

Report Title:	Pension Fund Panel Work-plan
Contains Confidential or Exempt Information?	YES - Part I
Member reporting:	Councillor Lenton, Chairman Berkshire Pension Fund and Pension Fund Advisory Panels
Meeting and Date:	Berkshire Pension Fund and Pension Fund Advisory Panels – 12 November 2018
Responsible Officer(s):	Kevin Taylor, Deputy Pension Fund Manager
Wards affected:	None

REPORT SUMMARY

1. This report brings to Members' attention a number of Administering Authority policy statements for review as set out in the work-plan for 2018/19 approved by Members at the meeting on 16 July 2018.
2. Members are asked to consider the items listed in appendix 1 to this report and suggest any amendments or approve the policy statements as required.

1 DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Panel notes the report and:

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

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

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

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

3 KEY IMPLICATIONS

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

4 FINANCIAL DETAILS / VALUE FOR MONEY

4.1 Not applicable.

5 LEGAL IMPLICATIONS

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

6 RISK MANAGEMENT

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

7 POTENTIAL IMPACTS

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

8 CONSULTATION

N/A

9 TIMETABLE FOR IMPLEMENTATION

9.1 Implementation timetable

Date	Details
12 November 2018	1 - Administering Authority Decisions Policy; 2 - Reporting Breaches of the Law Policy and procedure; 3 - Risk Management Policy 4 - Risk Assessment Register.
14 January 2019	1 – Governance Compliance Statement; 2 – Pension Administration Strategy 3 – Audit Reports (if available)
11 March 2019	1 – Abatement Policy 2 – Funding Strategy Statement 3 – Investment Strategy Statement 4 – Pension Fund Business Plan 2019-20

10 APPENDICES

10.1 The appendices to the report are as follows:

- Appendix 1 – Administering Authority Decisions Policy
Reporting Breaches of the Law Policy and Procedures
Risk Management Policy
Risk Assessment Register

11 BACKGROUND DOCUMENTS

11.1 Local Government Pension Scheme Regulations 2013 (as amended)

11.2 Public Service Pensions Act 2013

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

12 CONSULTATION (MANDATORY)

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

Administering authority decisions

No.	Regulation	Administering Authority Discretion	Administering Authority Decision
1	LGPS13: 3(5) & Sch. 2, Part 3, para. 1	Whether to agree to an admission agreement with a body applying to become an admission body other than where a body as defined in paragraph 1(d) must be admitted providing they undertake the requirements of the regulations.	Report to be submitted to the Pension Fund Panel for approval subject to an employer covenant review being undertaken.
2	LGPS13: 16(1)	Whether the administering authority deems it inappropriate for a scheme member to pay APCs over a period of time due to the contribution being very small.	Pension Fund Panel have set an agreed minimum level of contribution whereby the scheme member will be required to pay APC as a lump sum - £100.
3	LGPS13: 16(10)	Whether to require a scheme member to have a medical (at their own expense) in order to satisfy the administering authority of their reasonably good health before agreeing to the scheme member's application to pay APCs/SCAPCs (Shared Cost Additional Pension Contributions).	Require a medical in circumstances where a scheme employer has already taken action to investigate the scheme member's possible ill health retirement.
4	LGPS13: 17(12)	To whom any AVC fund should be paid upon the scheme member's death.	To follow scheme member's expression of wish where appropriate. If non-contentious delegate to officers for a decision or report to the Pension Fund Panel where decision could be contentious.
5	LGPS13: 22(3)(c)	Pension accounts to be kept in a form as considered appropriate.	Pension accounts to be maintained in line with regulatory and pension software requirements.
6	LGPS13: 32(7)	Whether to extend beyond three months the time limits within which a scheme member must give notice of the wish to draw benefits	To restrict the time limit to three months as set out in regulation.

		before normal pension age or upon flexible retirement.	
7	LGPS13: 34(1)	Whether to commute the payment of a small pension into a trivial commutation lump sum within the meaning of section 164 of the Finance Act 2004.	To commute upon request from the scheme member in line with the rules and limits imposed by HMRC.
8	LGPS13: 36(3)	Whether to approve or not a scheme employer's choice of Independent Registered Medical Practitioner (IRMP).	Approval delegated to officers.
9	LGPS13: 38(3)	Whether a deferred member of a former employer that no longer exists meets the criteria for release of deferred benefits due to permanent ill health and the likelihood of not obtaining gainful employment before normal pension age or within three years, whichever is sooner.	Potentially contentious cases to be reported to Pension Fund Panel for a decision otherwise delegated to officers.
10	LGPS13: 38(6)	Whether a suspended tier-3 ill health pension should be reinstated upon request from a deferred pensioner member of a former employer that no longer exists where that member is unlikely to be capable of undertaking gainful employment before normal pension age.	Potentially contentious cases to be reported to Pension Fund Panel for a decision otherwise delegated to officers.
11	LGPS13: 40(2), 43(2), 46(2) & TP14: 17(5) to (8)	To whom a death grant should be paid following the death of a scheme member.	To follow scheme member's expression of wish where appropriate. If non-contentious delegate to officers for a decision or report to the Pension Fund Panel where decision could be contentious.
12	LGPS13: 49(1)(c)	To determine the benefit payable to a scheme member, in the absence of an election from the scheme member, where the scheme member is entitled to a benefit under 2 or more of the regulations in respect of the same period of membership.	Delegated to officers who will pay the benefit most beneficial to the scheme member.

13	LGPS13: 54(1)	Whether to establish an “admission agreement fund” in addition to the “main fund”.	Not to establish a separate fund.
14	LGPS13: 59(1) & (2)	Whether to produce and publish a written pension administration strategy and the matters to be included.	To produce and publish a pension administration strategy.
15	LGPS13: 64(2A); 64(2B); 64(2C)	Whether to issue a written suspension notice to an exiting employer to suspend that employer’s liability to pay an exit payment for up to 3 years where the administering authority considers it reasonable that the exiting employer will appoint one or more active members during the period specified in the suspension notice.	Delegated to officers to identify exiting scheme employer’s and to issue a suspension notice and report to the Pension Panel on the action taken.
16	LGPS13: 64(4)	Whether to obtain a revised rates and adjustment certificate from the pension fund Actuary where it is considered that a scheme employer will become an exiting employer.	Delegated to officers to identify those scheme employer’s with a poor covenant and report to the Pension Fund Panel on action taken.
17	LGPS13: 68(2)	To require a scheme employer to make a strain (capital) cost payment to the pension fund in all cases where a scheme employer’s decision results in the immediate release of a scheme member’s benefits because of flexible retirement, redundancy or retirement due to business efficiency.	In all cases the scheme employer will be required to make payment of a strain (capital) cost in full and within 21 days of receipt of an invoice from the scheme manager.
18	LGPS13: 69(1)	To consider the frequency that payments of contributions should be made to the pension fund by scheme employers and whether scheme employers should make a contribution towards to the cost of administration.	Payments required by the 19 th day of the month following deduction in accordance with statutory regulations. Currently no administration charges are made.

19	LGPS13: 69(4)	To consider the form and frequency of information required from a scheme employer to support the payment of contributions.	Delegated to officers. Failures by scheme employers to meet requirements to be reported to the Pension Board.
20	LGPS13: 70 & TP14: 22(2)	Whether to recover sums from a scheme employer where additional costs have been incurred because of the scheme employer's unsatisfactory level of performance.	Pension administration strategy provides details of when notices of unsatisfactory performances will be issued to scheme employers and reported to the Pension Fund Panel and Pension Board.
21	LGPS13: 71(1)	Whether to charge interest on payments received from a scheme employer later than prescribed in the pension administration service level agreement or the pension administration strategy.	Instances to be reported to the Pension Fund Panel and Pension Board as part of a stewardship report for decision and where considered material, invoice to be raised, sent to scheme employer and reported to the Pensions Regulator.
22	LGPS13: 76(4)	To determine the procedure to be followed at stage 2 of the IDRPs and the manner in which the exercise of those procedures should be undertaken.	The appointed adjudicator at stage 2 of the IDRPs is the Head of Finance for the administering authority who will seek advice and guidance from relevant officers and the Pension Board before making a determination.
23	LGPS13: 79(2)	Whether to appeal to the Secretary of State against a scheme employer's decision, or lack of decision, on a question arising under regulation 72 of LGPS13 (first instance decisions).	Cases to be reported to the Pension Fund Panel and Pension Board as part of a stewardship report but decision delegate to officers.
24	LGPS13: 80(1)(b) & TP14: 22(1)	To specify the format in which information supplied by a scheme employer is provided to the administering authority.	Delegated to officers who provide all standard forms and spreadsheets to scheme employers to assist them in providing all information required to enable the administering authority to discharge its scheme functions.

25	LGPS13: 82(2)	Whether to pay out in full or part a death grant due from the Pension Fund without having to obtain grant of probate or letters of administration where the value does not exceed that specified in section 6 of the Administration of Estates (Small Payments) Act 1965.	Delegated to officers for a decision where non-contentious but referred to the Pension Fund Panel where decision could be contentious.
26	LGPS13: 83	Whether, where a person appears to be incapable of managing their affairs by reason of mental disorder or otherwise, to make payment of benefits to another person.	Delegated to officers for a decision where non-contentious but referred to the Pension Fund Panel where decision could be contentious.
27	LGPS13: 98(1)(b)	Whether to agree to bulk transfer payments where two or more scheme members' membership ends on their joining a different registered pension scheme.	Delegated to officers who will in all instances seek the advice and guidance of the pension fund Actuary.
28	LGPS13: 98(4)(a)	Whether to determine that the amount set aside for a bulk transfer should be in cash or in assets or both.	Delegated to officers who will in all instances seek the advice and guidance of the pension fund Actuary.
29	LGPS13: 100(6)	Whether to extend the normal time limit for acceptance of a transfer value beyond 12 months from date scheme member joined the LGPS.	Delegated to officers as Scheme employers are required to include a statement in their discretions policy and where it is agreed to extend beyond the 12 month period the administering authority will endorse the scheme employer's decision unless it is clearly identified that such a decision would be detrimental for the Pension Fund.
30	LGPS13: 100(7)	Whether to allow the transfer of relevant pension rights into the pension fund.	To permit the transfer of relevant pension rights for credit to the member's pension account.
31	LGPS13: 106(6)	To determine the procedures applicable to a local pension board.	Terms of reference set out in the Council's Constitution.

32	LGPS13: 107(1)	To determine the membership of the local pension board and the manner in which members may be appointed and removed.	Approved by Pension Fund Panel.
33	LGPS13: 108(1)	To determine the method by which to confirm that a member of the pension board does not have a conflict of interest.	Set out in Council's code of conflict policy.
34	LGPS13: Sch. 1 & TP14: 17(9)	In accordance with definition of eligible child determine whether to treat a child as being in continuous education or vocational training despite a break.	Pensions payable to eligible children will continue to be paid during breaks in education or training of up to one year.
35	LGPS13: Sch.1 & TP14: 17(9)(b)	In accordance with definition of cohabiting partner determine the evidence required to confirm financial dependence of a cohabiting partner on a scheme member or financial interdependence of cohabiting partner and scheme member.	Delegate to officers for a decision where non-contentious or to the Pension Fund Panel where decision could be contentious. Pension Fund Panel to consider an Affidavit to be signed by cohabiting member.
36	LGPS13: Sch. 2, Part 3, para. 9(d)	To determine the right to terminate an admission agreement under circumstances listed in regulation.	Report to be submitted to the Pension Fund Panel.
37	LGPS13: Sch. 2, Part 3, para 12(a)	To consider definition of the term "employed in connection with the provision of the service or assets".	Must be continuously employed for a minimum of 50% of the time in connection with the provision of the service or assets as referred to in the admission agreement.
38	TP14: 3(6), 4(6)(c), 8(4), 10(2)(a), 17(2)(b) & B07: 10(2)	In respect of a scheme member who retains a right to have the use of the average of 3 years pay for final pay purposes, to determine, should the member die before making an election, whether to make that election on behalf of	Delegated to officers to calculate and apply the best option for the scheme member's dependants.

		the deceased scheme member.	
39	TP14: 3(6), 4(6)(c), 8(4), 10(2)(a), 17(2)(b) & T08: Sch. 1 & LGPS97: 23(9)	In respect of a scheme member who retains a certificate of protection of pension benefits under former regulations to determine should the member die before making an election as to the use of that certificate, whether to make an election on behalf of the deceased scheme member.	Delegated to officers to calculate and apply the best option for the scheme member's dependants.
40	TP14: 10(9)	In the absence of an election from a scheme member within 12 months of ceasing a concurrent employment, to determine, where the scheme member has more than one on-going employment, to which pension account the ceasing employment benefits should be aggregated.	Delegated to officers to calculate and apply the best option for the member.
41	TP14: 12(6)	Whether to use a certificate produced by an IRMP under the LGPS2008 for the purposes of making an ill health determination under the LGPS2013 in respect of a scheme employer that no longer exists.	Delegated to officers to make the necessary determination on a case by case basis.
42	TP14: 15(1)(c) & T08: Sch. 1 & LGPS97: 83(5)	Whether to extend the time period for capitalisation of ongoing added years contracts still in force under previous regulations.	Delegated to officers to make the necessary determination on a case by case basis.
43	TP14: 15(1)(d) & A08: 28(2)	Whether to charge a scheme member for the provision of an estimate of additional pension that would be provided for by the scheme in return for the transfer of in house AVC funds (where the arrangement was entered into before 1 April 2014).	No charge to be applied.
44	TP14: Sch. 2, para. 2(5)	Whether to require a strain (capital) cost to be paid "up front" by a scheme employer following their decision to	A scheme employer must make payment of a strain (capital) cost to the pension fund in full and "up front" on

		waiver any actuarial reduction to benefits under the 85-year rule.	every occasion that such a cost arises.
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In the above table the statutory references relate to the following regulations where indicated:

LGPS13: The Local Government Pension Scheme Regulations 2013 (S.I. 2013 No. 2356)¹

TP14: The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (SI 2014 No. 525)²

A08: Local Government Pension Scheme (Administration) Regulations 2008 (SI 2008 No. 239)³

LGPS97: Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612)⁴

B07: Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (SI 2007 No. 1166)⁵

T08: Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (SI 2008 No. 238)⁶

¹ <http://www.legislation.gov.uk/uksi/2013/2356/contents/made>

² <http://www.legislation.gov.uk/uksi/2014/525/contents/made>

³ <http://www.legislation.gov.uk/uksi/2008/239/contents/made>

⁴ <http://www.legislation.gov.uk/uksi/1997/1612/contents/made>

⁵ <http://www.legislation.gov.uk/uksi/2007/1166/contents/made>

⁶ <http://www.legislation.gov.uk/uksi/2008/238/contents/made>

Approved by the Berkshire Pension Fund Panel: 12 November 2018
Next review date: November 2019



REPORTING BREACHES OF THE LAW



The Pensions Regulator

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1 INTRODUCTION

The Local Government Pension Scheme (LGPS) is a public service pension scheme which is highly regulated not only by scheme regulation but also by wider-reaching legislation.

In Berkshire the LGPS is governed by the Royal Borough of Windsor & Maidenhead as the administering authority (scheme manager) to the Royal County of Berkshire Pension Fund. The general powers and duties of the administering authority lie with the Pension Fund Panel as set out in Part 6 Section D of the Council's Constitution. The Pension Fund Panel is assisted by the Pension Fund Advisory Panel and also the Pension Board established in accordance with the Public Service Pensions Act 2013 and Regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).

A Local Government Pension Fund has a different legal status when compared to trust based schemes in the private sector and so the Royal County of Berkshire Pension Fund does not have, in the strictest meaning, trustees. However, those making decisions on behalf of the administering authority are required, in many ways, to act as if they were trustees in terms of their duty of care.

Following a review of public service pension provision by Lord Hutton of Furness in 2011, a number of recommendations were made to the Government on how to ensure that public service pension schemes remain sustainable and affordable in the future. These recommendations were carried forward into the Public Service Pensions Act 2013 resulting in changes to the LGPS regulations with effect from 1 April 2014.



The result of all of this is that the LGPS, and public service pension schemes in general, are now under greater scrutiny than ever before. The Public Service Pensions Act 2013 introduced the framework for the governance and administration of public service pension schemes and provided an extended regulatory oversight to the Pensions Regulator.

2 THE REQUIREMENT TO REPORT BREACHES OF THE LAW

Under Section 70 of the Pensions Act 2004 (see below), certain people are required to report breaches of the law to the Pensions Regulator where they consider that they have a reasonable cause to believe that a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with and that failure to comply is likely to be of material significance to the Pensions Regulator in the exercise of its functions.

Not all breaches need to be reported to the Pensions Regulator, only those where there is likely to be a material significance, but all breaches should be recorded and retained for future reference.

70. Duty to report breaches of the law.

- (1) Subsection (2) imposes a reporting requirement on the following persons—
 - (a) a trustee or manager of an occupational or personal pension scheme;
 - (aa) a member of the pension board of a public service pension scheme;
 - (b) a person who is otherwise involved in the administration of an occupational or personal pension scheme;
 - (c) the employer in relation to an occupational pension scheme;
 - (d) a professional adviser in relation to such a scheme;
 - (e) a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.

- (2) Where the person has reasonable cause to believe that—
- (a) a duty which is relevant to the administration of the scheme in question, and is imposed by or by virtue of an enactment or rule of law, has not been or is not being complied with, and
 - (b) the failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions,
- he must give a written report of the matter to the Regulator as soon as reasonably practicable.
- (3) No duty to which a person is subject is to be regarded as contravened merely because of any information or opinion contained in a written report under this section. *(i.e. Duty to report overrides other obligations like duty of confidentiality, except where legal professional privilege applies)* This is subject to section 311 (protected items). *(Deals with exemption for legal professional privilege)*.
- (4) Section 10 of the Pensions Act 1995 (c. 26) (civil penalties) applies to any person who, without reasonable excuse, fails to comply with an obligation imposed on him by this section.

3 WHO IS REQUIRED TO REPORT BREACHES OF THE LAW?

Those people who are subject to the reporting requirement ('reporters') for public service pension schemes is set out in Section 70 of the Pensions Act 2004 but in practical terms it is necessary for a senior officer of the administering authority to have responsibility for the management and execution of these procedures. Whilst any suspected breach should, where appropriate, be reported to a Senior Officer of the Pension Fund for escalation, the designated officer with overall responsibility for reporting breaches to the Pensions Regulator is the s.151 Officer for the administering authority or where the s.151 Officer is unavailable (or in the unlikely event of being implicated in the breach) the Monitoring Officer for the administering authority.

All reporters need to take due consideration as to who could be implicated in the perceived breach of the law when reporting their findings and ensure that the perceived breach is not worsened by making any individual or individuals who may be implicated in the breach of the law aware that a report is to be made.

4 WHAT MUST BE REPORTED?

Those responsible for reporting breaches of the law to the Pensions Regulator will need to consider when they have reasonable cause to believe there has been a breach that is likely to be of material significance to the Pensions Regulator.

Reasonable Cause

Having reasonable cause means more than merely having a suspicion that cannot be substantiated. For example, a suspicion that scheme assets may have been misappropriated may in fact be a direct result of something out of the Fund manager's control such as drop in the stock market leading to investment returns being lower than anticipated.

Any reporter must ensure that they know the full facts of the suspected breach and may need to check with members of the Pension Board, the Scheme Manager or anyone else they consider to be in a position to confirm the events leading up to the suspected breach of the law. However, reporters need to take care as to who they discuss their suspicions with where they have a cause to believe that theft, fraud or other serious offences may have occurred as they would not want to alert those potentially implicated or hinder the actions of the police or a regulatory authority. In such cases the Pensions Regulator should be contacted without delay.

Whilst a reporter should endeavour to fully understand the legal position regarding a suspected breach, they do not have to gather all of the evidence that the Pensions Regulator may require before taking legal action especially where a delay in reporting the breach could exacerbate or increase the risk of the breach.

Material significance

What is of material significance can be considered from four aspects:

1. Cause – dishonesty, poor governance or administration, poor advice, acting (or failing to act) in deliberate contravention of the law;
2. Effect – if the matter appears to be the effect of non-compliance with the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations, poor administration, inaccurate payments or theft;
3. Reaction to the breach – if no prompt and effective action has been taken to deal with the breach and to identify and tackle the causes so as to minimise the risk of recurrence;
4. Wider implications – if the breach suggests wider undetected problems.

To be able to consider these aspects all people who have a legal requirement to report breaches of the law, as set out in section 3, will need to ensure that they have sufficient knowledge and understanding of the pension law and regulations that govern the LGPS.

In forming a view as to whether or not the breach is of material significance reporters will need to consider other breaches of which they are aware but be careful to ensure that any such breaches have not already been addressed and resolved.

The aim of the Pensions Regulator is to protect the benefits of pension scheme members, reduce calls upon the Pension Protection Fund and to promote good administration of work-based pension schemes. Therefore, the following are important elements that the Pensions Regulator may consider to be of material significance:

- The right money is paid into the Scheme at the right time;
- Assets are appropriately safeguarded;
- Payments out of the Scheme are legitimate, accurate and paid at the right time to the right person(s);
- The Scheme Manager is complying with the legal requirements of Scheme funding;
- The Scheme Manager is properly considering their investment policies and investing in accordance with them;
- The Scheme is being administered properly in accordance with Scheme regulations;
- Appropriate records are maintained and are accurate;
- Scheme members receive accurate, clear and impartial information without delay.

The Pensions Regulator will not normally regard a breach as material if the Scheme Manager has taken prompt and effective action to investigate and resolve a breach and put in place the necessary procedure to ensure that such a breach will not reoccur.

However, the Pensions Regulator will be concerned where the Scheme Manager has failed to act promptly and effectively to identify, resolve and remedy the causes for the breach. If the proper corrective action has not been taken the Pensions Regulator is likely to deem the impact as material.

The wider implications of a breach are the concern of the Pensions Regulator where the fact that the breach has occurred in the first place will make it more likely that future breaches will arise because the Scheme Manager lacks the appropriate skills and knowledge needed to fulfil the requirements of their role.

A traffic light framework, as supplied by the Pensions Regulator, has been set up as a reference tool for reporters considering whether breaches of the law have a material significance and so should be reported to the Pensions Regulator. This framework document should be used by all reporters and continually updated as breaches are identified. It provides possible investigation outcomes and requires the reporter to consider the content of the red, amber and green sections for each of the cause, effect, reaction and wider implications of the breach being considered. This document will be made available to all persons responsible for reporting breaches of the law as part of Pension Board meetings.

A breach will be in the red category and therefore must always be reported to the Pensions Regulator, because one or more of the following apply:

- It was caused by dishonesty, poor scheme governance, poor advice or by deliberate contravention of the law;
- Its effect is considered to be significant;
- Inadequate steps have been taken to put matters right;
- It has wider implications.

A breach will be in the green category, and will not need to be reported to the Pensions Regulator but should be recorded, because one or more of the following apply:

- It was not caused by dishonesty, poor scheme governance, poor advice or by deliberate contravention of the law;
- Its effect is NOT significant;
- Proper steps are being taken to put matters right;
- It does NOT have wider implications.

A breach will be in the amber category when it is not obviously either red or green. The decision whether or not to report will require a balanced judgement based on the cause, effect, reaction and wider implication of the case under consideration. Other previous reported or unreported cases may be relevant when coming to a decision whether to report or not and consideration needs to be given to the adequate oversight and controls adopted by the scheme manager.

Examples of red, amber and green breaches are set out in the traffic light framework and must be referred to each time a breach of the law is suspected.

5 PROCEDURES FOR REPORTING BREACHES OF THE LAW

Anyone who has a responsibility to report breaches of the law during the course of their association with the Scheme should be alert to the potential for breaches to occur and to have properly established procedures in place to enable them to evaluate any potential breaches and the need to report them.

The Pension Fund keeps a 'register of breaches of the law' in which all breaches must be recorded regardless of whether or not they are or ever have been reported to the Pensions Regulator. This register is available to all responsible persons and forms part of the agenda for meetings of the Pension Board.

The flowchart at Annex 1 to this guide sets out the steps to be taken when considering breaches of the law but the details are also described in this section of the guide.

The following steps should be taken:

1. If the person suspecting the breach is not designated to deal with breaches they should inform a designated person immediately taking due consideration of who could be implicated in the case. The designated person is the s.151 officer for the administering

authority or in the event that the s.151 is not available or indeed is implicated in the breach, the Monitoring Officer for the administering authority.

2. A designated person should investigate if there is a reasonable cause to believe a breach has occurred by firstly checking the register and the traffic light framework by contacting a Senior Officer of the Pension Fund.
3. If the designated person has no reasonable cause to believe that a breach has occurred there is no duty to report the case to the Pensions Regulator.
4. The designated person should clarify the facts around the suspected breach and obtain any clarification of the law that may be required, liaising with other appropriate people as considered necessary with due regard to who could be implicated in the case.
5. Consider whether the breach is likely to be of material significance to the Pensions Regulator. If it is considered to be very serious it must be reported immediately to the Pensions Regulator. If this is the case a written report can be preceded by a telephone call to the Pensions Regulator on 0870 6063636. Any breach that is so serious that it must always be reported to the Pensions Regulator will always be recorded as a red category breach in the register. If the breach is considered not to be of material significance to the Pensions Regulator and is a clear cut green breach then it does need to be reported to the Pensions Regulator but should be recorded as a green category breach in the register.
6. If the breach is considered to be red, but not so serious that it needs to be notified to the Pensions Regulator immediately, a report should be sent to the Pensions Regulator as soon as is reasonably practicable ensuring that any delay will not result in the breach becoming more serious thereby incurring the risk of the Pensions Regulator issuing a civil penalty (see section 7 of this guide). Good practice would provide that such a case is reported within 10 working days.
7. If the breach is considered to be an amber breach (not a clear cut red or green breach) further consideration needs to be given to the case by further considering the context of the case and how it relates to the principles of cause, effect, reaction and wider implication. Good practice would provide that such a case is dealt with within 20 working days.
8. It may be that the breach needs to be referred to the appropriate level of seniority at which decisions can be made on whether to report to the Pensions Regulator but consider who may be implicated in the breach of the law when discussing your suspicions with other individuals.
9. If the breach is a particularly difficult case seek input from relevant experts. This may require a sub-committee of the Pension Board to be appointed to discuss the events leading up to the reporter's suspicion that a breach of the law may have occurred.
10. Keep in mind the appropriate timeframe for submitting a report to the Pensions Regulator (i.e. green cases do not need reporting, red cases should be reported immediately or if not within 10 working days and amber cases should be considered and acted upon within 20 working days and where ultimately deemed to be in the red category, reported immediately or within 10 working days, at the point within that timeframe, that a decision has been made).
11. Once the decision has been made that the breach falls into the red category, submit a report on the breach to the Pensions Regulator in accordance with the guidance provided in section 6.

12. If it is decided that the breach is not of material significance and so should not be reported to the Pensions Regulator update the register and close the case.
13. Where a report has been submitted to the Pensions Regulator, the reporter must ensure that they receive an acknowledgement from the Pensions Regulator within 5 working days of submitting the report. If not, the reporter should contact the Pensions Regulator to ensure that the report has been received.
14. Ensure that the register is updated at each stage of the process so that the case can be monitored and dealt with effectively and efficiently.

NOTE: The register is held by the Pension Fund. All updates to the register should be made by the reporting officer in conjunction with a Senior Officer of the Pension Fund taking into account who may be implicated in the breach.

6 HOW SHOULD REPORTS BE MADE?

All reports of material breaches must be made in writing to the Pensions Regulator as soon as is reasonably practicable. They should be sent preferably to the Pensions Regulator via its online system, 'Exchange' at www.tpr.gov.uk/exchange, but can be sent by post to The Pensions Regulator, Napier House, Trafalgar Place, Brighton, BN1 4DW, or electronically to customersupport@thepensionsregulator.gov.uk or by fax to 0870 2411144.

The report should be dated and include as a minimum the following details:

- Full name of the scheme;
- Description of the breach or breaches;
- Any relevant dates;
- Name of the Scheme employer and/or Scheme Manager (where known);
- Name, position and contact details of the person reporting the breach;
- The role of the person reporting the breach in relation to the Scheme.

Further information should be supplied wherever possible including for example:

- The reason the breach is thought to be of material significance;
- The address of the Scheme;
- The contact details of the Scheme Manager (The Royal Borough of Windsor & Maidenhead);
- Whether the concern has been reported before.

If the matter of concern is considered to be particularly serious a phone call (0870 6063636) can be made to the Pensions Regulator prior to the submission of a written report.

7 FAILURE TO REPORT A BREACH OF THE LAW

Failure by any person to comply with their obligation to report breaches of the law to the Pension Regulator is a 'civil offence' unless a 'reasonable excuse' can be given.

To decide if a report has a reasonable excuse for not reporting a breach, or reporting a breach later than would be expected, The Pensions Regulator may consider the following:

- The legislation, case law and codes of practice issued by the Pensions Regulator;
- The role of the reporter in relation to the Scheme;
- The training provided to the reporter and the level of knowledge that the reporter could reasonably be expected to have;

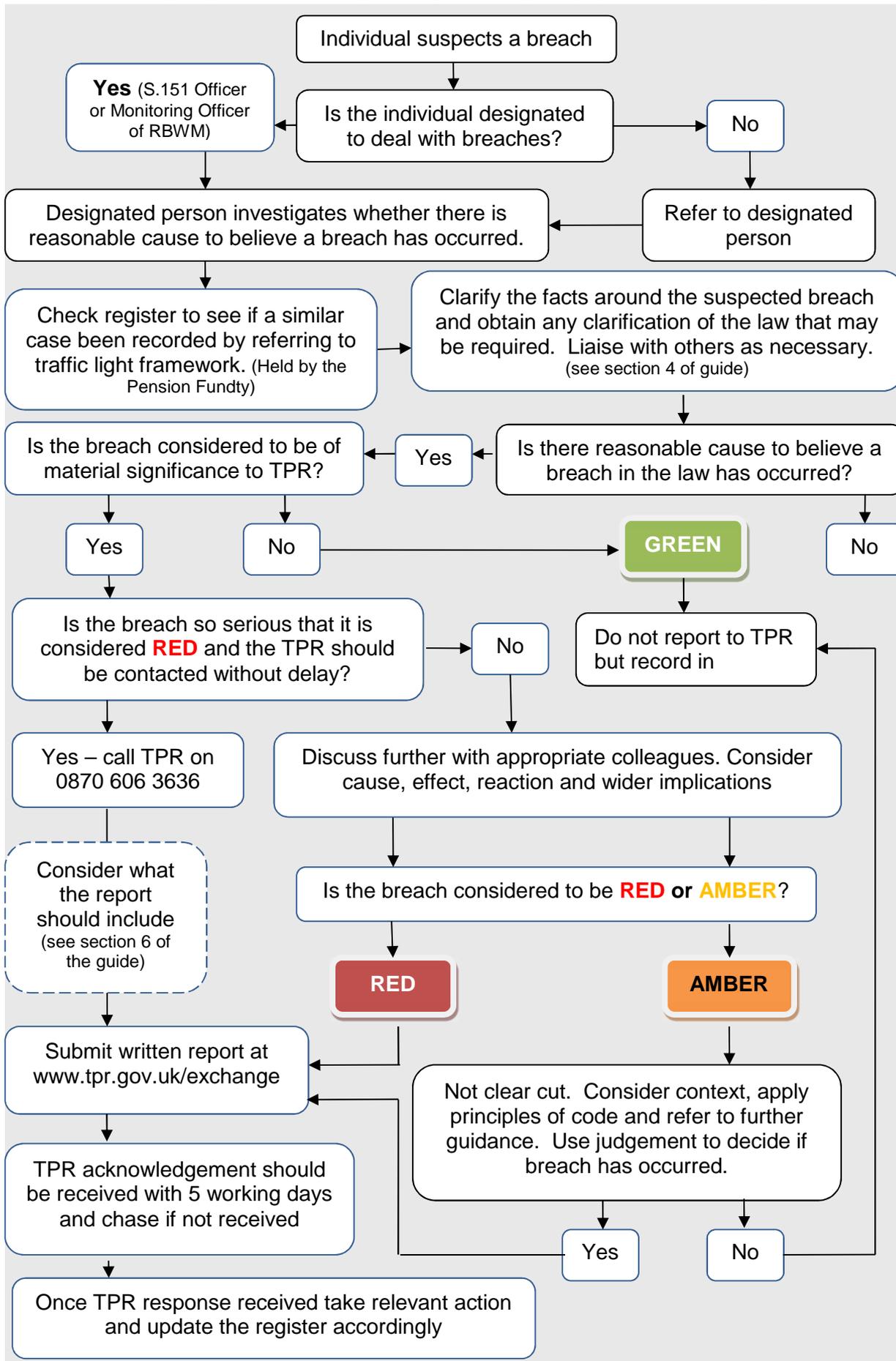
- The procedures put in place to identify and evaluate breaches and whether those procedures have been followed;
- The seriousness of the breach and whether or not the breach should have been reported immediately;
- Any reasons given for a delay in the report;
- Any other relevant considerations relating to the case in question.

If the Pensions Regulator considers issuing a civil penalty a warning notice will be sent to the affected party or parties identifying the alleged breach. In addition the Pensions Regulator may consider it appropriate to make a complaint to the reporters professional or other governing body.

Approved by the Pension Panel: 12 November 2018

Next Review Date: October 2019

ANNEX 1 – FLOWCHART - REPORTING BREACHES OF THE LAW TO TPR



ANNEX 2 – TEMPLATE BREACHES REGISTER

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

BREACHES REGISTER

POTENTIAL INVESTIGATION OUTCOMES				
	CAUSE	EFFECT	REACTION	WIDER IMPLICATIONS
BREACH DETAILS	Failure to issue Annual Benefit Statements (ABSs) within the statutory deadline (31 August 2017) to Scheme members employed at schools within the Wokingham Borough Council (WBC) schools payroll currently run by a third party contractor Selima.			
DATE IDENTIFIED	1 September 2017			
RED				
AMBER				
GREEN	WBC's contracted payroll services have failed to provide required membership data.	Pension Fund has been unable to issue accurate and meaningful ABSs to the Scheme members affected.	Pension Fund has communicated this failing to WBC as the Scheme employer directly and via internal audit but as yet to no avail.	Pension Fund is failing in its statutory duties and runs the risk of being reported to TPR.
DATE REVIEWED BY RESPONSIBLE PERSON	22 January 2018			
OUTCOME AND ACTION TAKEN	<p>Although around 2.5% of the Scheme membership has not received a 2017 ABS within the statutory deadline the Fund as a whole has achieved 97.5% compliance with the Scheme regulations. Overall, this is not seen as being materially significant whilst accepting that those Scheme members affected are not receiving a suitable level of service. Actions are being taken by the Fund to resolve the issue and a statement will be produced manually for any Scheme member who requests one. All affected Scheme members to be written to (preferably by WBC as the employer) explaining why this issue has arisen and the actions to be taken to ensure that not only the 2017 ABSs can be produced but that the 2018 ABSs will be produced within the statutory deadline of 31 August 2018.</p> <p>See attached action plan for further information.</p>			
NAME OF REPORTER AND DATE REPORTED TO TPR	Not reported to TPR as issue identified and an action plan implemented to resolve the issue. However, when agreeing the action plan it has been clearly outlined by the Pension Fund that if the circumstances leading to the breach are not resolved within the agreed deadline the Pension Fund will report itself to the Pensions Regulator with any fines issued being recharged back to the Scheme employer that is responsible failing to meet the statutory requirement.			
TPR RESPONSE	Not applicable			
ACTION TAKEN	Following extensive work to data-match pension and payroll records Annual Benefits Statements for 2017 were personally issued to School Business Managers on 26 June 2018. Further data-matching work resulted in the 2018 Annual Benefit Statements being issued on-line on the 14 August 2018 well within the statutory deadline. Ongoing work is being undertaken to keep records up to date until such time in the 2019/20 year when the whole process of data transfer will be automated.			

Action	Responsibility	Date for completion
Letter to be sent to affected scheme members via school business managers– draft email and letter attached	Wokingham BC	31 January 2018
Email to be sent to all school contacts requesting completion of a staff details spreadsheet for return to the Pension Fund	Pension Fund	31 January 2018
Staff details returned to Pension Fund by each school for data matching	Wokingham Schools	16 February 2018
Pension Fund to review and return discrepancies to the school	Pension Fund	All completed by 28 February 2018
All discrepancies to have been reviewed by schools and updates returned to the Fund	Wokingham Schools	All returned by 9 March 2018
All outstanding discrepancies to be sent to Selima for action	Pension Fund/WBC	16 March 2018
Selima to provide responses to the queries raised	Selima/WBC	30 March 2018
Final outstanding queries to be resolved	All	20 April 2018
2017 annual benefit statements to be published to mypensionONLINE	Pension Fund	30 April 2018
2017/18 annual return to be submitted to the Pension Fund	Selima/WBC	30 April 2018
Data to be posted to the pension administration system	Pension Fund	25 May 2018
Discrepancies to be raised with Selima	Pension Fund	28 May 2018
Selima to respond to discrepancies	Selima/WBC	22 June 2018
Outstanding queries to be returned to Selima	Pension Fund	13 July 2018
Selima to respond to all remaining queries	Selima/WBC	31 July 2018
Pension Fund to produce 2018 annual benefit statements	Pension Fund	31 August 2018
Formal discussions to commence regarding on-boarding of i-connect	All	31 December 2018



MANAGING RISKS



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1 INTRODUCTION

A Scheme Manager (Administering Authority) of a public service pension scheme must establish and operate internal controls which must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and with the requirements of the law. The Royal Borough of Windsor & Maidenhead, as the Administering Authority to the Royal County of Berkshire Pension Fund, has a risk management policy and strategy and the Fund's operational and strategic risks are integrated into, and have a direct correlation with, the Royal Borough's risk management framework. Great emphasis is placed on risk management and the reason why the Pension Fund differentiates between operational and strategic risks is to secure the effective governance and administration of the Local Government Pension Scheme.

Risk can be identified as "*the chance of something happening which may have an impact on the achievement of an organisation's objectives*". The difference between a risk and an issue is one of timing:

- A risk event has not happened yet;
- An issue is a result of an event that is happening right now or has already happened;
- As the risk event is a future event, the task is to assess its probability of occurring and estimate the impact that would be caused if it did occur;
- An issue event has already happened so there is no need to assess its probability but what must be taken into account is the impact and what reaction is required to deal with it;
- There is a possibility for a risk to turn into an issue when it is realised.



The main internal controls for the Pension Fund are:

- Arrangements and procedures to be followed in administration, governance and management of the scheme;
- Systems and arrangements for monitoring that administration, governance and management; and
- Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme.

2 RISK MANAGEMENT POLICY

Risk management decisions and practices will be in accordance with appropriate codes of best practice, ethical standards and values applicable to the governance and administration of the LGPS and as applied to the officers of the Pension Fund.

To deliver this policy it is necessary for Pension Fund staff, Elected Members of the Pension Fund Panel, members of the Pension Fund Advisory Panel and members of the Pension Board to adopt a consistent and systematic approach to managing risks. The way in which risk is managed can have a major impact on the Pension Fund's key objectives and service delivery to its stakeholders.

The foundations of this policy are based upon a common understanding and application of the following principles:

- The informed acceptance of risk is an essential element of good business strategy;
- Risk management is an effective means to enhance and protect the Pension Fund over time;
- Common definition and understanding of risks is necessary in order to better manage those risks and make more consistent and informed business decisions;
- All risks are to be identified, assessed, measured, monitored and reported on in accordance with the Administering Authority's risk management strategy;
- All business activities are to adhere to risk management practices which reflect effective and appropriate internal controls.

3 PENSION FUND OBJECTIVES

Operational objectives

- To manage the scheme in accordance with scheme regulations and associated pension law;
- To ensure that the appropriate knowledge and experience is maintained within the Pension Fund so that all duties are discharged properly;
- To maintain a high quality pension member database;
- To ensure that all pension payments are made on the correct pay date;
- To ensure that payments do not continue to be made to deceased members of the scheme;
- To have continuous access to the pension administration software during normal working hours and extended hours as required;
- To ensure that pension contributions are received from Scheme employers by the Pension Fund within required timescales;
- To maintain an appropriate level of staff to administer the scheme effectively and efficiently;
- To maintain a pension administration strategy and service level agreement and ensure that key performance indicators are achieved and reported to the Pension Fund Panel, Pension Fund Advisory Panel and Pension Board;
- To communicate effectively and efficiently with all scheme members;
- To ensure that third party operations are controlled and operate effectively and cost efficiently;



- To monitor and review the performance of the Local Pensions Partnership Investment Limited as the Investment Fund Manager to ensure maximum benefit for the Pension Fund.

Strategic objectives

- To achieve a funding level of 100%;
- To achieve stable employer contribution rates;
- To set the strategic asset allocation;
- To monitor and review investment performance in line with the strategic asset allocation;



-
- To ensure employer covenants are sufficient to meet employer obligations;
- To maintain a high level of governance of the Pension Fund in line with the Local Government Pension Scheme Regulations and associated pension legislation.

4

If risk

PENSION FUND RISKS

is not properly managed it can have a significant impact on the Pension Fund. The effective management of risk is a critical part of the Pension Fund's approach to delivering sound governance and administration performance that provides better outcomes for all of its stakeholders. The Pension Fund identifies the operational and strategic risks associated with its operational and strategic objectives.

The objective of risk management is not to completely eliminate all possible risks but to recognise risks and deal with them appropriately. Everyone connected to the Pension Fund should understand the nature of risk and systemically identify, analyse, treat, monitor and review those risks.

Risk management requires:

- A consistent management framework for making decisions on how best to manage risk;
- Relevant legislative requirements to be taken into account in managing risks;
- Integration of risk management with existing planning and operational processes;
- Leadership to empower staff in the management of risk;
- Good quality information.

Operational risks

Key operational risk covers such areas as:

- Administration of member records;
- Payments of member benefits;
- Management of the Pension Fund's cash;
- Monitoring and reviewing investment performance;
- Receipt of employee and employer contributions;
- Business continuity and disaster recovery;
- Lack of knowledge and expertise; and
- Staff shortages.

Strategic risks

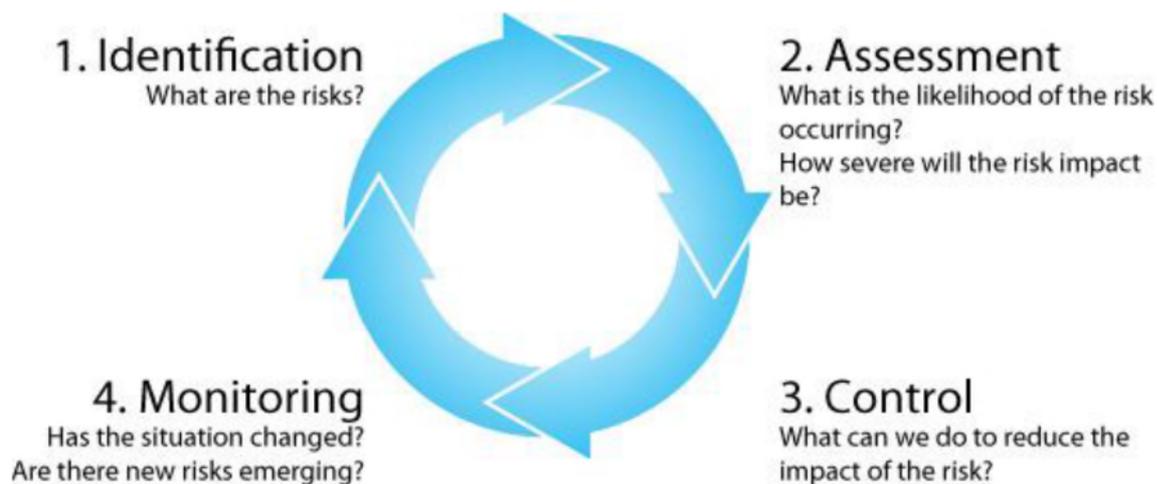
Key strategic risk, whilst not affecting day to day operations of the Fund, could in the medium or long-term, have significant impact and covers such areas as:

- The Pension Fund being less than 100% funded;
- Volatility of employer contribution rates;
- Investment performance;
- Failure to meet funding targets
- Longevity risk;
- Employer covenants.

The Pension Fund's risk assessment and register sets out all of the operational and strategic risks.

5 RISK MANAGEMENT PROCESS

The Pension Fund has adopted the Administering Authority's approach to risk management which follows a four-stage process that involves the Fund's objectives being risk profiled.



Stage 1 – Identification

This involves identifying the Pension Fund’s objectives from its core business processes.

Stage 2 - Assessment

This stage identifies those circumstances (risks) that might prevent those objectives being reached and evaluates the likelihood, impact and significance of each risk.

Impacts are scored from 1 to 4 where 1 represents a minor risk and 4 represents a high risk. The likelihood of the risk occurring is also scored from 1 to 4 where 1 represents very unlikely and 4 very likely.

Multiplying these likelihood and impact scores together gives a result that is assessed as “high risk” (a value over 10), “high/medium risk” (a value above 8 and below 11), “medium risk” (a value above 4 and below 9) and “low risk” (a value below 5). Key risks are those identified as high risk and those where the implications of failure carry the most damaging consequences.

In terms of assessing each risk the assessment is detailed in three situations for all risks with a further dimension of risk appetite assessment to the key risks:

- Uncontrolled: the inherent risk without any controls whatsoever;
- Current: how the risk stands at the present time;
- Controlled: how the risk would look once all treatment measures are implemented.

An impact/likelihood matrix as follows shows how each risk once assessed against both criteria will identify the risk profile of each objective.

I M P	High	4	8	12	16
	Medium/High	3	6	9	12

A C T	Medium	2	4	6	8
	Low	1	2	3	4
		Low	Medium	Medium/High	High
	LIKELIHOOD VALUES				

Stage 3 - Control

This stage treats the risks in order of priority. Treatment measures address whether the likelihood and/or impact can be reduced or the consequences changed. Contingencies can be devised to respond should the risk occur.

Stage 4 - Monitoring

This stage sets out a process for reviewing and monitoring actions previously taken. Each risk must clearly indicate all consequences, countermeasures and contingencies along with the risk owner.

This process adds scrutiny to ensure:

- Correct risks are being identified;
- Treatment measures identified are legitimate;
- Correct individuals are assigned as risk owners;
- There are challenges made to what is known to ensure that the most up to date knowledge is being utilised;
- There are early warning systems so that information can filter up quickly and easily.

6 RISK APPETITE

Risk appetite is the phrase used to describe where the Pension Fund considers itself to be on the spectrum ranging from willingness to take or accept risks through to an unwillingness or aversion to taking risks.

The Administering Authority provides a diverse range of services where its risk appetite may vary from one service to another. The Pension Fund has a set of core objectives and so its risk appetite can be set within appropriate limits.

A defined risk appetite reduces the likelihood of unpleasant surprises and considers:

- Risk capacity: the actual physical resources available and physical capability of the Pension Fund. The Fund's capacity will have limits and therefore its capacity is finite and breaching those limits may cause the Pension Fund problems that it cannot deal with;
- Risk tolerance: the factors that the Pension Fund can determine, can change and is prepared to bear. Risks falling within the Fund's tolerances for governance and administration services can be accepted.

7 RISK MANAGEMENT ROLES AND RESPONSIBILITIES

This section has been lifted directly from the Administering Authority's risk management policy and strategy and has been included for the purposes of providing guidance on how the Pension Fund, as managed by The Royal Borough of Windsor & Maidenhead, is held accountable to the management structure of the Borough.

Managing director

The MD takes overall responsibility for the council's risk management performance and in particular ensures that:

- decision-making is in line with council policy and procedures for management of risk;
- adequate resources are made available for the management of risk;
- there is an understanding of the risks facing the council.

Cabinet members

- Take reasonable steps to consider the risks involved in the decisions taken by them;
- Have an understanding of the key council risks falling within their portfolio.

Audit and Performance Review Panel

- Consider and approve the risk management strategy annually and communicate it to other elected members;
- Receive an annual report on risk management and monitor the effective development and operation and corporate governance in the council;
- Receive quarterly reports on the management of the key operational and strategic risks facing the council to allow their scrutiny and challenge;
- Oversee the governance process to ensure that strategic risks are being reviewed at CMT and across each directorate;
- Oversee a comprehensive, inclusive and risk management approach to the annual governance statement process;
- Review an annual report on corporate governance (annual governance statement).

Head of finance

- Ensure that a risk management policy and strategy is developed and reviewed annually to reflect the changing nature of the council;
- Champion the process of risk management as good management practice and a valuable management tool.

Senior Leadership Team (SLT)

- Ensure that the council manages risk effectively through the development of an all-encompassing strategy and monthly updates from the risk manager;
- Approve the corporate risk management strategy;
- Challenge the contents of the corporate risk register to ensure, in particular, that it reflects any significant new risks emerging and that monitoring systems are suitably robust;
- Support and promote risk management throughout the council;
- Ensure that, where appropriate, key decision reports include a section demonstrating that arrangements are in place to manage identified risks.
- Identify and manage the strategic and SLT risk registers on a quarterly basis.

Directorate Management Team (DMT)

- Ensure that risk is managed effectively in each service area within the agreed corporate strategy;
- Identify any service specific issues relating to risk management which have not been explicitly addressed in the corporate strategy;
- Identify and manage the directorate risk register on a quarterly basis;
- Disseminate the detail of the strategy and allocate responsibilities for implementation to service managers and staff;
- Establish the training requirements of managers and staff with regard to strategy implementation;
- Have an understanding of the risks facing the council.

Insurance and risk management team

- Develop the strategy and oversee its implementation across the council;
- Share experience and good practice on risk and risk management;
- Develop and recommend the strategy to the Audit and Performance Review Panel and CMT;
- Provide a clear and concise system for reporting risks to elected members.

Internal audit

- Take the content of the key risk registers into account when setting the internal audit programme;
- Undertake audits to assess the effectiveness of the risk mitigation measures;
- Feed back audit opinions into the risk register.

Heads of service/managers

- Take primary responsibility for identifying and managing significant strategic and operational risks arising from their service activities;
- Recommend the necessary training for employees on risk management;
- Maintain a risk management portfolio for their service area;
- Ensure that all employees are aware of the risk assessments appropriate to their activity;
- Be responsible for production, testing and maintenance of business continuity plans.

All staff

- Identify new or changing risks in their job and feed these back to their line manager;
- Support continuous service delivery and any emergency response.

8 CORPORATE RISK FINANCING STRATEGY

This section has also been lifted directly from the Administering Authority's risk management policy and strategy and has been included for the purposes of providing guidance on how the Pension Fund, as managed by The Royal Borough of Windsor & Maidenhead, is held accountable to the management structure of the Borough.

The council uses its risk financing arrangements to protect itself from the financial implications of unexpected accidental events affecting its staff and property, which helps in providing continuous services in the event of serious losses.

The level of cover bought and excesses applied will depend on the council's appetite for risk, based on its financial security i.e. ability to self fund claims and the strength of its risk management.

The council is exempt from the majority of requirements regarding compulsory insurance. The only insurable aspect of the council's operations it is obliged to make specific financial provision for is fidelity guarantee (fraud by staff).

Nevertheless, most public sector organisations including the council, choose to purchase external insurance for the majority of their risks. This is because without external insurance, the council will be obliged to fund all such exposures from its resources.

If the council were to insure against most of the risks that it faced then this would incur a significant amount of annual expenditure in premiums.

Having strong risk management arrangements across the council allows us to retain some risks either by deciding to self insure these risks in their entirety or by purchasing insurance cover for losses that arise over a certain value.

Objectives

- Provide financial protection to the council's assets, resources, services and employees;
- Maintain an appropriate balance between external insurance and internal risk retention;

- Reduce the cost of external insurance premium spend;
- Ensure the internal insurance fund is maintained at an appropriate level;
- Ensure resilient claims handling arrangements and insurance fraud detection;
- Comply with any statutory requirements to have in place particular policies of insurance and associated inspection systems.

Achieved by:

- Using claims modelling and other risk assessments to determine risk exposures;
- Continually monitoring changes in legislation, civil justice protocols and relevant case law;
- Comparing the council's insurance programme and claims experience through suitable benchmarking;
- Maintaining claims handling protocols in line with statutory requirements;
- Undertaking periodic actuarial fund reviews.

Procurement of insurance

All insurance procurement complies with the relevant EU procurement rules.

Hard copies of policies are retained indefinitely with more recent policy documentation stored electronically.

Approved by the Pension Panel: 12 November 2018

Next review date: October 2019

Royal County of Berkshire Pension Fund – Risk Assessment Register

Ref	Risk	Risk Category	Cause	Impact	Risk owner	Controls in place to manage the risk	Current risk rating				Further actions necessary to manage the risk	Risk action owner	Date Complete	Target risk rating				Next Review Date
							I m p a c t	L i k e l i h o o d	S c o r e	Level of risk				I m p a c t	L i k e l i h o o d	S c o r e	Level of risk	
PEN 001	Failure to comply with Scheme regulations and associated pension law.	Operational	Lack of technical expertise / staff resources to research regulations, IT systems not kept up to date with regulations.	Incorrect pension payments made or estimates given. Unhappy customers, employers, risks of fines, adverse audit reports, breaches of the law.	Rob Stubbs	Sufficient staffing. Training and regulatory updates for all individuals associated with the Fund. Competent software provider and external consultants.	2	2	4	Low	Work continues to ensure that the Fund complies fully with all governance and administration requirements.	Kevin Taylor Philip Boyton	Ongoing	2	2	4	Low	Nov. 2018
PEN 002	Late issue of Scheme regulation amendments.	Operational	DCLG do not issue changes to regulations well in advance of effective date.	Resource issues for Fund. Administering Authority has a duty to ensure that all stakeholders receive and have access to most up to date information.	Rob Stubbs	Required actions to be considered in view of draft regulations. Senior managers to consider appropriate requirements and prioritise communications accordingly.	4	1	4	Low	Details to be included on welcome page of website and information to be distributed to Scheme employers for dissemination to scheme members via intranet and email.	Kevin Taylor Philip Boyton	N/A	4	1	4	Low	Nov. 2018
PEN 003	The appropriate knowledge and understanding is not maintained by the Administering Authority.	Operational	Lack of technical expertise, training, professional development and continuous self-assessment to identify gaps in knowledge.	Failure to secure compliance with statutory obligations and tPR requirements leading to poor governance and administration of the Scheme. Dissatisfied customers, adverse audit reports, risk of fine.	Rob Stubbs	Training plans in place for officers and Members of the Pension Fund Panel, Pension Fund Advisory Panel and Pension Board. Members of Pension Board to assist Administering Authority in ensuring compliance.	4	1	4	Low	Continual review of training needs and staff levels with succession plans developed.	Kevin Taylor Philip Boyton	Ongoing	4	1	4	Low	Nov. 2018
PEN 004	Failure to maintain a high quality member database.	Operational	Poor or non-existent notification of member data by Scheme employers.	Incorrect records, incorrect benefit estimates, potentially incorrect pension benefits being paid. Scheme members access wrong information via self-service. Loss of reputation, more complaints, poor performance.	Rob Stubbs	Fund continues to work with employers to improve data quality. Pro-active checks when benefits are calculated. Membership information is checked as part of year-end processing	4	2	8	Medium	Key aim of the Pension Administration Strategy is to engage employers in the use of i-Connect	Kevin Taylor Philip Boyton	March 2017 to March 2019	4	1	4	Low	Nov. 2018

Royal County of Berkshire Pension Fund – Risk Assessment Register

Ref	Risk	Risk Category	Cause	Impact	Risk owner	Controls in place to manage the risk	Current risk rating				Further actions necessary to manage the risk	Risk action owner	Date Complete	Target risk rating				Next Review Date
							I m p a c t	L i k e l i h o o d	S c o r e	Level of risk				I m p a c t	L i k e l i h o o d	S c o r e	Level of risk	
PEN 005	Failure to hold personal data securely.	Operational	Poor procedures for data transfer to and from partner organisations, poor security of systems, poor data retention and disposal, poor backup and recovery of data.	Poor data, lost or compromised. Risk of fines, adverse audit reports, breaches of the law.	Rob Stubbs	Database hosted off-site and backed up in 2 separate locations. Access to systems is available to a limited number of users via dual password and user identification. Data transferred is encrypted. Compliant with RBWM data protection and IT policies. No paper files all managed via image and system document generation. Confidential waste disposed of in line with RBWM policy.	4	1	4	Low	Annual audit undertaken. Staff undertake annual data protection training in line with RBWM policy.	Kevin Taylor Philip Boyton	Ongoing	4	1	4	Low	Nov. 2018
PEN 006	Failure to make pension payments on time.	Operational	Systems not in place to ensure payments made on time.	Payments paid late and in some cases after statutory deadline. Fund open to criticism and possible fine.	Rob Stubbs	Schedule of payment dates is maintained and written procedures adopted. Sufficient cover is provided to ensure payments can be made on time.	4	1	4	Low	Continual review of training needs and staff levels with succession plans developed.	Philip Boyton	Ongoing	4	1	4	Low	Nov. 2018
PEN 007	Continue making payments to deceased members.	Operational	Systems not in place to ensure that payments stop at appropriate time. Fund not advised of member's death.	Payments continue to be made incorrectly at a potential cost to the Pension Fund. Distress caused to dependants.	Rob Stubbs	The Fund undertakes a monthly mortality screening exercise and participates in the biennial National Fraud Initiative (NFI).	2	2	4	Low	Fund has signed up to the Information Sharing Agreement hosted by WYPF and the DWP 'Tell Us Once' service.	Philip Boyton	Ongoing	2	2	4	Low	Nov. 2018
PEN 008	Unable to access pension software during normal office hours or extended hours where required.	Operational	Links to system not working, internet access denied.	Unable to carry out administrative duties for duration of outage.	Rob Stubbs	Procedures in place to contact software provider's helpdesk and action plan implemented. Outage times recorded / reported.	4	1	4	Low	As part of contract consideration needs to be given to means of compensation for loss of service.	Philip Boyton	Ongoing	4	1	4	Low	Nov. 2018

Royal County of Berkshire Pension Fund – Risk Assessment Register

Ref	Risk	Risk Category	Cause	Impact	Risk owner	Controls in place to manage the risk	Current risk rating				Further actions necessary to manage the risk	Risk action owner	Date Complete	Target risk rating				Next Review Date
							I m p a c t	L i k e l i h o o d	S c o r e	Level of risk				I m p a c t	L i k e l i h o o d	S c o r e	Level of risk	
PEN 009	Late or non-receipt of pension contributions from Scheme employer.	Operational	Scheme employers fail to make payment of employee and employer contributions to Pension Fund within statutory deadlines.	Loss of pension investment. Employer at risk of being reported to tPR with action and fines being imposed if considered to be of material significance.	Rob Stubbs	Receipt of contributions is monitored very closely. Employers chased and reminded of their statutory duties. All occurrences recorded in stewardship report. Guidance issued to scheme employers.	2	1	3	Low	Scheme employers engaging with i-Connect will automatically upload contributions to member records monthly improving reconciliation processes.	Kevin Taylor	Ongoing	2	2	4	Low	Nov. 2018
PEN 010	Increased liabilities as a result of large number of early retirement cases.	Operational	Scheme employer early retirement policies.	Potential for unfunded liabilities through strain costs. Financial loss to the Fund.	Rob Stubbs	The Fund monitors the incidences of early retirements closely and procedures are in place to ensure that Scheme employers are invoiced for any strain costs that arise.	1	1	2	Low	Settlement of invoices required within 21 days of issue with failures resulting in the issue of a notice of unsatisfactory performance to employer.	Kevin Taylor	Ongoing	2	2	4	Low	Nov. 2018
PEN 011	Loss of key staff.	Operational	The specialist nature of the work means some staff have become experts in the LGPS regulations and investment policies.	If someone leaves or becomes ill a big knowledge gap is left behind.	Rob Stubbs	In the event of a knowledge gap external consultants and independent advisors can help in the short-term.	2	2	4	Low	N/A	Rob Stubbs	Ongoing	2	2	4	Low	Nov. 2018
PEN 012	Failure to communicate properly with stakeholders	Operational	Lack of clear communications policy and action particularly with Scheme members and employers.	Scheme members unaware of the rights and privileges the Scheme provides so make bad decisions. Employers are not aware of the regulations and their responsibilities and so data flow is poor.	Rob Stubbs	The Fund has a Communication Manager and a Communications Policy. The website is maintained to high standard and all guides, factsheets and training notes are published.	4	1	4	Low	The Communication Policy continues to evolve.	Kevin Taylor	Ongoing	4	1	4	Low	Nov. 2018
PEN 013	Loss of office premises	Operational	Fire, bomb, flood etc.	Temporary loss of service.	Rob Stubbs	A business continuity plan is in place. Systems hosted, staff can work at home.	4	1	4	Low	N/A	Kevin Taylor	Ongoing	4	1	4	Low	Nov. 2018

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							I m p a c t	L i k e l i h o o d	S c o r e	Level of risk				I m p a c t	L i k e l i h o o d	S c o r e	Level of risk	
PEN 014	Loss of funds through fraud.	Operational	Fraud or misappropriation of funds by an employer, agent or contractor.	Financial loss to the Fund.	Rob Stubbs	The Fund is internally and externally audited to test that controls are adequate. Regulatory control reports from investment managers, custodian. Due diligence is carried out when new investment managers appointed. Fund participates in biennial National Fraud Initiative (NFI).	4	1	4	Low	Monthly spot checks are undertaken as requested by internal audit to ensure that no 'ghost' members have been added to payroll and that all payment runs have been processed appropriately.	Rob Stubbs	Ongoing	4	1	4	Low	Nov. 2018
PEN 015	Poor management of cashflows.	Operational	Day to day cashflows not monitored effectively.	Funds not available to make pension payments.	Rob Stubbs	Officers of the Pension Fund monitor cashflows on a daily basis and are aware of the payment schedules produced by payroll.	4	1	4	Low	N/A	Kevin Taylor	Ongoing	4	1	4	Low	Nov. 2018
PEN 016	Failure to delegate duties appropriately.	Operational	Delegation of duties not understood.	Officers fail to fulfil their delegated duties resulting in poor performance and potential loss of reputation.	Rob Stubbs	Officers carry out their duties in accordance with the Administering Authority's Schedule of Delegations as contained in the Council's Constitution.	3	2	6	Low	Schedules of delegation to be reviewed for all aspects of the Pension Fund's duties.	Rob Stubbs	March 2016	4	1	4	Low	Nov. 2018
PEN 017	Funding Level below 100%.	Strategic	Lack of proper strategy to achieve 100% funding level. Actual investment returns fail to meet expected returns.	Fund remains underfunded and employer contribution rates increase.	Rob Stubbs	Fund has published Funding Strategy Statement. Deficit recovery plan implemented following 2010 valuation. Fund regularly monitors investment returns and the Actuary provides a funding update each month.	4	2	8	Medium	Regular performance updates received from LPP I Ltd.	Rob Stubbs	Ongoing	4	1	4	Low	Nov. 2018

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PEN 018	Unstable employer contribution rates.	Strategic	Actual investment returns fail to meet expected returns.	Volatile employer contribution rates leading to Scheme employers having difficulties in setting budgets.	Rob Stubbs	The Fund aims to keep employer contribution rates stable by agreeing with employers and the Actuary and appropriate deficit recovery plan.	4	1	4	Low	Funding level monitored closely.	Rob Stubbs	Ongoing	4	1	4	Low	Nov. 2018
PEN 019	Inappropriate funding targets.	Strategic	Failure of investment strategy to deliver adequate returns.	Immediate cash injections required from employers. Increase in employer contributions.	Rob Stubbs	The Fund has issued a Funding Strategy statement and Investment Strategy Statement.	3	1	3	Low	Regular performance updates received from LPP Ltd.	Rob Stubbs	Ongoing	4	1	4	Low	Nov. 2018
PEN 020	Unsatisfactory investment performance	Strategic	Poor economic conditions, wrong investment strategy, poor selection of investment managers.	Poor / negative investment return, employer contribution rates increase, funding level falls, pressure on Council tax and employer costs.	Rob Stubbs	Use of expert consultants in the selection of investment strategy and managers. Regular review via Investment Working Group.	2	2	4	Low	Regular performance updates to be received from LPP Ltd	Rob Stubbs	Ongoing	4	1	4	Low	Nov. 2018
PEN 021	Life Expectancy risk.	Strategic	As life expectancy rises liabilities increase disproportionately.	Employer contributions rise causing upward pressure on Council Tax and employer costs.	Rob Stubbs	In December 2009 the Fund entered into a longevity insurance SWAP covering its liabilities for pensioners as at 31 July 2009.	3	1	3	Low	The Pension Fund Panel continues to investigate how to protect the Fund against increasing longevity. Reviews the cost of insuring longevity risk of pensioners retired since July 2009.	Rob Stubbs	Ongoing	3	1	3	Low	Nov. 2018
PEN 022	Currency risk.	Strategic	Values of investments overseas are affected by unrelated changes in foreign exchange rates.	Investment returns become volatile in the medium to long-term.	Rob Stubbs	In April 2012 the Fund's currency hedging policy was amended so currency exposures are managed against a strategic currency benchmark.	3	1	3	Low	Regular performance updates to be received from LPP Ltd	Rob Stubbs	Ongoing	3	1	3	Low	Nov. 2018
Ref	Risk	Risk Category	Cause	Impact	Risk owner	Controls in place to manage the risk	Current risk rating				Further actions necessary to manage the risk	Risk action owner	Date Complete	Target risk rating				Next Review Date
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							I m p a c t	L i k e l i h o o d	S c o r e					I m p a c t	L i k e l i h o o d	S c o r e			
PEN 023	Interest rate risk.	Strategic	Changes in long-term interest rates affect the net present value of the Fund's liabilities.	Investment returns become volatile in the medium to long-term.	Rob Stubbs	The Pension Fund Panel has considered how long-term interest rate risk can be hedged and authorised officers to investigate how this can be achieved within the constraints of the LGPS regulations.	3	1	3	Low	Regular performance updates to be received from LPP I Ltd	Rob Stubbs	March 2016	3	1	3	Low	Nov. 2018	
PEN 024	Inflation risk.	Strategic	Benefits paid to Scheme members are linked (upwards only) to Consumer Price Index (CPI).	Liabilities increase disproportionately at times of high inflation.	Rob Stubbs	The Pension Fund Panel has considered how long-term inflation risk can be hedged and authorised officers to investigate how this can be achieved within the constraints of the LGPS regulations.	2	1	2	Low	Regular performance updates to be received from LPP I Ltd	Rob Stubbs	Ongoing	4	1	4	Low	Nov. 2018	
PEN 025	Inability of Scheme employers to meet their obligations.	Strategic	When a Scheme employer no longer has any active members a cessation valuation is triggered and an exit payment required if a funding deficit exists to meet future liabilities.	Failure to collect cessation payments means the cost of funding future liabilities will fall to the Fund and therefore all Scheme employers that remain in it meaning a potential increase in employer contributions.	Rob Stubbs	The Pension Fund Panel has authorised officers to take appropriate steps to review employer covenants and take the necessary action to mitigate the impact that the failure of one Scheme employer can have on all other Scheme employers.	3	2	6	Medium	LPP I Ltd assessing risks.	Rob Stubbs	March 2016	3	1	3	Low	Nov. 2018	
PEN 027	Ability to implement the	Operational	Introduction of exit cap will place an additional burden	Changes need to be communicated to individuals and	Rob Stubbs	Currently monitoring the progress and	1	4	4	Low	Awaiting issue of regulations in order	Kevin Taylor	July 2016	1	4	4	Low	Nov. 2018	

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	Public Sector exit cap.		of the administration team.	Scheme employers. Systems will need to be adapted once revised regulations have been issued.		briefings being communicated.												
PEN 028	Reconciliation of GMP records	Operational	From 6 April 2016 changes to the State Pension Scheme remove the contracting-out nature of the LGPS.	GMPs no longer provided by HMRC. GMP information held by Fund could be wrong resulting in potential for liabilities being paid by Fund.	Rob Stubbs	Data analysis carried out and action taken to reconcile and adjust pensions paid to retired members.	1	4	4	Low	To review GMP amounts allocated to active and deferred members..	Philip Boyton	Nov. 2018	1	3	3	Low	Nov. 2018
PEN 029	Failure by Pension Board members to fulfil their Terms of Reference and associated protocols	Operational	Members of the Pension Board so not fulfil their statutory obligations set out in their Terms of Reference.	Failure by Pension Board members to assist the Administering Authority in securing compliance with pension legislation and requirements set out by the Pensions Regulator leading to poor governance and administration of the scheme. Dissatisfied customers, loss of reputation, risk of fine.	Rob Stubbs	Training plans in place for Pension Board members.	4	1	4	Low	Annual review of Terms of Reference and regular review of training needs.	Kevin Taylor	Ongoing	4	1	4	Low	Nov. 2018