



**BUSINESS PLAN 2022-23**

**And**

**MEDIUM-TERM STRATEGY  
2023/2026**



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## 1.0 INTRODUCTION

This document is intended to outline how the Royal County of Berkshire Pension Fund will deal with its key responsibilities during 2022/23 and the over the medium-term from 2023 to 2026. The Administering Authority to the Royal County of Berkshire Pension Fund is the Royal Borough of Windsor & Maidenhead (RBWM).

The Business Plan will be used to guide and direct the Fund, provide clarity and alignment on goals and objectives and establish key initiatives for the forthcoming year. In addition, it is available to all stakeholders to better understand what the Fund is planning to do to provide an efficient service across the County of Berkshire whilst supporting the overall corporate aims of RBWM as the Administering Authority to the Pension Fund.

This Business Plan will be updated annually and presented to the Pension Fund Committee for adoption. The plan will also review the previous year's plan and detail whether the objectives therein were met.

## 2.0 STRATEGIC INTENT – MISSION STATEMENT

The Royal County of Berkshire Pension Fund aims:

*To deliver an efficient pension service to all stakeholders in the Fund that:*

- *Is cost effective, high quality, innovative and fit for purpose;*
- *Ensures that Scheme members receive the right benefits at the right time;*
- *Ensures Scheme members are kept informed about their benefits and changes in regulations which will affect them;*
- *Recognises that pensions are an important part of employees' reward packages which assists employers to deliver their strategic goals;*
- *Provides staff in the Pension Fund team with a satisfying work environment and career development path.*

## 3.0 BUSINESS OBJECTIVES

The business objectives for the Pension Fund team are directly aligned to the Council's corporate aims, as follows:

Business Aim	Business Objective
<b>Stakeholder Satisfaction</b>	To deliver an effective pension service that meets the expectations of Scheme members and other stakeholders as measured by a low number of complaints and adherence to agreed KPIs.
<b>Value for Money</b>	To set an investment strategy that achieves the medium-term investment return objective.  Achieve value for money in all contracts.

	<p>Manage all other direct Fund costs associated with the Fund and paying pension benefits.</p> <p>To ensure we always remain compliant with legislative and regulatory requirements, avoiding any financial penalties or negative publicity, identifying and reducing business risks and minimising any negative internal and external audit comments and feedback.</p>
<b><i>Equip Ourselves for the Future</i></b>	<p>To manage staff effectively in order to deliver high levels of morale, ensuring all staff are effectively performance managed and developed.</p> <p>To transform, develop and improve the Pension Team through creating an evidence-based continuous improvement culture and ensuring that all agreed projects and other initiatives are delivered to time and budget and achieve the expected benefits.</p>
<b><i>Delivering Together</i></b>	<p>To work together with Elected Members to deliver the goals and objectives of the Pension Fund Committee, to be measured by positive feedback from Lead Members.</p>

#### 4.0 VALUES

The Pension Team will adopt the following values and behaviours:

- There will be no 'ambushing' or surprises - discuss first before raising in public;
- We will always be realistic when negotiating timescales and be considerate of other's priorities and time;
- Everyone's view matters and we will always give credit where it is due;
- We will share information, be inclusive and supportive and back each other up;
- We will always consider Scheme members and other stakeholders in everything we do;
- We will always look to do something rather than find ways not do it and we will always look to support a reasonable request;
- We will accept being challenged and only challenge ideas not people;
- We will always deal with issues and not let them fester;
- We will always lead by example;
- We will use electronic/digital forms of communication wherever possible but will always use a stakeholder's preferred method of contact where possible whether that be face to face, via telephone or email;

- We will always respect each other and work together to meet the Fund's objectives;
- We will promote and celebrate success;
- We will take full responsibility for our actions.

## 5.0 KEY ASSUMPTIONS AND RISKS

The following are the key business assumptions used in the compilation of the 2022/23 budget and net cash-flow projections:

- The figures presented in the tables at section 6 may not necessarily reconcile to accounting reports or statements and should therefore not be used for this purpose. Items such as contributions and investment income are forecasted below on a cash-basis to illustrate the net cash in/out position in year for the purpose of flagging possible liquidity constraints. Adjustments such as employer pre-payments and accounting adjustment to investment income have been removed for illustration purposes.
- The gap between benefits payable and contributions received will grow in the medium-term thereby requiring the investment portfolio to generate a level of investment income sufficient to meet that gap to avoid the need to sell investments at an inopportune time.
- Sufficient staff resources are available and committed to deliver business as usual and agreed projects, with key posts filled if they become vacant.
- Staff turnover is as expected otherwise the Pension Team will struggle to meet its obligations to stakeholders.
- The existing resource structure as expected to continue through 22/23, with prudent assumptions built in for inflation and appraisal costs.
- Professional fees for agency and temporary staff are minimal to reflect updated permanent staff structure
- Increased deficit recovery payments
- That performance targets remain as agreed.
- That central support resources are available to support the Pension Team.
- Changes to legislation do not adversely impact on the operation of the Pension Fund.
- Training and development resources are available.
- Conference and seminar attendance and subsistence resources are available but not excessive.
- FOI and DPA requests will not increase.

- Number of schools converting to academies and the number of new employers admitted to the Fund will remain in-line with previous years' experience.
- Increased professional fees are expected from our Actuary as a result of the 2022/23 triennial valuation, partially offset by more favourable fees following the recent actuarial re-procurement exercise.
- Adjusted fees where relevant to reflect known operational changes (removal of currency overlay, relevant administration software fee changes etc.).
- Investment income yield is set per the 1% target in the ISS.
- Inflation assumptions, contribution increases, investment management costs and other expenses are set based on known information as at the time of completing this plan.

## 6.0 CASH-FLOW FORECAST AND CONTROLLABLE BUDGET

6.1 Controllable Budget 2022/23	2019-20	2020-21	2021-22	2022-23
	Actuals	Actuals	Forecast	Budget
	£	£	£	£
Employee Related Expenses	1,238,019	1,376,292	1,388,244	1,460,313
Supplies & Services	494,704	565,372	572,588	584,057
Premises Related Expenses	120,675	105,787	114,319	116,603
Management Expenses*	2,921,123	2,599,079	2,487,640	2,644,710
<b>TOTAL:</b>	<b>4,774,521</b>	<b>4,646,530</b>	<b>4,562,792</b>	<b>4,805,683</b>

*\*Excludes investment management expenses taken directly from the fund (not invoiced), such as performance fees, ongoing charges and management fees. These are largely uncontrollable by officers day-to-day and instead influenced by investment strategy decisions*

6.2 Cash-flow forecast 22/23	Year to 31/03/21 (actual) £'000s	Year to 31/03/22 (forecast) £'000s	Year to 31/03/23 (forecast) £'000s
Contributions - employees	30,337	30,778	31,394
Contributions - employers normal	79,455	80,491	82,504
Contributions - employers deficit	27,588	30,877	33,750
Transfers In	6,959	9,177	9,200
Employers' additional contribution for early retirements	1,630	2,580	2,600
Investment Income via Custodian	29,261	32,309	26,000
Pensions Paid (Gross)	-94,947	-98,145	-101,187
Retirement Lump Sums	-16,893	-20,000	-20,000
Transfers Out	-15,606	-15,943	-16,000
Investment Management Costs	-11,659	-14,046	-14,000
Employee & Other Costs	-1,940	-2,075	-2,360
<b>Net Cash Flow</b>	<b>36,125</b>	<b>38,078</b>	<b>34,260</b>

## 7.0 KEY INITIATIVES AND BUSINESS TARGETS 2022/23

Business Objective	Key Initiatives and targets
<p>To deliver an effective pensions service that meets the expectations of members and other stakeholders as measured by a low number of complaints and adherence to agreed KPIs.</p>	<p>Ensure that Pension Administration Software is kept up to date.</p> <p>To continue to work with Scheme employers to increase the percentage of member records administered via i-Connect from 90% at March 2022 to 100% at 31 March 2023.</p> <p>Annual review of the Pension Administration Strategy.</p> <p>Annual review of Communications Policy with the continuing aim to provide Scheme information digitally wherever possible.</p> <p>Keep members up to date via newsletters and Scheme employers up to date via bulletins.</p> <p>Run Pension Surgeries at least twice annually for each Unitary Authority and at least once a year for other Scheme employers upon request.</p> <p>Continue to provide training and literature for Scheme employers to assist them in administering the Scheme on behalf of their employees.</p> <p>Continue to provide presentations and literature for Scheme members to provide greater understanding of their Scheme.</p> <p>Maintain the Pension Fund website to the highest standards ensuring that all information is current and accurate.</p> <p>Ensure the continued development and best use of Member Self Service to the highest possible standard primarily in line with scheme and pension software supplier changes but also endeavouring to reduce printing and postal costs.</p> <p>Continue to improve data quality in line with tPR recommendations in respect of Common and Scheme Specific data.</p> <p>All annual benefits statements to be issued on time.</p> <p>95% of critical service standards achieved (stretch 100%).</p> <p>90% of non-critical service standards to be achieved (stretch of 95%).</p>

<p>To set an investment strategy in such a way as to achieve the medium-term investment return objective with minimal loss of capital, achieve value for money in all contracts and manage all other direct costs in managing the fund and paying benefits.</p>	<p>Continue to be an Investment Client of Local Pensions Partnership Investment Limited (LPPI) and ensure they implement the Investment Strategy as agreed by the Pension Fund Committee.</p> <p>Maintain quality forecasts and medium term plans to ensure that no fire-sale of assets is required to meet benefit payments.</p>
<p>To ensure we always remain compliant with legislative and regulatory requirements, avoiding any financial penalties or negative publicity, identifying and reducing business risks and minimising any negative internal and external audit comments and feedback.</p>	<p>Produce Annual Financial Statements so they can be published by 1 December 2022.</p> <p>Complete contributions reconciliation.</p> <p>Achieve an unmodified (clean) audit opinion.</p> <p>Complete Year End procedures in advance of 31 August 2022 to enable prompt issue of annual benefit statements.</p> <p>Annual Benefit Statements (Active and Deferred members) to be issued by 31 August 2022.</p> <p>Apply Pensions Increase and HMT Revaluation Orders.</p> <p>Issue P60's and payslips by 31 May 2022 in line with statutory legislation.</p> <p>Service the Berkshire Pension Board to ensure they receive the information they require to discharge their obligations.</p> <p>Ensure that all Pension Fund policies are current and regularly updated.</p> <p>Ensure continuing compliance with the Pensions Regulator's Code of Practice number 14.</p> <p>Ensure continued compliance with General Data Protection Regulation (GDPR).</p> <p>Complete GMP Reconciliation in respect of Active and Deferred scheme members by 31 March 2023.</p> <p>Positive feedback from internal and external auditors that controls are better than in previous years.</p> <p>To maintain robust business continuity, disaster recovery and emergency plans for all areas.</p> <p>Reduce risk profile of the Pension Fund.</p>
<p>To manage staff effectively in order to deliver high levels of morale, ensuring all staff are performance managed with aligned objectives being set for all staff.</p>	<p>Monitor staff requirements to ensure a high-quality service is provided to stakeholders.</p> <p>All staff appraisals to be undertaken within required deadlines and areas for improvement</p>



	identified with relevant objectives being set and monitored by managers.
To transform, develop and improve the Pensions Team through creating an evidence based continuous improvement culture and ensuring that all agreed projects and other initiatives are delivered to time and budget and achieve the expected benefits.	<p>Ensure that staff receive appropriate training internally and from external providers.</p> <p>Deliver 90% of tasks within the pension teams' operational plan (stretch of 95%) – set out in the administration strategy.</p> <p>Deliver all agreed programmes and projects to time and budget.</p>
To work together with Elected Members to deliver the goals and objectives of the Pension Fund Committee, to be measured by positive feedback from Lead Members.	<p>Ensure Pension Fund Committee, Advisory Panel and Pension Board members receive appropriate training.</p> <p>Ensure that Pension Fund Committee, Advisory Panel and Pension Board members understand the Fund's strategy.</p> <p>Positive feedback from Lead Members on performance and engagement.</p>
To deliver the requirements and objectives set out in the independent governance review undertaken in 2020/21 including the appointment of a Head of Pension Fund	Only outstanding recommendations involve custodian procurement and review of LPPI's AMA. To be undertaken in 22/23
To review the Pension Team structure to ensure greater resilience and reduce risks incurred by the loss of key staff.	To review all key areas and set out a strategy in 2022 for achieving the business aim of full resilience by 31 March 2023.
To maintain Integrated Risk Management into the management of the Fund	<p>Work with our key stakeholders in identifying at risk scheme employers.</p> <p>Review risk appetite statement with LPPI and ensure training is provided on funding level and contribution risk outputs.</p> <p>Develop best in class risk-framework and ensure it is kept up to date and regularly reviewed.</p>
To work with the Fund's Investment Manager, (LPPI) to ensure the Investment Strategy is fit for purpose.	Investment aims are met and in line with the Investment Strategy Statement and Strategic Asset Allocation requirements.

## 9.0 REVIEW OF 2020/21 KEY INITIATIVES AND TARGETS

*In 2020/21 we said that we would:*

Business Objective	Key Initiatives and targets	Outcome
To deliver the requirements and objectives set out in the independent governance review undertaken in 2020/21 including the appointment of a Head of Pension Fund	To appoint a Head of Pension Fund as soon as is practically possible.	Achieved
To review the Pension Team structure to ensure greater resilience and reduce risks incurred by the loss of key staff.	To review all key areas and set out a strategy by July 2021 for achieving the business aim of full resilience by 31 March 2022.	Not-achieved, pushed back to late 2022
To deliver an effective pensions service that meets the expectations of members and other stakeholders as measured by a low number of complaints and adherence to agreed KPIs.	<p>All annual benefits statements to be issued on time.</p> <p>95% of critical service standards achieved (stretch 100%).</p> <p>90% of non-critical service standards to be achieved (stretch of 95%).</p> <p>Ensure that Pension Administration Software is kept up to date.</p> <p>To continue to work with Scheme employers to increase the percentage of member records administered via i-Connect from 85% at March 2021 to 100% at 31 March 2022.</p> <p>Annual review of the Pension Administration Strategy.</p> <p>Annual review of Communications Policy with the continuing aim to provide Scheme information digitally wherever possible.</p> <p>Keep members up to date via newsletters and Scheme employers up to date via bulletins.</p> <p>Run Pension Surgeries at least twice annually for each Unitary Authority and at least once a year for other Scheme employers upon request.</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Partly achieved Scheme employers with 10 or more scheme members to be on-boarded by 31 March 2022 with 100% by 31 March 2023</p> <p>Not achieved, review set for September 2022.</p> <p>Not achieved, review set for September 2022 in revised workplan</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p>

	Continue to provide training and literature for Scheme employers to assist them in administering the Scheme on behalf of their employees.	Achieved
	Continue to provide presentations and literature for Scheme members to provide greater understanding of their Scheme.	Achieved
	Maintain the Pension Fund website to the highest standards ensuring that all information is current and accurate.	Achieved
	Ensure the continued development and best use of Member Self Service to the highest possible standard primarily in line with scheme and pension software supplier changes but also endeavouring to reduce printing and postal costs.	Achieved
	Continue to improve data quality in line with tPR recommendations in respect of Common and Scheme Specific data.	
To ensure we always remain compliant with legislative and regulatory requirements, avoiding any financial penalties or negative publicity, identifying and reducing business risks and minimising any negative internal and external audit comments and feedback.	Positive feedback from internal and external auditors that controls are better than in previous years, and to achieve a clean audit.	Achieved, unqualified/unmodified opinion (external) N/A (internal)
	To maintain robust business continuity, disaster recovery and emergency plans for all areas.	Achieved
	Reduce risk profile of the Pension Fund.	Achieved
	Produce Annual Financial Statements so they can be published by 1 December 2021.	Achieved – approved by committee 6 December 2021
	Complete contributions reconciliation.	Achieved
	Complete Year End procedures in advance of 31 August 2020 to enable prompt issue of annual benefit statements.	Achieved
	Annual Benefit Statements (Active and Deferred members) to be issued by 31 August 2021.	Achieved
	Apply Pensions Increase and HMT Revaluation Orders.	Achieved
	Issue P60's and payslips by 31 May 2020 in line with statutory legislation.	Achieved
	Service the Berkshire Pension Board to ensure they receive the information they require to discharge their obligations.	Achieved
	Ensure that all Pension Fund policies are current.	In Progress
	Ensure continuing compliance with the Pensions Regulator's Code of Practice number 14.	Achieved

	<p>Ensure continued compliance with General Data Protection Regulation (GDPR).</p> <p>Complete GMP Reconciliation in respect of Active and Deferred scheme members by 31 March 2023.</p>	<p>Achieved</p> <p>Ongoing</p>
To maintain Integrated Risk Management into the management of the Fund	Work with our key stakeholders in identifying at risk scheme employers.	Ongoing
To manage staff effectively in order to deliver high levels of morale, ensuring all staff are effectively performance managed and developed by ensuring sickness rates are low, aligned objectives are set for all staff, performance appraisals are undertaken and poor performers are dealt with appropriately.	<p>All staff appraisals to be undertaken within required deadlines and areas for improvement identified with relevant objectives being set and monitored by managers.</p> <p>Monitor staff requirements to ensure a high-quality service is provided to stakeholders.</p>	<p>Achieved</p> <p>Achieved</p>
To transform, develop and improve the pension teams through creating an evidence-based continuous improvement culture and ensuring that all agreed projects and other initiatives are delivered to time and budget and achieve the expected benefits.	<p>Deliver 90% of tasks within the pension teams' operational plan (stretch of 95%).</p> <p>Deliver all agreed programmes and projects to time and budget.</p> <p>Ensure that staff receive appropriate training internally and from external providers.</p>	<p>Achieved</p> <p>In-progress</p> <p>In-progress</p>
To work together with Elected Members to deliver the goals and objectives of the Pension Fund Committee, to be measured by positive feedback from Lead Members.	<p>Positive feedback from Lead Members on performance and engagement.</p> <p>Ensure Pension Fund Committee, Pension Fund Advisory Panel and Pension Board members receive appropriate training.</p> <p>Ensure that Pension Fund Committee, Pension Fund Advisory Panel and Pension Board members understand the Fund's strategy.</p>	<p>Achieved</p> <p>Achieved</p> <p>In-progress</p>
To set an investment strategy in such a way as to achieve the medium-term investment return objective with minimal loss of capital, achieve value for money in all contracts and manage all other direct costs in managing the fund and paying benefits.	<p>Continue to be an Investment Client of Local Pensions Partnership Investment Limited (LPPI) and ensure they implement the Investment Strategy as agreed by the Pension Fund Panel.</p> <p>Ensure that no fire-sale of assets is required to meet benefit payments.</p>	<p>Achieved</p> <p>Achieved</p>
To work with the Fund's Investment Manager, (LPPI) to ensure the Investment Strategy is successful.	Investment aims are met and in line with the Investment Strategy Statement and Asset Allocation requirements.	Ongoing

## 10.0 MEDIUM TERM PLAN 2023/26

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

Objective	Rationale	Timescale
Investment Pooling.	Required by the Department for Levelling Up, Housing and Communities (DLUHC).	All investments to be pooled with Local Pensions Partnership Investments Limited (LPP) by the mid-2020's.
Attain accreditation to the Pensions Administration Standards Association (PASA).	Accreditation will confirm that the Pension Administration Team are adhering to industry best practice.	Accreditation to be achieved by 2024.
i-Connect	Will lead to improved quality of data held by Fund and increased efficiency of the service	100% (or maximum viable) achieved by 31 March 2023 and maintained over medium term period.
Data Quality	High standards of data quality ensure correct calculation of pension benefits and provides all stakeholders with accurate real-time information.	Ongoing.
Maintain sufficient cash-flow to avoid fire-sale of assets to meet benefits payable	Avoid sale of assets at low process negatively impacting long-term sustainability of the Fund	Ongoing
Continuous review of investment strategy	Ensure that investment strategy is "fit for purpose", considering funding level, risk appetite and target discount rate	Ongoing