

NOTICE
OF
MEETING

BERKSHIRE PENSION BOARD

will meet on

THURSDAY, 18TH NOVEMBER, 2021

At 11.00 am

by

VIRTUAL MEETING - ONLINE ACCESS, ON [RBWM YOUTUBE](#)

TO: MEMBERS OF THE BERKSHIRE PENSION BOARD

ALAN CROSS (CHAIRMAN), NIKKI CRAIG, JEFF FORD, ARTHUR PARKER (VICE-CHAIRMAN) AND TONY PETTITT

Karen Shepherd – Head of Governance - Issued: November 10th 2021

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

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

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 September 2 nd 2021.	7 - 12
4.	<u>SCHEME AND REGULATORY UPDATE</u> To receive verbal updates from Kevin Taylor on the Exit Cap, Guaranteed Minimum Pension, McCloud and the Conditions for Transfers Regulations 2021, and from Damien Pantling on the Task Force on Climate Related Financial Disclosures and Section 13.	-
5.	<u>ADMINISTRATION REPORT</u> To note the contents of the report.	13 - 28

PART I DRAFT COMMITTEE PAPERS FOR 6 DECEMBER 2021

6.	<u>RISK REGISTER</u> To note the contents of the report and register.	29 - 40
7.	<u>GOVERNANCE PROGRESS UPDATE</u> To consider the contents of the update report, Governance Progress Matrix and External Audit Governance Matrix.	41 - 60
8.	<u>LAPFF AND PIRC MEMBERSHIP RENEWALS</u> To note the contents of the report.	61 - 68
9.	<u>ANY OTHER BUSINESS</u> To discuss any other Part I items of business.	-

10.	<p><u>LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC</u></p> <p>"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 Paragraph 3 of part I of Schedule 12A of the Act."</p>	
<p><u>PART II COMMITTEE PAPERS FROM 20 SEPTEMBER 2021</u></p>		
11.	<p><u>STRATEGIC ASSET ALLOCATION MODIFICATION</u></p> <p>To consider the update report, Strategic Asset Allocation Health Check, Alternative Portfolio Proposals and Diversifying Strategies Withdrawal.</p> <p><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i></p>	69 - 120
12.	<p><u>EXITING EMPLOYER</u></p> <p>To consider the main report, employer cover letter, trustees' situational report and actuary's paper.</p> <p><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i></p>	121 - 130
13.	<p><u>ACTUARIAL PROCUREMENT UPDATE</u></p> <p>To receive a verbal update from Damien Pantling.</p> <p><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i></p>	-

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MEMBERS' GUIDE TO DECLARING INTERESTS AT 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 Disclosable Pecuniary Interest (DPI) or Other Registerable 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.

Any Member with concerns about the nature of their interest should consult the Monitoring Officer in advance of the meeting.

Non-participation in case of Disclosable Pecuniary Interest (DPI)

Where a matter arises at a meeting which directly relates to one of your DPIs (summary below, further details set out in Table 1 of the Members' Code of Conduct) you must disclose the interest, **not participate in any discussion or vote on the matter and must not remain in the room** unless you have been granted a dispensation. If it is a 'sensitive interest' (as agreed in advance by the Monitoring Officer), you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted by the Monitoring Officer in limited circumstances, to enable you to participate and vote on a matter in which you have a DPI.

Where you have a DPI on a matter to be considered or is being considered by you as a Cabinet Member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

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 (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her 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 council.*
- *Any licence to occupy land in the area of the council for a month or longer.*
- *Any tenancy where the landlord is the council, and the tenant is a body in which the relevant person has a beneficial interest in the securities of.*
- *Any beneficial interest in securities of a body where:*
 - a) that body has a place of business or land in the area of the council, 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.

Disclosure of Other Registerable Interests

Where a matter arises at a meeting which **directly relates** to one of your Other Registerable Interests (summary below and as set out in Table 2 of the Members Code of Conduct), you must disclose the interest. **You may speak on the matter only if members of the public are also allowed to speak at the meeting** but otherwise **must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation**. If it is a 'sensitive interest' (as agreed in advance by the Monitoring Officer), you do not have to disclose the nature of the interest.

Other Registerable Interests (relating to the Member or their partner):

You have an interest in any business of your authority where it relates to or is likely to affect:

- a) any body of which you are in general control or management and to which you are nominated or appointed by your authority*
- b) any body*
 - (i) exercising functions of a public nature*
 - (ii) directed to charitable purposes or*

one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)

Disclosure of Non- Registerable Interests

Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a DPI) or a financial interest or well-being of a relative or close associate, you must disclose the interest. **You may speak on the matter only if members of the public are also allowed to speak at the meeting** but otherwise **must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation**. If it is a 'sensitive interest' (agreed in advance by the Monitoring Officer) you do not have to disclose the nature of the interest.

Where a matter arises at a meeting which **affects** –

- a. your own financial interest or well-being;
- b. a financial interest or well-being of a friend, relative, close associate; or
- c. a body included in those you need to disclose under DPIs as set out in Table 1 of the Members' code of Conduct

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied.

Where a matter **affects** your financial interest or well-being:

- a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise **must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation**. If it is a 'sensitive interest' (agreed in advance by the Monitoring Officer, you do not have to disclose the nature of the interest.

Other declarations

Members may wish to declare at the beginning of the meeting any other information they feel should be in the public domain in relation to an item on the agenda; such Member statements will be included in the minutes for transparency.

Agenda Item 3

BERKSHIRE PENSION BOARD

THURSDAY, 2 SEPTEMBER 2021

PRESENT: Alan Cross (Chairman), Nikki Craig, Kieron Finlay, Julian Curzon and Jeff Ford

Officers: Andy Carswell, Ian Coleman, Damien Pantling, Kevin Taylor and Philip Boyton

INTRODUCTION AND APOLOGIES

The Chairman welcomed everyone to the meeting and asked those present to introduce themselves.

Apologies were received from Arthur Parker and Tony Pettitt. Julian Curzon and Kieron Finlay were attending as substitute employer representatives.

INTRODUCE DAMIEN PANTLING

Damien Pantling told members he was the new Head of Pension Fund and had started the previous day. He said he was looking forward to working with everyone.

DECLARATION OF INTEREST

There were no declarations of interest. Members confirmed no training had been undertaken since the last meeting, although the Chairman had attended the CIPFA Conference.

MINUTES

RESOLVED UNANIMOUSLY: That the minutes of the meeting held on May 27th 2021 be approved as an accurate record.

Arising from the minutes it was noted that the Draft Employer Flexibility report was approved at the last Committee meeting. The Chairman informed members that a specific case study was discussed in the Part II section of the meeting and the Committee had requested further information on this, which was due to be presented at the next meeting. Also arising from the minutes, the Chairman asked for clarification on whether the target of annual benefit statements being completed by June 30 2021 was met. Philip Boyton said the final annual benefit statements to be issued were sent out on July 13 2021. There were two scheme employers, covering no more than a dozen employees, that were still outstanding. This was due to there being a delay in informing the Pension Board that they were seeking admission. Philip Boyton confirmed that annual benefit statements for all major employers were completed by the target date.

SCHEME AND REGULATORY UPDATE

Kevin Taylor told members that a briefing paper regarding the McCloud age discrimination remedy had been prepared; however, the official guidance on how the remedy was to be applied had still not yet been issued. Kevin Taylor said this was expected to be published by the end of the year and a lot of resources would be required to look into the administration of the review. It was noted that unfunded public schemes would retain the option of allowing the care option or final salary option for scheme members. A ministerial statement had been made recently, which suggested that the updated LGPS regulations would come into force from 1 April 2023. Kevin Taylor said however more guidance on how the process would be managed

was required, particularly with regards to the administration of the scheme. Members were told that the actuary had been assessing the potential impact of the remedy and this had been included in the annual employer accounting reports.

Nikki Craig asked if the proposed changes could be administered by existing Fund staff, or if additional resources would be needed. Kevin Taylor said clarity needed to be sought on whether this would be possible. One solution could be to pull staff away from their regular work and get them to focus solely on issues relating to McCloud. The Chairman agreed with Kevin Taylor that until more details could be confirmed, it was difficult to plan for. Philip Boyton said historically the Fund had an excellent reputation for administrative work and given the complexities of the issues it was possible that temporary staff would not be able to cover the required work.

Regarding severance payments, Kevin Taylor said the main issue to be considered was the pension strain costs and how this would be included in the government's overall exit costs. It was unclear, based on the draft statutory guidance that had been issued, how the strain costs would be included as not enough detail had been included. This had been raised by the LGA in their consultation response to the government. Kevin Taylor said the Fund had provided information relating to historical data regarding strain costs to a number of the unitary authorities across Berkshire.

Members noted the contents of the update.

ADMINISTRATION REPORT

Philip Boyton introduced the item and reminded the Board that the report covered the first quarter of the year up to 30 June 2021. He drew members' attention to Table 1.4, which highlighted the performance of scheme employers using i-Connect and that the majority were being received within the key performance indicator timeframes. More work still needed to be done to improve the submission rates of schools and academies, as rates had fallen since the previous quarter. There had been no new employers who had signed up to i-Connect since the previous quarter but four more were imminent and this would result in a further 600 scheme member records receiving data on a monthly basis.

Members were told that a new KPI regarding deceased notification processing had been introduced in place of early leavers, as the latter KPI was consistently being met and it was no longer considered worthwhile monitoring. Details of the new KPI were available in table 1.5 of the report. It was clarified that statistics included those using the "Tell us Once" Government Service. An increase in the number of records being processed during June was noted. Regarding the communications in table 1.6, Philip Boyton said this would start from the following quarter. Discussions were taking place as to which statistics would be communicated.

Philip Boyton told the Board that a national database called the Pension Dashboard was being created, which would allow people to see all information relating to their pension entitlements. The creation of the Pension Dashboard was being driven by the government. Philip Boyton said quality of data would be important in ensuring this would be a success. He drew members' attention to the results of the Pension Fund's year four data quality exercise in consideration of the Pensions Regulator's requirements, which in respect of Common Data had given an accuracy rate of 98.9 per cent in each of the last two years across a little over 750,000 individual pieces of data drawn from a little over 93,000 scheme member records. Although the accuracy rate had remained the same, the number of pieces of data this encompassed had increased so there was a higher total number of accurate pieces of data. Scheme Specific data had a 95 per cent accuracy rating across a little over 870,000 pieces of data, an improvement of 0.5 per cent. Philip Boyton stated his belief that the Fund was therefore in a good position; Kevin Taylor stated it was well within the requirements a Fund would be expected to be able to achieve.

Jeff Ford noted the i-Connect submission rate from Reading Borough Council listed in table 1.4 of the report was 66.6 per cent and asked if this was an anomaly. Philip Boyton said Reading regularly had a 100 per cent on-time submission rate and on this occasion the missing data had been submitted a few days later. Philip said he did not believe there was a need to be concerned at any potential impact on payment of benefits. The Chairman asked if the Director of Resources at Reading would be aware this information would be put on public record. Kevin Taylor confirmed Reading had a representative on the Advisory Board so should be able to take this back to the relevant officer. Nikki Craig told the Board that RBWM had been in a similar position last year and this had been due to a misunderstanding following a change in the deadline date. Once the new dates were confirmed the submission rate returned to 100 per cent.

Members noted the contents of the report.

RISK ASSESSMENT REGISTER

Kevin Taylor advised members that the updated register would be considered at the next Pension Fund Committee meeting. There were a few items of concern that were tracked as amber or red and these would be reviewed and updated by the Committee.

Julian Curzon noted that risk of cyber-attack had been given a medium rating and queried whether it should be given a high rating. He explained that three or four schools in Slough had recently been victims of successful cyber-attacks and asked if the Fund was confident it was sufficiently protected against such an event. Kevin Taylor said the Fund's software was hosted off site and confirmed it had the appropriate certificates and firewalls in place. Nikki Craig said she had been to a training event at another local authority where it was considered good practice for the Council and Pension Fund to have their own separate cyber policies. The Chairman suggested this would likely be looked at in due course.

Julian Curzon drew members' attention to the risk rating for late or non-receipt of pension contributions being low and reminded members that Slough Borough Council had serious financial issues and had been reported in the media as "close to bankruptcy". The Chairman said Slough would be subject to a Section 114 notice which would freeze any new spending without preventing the council from continuing with any spending to which it was already committed. Pension payments were such a commitment so there was an expectation Slough Borough Council would pay all its pension contributions. Julian Curzon stated his belief the risk rating for this indicator should be medium given how serious Slough's financial problems were and how much of a priority payment of pensions would be. Kevin Taylor confirmed that statutory payments from Slough Borough Council had been received before the deadline. He added that if a local authority was unable to meet its pension contributions for whatever reason then central government would intervene and ensure payments were made. The Chairman said the Section 114 notice should also help prevent Slough from going into administration.

Nikki Craig noted that the risk owner for each of the items on the register was Adele Taylor but the risk action owner varied and asked if this would be updated following the appointment of Damien Pantling. She also asked if Adele Taylor would be able to carry out the review herself. The Chairman said he understood Adele Taylor, as Director, was happy to remain as risk owner but had agreed to meet with Damien Pantling in order to do a thorough review of the register. Damien Pantling said this should be done prior to the next Board meeting and would include comparison of the register with that from his previous authority.

Members noted the contents of the risk register.

GOVERNANCE PROGRESS UPDATE

Members noted that the majority of report actions listed had been given a green rating, which was pleasing. Kevin Taylor advised that the Investment Strategy Statement had been deferred

until next year and this would be picked up in due course by Damien Pantling. This consisted of a three-yearly cycle and the ISS needed to be kept up to date. Ian Coleman explained the delay had been due to the later than anticipated arrival of a consultation paper on climate change, the contents of which could significantly influence the wording of the ISS. He said the climate change document was now expected to be published by the end of the calendar year, but the ISS was required to be published by the end of March. He noted that it may be necessary to update the ISS twice if the climate change consultation was not made available in time.

Regarding item 11, it was hoped that discussions could be held with LPPI within the next six months. Regarding item 12, Kevin Taylor said this had been put on hold as discussions on the actuarial services contract had taken priority over those on the Custodian. This was in part due to the 160-day period of notice to exit the custodian contract. Damien Pantling said the actuary procurement was being prioritised with a view to having someone in position by the end of the calendar year, as the valuation was taking place in March 2022. The other procurement process was detailed in item 15 and would be discussed at the Committee in due course. Kevin Taylor confirmed that updates on all the items listed in the report would be given at each Board meeting.

Members noted the contents of the update report.

INTERNAL AUDIT REPORT

Kevin Taylor informed members that the audit had given the Fund the highest possible opinion rating for providing an efficient service and appropriate measures were in place to ensure all requirements were fulfilled. It was also noted by the audit that the concerns raised had been very minor. Regarding the Pension Administration Standards Association application, Philip Boyton explained this had been pushed back because other projects had needed to be prioritised over it. Jeff Ford congratulated the officers involved for the quality of the data provided.

EXTERNAL AUDIT PLANNING REPORT

Kevin Taylor advised members that this item had been discussed at a previous Board meeting but had not progressed to the Committee. Some minor updates had been made in the intervening period and the item would be going back to Committee.

EXTERNAL AUDIT PROGRESS MATRIX

Kevin Taylor told members that the auditors were satisfied with the valuation and longevity swap methodology, so those issues had been resolved. Additionally, the convertible bond was no longer an issue as this had been converted to equity. There had not been the same effect on the stock markets caused by Covid in March 2021 compared to March 2020, which had not caused a knock-on effect with alternative investments as had been the case last year.

PART I PENSION COMMITTEE PAPERS FOR SEPTEMBER 20 2021

There was nothing additional to discuss regarding the Part I Pension Committee papers as this had been covered earlier in the meeting. The Chairman told members that discussions were taking place to decide if some of the Committee's Part II items should remain private or whether they could be considered publicly in the Part I section of the meeting. He gave the example of the climate change item being discussed and suggested that making this public would help make people aware of what the Fund was doing to help with the environment locally, nationally and globally. It was hoped any Part II papers could come to the Board in some way, potentially in arrears after they had already been considered by the Committee.

WORK PROGRAMME

There were no items to discuss relating to the work programme.

ANY OTHER BUSINESS

There were no other items of business to discuss.

The meeting, which began at 11.05 am, finished at 12.12 pm

CHAIRMAN.....

DATE.....

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Report Title:	Administration Report
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 6 December 2021
Responsible Officer(s):	Kevin Taylor, Pension Services Manager and Philip Boyton, Pension Administration Manager
Wards affected:	None

REPORT SUMMARY

This report deals with the administration of the Pension Fund for the period 1 July 2021 to 30 September 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		
Damien Pantling	Head of Pension Fund		

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
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THE ROYAL COUNTY OF
BERKSHIRE
PENSION FUND

ADMINISTRATION REPORT

QUARTER 2 – 2021/22

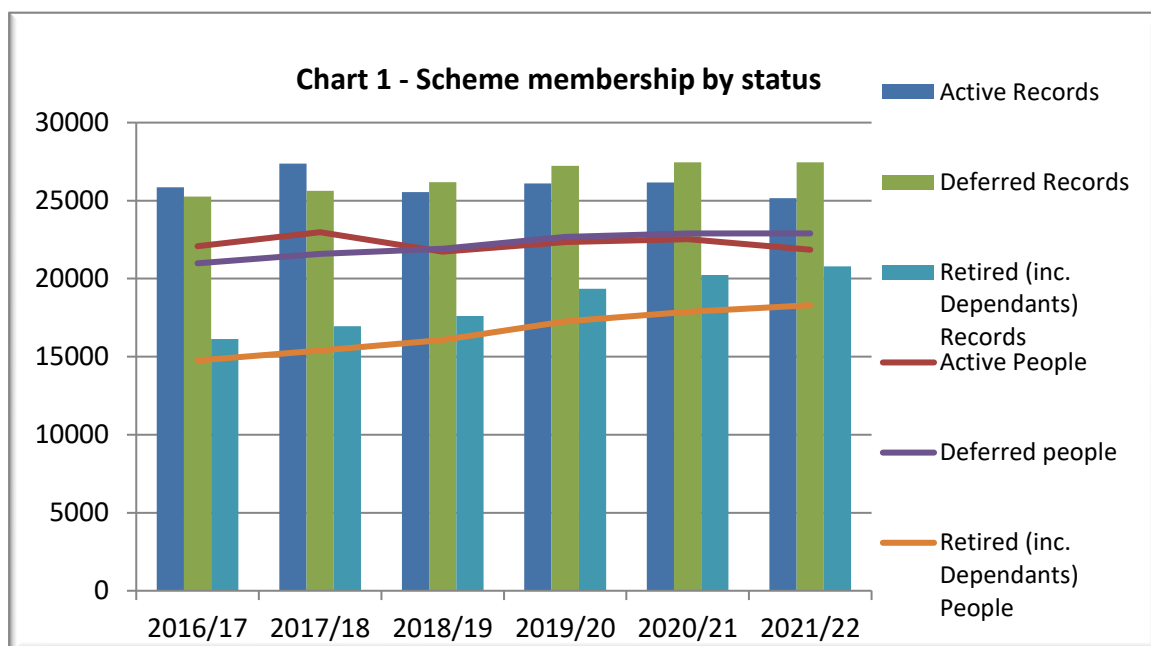
1 July 2021 to 30 September 2021

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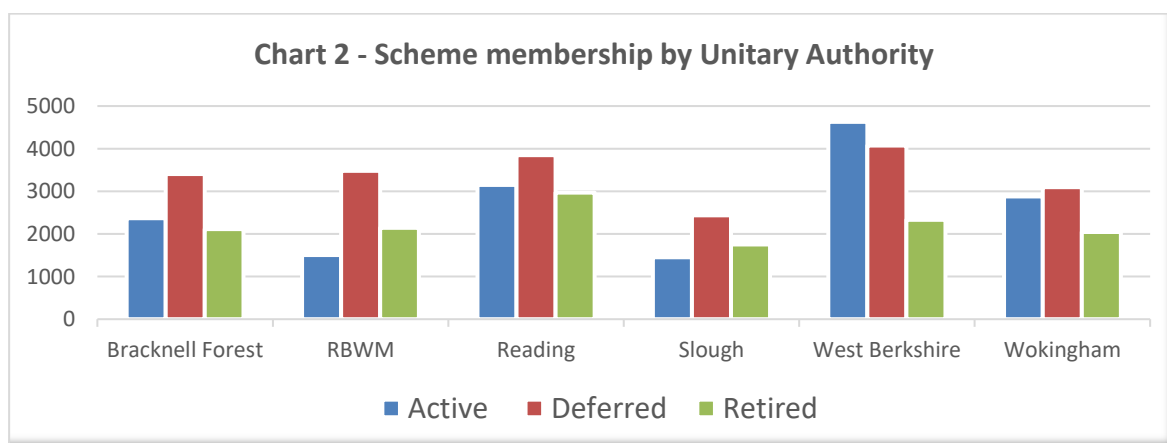
1. ADMINISTRATION

1.1 Scheme Membership



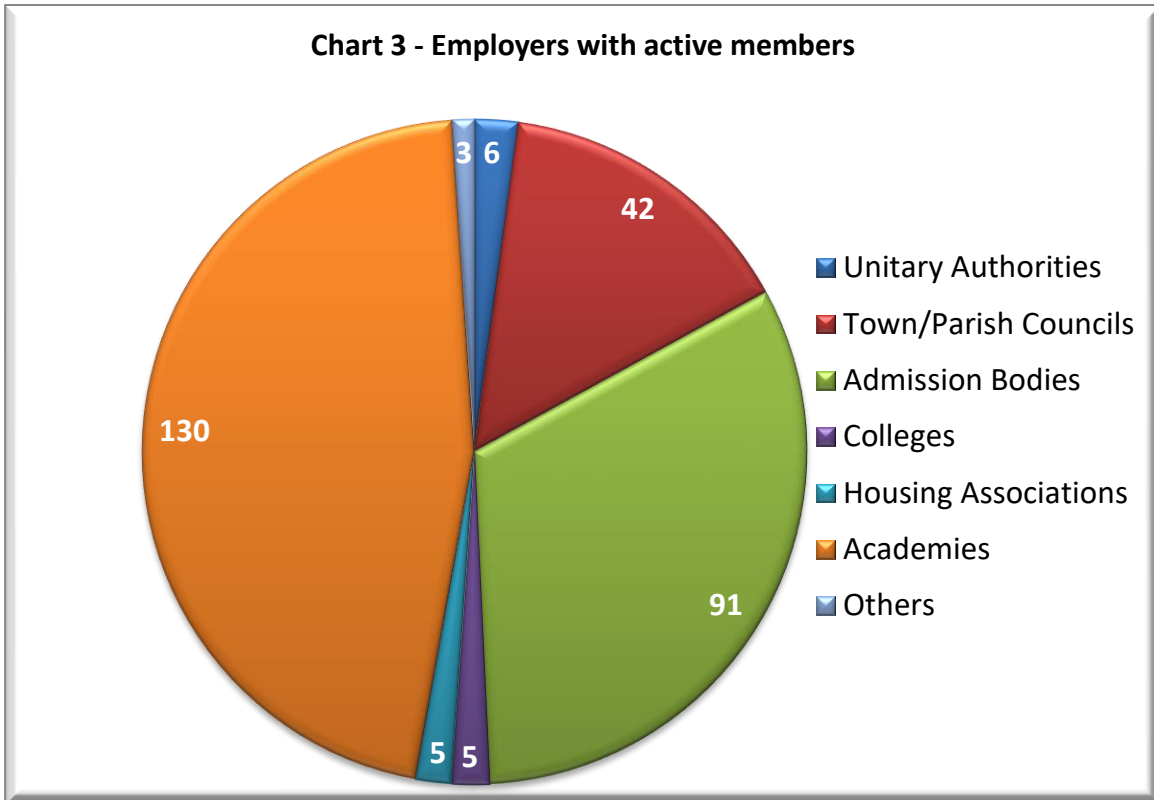
TOTAL MEMBERSHIP			
Active Records	25,147	Active People	21,857
Deferred Records	27,477	Deferred People	22,896
Retired Records	20,797	Retired People	18,297
TOTAL	73,421	TOTAL	63,050

1.2 Membership by Employer



Membership movements in this Quarter (and previous Quarter)						
	Bracknell	RBWM	Reading	Slough	W Berks	Wokingham
Active	-44 +12	+27 -10	-157 -59	-92 -67	+70 -38	-31 -6
Deferred	+13 +21	-5 -35	+6 -7	-4 -2	+5 -34	0 -3
Retired	+28 +25	+30 +37	+38 +41	+38 +31	+54 +65	+27 +45

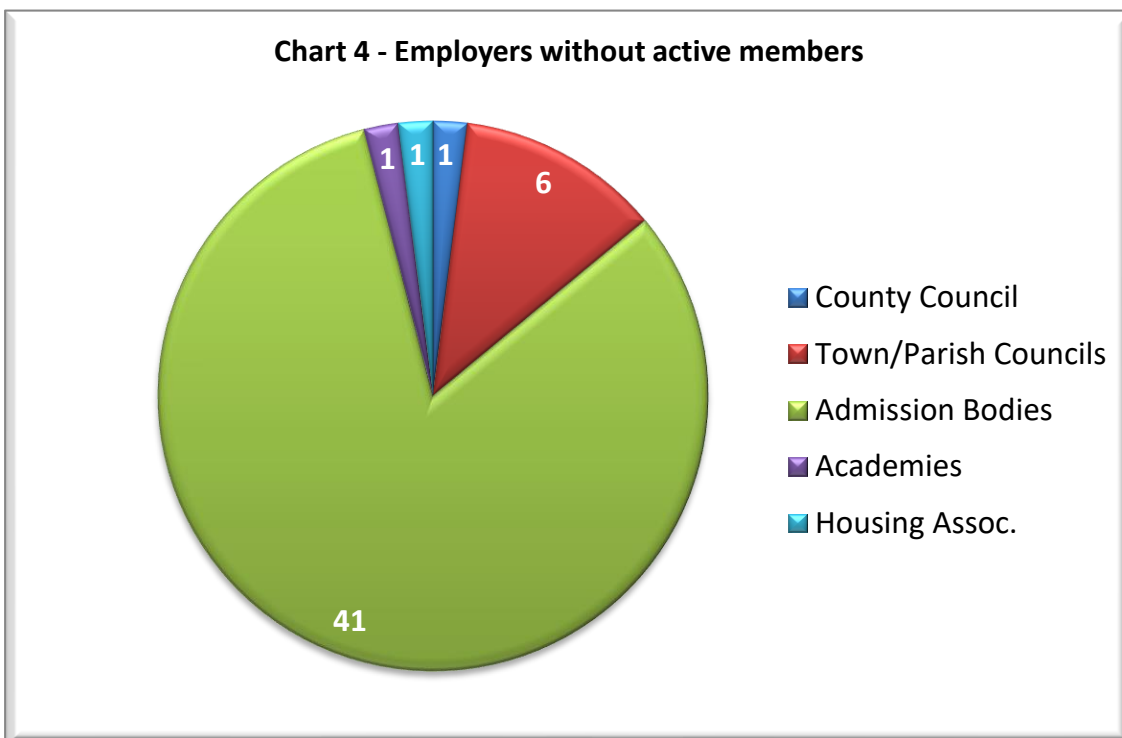
1.3 Scheme Employers



New employers since last report:

Admission Bodies: Caterlink (The Heights Academy)

Academies: Newbury College Academy Trust; The Elliott Foundation Education Trust



Exiting employers: None

1.4 Scheme Employer Key Performance Indicators

Table 1A – i-Connect users Quarter 2 (1 July 2021 to 30 September 2021)					
Employer	Starters	Leavers	Changes	Total	Submission Received Within Specification
Bracknell Forest Cncl	232	242	489	963	100%
RBWM	244	245	605	1,094	100%
Reading BC	257	206	770	1,233	100%
Slough BC	94	139	329	562	100%
West Berks Council	594	275	729	1,598	100%
Wokingham BC	182	101	186	469	100%
Academy/ School	580	701	2,745	4,026	82.17%
Others	124	108	288	520	79.08%

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

The benefits of i-Connect are:

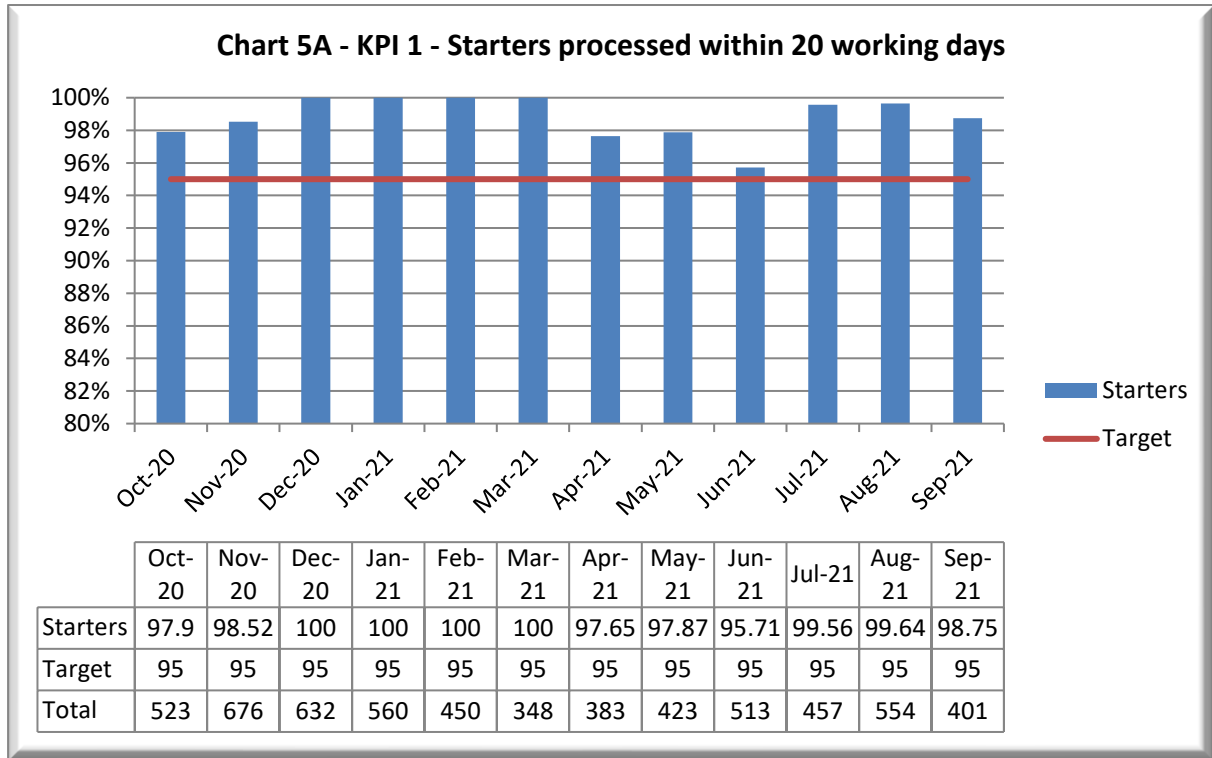
- Pension records are maintained in ‘real-time’;
- Scheme members are presented with the most up to date and accurate information through *mypension* ONLINE (Member self-service);
- Pension administration data matches employer payroll data;
- Discrepancies are dealt with as they arise each month;
- Employers 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.

Since the 1 July 2021 Officers are pleased to report the following scheme employers have on boarded i-connect with scheme member data received on a monthly basis:

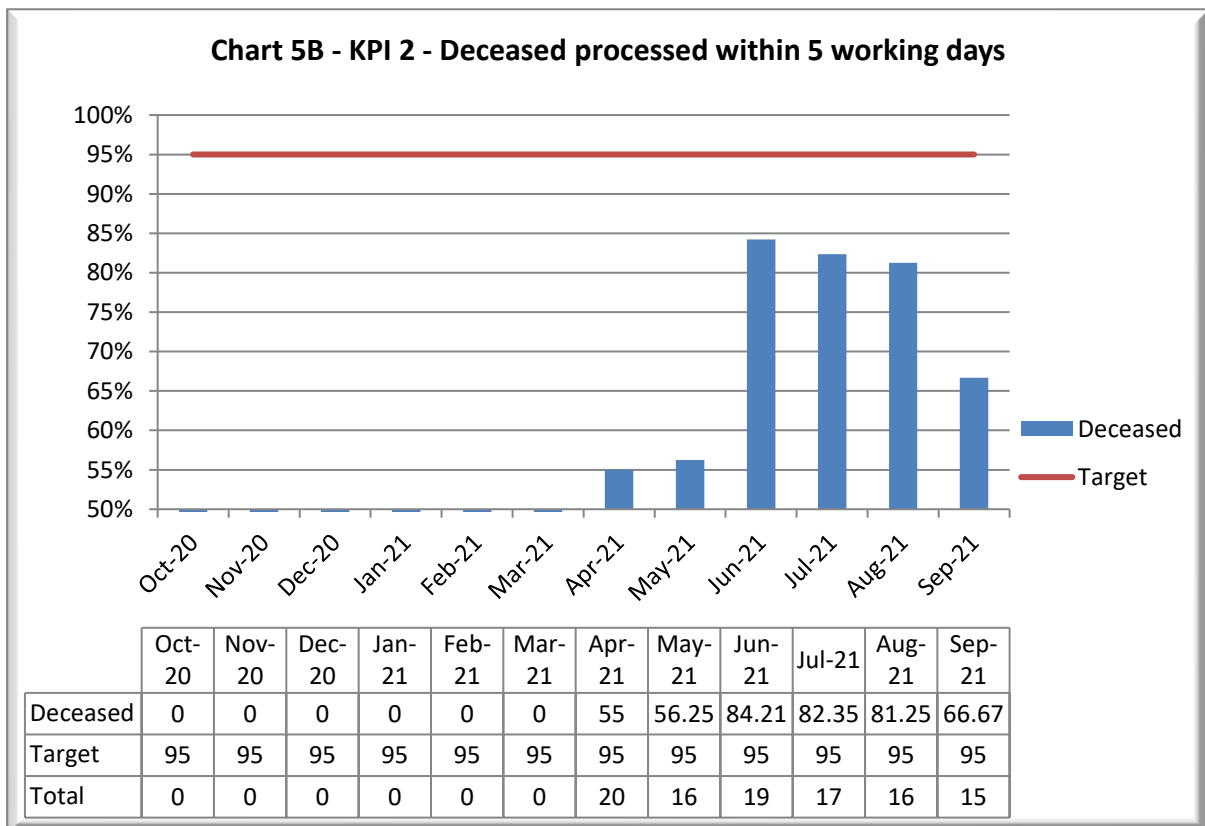
- Adviza
- Newbury Town Council
- Osborne Property Services Limited
- Reading Buses
- University of West London
- Wokingham Town Council

138 scheme employers are yet to on board i-Connect. The Pension Fund is committed to having all scheme employers with 10 or more scheme members on boarded 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

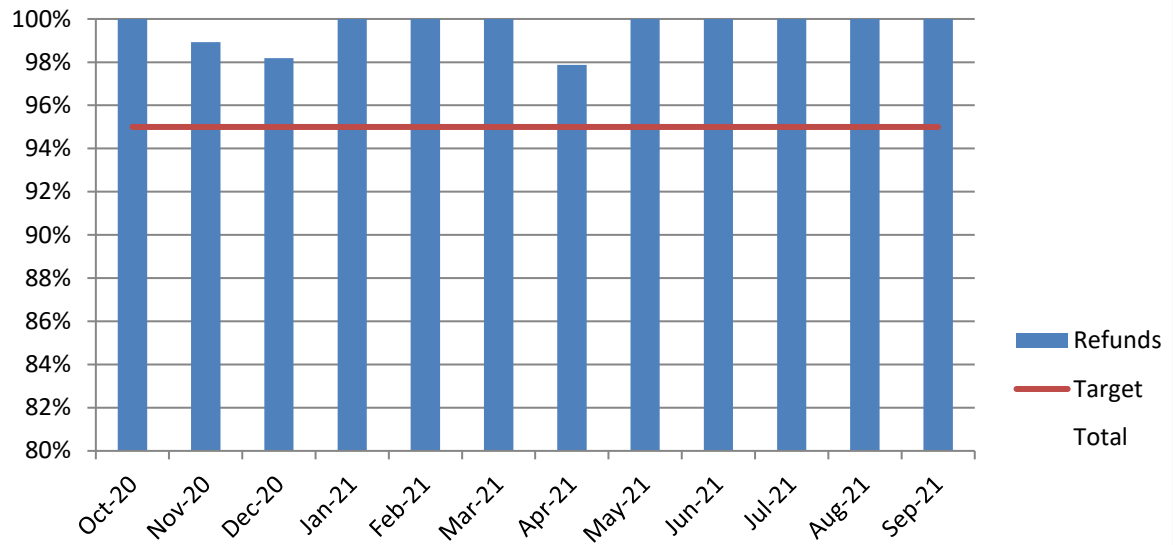


CIPFA Benchmark: Two months from date of joining the scheme or if earlier within one month of receiving jobholder information.



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.

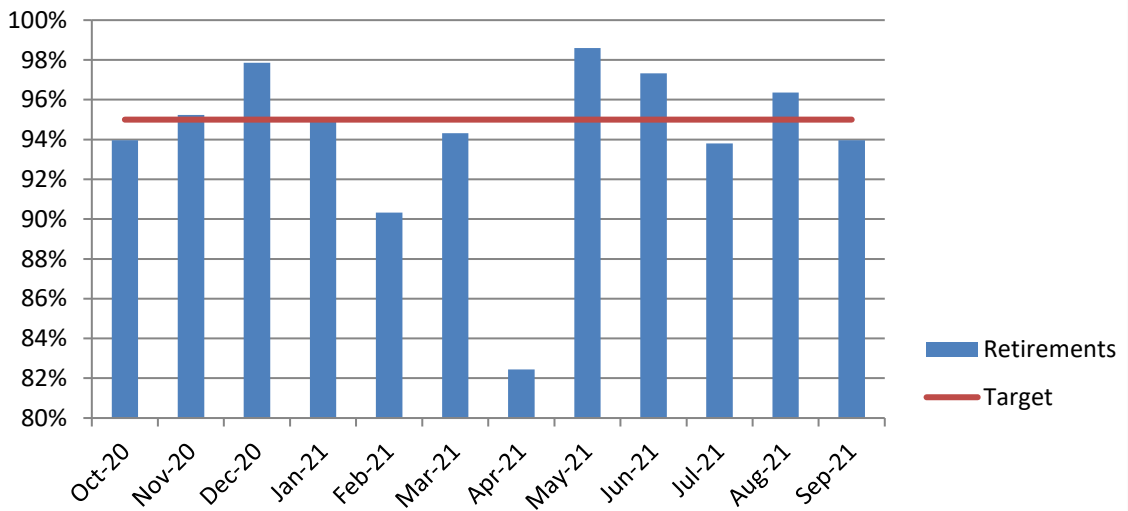
Chart 5C - KPI 3 - Refunds processed within 10 working days



	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
Refunds	100	98.92	98.18	100	100	100	97.87	100	100	100	100	100
Target	95	95	95	95	95	95	95	95	95	95	95	95
Total	48	93	55	28	23	44	47	36	50	51	31	48

CIPFA Benchmark: To be confirmed.

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

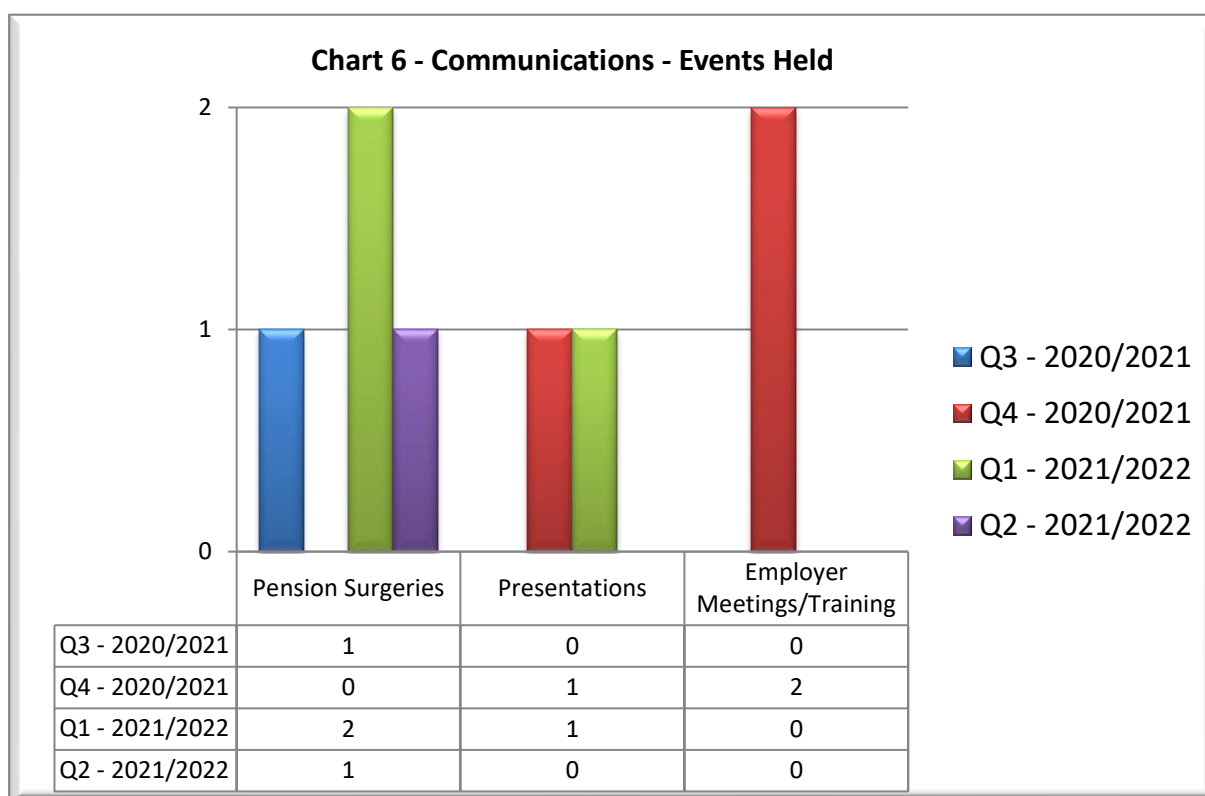


	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
Retirements	93.96	95.24	97.85	94.96	90.32	94.32	82.44	98.6	97.33	93.8	96.36	93.96
Target	95	95	95	95	95	95	95	95	95	95	95	95
Total	149	126	93	119	93	88	131	36	150	129	110	149

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

All events shown have been held remotely.



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 fourth quarter:

Date Received	Method	Feedback
12/07/2021	Telephone	Member unhappy being sent chase letters for a decision regarding D2 Merges processed in November 2020 and a recent IFA Chase letter as on both occasions the original merge offer was not received. Member has requested hard copies are sent in the post and an email sent to personal email informing them correspondence is on their way.
13/07/2021	Telephone	I attended a pension surgery two years ago but didn't find it as helpful as today's meeting has been, you've given me so much information, thank you
22/07/2021	Email	A massive thank you for firstly resolving the mystery of the missing forms (hard to believe where they sent them, and that Wiltshire presumably just ignored them) and for picking this up and getting it finalised so quickly. I owe an

		apology to Thomas too, I appreciate he isn't with you anymore, his constant delayed responses led to me getting extremely frustrated with him and we've now established that he genuinely hadn't received the forms. I hope you have a lovely extended break and many thanks again.
24/08/2021	Office visit	Member left chocolates as a token of her gratitude for withholding her temporary address from her husband
30/07/2021	Email	The collective support, patience and excellent communication of you and your team through this complex procedure has been very much appreciated.
02/08/2021	Telephone	I'm glad I got to speak with you because you always have the answers.
13/08/2021	Email 1	Many thanks for your prompt reply and very comprehensive answers to my queries.
13/08/2021	Email 2	Thank you so much for your guidance, you have been great. I hope you have a very enjoyable holiday.
13/09/2021	Card	Thank you ever so much for your professional support & advice given to me. I am truly grateful for all your time, patience, guidance, and valued information shared with me in order to pursue my course in Ill health retirement based on this unprecedented climate. I had to choose life over money to keep my son & daughter safe they have cystic fibrosis. Pray you are well and safe and will continue to be safe & blessed. Love and Gratitude.
16/09/2021	Card & Cakes	Thank you so much for all your help with getting my Prudential AVC, I really appreciated everything you did, enjoy these as a small gesture of my gratitude.

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 Data Quality – The Pensions Regulator (tPR)

Since April 2018 tPR has placed a particular focus on all public sector pension schemes with the expectation for 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.

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.

Officers are pleased to inform Members the results of Year 4 of this project that relate to both types of data were recently received from *heywood* Limited, the software provider to the Pension Fund.

Tests were carried out across 93,038 scheme member records (an increase of 1,985 on 2020). A summary of the results and comparison to Year 1, 2 and 3 is set out in the table below:

Common Data

Data Items	Total Items October 2018	Member Records nil Failure	Total Items October 2019	Member Records nil Failure	Total Items October 2020	Member Records nil Failure	Total Items October 2021	Member Records nil Failure
Conditions Tested	701,192	-	724,640	-	728,424	-	744,304	-
Conditions Passed	693,139	-	717,455	-	726,424	-	742,600	-
Conditions Failed	8,056	-	7,185	-	1,786	-	1,704	-
Pass Percentage	98.85%	91.3%	99.0% +0.15%	92.4% +1.1%	99.8% +0.8%	98.9% +6.5%	99.8% 0.0%	98.9% 0.0%

Scheme Specific Data

Data Items	Total Items October 2018	Member Records nil Failure	Total Items October 2019	Member Records nil Failure	Total Items October 2020	Member Records nil Failure	Total Items October 2021	Member Records nil Failure
Conditions Tested	825,702	-	848,269	-	859,868	-	876,145	-
Conditions Passed	805,339	-	835,619	-	842,874	-	859,023	-
Conditions Failed	20,011	-	12,650	-	16,994	-	17,122	-
Pass Percentage	97.6%	86.1%	98.51% +0.91%	91.3% +5.2%	98.02% (0.49%)	94.5% +3.2%	98.05% +0.03	95.0% +0.5%

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.

2.4 Overseas Pension Payments

Officers will begin working together during 2022 with the Pension Fund's current overseas payment provider, Western Union (WU), to check the live status of 180 pensioner and dependant scheme members ("the payee") who receive their monthly pension payment to an account in the country and currency of their residence.

The Pension Fund currently pays £782,105 worth of annual pension payments to overseas accounts using the services of WU. In an effort to detect and prevent any fraudulent payments this project will require the payee to present themselves in person at their nearest local WU Bureau Station, as confirmed to them by WU, together with a form of photographic identification. The cost of this work will be £4,500 (inc. VAT), a small expense to obtain assurance the right payments are being made to the right person.

The project described will run alongside a nil cost exercise, checking the live status of 196 payees who reside overseas but choose to have their monthly pension paid to a UK account. The Pension Fund currently pays a further £822,472 worth of annual pension to this type of payee.

Officers understand the monthly pension payment is a key part of the payee's quality of life and will therefore always take careful and considered action before suspending the monthly pension payments of those payees who do not provide photographic identification. The project will include a letter sent to all payees in the first instance, accompanied by a FAQ document, bringing to the payee's attention the work the Pension Fund is undertaking and when, the reasons why and the stages of the process.

Report Title:	Risk 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 – 6 December 2021
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

REPORT SUMMARY

At the last Pension Board on 2 September 2021 and Pension Committee meeting on 20 September 2021 the Head of Pension Fund agreed to review the Pension Fund's risk register and to bring a revised and updated version to the upcoming meeting for Members' consideration and approval. This report provides Members with that updated version of the risk register prepared in line with the 2018 CIPFA framework "Managing risk in the local government pension scheme".

The risk register can be found at Appendix 1 to this report.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee:

- i) Considers and notes the risk register and puts forward any suggested amendments as may be necessary; and**
- ii) Authorises officers to update the risk 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 of Windsor and Maidenhead 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 policy and risk register could lead to breaches of law. 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.

3. KEY IMPLICATIONS

- 3.1 Failure to maintain and keep under review the Pension Fund's key risks could lead to a loss in confidence and sanctions being imposed by the Pensions

Regulator where failings are deemed to be materially significant for the Pension Fund and its stakeholders.

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 The risk register is attached at Appendix 1 to this report, it is reviewed quarterly by the Pension Board and the Pension Fund Committee and updated regularly by officers to ensure all risks are appropriately documented and mitigated where possible.

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 Register December 2021

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	05/11/2021	
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		

REPORT HISTORY

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

Report Author: Damien Pantling, Head of Pension Fund, 07511 381102
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Review Date	09/11/2021
Author	Damien Pantling - Head of Pension Fund
Senior Officer	Adele Taylor - Director of Resources (S.151 Officer)
Status	DRAFT
KEY:	GREEN = Score of 1 to 15 AMBER = Score of 16 to 25 RED = Score of 26 - 50

Royal County of Berkshire Pension Fund Risk Register

Risk Group	Risk Ref.	Trending	Risk Description	Impact				Likelihood	Total risk score	Mitigation actions	Revised Likelihood	Net risk score	Risk Owner	Reviewed
				Fund	Employers	Reputation	Total							
ASSET AND INVESTMENT RISKS														
Asset and Investment Risk	PEN001		Investment managers fail to achieve returns of at least the actuarial discount rate over the longer term.	5	4	3	12	3	36	TREAT 1) The Advisory Management Agreement (AMA) clearly state expectations in terms of investment performance targets. 2) Investment manager performance is reviewed by LPPI and the committee on a quarterly basis. 3) The Pension Fund Committee should be positioned to move quickly if it is felt that targets will not be achieved. 4) Portfolio rebalancing is considered on a regular basis by the Pension Fund Committee. 5) The Fund's investment management structure is highly diversified, which lessens the impact of manager risk compared with less diversified structures. 6) Target return benchmark to be developed in due course, expected to be above the actuarial discount rate	2	24	Damien Pantling	04/11/2021
Asset and Investment Risk	PEN002		Significant volatility and negative sentiment in global investment markets following disruptive geo-political uncertainty. Increased risk to global economic stability.	4	4	1	9	3	27	TREAT 1) Maintaining a well diversified portfolio with significant allocation to both public and private markets 2) Maintaining a well diversified investment portfolio with significant allocations across a variety of asset classes such as but not limited to credit, equity and real- assets. 3) Routinely receiving market updates from independent advisors and acting upon the recommendations as appropriate	2	18	Damien Pantling	04/11/2021
Asset and Investment Risk	PEN003		The global outbreak of COVID-19 poses economic uncertainty across the global investment markets.	5	3	2	10	3	30	TREAT 1) Routinely receiving market updates from independent advisors and acting upon the recommendations as appropriate TOLERATE 1) Global investment markets in aggregate have thus far not been adversely affected by the COVID-19 pandemic therefore no significant changes to the investment strategy or strategic asset allocation are recommended	1	10	Damien Pantling	04/11/2021
Asset and Investment Risk	PEN004		Volatility caused by uncertainty with regard to the withdrawal of the UK from the European Union and the economic aftereffects. Supply chain issues and HGV driver shortages affecting UK trade and causing supply issues.	4	4	1	9	3	27	TREAT 1) Volatility is reduced through having a relatively low exposure to UK equities and is well diversified with a significant safe-haven focus. 2) Fund has removed the significant GBP hedge and is not undergoing any strategic currency hedging from 6th December 2021, but will seek to review in Summer 2022	2	18	Damien Pantling	04/11/2021
Asset and Investment Risk	PEN005		Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage. The administering authority declared an environmental and climate emergency in June 2019, how this will effect the Pension Fund going forward is currently unknown. TCFD regulations impact on LGPS schemes currently unknown but expected to come into force during 2023.	3	2	4	9	3	27	TREAT 1) Review ISS in relation to published best practice (e.g. Stewardship Code) 2) Ensure fund managers are encouraged to engage and to follow the requirements of the published ISS. 3) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and Pensions and Lifetime Savings Association (PLSA), which raises awareness of ESG issues and facilitates engagement with fund managers and corporate company directors. 4) An ESG statement and RI Policy was drafted for the Pension Fund as part of the ISS and approved in March 2021 5) Officers regularly attend training events on ESG and TCFD regulations to ensure stay up to date with latest guidance. 6) LPPI manage the funds investments and have their own strict ESG policies in place which align with those of the fund.	2	18	Damien Pantling	04/11/2021
Asset and Investment Risk	PEN006		A change in government may result in new wealth sharing policies which could negatively impact the value of the pension fund assets.	5	5	1	11	2	22	TREAT 1) Maintain links with central government and national bodies to keep abreast of national issues. Respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood.	1	11	Damien Pantling	04/11/2021
Asset and Investment Risk	PEN007		Financial failure of third party supplier results in service impairment and financial loss	5	4	1	10	2	20	TREAT 1) Performance of third parties (other than fund managers) regularly monitored. 2) Regular meetings and conversations with global custodian (JP Morgan) take place. 3) Actuarial services and investment management are provided by two different providers.	1	10	Damien Pantling	04/11/2021
Asset and Investment Risk	PEN008		Failure of global custodian or counterparty.	5	3	2	10	2	20	TREAT 2) Review of internal control reports on an annual basis. 3) Credit rating kept under review.	1	10	Damien Pantling	04/11/2021
Asset and Investment Risk	PEN009		Financial failure of a fund manager leads to value reduction, increased costs and impairment.	4	3	3	10	2	20	TREAT 1) Fund is reliant upon current adequate contract management activity overseen by our investment managers LPPI 2) Fund is reliant upon alternative suppliers at similar price being found promptly.	1	10	Damien Pantling	04/11/2021
Asset and Investment Risk	PEN010		Global investment markets fail to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.	5	3	2	10	2	20	TREAT 1) Proportion of total asset allocation made up of equities, bonds, property funds, infrastructure and fixed income, limiting exposure to one asset category - this diversification generally reduces risk of any particular market underperformance. 2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal risk asset allocation. 3) Actuarial valuation and strategy review take place every three years post the actuarial valuation. 5) The actuarial assumption regarding asset performance is regarded as achievable over the long term when compared with historical data.	1	10	Damien Pantling	04/11/2021



Review Date	09/11/2021
Author	Damien Pantling - Head of Pension Fund
Senior Officer	Adele Taylor - Director of Resources (S.151 Officer)
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Royal County of Berkshire Pension Fund Risk Register

Risk Group	Risk Ref.	Trending	Risk Description	Impact				Likelihood	Total risk score	Mitigation actions	Revised Likelihood	Net risk score	Risk Owner	Reviewed
				Fund	Employers	Reputation	Total							
Liability Risk	PEN011		Scheme members live longer than expected leading to higher than expected liabilities.	5	5	1	11	2	22	TREAT 1) A longevity swap insurance contract was entered into in 2009 which effectively hedged the risk of longevity rates increasing for all of the active scheme members at that point in time.	1	11	Damien Pantling	04/11/2021
Liability Risk	PEN012		Longevity rates decreasing, or increasing at a lower rate than those assumed in the longevity contract, leading to an increased contractual liability	4	4	4	12	2	24	TOLERATE 1) The opportunity cost in entering into the longevity contract was the loss of upside benefits associated with decreasing longevity rates 2) At the present time, the cost or even the option of exiting the contract has not been explored and may not be possible contractually. Any cost of exit if applicable is likely to far exceed the benefits.	2	24	Damien Pantling	04/11/2021
Liability Risk	PEN013		Price inflation is significantly more than anticipated in the actuarial assumptions	5	5	1	11	3	33	TREAT 1) Ensure sizeable holding in real assets (infrastructure and property) which generally act as protection against inflation 2) The fund's material allocation to equity will provide a degree of protection against inflation 3) The actuary will take a prudent view on inflation through the valuation process	2	22	Damien Pantling	04/11/2021
Liability Risk	PEN014		Employee pay increases are significantly more than anticipated for employers within the Fund.	4	4	2	10	2	20	TOLERATE 1) Fund employers should monitor own experience. 2) Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) should be long term assumptions. Any employer specific assumptions above the actuary's long term assumption would lead to further review. 3) Employers to made aware of generic impact that salary increases can have upon the final salary linked elements of LGPS benefits (accrued benefits before 1 April 2014). 4) Employee pay rises currently remain below inflation.	2	20	Damien Pantling	04/11/2021
Liability Risk	PEN015		Impact of economic and political decisions on the Pension Fund's employer workforce. Government funding level affecting the Councils spending decisions. For example scheme matures more quickly than expected due to public sector spending cuts, resulting in contributions reducing and pension payments increasing.	5	2	1	8	3	24	TREAT 1) Barnet Waddingham uses prudent assumptions on future of employees within the workforce. Employer responsibility to flag up potential for major bulk transfers outside of the fund. The potential for a significant reduction in the workforce as a result of the public sector financial pressures may have a future impact on the Fund. 2) Barnet Waddingham will make prudent assumptions about diminishing workforce when carrying out the triennial actuarial valuation in 2022. 3) Review maturity of scheme at each triennial valuation. Secondary deficit contributions specified as lump sums, rather than percentage of payroll to maintain monetary value of contributions. 4) Cashflow position monitored monthly.	2	16	Damien Pantling	04/11/2021
Liability Risk	PEN016		Ill health costs may exceed "budget" allocations made by the actuary resulting in higher than expected liabilities particularly for smaller employers.	4	2	1	7	2	14	TOLERATE 1) Review "budgets" at each triennial valuation and challenge actuary as required. Charge capital cost of ill health retirements to admitted bodies at the time of occurring. Occupational health services provided by the unitaries and other large employers to address potential ill health issues early.	2	14	Damien Pantling	04/11/2021
34 Liability Risk	PEN017		Impact of increases to employer contributions following the actuarial valuation	4	5	3	12	3	36	TREAT 1) Officers to consult and engage with employer organisations in conjunction with the actuary. 2) Actuary will assist where appropriate with stabilisation and phasing in processes.	2	24	Damien Pantling	04/11/2021
Liability Risk	PEN018		There is insufficient cash available in the Fund to meet pension payments leading to investment assets being sold at sub-optimal prices to meet pension payments.	5	4	3	12	2	24	TREAT 1) Cashflow forecast maintained and monitored. 2) Cashflow requirement is a factor in current investment strategy review. 3) Maintain a material level of cash held within a short duration bond fund, which allows access at short notice.	1	12	Damien Pantling	04/11/2021
Liability Risk	PEN019		Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy.	5	3	3	11	2	22	TREAT 1) Active investment strategy and asset allocation monitoring from Pension Fund Committee, officers, LPPI and independent advisors. 2) Strategic asset allocation review was approved in September 2021 with a move out of diversifying strategies and an increase in equities. 3) Setting of Fund specific benchmark relevant to the current position of fund liabilities to be approved in March 2022. 4) Fund manager targets set and based on market benchmarks or absolute return measures. Overall investment benchmark and out-performance target is fund specific.	1	11	Damien Pantling	04/11/2021
Liability Risk	PEN020		Transfers out increase significantly as members transfer to DC funds to access cash through new pension freedoms.	4	4	2	10	2	20	TREAT 1) Monitor numbers and values of transfers out being processed. If required, commission transfer value report from Fund Actuary for application to Treasury for reduction in transfer values.	1	10	Damien Pantling	04/11/2021
Liability Risk	PEN021		Inadequate, inappropriate or incomplete investment or actuarial advice is actioned leading to a financial loss or breach of legislation.	5	3	2	10	2	20	TREAT 1) At time of appointment ensure advisers have appropriate professional qualifications and quality assurance procedures in place. Committee and officers scrutinise and challenge advice provided by all parties.	1	10	Damien Pantling	04/11/2021
Liability Risk	PEN022		Changes to LGPS Scheme moving from Defined Benefit to Defined Contribution	5	3	2	10	1	10	TOLERATE 1) Political power required to effect the change.	1	10	Damien Pantling	04/11/2021



Review Date	09/11/2021
Author	Damien Pantling - Head of Pension Fund
Senior Officer	Adele Taylor - Director of Resources (S.151 Officer)
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Royal County of Berkshire Pension Fund Risk Register

Risk Group	Risk Ref.	Trending	Risk Description	Impact				Likelihood	Total risk score	Mitigation actions	Revised Likelihood	Net risk score	Risk Owner	Reviewed
				Fund	Employers	Reputation	Total							
EMPLOYER RISK														
Employer Risk	PEN023		Last active employee retires leading to cessation valuation liability calculated either on an ongoing or minimum risk basis, the latter applies to community admission type bodies without a bond or financial security in place. The full cessation at minimum risk could challenge the employer as a going concern and lead to failure	3	5	4	12	3	36	TREAT 1) Employer covenant risk assessment was conducted by LPP in 2019 and presented to committee (formerly panel) on 19 December 2019 based on 2019 valuation results. This identified a number of key at-risk employers in the fund, those were all community admission body type employers at risk of cessation in the near future and without security in place 2) A further review is to be commissioned by the actuary to re-evaluate these risks based on 2022 triennial figures, from this a number of employers can be contacted to discuss possible options and plans 3) A number of employers have either had cessation arrangement decisions taken already through committee or have approached officers to discuss options, demonstrating the proactive rather than reactive nature of treating this risk	2	24	Damien Pantling	04/11/2021
Employer Risk	PEN024		Failure of an admitted or scheduled body leads to unpaid liabilities being left in the Fund to be met by others.	5	3	3	11	2	22	TREAT 1) Transferee admission bodies (term no longer used) were required to have bonds or guarantees in place at time of signing the admission agreement. 2) Regular monitoring of employers and follow up of expiring bonds. 3) Regular reviews of what were formally referred to as community admission bodies, which are deemed high risk as no bond or guarantee was put in place at the time of admission	1	11	Damien Pantling	04/11/2021
RESOURCE AND SKILL RISK														
Resource and Skill Risk	PEN025		Change in membership of Pension Fund Committee leads to dilution of member knowledge and understanding - as such Committee members do not have appropriate skills or knowledge to discharge their responsibility leading to inappropriate decisions.	2	2	1	5	4	20	TREAT 1) Succession planning process to be considered. 2) Ongoing training of Pension Fund Committee members. 3) Pension Fund Committee new member induction programme. 4) Training to be based on the requirements of CIPFA Knowledge and Skills Framework under designated officer. 5) Training to be supported by external parties including but not limited to the actuary, auditor, investment advisor and independent advisors 6) External professional advice is sought where required	2	10	Damien Pantling	04/11/2021
Resource and Skill Risk	PEN026		Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements. Succession planning is not in place leading to reduction of knowledge when an officer leaves.	4	3	3	10	2	20	TREAT 1) Person specifications are used at recruitment to appoint officers with relevant skills and experience. 2) Training plans are in place for all officers as part of the performance appraisal arrangements. 4) Officers maintain their CPD by attending training events and conferences.	1	10	Damien Pantling	04/11/2021
35 Resource and Skill Risk	PEN027		Concentration of knowledge in a small number of officers and risk of departure of key staff. Loss of technical expertise and experience.	4	3	3	10	3	30	TREAT 1) Practice notes in place 2) Development of team members and succession planning improvements to be implemented 3) Officers and members of the Pension Fund Committee to be mindful of the proposed CIPFA Knowledge and Skills Framework when setting objectives and establishing training needs. 4) Training plans in place for all officers 5) Risk identified in 2023 of key personnel potentially leaving the Fund.	2	20	Damien Pantling	04/11/2021
Resource and Skill Risk	PEN028		McCloud remedy will generate considerable additional workloads for the team resulting in potential resource concerns.	3	4	2	9	4	36	TREAT 1) Statutory guidance to be issued by government setting out how remedy is to be managed. 2) All Pension Committee, Advisory Panel and Board Members receive regular updates and actions will be taken once guidance is issued.	3	27	Damien Pantling	04/11/2021



Review Date	09/11/2021
Author	Damien Pantling - Head of Pension Fund
Senior Officer	Adele Taylor - Director of Resources (S.151 Officer)
Status	DRAFT
KEY:	<p>GREEN = Score of 1 to 15</p> <p>AMBER = Score of 16 to 25</p> <p>RED = Score of 26 - 50</p>

Royal County of Berkshire Pension Fund Risk Register

Risk Group	Risk Ref.	Trending	Risk Description	Impact				Likelihood	Total risk score	Mitigation actions	Revised Likelihood	Net risk score	Risk Owner	Reviewed
				Fund	Employers	Reputation	Total							
ADMINISTRATIVE AND COMMUNICATIVE RISK														
Administrative and Communicative Risk	PEN029	↔	Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond placement.	2	4	4	10	3	30	TREAT: 1) Administering Authority actively monitors prospective changes in membership. 2) Maintain knowledge of employer future plans. 3) Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant. 4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate. 5) Risk categorisation of employers exercise undertaken by LPPI in December 2020, further work to be undertaken by Actuary as part of 2022 Triennial Valuation. 6) Monitoring of gilt yields for assessment of pensions deficit on a minimum risk basis.	2	20	Kevin Taylor	04/11/2021
Administrative and Communicative Risk	PEN030	↘	Failure to comply with Scheme regulations and associated pension law leading to incorrect pension payments being made. Risk of fines, adverse audit reports and breaches of the law.	5	4	4	13	1	13	TREAT 1) Training provided as and when Regulations are updated 2) Competent software provider maintains up to date systems 3) Competent external consultants	1	13	Kevin Taylor	04/11/2021
Administrative and Communicative Risk	PEN031	↔	Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints.	3	2	3	8	3	24	TREAT 1) Review of administration roles and responsibilities to be undertaken in 2022/23 2) Establishment of key training and development budget from 2022/23 3) Key staff movements to be monitored closely 4) Ongoing monitoring of administration statistical outcomes and KPI's via Local Pensions Board.	2	16	Kevin Taylor	04/11/2021
Administrative and Communicative Risk	PEN032	↘	Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	5	1	4	10	1	10	TREAT 1) System hosted and backed up in 2 separate locations 2) Re-issue previous months BACS file in extreme circumstances	1	10	Kevin Taylor	04/11/2021
Administrative and Communicative Risk	PEN033	↘	Failure to maintain a high quality member database leading to loss in member confidence, incorrect calculations of benefits, increased number of complaints, poor performance and loss of reputation.	5	5	3	13	1	13	TREAT 1) Fund undertakes annual data quality exercise 2) Implementation of I-Connect enable employers to submit membership data in real time 3) Fund makes further data checks as part of year end processing	1	13	Kevin Taylor	04/11/2021
Administrative and Communicative Risk	PEN034	↘	Failure to hold data securely due to poor processing of data transfers, poor system security, poor data retention and disposal, poor data backup and recovery of data.	4	4	4	12	1	12	TREAT 1) Database hosted off-site and backed up in 2 separate locations every day 2) Access to systems is limited to a defined number of users via dual password and user identification 3) Data transferred is encrypted 4) Compliant with RBWM data protection and IT policies 5) No papers files all managed via image and system documentation generation 6) Confidential waste disposed of in line with RBWM policy	1	12	Kevin Taylor	04/11/2021
Administrative and Communicative Risk	PEN035	↔	Failure of cyber security measures following a cyber attack, including information technology systems and processes, leading to loss, disruption or damage to the scheme or its members data.	4	2	5	11	3	33	TREAT 1) Fund to develop its own cyber risk policy 2) System provider has robust accredited solutions in place to ensure any cyber-attack can be identified and prevented 3) Fund shares cyber security systems with the administering authority, these are well funded and up to date	2	22	Kevin Taylor	04/11/2021
Administrative and Communicative Risk	PEN036	↘	Loss of funds through fraud or misappropriation by an employer, agent or contractor leading to negative impact on reputation of the Fund as well as financial loss.	3	2	5	10	2	20	TREAT 1) Fund undertakes National Fraud Initiative (NFI) biennially 2) Fund is subject to external audit and adhoc internal audit which can be more frequent than annually - this tests the resilience and appropriateness of controls. 3) Regulatory control reports from investment managers and the custodian are obtained.	1	10	Kevin Taylor	04/11/2021
Administrative and Communicative Risk	PEN037	↔	Payments continue to be made incorrectly at a potential cost to the Pension Fund. Distress caused to dependents	3	3	3	9	2	18	TREAT 1) The fund undertakes a monthly mortality screening exercise 2) Additional validation measures are put in place with our overseas payments provider to check the information held in regards to payments to non-UK bank accounts 3) The fund participates in the biennial national fraud initiative (NFI)	1	9	Kevin Taylor	04/11/2021
Administrative and Communicative Risk	PEN038	↘	Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	1	2	5	8	2	16	TREAT 1) Fund has a business continuity plan 2) Systems hosted and backed up off-site in 2 locations 3) All officers have the ability to work from home or any location where secure internet access is available	1	8	Kevin Taylor	04/11/2021
Administrative and Communicative Risk	PEN039	↘	Late or non-receipt of pension contributions from Scheme employers within statutory deadlines leading to loss of Fund investment. Risk of being reported to the Pensions Regulator with actions and fines being imposed if considered to be materially significant.	4	5	4	13	1	13	TREAT 1) Fund closely monitors receipts of contributions and will chase any employer that is late in making a payment 2) A notice of unsatisfactory performance will be sent to a Scheme employer who regularly misses the statutory deadline for payment 3) Fund has power to report a Scheme employer to the Pensions Regulator if it deems the potential loss of investment as a result of the late payment of contributions to be materially significant	1	13	Kevin Taylor	04/11/2021
Administrative and Communicative Risk	PEN040	↔	Failure to communicate properly with stakeholders leading to Scheme members being unaware of the benefits the Scheme provides so take bad decisions and Scheme employers being unaware of their statutory responsibilities and duties in maintaining the Scheme for their employees.	4	4	2	10	2	20	TREAT 1) Fund has a Communication policy and a dedicated Communication Manager 2) Pension Fund website is maintained to a high standard 3) Quarterly bulletins issued to Scheme employers providing details of any and all scheme updates 4) Training provided for Scheme employers 5) Newsletters provided for all active, deferred and retired scheme members 6) Guides, factsheets and training notes are provided as relevant.	2	20	Kevin Taylor	04/11/2021
Administrative and Communicative Risk	PEN041	↘	Lack of guidance and process notes leads to inefficiency and errors.	3	3	1	7	2	14	TREAT 1) Desk top procedures have been written for all administrative tasks and are kept under review 2) All Committee, Advisory Panel and Board Members have received a 'Member Handbook' and are required to undertake the the Pension Regulator's online Public Sector toolkit.	1	7	Kevin Taylor	04/11/2021
Administrative and Communicative Risk	PEN042	↘	Failure to identify GMP liability leads to ongoing costs for the pension fund.	5	2	1	8	2	16	TREAT 1) Fund has carried out and completed a GMP reconciliation against all pensions in payment 2) Ongoing action is being taken to complete a reconciliation of all GMPs held on active and deferred member records.	1	8	Kevin Taylor	04/11/2021
Administrative and Communicative Risk	PEN043	↘	Loss of office premises due to fire, bomb, flood etc. leading to temporary loss of service	5	5	4	14	2	28	TREAT 1) All staff are now able to work remotely 2) A business continuity plan is in place 3) Systems are cloud hosted	1	14	Kevin Taylor	04/11/2021



Review Date	09/11/2021
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Royal County of Berkshire Pension Fund Risk Register

Risk Group	Risk Ref.	Trending	Risk Description	Impact				Likelihood	Total risk score	Mitigation actions	Revised Likelihood	Net risk score	Risk Owner	Reviewed
				Fund	Employers	Reputation	Total							
REPUTATIONAL RISK														
Reputational Risk	PEN044	↔	Financial loss of cash investments from fraudulent activity.	3	3	5	11	2	22	TREAT 1) Policies and procedures are in place which are regularly reviewed to ensure risk of investment loss is minimised. Strong governance arrangements and internal control are in place in respect of the Pension Fund. Internal Audit assist in the implementation of strong internal controls. Fund Managers have to provide annual SSAE16 and ISAE3402 or similar documentation (statement of internal controls).	1	11	Damien Pantling	04/11/2021
Reputational Risk	PEN045	↔	Inaccurate information in public domain leads to damage to reputation and loss of confidence.	1	1	3	5	3	15	TREAT 1) Ensure that all requests for information (Freedom of Information, member and public questions at Council, etc) are managed appropriately and that Part 2 Exempt items remain so. 2) Maintain constructive relationships with employer bodies, our communications team and LPPI's press team to ensure that news is well managed. 3) Hold AGM every year.	2	10	Damien Pantling	04/11/2021
REGULATORY AND COMPLIANCE RISK														
Regulatory and Compliance Risk	PEN046	↗	Failure to hold personal data securely in breach of General Data Protection Regulation (GDPR) legislation.	3	3	5	11	3	33	TREAT 1) Data encryption technology is in place which allow the secure transmission of data to external service providers 2) IT data security policy adhered to 3) Implementation of GDPR	2	22	Damien Pantling	04/11/2021
Regulatory and Compliance Risk	PEN047	↔	Implementation of proposed changes to the LGPS (pooling) does not conform to plan or cannot be achieved within laid down timescales.	3	2	1	6	3	18	TOLERATE 1) Officers consult and engage with MHCLG, LGPS Scheme Advisory Board, advisors, LPPI, peers, various seminars and conferences. 2) Officers engage in early planning for implementation against agreed deadlines. 3) Uncertainty surrounding new MHCLG pooling guidance.	3	18	Damien Pantling	04/11/2021
Regulatory and Compliance Risk	PEN048	↔	Changes to LGPS Regulations along with failure to comply with legislation leads to ultra vires actions resulting in financial loss and/or reputational damage - and pensions legislation or regulation changes resulting in an increase in the cost of the scheme or increased administration.	3	2	1	6	3	18	TREAT 1) Fund will respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood. 2) Impact of LGPS (Management of Funds) Regulations 2016 to be monitored. Impact of Regulations 8 (compulsory pooling) to be monitored. 3) Officers maintain knowledge of legal framework for routine decisions. 4) Eversheds retained for consultation on non-routine matters. 5) Maintain links with central government and national bodies to keep abreast of national issues. 6) Fund officers to ensure there are regular internal audits and that both internal and external audit recommendations are adhered to	2	12	Damien Pantling	04/11/2021
Regulatory and Compliance Risk	PEN049	↔	Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests.	3	3	4	10	2	20	TREAT 1) Publication of all documents on external website and all appointed managers expected to comply with ISS and investment manager agreements. 2) Local Pension Board is an independent scrutiny and assistance function. 4) Compliance with the legislative requirements are reviewed annually through the audit process	1	10	Damien Pantling	04/11/2021
Regulatory and Compliance Risk	PEN050	↔	Failure to comply with recommendations from the Local Pension Board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator	1	3	5	9	2	18	TREAT 1) Ensure that a cooperative, effective and transparent dialogue exists between the Pension Fund Committee and Local Pension Board.	1	9	Damien Pantling	04/11/2021
Regulatory and Compliance Risk	PEN051	↘	Loss of flexibility to engage with Fund Managers and loss of elective professional status with any or all of the existing Fund managers and counterparties resulting in reclassification. (The Fund is a retail client to counterparties unless opted up).	3	2	2	7	2	14	TREAT 1) More reliance on LPPI to keep Officers and Committee updated. 2) Maintaining up to date information about the fund on relevant platforms. 3) Fund can opt up with prospective clients. 5) Existing and new Officer appointments subject to requirements for professional qualifications and CPD.	1	7	Damien Pantling	04/11/2021
Regulatory and Compliance Risk	PEN052	↔	Procurement processes may be challenged if seen to be non-compliant with OJEU rules. Poor specifications lead to dispute. Unsuccessful fund managers may seek compensation following non compliant process.	2	2	3	7	2	14	TREAT 2) Pooled funds are not subject to OJEU rules, and most of our funds are in LPPI's pooled vehicles 1) For those that are held directly, ensure that assessment criteria remains robust and that full feedback is given at all stages of the procurement process.	1	7	Damien Pantling	04/11/2021

CIPFA risk categories	Types of risk for category	Description of risk
Asset and Investment Risk	<ul style="list-style-type: none"> Asset/liability mismatch risk inflation risk concentration risk investment pooling risk illiquidity risk currency risk manager underperformance risk transition risk counterparty default risk 	<p>the risk that pension fund assets do not grow in line with the developing cost of pension fund liabilities due to unexpected inflation increases the fund is unable to grow at the same rate as the increasing liabilities</p> <p>fund not sufficiently diversified and therefore has large exposure to one asset category/sub category/fund/security brings with it several new risks, one of the major risks being transition risk</p> <p>fund cannot meet short term liabilities due to not being sufficiently liquid</p> <p>incurring unexpected costs when moving funds between managers. Losing value on assets whilst held in cash after being sold down to be used to subscribe elsewhere</p>
Liability Risk	<ul style="list-style-type: none"> financial demographic 	<p>assumptions based on inflation, discount rate, or salary increases turns out to be different to expected resulting in increased liabilities</p> <p>longevity, early retirement, ill-health retirement, regulatory risk</p>
Employer Risk	<ul style="list-style-type: none"> participating bodies 	<p>risks may arise related to individual bodies within the overall pension fund - funding risks, security risks, membership risks</p>
Resource and Skill Risk	<ul style="list-style-type: none"> inadequate staffing levels for the roles required inadequate knowledge and skills for the roles required inadequate resources to support staff in their roles turnover amongst elected members and hence membership of pension committees 	
Administrative and Communicative Risk	<ul style="list-style-type: none"> failure of ICT over reliance on/loss of key staff data quality collaboration third party provider under-performance data protection cyber threats 	<p>may result in inability to make payments, monitor investments, collect income, communicate with stakeholders</p> <p>especially important is to note that bad data can lead to inefficiencies and waste</p> <p>working across different teams/partnerships fails or become inefficient</p> <p>payroll/pensions administrator/investment advisor/consultant not performing to expected standards leading to problems around inefficiencies or poor decision making</p> <p>GDPR</p>
Reputational Risk		
Regulatory and Compliance Risk	<ul style="list-style-type: none"> non-compliance with new or old piece of legislation or guidance that is issued 	

Appendix 1 – Tri Borough Risk Management Scoring Matrix		
Scoring (Impact)		
Impact Description	Category	Description
1 Very Low	Cost/Budgetary Impact	£0 to £25,000
	Impact on life	Temporary disability or slight injury or illness less than 4 weeks (internal) or affecting 0-10 people (external)
	Environment	Minor short term damage to local area of work.
	Reputation	Decrease in perception of service internally only – no local media attention
	Service Delivery	Failure to meet individual operational target – Integrity of data is corrupt no significant effect
2 Low	Cost/Budgetary Impact	£25,001 to £100,000
	Impact on life	Temporary disability or slight injury or illness greater than 4 weeks recovery (internal) or greater than 10 people (external)
	Environment	Damage contained to immediate area of operation, road, area of park single building, short term harm to the immediate ecology or community
	Reputation	Localised decrease in perception within service area – limited local media attention, short term recovery
	Service Delivery	Failure to meet a series of operational targets – adverse local appraisals – Integrity of data is corrupt, negligible effect on indicator
3 Medium	Cost/Budgetary Impact	£100,001 to £400,000
	Impact on life	Permanent disability or injury or illness
	Environment	Damage contained to Ward or area inside the borough with medium term effect to immediate ecology or community
	Reputation	Decrease in perception of public standing at Local Level – media attention highlights failure and is front page news, short to medium term recovery
	Service Delivery	Failure to meet a critical target – impact on an individual performance indicator – adverse internal audit report prompting timed improvement/action plan - Integrity of data is corrupt, data falsely inflates or reduces outturn of indicator
4 High	Cost/Budgetary Impact	£400,001 to £800,000
	Impact on life	Individual Fatality
	Environment	Borough wide damage with medium or long term effect to local ecology or community
	Reputation	Decrease in perception of public standing at Regional level – regional media coverage, medium term recovery
	Service Delivery	Failure to meet a series of critical targets – impact on a number of performance indicators – adverse external audit report prompting immediate action - Integrity of data is corrupt, data falsely inflates or reduces outturn on a range of indicators
5 Very High	Cost/Budgetary Impact	£800,001 and over
	Impact on life	Mass Fatalities
	Environment	Major harm with long term effect to regional ecology or community
	Reputation	Decrease in perception of public standing nationally and at Central Government – national media coverage, long term recovery
	Service Delivery	Failure to meet a majority of local and national performance indicators – possibility of intervention/special measures – Integrity of data is corrupt over a long period, data falsely inflates or reduces outturn on a range of indicators

Scoring (Likelihood)	
Descriptor	Likelihood Guide
1. Improbable, extremely unlikely.	Virtually impossible to occur 0 to 5% chance of occurrence.
2. Remote possibility	Very unlikely to occur 6 to 20% chance of occurrence
3. Occasional	Likely to occur 21 to 50% chance of occurrence
4. Probable	More likely to occur than not 51% to 80% chance of occurrence
5. Likely	Almost certain to occur 81% to 100% chance of occurrence

Control	Details required
Terminate	Stop what is being done.
Treat	Reduce the likelihood of the risk occurring.
Take	Circumstances that offer positive opportunities
Transfer	Pass to another service best placed to deal with mitigations but ownership of the risk still lies with the original service.
Tolerate	Do nothing because the cost outweighs the benefits and/or an element of the risk is outside our control.

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Report Title:	Pension Fund Governance Progress
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 6 December 2021
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
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 2019/20.

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 report and agrees to sign off all remaining items in both progress matrices at Appendices 1 and 2 as being completed subject to the 4 outstanding items contained within the independent governance progress matrix at Appendix 1 where dates for action have been confirmed.**

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

Table 1: Impact of risk and mitigation

Risk	Level of uncontrolled risk	Controls	Level of controlled risk
Changes to LGPS Regulations along with failure to comply with legislation leads to ultra vires actions resulting in financial loss and/or reputational damage - and pensions legislation or regulation changes resulting in an increase in the cost of the scheme or increased administration.	Medium	<ol style="list-style-type: none"> 1) Fund will respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood. 2) Impact of LGPS (Management of Funds) Regulations 2016 to be monitored. Impact of Regulations 8 (compulsory pooling) to be monitored. 3) Officers maintain knowledge of legal framework for routine decisions. 4) Eversheds retained for consultation on non-routine matters. 5) Maintain links with central government and national bodies to keep abreast of national issues. 6) Fund officers to ensure there are regular internal audits and that both internal and external audit recommendations are adhered to 	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

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>Other consultees:</i>			

Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee		
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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

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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 Committee 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 Committee 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 and will be brought to Committee in 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 2022	The discussions with LPP took place in March 2020. The management agreement with LPPI will be reviewed early in 2022.	
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. A full procurement exercise will commence early 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.	March 2022	A procurement exercise will be undertaken early in 2022 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.	

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Appendix E: 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					
49	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.

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Report Title:	LAPFF and PIRC Renewal of Memberships
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Councillor Julian Sharpe, Chairman Berkshire Pension Fund Committee and Advisory Panel
Meeting and Date:	Berkshire Pension Fund Committee and Advisory Panel – 6 December 2021
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

REPORT SUMMARY

Members agreed to join the Local Authority Pension Fund Forum (LAPFF) in October 2020 and the Pensions & Investment Research Consultants Limited (PIRC) in March 2021 and requested that officers return with a further report prior to their consideration of both memberships being renewed.

This report presents to Members an overview of the Local Authority Pension Fund Forum (LAPFF) and the Pensions & Investment Research Consultants Limited (PIRC), and the benefits that membership of both provides for the Fund.

1 DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report and:

- i) Agrees to renew the Fund’s membership of the LAPFF;**
- ii) Agrees to renew the Fund’s membership of PIRC; and**
- iii) Delegates authority to officers to approve future annual contracts for LAPFF and PIRC.**

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

2.1 It is now widely accepted that it is in all shareholders’ interests to promote high standards of corporate governance and corporate social responsibility. Corporate governance can be defined narrowly as the relationship of a company with its shareholders and how it governs its activities, or more broadly as its relationship to society on environmental, social and governance (ESG) issues.

2.2 As long ago as 1992 the Cadbury Report on Corporate Governance defined corporate governance as:

- 2.2.1. “the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies, while shareholders’ role in governance is to appoint the directors and auditors and to satisfy themselves that a proper governance structure is in place.”
or

2.2.2. as the Financial Times put it “Corporate governance can be defined narrowly as the relationship of a company with its shareholders or more broadly, as its relationship to society”

2.3 For LGPS funds the position was clarified in September 2016 by the Department of Communities and Local Government Guidance on Preparing and Maintaining an Investment Strategy Statement. When making investment decisions, administering authorities must take proper advice and act prudently. In the context of the Local Government Pension Scheme (LGPS), a prudent approach to investment can be described as a duty to discharge statutory responsibilities with care, skill, prudence and diligence. This approach is the standard that those responsible for making investment decisions must operate. However, the law is generally clear that schemes should consider any factors that are financially material to the performance of their investments, including social, environmental and corporate governance factors.

2.4 CIPFA Guidance - The Myners Principles were updated in 2008 when the original ten principles were distilled down to six principles. Principle 5 relates to Responsible Ownership and in this context the CIPFA Guide to the application of the revised Myners Principles says:

2.4.1. “Authorities may wish to consider seeking alliances with either other pension funds in general, or a group of Local Authority pension funds, to benefit from collective size where there is a common interest to influence companies to take action on environmental, social and governance issues. For example, the Local Authority Pension Fund Forum (LAPFF) exists to promote the investment interests of Local Authority Pension Funds, and to maximise their influence as shareholders while promoting corporate social responsibility and high standards of corporate governance among the companies in which they invest.”

2.5 The Local Authority Pension Fund Forum (LAPFF) is a voluntary association of Local Authority Pension Funds and membership is open to all Local Government Pension Scheme (LGPS) Funds. The Forum:

- 2.5.1. Seeks to protect and enhance the value of members shareholdings by optimising Local Authority pension funds’ influence as shareholders on ESG (environmental, social and governance) issues and thereby to promote Corporate Social Responsibility and high standards of Corporate Governance;
- 2.5.2. Facilitates commissioning of research and policy analysis of issues more effectively than individual members;
- 2.5.3. Provides a forum for consultation on shareholder initiatives;
- 2.5.4. Provides a forum for information exchange and discussion about any investment issues;
- 2.5.5. Provides a forum to consider issues of common interest to all pension fund administrators and trustees.

2.6 The Forum has 4 business meetings a year plus an AGM and an annual conference with each member fund having one vote at meetings. LAPFF contracts PIRC (Pensions Investment Research Consultants) to supply technical research, advice and assistance on all matters relating to best practice in corporate

governance and corporate social responsibility. It also employs a part-time Forum Officer (a former City/County Treasurer) to assist with the promotion of its activities.

2.7 The Forum currently has 84 Local Authority members and 7 LGPS Pools.

2.8 Benefits of membership include:

- 2.8.1. Supporting shareholder value through engagement and activism on issues relating to ESG issues;
- 2.8.2. Supporting members in dealing with pressure from outside bodies to divest from certain asset classes. The Forum believes that engagement with companies is more effective than divestment;
- 2.8.3. Strength in numbers when engaging with companies at the highest level (i.e. Chairperson or other senior board members);
- 2.8.4. Collective and more cost-effective approach to research;
- 2.8.5. Saving of officer time and cost in researching issues;
- 2.8.6. Sharing research costs with 86 Forum member funds and 7 Pools;
- 2.8.7. Providing a Forum for discussion of any related Local Government pension fund issue;
- 2.8.8. Opportunities for networking with colleagues from all parts of UK and all types of Authority;
- 2.8.9. Two free places at the LAPFF Annual Conference;
- 2.8.10. Facilitating collaboration with other major institutional investor groups both nationally and internationally
- 2.8.11. The Forum's aims are to provide a customised, cost effective vehicle for Local Authority pension funds to make their compliance with Myners principle 5 (responsible ownership) more effective.

2.9 Membership of LAPFF further demonstrates the Fund's commitment to socially responsible investment and the promotion of high standards of corporate social responsibility (on environmental, social and governance issues etc) and re-enforce our aim to maximise shareholder value.

2.10 Further to this, membership of the LAPFF is complimentary to the Fund's Responsible Investment policy as approved by the Pension Fund Committee on 22 March 2021.

2.11 Membership of PIRC Ltd builds on the values that membership of the LAPFF provides by allowing the Fund to see its comparative performance information against other Funds that participate in the LGPS Universe. This is achieved as follows:

- 2.11.1. Fund and portfolio data is reviewed, standardised and incorporated in the aggregate;
- 2.11.2. Reports are received on a quarterly and annual basis providing Universe results and analysis;
- 2.11.3. Annual league tables and analysis are provided enabling benchmarking with peers; and
- 2.11.4. Universe research is provided when reporting.

- 2.12 PIRC Ltd is regulated by the Financial Conduct Authority in the conduct of their investment business and will notify the Fund immediately if it ceases to be so regulated. They offer independent advice only.
- 2.13 PIRC Ltd will only keep clients' investments under review where specifically instructed and does not retain contract notes, vouchers or entries in regard to clients' money or investments, and therefore does not make copies of these documents available for inspection.
- 2.14 PIRC Ltd will not transact for clients any investment business in which it has a personal interest unless that interest has first been disclosed to the Client in writing.

3 KEY IMPLICATIONS

- 3.1 Failure to comply with best investment principles could result in the Administering Authority being reported to the Pensions Regulator.

4 FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 The LAPFF annual subscription for each year commencing on April 1st is £10,050.00 (Increased from £10,000.00 in line with CPI). The PIRC annual subscription is £4,900. Officers believe this presents good value for money in delivering both tangible and intangible benefit to the Fund.

5 LEGAL IMPLICATIONS

- 5.1 None.

6 RISK MANAGEMENT

- 6.1 Failure to keep up with responsible investment responsibilities and ESG developments could be detrimental to the Fund's reputation. Membership of the LAPFF and PIRC ensures that the Fund are kept up to date with any relevant developments and are consulted in regard to specific company engagements.

7 POTENTIAL IMPACTS

- 7.1 Failure to comply with best investment principles could result in the Administering Authority being reported to the Pensions Regulator.
- 7.2 Equalities. Equality Impact Assessments are published on the [council's website](#).
- 7.3 Climate change/sustainability: LAPFF are highly engaged in ESG matters and consider climate change of paramount importance. Maintaining membership of LAPFF will enable the Fund to drive forward its responsible investment, ESG and climate ambitions
- 7.4 Data Protection/GDPR. N/A

8 CONSULTATION

8.1 Not Applicable.

9 TIMETABLE FOR IMPLEMENTATION

9.1 Immediate.

10 APPENDICES

10.1 This report is supported by 1 appendix:

- Appendix 1 – Summary of the benefits of joining the LAPFF.

11 BACKGROUND DOCUMENTS

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>Other consultees:</i>			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee		

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

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BENEFITS OF LAPFF MEMBERSHIP

Acting together - achieving more!

Protecting shareholder value

- The Local Authority Pension Fund Forum (LAPFF) is a non-profit making, voluntary association of 84 local authority pension funds and 7 LGPS Pools with assets of around £300 billion. **The Forum seeks to protect the investments of its members** by promoting the highest standards of corporate governance and corporate social responsibility (i.e. responsible action by the companies in which its members invest) on environmental, social and governance (ESG) issues. The climate emergency and covid crisis have, of course, brought such issues into much sharper focus.
- The effectiveness of funds' action in this context is improved beyond measure by collaboration. In other words, by joining the LAPFF each fund can influence the collective action of (currently) 84 other local authority pension funds and achieve so much more than it can by acting alone. **Put simply it's a case of 'strength in numbers.**
- Because of its size the LAPFF is also able to collaborate much more effectively with other major institutional investors both within the UK and internationally

So why join the LAPFF?

For a modest annual subscription of £10,050 (which is reduced pro rata for new members as the year progresses) member funds secure the following benefits:-

- **Access to the highest quality research into ESG issues at minimum cost**
- **Effective engagement with investee companies**
- **Collaboration with other major institutional investors**
- **Unparalleled networking opportunities for elected members and officers involved with the management of the LGPS**
- **Saving officer time and costs**
- **Two free places at the LAPFF Annual Conference**

**For more information visit our website at www.lapfforum.org
or contact Forum Officer, Keith Bray
on 01633 255685 or 07811 800612 or email Keith at
postmaster@keithbray.plus.com**

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