

Report Title:	Good Governance
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 13 March 2023
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

REPORT SUMMARY

This report addresses several key documents prepared by the Fund that are not explicitly required by the Regulations and are thereby prepared and reported on as a matter of good governance in the LGPS.

Appendix 1 contains the Fund's annual business plan and budget for 2023/24 along with the medium-term plan for the next four years. Appendix 2 contains the Fund's internal audit report following a recent diligent review by the Administering Authorities new internal auditors SWAP.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report;

- i) Approves the 2023/24 Business Plan attached at Appendix 1, including the annual budget and medium term plan;**
- ii) Delegates authority to the Head of Fund to approve expenditure within the controllable budget envelope; and**
- iii) Notes the contents of the internal audit report and approves the relevant Internal Audit actions.**

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

- 2.1. Publication of the Pension Fund Budget, Business Plan and Medium-Term Strategy demonstrates that the Fund is properly governed, managed and that appropriate plans are in place.
- 2.2. Appendix 1 refers to the Fund's annual business plan. Key initiatives and targets are outlined for 2023/24 along with results against the key initiatives and targets previously set by the Committee for 2022/23 (approved March 2022).
- 2.3. In addition to the standard annual business plan and medium-term plan (next 4 years), the Committee are provided with a full Income and Expenditure budget

for 2022/23 including all dealings with Fund members, investment operations, controllable and uncontrollable administration and management activities.

- 2.4. This marks the first time a full annual revenue budget has been set by the Fund, acting as a significant governance and process improvement which will enable the Head of Fund to actively manage the allocated budget, monitor income and expenditure against the allocated budget and report any applicable variances as time progresses.
- 2.5. In addition to providing the full budget for 2023/24, a forecast is provided for the current year (2021/22) and the reported outturn is provided for three prior years for comparison purposes. Over the reported comparison period, significant controllable budget savings have been delivered through contract review, re-procurements and post-pooling investment efficiencies which has helped to enable the Fund to remain cash-flow positive.
- 2.6. The Committee are asked to note the 2023/24 Budget and delegate authority to the Head of Fund to spend within the controllable budget envelope. Any material forecast overspend shall be brought back to the Committee for formal scrutiny and approval. The uncontrollable items such as dealings with members and investment expenditure in respect of performance shall be monitored and material variances shall be reported back to the Committee as appropriate. Line-by-line financial detail is not provided in this report as it is intended instead to provide a strategic overview, plus providing a detailed breakdown in the public domain incurs risk of negative influence to the upcoming procurement processes. Detailed information can be requested from Officers if required.
- 2.7. The Committee are asked to note that the 2023/24 financial year is forecast to be the last year of overall cash-flow positivity on dealings with stakeholders directly involved in the Fund. This was previously expected to be longer, however, the favourable results of the 2022 triennial valuation have significantly reduced the level of deficit recovery contributions compared to what was previously forecast.
- 2.8. The Administering Authority's new internal audit service provider SWAP (South West Audit Partnership) Internal Audit Services undertook a detailed review of the Fund's governance processes as a follow-up exercise to the adverse ISA260 audit report in 2019/20 and subsequent governance review that concluded in October 2020. Officers have previously reported to the Committee on progress against the governance recommendations and this Internal Audit review effectively gives a second opinion on this whilst exploring the Fund's governance processes in more detail. See Appendix 2 for the Fund's internal audit report and recommendations provided by SWAP.
- 2.9. In addition to providing a review of the prior governance recommendations, the Internal Auditors reviewed the Good Governance recommendations published by the LGPS Scheme Advisory Board (SAB) and assessed the Fund against these. It is important to note that these SAB recommendations are not yet in regulation but provided as an opinion on what best governance looks like in the LGPS.

2.10. Overall, the Internal Audit report has concluded with a reasonable assurance opinion, a positive result overall and a significant improvement on the past but still scope for improvement and several recommendations have been outlined in the report. Of the two main recommendations summarised in the report, relevant actions have been taken as follows:

2.10.1. An additional finance trainee post has been created and this is provided for in the updated 2023/24 budget as published in the business plan.

2.10.2. The transition to a segregated pension fund ledger is underway and is on track for implementation by 1 April 2023.

3. KEY IMPLICATIONS

3.1. The Business Plan and Medium-Term Strategy defines desired key initiatives and targets by objective and officers will report achievement against these objectives at each annual review of the business plan.

3.2. The annual budget is a significant governance improvement that will enable appropriate budget management, monitoring and future reporting to the Pension Fund Committee on any material variances

3.3. The internal auditor's findings and overall reasonable assurance opinion is a positive message for the Fund, however, there is still work to do and Officers have used the Internal Audit report's recommendations to develop actions aimed at improving Fund governance processes.

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1. Increased transparency on controllable budgets and cash-flows with increased officer accountability to the Pension Fund Committee is in line with good governance and best practice. This process mitigates the risk of unapproved overspend and encourages proper budget management and stewardship.

5. LEGAL IMPLICATIONS

5.1. This report and the relevant appendices are focused on good governance and process improvement as opposed to statutory compliance with the LGPS regulations.

6. RISK MANAGEMENT

6.1. A detailed risk register is brought to the Committee quarterly for review and approval, the risks associated with poor governance are detailed in the register and a relevant mitigation action is to improve governance processes such as the publication of this report and its relevant appendices.

- 6.2. The risk of poor, little or no budget management is mitigated through advanced approval of a controllable budget that is delegated as appropriate to the budget holder

7. POTENTIAL IMPACTS

- 7.1. Failure to comply with pension legislation could result in the Administering Authority being reported to the Pensions Regulator where failure is deemed to be of a material significance.
- 7.2. Equalities: An Equality Impact Assessment is available at Appendix 3 to this report. The Equality Act 2010 places a statutory duty on the council to ensure that when considering any new or reviewed strategy, policy, plan, project, service or procedure the impacts on particular groups, including those within the workforce and customer/public groups, have been considered. There are no EQIA impacts as a result of taking this decision. Equality Impact Assessments are published on the [council's website](#)
- 7.3. Climate change/sustainability: N/A
- 7.4. Data Protection/GDPR. GDPR compliance is included as a specific risk on the register in regard to processing and handling personal data, this is dealt with in the appendix along with the relevant mitigations.

8. CONSULTATION

- 8.1. A budget consultation has been undertaken by Administering Authority officers. Formal public budget consultation is not required by the constitution for the Pension Fund in the same way it is for the General Fund, however, any budget items that relate to the general fund have been agreed with Administering Authority officers to ensure that there is consistency with the Council's approved budget.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1. Ongoing.

10. APPENDICES

- 10.1. This report is supported by 3 Appendices:
- Appendix 1 – 2023/24 Business Plan, Budget and Medium-term strategy
 - Appendix 2 – Internal Audit Report
 - Appendix 3 - EQIA

11. BACKGROUND DOCUMENTS

- 11.1. This report is supported by 0 background documents:

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory: Statutory Officers (or deputy)</i>			
Adele Taylor	Executive Director of Resources/S151 Officer	17/02/2023	
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	17/02/2023	
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	17/02/2023	23/02/2023
Elaine Browne	Head of Law (Deputy Monitoring Officer)	17/02/2023	02/03/2023
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	17/02/2023	
<i>Other consultees:</i>			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	17/02/2023	
Alan Cross	Chairman – Local Pension Board	17/02/2023	27/02/2023

13. REPORT HISTORY

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

Report Author: Damien Pantling, Head of Pension Fund
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2023/24 BUSINESS PLAN, BUDGET AND MEDIUM-TERM STRATEGY



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1. INTRODUCTION

This document is intended to outline how the Royal County of Berkshire Pension Fund will deal with its key responsibilities during the 2023/24 financial year and the over the medium-term from 2024/25 to 2026/27. 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. 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. BUSINESS OBJECTIVES

The Pension Fund's objectives have been drafted considering the Administering Authority's vision, objectives, guiding principles and values to ensure they are free of conflict. A suite of bespoke business aims and objectives for the Fund are presented as follows:

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

The pension team will adopt the following values and behaviours, which have been drafted considering the councils core underlying values; “invest in strong foundations, empowered to improve, one team and vision, and Respect and Openness”:

- There will be no ‘ambushing’ or surprises - discuss internally 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 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 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. 2023/24 PENSION FUND BUDGET INFORMATION AND FORECAST REPORT

The 2023/24 Pension Fund budget is provided in Section 6 to this report and contains several key assumptions, detailed as follows:

- Prior year figures (2019/20 – 2021/22), totals and breakdowns are provided from a combination of published draft accounts and prior draft Pension Fund budget reports.
- Current year forecast is prepared as at Period 10, 2022/23.
- The Budget for 2023/24 contained within the section “Net (Income)/Expenditure from Dealings with stakeholders directly involved in the Fund” is taken from a combination of; reports provided by the Actuary as part of the 2022 triennial valuation, known experience items through dealings with employers, estimated financial conditions such as pay increases and inflation, and general longevity experience trends.
- The budget for 2023/24 contained within the section “Net (Income)/Expenditure and (Positive)/Negative Return on Investments” is taken from a combination of; investment income forecasts as provided by the Investment Manager and in line with the Fund’s Investment Strategy Statement, market value changes estimated using the Actuaries best estimate nominal discount rate (or best estimate of long-term financial returns on investments), management fees provided by Cost Transparency Reporting initiatives minus negotiated efficiencies over the course of the budget period.
- The Budget for 2023/24 contained within the section “Net (Income)/Expenditure from Administration & Governance of the Pension Fund” is effectively the controllable budget by the Budget Manager and has been derived using the following assumptions:
 - General efficiencies are made on Third Party Expenses, through various re-procurements, contract negotiations, in-house provision of previously outsourced tasks.
 - Actuarial and third party fees temporarily increased to account for triennial valuation and related work spanning most of 2022/23 and some of 2023/24.
 - Staff related expenses assumes one additional post for CIPFA finance graduate/apprentice, assumes all vacant posts are filled and assumes the Deputy Head of Pension Fund post is recruited on a full-time basis.
 - Support service recharge overheads and pension deficit payments as agreed in advance with RBWM finance team.
 - Inflation is applied to all budget lines as appropriate, being CPI to the third party fees, 10.1% statutory pensions increase to the dealings with members and local pay arrangements to the staff related expenditure.
- Significant cost efficiencies have been made since 2021/22 across most areas of the Pension Fund and are notable in the Investment Management and Administration and Governance sections of the Budget table.
- Inflation and Cash-flow remain the Fund’s two largest risks to meeting the agreed 2023/24 budget, with cash-flow uncertainties influencing investment returns and income as well as inflation influencing all other lines in the budget.

6. 2023/24 PENSION FUND BUDGET TABLE

	2019/20 Outturn £m	2020/21 Outturn £m	2021/22 Outturn £m	2022/23 Forecast £m	2023/24 Budget £m
Royal County of Berkshire Pension Fund - Budget					
Contributions from Members	(28.635)	(30.337)	(31.542)	(31.393)	(32.240)
Employers Normal (Primary) Contributions	(69.417)	(79.455)	(74.040)	(71.061)	(83.480)
Employers Deficit Recovery (Secondary) Contributions	(27.506)	(27.588)	(40.211)	(42.997)	(41.130)
Employers Augmentation contributions	(1.555)	(1.630)	(2.391)	(2.391)	(1.992)
Transfers in from other pension funds and AVC to purchase LGPS benefits	(14.488)	(6.959)	(9.791)	(9.791)	(10.257)
Total Income	(141.601)	(145.969)	(157.975)	(157.633)	(169.099)
Pension Benefits Payable	90.704	94.947	98.371	100.000	112.853
Commutation and lump sum retirement benefits	19.557	16.893	19.926	22.000	24.222
Lump sum death benefits	3.100	2.405	4.263	5.000	5.505
Refunds to members leaving service	0.639	0.503	0.857	1.000	1.101
Group transfers to other pension funds	9.000	6.043	7.210	8.000	8.808
Individual transfers to other pension funds	10.893	9.563	15.827	17.000	13.321
Total Expenditure	133.893	130.354	146.454	153.000	165.809
Net (Income)/Expenditure from Dealings with stakeholders directly involved in the Fund	(7.708)	(15.615)	(11.521)	(4.633)	(3.290)
Staff Related Expenses	1.238	1.376	1.062	1.077	1.315
Third Party Expenses	3.537	3.270	1.052	1.153	1.033
Net (Income)/Expenditure from Administration & Governance of the Pension Fund	4.775	4.647	2.114	2.230	2.348
Cost of running the scheme as a % of net ASSETS	0.24%	0.19%	0.08%	0.08%	0.08%
Investment Income net of taxation	(40.462)	(29.261)	(34.632)	(33.000)	(30.000)
Profits/losses on disposal of investments and changes in the market value of investments	77.866	(398.107)	(283.465)	(131.079)	(142.019)
Investment management, performance, transaction, oversight & governance	42.465	43.076	37.896	36.312	35.250
Net (Income)/Expenditure and (Positive)/Negative Return on Investments	79.869	(384.292)	(280.201)	(127.766)	(136.769)
Investment Management Fees as a % of net ASSETS	2.12%	1.79%	1.41%	1.29%	1.19%
Net (increase)/decrease in the net assets available for benefits during the year	76.936	(395.260)	(289.608)	(130.169)	(137.711)
<i>Closing Net Assets of the Scheme</i>	2,004.947	2,400.207	2,689.814	2,819.983	2,957.694

Approved by Pension Fund Committee – 13 March 2023

7. KEY INITIATIVES AND BUSINESS TARGETS 2023/24

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 the remaining Scheme employers yet to adopt i-Connect and to seek the most practical method of employer communication.</p> <p>Apply Annual Pension Increase Orders and HM Treasury Orders on time.</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>Continue work to ensure timely implementation of McCloud Remedy.</p> <p>All annual benefits statements (Active and Deferred members) to be issued by 31 August 2023.</p> <p>Ensure that all requirements of the Pension Dashboard legislation are met as they relate to the LGPS.</p> <p>95% of critical service standards achieved (stretch 100%).</p>

	90% of non-critical service standards to be achieved (stretch of 95%).
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 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>
To ensure we always remain compliant with legislative and regulatory requirements, avoiding any financial penalties or negative publicity, identifying and reducing business risks and minimising any negative internal and external audit comments and feedback.	<p>Produce Annual Financial Statements so they can be published by 30 November 2023.</p> <p>Complete contributions reconciliation.</p> <p>Achieve an unmodified (clean) audit opinion.</p> <p>Complete Year End procedures in advance of 31 August 2023 to enable prompt issue of annual benefit statements.</p> <p>Annual Benefit Statements (Active and Deferred members) to be issued by 31 August 2023.</p> <p>Apply Pensions Increase and HMT Revaluation Orders.</p> <p>Issue Payslips and P60's by 31 May 2023 in line with statutory legislation.</p> <p>Service the Berkshire Pension Board to operate effectively.</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 2024.</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>
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>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 identified with</p>

	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 and external review if applicable.	<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 Committee Members on performance and engagement.</p> <p>Positive feedback from external review (external auditors, internal auditors, peer-review)</p>
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 2023 for achieving the business aim of full resilience by 31 December 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 and implemented.	Investment aims are met and in line with the Investment Strategy Statement and Strategic Asset Allocation requirements.

8. REVIEW OF 2022/23 KEY INITIATIVES AND TARGETS

In 2022/23 we said that we would:

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>Achieved</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.</p>	<p>Achieved</p>
	<p>Annual review of the Pension Administration Strategy.</p>	<p>Achieved – approved in October 2022</p>
	<p>Annual review of Communications Policy with the continuing aim to provide Scheme information digitally wherever possible.</p>	<p>Achieved – approved in October 2022</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>Continue to provide training and literature for Scheme employers to assist them in administering the Scheme on behalf of their employees.</p>	<p>Achieved</p>
	<p>Continue to provide presentations and literature for Scheme members to provide greater understanding of their Scheme.</p>	<p>Achieved</p>
	<p>Maintain the Pension Fund website to the highest standards ensuring that all information is current and accurate.</p>	<p>Achieved</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>Achieved</p>
	<p>Continue to improve data quality in line with tPR recommendations in respect of Common and Scheme Specific data.</p>	<p>Achieved</p>
	<p>All annual benefits statements to be issued within statutory deadline of 31 August 2022.</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>Achieved</p>	

		Achieved.
		Achieved.
		Achieved.
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.	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. Maintain quality forecasts and medium term plans to ensure that no fire-sale of assets is required to meet benefit payments.	Achieved Achieved
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.	Produce Annual Financial Statements so they can be published by 31 November 2022. Complete contributions reconciliation. Achieve an unmodified (clean) audit opinion. Complete Year End procedures in advance of 31 August 2022 to enable prompt issue of annual benefit statements. Annual Benefit Statements (Active and Deferred members) to be issued by 31 August 2022. Apply Pensions Increase and HMT Revaluation Orders. Issue P60's and payslips by 31 May 2022 in line with statutory legislation. Service the Berkshire Pension Board to operate effectively. Ensure that all Pension Fund policies are current and regularly updated. Ensure continuing compliance with the Pensions Regulator's Code of Practice number 14. Ensure continued compliance with General Data Protection Regulation (GDPR). Complete GMP Reconciliation in respect of Active and Deferred scheme members by 31 March 2023.	Achieved Achieved Ongoing Achieved Achieved Achieved Achieved Achieved Achieved Achieved Achieved
		Achieved

	<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>Partially achieved – Work continues to progress with HMRC in respect of value discrepancies.</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</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 identified with relevant objectives being set and monitored by managers.</p>	<p>Achieved</p> <p>Achieved</p>
<p>To transform, develop and improve the Pensions Team through creating an evidence based continuous improvement culture and ensuring that all agreed projects and other initiatives are delivered to time and budget and achieve the expected benefits.</p>	<p>Ensure that staff 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>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p>
<p>To work together with Elected Members to deliver the goals and objectives of the Pension Fund Committee, to be measured by positive feedback and external review if applicable.</p>	<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 Committee Members on performance and engagement.</p> <p>Positive feedback from external review (external auditors, internal auditors, peer-review)</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p>
<p>To deliver the requirements and objectives set out in the independent governance review undertaken in 2020/21.</p>	<p>Only outstanding recommendations involve custodian procurement and review of LPPi's AMA. To be undertaken in 22/23</p>	<p>Achieved</p>

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.	Partially achieved - Will be completed throughout 2023
To maintain Integrated Risk Management into the management of the Fund	Work with our key stakeholders in identifying at risk scheme employers. Review risk appetite statement with LPPI and ensure training is provided on funding level and contribution risk outputs. Develop best in class risk-framework and ensure it is kept up to date and regularly reviewed.	Achieved Achieved Achieved
To work with the Fund's Investment Manager, (LPPI) to ensure the Investment Strategy is fit for purpose and implemented.	Investment aims are met and in line with the Investment Strategy Statement and Strategic Asset Allocation requirements.	Achieved

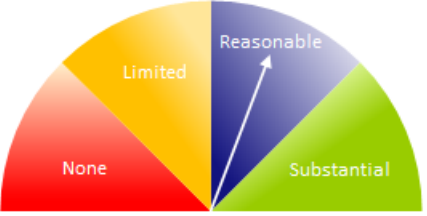
9. MEDIUM TERM PLAN 2024/27

The following table details the medium-term plan for the Pension Fund for the period 2024 to 2027.

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 2025.
i-Connect	Will lead to improved quality of data held by Fund and increased efficiency of the service	Work with scheme employers to achieve 100% onboarding (or maximum viable) 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



Audit Objective

Establish if the Pension Fund has implemented governance recommendations and considered findings of the Good Governance in the LGPS Phase 3 guidance.

Assurance Opinion	Number of Actions	
	Priority	Number
 <p>There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</p>	Priority 1	0
	Priority 2	2
	Priority 3	0
	Total	2

Risks Reviewed	Assessment
There is a corporate risk of the pension fund being in deficit or does not have adequate governance arrangements. This results in the Fund not being full funded position by the agreed date of 31 st March 2040.	Low

Key Findings

	<p>Positive Findings</p> <p>Following on from the ISA 260 External Audit Report and the Independent Governance Review, there has been significant governance and control environment enhancements implemented by the Head of Pension Fund and these form part of embedded working practices. This includes implementation of most actions raised as part of the Independent Governance Review and the ISA 260 Report with the appropriate oversight from the relevant Fund Committee. The Head of Fund has reviewed the Good Governance in the LGPS best practice guidance and provided well considered, balanced and pragmatic responses with regards to current control processes in place and how these could be improved in the future (once the consultation period has ended and the guidance becomes regulation).</p>
	<p>The review confirmed there were 2 reportable findings</p> <ul style="list-style-type: none"> • Due to the procurement exercise undertaken to explore alternative financial management systems, the separation of the Council and Pension Fund's ledger has not been implemented within the timescales agreed with External Audit. • At the time of testing, monthly Valuation Reconciliations have not been undertaken from July 2022.

Audit Scope

- The following areas were included within the scope: -
- Compliance with the relevant legislation and the Council's Procurement and Contract Rules.
 - Publishing in accordance with the Local Government Transparency Code.
 - Staff awareness of their contract monitoring responsibilities.
 - Monitoring of performance against the delivery targets set within the contract.
 - The process for managing non-compliance with the contract, enforcing penalties and issues of supplier failure.

Other Relevant Information

RBWM is the administering authority for the Royal County of Berkshire Pension Fund. The Fund administers pensions on behalf of 300 employers with a fund total of £3bn. The Head of Fund's focus since being in post is ensuring the accounting practices align with best practice/best in class and that recommendations arising from various assurance providers have been implemented and form part of normal working practice. The reportable findings below detail the issues encountered during this particular audit review. These along with the suggested management action should be considered by the Head of Pension Fund and Head of Finance at RBWM to further improve the governance and control environment arrangements.

Appendix 1

Findings & Action Plan

Finding 1: Separations of Ledgers – Pension Fund and the Council	Action		
<p>The External Auditor (Deloitte) within their ISA 260 report for the year-ending 31st March 2020 noted that the general ledgers of both entities were not maintained in isolation. As a result of this and weaknesses within the journal process noted by External Audit, there was an increased risk of monies being transferred between the two entities without appropriate sign-off, approval and management oversight.</p> <p>Due to the procurement exercise undertaken to explore alternative financial management systems, the separation of the Council and Pension Fund’s ledger has not been implemented within the timescales agreed with External Audit (April 2022). Now a management decision has been made to continue utilising the current system (Agresso), the Head of Finance and the Senior Systems Accountant have commenced work on this task.</p> <p>The Head of Pension Fund has confirmed that work is underway on the system build to enable separate ledgers.</p>	<p>Suggested Actions: The Head of Finance and the Senior Systems Accountant should continue to work on separating the ledgers of the Pension Fund and Council as a priority.</p> <p>Updates should be provided to all relevant staff, Committees and to External Audit where appropriate.</p> <p>Agreed Management Actions: The Head of Finance and Head of Pension Fund are working together to ensure Pension Fund and Council’s ledgers are separated as soon as possible. Target implementation date is 1st April 2023, with a backstop date of 31 March 2024 at the latest.</p>		
Priority	2	SWAP Reference	
Responsible Officer	Head of Finance in conjunction with the Head of Pension Fund		
Timescale	1 st April 2024		

Finding 2: Monthly Valuation Reconciliations	Action												
<p>Fund Monthly Valuation Reconciliations have not been undertaken from July 2022 onwards. Since arriving at the Fund, the Head of Pensions Fund has been focused on the accounting requirements to ensure compliance both with the CIPFA standards and best in class within the LGPS.</p> <p>Audit testing confirmed the 31st March 2022 Monthly Valuation Reconciliation wasn't prepared until 29th April 2022 and not signed off until the 16th June 2022. The Head of Pensions Fund confirmed the review commenced in early May but took until mid-June to fully sign off the queries and amendments – referring to the bringing the Fund's accounting requirements up to scratch (better quality working papers, evidencing detail etc).</p> <p>Discussions with the Head of Fund confirmed the main reason Monthly Valuation Reconciliations have not been undertaken within a timely manner is due to workloads and scarce resources especially within the Accounting Team where there is only 1 accountant covering the Fund which totals £3bn. This is an ongoing issue which may suggest there is a resource shortage. In terms of workload there were a number of other conflicting priorities including the external audit, the triennial valuation, IAS19 reports for all employers and working through various issues with the accounting data provided to the Fund by the custodian.</p> <p>As a result of Reconciliations not being undertaken within a timely manner, there is a risk of Valuation discrepancies not being identified and resolved within a timely manner. This may also have an impact of the Head of Fund's ability to undertake in year budget monitoring and identify valuation trends throughout the year.</p>	<p>Suggested Actions: Resource should be allocated to ensure all Monthly Valuation Reconciliations are undertaken and the backlog is cleared ahead of year-end.</p> <p>Agreed Management Actions: Monthly Valuation Reconciliations will be undertaken and signed off prior to and part of the year-end close down process. The Pension Fund are due to recruitment to CIPFA Trainee Graduate position shortly. One of the tasks of this post will be to undertake Monthly Valuation Reconciliations.</p> <p>Seeking to recruit a finance graduate (CIPFA trainee) in Summer 2023 to help reduce pressure on the Fund accountant and enable us to produce more timely valuation reconciliations</p> <table border="1" data-bbox="1137 831 2128 1003"> <tr> <td data-bbox="1137 831 1384 887">Priority</td> <td data-bbox="1384 831 1630 887">2</td> <td data-bbox="1630 831 1868 887">SWAP Reference</td> <td data-bbox="1868 831 2128 887"></td> </tr> <tr> <td data-bbox="1137 887 1630 943">Responsible Officer</td> <td colspan="3" data-bbox="1630 887 2128 943">Head of Pension Fund</td> </tr> <tr> <td data-bbox="1137 943 1630 1003">Timescale</td> <td colspan="3" data-bbox="1630 943 2128 1003">1st April 2023</td> </tr> </table>	Priority	2	SWAP Reference		Responsible Officer	Head of Pension Fund			Timescale	1 st April 2023		
Priority	2	SWAP Reference											
Responsible Officer	Head of Pension Fund												
Timescale	1 st April 2023												

Equality Impact Assessment

For support in completing this EQIA, please consult the EQIA Guidance Document or contact equality@rbwm.gov.uk

www.rbwm.gov.uk



1. Background Information

Title of policy/strategy/plan:	Good Governance
Service area:	Finance
Directorate:	Pension Fund

Provide a brief explanation of the proposal:

- What are its intended outcomes?
- Who will deliver it?
- Is it a new proposal or a change to an existing one?

13 March 2023 Committee Meeting –

This report addresses several key documents prepared by the Fund that are not explicitly required by the Regulations and are thereby prepared and reported on as a matter of good governance in the LGPS.

Appendix 1 contains the Fund's annual business plan and budget for 2023/24 along with the medium-term plan for the next four years. Appendix 2 contains the Fund's internal audit report following a recent diligent review by the Administering Authorities new internal auditors SWAP.

2. Relevance Check

Is this proposal likely to directly impact people, communities or RBWM employees?

- If Yes, state 'Yes' and proceed to Section 3.
- If No, please explain why not, including how you've considered equality issues.
- Will this proposal need a EQIA at a later stage? (for example, for a forthcoming action plan)

No, full assessment not required as this report is unlikely to have a specific impact on individuals or groups of people with protected characteristics

If 'No', proceed to 'Sign off'. If unsure, please contact equality@rbwm.gov.uk

3. Evidence Gathering and Stakeholder Engagement

Who will be affected by this proposal?

For example, users of a particular service, residents of a geographical area, staff

Among those affected by the proposal, are protected characteristics (age, sex, disability, race, religion, sexual orientation, gender reassignment, pregnancy/maternity, marriage/civil partnership) disproportionately represented?

For example, compared to the general population do a higher proportion have disabilities?

What engagement/consultation has been undertaken or planned?

- How has/will equality considerations be taken into account?
- Where known, what were the outcomes of this engagement?

What sources of data and evidence have been used in this assessment?

Please consult the [EQIA Evidence Matrix](#) for relevant data. Examples of other possible sources of information are in the Guidance document (Section 2.3).

4. Equality Analysis

Please detail, **using supporting evidence**:

- How the protected characteristics below might influence the needs and experiences of individuals, in relation to this proposal.
- How these characteristics might affect the impact of this proposal.

Tick positive/negative impact as appropriate. If there is no impact, or a neutral impact, state 'Not Applicable'.

More information on each protected characteristic is provided in the EQIA Guidance document (available on the intranet).

	Details and supporting evidence	Potential positive impact	Potential negative impact
Age			
Disability			
Sex			
Race, ethnicity and religion			
Sexual orientation and gender reassignment			
Pregnancy and maternity			
Marriage and civil partnership			
Armed forces community			
Socio-economic considerations e.g. low income, poverty			
Children in care/Care leavers			

5. Impact Assessment and Monitoring

If you have not identified any disproportionate impacts and the questions below are not applicable, leave them blank and proceed to Sign Off.

What measures have been taken to ensure that groups with protected characteristics are able to benefit from this change, or are not disadvantaged by it?

For example, adjustments needed to accommodate the needs of a particular group

Where a potential negative impact cannot be avoided, what measures have been put in place to mitigate or minimise this?

- For planned future actions, provide the name of the responsible individual and the target date for implementation.

How will the equality impacts identified here be monitored and reviewed in the future?

6. Sign Off

Completed by: Damien Pantling	Date: 18/02/2023
Approved by:	Date:

If this version of the EQIA has been reviewed and/or updated:

Reviewed by:	Date:
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