

Royal County of Berkshire Pension Fund

Annual Report and Accounts

2022/2023



Local Government
Pension Scheme

Table of Contents

1) PENSION FUND COMMITTEE CHAIR'S INTRODUCTION.....	3
2) SCHEME MANAGEMENT	4
3) PENSION BOARD STATEMENT: APRIL 2022 – MARCH 2023	8
4) ADMINISTRATION REPORT	9
5) INVESTMENT REPORT.....	19
6) FINANCIAL PERFORMANCE REPORT	22
7) RISK MANAGEMENT.....	24
8) ACTUARY'S STATEMENT AS AT 31 MARCH 2023	25
9) INDEPENDENT AUDITOR'S STATEMENT.....	27
10) ADMINISERING AUTHORITY STATEMENT OF RESPONSIBILITIES	28
11) POST POOLING REPORTING AND COST TRANSPARENCY INITIATIVE	29
12) PENSION FUND ACCOUNTS.....	31
12.A FUND ACCOUNT AT 31 MARCH 2023.....	31
12.B NET ASSETS STATEMENT AT 31 MARCH 2023.....	31
12.C NOTES TO THE ACCOUNTS	32
13) IAS26 REPORT	57
14) SCHEME EMPLOYERS AND CONTRIBUTIONS RECEIVED	62
15) AVC ARRANGEMENTS.....	65
16) POLICIES, STRATEGIES AND STATEMENTS.....	66
APPENDIX 1: INVESTMENT STRATEGY STATEMENT	67
APPENDIX 2: FUNDING STRATEGY STATEMENT	67
APPENDIX 3: GOVERNANCE COMPLIANCE STATEMENT	67
APPENDIX 4: COMMUNICATIONS STRATEGY STATEMENT	67

1) PENSION FUND COMMITTEE CHAIR'S INTRODUCTION

It gives me great pleasure as Chair of the Pension Fund Committee to present the Annual Report and Accounts for the financial year ended 31 March 2023 for the Royal County of Berkshire Pension Fund (the "Fund").

The Royal Borough of Windsor & Maidenhead (RBWM) is the Administering Authority for the Fund and administers the Local Government Pension Scheme (LGPS) on behalf of all Scheme members employed by the six Berkshire Unitary Authorities and around 250 other public and private sector employers. The administration team have been able to provide a highly professional and efficient service to all members and employers this year. Their continued professionalism in maintaining the highest standards of service to all of our stakeholders has been, I am sure, very welcome to all our members and employers, and we can all thank them for this. These high levels of service will continue this year too.

The Berkshire Pension Fund Committee comprises five RBWM Councillors. The Pension Committee also receives invaluable support from the Pension Fund Advisory Panel, which consists of representatives from the other five Berkshire Unitary Authorities. Additional assistance is provided by the Fund's Independent Financial Advisors, who have provided us with guidance in managing the funds.

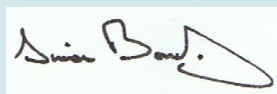
In practice decisions are taken at joint meetings of the Pension Fund Committee and Pension Fund Advisory Panel although only members of the Pension Fund Committee have voting rights.

The Royal County of Berkshire Pension Fund continues to operate under an Advisory Management Agreement with Local Pensions Partnership Investments Limited (LPPI), which continues to be a successful partnership, with them pooling an increasing range of our funds. The Pension Fund Committee remains responsible for setting the investment strategy and strategic allocation of its assets. The Committee also monitors the Fund's investment performance and the outlook for financial markets in which the fund invests at each of our quarterly meetings, with the support of the Independent Financial Advisors.

In line with the Fund's Responsible Investment policy, the Pension Fund Committee receives reports at each meeting on LPPI's progress in the important fields of 'Environmental, Social and Governance' factors and on their progress towards a 'net zero' investment portfolio.

In addition to taking decisions that relate to Fund investments, the Pension Fund Committee has a statutory duty to ensure that the LGPS is governed and administered in line with the government regulations and other associated legislation. I am grateful to members of our local Pension Board for their input and assistance in ensuring that RBWM fulfils its statutory responsibilities.

I have great confidence that the Pension team will continue to provide our Scheme members with a high-quality service over the next year.



Councillor Simon Bond
Chairman
Berkshire Pension Fund Committee
Berkshire Pension Fund Advisory Panel

2) SCHEME MANAGEMENT

PENSION FUND COMMITTEE (Voting) (ELECTED MEMBERS OF THE ADMINISTERING AUTHORITY)

Local elections were held on 4 May 2023, after the year-end but before the finalisation of this report. Pre and post election Pension Fund Committee members are noted for completeness:

Position	Name (Pre 2023 election)	Name (Post 2023 election)
Chair	Councillor Julian Sharpe	Councillor Simon Bond
Vice Chair	Councillor David Hilton	Councillor Wisdom Da Costa
Other Members	Councillor Simon Bond	Councillor Neil Knowles
	Councillor Wisdom Da Costa	Councillor Asghar Majeed
	Councillor Shamsul Shelim	Councillor Julian Tisi

PENSION FUND ADVISORY PANEL (Non-voting)

In addition to the five elected Pension Fund Committee Members, the Advisory Panel consisted of the following elected Members from the other five Berkshire Unitary Authorities, split pre and post local election for completeness:

Unitary Authority	Name (Pre 4 May 2023)	Name (Post 4 May 2023)
Bracknell Forest Council	Councillor Ian Leake	Councillor Stephen O'Regan
Reading Borough Council	Councillor Glenn Dennis	Councillor Glenn Dennis
Slough Borough Council	Councillor Safdar Ali	Councillor Rifaqat Zarait
West Berkshire Council	Councillor Alan Law	Councillor Jeremy Cottam
Wokingham Borough Council	Councillor Maria Gee	Councillor Stephen Newton

Dates and attendance of Pension Fund Committee/Advisory Panel meetings

Meeting Dates:

4 July 2022

19 September 2022 (*postponed*)

29 September 2022

12 October 2022

5 December 2022

13 March 2023

Attendance records for 2022/23

Name	Number of meetings eligible to attend	Attended
Councillor Julian Sharpe	5	5
Councillor David Hilton	5	5
Councillor Simon Bond	5	5
Councillor Wisdom Da Costa	5	4
Councillor Shamsul Shelim	5	5
Councillor Ian Leake	5	1
Councillor Glenn Dennis	5	4
Councillor Safdar Ali	5	1
Councillor Alan Law	5	0
Councillor Maria Gee	5	4

ADVISERS

Substitutes	Julian Curzon - Haybrook College Trust
	Kieron Finlay - University of West London

Dates and attendance of Pension Board meetings 2022/23:

Meeting Dates:

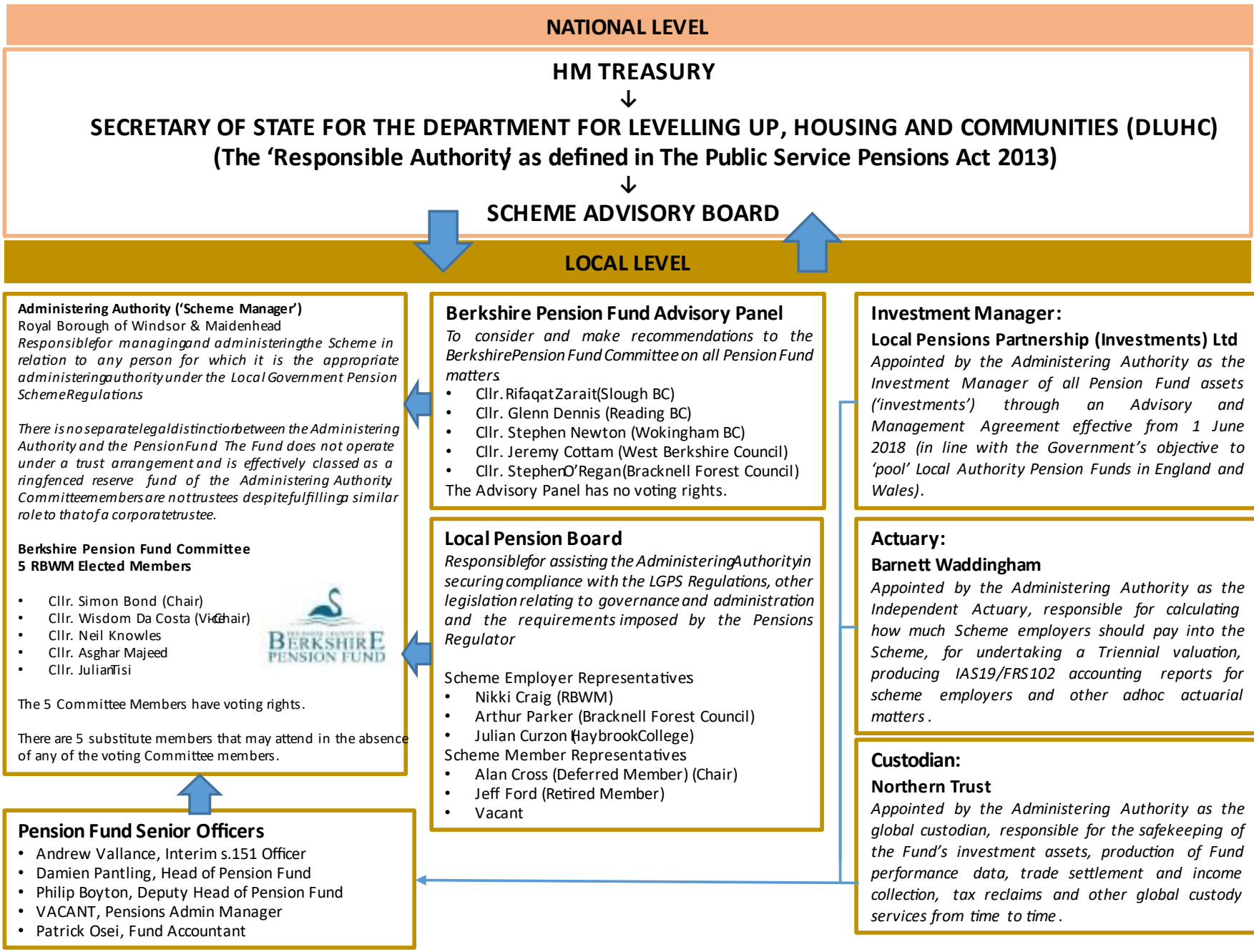
16 June 2022
1 September 2022
17 November 2022
13 March 2023

Attendance for 2022/23

Name	Number of meetings eligible to attend	Attended
Alan Cross	4	4
Arthur Parker	4	4
Nikki Craig	4	4
Jeff Ford	4	4
Julian Curzon	4	3
Kieron Finlay	4	4

Full governance structure

Governance structure chart is presented overleaf as at the date of preparing this report (Summer 2023). This is kept up to date continuously and the latest governance chart is made available on the Pension Fund's [website](#)



3) PENSION BOARD STATEMENT: APRIL 2022 – MARCH 2023

The Pension Board (“the Board”) has been established to meet the requirements defined in the Public Services Pensions Act 2013. The Board’s statutory duties are to:

- Ensure the Fund’s compliance with legislation, regulation and guidance, along with the Pension Regulator’s (TPR) requirements;
- Ensure that the Fund’s governance and Scheme administration is effective and efficient.

The Board focuses mainly on governance and administration issues through the management of a clearly defined work programme of reviews, monitored through an action tracker. In addition, the Board has sought to deliver effective advice and assurance in line with the agreed Terms of Reference and the Administering Authority’s Constitution.

During 2022/23 the Board’s meetings have successfully occurred using a hybrid arrangement with some members meeting in person with Fund Officers, and others attending virtually using Zoom & Teams. As the Board is not formally a committee with any significant decision-making powers, it is envisaged that the Board will continue to meet that way for the foreseeable future. The Board has continued the process of developing the knowledge and skills of the Board members to enable them to undertake their duties with confidence.

Work has been undertaken to review the Board’s operation, which it is expected will be concluded in 2023/24 with the present Board vacancies being filled, and clear board membership review arrangements being put in place. Time has been given to the compliance of the Fund’s administration, reviewing statutory documentation as it has been published throughout the year and building on the positive outcome of the internal audit of the Administering Authority’s compliance with the TPR Code of Practice 14. Particular attention continues to be given to the Fund’s Risk Register with updates made and discussed between Board Members and Pension Fund Officers during each quarterly meeting.

The recent past has been a period of transition for all Local Government Pension Funds including the Royal County of Berkshire Fund. In Berkshire, all investment assets have transferred to LPPI’s management, but there remain legacy assets to transfer to LPPI pools as investment conditions permit. Nationally, amendments to scheme regulations and over-arching legislation to contend with, and numerous and complex consultations by the Government need consideration. This has made for a demanding time for all connected with Local Government Pension Funds. Add to this the scrutiny of the Pensions Regulator and it is clear that Fund governance and administration of the Local Government Pension Scheme (LGPS) is more important than ever and a challenge to which the Pension Team has in the past met and will continue to meet in the future.

Traditionally the Board meets a few weeks before the Pension Committee but since March 2023 now meets on the same day as the Pension Committee. The Board continues to keep under review the Pension Committee’s work-plan offering whatever assistance it can give to the Administering Authority in fulfilling its statutory duties of governance and administration, with the Chair of the Board normally attending the Pension Committee meetings. There will always be room for improvement but the work of the Board helps to establish clear priorities for future activity.

4) ADMINISTRATION REPORT

Introduction

The Royal Borough of Windsor and Maidenhead acts as the Administering Authority for the Royal County of Berkshire Pension Fund (“Pension Fund”) and is the Pension Fund for local government employees across the County of Berkshire who all contribute to the Local Government Pension Scheme (LGPS). The benefit entitlement for Scheme members of the LGPS is set out by the Local Government Pension Scheme Regulations 2013 (as amended) and other associated legislation.

While employee pension contributions and benefits payable are set by Regulation, employer pension contributions are actuarially assessed at each valuation of the Pension Fund and areas of discretion are subject to local policies determined by each participating Scheme employer.

Value for Money Statement

The Royal County of Berkshire Pension Fund is committed to providing and delivering the highest standards of performance and customer service to all stakeholders. To achieve this the Pension Fund ensures compliance with the Local Government Pension Scheme Regulations, wider pensions and other associated legislation and the requirements of the Pensions Regulator.

The Fund is responsive to change and utilises the most up-to-date technologies in order to administer the scheme in the most, efficient and cost-effective way. The long-term interests of all scheme members are aligned closely with the Fund’s commitment to maintaining value for money in all activities and practices.

The Berkshire Pension Fund Committee (“the Committee”), made up of 5 Elected Members of the Administering Authority (the Royal Borough of Windsor & Maidenhead (RBWM)), has overall responsibility for the Pension Fund. Each quarter, the Committee receives an operational performance report which sets out the strategic and operational administration aims to maximise efficiencies and service standards. Each year a business plan is reported to the Committee which reflects on the past years’ achievements and the Funds objectives in the short and medium-term.

As the administration of the LGPS becomes ever-more complex the administration team are required to maintain increasing membership numbers, employer admissions and workloads. Despite this, staffing numbers have remained relatively constant. The results of a recruitment and retention survey undertaken by the Local Government Association (LGA) during 2021/2022 showed, at the time of issue, that the Pension Fund maintains 4,069 records per administrator against an average of 2,453. This is reflected in the fact that the team is made up of 22.10 FTE staff against an average of 39.51 FTE identified in the survey.

The average unit cost (cost of running the administration function per member record) is £22.31 per annum, based on total administration costs of £1.906m and 85,728 member records. Please note that this £1.906m is the cost of running the core administration function (staff, direct and indirect supplies & services etc. and excludes audit fees)

The Pension Fund consistently delivers high service levels to all stakeholders. As reported each quarter to the Committee, the key performance indicators are measured against locally agreed targets which are much more challenging than those put forward by CIPFA as the Industry Standard Performance Indicators. Even so, the Pension Fund consistently reports performance targets achieved above 95%.

The Pension Fund prides itself in the quality of data that it holds achieving a common data score of 98.6% and a scheme specific data score of 97% in the 2022 data quality exercise, details that are reported to the Pensions Regulator.

Customer Satisfaction

The landscape of the LGPS continues to evolve greatly resulting in the need for our administration team to continue using a variety of methods to understand our Scheme members’ and Scheme employers’

needs. Their needs, experiences of the service we provide, and their perception of the Pension Fund help us to continually improve and become more efficient and effective.

The 1 April 2014 saw a significant change to the LGPS with the introduction of a Career Average Scheme, fundamentally different to the Final Salary Scheme previously in place. This event undoubtedly made the LGPS more complex to administer with increased scrutiny from the Pensions Regulator.

During the last 12 months the administration team has continued to embrace a hybrid working approach to deliver the high standard of service our Scheme employers and their Scheme members have come to expect. It is pleasing that the equipment the administration team requires is readily made available from the Administering Authority, successfully supporting a seamless office and home working arrangement to help us maintain the confidence of all our stakeholders.

Going forward the administration team will continue to be pro-active and provide timely and accurate information to all Scheme members ensuring that they are aware of all changes to the Scheme and what any changes, including retrospective changes, will make to their pension benefits. Also continuing to ensure Scheme employers are fully educated about the Scheme, they understand their responsibilities and the consequences of their failure to adhere to them.

Compliance with Communications Policy Statement

Under Regulation 61 of the Local Government Pension Scheme Regulations 2013 (as amended) The Royal Borough of Windsor & Maidenhead, in its role as Administering Authority to the Pension Fund, is required to publish a statement of policy concerning communications.

This policy statement can be found at Appendix 1 and deals with the methods of communication between the Administering Authority, Scheme members and Scheme employers of the Pension Fund. The Administering Authority keeps the policy statement under review.

Communication with Scheme Employers

Annual Scheme Employers' Meeting

All Scheme employers were invited to attend a remote meeting on Thursday, 16 March 2023. Attendees were provided with a review of the work undertaken by the administration team during the last scheme year, a legislative update that included information about potential future changes to the LGPS together with known future changes - McCloud Remedy and Pensions Dashboards Programme, and an actuarial update delivered by the Pension Fund Actuary, Barnett Waddingham.

Training for Scheme Employers

The Pension Team continues to hold ad-hoc training sessions throughout the year on request. These sessions are designed to educate both new and current Scheme employers about the important role they play in helping the team administer the Scheme and the importance of holding clean and accurate data to process benefits quickly and efficiently. These sessions were well received with the team immediately seeing a more proactive approach towards the submission and quality of data by Scheme employers.

Regular Updates on the LGPS

"*The Inscribe*" bulletin is distributed to Scheme employers on a quarterly and, where necessary, ad-hoc basis along with other global emails distributed to Scheme employers when deemed necessary.

Pension Fund website

The Pension Fund website continues to prove a valuable source of information for our Scheme employers and their Scheme members.

The website contains sections dedicated to the following:

Royal County of Berkshire Pension Fund – Annual Report 2022/23
ADMINISTRATION REPORT

- Current Scheme members
- Deferred Scheme members
- Retired Scheme members
- Councillor Scheme members
- Scheme employers

The website has been described as easily accessible and includes many links making navigation user friendly. Even so, during the coming months the administration team will review and remodel the website to ensure Scheme members continue to have a quick and easy to use point of reference and are aware of the impact any changes to the Scheme will make to their pension benefits. Also, to ensure the same experience continues to be afforded to Scheme employers to help continually educate them and understand their responsibilities.

The website address is www.berkshirepensions.org.uk

Employer Self Service (ESS)

The Pension Fund launched ESS on 19 October 2017 giving access to all registered Scheme employers to view and amend their own Scheme members' pension data remotely whilst calculating quickly and efficiently the value of their Scheme members benefits and any respective strain cost payable thus avoiding the need to contact the administration team.

As detailed in our 2022 Report and Accounts, the software provider decommissioned ESS during February 2023. The Pension Fund is working with the software provider to adopt the functionality now developed in i-connect Software which will allow Scheme employers to continue benefiting from being able to quickly and efficiently calculate the value of their Scheme members benefits and any respective strain cost payable.

i-connect Software

The Pension Fund continues to build on the success it has experienced since February 2016 with data in respect of 92% of the total active Scheme membership now submitted to the Pension Fund monthly. This is an increase of 1% compared to the previous year. We continue to pro-actively work closely together with our Scheme employers of all sizes who are yet to on board the service to ensure they can realise the benefits of the service as quickly as possible.

Overall, this has saved the team significant administration time by removing the need for manual input, but most importantly helping maintain the accuracy of member data. No doubt Scheme employers and the team will continue to benefit from this service throughout the next 12 months.

General Guidance and Assistance

The pension administration team can be contacted during normal office hours. There is a dedicated help-line 01628 796668 and a dedicated email help desk (info@berkshirepensions.org.uk).

Promotional Services

The Pension Fund continues to produce and publish scheme guides and factsheets relating to specific pension topics all of which are available for download from the Pension Fund website. These are constantly reviewed and updated to keep pace with the ever evolving Local Government Pension Scheme.

Communication with All Scheme Members

Member Self Service - 'my pension ONLINE'

The Pension Fund's 'my pension ONLINE' service enables Scheme members to securely access and update your own pension details using a variety of different devices - desktop PC, laptop, tablet, or smartphone.

The service continues to prove popular with over 24,000 Scheme members now registered, which represents approximately 36% of the total Scheme membership the service is accessible to. Registered Scheme members' can quickly gain access to their own pension record to check their details are correct and calculate the current and future value of their own benefits and their dependants. This removes the need to contact the Pension Team and wait for an estimate to be sent to them.

Welcome Pack

With the implementation of 'my pension ONLINE' each new member receives a letter containing an activation code and guidance as to how to access their welcome pack online. If a member chooses not to register for 'my pension ONLINE' a paper version of the welcome pack will be sent to the member's home address upon request.

Annual Benefit Statements

Each active and deferred member of the pension scheme receives an annual benefit statement. With the availability of 'my pension ONLINE' these statements are available for viewing, downloading, or printing on-line and means the Pension Fund only issues a paper statement to 1,014 active and deferred Scheme members combined. This number is a decrease of 2,389 compared to the previous year and achieved by being pro-active to reach out to those Scheme members concerned asking them to update their preference to either receive a paper statement or move to 'my pension ONLINE'. This number will continue to decrease as the Scheme membership types move to receiving their benefits and individuals join the Scheme and default to the 'my pension ONLINE' service.

The Annual Benefit Statement provides details of benefits built up to 31st March the previous year, benefits projected to Normal Pension Age, death in service benefits and details of the member's nominated beneficiaries.

Pension Surgeries

During the year two pension surgeries were held at each of the six Unitary Authorities with additional pension surgeries being held at other employer locations upon request. These pension surgeries have all been held remotely using Microsoft Teams and very well received by who made pre-arranged appointments, providing an opportunity for Scheme members to discuss any aspect of their pension benefits. The administration team met with 481 Scheme members across the pension surgeries held, this is an increase of 171 scheme members compared to 2021/2022. To accompany these pension surgeries the administration team, provide pre-retirement courses and presentations aimed at those Scheme members considering retirement in the near future.

Newsletters

The Pension Fund produces and distributes bi-annual newsletters. '*The Quill*' is issued to active and deferred Scheme members and '*The Scribe*' is issued to pensioner and dependant Scheme members. Both continue to be very well received by Scheme members. Since the implementation of 'my pension ONLINE' newsletters are available for viewing, downloading or printing on-line.

Annual Meeting

All Scheme members were invited to attend a remote meeting on Wednesday, 16 November 2022. Attendees were provided with a review of the work undertaken by the administration team during the last scheme year, a legislative update that included information about potential future changes to the LGPS together with known future changes - McCloud Remedy and Pensions Dashboards Programme, and an actuarial update delivered by the Pension Fund Actuary, Barnett Waddingham.

Communication with Pensioner and Dependant Scheme Members

The Pension Fund has a dedicated payroll team dealing with former Scheme members now receiving payment of their pension benefits. As well as responding to their enquiries the payroll team are responsible for ensuring we meet our regulatory requirements.

Pension Payslips

The administration team has issued payslips in accordance with its £1 variance rule each month and before payment has been made. The Retired Members area of the Pension Fund website provides a detailed explanation of a payslip. Since the implementation of 'my pension ONLINE' payslips are available for viewing, downloading and printing on-line.

P60s

The administration team issued P60s to all pensioner and dependant Scheme members in April 2022 well in advance of the HMRC deadline. The Retired Scheme Members area of the Pension Fund website provides a detailed explanation of a P60, which was also contained in our Spring edition of 'The Scribe'. Since the implementation of 'my pension ONLINE' P60s are available for viewing, downloading and printing on-line in a format approved by HM Revenue & Customs.

Annual Pension Increase Notice

Pensions are reviewed annually each April under the Pensions Increase Act as prescribed by Social Security legislation in line with the upgrading of various state benefits and is determined by the percentage increase in the Consumer Price Index (CPI) to the preceding September.

Pensions were increased by 3.1% from 11 April 2022 and represents the increase in the CPI index for the 12-month period to the 30 September 2021. Pensions increase is normally applied to pensioners who are age 55 or over or have retired at any age on ill-health grounds or those in receipt of a dependant's pension.

A member who retired during the financial year will have a proportionate increase applied. The Pension Fund issued a notification to all pensioner and dependant Scheme members in April 2022 providing details of their increase awarded from 11 April 2022.

Mortality

During March 2016 the Pension Fund was one of the first Local Government Pension Funds to on board and receive notification of deceased members via Tell Us Once (TUO), a service designed to provide Pension Funds with details of those members having died and their next of kin via the General Registry Office (GRO).

In addition, the Pension Fund has been a longstanding user of the ATMOS service provided by our software provider Heywood Pension Technologies. Both services continue to prove a successful addition helping the Pension Fund contact the next of kin more quickly and avoid any potential overpayment of benefits.

In total, during 2022/2023 the Pension Fund received a total of 514 deceased member notifications via TUO, ATMOS, Solicitors or the deceased member's next of kin.

National Fraud Initiative

The Cabinet Office is responsible for the National Fraud Initiative. The Pension Fund participates in the National Fraud Initiative (NFI). Since April 2015 the NFI has been conducted using data matching powers bestowed on the Minister for the Cabinet Office by Part 6 of the Local Audit and Accountability Act 2014.

The NFI is a data matching exercise to assist in the prevention and detection of fraud which is undertaken every two years. NFI is primarily used by the Pension Fund to ensure an annual pension is not continued to be paid after a member has died.

The Pension Fund has access to several methods to eliminate the risk of an annual pension continuing to be paid after the death of a member. A family bereavement is a challenging time, so in addition to notification by friends and family, the Pension Fund checks mortality of all pensioners and dependents, monthly, via an external database and also uses the services of the “Tell Us Once Service” operated by DWP which automatically notifies the Pension Fund when a death is registered. Following the NFI 2022 data matching exercise undertaken in October 2022, there were no cases where an annual pension had continued to be paid fraudulently following a member’s death.

Overseas Pension Payments Project

Beginning in March 2022 the Pension Fund identified it paid in the region of £782,000 of annual pension payments to overseas accounts using the services of Convera (formerly Western Union Bureau Services (WUBS)). To help detect and prevent any fraudulent payments the administration team worked together with WUBS, resulting in the issue of a “Pre-Existence Letter” to 168 pensioner and dependant scheme members who receive their monthly pension payment to an account in the country and currency of their residence.

The project required the payee to present themselves in person at their nearest local WUBS bureau station together with a form of photographic identification. This said the Pension Fund understands the monthly pension payment is a key part of the payee’s quality of life and therefore always understood it would need to take careful and considered action before suspending the monthly pension payment of those payees who did not provide photographic identification.

Although it proved difficult in the first instance for some payees to present themselves in person at their nearest local WUBS bureau station, over time the project delivered a successful outcome with the Pension Fund able to satisfy itself that all payees were still alive.

Management Performance

Key Administration Performance Indicators

The Pension Fund monitors the time it takes to complete procedures. The key foundation to achieving the performance standards we set to complete procedures is by ensuring we maintain quality data.

Our key procedures reported to the Pension Board, Pension Fund Committee and Pension Fund Advisory Panel on a quarterly basis are:

- Inputting of new Scheme members,
- Payment of deceased benefits,
- Payment of retirement benefits, and
- Payment of Refund of Contributions

A summary of achievement in each area is shown in the table below:

Administration Team Performance		2021/2022			2022/2023		
Case Type	Target (working days)	Number received	Number within target	% within target	Number received	Number within target	% within target
Inputting of new Scheme members	20	7,043	6,983	99.15	8,491	8,434	99.33
Processing of deceased benefits	5	205	162	79.02	183	145	79.23

Payment of retirement benefits	5	1,567	1,473	94.00	1,369	1,282	93.64
Payment of Refund of Contributions	10	546	544	99.63	555	552	99.46

Complaints

The administration team monitor the complaints received monthly and ensure we respond promptly having investigated thoroughly and learn from them to improve the service.

The complaints are monitored in two distinct ways:

- Complaints about our service and the way we apply the regulations; and
- Under the LGPS Regulations Scheme members can use a three stage Internal Dispute Resolution Procedure (IDRP) to settle any disagreement or complaint that they may have about decisions made under scheme rules.

The table below shows the number of complaints in each category. These represent a minimal percentage when compared to more than 44,300 procedures carried out in 2022/2023.

Administration Team Performance		2021/2022			2022/2023		
Case Type	Target (working days)	Number received	Number within target	% within target	Number received	Number within target	% within target
Service	10	3	3	100	1	1	100
IDRP	n/a	2	2	100	2	2	100

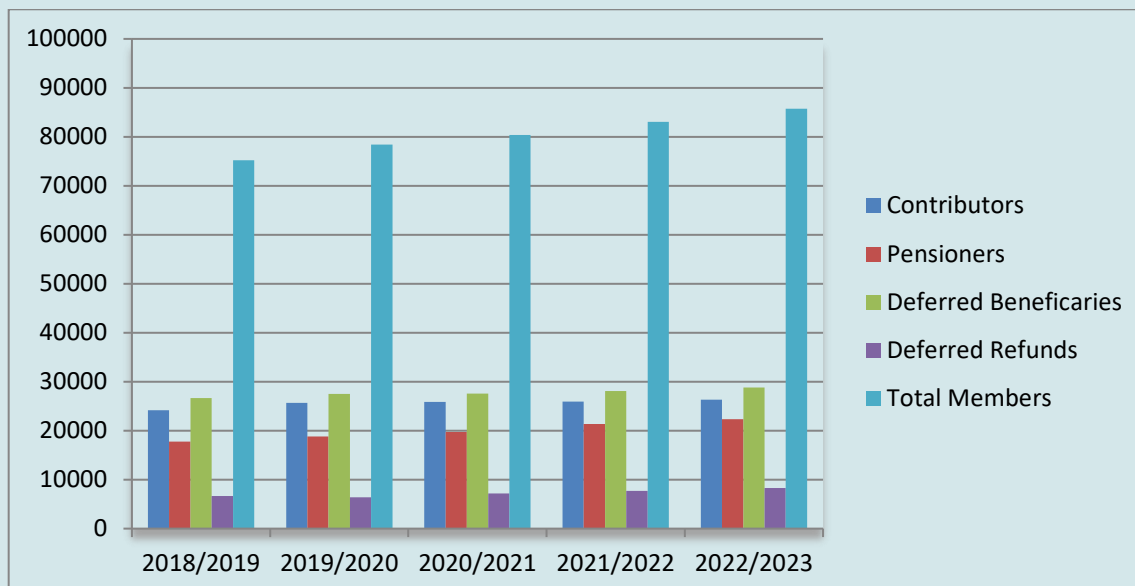
Key Staffing and Scheme Membership Numbers

Staffing – The administration team is made up of the following team members:

Year	2021/2022	2022/2023
Head of Pension Fund	1.0	1.0
Pension Services Manager	0.7	0.7
Pension Administration Manager	1.0	1.0
Deputy Pension Administration Manager	0.6	0.6
Assistant Pension Manager (Communications)	1.0	1.0
Pension Fund Finance Officer	1.0	1.0
Corporate Accountant (Pensions)	1.0	1.0
Technical Analyst	0.8	0.8
Assistant Technical Analyst	1.0	1.0
Senior Pension Administrators	2.0	2.0
Pension Administrators	6.5	6.5
Trainee Pension Administrators	3.0	3.0
Payroll Supervisor	0.9	0.9
Pension & Payroll Administrator	1.0	1.0
Clerical Support	0.6	0.6
Total	22.1	22.1

Scheme Membership

Scheme membership of the Pension Fund continues to grow. The chart and table overleaf show the number of contributors, pensioners (including dependants) deferred beneficiaries, and deferred refund member records (individuals may have more than one Scheme membership record) over the last five scheme years to 31 March 2023.



	31 March 2019	31 March 2020	31 March 2021	31 March 2022	31 March 2023
Contributors	24,203	25,695	25,887	25,959	26,315
Pensioners	17,763	18,785	19,720	21,356	22,316
Deferred Beneficiaries	26,626	27,510	27,575	28,087	28,794
Deferred Refunds	6,650	6,408	7,170	7,690	8,303
Total Scheme Members	75,242	78,398	80,352	83,092	85,728

NOTES:

- Contributors are employees currently contributing to the Local Government Pension Scheme and include some employees who have more than one contract of employment, each contract being treated separately for administration purposes.
- Pensioner Scheme members are in receipt of a pension and include all dependants of former Scheme members.
- Deferred beneficiaries are former contributors who have elected to retain their rights in the Scheme until such time as they become payable.
- Deferred Refunds are former contributors who have an entitlement to receive a return of contributions paid, less mandatory deductions.

Pension Team Administrator and Scheme Member Ratio

The result is a large Pension Fund being administered by a small team. The administrator (from Technical Analyst to Clerical Officer) to scheme member ratio remains consistent with the previous year at 1:5425 with the administration team continuing to provide a highly regarded and professional service across the entire Scheme membership.

Benefit Movements: 2022/2023 Admissions and Withdrawals from the Pension Fund

Admissions to the Pension Fund

Reason	Total
Scheme members who transferred in their benefit entitlement from another LGPS Pension Funds	402
Scheme members who transferred in their benefit entitlement from another type of pension schemes	99

Withdrawals from the Pension Fund

Reason	Total
Scheme members entitled to deferred benefits	1,552
Scheme members entitled to deferred contribution refund	602
Scheme members awarded retirement benefits	410, Type of retirement benefits:

	Early / Normal (191), Employer Consent (14), Flexible (20), Ill Health (32) Redundancy / Efficiency (23), Late (130)
Scheme members who died whilst in service	24
Scheme members who merged benefits with other entitlement within Pension Fund	1,586
Scheme members who transferred out their benefit entitlement to another LGPS Pension Fund	421
Scheme members who transferred out their benefit entitlement to another type of pension scheme	45

Scheme Employer Details

A summary of the number of scheme employers in the Pension Fund analysed by Scheduled Bodies and Admitted Bodies with actively contributing Scheme members and with no actively contributing Scheme members, but with some outstanding pension liabilities, is given in the table below:

Employer Type	Active Contributors	No Active Contributors	Total
Admitted Body	102	42	144
Scheduled Body	193	9	202
Total	295*	51	346

*the figures reported above are broken down to academy level rather than at multi-academy trust level, the latter being the level they appear on the Fund's administration system. For the purposes of Note 1.b of the 2022/23 annual accounts, 186 active/contributing employers are disclosed, the figure in the annual accounts groups academies into multi-academy trusts as this information derived from contributions records (academies typically pay contributions together within a multi-academy trust)

Benchmarking

The Pension Fund has enrolled in the 2022/23 CIPFA benchmarking process and provided relevant data to CIPFA through mid/late 2023 in respect of the scheme year ended 31 March 2023. The results of this exercise are not available at the time of signing off this report, however, these results shall be presented to the Pension Fund Committee as part of the quarterly administration report once available. Prior to this, the Fund has not taken part in any formal benchmarking exercise since 2006.

Gathering Assurance and Data Quality

The Pension Fund recognises the importance of gathering assurance over the effective and efficient operation of the pension and payroll administration software used, *altair*. Provided by Heywood Pension Technologies, both our teams utilise the workflow functionality afforded to us ensuring thorough checks are performed by senior members of the team in all areas of administration.

In addition, it is fundamentally important to measure the presence and accuracy of both Common and Scheme Specific data held to administer benefits on behalf of Scheme members and their beneficiaries and to have plans in place to resolve discrepancies where they are found. In consideration of the Pension Regulators (tPR) requirements in this area the Pension Fund has an agreement with Heywood Pension Technologies to produce annually the respective data results including a breakdown of all failures. Feedback continues to be received that the results are well above average.

The exercise of monitoring the accuracy of data demonstrates how serious the Pension Fund is regarding holding accurate data on behalf of Scheme members and their beneficiaries.

Data Type	Common	Scheme Specific
2018 Result %	91.30	86.10
2019 Result %	92.40	91.30
2020 Result %	98.90	94.50
2021 Result %	98.90	95.00
2022 Result %	98.60	97.00

The Pension Fund is also proactive in responding to enquiries received from both internal and external auditors, the Royal Borough of Windsor and Maidenhead and Deloitte UK respectively.

The Future

Royal County of Berkshire Pension Fund – Annual Report 2022/23
ADMINISTRATION REPORT

The Pension Fund will continue to take the threat posed by the Coronavirus extremely seriously with the health, safety and well-being of our team members, Scheme employers, Scheme members and all other parties we are associated with being one of our main priorities.

Together with the Royal Borough of Windsor & Maidenhead, as administering authority to the Pension Fund, comprehensive Business Continuity Plans remain in place which include detailed Disaster Recovery processes. These plans include the ability for the Pension Team to work remotely allowing us to remain completely committed and to focus our efforts on communicating with both our Scheme employers and their Scheme members in the quick and efficient way they have come to expect.

Therefore, in addition to the Pension Team's daily activities including the training and development needs of the team we will aspire to:

- Continue to increase the number of registered users of 'my pension ONLINE' by conducting further promotional events with each scheme employer authority to actively encourage scheme member take up by increasing the number of visits to the site whilst reducing the amount of postal correspondence sent.
- Continue to respond to consultations on scheme arrangements and implement changed structures due to amending legislation.
- Continue to liaise with all Scheme employers to ensure that clean and accurate data is consistently provided, and appropriate processes and procedures are in place to comply with scheme regulations and other associated legislation.
- Continue to undertake data validation and integrity checks for data which is issued by HMRC in respect of the GMP Reconciliation exercise in order that the correct state benefits are recorded and paid.
- Continue to undertake an annual data quality exercise in accordance with The Pensions Regulator's (tPR) Code of Practice 14 requirements and report findings to both the Pension Fund Committee and tPR. Update and endeavour to correct discrepancies identified.
- Continue to pro-actively work closely together with our Scheme employers of all sizes who are yet to on board i-connect Software to ensure they can realise the benefits of the service as quickly as possible.

Customer service will continue to be a priority as the next few years will be challenging for both Scheme members and Scheme employers. We will continue to endeavour to introduce further efficiencies and better ways of working to further improve on the systems that are currently in place. These improvements will be delivered to not only ensure the quality of our Scheme member data is maintained to the standard required by tPR but is also protected as required by Government Data Protection Regulation (GDPR).

I would like to take the opportunity to record my sincere thanks to all team members involved in the administration of the Scheme, not only for the work done over the last scheme year but also for their enthusiasm to embrace change and meet ever changing regulatory and stakeholder requirements.

5) INVESTMENT REPORT

Background:

In continuing with the UK Government's initiative for Local Government Pension Scheme Funds to take advantage of pooling their investments, the management of the Royal County of Berkshire Pension Fund's ("the Fund") assets has transferred to Local Pensions Partnership Investments ("LPPI"). The assets remain the legal property of the Fund.

LPPI has set up and oversees the investment of seven pooled fund vehicles across a number of asset classes, which the Fund invests in to varying degrees. LPPI also oversee the Fund's 'on-balance sheet' assets that remain outside of the pooled funds. A significant amount of work has been undertaken by LPPI in relation to the Fund's on-balance sheet assets since the Fund joined the pool, and opportunities continue to be sought to increase the Fund's investments into the LPPI pooled fund vehicles.

As at 31 March 2023, c.80% of the Fund's total assets have been pooled with LPPI – increasing from c.77% as at 31 March 2022 and c.75% as at 31 March 2021. Pooling brings with it benefits such as cost efficiencies and improved investment governance.

Asset allocation:

Asset Class	31-Mar-23		31-Mar-22	
	Actual weighting	Target Weighting	Actual Weighting	Target Weighting
Credit	11.7%	12.0%	12.5%	12.0%
Diversifying Strategies	0.1%	0.0%	0.0%	0.0%
Fixed Income	2.2%	2.5%	2.8%	2.5%
Infrastructure	13.1%	12.5%	10.2%	12.5%
Private Equity	13.2%	15.0%	14.2%	15.0%
Public Equities	46.3%	45.0%	45.0%	45.0%
Real Estate	12.0%	12.0%	12.9%	12.0%
Cash	1.4%	1.0%	2.3%	1.0%
TOTAL:	100.0%	100.0%	100.0%	100.0%

N.B. "Target Weighting" shown above represents the agreed Strategic Asset Allocation ('SAA').

No adjustments were made to the Fund's SAA over the year. A new SAA was agreed by the Fund's Committee at its 13 March 2023 meeting, with the new SAA coming into effect from 1 April 2023 and is not reflected in the above table.

Over the twelve-month period, the Fund's allocation to Infrastructure and Public Equities increased most notably, whilst the allocations to Cash and Private Equity decreased the most.

Performance*:

The Fund returned +1.9% over the twelve-month period to the end of March 2023. This represents an outperformance of 2.4% versus the Fund's Policy Portfolio Benchmark, and an underperformance of 4.3% against the Fund's Actuarial Benchmark.

The +1.9% absolute return was driven primarily by gains in Infrastructure and Public Equity, which returned +9.9% and +2.7% respectively. Credit, which returned +0.5%, and Diversifying Strategies, which returned +11.4%, also made a modest contribution and were the only other asset classes that delivered a positive absolute return over the year.

Fixed Income was among the trio of asset classes generating a negative absolute return over the past year, primarily influenced by interest rate exposure. Generally, when long-term interest rates increase, the value of Fixed Income assets tends to fall. As highlighted in the Economic Update which follows, this past year saw a rise in interest rates, leading to a decrease in the Fund's Fixed Income investments' value. However, the LPPI Fixed Income Fund's low duration (interest rate exposure) compared to its benchmark was a factor in driving its 2.3% outperformance against its benchmark.

While Private Equity and Real Estate produced negative absolute returns over the twelve-months, they both managed to exceed their benchmarks. Private Equity, despite a -1.7% return, exceeded its benchmark by 1.8%. Similarly, Real Estate surpassed its benchmark by 7.0%, despite a return of -1.8%. The Real Estate outperformance is largely attributable to the LPPI Real Estate Fund, where the performance was driven by exposure to non-UK holdings, which balanced out the sharper falls in value of UK assets.

Despite Infrastructure generating a positive absolute return of +9.9% over the period, it was the only asset class to underperform when compared to its benchmark, which returned +14.4%. It is worth noting that the benchmark for Infrastructure is UK CPI +4% p.a. and, as detailed in the following Economic Update section, the past year has seen persistently high inflation in the UK, which has raised the benchmark return notably.

It should be noted that Credit, Infrastructure, Private Equity and Real Estate have lagged returns due to the illiquid nature of the asset classes.

Over the twelve-months, Public Equities, which make up majority of the Fund's assets, outperformed the MSCI All Countries World Index by 4.2%. The Fund's Public Equity allocation arises from its holdings in the LPPI Global Equity Fund ("GEF"). Over the 12 months, the GEF's overweight allocation in the Consumer Staples sector (essential everyday goods), and underweight allocation in the Consumer Discretionary sector (non-essential or luxury goods), and Communication Services sector (companies in telecom, media, and internet sectors) proved beneficial. This was tempered somewhat by the underweight position relative to the benchmark in Energy and defensive Health Care stocks.

Over the three-years to the end of March 2023, the Fund returned +9.7% p.a., outperforming its Actuarial Benchmark by 3.0% p.a. and marginally underperforming its Policy Portfolio Benchmark by 0.2% p.a. Strong absolute returns were seen from Private Equity (+14.2% p.a.), Public Equities (+13.9% p.a.) and Infrastructure (+9.8% p.a.) over the three-year period, although all three of these asset classes underperformed their respective benchmarks over the period. In relation to Public Equities in particular, this is as the GEF was underweight in the sectors which rebounded strongly following the disruption during the Covid pandemic.

**Fund performance over the 12 months to March 2023 disclosed in this section was calculated using valuations obtainable at March 2023. Due to the quarterly-lagged valuations of private market assets, the relevant pricing information for this tranche was not available at the time of writing this report. In the months following 31 March 2023, asset valuations have been undertaken and this accounts for any difference between the performance shown in this investment performance report and any subsequent accounting positions at that date. Note: Relative returns are calculated geometrically*

Economic Update:

The latest fiscal year was marked by increased macroeconomic uncertainty, with inflation rising further across most developed countries. This led to a strong shift in the monetary policy outlook, with most central banks embarking on the fastest pace of interest rate hikes in decades to dampen accelerating prices. The fiscal year was also marked by increased geopolitical uncertainty, with the ongoing Russia-Ukraine war entering its second year, while US-China tensions grew focusing on Taiwan and the US's investment restrictions for emerging technology sectors in China. Amid this backdrop, global growth weakened in 2022, however less so than initially expected.

On a regional basis, the UK economy had a lacklustre year, with a slight expansion only in inflation-adjusted terms. The annual Consumer Price Index (CPI) inflation rose to a high of 11.1% in October 2022. Initial strong contributions from energy commodities and services prices gave way to broader price increases across the economy. Over the 12-month period, the Bank of England ("BOE") raised its policy rate from 0.75% in April 2022 to 4.25% in March 2023, with annual inflation ending the fiscal year moderately lower (10.1%). The quickly unfolding monetary policy tightening cycle contributed to a tightening of financial conditions, which at times was exacerbated by political and policy uncertainty (most notably in September/October 2022). Despite this, actual economic results surpassed previous forecasts, with the BOE reversing its recession estimates at the start of 2023. Similar to other developed economies,

a resilient labour market with correspondingly low levels of unemployment and strong nominal wage growth (together with accumulated savings during the pandemic) cushioned economic activity throughout the year. Additionally, fiscal measures to limit the direct impact of higher energy prices proved supportive.

The US economy remained a brighter spot among developed economies, broadly outperforming expectations despite some volatility in its quarterly GDP emanating by fluctuations in business inventories. Conversely, consumer spending (which better reflects the outlook of the domestic economy) remained strong. Core inflation (which excludes contributions from energy and food prices) remained elevated and at broadly comparable levels to the UK, however the headline CPI index receded more quickly from a peak of 9.1% in June 2022 to 5.0% in March 2023. The Federal Reserve (“Fed”) raised its effective interest rate by 4.5% over the fiscal year to approximately 4.9%.

After a strong expansion through June 2022, inflation-adjusted GDP growth for the Euro area economy decelerated notably. Despite the deceleration in activity, pessimistic growth scenarios due to the economy’s high dependency of oil and natural gas imports from Russia did not materialise, as the diversification of energy supplies away from Russia was implemented quicker than expected. Among the biggest common-currency economies, Italy and Spain led the bloc’s expansion, whilst Germany’s real GDP growth was 0.1% lower year-on-year in Q1 2023. After lagging most developed market central banks, the European Central Bank (ECB) embarked on its tightening policy cycle in July 2022 raising rates by 3.5% through March 2023 from the previous -0.5% level.

As noted above, a key theme this year has been central banks rapid interest rate hikes to counter the highest levels of inflation in decades. The Fed and the BOE accompanied them with quantitative tightening, a process that aims to reduce previously accumulated bond holdings on their balance sheet, and which effectively drains liquidity from the financial system. This sudden shift in the monetary policy outlook, together with progressively more “hawkish” market views on the interest rate outlook (i.e. reflecting a likely higher peak in interest rates), increased financial market volatility and weighed negatively on both equity and bond returns through September 2022. Since then, greater optimism for the economic outlook has spurred a strong rebound for equities in the second half of the Fund’s fiscal year. At the same time global bonds have only recovered modestly.

Despite the progress to reduce high levels of inflation across a number of major economies, including the UK, macroeconomic risks remain. Interest rates may either need to rise further or remain close to current levels for a much longer period than expected in order for inflation to trend down to central banks’ inflation targets on a more sustainable basis.

The Fund’s portfolio continues to be well diversified across different regions, sectors, and asset classes, with the Fund’s target weights for the latter remaining unchanged over the year. A comprehensive investment underwriting process combined with a thoughtful consideration of the evolving macroeconomic outlook should allow the Fund to navigate through short term uncertainties

6) FINANCIAL PERFORMANCE REPORT

Annual outturn analysis and commentary

	2022/23 Budget £'m	2022/23 Outturn £'m	Variance £'m
Budget variance analysis 2022/23			
Contributions from Members	(31.394)	(34.006)	(2.612)
Employers Normal (Primary) Contributions	(82.504)	(79.168)	3.336
Employers Deficit Recovery (Secondary) Contributions	(33.750)	(60.470)	(26.720)
Employers Augmentation contributions	(2.600)	(0.803)	1.797
Transfers in from other pension funds (individual and group) plus AVC	(9.200)	(23.344)	(14.144)
Total Income	(159.448)	(197.791)	(38.343)
Pension Benefits Payable	101.187	104.158	2.971
Commutation and retirement lump sums (retirement and death), refunds	20.000	17.404	(2.596)
Lump sum death benefits	5.000	2.302	(2.698)
Refunds	1.000	0.951	(0.049)
Transfers out to other pension funds (individual and group)	16.000	31.666	15.666
Total Expenditure	143.187	156.481	13.294
Net (Income)/Expenditure from Dealings with members	(16.261)	(41.310)	(25.049)
Staff related expenditure	1.460	0.904	(0.556)
Supplies, Services, Premises, and 3 rd party administration costs	0.900	1.251	0.351
Net (Income)/Expenditure from Administration activities	2.360	2.155	(0.205)
Investment Income net of taxation	(26.000)	(41.509)	(15.509)
Investment management, performance, transaction, oversight, governance	14.000	31.022	17.022
(Gain)/loss on disposal of investments and change in the market value	(8.359)	(41.046)	(32.687)
Net (Income)/Expenditure from investment activities	(20.359)	(51.533)	(31.174)
Net (increase)/decrease in the net assets available for benefits	(34.260)	(90.912)	(56.652)

£25m positive budget variance in dealing with members predominantly comes from a flurry of cessation and fund transfer activities through 2022/23. This activity drove a significant increase in secondary contributions (one-off deficit settlement payments) and was partially offset by an increase in transfers out relating to a specific employer that transferred their active obligations to another LGPS fund before completing the buyout. The Fund also saw a sizeable increase in transfers in due in part to a sizeable group transfer in through 22/23 and exacerbated by other LGPS funds now enforcing the 2014 auto-aggregation rules and making transfer payments automatically.

£0.205m positive budget variance in administration activities primarily driven by a £0.56m staff underspend (predominantly vacant posts and part-time working arrangements) partially offset by an increased in 3rd party services; actuarial fees increased due to triennial valuation and audit fees increased due to settlement of earlier year additional fees, all partially offset by negotiated fee reductions and delivered savings associated with various 3rd party suppliers.

£31m positive budget variance in the Fund's investment activities, driven in part increased investment income following changes in the fund's strategic asset allocation increasing exposure to public equities. The £17m increase in investment management expenses is due to an accounting adjustment to gross-up management fees in compliance with the Cost Transparency Initiative (transparency code), this adjustment splits out management fees from investment returns so any increase in management fees is fully offset by an increase in gains on investments. Gain on disposal of investments and positive change in market value has been positive by £33m, £17m of which is the opposite side of the gross-up process whilst the remaining £16m is due to better than expected performance in the Fund's private market assets.

Timeliness of Receipt of Contributions

	2019/20	2020/21	2021/22	2022/23
% of contributions received on/before their due date	98.16%	95.55%	96.40%	94.75%

The option to levy interest on overdue contributions was not exercised through 2022/23.

Fund Account and Net assets of the Fund

Over the prior four-year period, contributions received have exceeded pensions paid year on year primarily due to deficit recovery contributions from employers, exacerbated by increased transfer and cessation activity through 2022/23.

In the past financial year (2022/23) the Fund's net asset value has increased by £91m to £2.756bn. Further detail can be found in the Statement of Accounts

	2019/20	2020/21	2021/22	2022/23
	£'m	£'m	£'m	£'m
Fund Account				
Contributions received and transfers in	(141.561)	(145.969)	(157.975)	(197.791)
Pensions paid and transferred out	133.893	130.354	146.454	156.257
Net additions from dealings with members	(7.668)	(15.615)	(11.521)	(41.534)
Management and administrative expenses	24.765	27.723	40.011	33.177
Investment income (incl. taxes on income)	(40.462)	(29.261)	(34.632)	(41.509)
Change in market value of investments	100.361	(378.107)	(259.350)	(41.046)
Net (increase)/decrease available for benefits	76.996	(395.260)	(265.492)	(90.912)
Net Asset Statement				
Net investment assets	(1,995.299)	(2,382.592)	(2,653.727)	(2,744.740)
Net current assets	(9.648)	(17.615)	(11.972)	(11.871)
Total Net Assets available to fund benefits	(2,004.947)	(2,400.207)	(2,665.699)	(2,756.611)

The cost of running the administration function has been further broken down below, the following costs are included within the Management and Administrative Expenses line above and are provided for transparency purposes, noting that investment management expenses are provided in section 11) POST POOLING REPORTING AND COST TRANSPARENCY INITIATIVE

	2019/20	2020/21	2021/22	2022/23
	£'m	£'m	£'m	£'m
Staff related expenditure	1.238	1.376	1.062	0.904
Supplies, Services, Premises, and 3rd party administration costs	3.537	3.270	1.052	1.251
Net (Income)/Expenditure from core administration activities	4.775	4.646	2.114	2.155

7) RISK MANAGEMENT

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 (RBWM), as the Administering Authority to the Royal County of Berkshire Pension Fund (RCBPF), has a risk management policy and the Fund's operational and strategic risks are integrated into RBWM'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.

The Fund has a detailed and comprehensive Risk Management policy that is reviewed and approved annually by the Pension Fund Committee. This Policy can be found on the Pension Fund's Website (<https://berkshirerensions.org.uk/>) along with the Fund's risk register which is kept under continuous review and presented to the Committee quarterly.

The Risk Management Policy and risk-reporting processes have been designed using a recent CIPFA framework document, alongside the Administering Authority's risk management policy and several bespoke risk appetite statements relating to funding and investment risk.

The Fund's annual accounts (see note 18) also makes detailed reference to specific risks and the management of such risks relating to the Fund's assets, Liabilities and Investments.

From December 2021, the Pension Fund Committee adopted the CIPFA framework "Managing Risk in The Local Government Pension Scheme (2018 Edition)" as its revised approach to risk management. The RCBPF combines the use of this framework with RBWM's 4 step risk management process (Identification, Assessment, Control, Monitor).

8) ACTUARY'S STATEMENT AS AT 31 MARCH 2023

Introduction

The last full triennial valuation of the Royal County of Berkshire Pension Fund was carried out as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 31 March 2023.

Please note that the full triennial valuation report produced by the Actuary can be found on the Fund's website here: <https://berkshirerensions.org.uk/>

2022 valuation results

The 2022 valuation certified an average primary contribution rate of 16.9% of pensionable pay to be paid by each employing body participating in the Royal County of Berkshire Pension Fund. In addition to this, each employing body must pay an individual adjustment to reflect its own particular circumstances and funding position within the Fund. Details of each employer's contribution rate are contained in the Rates and Adjustment Certificate in the triennial valuation report.

Contribution rates

The contributions rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- The annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due; plus
- An amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

Asset value and funding level

The smoothed market value of the Fund's assets as at 31 March 2022 for valuation purposes was £2.65bn which represented 86% of the Fund's accrued liabilities at that date, allowing for future increases in pay and pensions in payment.

Assumptions

The key assumptions used to value the benefits at 31 March 2022 are summarised below:

Assumption	31 March 2022
Discount rate	5.1% p.a.
Pension increases (CPI)	2.9% p.a.
Salary increases	3.9% p.a.
Pension increases on GMP	Funds will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that Funds will be required to pay the entire inflationary increases.
Mortality	The post-retirement mortality assumptions adopted are the S3PA tables with a multiplier of 110% for males and 105% for females, making allowance for CMI 2021 projected improvements and a long-term rate of improvement of 1.25% p.a. with an initial rate of improvement of 0% p.a. and smoothing parameter of 7.0. A 2020/21 weighting parameter of 5% was used.
Retirement	Each member retires at a single age, weighted based on when each part of their pension is payable unreduced
Commutation	Members will convert 50% of the maximum possible amount of pension into cash

Updated position since the 2022 valuation

Assets

Returns over the period to 31 March 2023 have been lower than projected. The valuation of the Fund's assets as at 31 March 2023, in terms of market value, are slightly above the valuation at 31 March 2022. The investment

Royal County of Berkshire Pension Fund – Annual Report 2022/23

ACTUARY'S STATEMENT AS AT 31 MARCH 2023

gains have been lower than allowed for in the projections using the discount rate disclosed in the assumptions table above, so have not achieved a rate of return sufficient to match the interest on the Fund's liabilities.

This has been partially offset by the secondary contributions received from the participating employers in the Fund which are determined to repay the funding deficit over an agreed recovery period.

Liabilities

The key assumption which has the greatest impact on the valuation of liabilities is the real discount rate (the discount rate relative to CPI inflation) – the higher the real discount rate the lower the value of liabilities. The real discount rate at 31 March 2023 has increased compared with the previous valuation date due to a significant increase in yield on bonds and other fixed income assets, and a reduction to the implied long-term rate of inflation.

Please note that we have updated the derivation of the discount rate assumption to phase out an adjustment to the dividend yield assumption adopted at the valuation of 0.5%. This was applied to reflect lower actual dividend payments and so lower yields than normal at 31 March 2022 as a result of the pandemic. Our view is that dividend yields are returning to pre-pandemic levels and therefore this adjustment to the dividend yield has been phased out by 31 March 2023 in our model.

Actual inflation experience since the previous valuation date has placed a higher value on the liabilities. The 2023 pension increase award was 10.1% and was higher than the long-term average assumed at the 2022 valuation. Observed inflation, which will determine the LGPS pension increase next year in 2024, has also been higher than that assumed through the long-term rate of inflation. Both have increased the Fund's liabilities.

The increase associated with higher actual inflation than assumed has been partially offset by a reduction in the long-term CPI inflation assumption. This short-term high inflation and longer-term lower inflation is broadly consistent with what was assumed at the 2022 formal valuation.

The value of liabilities will also have increased due to the accrual of new benefits net of benefits paid.

Overall position

We estimate that the funding position has declined since 31 March 2022 allowing for the above factors.

Allowance for recent inflation experience and lower than assumed asset performance in the year to 31 March 2023 will have placed a higher value on the liabilities and a lower value on the assets than projected, therefore increasing the value of the Fund's deficit at the previous actuarial valuation. This has been partially offset by an improvement in the net discount rate which has placed a lower value on the Fund's pension liabilities and reduced the cost of future benefit accrual.

The next formal valuation will be carried out as at 31 March 2025 with new contribution rates set from 1 April 2026.



Barry McKay FFA
Partner
Barnett Waddingham LLP

9) INDEPENDENT AUDITOR'S STATEMENT

TO THE MEMBERS OF THE ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD ON THE PENSION FUND FINANCIAL STATEMENTS

We have examined the pension fund financial statements for the year ended 31 March 2023, which comprise the Fund Account, the Net Assets Statement and the related notes 1 to 26.

Respective responsibilities of the Director of Resources and the auditor

As explained more fully in the Statement of the Director of Resources' Responsibilities, the Director of Resources is responsible for the preparation of the pension fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to you my opinion on the consistency of the pension fund financial statements within the pension fund annual report with the pension fund financial statements in the statement of accounts of The Royal Borough of Windsor and Maidenhead, and its compliance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

We also read the other information contained in the pension fund annual report and consider the implications for my report if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information consists only the information included in the pension fund's Annual Report, other than the financial statements and our auditor's report thereon.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the administering authority's full annual statement of accounts describes the basis of our opinions on those financial statements.

Opinion

In our opinion, the Pension Fund financial statements are consistent, in all material aspects, with the Pension Fund financial statements in the full annual statement of accounts of The Royal Borough of Windsor and Maidenhead for the year ended 31 March 2023 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22. We have not considered the effects of any events between the date we signed our report on the Pension Fund financial statements in the full annual statement of accounts [DATE] and the date of this statement.

Use of our report

This report is made solely to the members of The Royal Borough of Windsor & Maidenhead ('the Authority'), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed."

Jonathan Gooding, FCA (Appointed auditor)

For and on behalf of Deloitte LLP

St. Albans, UK

[DATE]

10) ADMINISERING AUTHORITY STATEMENT OF RESPONSIBILITIES

The Royal Borough of Windsor and Maidenhead's Responsibilities

The Royal Borough is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Head of Pension Fund is the officer fulfilling that responsibility;
- To manage its affairs so as to secure economic, efficient and effective use of resources and safeguard its assets;
- To approve the Fund's statement of accounts;

The Director of Resources' Responsibilities

The Director of Resources is responsible for the preparation of the Fund's statement of accounts in accordance with proper practices set out in the CIPFA Code of Practice on Local Authority Accounting.

In preparing this statement of accounts, the Director of Resources has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice on Local Authority Accounting;
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Elizabeth Griffiths
Executive Director of Resources

11) POST POOLING REPORTING AND COST TRANSPARENCY INITIATIVE

The table below shows the costs to Royal County of Berkshire Pension Fund (RCBPF) of setting up the individual pooling vehicles within the pooling company, Local Pensions Partnership Investments Ltd (LPPI).

Pool set up and investment transition costs by year

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'m	£'m	£'m	£'m	£'m	£'m
Set up costs						
Legal	–	–	–	–	–	–
Professional fees	–	–	–	–	–	–
Other support costs	–	–	–	–	–	–
Total		–	–	–		
Transition costs	0.30	–	–	0.40	–	–

Pool set up and investment transition costs by type of expense

	Current Year			Since inception of the pool Cumulative
	Direct	Indirect	Total	
	£'m	£'m	£'m	£'m
Set up costs				
Legal	–	–	–	–
Professional fees	–	–	–	–
Other support costs	–	–	–	–
Total set up costs	–	–	–	–
Transition costs	–	–	–	0.7

Total expected pooling costs and savings

The table below compares the investment management fee savings realised since admission to the Pool versus the preceding year, 2017-18. The savings are based on grossed up fees in accordance with the revised CIPFA guidance issued in 2016, whereas in previous years fees may have been reported lower as they would have been netted off against the change in market value. This is consistent with current recommended practice.

Total expected costs and savings

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'m	£'m	£'m	£'m	£'m	£'m
Set up costs	–	–	–	–	–	–
Transition costs	0.30	–	–	0.40	–	–
Investment management fee savings	–	1.00	0.60	(2.50)	(4.29)	(6.31)
Net (savings)/costs realised	0.30	1.00	0.60	(2.10)	(4.29)	(6.31)

Ongoing investment management costs 2022/23

Investment expenses are shown broken down into their constituent categories and split between those resulting from investments held in the pooled vehicles and those held on the balance sheet of the Fund.

The table below summarises investment management costs for 2022/23. It has been compiled primarily from cost transparency templates completed by each of the Fund's investment managers. The investment expenses are split between those held within LPPI investment pooling vehicles and those non-pooled assets held directly by the Fund.

It should be noted that within the table below, the £4.91m management charge categorised as direct non-pooled assets includes a £0.768m charge by LPPI to manage the Fund's on balance sheet (non-pooled) assets.

	Pooled assets			Non-pooled assets			Total £'m
	Direct £'m	Indirect £'m	Total £'m	Direct £'m	Indirect £'m	Total £'m	
Management fees	11.52	-	11.52	4.91	-	4.91	16.43
Performance fees	0.54	-	0.54	0.51	-	0.51	1.05
Transaction costs	1.14	0.71	1.85	0.06	-	0.06	1.91
Administration	-	2.78	2.78	-	2.13	2.13	4.91
Borrowing and arrangement fees	-	0.62	0.62	-	0.12	0.12	0.73
Distribution, comms and client service	-	0.00	0.00	-	-	-	0.00
Governance, Regulation and Compliance	-	1.44	1.44	-	1.34	1.34	2.79
Property Expenses	-	1.65	1.65	-	0.37	0.37	2.01
Other fees	-	0.67	0.67	-	-	-	0.67
Total	13.20	7.86	21.07	5.48	3.96	9.44	30.51*
Direct Custody							0.27
LPPI Asset & Liability Management Fees							0.19
Note 11(a) Chart of Accounts total							30.96

*Based primarily on data collected by ClearGlass as part of the Cost Transparency Initiative, reported based on 96% compliance and used to gross-up fund accounts. 100% compliance was later completed but with immaterial variances to the reported figures above so have not been changed. The above figures were used in completing the DLUHC pooling savings disclosure and in calculating the £6.31m 22/23 saving reported in the above table.

Please note that the £30.51m total ongoing management fees reported above does not reconcile to the £30.1m disclosed in the Fund's MiFID II Ex-Post Annual Costs and Charges Disclosure (the MIFID report as required by the FCA). The MIFID report is prepared wholly based on 100% completed CTI templates which disclose fees in the period they are charged whereas the tables above consider pool management fees based on NAV information without a quarterly lag. For this reason, the LPPI fees included in both data sets are subject to timing differences and it is the table above that is used to gross up the Fund Accounts for consistency with prior year disclosures and reporting to DLUHC.

For completeness, the Fund's annual MIFID report (based on CTI data only) is disclosed below:

Service Costs	Amount	% Investment
One-off charges	0.00	0.00
Ongoing Costs	2,472,146.34	0.09
Transaction Costs	6,585.77	0.00
Ancillary Costs	668,435.67	0.02
Incidental Costs	0.00	0.00
3rd Party Payments		
Retrocession payments	0.00	0.00
Commission payments	0.00	0.00
Product Costs		
One-off charges	11,574.01	0.00
Ongoing Costs	21,365,174.38	0.77
Transaction Costs	1,781,210.74	0.06
Incidental Costs	1,054,829.01	0.04
Lending and Borrowing Fees	732,943.46	0.03
Property Expenses	2,014,372.27	0.07
Total	30,107,271.65	1.08

Pooling progress

At 31 March 2023, 80% of the Fund's investment assets were pooled within LPPI's investment pooling vehicles. This compares to 76.9% at 31 March 2022 and the year-on-year reduction is

12) PENSION FUND ACCOUNTS

12.a Fund Account at 31 March 2023

2021/22			2022/23
£'000		Notes	£'000
	Dealings with members, employers and others directly involved in the Fund		
(148,184)	Contributions	7	(174,447)
(9,791)	Transfers in from other pension funds	8	(23,344)
(157,975)			(197,791)
122,560	Benefits	9	123,640
23,894	Payments to and on account of leavers	10	32,617
146,454			156,257
(11,521)	Net additions from dealings with members		(41,534)
40,011	Management expenses	11	33,177
28,490	Net (additions)/withdrawals including fund management expenses		(8,357)
	Returns on investments		
(34,584)	Investment income	12	(41,507)
(48)	Taxes on income	13	(2)
(259,350)	Profits and losses on disposal of investments and changes in the market value of investments	14	(41,046)
(293,982)	Net return on investments		(82,555)
(265,492)	Net (increase)/decrease in the net assets available for benefits during the year		(90,912)
(2,400,207)	Opening net assets of the scheme		(2,665,699)
(2,665,699)	Closing net assets of the scheme		(2,756,611)

12.b Net Assets Statement at 31 March 2023

2021/22			2022/23
£'000		Notes	£'000
2,792,141	Investment assets	14	2,888,160
(138,414)	Investment liabilities	14	(143,420)
2,653,727	Total net investments		2,744,740
16,336	Current assets	21	19,124
16,336			19,124
(4,364)	Current liabilities	22	(7,253)
(4,364)			(7,253)
2,665,699	Net assets of the fund available to fund benefits at the end of the reporting period		2,756,611

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 20.

12.c Notes to the Accounts

Note 1. Description of Fund

The Royal County of Berkshire Pension Fund (the 'fund') is part of the Local Government Pension Scheme and is administered by the Royal Borough of Windsor and Maidenhead.

Note 1.a General

The fund is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended);
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended);
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by the Royal Borough of Windsor and Maidenhead to provide pensions and other benefits for pensionable employees of the 6 unitary local authorities in the geographical region of Berkshire, and a range of other scheduled and admitted bodies. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The fund is overseen by the Pension Fund Committee.

Note 1.b Membership

Membership of the LGPS is voluntary. Employees are automatically enrolled into the Fund and are free to choose whether to remain in the fund, opt-out of the fund, or make their own personal arrangements outside the fund.

Organisations participating in the Royal County of Berkshire Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the fund.
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

Membership details are set out below:

The Royal County of Berkshire Pension Fund	31 March 2022	31 March 2023
Number of employers with active members	189	186
Number of employees in scheme		
Administering authority	1,483	1,467
Unitary authorities	14,465	14,161
Other employers	10,011	10,687
Total	25,959	26,315
Number of pensioners		
Administering authority	2,179	2,268
Unitary authorities	11,557	12,175
Other employers	7,620	7,873
Total	21,356	22,316
Deferred pensioners		

Administering authority	3,488	3,424
Unitary authorities	17,042	17,313
Other employers	7,557	8,057
Total	28,087	28,794
Total number of members in pension scheme	75,402	77,425

Note 1.c Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2023. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. During 2022/23, employer contribution rates ranged from 10.9% to 29.6% of pensionable pay.

Note 1.d Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below.

	Service pre 1 April 2008	Service post 1 April 2008
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump sum	Automatic lump sum of 3 x salary. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014, the fund became a career average revalued earnings (CARE) scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is up-rated annually in line with the Consumer Prices Index.

There are a range of other benefits provided under the fund including early retirement, disability pensions and death benefits. For more details, please refer to the Royal County of Berkshire Pension Fund website - see www.berkshirerpensions.org.uk.

Note 2. Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2022/23 financial year and its position at year-end as at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ('the code') which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2021/22.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year.

Note 3. Summary of significant accounting policies

Note 3.a Fund account - revenue recognition

i. Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis. Employee's contribution rates are set in accordance with LGPS regulations. Employer's contributions are set at the percentage rate recommended by the Fund actuary.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the rates and adjustments certificate set by the fund actuary.

Additional employers' contributions in respect of ill-health and early retirements are accounted for in the period in which they are due. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

ii. Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the Fund.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see note 3m) to purchase fund benefits are accounted for on a receipts basis and are included in transfers In (see Note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

iii. Investment income

1. Interest income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition.

2. Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

3. Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

4. Movement in the net market value of investments

Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Note 3.b Fund Account - expense items

i. Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be payable during the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

ii. Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

iii. Management expenses

The Fund discloses its pension Fund management expenses in accordance with the CIPFA guidance *Accounting for Local Government Pension Scheme Management Expenses (2016)*. All items of expenditure are charged to the Fund on an accruals basis as follows:

1. Administrative expenses

All staff costs of the pensions administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

2. Oversight and governance costs

All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

3. Investment management expenses

Fees of the external investment manager and custodian are agreed in the respective mandates governing their appointments. Most are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change, but there are a number of fixed price contracts with annual inflation related increases.

Note 3.c Net Assets Statement

i. Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respects of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 14a. From this date, any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see note 16). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in *Practical Guidance on Investment Disclosures* (PRAG/Investment Association, 2016).

i. Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

ii. Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

Longevity swaps are valued on a fair value basis based on the expected future cash flows arising under the swap, discounted using market interest rates and taking into account the risk premium inherent in the contract.

iii. Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

iv. Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year.

i. Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the fund actuary in accordance with the requirements of International Accounting Standards (IAS19) and relevant actuarial standards.

As permitted under the code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 20).

ii. Additional voluntary contributions

The Royal County of Berkshire Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund.

AVCs are not included in the accounts in accordance with section 4(1)(b) of the LGPS (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 23).

iii. Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of narrative in the notes.

Note 4. Critical judgements in applying accounting policies

In applying the Fund's accounting policies, which are described in note 3, the Fund is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no critical judgements made, apart from those involving estimations (which are presented separately below).

Note 5. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the financial statements and notes at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied. Further information on the carrying amounts of the Fund's defined benefit obligation and the setting of the assumptions are provided in notes 19 and 20.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of approximately £58.62 million. A 0.1% increase in pension increases and deferred revaluation assumption would increase the value of liabilities by approximately £60.18 million, and a one-year increase in assumed life expectancy would increase the liability by approximately £134.49 million.
Longevity insurance policy	The longevity insurance policy is valued by a firm of consulting actuaries. This valuation is the difference between the discounted cash flows relating to the amounts expected to be reimbursed to the fund and the inflation linked premiums expected to be paid by the fund. The carrying amount as at 31 March 2023 is (£143.42 million). This valuation depends on a number of complex judgements including the discount and mortality rates..	Changes in the discount rate and mortality rate assumptions would result in a material change to the carrying value in a similar way to the value of the pension fund liability disclosed above.
Private equity investments	Private equity investments are valued at fair value in accordance with the	The valuations of private equity investments are particularly sensitive

	International Private Equity and Venture Capital Board guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Changes to the inputs could result in a material change to the carrying value. Further information on the carrying amounts of the private equity and the estimated sensitivity are shown in note 16.
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Covid-19 impact

The impact of the Covid-19 pandemic since 2019/20 created uncertainty surrounding global financial and property markets. Since then the asset values have stabilised in order that a materially accurate value can be applied to illiquid assets.

Note 6. Events after the reporting date

Note 6.a Impact of the McCloud judgement

The McCloud court case relates to possible age discrimination within the New Judicial Pension Scheme. On 16 July 2020, the government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and a ministerial statement in response to the proposed remedy was published on 31 May 2021.

An allowance using analysis from the Government Actuary's Department as a starting point was made for the potential impact of the McCloud and Sargeant judgement in the results provided to the Fund at the last accounting date. This allowance is incorporated in the roll forward approach and is remeasured at the accounting date (31 March 2022) along with the normal LGPS liabilities. The actuary does not believe there are any material differences between the approach underlying their estimated allowance and the proposed remedy. A more detailed analysis at this stage would require a significant amount of member data which is not yet available. In the light of changes to Regulations an adjustment was included IAS 26 calculations at 31 March 2022. In particular, the projected service cost from 1 April 2022 was adjusted to ensure that no further McCloud remedy is made. The remedy is expected to apply to benefits up to 31 March 2022.

Note 6.b Investments

The investment figures in the accounts and notes have been adjusted in all material respects to reflect the impact of any information received after 31 March 2023 which reflect the conditions as at 31 March 2023. During the preparation of the statement of accounts, the fund manager's valuation as at 31 March 2023 were received and they showed material difference in aggregate. The accounts have been amended to reflect the difference reported in the table below.

Asset Class	Estimated value 31 March 2023 £m	Manager's value 31 March 2023 £m	Difference £m
Global Equities	1,331.81	1,331.81	(0.00)
Private Equity	380.03	393.56	13.53
Credit	335.01	343.25	8.24
Fixed Income	61.97	61.97	(0.00)
Infrastructure	376.61	386.41	9.80
Real Estate	345.30	337.93	(7.37)
Diversifying Strategies	1.48	1.48	(0.00)
Other Investment Assets	1.89	1.89	(0.00)
Cash	29.88	29.88	(0.00)

Longevity contract	(143.42)	(143.42)	0.00
Total	2,720.54	2,744.74	24.20

Note 7. Contributions receivable

Note 7.a By category

2021/22 £'000		2022/23 £'000
31,542	Member's contributions	34,006
	Employers' contributions	
74,040	Normal contributions	79,168
40,211	Deficit recovery contributions	60,470
2,391	Augmentation contributions	803
116,642	Total Employers' contributions	140,441
148,184		174,447

Note 7.b By type of employer

2021/22 £'000		2022/23 £'000
12,935	Administering authority	13,553
121,974	Scheduled bodies	146,519
5,820	Admitted bodies	5,909
7,455	Transferee admission body	8,466
148,184		174,447

Note 8. Transfers in from other pension funds

2021/22 £'000		2022/23 £'000
9,278	Individual transfers from other pension funds	16,423
0	Group transfers from other pension funds	6,170
513	AVC to purchase scheme benefits	751
9,791		23,344

Note 9. Benefits payable

Note 9.a By category

2021/22 £'000		2022/23 £'000
98,371	Pensions	103,934
19,926	Commutation and lump sum retirement benefits	17,404
4,263	Lump sum death benefits	2,302
122,560		123,640

Note 9.b By type of employer

2021/22 £'000		2022/23 £'000
13,095	Administering authority	12,795
97,454	Scheduled bodies	98,398
8,218	Admitted bodies	8,490
3,793	Transferee admission body	3,957

122,560		123,640
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Note 10. Payments to and on account of leavers

2021/22 £'000		2022/23 £'000
857	Refunds to members leaving service	951
7,210	Group transfers to other pension funds	11,107
15,827	Individual transfers to other pension funds	20,559
23,894		32,617

Note 11. Management expenses

2021/22 £'000		2022/23 £'000
2,115	Administrative costs	2,155
37,810	Investment management expenses	30,961
86	Oversight and governance costs	61
40,011		33,177

Note 11.a Investment management expenses

2022/23	Management fees	Performance fees	Transaction costs	Total
	£'000	£'000	£'000	£'000
LPPI Pooled Investments	18,677	541	1,849	21,066
Directly held Investments	8,849	514	59	9,443
Other	186	0	0	186
	27,732	1,055	1,908	30,695
Custody fees				266
				30,961

2021/22	Management fees	Performance fees	Transaction costs	Total
	£'000	£'000	£'000	£'000
LPPI Pooled Investments	16,741	5,500	1,500	23,741
Directly held Investments	10,700	2,300	600	13,600
Other	210	0	0	210
	27,651	7,800	2,100	37,551
Custody fees				259
Total				37,810

Note 12. Investment income

2021/22 £'000		2022/23 £'000
14,031	Income from equities	13,742
1,552	Income from bonds	1,311
10,039	Private equity income	16,359
8,937	Pooled property investments	7,067
0	Pooled investments - unit trusts & other managed funds	1,991
25	Interest on cash deposits	1,037
34,584	Total before taxes	41,507

Note 13. Other fund account disclosures

Note 13.a Taxes on income

2021/22		2022/23
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£'000		£'000
(179)	Withholding tax - equities	(127)
131	Withholding tax - pooled property investments	125
(48)		(2)

Note 13.b External audit costs

2021/22		2022/23
£'000		£'000
35	Payable in respect of external audit	327
35		327*

* includes the impact of known additional fees in respect of 2019/20 (£98k), an estimate of additional fees in respect of 20/21, 21/22 and 22/23 (£190k), scale fees for 22/23 (£25k) and additional IAS19 assurance letters to employers net of any cost recharging (£14k)

Note 14. Investments

Note 14.a Market value of investments

Market value 31 March 2021 £'000		Market value 31 March 2022 £'000
	Investment assets	
48,394	Equities	
	Global Equities	1,331,805
737,474	Private Equity	393,555
1,658,740	Pooled investments	
	Credit	343,250
	Fixed Income	61,967
	Infrastructure	386,410
321,096	Real Estate	337,931
7,831	Liquidity funds	0
	Diversifying Strategies	1,477
802	Other Investment assets	1,712
10,869	Cash deposits	29,875
6,935	Amounts receivable for sales	178
2,792,141	Total investment assets	2,888,160
	Investment liabilities	
	Derivative contracts:	
(138,414)	Longevity Insurance Policy	(143,420)
(138,414)	Total investment liabilities	(143,420)
2,653,727	Net investment assets	2,744,740

From 2022/23, Investment Assets have been categorised in accordance with performance reporting categories but not re-stated for prior years.

Note 14.b Reconciliation of movements in investments and derivatives

	Market value 1 April 2022	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Profit/(loss) on disposal and change in market value Change in	Market value 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Global Equities	1,266,375	50,219	(11,570)	26,781	1,331,805
Private Equity	399,453	54,380	(70,833)	10,555	393,555
Credit	352,800	466	(9,429)	(587)	343,250
Fixed Income	79,113	1,782	(14,901)	(4,027)	61,967

Infrastructure	337,483	79,171	(9,815)	(20,429)	386,410
Real Estate	321,096	26,898	(30,341)	20,278	337,931
Liquidity funds	7,831	109,850	(117,680)	(1)	0
Diversifying Strategies	9,384	24,112	(32,804)	785	1,477
	2,773,535	346,878	(297,373)	33,355	2,856,395
Derivative contracts:					
- Longevity insurance policy	(138,414)	8,360	0	(13,366)	(143,420)
	2,635,121	351,655	(297,373)	19,989	2,712,975
Other investment balances:					
- Cash	10,869			21,057	29,875
- Other Investment assets	802				1,712
Amounts payable for purchases	0				0
Amounts receivable for sales	6,935				178
Net investment assets	2,653,727			(41,046)	2,744,740

Note 14.c Reconciliation of movements in investments and derivatives – prior year

	Market value 1 April 2021	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Profit/(loss) on disposal and change in market value	Market value 31 March 2022
	£'000	£'000	£'000	Change in £'000	£'000
Equities	42,986	0	(631)	6,039	48,394
Pooled investments	1,517,667	130,283	(134,592)	145,383	1,658,740
Pooled liquidity funds	84,048	151,945	(228,160)	(2)	7,831
Pooled property investments	293,617	0	0	27,479	321,096
Private equity	561,980	156,472	(76,641)	95,663	737,474
	2,500,298	438,700	(440,024)	274,562	2,773,535
Derivative contracts:					
- Forward currency contracts	(2,636)	35,365	(17,385)	(15,344)	0
- Longevity insurance policy	(133,191)	8,080	0	(13,303)	(138,414)
	2,364,471	482,145	(457,409)	245,915	2,635,121
Other investment balances:					
- Cash deposits	17,149			13,435	10,869
- Investment income due	972				802
Amounts payable for purchases	(0)				0
Amounts receivable for sales	0				6,935
Net investment assets	2,382,592			259,350	2,653,727

Purchases and sales of derivatives are recognised in Note 14.b above as follows:

Forward currency contracts - forward foreign exchange contracts settled during the period are reported on a gross basis as gross receipts and payments.

Longevity insurance policy - the net payments or receipts under the swap contract are reported in the above reconciliation table.

Note 14.d Investments analysed by fund manager

Market value at 31 March 2022	% of Market value at 31 March 2022			Market value at 31 March 2023	% of Market value at 31 March 2023
£'000	%		Fund Type	£'000	%
		Investment managed within LPPI asset pools			
300,201	11.3	LPPI Credit	Credit	301,513	11.0
210,862	7.9	LPPI Real Estates	Real Estate	196,898	7.2
1,266,375	47.7	LPPI Global Equities	Global Equity	1,331,805	48.5
79,113	3.0	LPPI Fixed Income	Fixed Income	61,967	2.3
198,249	7.5	LPPI Infrastructure	Infrastructure	271,149	9.9

118,691	4.5	LPPI Private Equity	Private Equity	150,530	5.5
2,173,491	81.9			2,313,861	84.4
		Investments managed outside asset pool:			
43,837	1.6	Gresham House Asset Management Limited	Private Equity	40,498	1.5
4,557	0.2	Technology Enhanced Oil Limited	Private Equity	4,853	0.2
3,570	0.1	Cheyne Capital Management LLP	Credit	2,240	0.1
4,957	0.2	BlackRock	Diversifying Strategies	0	0.0
3,915	0.2	Select Market	Diversifying Strategies	1,090	0.0
512	0.0	Securis Investment Partners LLP	Diversifying Strategies	387	0.0
96	0.0	SPL Guernsey ICC Ltd	Private Equity	96	0.0
1,321	0.1	Northern Trust	Liquidity funds	0	0.0
6,510	0.3	Aviva	Liquidity funds	0	0.0
6,237	0.2	Jones Lang LaSalle	Real Estate	0	0.0
72,181	2.7	LaSalle Investment Management (Jersey) Limited	Real Estate	60,613	2.2
31,816	1.2	Milltrust International LLP	Real Estate	8,934	0.3
0	0.0	Future Planet Capital	Real Estate	21,759	0.8
43,532	1.6	Gresham House Asset Management Limited	Real Estate	49,728	1.8
7,584	0.3	Athyrium Capital Management LP	Credit	6,733	0.3
6,584	0.3	Derwent Shared Equity LLP	Credit	4,284	0.2
11,926	0.5	Dorchester Capital Advisors, LLC	Credit	9,398	0.3
3,101	0.1	Grosvenor Capital Management L.P.	Credit	1,950	0.1
1,671	0.1	Neuberger Berman	Credit	1,060	0.0
2,627	0.1	Partners Group	Credit	1,853	0.1
4,241	0.2	Rutland Partners LLP	Credit	2,474	0.1
11,294	0.4	WP Global Partners	Credit	11,745	0.4
37,456	1.4	Adams Street Partners	Private Equity	29,544	1.1
2,110	0.1	COREalpha Private Equity Partners Partnership Fund IV, L.P.	Private Equity	2,620	0.1
8,014	0.3	Coral Reef Capital	Private Equity	5,971	0.2
22,081	0.8	Future Planet Capital	Private Equity	49,744	1.8
11,381	0.4	Macquarie Group	Private Equity	14,990	0.6
604	0.0	Henderson Equity Partners	Private Equity	629	0.0
5,829	0.2	ICG PLC	Private Equity	6,370	0.2
8,548	0.3	Kuramo Capital	Private Equity	6,571	0.2
5,705	0.2	Longwall Venture Partners LLP	Private Equity	6,880	0.3
16,153	0.6	Neuberger Berman	Private Equity	0	0.0
28,278	1.1	Milltrust International LLP	Private Equity	0	0.0
701	0.0	Organox	Private Equity	701	0.0
100	0.0	Orthoson	Private Equity	221	0.0
1,964	0.1	Longwall Ventures	Private Equity	1,964	0.1
900	0.0	Oxsonics Ltd	Private Equity	462	0.0
4,323	0.2	Pantheon Ventures	Private Equity	3,177	0.1
5,526	0.2	Partners Group	Private Equity	3,292	0.1
14,104	0.5	Sarona Asset Management Inc	Private Equity	10,900	0.4
3,671	0.1	South East Growth Fund	Private Equity	4,096	0.2
1,484	0.1	Stafford CP	Private Equity	1,114	0.0
1,242	0.1	BMO Global Asset Management	Private Equity	866	0.0
52,098	2.0	WP Global Partners	Private Equity	47,466	1.7
1,636	0.1	African Infrastructure Investment Managers Pty Ltd	Infrastructure	1,350	0.1
16,497	0.6	Climate Fund Managers	Infrastructure	20,690	0.8
66,522	2.6	Gresham House Asset Management Limited	Infrastructure	82,691	3.0
947	0.0	Macquarie Group	Infrastructure	1,276	0.1
1,971	0.1	Macquarie Infrastructure Partners Inc.	Infrastructure	584	0.0
8,130	0.3	The Rohayton Group (TRG)	Infrastructure	8,670	0.3
600,044	22.9			542,534	19.6
		Other			

(138,414)	-5.3	Longevity Insurance Policy		(143,420)	-5.2
10,869	0.4	Cash with investment managers		29,875	1.1
6,935	0.2	Amount receivable for sales		178	0.0
0	-0.1	Amount payable for purchases		0	0.0
802	0.0	Other Investment assets		1,712	0.1
(119,808)	-4.8			(111,655)	-4.0
2,653,727	100.0	Total		2,744,740	100.0

The following investments represent more than +/- 5% of the net assets of the fund.

Investment	Market value 31 March 2022 £'000	% of total fund	Market value 31 March 2023 £'000	% of total fund
Longevity Insurance Policy	(138,414)	-5.2	(143,420)	-5.2
LPPI Infrastructure	198,249	7.4	271,149	9.8
LPPI Global Equities Fund	1,266,375	47.5	1,331,805	48.3
LPPI Credit Investments LP	300,201	11.3	301,513	10.9
LPPI Real Estates ACS	210,862	7.9	196,898	7.1

In June 2018 the Fund transferred the management of majority of its investment assets to Local Pensions Partnership (LPP) Investments as part of the government's LGPS pooling initiative.

The above organisations are registered in the United Kingdom.

Note 15. Analysis of derivatives

Note 15.a Objectives and policies for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the fund and the various investment managers.

Note 15.b Longevity Insurance Policy

In December 2009 the fund entered into an insurance contract with ReAssure Ltd to cover a closed group of pensioner members. The fund pays ReAssure a pre-determined fixed annual premium and ReAssure reimburses the fund for pensions paid to the insured members. The contract is valued by an external firm of actuaries by considering what adjustment to the discount rate assumption (based on the Merrill Lynch LIBOR swap curve) would be required if the contract had a zero value at the date of inception. A similar adjustment is then made to the discount rate assumption at the accounting date to calculate the updated value of the contract.

Note 15.c Forward foreign currency

To maintain appropriate diversification and to take advantage of overseas investment returns, a significant proportion of the fund's portfolio is in overseas assets.

To reduce the volatility associated with fluctuating currency rates, the fund has a passive currency programme in place with an external manager.

Note 16. Fair value – Basis valuation

The basis of the valuation of each class of investment asset is set below. There has been no change in the valuation techniques during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Exchange traded pooled investments	Level 1	Closing bid values on published exchanges	Not required	Not required
Forward foreign exchange derivatives	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not required
Pooled investments - unit trusts	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Unquoted bonds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension funds own reporting date, changes to expected cashflows, and by any differences between audited and unaudited accounts
Pooled investments - property funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension funds own reporting date, changes to expected cashflows, and by any differences between audited and unaudited accounts
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and venture Capital Guidelines (2012)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension funds own reporting date, changes to expected cashflows, and by any differences between audited and unaudited accounts

Note 16.a Sensitivity of assets valued at level 3

Having analysed historical data and current market trends the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2022.

	Assessed valuation range (+/-)	Value at 31 March 2023 £'000	Value on increase £'000	Value on decrease £'000
Private Equity	25.5%	356,892	447,721	266,063
Infrastructure	12.6%	386,410	434,982	337,838
Real Estate	16.9%	337,931	395,143	280,719
Credit	10.1%	343,250	377,781	308,719
Total		1,424,483	1,655,627	1,193,339

Note 16.b Fair value hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

i. Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities and quoted index linked securities.

ii. Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

iii. Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Values at 31 March 2023	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£'000	£'000	£'000	£'000
Financial assets at fair value through profit and loss	36,663	1,395,249	1,424,483	2,856,395
Financial liabilities at fair value through profit and loss			(143,420)	(143,420)
Cash deposits	29,875			29,875
Other Investment assets	1,712			1,712
Amounts receivable for sales	178			178
Net investment assets	68,428	1,395,249	1,281,063	2,744,740

Values at 31 March 2022	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£'000	£'000	£'000	£'000

Financial assets at fair value	51,668	1,358,538	1,363,329	2,773,535
through profit and loss				
Financial liabilities at fair value	0	0	(138,414)	(138,414)
through profit and loss				
Cash deposits	10,869	0	0	10,869
Investment due	802	0	0	802
Amounts receivable for sales	6,935	0	0	6,935
Net investment assets	70,274	1,358,538	1,224,915	2,653,727

Note 16.c Reconciliation of fair value measurements within level 3

	Market value 31 March 2022 £'000	Purchases during the year £'000	Sales during the year £'000	Unrealised gains/(losses) £'000	Realised gains/(losses) £'000	Market value 31 March 2023 £'000
Credit	352,800	466	(9,429)	2,070	(2,657)	343,250
Infrastructure	337,483	79,171	(9,815)	1,447	(21,876)	386,410
Private Equity	351,950	54,380	(70,833)	40,083	(18,688)	356,892
Real Estate	321,096	26,898	(30,341)	(4,144)	24,422	337,931
Longevity insurance policy	(138,414)	8,360	0	0	(13,366)	(143,420)
	1,224,915	169,275	(120,418)	39,456	(32,165)	1,281,062

	Market value 31 March 2021 £'000	Purchases during the year £'000	Sales during the year £'000	Unrealised gains/(losses) £'000	Realised gains/(losses) £'000	Market value 31 March 2022 £'000
Unquoted equity	4,376	0	0	181	0	4,557
Private equity	821,472	186,473	(76,641)	70,999	35,374	1,037,676
Pooled property	293,617	0	0	27,479	0	321,096
Longevity insurance policy	(133,191)	8,080	0	(13,303)	0	(138,414)
	986,274	194,552	(76,641)	85,356	35,374	1,224,915

Note 17. Financial instruments

Note 17.a Classification of financial instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading.

Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost		Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
			31 March 2022			
£'000	£'000	£'000		£'000	£'000	£'000
Financial assets						
48,394			Equities			
1,658,740			Pooled investments			
			Global Equities	1,331,805		
737,474			Private Equity	393,555		
			Credit	343,250		
			Fixed Income	61,967		
			Infrastructure	386,410		
321,096			Real Estate	337,931		
7,831			Liquidity funds	0		
			Diversifying Strategies	1,477		
10,869	6,309		Cash	29,875	8,836	
	7,737		Other investment balances		1,889	
	10,027		Debtors		10,288	
2,784,404	24,073	-		2,886,271	21,013	-
Financial liabilities						
(138,414)			Derivative contracts	(143,420)		
	0		Amounts payable for purchases		0	

		(4,364)	Creditors			(7,253)
(138,414)	-	(4,364)		(138,414)	-	(7,253)
2,645,990	24,073	(4,364)		2,742,851	21,013	(7,253)

Note 17.b Net gains and losses on financial instruments

31 March 2022		31 March 2023
£'000		£'000
	Financial Assets	
287,999	Fair value through profit and loss	79,456
287,999		79,456
	Financial Liabilities	
(28,649)	Fair value through profit and loss	(38,410)
(28,649)		(38,410)
259,350	Total	41,046

The Authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Note 18. Nature and extent of risks arising from financial instruments

Note 18.a Risk and risk management

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk, and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the pension fund panel. Risk management policies are established to identify and analyse the risks faced by the pension fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

i. Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The fund manages these risks in two ways:

- the exposure of the fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels;
- specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

ii. Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund mitigates this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the fund investment strategy.

Other price risk - sensitivity analysis

Following analysis of historical data and expected investment return by the Fund's investment advisors during the financial year the Fund has determined that the following movements in market price risk are reasonably possible for the 2022/23 reporting period:

Asset type	Potential market movements (+/-)
Global Equity	19.0%
Fixed Income	3.6%
Credit	10.1%
Diversifying Strategies	7.2%
Real Estate	16.9%
Private Equity	25.5%
Infrastructure	12.6%

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (with prior year comparator):

Asset type	Value as at 31 March 2023 £'000	Potential market movement £'000	Value on increase £'000	Value on decrease £'000
Investment portfolio assets:				
Global Equities	1,331,805	253,176	1,584,981	1,078,629
Fixed Income	61,967	2,256	64,222	59,711
Credit	343,250	34,531	377,781	308,719
Diversifying strategies	1,477	107	1,584	1,370
Real Estate	337,554	57,148	394,702	280,406
Private Equity	377,670	96,117	473,787	281,553
Infrastructure	386,787	48,619	435,406	338,168
Net derivative liabilities	(143,420)	-	(143,420)	(143,420)
Cash deposits	29,875	-	29,875	29,875
Other Investment assets	1,712	-	1,712	1,712
Amount receivable from sales	178	-	178	178
Current assets:				
Debtors	10,288	-	10,288	10,288
Cash balances	8,836	-	8,836	8,836

Current liabilities	(7,253)	-	(7,253)	(7,253)
Total	2,740,726		3,232,679	2,248,772

Asset type	Value as at 31 March 2022	Potential market movement	Value on increase	Value on Decrease
	£'000	£'000	£'000	£'000
Investment portfolio assets:				
Equities:				
Unlisted	48,394	13,657	62,051	34,737
Pooled Investments:				
Equity	1,266,471	264,439	1,530,910	1,002,032
Bonds	84,070	4,540	88,610	79,530
Credit	303,772	23,178	326,950	280,594
Diversifying strategies	4,427	460	4,887	3,967
Pooled liquidity funds	7,831	-	7,831	7,831
Pooled Property Funds	321,096	59,371	380,467	261,725
Private Equity:				
Equity	350,963	99,042	450,005	251,922
Credit	49,028	3,741	52,769	45,287
Infrastructure	337,483	58,925	396,408	278,559
Net derivative liabilities	(138,414)	-	(138,414)	(138,414)
Cash deposits	10,869	-	10,869	10,869
Investment income due	802	-	802	802
Amount receivable for sales	6,935	-	6,935	6,935
Current assets:				
Debtors	10,027	-	10,027	10,027
Cash balances	6,309	-	6,309	6,309
Current liabilities	(4,364)	-	(4,364)	(4,364)
Total	2,665,699		3,193,052	2,138,348

iii. Interest rate risk

The fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the council and its investment advisors in accordance with the fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2023 and 31 March 2022 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The Fund's investment advisor's has advised that long-term average rates are expected to move less than 100 basis points (1%) from one year to the next and experience suggests that such movements are likely.

1 BPS is the movement of 0.01% between two percentages, for example from 0.50% to 0.51%. Therefore 100 BPS is the movement of 1.00% between two percentages, for example from 0.50% to 1.50%.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a \pm 100 BPS change in interest rates:

Asset exposed to interest rate risk	Value as at 31 March 2023	Change in year in the net assets available to pay benefits	Change in year in the net assets available to pay benefits
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Investments - Liquidity funds	0	0	0
Investments - Cash deposits	29,875	0	0
Current assets - Cash balances	8,836	0	0
Total change in assets available	38,711	0	0

Asset exposed to interest rate risk	Value as at 31 March 2022	Change in year in the net assets available to pay benefits	Change in year in the net assets available to pay benefits
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Investments - Liquidity funds	7,831	0	0
Investments - Cash deposits	10,869	0	0
Current assets - Cash balances	6,309	0	0
Total change in assets available	25,009	0	0

Income exposed to interest rate risk	Amount receivable in year ending 31 March 2023	Effects on income values	Effects on income values
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Cash balances / cash and cash equivalents	1,037	1,047	1,027
Fixed Income	1,311	1,311	1,311
Total change in assets available	2,348	2,358	2,338

Income exposed to interest rate risk	Amount receivable in year ending 31 March 2022	Effects on income values	Effects on income values
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Cash balances / cash and cash equivalents	25	25	25
Fixed Income	1,552	1,552	1,552
Total change in assets available	1,577	1,577	1,577

The analysis assumes that all variables, in particular exchange rates, remain constant, and shows the effect in the year on net assets available to pay benefits of a +/- 1% change in interest rates. The analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed bonds but will reduce their fair value and vice-versa. Changes in interest rates do not impact on the value of cash/cash equivalent balances but they will affect the interest income received on those balances.

iv. Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund GBP. The fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's currency rate risk is routinely monitored by the council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

Currency risk - sensitivity analysis

Following analysis of historical data by the Fund's investment advisors during the financial year the fund has determined that the following likely volatility associated with foreign exchange rate movements are reasonably possible for 2022/23.

The table below shows the value of assets held by the Fund in foreign currencies and the likely volatility associated with foreign exchange rate movements (as measured by one standard deviation).

This analysis assumes that all other variables, in particular foreign exchange rates and interest rates, remain constant.

Denominated currency	Value as at 31 March 2023	Potential volatility (+/-)	Value on increase	Value on decrease
	£'000		£'000	£'000
AUD	16,713	10.2%	18,414	15,011
CAD	0	9.8%	0	0
CHF	0	10.4%	0	0
EUR	10,388	8.4%	11,260	9,515
JPY	0	13.1%	0	0
NOK	0	12.0%	0	0
NZD	13,980	10.2%	15,403	12,557
USD	298,128	12.9%	336,676	259,580
Total	339,209		381,753	296,663

Denominated currency	Value as at 31 March 2022	Potential volatility (+/-)	Value on increase	Value on decrease
	£'000		£'000	£'000
AUD	16,862	6.8%	18,008	15,715
CAD	0	6.4%	0	0
CHF	0	6.5%	0	0
EUR	6,068	5.6%	6,408	5,728
JPY	23	7.7%	25	21
NOK	183	9.9%	201	165
NZD	14,960	6.8%	15,977	13,943
USD	307,706	6.7%	328,291	287,120
Total	345,802		368,910	322,692

v. Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the fund's financial assets and liabilities.

The selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the fund's credit criteria. The Fund has also set limits as to the maximum deposit placed with any one class of financial institution. In addition, the Fund invests an agreed amount of its funds in the money markets to provide diversification.

The Fund believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2023 was £38.71m (31 March 2022: £25.01m). This was held with the following institutions:

	Rating	Balances as at 31 March 2022 £'000	Balances as at 31 March 2023 £'000
Money Market funds			
Aviva	AAA	6,510	0
JP Morgan	AAA	0	0
Legal & General	AAA	0	0
Northern Trust	AAA	1,321	0
Bank deposit accounts			
JP Morgan	AA-	10,869	29,875
Bank current accounts			
Lloyds	A+	6,309	8,836
Total		25,010	38,711

vi. Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those which will take longer than three months to convert to cash. As at 31 March 2023 the value of illiquid assets was £1,128.69m, which represented 40.9% of the total fund net assets (31 March 2022: £1,058.57m, which represented 39.4% of the total fund net assets).

vii. Refinancing risk

The key risk is that the fund will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

viii. Longevity risk

This is the risk of higher-than expected life expectancy trends amongst the Fund's pensioners. A longevity swap has been entered into with ReAssure to protect the Fund against costs associated with potential increases in life expectancy of the Fund's pensioners. This arrangement covers all pensions in payment as at the end of July 2009.

Note 19. Funding arrangements

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022. The next valuation will take place as at 31 March 2025.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment;
- to ensure that employer contribution rates are as stable as possible;

- to minimise the long-term cost of the fund by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return;
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so;
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 21 years from the valuation date and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable.

At the 2022 actuarial valuation, the Fund was assessed as 86% funded (78% at the March 2019 valuation). This corresponded to a deficit of £446m (2019 valuation: £597m) at that time.

At the 2022 actuarial valuation the average required employer contribution to restore the funding position to 100% over the next 18 years was 23.4% of pensionable pay.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were:

Note 19.a Financial assumptions

Discount Rate	5.1% per annum for both unitary authorities and other employers
Pension and Deferred Pension Increases	2.9% per annum
Short term pay increases	not applicable
Long term pay increases	3.9% per annum

Note 19.b Mortality assumptions

Current mortality	110% (Male) / 105% (Female) of the S3PA tables
Mortality Projection	2021 CMI Model with a long-term rate of improvement of 1.25% p.a

Note 19.c Commutation assumption

It is assumed that members at retirement will commute pension to provide a lump sum of 50% of the maximum allowed under HMRC rules and this will be at a rate of £12 lump sum of £1 of pension.

Note 20. Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the pension fund liabilities, on an IAS 19 basis, using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting Fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 19). The actuary has also used valued ill health and death benefits in line with IAS 19.

Calculated on an IAS19 basis, the actuarial present value of promised retirement benefits at 31 March 2023 (as per the IAS 26 report) was £3.582m (31 March 2022: £5,469m). The net assets available to pay benefits as at 31 March 2023 was £2.730m (31 March 2022: £2,675m). The implied Fund deficit as at March 2023 was therefore £852m (31 March 2022: £2,794m).

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore differ from the results of the 2022 triennial funding valuation (see Note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Note 20.a IAS19 assumptions used

Inflation/pension increase rate assumption	2.85%
Salary increase rate	3.85%
Discount rate	4.80%

Note 20.b Guaranteed Minimum Pension (GMP) Equalisation

In valuing the present value of promised retirement benefits the Fund's actuary has assumed that for GMP the Fund will pay limited increases for members that have reached statutory pension age (SPA) by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, the Fund actuary has assumed that the Fund will be required to pay the entire inflationary increase. Therefore the Fund actuary does not believe that any adjustments are needed to the value placed on the liabilities as a result of the High Court's recent ruling on the equalisation of GMP.

Note 21. Current assets

31 March 2022		31 March 2023
£'000		£'000
2,716	Contributions due - employees	2,572
6,347	Contributions due - employers	6,945
964	Sundry debtors	771
10,027	Debtors	10,288
6,309	Cash balances	8,836
16,336		19,124

Note 21.a Analysis of debtors

31 March 2022		31 March 2023
£'000		£'000
6,734	Other local authorities	6,705
3,293	Other entities & individuals	3,583
10,027		10,288

Note 22. Current liabilities

31 March 2022		31 March 2023
£'000		£'000
(4,230)	Sundry creditors	(6,092)
(134)	Benefits payable	(1,161)
(4,364)		(7,253)

Note 22.a Analysis of creditors

31 March 2022		31 March 2023
£'000		£'000
(1,102)	Central government bodies	(1,216)
(1,516)	Other local authorities	(3,733)
(1,746)	Other entities & individuals	(2,304)
(4,364)		(7,253)

Note 23. Additional voluntary contributions

Market value		Market value
31 March 2022		31 March 2023
£'000		£'000
16,847	Prudential	15,748
7	Equitable Life	7
18	Clerical Medical	18
16,871	Total	15,773

AVC Contributions of £1.79m were paid directly to Prudential during the year (2021/22: £1.72m).

Note 24. Related party transactions

Note 24.a The Royal Borough of Windsor and Maidenhead

The Royal County of Berkshire Pension Fund is administered by The Royal Borough of Windsor and Maidenhead. During the reporting period, The Royal Borough of Windsor and Maidenhead incurred costs of £2.155m (2021/22: £2.115m) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses. The council is also the 6th largest employer in the pension fund (by contributions paid) and contributed £13.6m (2021/22: £12.9m).

Note 24.b Governance

No members of the Pension Fund Committee are in receipt of pension benefits from The Royal County of Berkshire Pension Fund.

Each member of the Pension Fund Committee is required to declare their interests at each meeting.

Note 24.c Key management personnel

The disclosures required by Regulation 7(2)-(4) of the Accounts and Audit (England) Regulations can be found in the main accounts of The Royal Borough of Windsor and Maidenhead.

The key management personnel of the Fund are the Members of the Pension Fund Committee, the Director of Resources (up to March 2023), the Head of Finance and Head of Pension Fund. Their remuneration is set out below.

2021/22 £'000		2022/23 £'000
206	Short-term benefits	79
38	Post-employment benefits	50
244		129

Note 25. Contingent liabilities and contractual commitments

Outstanding capital commitments (investments) at 31 March 2023 totalled £360.049m (31 March 2022: £278.743m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts "called" by these funds are irregular in both size and timing.

Note 26. Contingent assets

Several admitted body employers in the Royal County of Berkshire Pension Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These funds are drawn in favour of the pension fund and payment will only be triggered in the event of employer default. It is not practicable to disclose the financial effect of the contingent assets.

13) IAS26 Report

Introduction

We have been instructed by the Royal Borough of Windsor and Maidenhead, the administering authority to the Royal County of Berkshire Pension Fund (the Fund), to undertake pension expense calculations in respect of pension benefits provided by the Local Government Pension Scheme (the LGPS) to members of the Fund as at 31 March 2023. We have taken account of current LGPS Regulations, as amended, as at the date of this report.

This report is addressed to the administering authority and its advisers; in particular, this report is likely to be of relevance to the Fund's auditor.

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations and summarised on the LGPS website (www.lgpsregs.org/) and the Fund's membership booklet (www.lgpsmember.org/).

This report is prepared in accordance with our understanding of IAS26 and complies with Technical Actuarial Standard 100: Principles for Technical Actuarial Work (TAS 100). In calculating the disclosed numbers we have adopted methods and assumptions that are consistent with IAS19.

This report should be read in conjunction with the post accounting date briefing note for disclosures as at 31 March 2023.

We would be pleased to answer any questions arising from this report.



Barry McKay FFA
Partner

Data used

We have used the following items of data which we received from the administering authority:

31 March 2022	- results of the latest funding valuation
31 March 2022	- results of the previous IAS26 report
n/a	- Actual Fund returns to
31 March 2023	- Fund asset statement
31 March 2023	- Fund income and expenditure items
31 March 2023	- details of any new unreduced early retirement payments out to

The data has been checked for reasonableness and we are happy that the data is sufficient for the purposes of our advice.

Although some estimation of the data to the accounting date may be required, we do not believe it is likely to be material to the results in this report.

We are not aware of any material changes or events since we received the data.

Employer membership statistics

The table below summarises the membership data at 31 March 2022.

Member data summary	Number	Salaries/Pensions £s	Average age
Actives	26,338	486,915	47
Deferred pensioners	37,203	49,700	50
Pensioners	17,986	87,471	71

Payroll

The total pensionable payroll for the employers in the Fund is set out below and is based on information provided to us by the administering authority.

Estimated payroll for the year to 31 March 2023	£508,609,000
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Unfunded benefits

We have excluded any unfunded benefits as these are liabilities of employers rather than the Fund.

Early retirements

Royal County of Berkshire Pension Fund – Annual Report 2022/23
IAS26 Report

We requested data on any early retirements in respect of the Fund from the administering authority for the year ending 31 March 2023.

We have been notified of 25 new early retirements during the year which were not allowed for at the previous accounting date. The total annual pension that came into payment was £302,000.

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2023 is calculated to be 0.36% based on the Fund asset statements and Fund cashflows as set out in the Data section above. Please note that this figure includes an allowance for the difference in the asset return used in the previous

The estimated asset allocation for the Fund is as follows (noting that due to rounding they may not total 100%):

Asset breakdown	31 Mar 2023		31 Mar 2022	
	£000s	%	£000s	%
Public Equities	1,374,798	50%	1,259,316	47%
Private Equities	338,511	12%	397,226	15%
Infrastructure	376,610	14%	335,602	13%
Real Estate	345,296	13%	319,306	12%
Credit	396,981	15%	438,837	16%
Cash	41,305	2%	62,176	2%
Longevity Insurance	-143,420	-5%	-137,642	-5%
Total	2,730,081	100%	2,674,821	100%

Details of the actuarial methods and derivation of the assumptions used can be found in the 31 March 2023 briefing note issued alongside this report unless noted otherwise below. The key assumptions used are set out below.

Financial assumptions	31 Mar 2023	31 Mar 2022	31 Mar 2021
	p.a.	p.a.	p.a.
Discount rate	4.80%	2.60%	2.00%
Pension increases (CPI)	2.85%	3.25%	2.85%
Salary increases	3.85%	4.25%	3.85%

Post retirement mortality	31 Mar 2023	31 Mar 2022
Base table	S3PA	S3PA
Multiplier (M/F)	110% / 105%	115% / 110%
Future improvements model	CMI_2021	CMI_2020
Long-term rate of improvement	1.25% p.a.	1.25% p.a.
Smoothing parameter	7.0	7.5
Initial addition parameter	0.0% p.a.	0.5% p.a.
2020 weight parameter	5%	25%
2021 weight parameter	5%	n/a

Life expectancy from age 65 (years)	31 Mar 2023	31 Mar 2022
Retiring today		
Males	21.1	21.3
Females	23.9	24.0
Retiring in 20 years		
Males	22.3	22.6
Females	25.3	25.4

Net pension asset in the statement of financial position	31 Mar 2023	31 Mar 2022	31 Mar 2021
	£000s	£000s	£000s
Present value of the defined benefit obligation	3,581,677	5,468,685	5,471,043
Fair value of Fund assets (bid value)	2,730,081	2,674,821	2,341,962
Net liability in balance sheet	851,596	2,793,864	3,129,081

The present value of the defined benefit obligation consists of £3,549,567.00 in respect of vested obligation and £32,110,000 in respect of non-vested obligation.

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to	Year to
	31 Mar 2023	31 Mar 2022
	£000s	£000s
Opening defined benefit obligation	5,468,685	5,471,043
Current service cost	241,388	237,420
Interest cost	140,924	108,485
Change in financial assumptions	(2,440,020)	(264,705)

Change in demographic assumptions	(159,321)	-
Experience loss/(gain) on defined benefit obligation	428,499	11,651
Liabilities assumed / (extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(133,370)	(129,787)
Past service costs, including curtailments	1,249	3,726
Contributions by Scheme participants and other employers	33,643	30,852
Closing defined benefit obligation	3,581,677	5,468,685

Reconciliation of opening & closing balances of the fair value of Fund assets	Year to	Year to
	31 Mar 2023	31 Mar 2022
	£000s	£000s
Opening fair value of Fund assets	2,674,821	2,341,962
Interest on assets	70,127	46,988
Return on assets less interest	(57,034)	273,155
Other actuarial gains/(losses)	-	-
Administration expenses	(2,835)	(2,248)
Contributions by employer	144,729	113,899
Contributions by Scheme participants and other employers	33,643	30,852
Estimated benefits paid net of transfers in	(133,370)	(129,787)
Settlement prices received / (paid)	-	-
Closing Fair value of Fund assets	2,730,081	2,674,821

Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	3,523,062	3,581,677	3,641,858
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	3,585,026	3,581,677	3,578,354
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	3,639,605	3,581,677	3,525,231
Adjustment to life expectancy assumptions	+ 1 Year	None	- 1 Year
Present value of total obligation	3,716,168	3,581,677	3,452,455

14) SCHEME EMPLOYERS AND CONTRIBUTIONS RECEIVED

Employer	Employee £'000	Employer £'000	TOTAL £'000
ABM Catering Limited	1	3	4
Absolutely Leisure Limited	31	44	75
Achievement for All Education Trust	18	64	81
Activate Learning Education Trust	67	221	288
Age Concern Berkshire	10	11	21
ALET (B&W College)	123	696	819
Altwood School (Academy Status)	45	147	192
Ashley Hill Schools Trust	28	103	132
Baylis Court Trust	140	462	602
Bellevue Place Education Trust	236	813	1,049
Berks, Bucks & Oxfordshire Wildlife Trust	6	19	24
Berkshire College Of Agriculture	85	353	438
Berkshire County Blind Society	0	15	15
Berkshire Fire & Rescue Service	498	1,337	1,835
Berkshire Maestros	40	130	170
Binfield Parish Council	6	24	30
Bohunt Education Trust	52	188	241
Bonitas Multi Academy Trust Limited	96	293	389
Bouygues E&S UK Ltd	1	6	6
Bracknell Forest BC	3,772	13,249	17,021
Bracknell Forest Homes	70	205	275
Bracknell Town Council	49	186	235
Bray Parish Council	3	18	21
Brighter Futures for Children	1,282	2,727	4,009
Bucklebury Parish Council	1	2	3
Burghfield Parish Council	6	19	25
Busy Bee Cleaning Services Ltd	1	5	6
Care UK	3	8	11
Castlevew School (Academy Status)	55	204	259
Caterlink Limited (Heights)	1	3	4
CfBT Schools Trust	128	410	538
Change Grow Live	2	7	10
Charters School (Academy Status)	95	303	399
Charvil Parish Council	3	13	16
Churchend Academy	38	137	175
Churchill Contract Services Ltd	0	1	1
Cippenham Infants School (Academy Status)	0	0	0
Cippenham Primary School (Academy Status)	0	0	0
Compass Contract Services (UK)	4	10	14
Compass Contract Services (UK) Ltd 2	5	5	10
Compton Parish Council	1	4	4
Connexions Thames Valley	44	138	182
Continental Landscapes Ltd	8	21	29
Cookham Parish Council	2	12	14
Coram	11	34	46
Corn Exchange Trust	2	16	18
Cox Green Parish Council	4	18	22
Cox Green School (Academy Status)	71	238	309
Creative Support Extra Care	10	37	47
Creative Support Ltd (Altair 00211)	3	8	11
Crowthorne Parish Council	9	36	45
DB Services Ltd	1	3	4
Denefield School (Academy Status)	73	246	320
Desborough School (Academy Status)	54	175	229
Dimensions UK Ltd	7	101	108
Earley Town Council	30	128	158
East Berkshire College Ext 3302	450	1,811	2,260
East Ilsley Parish Council	0	0	0
Elizabeth Fry Hostel	12	45	57
Eton Town Council	0	0	0
Everbrite Cleaning Services	0	0	0
Excalibur Academies Trust	111	383	494
Finchampstead Parish Council	5	18	23
Forest Bridge School	106	381	487
Frassati Catholic Academy Trust	102	384	486

Frays Academy Trust	56	274	330
Furze Platt Senior School (Academy Status)	106	383	490
Get Active (Wildridings)	0	1	1
Glyn Learning Foundation	54	209	262
Go Beanies Limited	1	2	3
Greenham Parish Council	1	6	7
Greenshaw Learning Trust	166	581	747
Greenwich Leisure Ltd (RBC)	52	147	200
Greenwich Leisure Ltd ext 4076	2	30	32
Hampstead Norreys Parish Council	0	1	1
Haybrook College Trust	94	332	426
Hayward Services (Claycots)	0	1	2
Hayward Services (Rdg Girls)	0	0	0
Hayward Services (SASH)	0	1	1
Hayward Services Ltd (Cox G)	1	3	4
Hayward Services Ltd (Wex)	2	8	10
Haywards Services Limited (St Thomas)	2	11	14
Heart Facilities Limited	1	5	6
Highdown School	80	285	366
Holroyd Howe Ltd	0	5	6
Holt School (Academy Status)	52	193	245
Holy Family School	37	174	211
Holybrook Parish Council	3	13	16
Holyport College	58	204	262
Horton Parish Council	1	4	5
Housing Solutions Ltd	0	551	551
Hungerford Town Council	5	19	24
Hurley Parish Council	1	5	6
Impact Food (Arbib)	2	11	13
Innovate Services (Prospect)	2	5	7
Interserve (Facilities Services Slough) Ltd	0	813	813
Kendrick School (Academy Status)	40	143	183
Kennet School Academies Trust	198	684	881
Keys Multi-Academy Trust	146	536	682
Khalsa Primary School	33	114	147
King's Academy Binfield	117	543	660
Lambourn Parish Council	2	6	8
Langley Academy Trust	198	693	892
Langley Grammar School (Academy Status)	56	188	244
Langley Hall Primary Academy	46	166	212
Leisure Focus Trust	10	37	47
Lowbrook Academy Trust	12	46	58
Maiden Erlegh Schools Trust	325	1,103	1,428
Marish Academy Trust	137	518	655
Mary Hare Grammar School	203	784	987
MITIE	1	17	18
Newbury Academy Trust	126	454	580
Newbury College	154	608	763
Newbury College Academy Trust Ltd	4	18	22
Newbury Town Council	25	89	114
Newlands Girls School	63	215	279
Northern House School Wokingham	17	60	77
NSL Ltd	14	41	55
Optalis Limited	33	114	146
Optalis Limited (RBWM)	147	466	613
Orchard Hill College & Academy Trust	183	673	857
Osborne Property Services Limited	25	73	98
Oxford Diocesan Schools Trust	158	626	785
Pact	24	86	110
Pangbourne Parish Council	4	16	21
Park Federation Academy Trust	250	647	897
Priory School	103	473	576
Project Centre Ltd	0	0	0
Project Centre Ltd 2	7	12	19
Purley on Thames Parish Council	3	13	17
RBWM	2,152	11,402	13,553
RBWM Property Company Ltd	62	98	159
Reach2 Thames Valley Academy Trust	66	242	309
Reading Borough Council	5,051	17,721	22,772
Reading School (Academy Status)	70	234	304

Royal County of Berkshire Pension Fund – Annual Report 2022/23
SCHEME EMPLOYERS AND CONTRIBUTIONS RECEIVED

Reading Transport Ltd	26	739	766
Reading Voluntary Action	3	11	14
Regency Cleaning	4	14	18
Ryvers School (Academy Status)	53	189	241
S.E.Centre for the Built Environment Ltd	10	25	35
Sandhurst Parish Council	4	13	17
SASH Education Trust	149	519	669
Schelwood Academy Trust	97	328	424
School of St Helen & St Katharine	10	49	59
Seetec Business Technology Centre Ltd	0	27	27
SLM Charitable Trust 2	32	87	119
SLM Community Leisure	1	3	4
SLM Fitness & Health	2	7	9
SLM Food & Beverage	2	6	8
Slough Borough Council	2,613	11,118	13,731
Slough Children's Services Trust	646	1,444	2,089
Slough Community & Leisure Ltd	0	37	37
Slough Council For Voluntary Service	5	22	27
Solutions4Health	0	0	0
South Hill Park Trust	0	60	60
Sovereign Housing Association	0	611	611
Specialist Education Trust	28	97	124
St Bartholomew's School (Academy Status)	95	349	444
St Peter Catholic Academies Trust	122	458	580
Sunninghill & Ascot Parish Council	1	5	6
Swallowfield Parish Council	4	17	21
Thames Valley Cleaning Limited	1	2	3
Thatcham Town Council	10	42	53
The Avenue Academy	192	692	884
The Beehive (Wokingham) Limited	0	1	1
The Blessed Hugh Farringdon School	69	289	358
The Circle Trust	224	825	1,049
The Corvus Learning Trust	177	649	826
The Downs School	80	339	420
The Elliot Foundation	71	261	331
The Forest School Academy Trust	22	79	101
The Heights Free School	24	91	115
The National Autistic Society Academy Trust	119	408	526
The Piggott C of E Academy	80	283	363
The Slough and East Berkshire MAT	267	855	1,122
The Windsor Day Club Nursery	0	0	0
Theale Parish Council	1	5	7
Tilehurst Parish Council	4	13	16
Turn It On Limited	4	12	16
Twyford Parish Council	3	14	18
Unallocated	0	0	0
University of West London	49	14,147	14,196
Upton Court Education Trust	117	390	506
Volkerhighways Ltd	18	57	75
Volkerhighways Ltd (Wok)	1	4	5
W&M Youth & Community Counselling Service	3	12	15
Waingels College	82	253	335
Warfield Parish Council	3	11	14
West Berkshire DC	4,585	16,584	21,169
West Illsley Parish Council	0	1	1
Westgate School (Academy Status)	74	268	342
Wexham Court Parish Council	2	7	9
White Waltham Parish Council	5	24	29
Whitlocke Infant	10	49	59
Windsor Housing	2	231	233
Windsor Learning Partnership	185	672	857
Winkfield Parish Council	17	64	81
Winnersh Parish Council	4	18	22
Wokingham Borough Council	4,340	15,288	19,629
Wokingham Town Council	32	111	143
Wokingham Without Parish Council	7	31	38
Woodley Town Council	48	198	246
Wraysbury Parish Council	1	7	8
Yattendon Parish Council	0	1	1
	34,005	140,441	174,446

Royal County of Berkshire Pension Fund – Annual Report 2022/23
SCHEME EMPLOYERS AND CONTRIBUTIONS RECEIVED

15) AVC ARRANGEMENTS

The Royal County of Berkshire Pension Fund's chosen Additional Voluntary Contribution (AVC) provider is the Prudential Assurance Company. There are a number of investment choices available to members of the Fund who elect to pay AVCs. Members can choose to switch AVC Funds at any time subject to the terms and conditions of each vehicle. At retirement, the accumulated value of a member's AVC Fund can be used to provide a tax-free lump sum payment (subject to HMRC limits), to purchase an annuity on the open market or, in certain circumstances, buy additional membership of the Local Government Pension Scheme. The following table sets out the available Funds and the level of investment risk attached to each of those Funds:

Higher Risk

Prudential UK Equity Fund
Prudential UK Equity Passive Fund

Medium to Higher Risk

Prudential Global Equity Fund
Prudential International Equity Fund
Prudential Positive Impact Fund

Medium Risk

Prudential Discretionary Fund
Prudential Dynamic Growth IV Fund
Prudential Index-Linked Fund
Prudential Long-Term Bond Fund
Prudential Long-Term Gilt Passive Fund

Lower to Medium Risk

Prudential Dynamic Growth I Fund
Prudential Dynamic Growth II Fund
Prudential Fixed Interest Fund
Prudential With-Profits Fund

Minimal Risk

Prudential Cash Fund

Many members choose to invest in the With Profits Fund that is designed to provide smoothed medium to long-term growth by investing in a range of assets including equities and property. The investment returns are distributed by way of reversionary and terminal bonuses.

Lifestyling

Lifestyling is a convenient way for members of AVC schemes to stay invested in assets with the potential for long-term growth throughout their working lives whilst gaining an element of protection through automatic switching into funds with lower risk as retirement approaches.

16) POLICIES, STRATEGIES AND STATEMENTS

The following policies, procedures, strategies and statements are prepared by Fund officers then reviewed and approved by the Pension Fund Committee in consultation with the Pension Board. The timeline for review varies between the individual policy documents, from at least triennially but no more frequent than annually and where appropriate a timeline has been disclosed in the table below..

Statutory policies are required by various sets of legislation and are prepared and reviewed in a timely manner by the Fund's officers and reviewed by the Board and Committee, non-statutory policies are also prepared in line with good governance, best practice and considering various guidance notes. These policies are reviewed and approved at least annually.

All documents referenced below that are prepared by the Royal County of Berkshire Pension Fund as administered by the Royal Borough of Windsor and Maidenhead can be accessed via the Pension Fund Website address <https://berkshirepensions.org.uk/> with the relevant location summarised below.

Statutory/Non-Statutory	Document Name	Relevant Regulation	Source	Note
Statutory	Abatement Policy	Regulations 70 & 71 (LGPSAR 2008**)	Policies & Reports > Statutory Policies	Last approved March 2022, next review March 2025
(*)Statutory	Communications Strategy Statement	Regulation 61 (LGPSR 2013*)	Policies & Reports > Statutory Policies	Last approved September 2023 (or previously in October 2022 in respect of 22/23 financial year). Next review September 2024.
(*)Statutory	Funding Strategy Statement	Regulation 58 (LGPSR 2013*)	Policies & Reports > Statutory Policies	Last approved March 2023 following 2022 triennial valuation, next review March 2025
(*)Statutory	Governance Compliance Statement	Regulation 55 (LGPSR 2013*)	Policies & Reports > Statutory Policies	Last approved March 2023 includes appended annual training records per the SAB good governance report recommendation. Next review March 2024
(*)Statutory	Investment Strategy Statement	Regulation 7 (LGPS(M&IF)R2016***	Policies & Reports > Statutory Policies	Last approved March 2023. Next review March 2024
Statutory	Full Actuarial Valuation Report and Rates & Adjustment Certificate	Regulation 62 (LGPSR2013*)	Policies & Reports > Reports	Relates to the post 2022 triennial valuation and includes all employer contributions from April 2023 to March 2026.
Non-Statutory	Administering Authority Discretions Policy	Various	Policies & Reports > Non-Statutory Policies	Last approved March 2022, next review March 2025
Non-Statutory	Employer Flexibilities Policy (DDA/DSA Policy)	Regulation 64 (LGPSR2013*)	Policies & Reports > Non-Statutory Policies	Last approved July 2022, next review July 2025
Non-Statutory	Employer Contribution Review Policy	Regulation 64 (LGPSR2013*)	Policies & Reports > Non-Statutory Policies	Last approved July 2022, next review July 2025

Non-Statutory	Annual Business Plan and budget	N/A – good practice	Policies & Reports > Non-Statutory Policies	Last approved March 2023, next review March 2024
Non-Statutory	Reporting breaches of the law	tPR guidance and various regulations	Policies & Reports > Non-Statutory Policies	Last approved July 2022, next review June 2025
Non-Statutory	Responsible Investment Policy	Regulation 7 (LGPS(M&IF)R2016***	Policies & Reports > Non-Statutory Policies	Last approved October 2022, next review in 2024. Sub document to the statutory prescribed Investment Strategy Statement (ISS)
Non-Statutory	ESG Statement	N/A – good practice	Policies & Reports > Non-Statutory Policies	Last approved November 2019, no planned date for next review.
Non-Statutory	Shareholder Voting policy	Regulation 7 (LGPS(M&IF)R2016***	Policies & Reports > Non-Statutory Policies	Sub-document to the funds ISS. The fund adopts LPPI's voting policy which is regularly reviewed.
Non-Statutory	Risk Management Policy	N/A good practice, CIPFA guidance	Policies & Reports > Non-Statutory Policies	Last reviewed March 2023, next review March 2024.
Non-Statutory	Pension Admin Strategy	Regulation 59 (LGPSR 2013*)	Policies & Reports > Non-Statutory Policies	Last approved September 2023 (or previously in October 2022 in respect of 22/23 financial year). Next review September 2024. Not required under regs (so not statutory) but recommended.

***LGPSR2013 - Local Government Pension Scheme Regulations 2013 (SI 2013 No. 2356)**

****LGPSAR 2008 - Local Government Pension Scheme (Administration) Regulations 2008 (extant) (SI 2008 No. 239)**

*****LGPS(M&IF)R2016 - Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (SI 2016 No. 946)**

Other non-statutory policies are also prepared in line with good governance and best practice, these are reviewed and approved at least annually and include those that are already referred to in this report and those outside of the scope of this report for example, but not limited to:

- Internal Dispute Procedures;
- Managing Employer Admissions to the Fund

All statutory and non-statutory policies are available from the Pension Fund website at <https://berkshirerensions.org.uk> along with associated guidance notes as required.

(*) The four documents referenced above are additionally provided in full as appendices to this report for publication purposes in compliance with statutory requirements in England and Wales. (ref. CIPFA publication, preparing annual report, guidance for local government pension scheme funds, 2019 edition)

[Appendix 1: Investment Strategy Statement](#)

[Appendix 2: Funding Strategy Statement](#)

[Appendix 3: Governance Compliance Statement](#)

[Appendix 4: Communications Strategy Statement](#)