include Borough systems in line with the Borough’s cyber-security.

3. KEY IMPLICATIONS

- 3.1 This is a statutory policy requiring review by Committee. Failure to do so could lead to a loss in confidence.

4. FINANCIAL DETAILS / VALUE FOR MONEY

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

5. LEGAL IMPLICATIONS

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

6. RISK MANAGEMENT

6.1 Table 1: Risk Analysis

| Risks | Uncontrolled Risk | Controls | Controlled Risk |
|--|--------------------------|------------------------------|------------------------|
| Pension Scheme not governed in line with legislation | Medium | Internal and External Audits | Low |

7. POTENTIAL IMPACTS

- 7.1 Failure to comply with Pension legislation could result in the Administering Authority being reported to the Pensions Regulator where failure is deemed to be of a material significance.
- 7.2 Equalities: Equality Impact Assessments are published on the [council's website](#) . N/A
- 7.3 Climate change/sustainability: N/A
- 7.4 Data Protection/GDPR. N/A

8. CONSULTATION

- 8.1 N/A

9. TIMETABLE FOR IMPLEMENTATION

- 9.1 Ongoing.

10. APPENDICES

- 10.1 This report is supported by 1 appendix:
- Appendix 1 – Risk Assessment Register

11. BACKGROUND DOCUMENTS

- 11.1 This report is supported by 0 background documents:

12. CONSULTATION (MANDATORY)

| Name of consultee | Post held | Date sent | Date returned |
|--------------------|--|-----------|---------------|
| <i>Mandatory:</i> | | | |
| Adele Taylor | Executive Director of Resources/S151 Officer | | |
| Emma Duncan | Deputy Director of Law and Strategy / Monitoring Officer | | |
| <i>Deputies:</i> | | | |
| Andrew Vallance | Head of Finance (Deputy S151 Officer) | | |
| Elaine Browne | Head of Law (Deputy Monitoring Officer) | | |
| Karen Shepherd | Head of Governance (Deputy Monitoring Officer) | | |
| <i>Others:</i> | | | |
| Cllr Julian Sharpe | Chairman – Berkshire Pension Fund Committee | | |

| | | | |
|-------------|------------------------------|--|--|
| Ian Coleman | Interim Pension Fund Manager | | |
|-------------|------------------------------|--|--|

REPORT HISTORY

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

| |
|---|
| Report Author: Kevin Taylor, Pension Services Manager, 07792 324393 |
|---|

Royal County of Berkshire Pension Fund – Risk Assessment Register

| 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 001 | Failure to comply with Scheme regulations and associated pension law. | Operational | Lack of technical expertise / staff resources to research regulations, IT systems not kept up to date with regulations. | Incorrect pension payments made or estimates given. Unhappy customers, employers, risks of fines, adverse audit reports, breaches of the law. | Adele Taylor | Sufficient staffing. Training and regulatory updates for all individuals associated with the Fund. Competent software provider and external consultants. | 2 | 2 | 4 | Low | Work continues to ensure that the Fund complies fully with all governance and administration requirements. | Kevin Taylor Philip Boyton | Ongoing | 2 | 2 | 4 | Low | Sep 2021 |
| PEN 002 | Late issue of Scheme regulation amendments. | Operational | MHCLG do not issue changes to regulations well in advance of effective date. | Resource issues for Fund. Administering Authority has a duty to ensure that all stakeholders receive and have access to most up to date information. | Adele Taylor | Required actions to be considered in view of draft regulations. Senior managers to consider appropriate requirements and prioritise communications accordingly. | 4 | 1 | 4 | Low | Details to be included on welcome page of website and information to be distributed to Scheme employers for dissemination to scheme members via intranet and email. | Kevin Taylor Philip Boyton | N/A | 4 | 1 | 4 | Low | Sep 2021 |
| PEN 003 | The appropriate knowledge and understanding is not maintained by the Administering Authority. | Operational | Lack of technical expertise, training, professional development and continuous self-assessment to identify gaps in knowledge. | Failure to secure compliance with statutory obligations and tPR requirements leading to poor governance and administration of the Scheme. Dissatisfied customers, adverse audit reports, risk of fine. | Adele Taylor | Training plans in place for officers and Members of the Pension Fund Panel, Pension Fund Advisory Panel and Pension Board. Members of Pension Board to assist Administering Authority in ensuring compliance. | 4 | 1 | 4 | Low | Continual review of training needs and staff levels with succession plans developed. | Kevin Taylor Philip Boyton | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |
| 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. | Adele Taylor | Fund under takes an annual data quality exercise. Continues to work with employers to improve data. 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 | Sep 2021 |

Royal County of Berkshire Pension Fund – Risk Assessment Register

| 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 005 | Failure to hold personal data securely. | Operational | Poor procedures for data transfer to and from partner organisations, poor security of systems, poor data retention and disposal, poor backup and recovery of data. | Poor data, lost or compromised. Risk of fines, adverse audit reports, breaches of the law. | Adele Taylor | Database hosted off-site and backed up in 2 separate locations. Access to systems is available to a limited number of users via dual password and user identification. Data transferred is encrypted. Compliant with RBWM data protection and IT policies. No paper files all managed via image and system document generation. Confidential waste disposed of in line with RBWM policy. | 4 | 1 | 4 | Low | Annual audit undertaken. Staff undertake annual data protection training in line with RBWM policy. | Kevin Taylor Philip Boyton | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |
| PEN 006 | Failure to make pension payments on time. | Operational | Systems not in place to ensure payments made on time. | Payments paid late and in some cases after statutory deadline. Fund open to criticism and possible fine. | Adele Taylor | Schedule of payment dates is maintained and written procedures adopted. Sufficient cover is provided to ensure payments can be made on time. | 4 | 1 | 4 | Low | Continual review of training needs and staff levels with succession plans developed. | Philip Boyton | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |
| PEN 007 | Continue making payments to deceased members. | Operational | Systems not in place to ensure that payments stop at appropriate time. Fund not advised of member's death. | Payments continue to be made incorrectly at a potential cost to the Pension Fund. Distress caused to dependants. | Adele Taylor | The Fund undertakes a monthly mortality screening exercise and participates in the biennial National Fraud Initiative (NFI). | 2 | 2 | 4 | Low | Fund has signed up to the Information Sharing Agreement hosted by WYPF and the DWP 'Tell Us Once' service. | Philip Boyton | Ongoing | 2 | 2 | 4 | Low | Sep 2021 |
| PEN 008 | Unable to access pension software during normal office hours or extended hours where required. | Operational | Links to system not working, internet access denied. | Unable to carry out administrative duties for duration of outage. | Adele Taylor | Procedures in place to contact software provider's helpdesk and action plan implemented. Outage times recorded / reported. | 4 | 1 | 4 | Low | As part of contract consideration needs to be given to means of compensation for loss of service. | Philip Boyton | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |

Royal County of Berkshire Pension Fund – Risk Assessment Register

| 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 009 | Late or non-receipt of pension contributions from Scheme employer. | Operational | Scheme employers fail to make payment of employee and employer contributions to Pension Fund within statutory deadlines. | Loss of pension investment. Employer at risk of being reported to tPR with action and fines being imposed if considered to be of material significance. | Adele Taylor | Receipt of contributions is monitored very closely. Employers chased and reminded of their statutory duties. All occurrences recorded in stewardship report. Guidance issued to scheme employers. | 2 | 1 | 3 | Low | Scheme employers engaging with i-Connect will automatically upload contributions to member records monthly improving reconciliation processes. | Kevin Taylor | Ongoing | 2 | 2 | 4 | Low | Sep 2021 |
| PEN 010 | Increased liabilities as a result of large number of early retirement cases. | Operational | Scheme employer early retirement policies. | Potential for unfunded liabilities through strain costs. Financial loss to the Fund. | Adele Taylor | The Fund monitors the incidences of early retirements closely and procedures are in place to ensure that Scheme employers are invoiced for any strain costs that arise. | 1 | 1 | 2 | Low | Settlement of invoices required within 21 days of issue with failures resulting in the issue of a notice of unsatisfactory performance to employer. | Kevin Taylor | Ongoing | 2 | 2 | 4 | Low | Sep 2021 |
| 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. | Adele Taylor | 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. | Adele Taylor | Ongoing | 2 | 2 | 4 | Low | Sep 2021 |
| PEN 012 | Failure to communicate properly with stakeholders | Operational | Lack of clear communications policy and action particularly with Scheme members and employers. | Scheme members unaware of the rights and privileges the Scheme provides so make bad decisions. Employers are not aware of the regulations and their responsibilities and so data flow is poor. | Adele Taylor | The Fund has a Communication Manager and a Communications Policy. The website is maintained to high standard and all guides, factsheets and training notes are published. | 4 | 1 | 4 | Low | The Communication Policy continues to evolve. | Kevin Taylor | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |
| PEN 013 | Loss of office premises | Operational | Fire, bomb, flood etc. | Temporary loss of service. | Adele Taylor | A business continuity plan is in place. Systems hosted, staff can work at home. | 4 | 1 | 4 | Low | N/A | Kevin Taylor | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |

Royal County of Berkshire Pension Fund – Risk Assessment Register

| 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 014 | Loss of funds through fraud. | Operational | Fraud or misappropriation of funds by an employer, agent or contractor. | Financial loss to the Fund. | Adele Taylor | The Fund is internally and externally audited to test that controls are adequate. Regulatory control reports from investment managers, custodian. Due diligence is carried out when new investment managers appointed. Fund participates in biennial National Fraud Initiative (NFI). | 4 | 1 | 4 | Low | Monthly spot checks are undertaken as requested by internal audit to ensure that no 'ghost' members have been added to payroll and that all payment runs have been processed appropriately. | Adele Taylor | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |
| PEN 015 | Poor management of cashflows. | Operational | Day to day cashflows not monitored effectively. | Funds not available to make pension payments. | Adele Taylor | Officers of the Pension Fund monitor cashflows on a daily basis and are aware of the payment schedules produced by payroll. | 4 | 1 | 4 | Low | N/A | Kevin Taylor | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |
| PEN 016 | Failure to delegate duties appropriately. | Operational | Delegation of duties not understood. | Officers fail to fulfil their delegated duties resulting in poor performance and potential loss of reputation. | Adele Taylor | Officers carry out their duties in accordance with the Administering Authority's Schedule of Delegations as contained in the Council's Constitution. | 3 | 2 | 6 | Low | Schedules of delegation to be reviewed for all aspects of the Pension Fund's duties. | Adele Taylor | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |
| PEN 017 | Funding Level below 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. | Adele Taylor | Fund has published Funding Strategy Statement. Deficit recovery plan implemented following 2019 valuation. Fund regularly monitors investment returns and the Actuary provides a funding update each month. | 4 | 2 | 8 | Medium | Regular performance updates received from LPP I Ltd. | Adele Taylor | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |

Royal County of Berkshire Pension Fund – Risk Assessment Register

| 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 018 | Unstable employer contribution rates. | Strategic | Actual investment returns fail to meet expected returns. | Volatile employer contribution rates leading to Scheme employers having difficulties in setting budgets. | Adele Taylor | The Fund aims to keep employer contribution rates stable by agreeing with employers and the Actuary and appropriate deficit recovery plan. | 4 | 1 | 4 | Low | Funding level monitored closely. | Adele Taylor | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |
| PEN 019 | Inappropriate funding targets. | Strategic | Failure of investment strategy to deliver adequate returns. | Immediate cash injections required from employers. Increase in employer contributions. | Adele Taylor | The Fund has issued a Funding Strategy statement and Investment Strategy Statement. | 3 | 1 | 3 | Low | Regular performance updates received from LPP I Ltd. | Adele Taylor | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |
| PEN 020 | Unsatisfactory investment performance | Strategic | Poor economic conditions, wrong investment strategy, poor selection of investment managers. | Poor / negative investment return, employer contribution rates increase, funding level falls, pressure on Council tax and employer costs. | Adele Taylor | Use of expert consultants in the selection of investment strategy and managers. Regular review via Investment Working Group. | 2 | 2 | 4 | Low | Regular performance updates to be received from LPP I Ltd | Adele Taylor | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |
| PEN 021 | Life Expectancy risk. | Strategic | As life expectancy rises liabilities increase disproportionately. | Employer contributions rise causing upward pressure on Council Tax and employer costs. | Adele Taylor | In December 2009 the Fund entered into a longevity insurance SWAP covering its liabilities for pensioners as at 31 July 2009. | 3 | 1 | 3 | Low | The Pension Fund Committee continues to investigate how to protect the Fund against increasing longevity. Reviews the cost of insuring longevity risk of pensioners retired since July 2009. | Adele Taylor | Ongoing | 3 | 1 | 3 | Low | Sep 2021 |
| PEN 022 | Currency risk. | Strategic | Values of investments overseas are affected by unrelated changes in foreign exchange rates. | Investment returns become volatile in the medium to long-term. | Adele Taylor | In April 2012 the Fund's currency hedging policy was amended so currency exposures are managed against a strategic currency benchmark | 3 | 1 | 3 | Low | Regular performance updates to be received from LPP I Ltd | Adele Taylor | Ongoing | 3 | 1 | 3 | Low | Sep 2021 |

Royal County of Berkshire Pension Fund – Risk Assessment Register


| 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 | | |
|---------|--|---------------|---|---|--------------|--|---------------------|------------|-------|--|---|---------------|--------------------|--------|------------|------------------|-------|---------------|
| | | | | | | | Impact | Likelihood | Score | | | | Level of risk | Impact | Likelihood | | Score | Level of risk |
| PEN 023 | Interest rate risk. | Strategic | Changes in long-term interest rates affect the net present value of the Fund's liabilities. | Investment returns become volatile in the medium to long-term. | Adele Taylor | The Pension Fund Committee has considered how long-term interest rate risk can be hedged and authorised officers to investigate how this can be achieved within the constraints of the LGPS regulations. | 3 | 1 | 3 | Low | Regular performance updates to be received from LPP Ltd | Adele Taylor | Ongoing | 3 | 1 | 3 | Low | Sep 2021 |
| PEN 024 | Inflation risk. | Strategic | Benefits paid to Scheme members are linked (upwards only) to Consumer Price Index (CPI). | Liabilities increase disproportionately at times of high inflation. | Adele Taylor | The Pension Fund Committee has considered how long-term inflation risk can be hedged and authorised officers to investigate how this can be achieved within the constraints of the LGPS regulations. | 2 | 1 | 2 | Low | Regular performance updates to be received from LPP Ltd | Adele Taylor | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |
| 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. | Adele Taylor | The Pension Fund Committee 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 | Annual review by the Fund Actuary to be implemented | Adele Taylor | Ongoing | 3 | 1 | 3 | Low | Sep 2021 |

Royal County of Berkshire Pension Fund – Risk Assessment Register

| 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 | | |
|---------|--|---------------|---|--|--------------|--|---------------------|------------|-------|--|--|-------------------------------|--------------------|--------|------------|------------------|-------|---------------|
| | | | | | | | Impact | Likelihood | Score | | | | Level of risk | Impact | Likelihood | | Score | Level of risk |
| PEN 027 | Ability to implement the Public Sector exit cap. | Operational | Introduction of exit cap places an additional burden of the administration team. | Current changes make it impossible to apply to rules under two conflicting sets of legislation. Need to be communicated to individuals and Scheme employers. Systems will need to be adapted once revised regulations have been issued. | Adele Taylor | Currently monitoring the progress and briefings being communicated. | 3 | 4 | 4 | High | Awaiting issue of amended LGPS regulations in order to meet requirements of Exit Reform legislation. | Kevin Taylor Philip Boyton | Ongoing | 3 | 4 | 4 | High | Sep 2021 |
| PEN 028 | Reconciliation of GMP records | Operational | From 6 April 2016 changes to the State Pension Scheme remove the contracting-out nature of the LGPS. | GMPs no longer provided by HMRC. GMP information held by Fund could be wrong resulting in potential for liabilities being paid by Fund. | Adele Taylor | Data analysis carried out and action taken to reconcile and adjust pensions paid to retired members. | 1 | 4 | 4 | Low | To review GMP amounts allocated to active and deferred members. | Philip Boyton | Ongoing | 1 | 3 | 3 | Low | Sep 2021 |
| PEN 029 | Failure by Pension Board members to fulfil their Terms of Reference and associated protocols | Operational | Members of the Pension Board so not fulfil their statutory obligations set out in their Terms of Reference. | Failure by Pension Board members to assist the Administering Authority in securing compliance with pension legislation and requirements set out by the Pensions Regulator leading to poor governance and administration of the scheme. Dissatisfied customers, loss of reputation, risk of fine. | Adele Taylor | Training plans in place for Pension Board members. | 4 | 1 | 4 | Low | Annual review of Terms of Reference and regular review of training needs. | Kevin Taylor | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |
| 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. | Adele Taylor | Pension system provider has robust accredited solutions in place to ensure any cyber-attack can be identified and prevented. | 4 | 2 | 8 | Medium | Development of an overall cyber strategy to include the Fund's use of Borough systems.. | Kevin Taylor Philip Boyton | Ongoing | 4 | 1 | 4 | Low | Sep 2021 |

Royal County of Berkshire Pension Fund – Risk Assessment Register

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| | | |
|--|--|--|
| Report Title: | Administration Report | www.rbwm.gov.uk  |
| Contains Confidential or Exempt Information? | NO - Part I | |
| Member reporting: | Councillor Sharpe, Chairman Berkshire Pension Fund Committee and Pension Fund Advisory Panel | |
| Meeting and Date: | Berkshire Pension Fund Committee and Pension Fund Advisory Panel – 14 June 2021 | |
| Responsible Officer(s): | Kevin Taylor, Pension Services Manager, Philip Boyton, Pension Administration Manager | |
| Wards affected: | None | |

REPORT SUMMARY

This report deals with the administration of the Pension Fund for the period 1 January 2021 to 31 March 2021. It recommends that Members (and Pension Board representatives) note the Key Administrative Indicators throughout the attached report.

Good governance requires all aspects of the Pension Fund to be reviewed by the Administering Authority on a regular basis. There are no financial implications for RBWM in this report

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Committee notes the report and:

- (i) All areas of governance and administration as reported**
- (ii) 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 Committee meeting subsequent to those dates.

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

- 2.1 The Berkshire Pension Fund Committee has a duty in securing compliance with all governance and administration issues.

3. KEY IMPLICATIONS

- 3.1 Failure to fulfil the role and purpose of the Administering Authority could lead to the Pension Fund and the Administering Authority being open to challenge and intervention by the Pensions Regulator.

4. FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 Not applicable.

5. LEGAL IMPLICATIONS

5.1 None.

6. RISK MANAGEMENT

6.1 None.

7. POTENTIAL IMPACTS

7.1 Equalities: Equality Impact Assessments are published on the [council's website](#)
N/A

7.2 Climate change/sustainability: N/A

7.3 Data Protection/GDPR. N/A

8. CONSULTATION

8.1 Not applicable.

9. TIMETABLE FOR IMPLEMENTATION

9.1 Not applicable.

10. APPENDICES

10.1 This report is supported by 0 appendices

11. BACKGROUND DOCUMENTS

11.1 This report is supported by 0 background documents.

12. CONSULTATION (MANDATORY)

| Name of consultee | Post held | Date issued for comment | Date returned with comments |
|-------------------|--|-------------------------|-----------------------------|
| <i>Mandatory</i> | <i>Statutory officers (or deputy)</i> | | |
| Adele Taylor | Executive Director of Resources/S151 Officer | | |
| Emma Duncan | Deputy Director of Law and Strategy / Monitoring Officer | | |
| <i>Deputies:</i> | | | |
| Andrew Vallance | Head of Finance (Deputy S151 Officer) | | |
| Elaine Browne | Head of Law (Deputy Monitoring Officer) | | |

| | | | |
|---------------------|---|--|--|
| Karen Shepherd | Head of Governance (Deputy Monitoring Officer) | | |
| <i>Others:</i> | | | |
| Cllr. Julian Sharpe | Chairman – Berkshire Pension Fund Committee | | |
| Ian Coleman | Interim Pension Fund Manager | | |

REPORT HISTORY

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

| |
|--|
| Report Author: Kevin Taylor, Pension Services Manager 07992 324393 |
|--|



**THE ROYAL COUNTY OF
BERKSHIRE
PENSION FUND**

ADMINISTRATION REPORT

QUARTER 1 – 2021/22

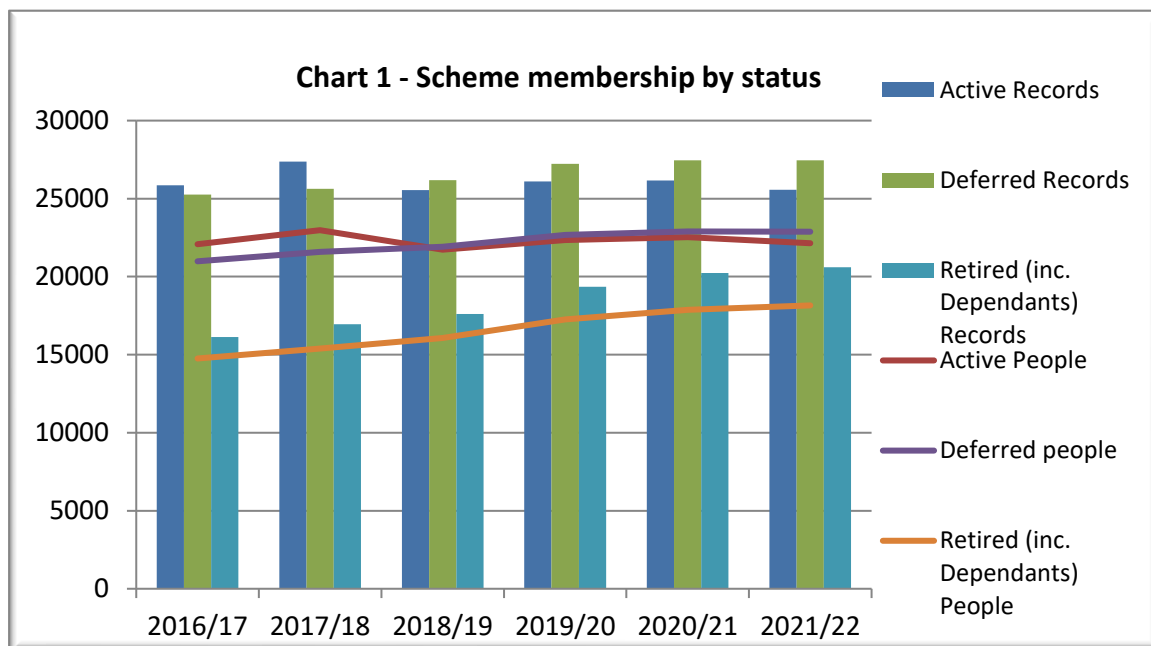
1 April 2021 to 30 June 2021

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 - 1.3 Scheme Employers 4
 - 1.4 Scheme Employer Key Performance Indicators 5
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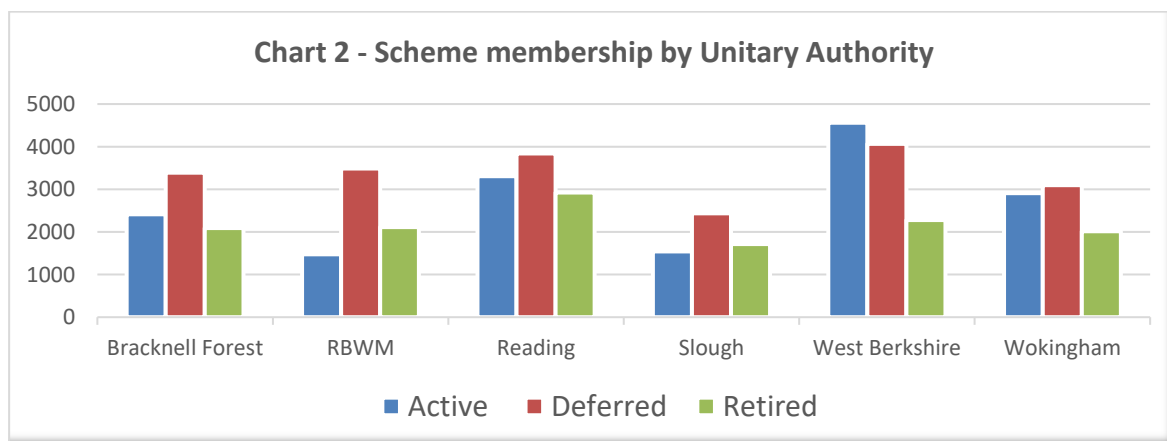
1. ADMINISTRATION

1.1 Scheme Membership



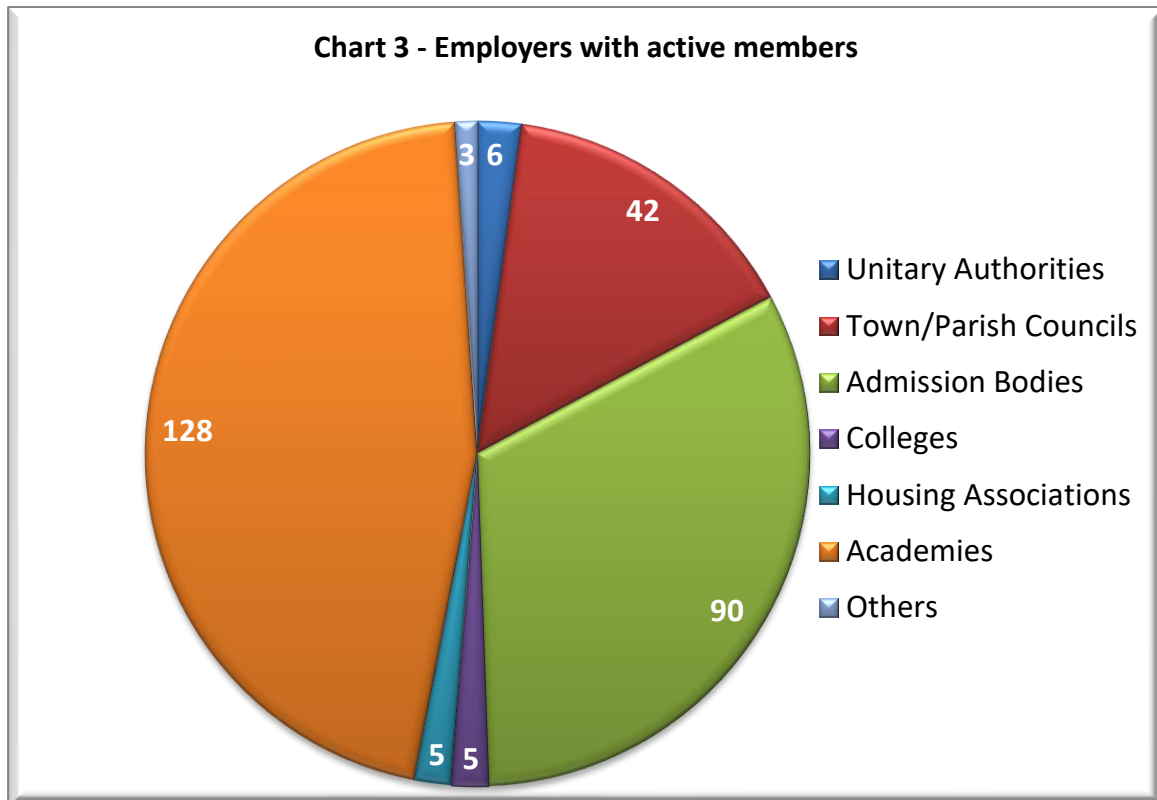
| TOTAL MEMBERSHIP | | | |
|------------------|---------------|-----------------|---------------|
| Active Records | 25,711 | Active People | 22,141 |
| Deferred Records | 27,448 | Deferred People | 22,882 |
| Retired Records | 20,599 | Retired People | 18,157 |
| TOTAL | 73,618 | TOTAL | 63,180 |

1.2 Membership by Employer



| Membership movements in this Quarter (and previous Quarter) | | | | | | |
|---|------------|------------|------------|------------|------------|------------|
| | Bracknell | RBWM | Reading | Slough | W Berks | Wokingham |
| Active | +12 +27 | -10 -27 | -59 +19 | -67 -61 | -38 +13 | -6 -13 |
| Deferred | +21 -23 | -35 +3 | -7 -6 | -2 -22 | -34 -18 | -3 -11 |
| Retired | +25 +27 | +37 +24 | +41 +29 | +31 +10 | +65 +31 | +45 +32 |

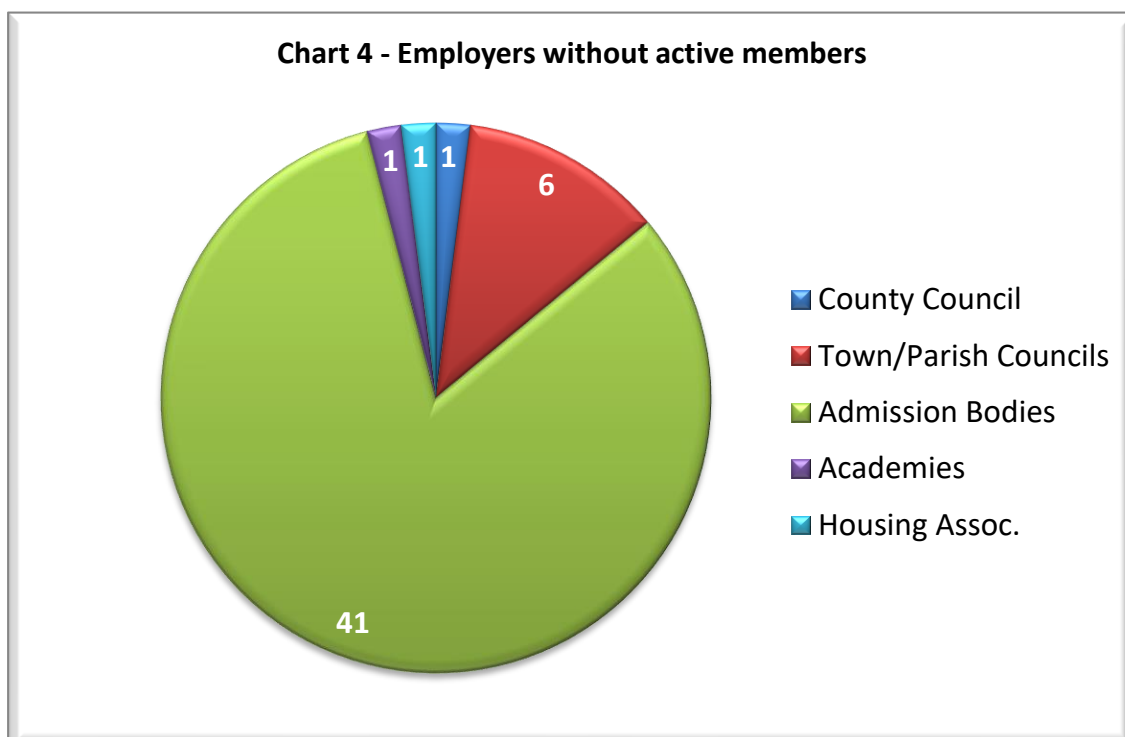
1.3 Scheme Employers



New employers since last report:

Admission Bodies: Everbrite Cleaning Services, Get Active x 2, Compass Contract Services

Town/Parish Councils: West Ilsley PC



Exiting employers: None

1.4 Scheme Employer Key Performance Indicators

| Table 1A – i-Connect users Quarter 1 (1 April 2021 to 30 June 2021) | | | | | |
|---|--------------|--------------|--------------|--------------|--|
| Employer | Starters | Leavers | Changes | Total | Submission Received Within Specification |
| Bracknell Forest Council | 175 | 141 | 487 | 803 | 100% |
| RBWM | 99 | 87 | 249 | 435 | 100% |
| Reading BC | 185 | 110 | 626 | 921 | 66.66% |
| Slough BC | 190 | 273 | 1,029 | 1,492 | 100% |
| West Berks Council | 373 | 238 | 1,015 | 1,626 | 100% |
| Wokingham BC | 356 | 232 | 507 | 1,095 | 100% |
| Academy/ School | 328 | 312 | 2,081 | 2,721 | 53.57% |
| Others | 98 | 77 | 286 | 461 | 99.69% |
| Totals | 1,804 | 1,470 | 6,280 | 9,554 | |

NOTES: Table 1A above shows all transactions through i-Connect for the first quarter of 2021/2022. Changes include hours/weeks updates, address amendments and basic details updates.

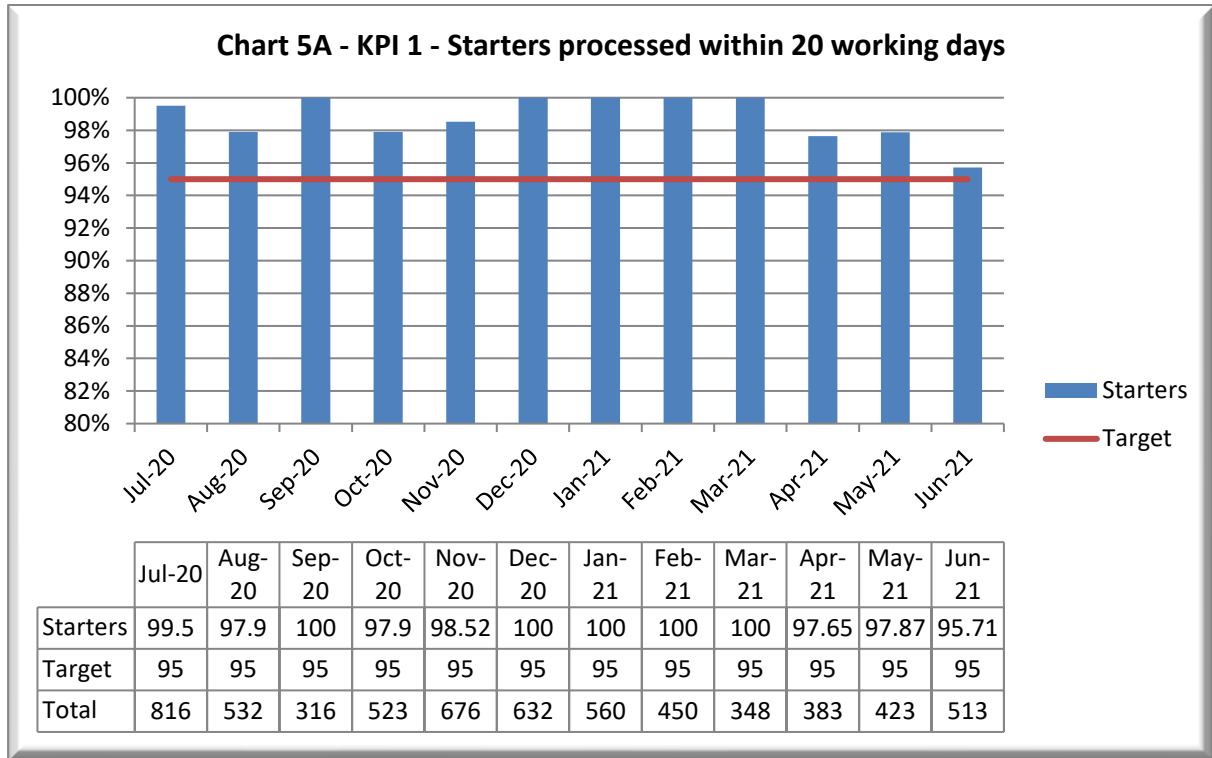
The benefits of i-Connect are:

- 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.

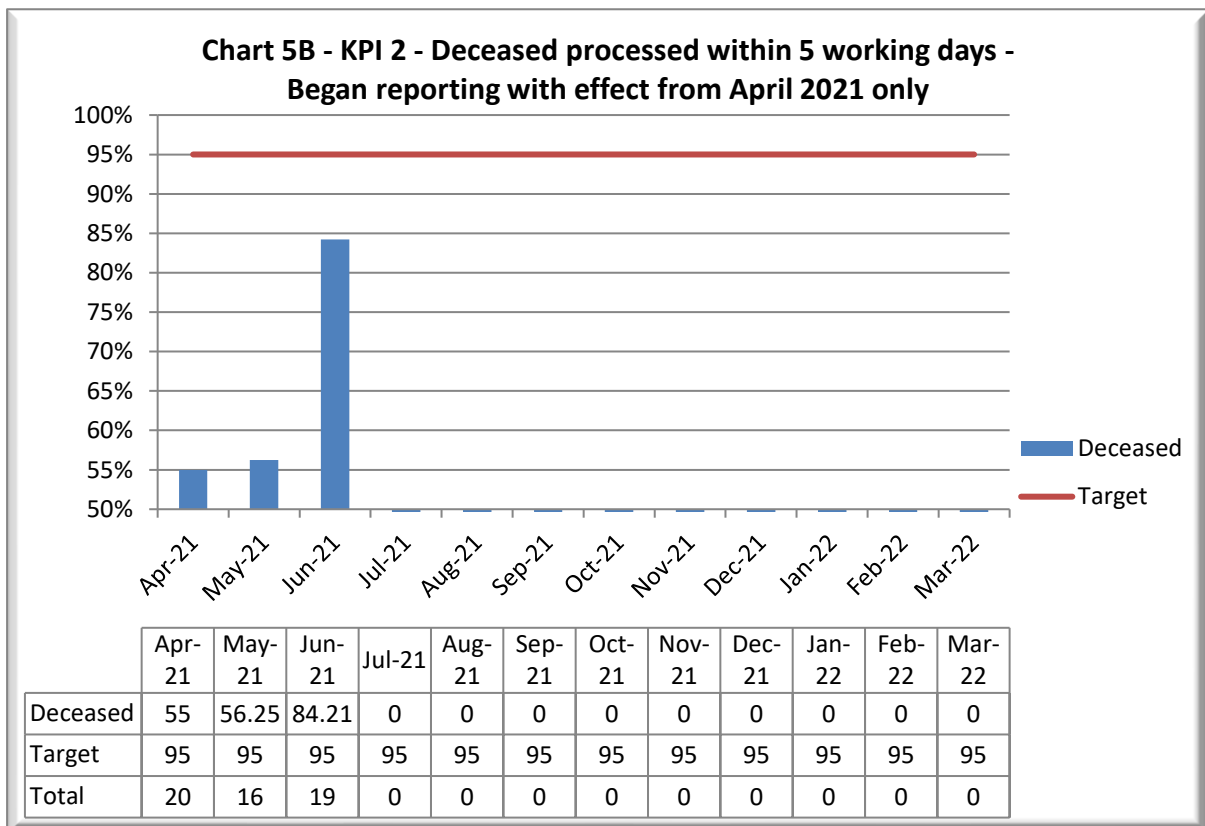
144 scheme employers are yet to on board i-Connect. Of these 31 individual scheme employers have more than 10 scheme members. In addition, we have 34 academies across 13 Multi-Academy Trusts (MATs) still to on-board making a total of 65 employers. (Please note that we treat the MAT as the employer so strictly there are 44 scheme employers with more than 10 scheme members still to on-board but 65 employer locations held on the administration system).

The Pension Fund is committed to having all scheme employers with 10 or more scheme members uploaded to i-Connect by 31 March 2022. Scheme employers with fewer than 10 scheme members (79 employers) will also be given the option of using an on-line portal version of i-Connect by that date.

1.5 Key Performance Indicators

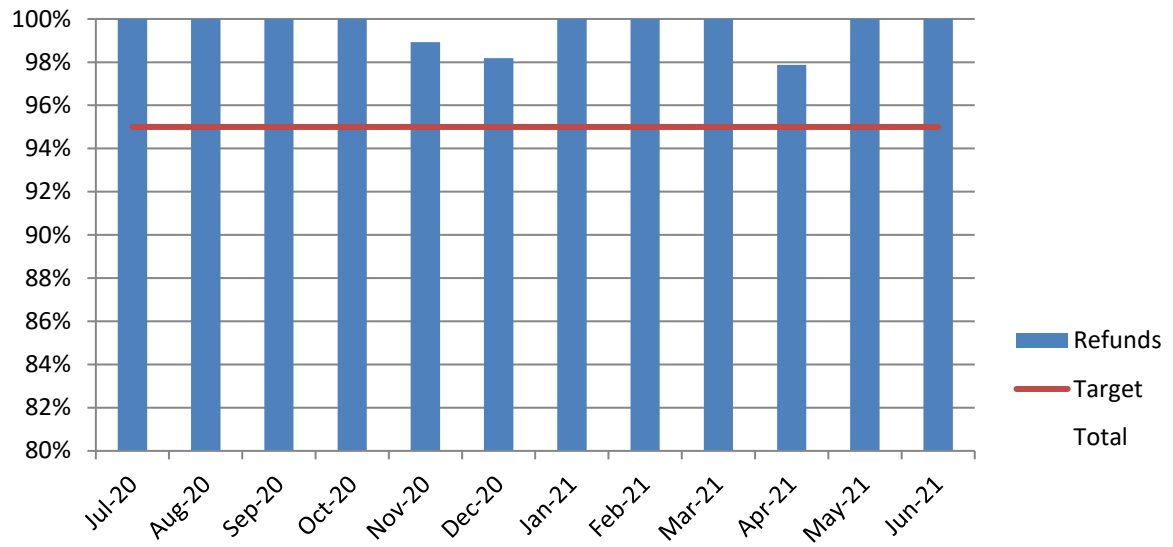


CIPFA Benchmark: Two months from date of joining the scheme or if earlier within one month of receiving jobholder information.



CIPFA Benchmark: As soon as practicable and no more than two months from date of notification of death from scheme employer or deceased’s representative.

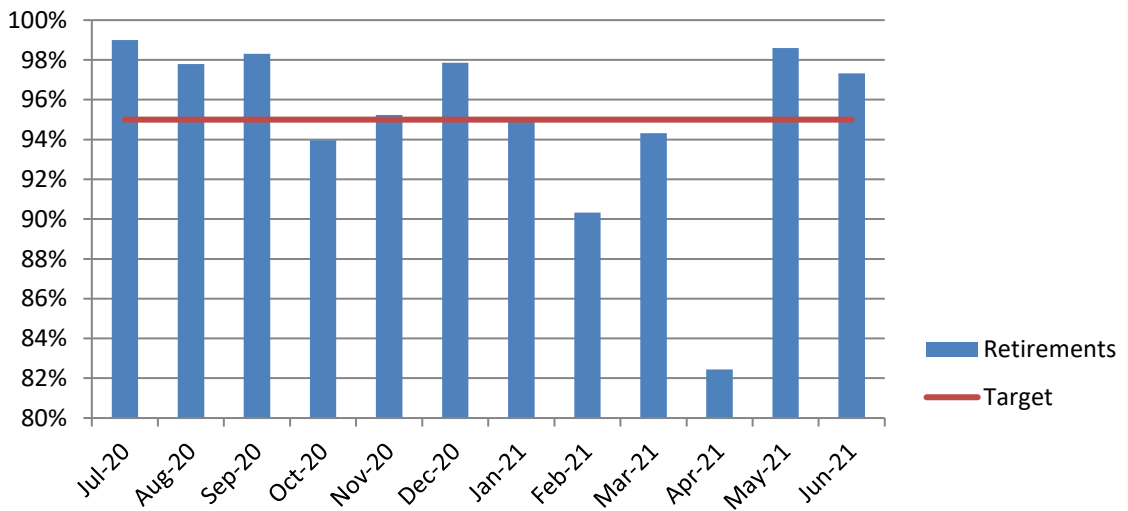
Chart 5C - KPI 3 - Refunds processed within 10 working days



| | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Refunds | 100 | 100 | 100 | 100 | 98.92 | 98.18 | 100 | 100 | 100 | 97.87 | 100 | 100 |
| Target | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 |
| Total | 74 | 64 | 48 | 48 | 93 | 55 | 28 | 23 | 44 | 47 | 36 | 50 |

CIPFA Benchmark: To be confirmed.

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

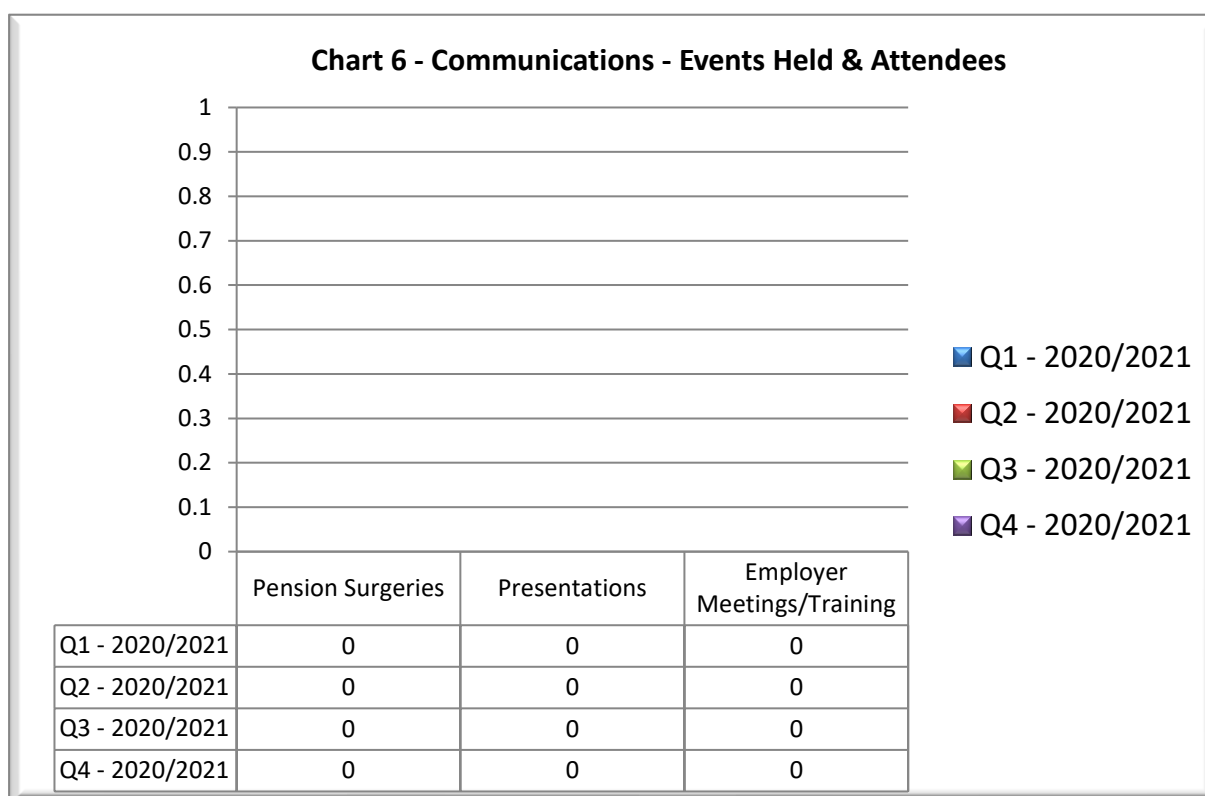


| | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Retirements | 99 | 97.8 | 98.3 | 93.96 | 95.24 | 97.85 | 94.96 | 90.32 | 94.32 | 82.44 | 98.6 | 97.33 |
| Target | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 |
| Total | 107 | 91 | 120 | 149 | 126 | 93 | 119 | 93 | 88 | 131 | 36 | 150 |

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

Not reporting on these events currently. Will be reported again from next quarter



1.7 Stakeholder Feedback

As part of the Pension Fund's aim to achieve Pension Administration Standards Association (PASA) accreditation it is a requirement to report to Members the comments and complaints received from scheme employers and their scheme members on a periodic basis. Please see below feedback received from stakeholders during the first quarter:

| Date Received | Method | Feedback |
|---------------|--------|---|
| 05/05/2021 | Email | Thank you for your help today. I was a bit lost without it. |
| 06/05/2021 | Email | I also want to put on record my thanks to [NAME] for his support, advice and patience with my never-ending questions during the last 12/14 months in relation to the drafting of the Admission Agreement. |
| 07/05/2021 | Email | I would also like to say thank you so much to you and your team for your support and guidance with the LGPS over the years, it has been a pleasure to work with you. |
| 13/05/2021 | Email | Many thanks for your prompt response - most impressive. |
| 03/06/2021 | Email | That is good news. Thank you for your perseverance. |
| 04/06/2021 | Email | Hi [NAME] – thank you very much indeed for coming back so quickly. I'm |

| | | |
|------------|-------|--|
| | | very grateful to you for explaining it in such a clear and understandable way! I'll think further on next steps – but meanwhile, thank you again and have a good weekend! With best wishes. |
| 10/06/2021 | Email | Good Morning [NAME], just wanted to say thank you very much for sending the below information. It is exactly what we needed, and we received this very quickly! Thank you again, and all the best. |

2 SPECIAL PROJECTS

2.1. *McCloud Judgement*

In 2014 the Government introduced reforms to public service pensions, meaning most public sector workers were moved into new pension schemes in 2014 and 2015.

In December 2018, the Court of Appeal ruled that the ‘transitional protection’ offered to some members of the judges’ and firefighters’ pension schemes, as part of the reforms, gave rise to unlawful discrimination.

On 15 July 2019 the Chief Secretary to the Treasury made a written ministerial statement confirming that, as ‘transitional protection’ was offered to members of all the main public service pension schemes, the difference in treatment will need to be removed across all those schemes for members with relevant service.

The changes to the LGPS include transitional protection for members who were within 10 years of their Final salary Scheme normal pension age on 1 April 2012, ensuring that they would receive a pension that was at least as high as they would have received had the scheme not been reformed to a Career Average Revalued Earnings scheme from 1 April 2014.

Like all LGPS Pension Funds we are currently analysing the membership whilst working closely with both our actuary, Barnett Waddingham, and pension software provider, heywood Limited, to identify those members impacted by this judgement leading to a recalculation of deferred and in payment scheme member benefits.

2.2 *Year End 2021 Processing*

Officers are pleased to report the reconciliation of data in respect of active contributors was successfully completed ahead of the statutory deadline of 31 August 2021.

In total 276 scheme employers were required to provide Officers with a Year End File by 30 April 2021. This was achieved by 251 scheme employers with the remaining 25 scheme employers providing their file by no later than 13 July 2021.

Annual Benefit Statements were made available as soon as each scheme employers reconciliation is complete with the first being issued on 22 April 2021 and the last being issued on 13 July 2021.

2.3 *Pensions Dashboard Programme*

A national pensions dashboard has been on the horizon for some time, but now the Pension Schemes Act 2021 has received Royal Assent it is anticipated the Department for Work and Pensions (DWP) to consult on detailed dashboards regulations and with

regulators to begin supporting both private and public sector pension providers and pension schemes to comply with their dashboards compulsion duties. It is anticipated the Pensions Dashboards Programme (PDP) will publish further detailed instructions on how a scheme administrator must operate with the dashboards ecosystem.

Officers recognise it is important not to wait for all this consultation and guidance. Almost every aspect of administering a pension scheme is easier to achieve if data is actively managed and incorporates both Common and Scheme Specific data activities, an area Officers have successfully improved over the last three years.

Officers acknowledge Pensions Dashboards, if done well, could be a game changer in getting individuals to better engage with their pensions, and a better efficiency of pension scheme management. Officers understand the Pensions Dashboard will go live during 2023 and Officers will provide further details to Members in due course.

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Agenda Item 8

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