

Royal County of Berkshire Pension Fund

Annual Report and Accounts



2015/2016



THE ROYAL COUNTY OF
BERKSHIRE
PENSION FUND

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PENSION FUND PANEL

Chairman	Councillor J Lenton
Vice Chairman	Councillor D Hilton
Other members	Councillor G Hill Councillor P Comber (to 6 May 2015) Councillor S Dudley (to 6 May 2015) Councillor P Love (from 26 May 2015) One vacancy (from 23 June 2015) Councillor Rankin (from 27 May 2016)

PENSION FUND ADVISORY PANEL

In addition to the 5 Pension Fund Panel members, the Advisory Panel consisted of:

Councillor D Worrall (Bracknell Forest Borough Council)
Councillor B Tickner (to 26 February 2016 Reading Borough Council)
Councillor Dennis (from 26 February 2016 Reading Borough Council)
Councillor Brooker (Slough Borough Council)
Councillor A Law (West Berkshire Council)
Councillor R Stanton (Wokingham Borough Council)
Mr P Fuller (University of West London)
Ms S Nicholls (UNISON)
Donna Dowling (to 26 October 2015 GMB)
Asia Allison (from 26 October 2015 GMB)

ADVISERS

Actuary	Barnett Waddingham LLP
Independent Investment Adviser	The Law Debenture Pension Trustee Corporation (to January 2016 Mr J Nestor) (from January 2016 Inder Dhringa)
Independent Strategy Advisers (to the Investment Working Group)	Ms A Devitt Mr W Bourne

Global Custodian

JP Morgan Worldwide Securities Services

Additional Voluntary Contribution Provider

Prudential Assurance Company

Royal Borough of Windsor & Maidenhead Pension Fund Officers

Head of Finance	Andrew Brooker
Pension Fund Manager	Nick Greenwood
Deputy Pension Fund Manager	Kevin Taylor
Investment Manager	Pedro Pardo
Pension Administration Manager	Philip Boyton

PENSION BOARD

In accordance with the provisions of the Public Service Pensions Act 2013 a Pension Board was constituted on 22 July 2015.

Independent Chairman

Mr H Pearce (to 31 March 2016)

Employer Representatives

Mr A Cross (Reading Borough Council)
Mr A Nash (Bracknell Forest Council)
Mr B Webster (Wokingham Borough Council)

Scheme Member Representatives

Mr I Dhak
Mr P Southwell
Mr T Pettitt

Employer Representatives Substitutes

In the event of an employer representative being unable to attend the following representatives have been nominated as substitutes:

Mrs S Nagra (Slough Borough Council)
Mr T Baldwin (The Royal Borough of Windsor & Maidenhead)
Mr A Walker (West Berkshire Council)

CHAIRMAN'S INTRODUCTION

It gives me great pleasure as Chairman of the Pension Fund Panel and the Pension Fund Advisory Panel to present the Annual Report and Accounts for the financial year ended 31 March 2016 for the Royal County of Berkshire Pension Fund.

The Royal Borough of Windsor & Maidenhead administers the Fund on behalf of the 6 Berkshire unitary authority members and around 250 other public sector body members with similar but smaller pension arrangements. I am once again most grateful to the administration team for the service they have provided to our employers to ensure the smooth running of the pension scheme administration.

Since the introduction of the Career Average Revalued Earnings (CARE) Scheme the administration team have continued to maintain a high quality service to members and employers. During the last few months refresher training has been provided to Scheme employers highlighting their specific responsibilities under the CARE Scheme. This proved to be a very successful initiative and we continue to hold training sessions throughout the year.

The Fund is administered by the Pension Fund Panel, which comprises five Councillors from the Royal Borough of Windsor & Maidenhead. Invaluable support to the Panel is provided by the Pension Fund Advisory Panel, which consists of representatives from the other five unitary authorities within the fund, two representatives from the larger non-local authority employers, two trade union representatives. The Panels are additionally assisted by an independent advisor.

In practice decisions are taken at joint meetings of the two panels. Investment decisions by the Pension Fund Panel are made after considering recommendations from the Investment Working Group (IWG). The IWG includes members nominated from both Panels together with our external Investment Strategy Advisers.

In 2015 the Berkshire Pension Fund established a new Local Pension Board in accordance with the Public Service Pensions Act 2013 and Regulation 106 of the Local Government Pension Scheme (LGPS). The structure of the Board includes 3 Berkshire scheme members and 3 Berkshire scheme employer representatives.

The Board is non executive and its purpose is to assist the administering authority in securing compliance with the increasingly complex LGPS Regulations, other legislation relating to the governance and administration of the Scheme and other requirements imposed by the Pensions Regulator.

The Board has now been operational for a year and included in this document is the Board's annual report which can be found on page 9.

Stock markets experienced bouts of sharp volatility as global economic growth continued to slow down. Uncertainty has increased as economic conditions and some financial indicators have significantly deteriorated over the financial year and more recently around the Brexit referendum date. Last August China surprised markets by devaluing its currency, which caused a significant fall in emerging markets equity prices. The oil price continued to fall reaching a nadir of \$27 per barrel in late January 2016 before re-bounding to the low \$40 per barrel.

In the United States of America the Federal Reserve Bank raised interest rates in December causing a further fall in stock markets worldwide. The Federal Reserve held off from increasing rates further which aided a recovery in stock markets during the first and second

quarters of 2016. In contrast, other central banks in both developed and emerging economies loosened their monetary policies. Despite the difficult circumstances the Fund achieved a small positive investment return during the financial year.

Subsequent to the year end the immediate effect of the Brexit referendum vote has been the decision of the Bank of England to further reduce interest rates. This has reduced the returns we and other pension schemes can obtain from investing pension contributions made by and on behalf of our members.

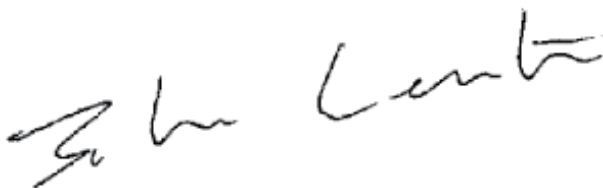
Over the last twelve months our administration team have continued to deliver a highly efficient service to members and employers. We have further improved our employer relationship by introducing i-connect – an employer self service facility which enables employers to upload pensions data quickly and efficiently and we look forward to continue the development of this initiative over the coming months.

Late in 2015 the Department for Local Government and Communities announced its intention that LGPS pensions schemes like Berkshire should transfer control over fund investments into about 6 pools. At the time of writing the Berkshire Pension Fund Panel is in an advanced stage of negotiation with one of the proposed pools. Members will be kept in touch with developments on this matter

I would like to thank the members of the new Berkshire Pension Fund Board for their help in monitoring the increasingly complex regulations within which the fund has to operate.

I also wish to thank the members of the Pension Panel and Advisory Panel for their invaluable contributions to the work of the Fund during the year

Finally I would like to thank Nick Greenwood, our Pension Fund Manager and the Pension Fund Team for their continued hard and skilful work over the last twelve months in providing members and other stakeholders in the Fund with a very efficient service.

A handwritten signature in black ink, appearing to read 'John Lenton', written in a cursive style.

Councillor John Lenton
Chairman
Berkshire Pension Fund Panel
Berkshire Pension Fund Advisory Panel

Pension Board Statement

It has now been a year since the Pension Board was created, in line with the requirements set out in the Public Sector Pensions Act.

The Board has a duty to;

1. ensure the fund's compliance with legislation, regulation and guidance, along with the Pension Regulators (TPR) requirements, and
2. ensure the fund's governance and administration is effective and efficient

The main focus of the first year was to implement an appropriate governance infrastructure, which was done through effectively integrating the Board in to the Fund's existing governance structures. The details can be seen in our documents and meeting minutes, published on the Berkshire Pension Fund website (www.berkshirerpensions.org.uk).

In addition, the Board sought to clarify role and responsibilities through amendments to the terms of reference and Administering Authority's Constitution. Finally, the board began the process of developing Board members to enable them to fully undertake their duties.

The Board has also given attention to the compliance of the Pension Fund, in particular the refresh of policies and procedures in line with good practice and TPR guidance. This will continue in to the coming year as we seek to monitor compliance while examining the effectiveness and efficiency of the fund's administration.

Overall it has been a successful year with the work of the Board providing evidence that demonstrates the Fund's compliance, efficiency and effectiveness. This does not mean there is no room for improvement; but instead there are now clear priorities for activity in the year to come.

PENSION BOARD

Independent Chairman:

Howard Pearce (to 31 March 2016)

Employer Representatives:

Mr A Cross (Reading Borough Council)

Mr A Nash (Bracknell Forest Council)

Mr B Webster (Wokingham Borough Council)

Scheme Member Representatives:

Mr I Dhak

Mr P Southwell

Mr T Pettitt

Employer Representatives Substitutes:

Mrs S Nagra (Slough Borough Council)

Mr T Baldwin (The Royal Borough of Windsor & Maidenhead)

Mr A Walker (West Berkshire Council)

SCHEME ADMINISTRATION REPORT

INTRODUCTION

The Royal Borough of Windsor and Maidenhead acts as the administering authority for the Royal County of Berkshire Pension Fund – the pension fund for local government employees in the County of Berkshire. Benefits for members of the Fund are set by the Local Government Pension Scheme Regulations 2013 (as amended).

The Royal Borough has delegated its role as administering authority to the Pension Fund Panel. This Panel consists of five Royal Borough councillors and is assisted by the Pension Fund Advisory Panel. This latter panel includes the five Royal Borough councillors plus one councillor drawn from each of the other five unitary authorities in the Fund, one representative from the University of West London on behalf of the other employing bodies in the Fund, two Trade Union representatives (one each from Unison and GMB) acting for the active members of the Fund and one independent adviser.

The Pension Fund and Pension Fund Advisory Panels meet quarterly to receive and consider reports from the Pension Fund Manager and external advisers on the management of the Fund. Attendance of the Panel members is noted below:

Name	Authority	Number of Meetings eligible to attend	Attended
Councillor Lenton (Chair)	RB Windsor & Maidenhead	4	4
Councillor Hilton (Vice Chair)	RB Windsor & Maidenhead	4	4
Councillor Collins (substitute for Councillor Hill)	RB Windsor & Maidenhead	4	2
Councillor Hill	RB Windsor & Maidenhead	4	0
Councillor Love	RB Windsor & Maidenhead	4	2
Councillor Brooker	Slough Borough Council	4	2
Councillor Law	West Berkshire Council	4	4
Councillor Stanton	Wokingham Borough Council	4	4
Councillor Tickner	Reading Borough Council	4	4
Councillor Worrall	Bracknell Forest Council	4	4

Royal Borough councillors may delegate designated substitute members to attend a Panel meeting if they are unable to attend.

In addition to the invaluable support and advice offered by the Pension Fund Advisory Panel the Pension Fund Panel is assisted by a variety of advisers including Mr Inder Dhingra as an independent adviser and Mr Graeme Muir of Barnett Waddingham, the Actuary to the Fund. The Investment Working Group, a sub-group of the panels, is independently advised by Mr Scott Jamieson and Ms Aoifinn Devitt. Additional advice from other professional advisers is sought as necessary. Many of the duties of the Panel are delegated to Officers in accordance with the Royal Borough's constitution.

CUSTOMER SATISFACTION

The landscape of the Local Government Pension Scheme has evolved greatly resulting in the need for our administration team to continue using a variety of methods to understand our members and 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 Local Government Pension Scheme with the introduction of a career average scheme, fundamentally different to the final salary scheme previously in place. This event undoubtedly made the Scheme more complex to administer with increased scrutiny from The Pensions Regulator.

During the last year the team has continued to communicate with members to ensure that they are aware of the impact the changes to the Scheme will make to their pension benefits and to ensure employers are fully educated and understand their responsibilities to provide timely and accurate information together with the consequences of their failure to do so.

There is no doubt our relationship and need to continue working with our members and employers is ever more important.

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 Royal County of Berkshire 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, members and employers of the Pension Fund.

The administering authority keeps the policy statement under review. During the year the Fund undertook:

➤ Communication with Employers

Annual Employers Meeting

All employers were invited to attend a meeting on 11 March 2016. They were provided with details of the data they are required to submit to the administration team so that members' records are correct, an actuarial update of the Pension Fund, and a presentation by Prudential (the Pension Fund's approved AVC provider), regarding the options AVCs provide at retirement.

Quarterly Employer Group Meetings

The Pension Fund chose not to undertake any meeting of this type during the year, as main issues were discussed at the Annual Employers Meeting open to all employers. Certainly, during the year ahead the six unitary authorities in the Fund will be invited to attend these meetings.

Training for Employers

The Pension Fund invited all employers to attend a training session on either 9 or 11 March 2016. These sessions were specifically designed to educate 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 employers.

The administration team also continues to hold ad-hoc training sessions throughout the year on request.

Regular Updates on the LGPS

“*The Inscribe*” bulletin is distributed to employers on a quarterly basis with other global emails distributed to employers when deemed necessary.

Pension Fund website

The Pension Fund website has been re-designed providing greater flexibility and ease of navigation for both members and employers.

The website contains sections dedicated to the following:

- Current members
- Deferred members
- Retired members
- Councillor members
- Employers

The site received over 30,000 visits from members and employers during the year and has been described as easily accessible and having many links making navigation user friendly.

The administration team continue to review and remodel the website to ensure members are aware of the impact any changes to the Scheme will make to their pension benefits but also to ensure a point of reference for employers to help continually educate them and understand their responsibilities.

The website address is www.berkshirepensions.org.uk

General Guidance and Assistance

The pension administration team can be contacted during normal office hours. There is a dedicated help-line 0845 602 7237 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.

i-connect Software

In February 2016 the Fund started receiving from 16 employers data in respect of new scheme admissions and withdrawals electronically. This has saved the team a significant administration time by removing the need for manual input, but most importantly helping maintain the accuracy of member data. No doubt the team will continue to benefit from this service throughout the coming year.

➤ **Communication with All Members**

Member Self Service - 'my pension ONLINE'

Providing scheme members with access to their own pension record 'my pension ONLINE' continues to prove popular with members.

Welcome Pack

With the implementation of 'my pension ONLINE' each new member receives a letter containing an activation key 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 despatched 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 Fund only issues approximately 5,000 statements by post.

The Annual Benefit Statement provides details of benefits built up to 31st March the previous year, 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 provide an opportunity for members to discuss any aspect of their pension benefits. The administration team met with 517 scheme members across the pension surgeries held.

To accompany these pension surgeries the administration team provide pre-retirement courses and presentations aimed at those 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 members and '*The Scribe*' is issued to pensioner and dependant members. Both continue to be very well received by members. Since the implementation of 'my pension ONLINE' newsletters are available for viewing, downloading or printing on-line.

Annual Meeting

A meeting took place on 12 November 2015 held at the Town Hall in Maidenhead. At the same time, the pension team invited members to attend an open day at the same location. In attendance were members of the administration and payroll teams, representatives from Barnett Waddingham (the Pension Fund Actuary) and Prudential (the Fund's approved AVC provider).

➤ **Communication with Pensioner and Dependant Members**

The Pension Fund has a dedicated payroll team dealing with former 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 50 pence 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 members in April 2015 well in advance of the HMRC deadline. The Retirement 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' payslips are available for viewing, downloading and printing on-line.

Annual Pension Increase Notice

The administration team issued a notification to all pensioner and dependant members in April 2016 providing details of the nil increase awarded from 11 April 2016 in line with the Consumer Price Index.

Tell Us Once (TUO)

A service designed to provide Funds with details of those members having died and their next of kin via the General Registry Office (GRO), the Fund was one of the first Local Government Pension Funds to on board and up load membership data in readiness for going live in March 2016.

At 31 March 2016 the Fund had already received 8 notifications of death. This helped the Fund make contact with the next of kin more quickly and avoid any potential overpayment of benefits.

MANAGEMENT PERFORMANCE

Key Administration Performance Indicators

The administration team monitor 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 Fund Panel on a quarterly basis are:

- Inputting of new members;
- Processing of early leavers;
- Payment of retirement benefits; and
- Payment of transfer values.

Performance for these key procedures over the year was 98.69%, which is an increase of 0.63% on the 2014/15 year. A summary of achievement in each area is shown in the table below:

Administration Team Performance		2014/15			2015/16		
Case Type	Target (working days)	Number received	Number within target	% within target	Number received	Number within target	% within target
Inputting of new members	20	5602	5565	99	4269	4252	99
Processing of early leavers	20	3285	3182	97	3508	3433	98
Payment of retirement benefits	7	984	938	95	1047	999	95
Payment of transfer values	15	45	39	87	47	43	91

A further top five procedures in terms of cases completed are shown in the table below:

Administration Team Performance		2014/15			2015/16		
Case Type	Target (working days)	Number received	Number within target	% within target	Number received	Number within target	% within target
Employee estimate requests	7	1844	1563	84	2510	2248	90
Employer estimate requests	5	382	333	87	478	408	85
Changes to personal details	15	2385	2352	99	3115	2965	95
Issue of 'my pension ONLINE' Activation Keys	5	813	774	95	896	875	98
APC Quotes	20	190	174	92	177	176	99

Complaints

The administration team monitor the complaints received on a monthly basis and ensure we respond promptly having investigated thoroughly and learning from them to continually improve the service we provide.

The complaints are monitored in two distinct ways:

- Complaints about our service and the way we apply the regulations; and
- Under the LGPS 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 30,000 procedures we carried out in 2015/16.

Administration Team Performance		2014/15			2015/16		
Case Type	Target (working days)	Number received	Number within target	% within target	Number received	Number within target	% within target
Service	10	0	n/a	n/a	0	n/a	n/a
IDRP	n/a	2	n/a	n/a	3	n/a	n/a

Key Staffing and Membership Numbers

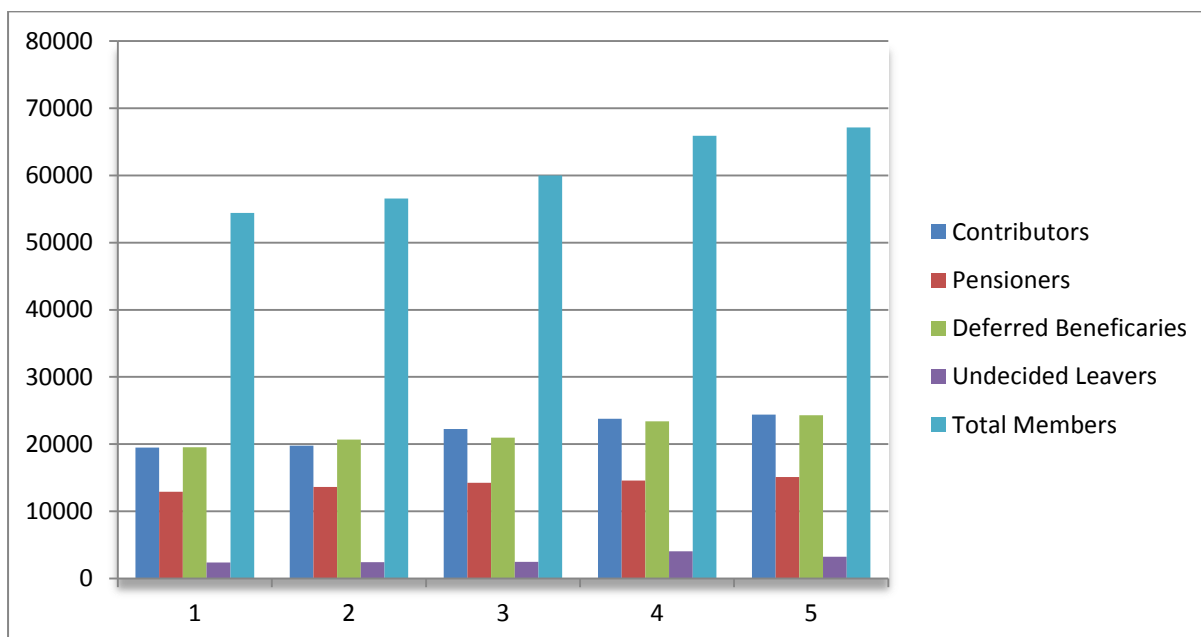
Staffing

The administration team is made up of the following members:

Year	2014/15	2015/16
Pension Administration Manager	1.0	1.0
Deputy Pension Administration Manager	1.0	1.0
Assistant Pension Manager (Comms)	1.0	1.0
Technical Analyst	1.0	1.0
Senior Pension Administrators	1.8	2.0
Pension Administrators	3.6	4.6
Trainee Pension Administrators	2.0	2.0
Payroll Supervisor	0.7	0.7
(Trainee) Payroll Assistant	1.0	1.0
Clerical Support	1.0	1.0
Total	14.1	15.3

Membership

Membership of the Pension Fund continues to grow. The chart and table below show the number of contributors, deferred beneficiaries and Pensioners (including dependants) and Undecided Leaver member records (individuals may have more than one membership record) over the last five years to 31 March 2016.



	31 March 2012	31 March 2013	31 March 2014	31 March 2015	31 March 2016
Contributors	19,476	19,791	22,276	23,783	24,394
Pensioners	12,939	13,634	14,254	14,610	15,119
Deferred Beneficiaries	19,559	20,672	20,960	23,415	24,325
Undecided Leavers	2,408	2,441	2,503	4,083	3,271
Total Members	<u>54,382</u>	<u>56,538</u>	<u>59,993</u>	<u>65,891</u>	<u>67,109</u>

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 members are in receipt of a pension and include all dependants of former members.
- Deferred beneficiaries are former contributors who have elected to retain their rights in the Scheme until such time as they become payable.
- Undecided Leavers are former contributors who have an entitlement to receive a return of contributions paid less mandatory deductions.

The result is a large Pension Fund being administered by a small team. The administrator to scheme member ratio (1:4,386) is well above average and yet the administration team continues to provide a highly regarded and professional service across the entire membership.

The increase in membership experienced during the last year of 1,218 is also reflected in the increased number of procedures completed during the year in comparison to 2014/15 as shown in the table below:

Year	Procedures completed per year	Procedures completed per month per administrator
2014/15	27,584	163.03
2015/16	30,372	165.42

Benchmarking

The Pension Fund has not taken part in any formal benchmarking exercise since 2006 but has taken the opportunity during 2016 to compare ourselves against other Pension Funds of a comparable size in terms of membership when looking at options available in regards to the Government's announcement about the pooling of LGPS investments.

Gathering Assurance

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 Limited, 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.

The Pension Fund is also proactive in responding to enquiries received from both internal (Royal Borough of Windsor & Maidenhead) and external (KPMG) auditors.

THE FUTURE

Whilst there is much uncertainty following the Government's announcement about pooling of LGPS investments to create six "British Wealth Funds" by 1 April 2018 and the impact this may have on Administration we will be certain to remain committed and focus our efforts on communicating with both our members and employers. We will ensure that members understand and appreciate the value of the Scheme, which forms a significant part of the pay and reward package provided by their employer.

Ensuring the timely and accurate submission of data from employers is crucial to the administration team continuing to deliver the quality service to members. In an effort to achieve this we aim to continue with our efforts to introduce an on-line system across our employers to upload data securely to our pension administration system. This will help to ensure membership data is updated more frequently and the service to members is improved. It should also reduce the administrative burden and deliver efficiencies for both the administration team and employers.

Customer service will continue to be a priority as the next few years will be challenging for both members and employers. To demonstrate our commitment and ensure this continues we will ask for our members and employers opinion on our services in a variety of ways. We will continue to survey a sample of our active, deferred, pensioner and dependant members by post, at pension surgeries, presentations and on-line via our website.

Investment Report

The structure of the investments and managers for the Royal County of Berkshire Pension Fund as at 31 March 2016 and previous year end is shown below:

Asset Class	31-Mar-16		31-Mar-15	
	Value £m	% Fund	Value £m	% Fund
Global Equities	766.3	44.6%	778.4	45.4%
Bonds	246.3	14.3%	245.9	14.4%
Absolute Return Funds	299.0	17.4%	318.0	18.6%
Property	190.1	11.1%	210.7	12.3%
Commodities	44.1	2.6%	63.6	3.7%
Infrastructure	80.6	4.7%	71.5	4.2%
Other Current Assets / Liabilities	90.3	5.3%	24.4	1.4%
	1,716.7	100.0%	1,712.5	100.0%

As at 31 March 2016, the Fund employed the following external managers (excluding General Partners of Limited Partnerships in which the Fund has a partnership interest):

Asset Class	Managers
Global Convertible Bonds	Aviva Investors Blue Bay Asset Management
UK & Global Property	Aviva Investors Global Services
Global Equities	Kames Capital RWC Partners
Emerging Markets Equity	Fidelity International First State Investments Morgan Stanley Investment Management William Blair International
Absolute Returns	Grosvenor Capital Management
Commodities	Gresham Investment Management

The Fund managed a nominal investment return of 0.5% over the financial year and on an annualised basis 4.8% per annum over the last three years. In real terms, the Fund's investment return achieved was -0.1% over one year and 4.0% over three years, meeting the Fund's medium term 4% real return target. IPM, Emerging Market equities and commodities managers were the main detractors from absolute performance during the financial years although Grosvenor also fell short of their absolute return target.

Asset allocation changes during the financial year and other strategic initiatives agreed by the Panel included:

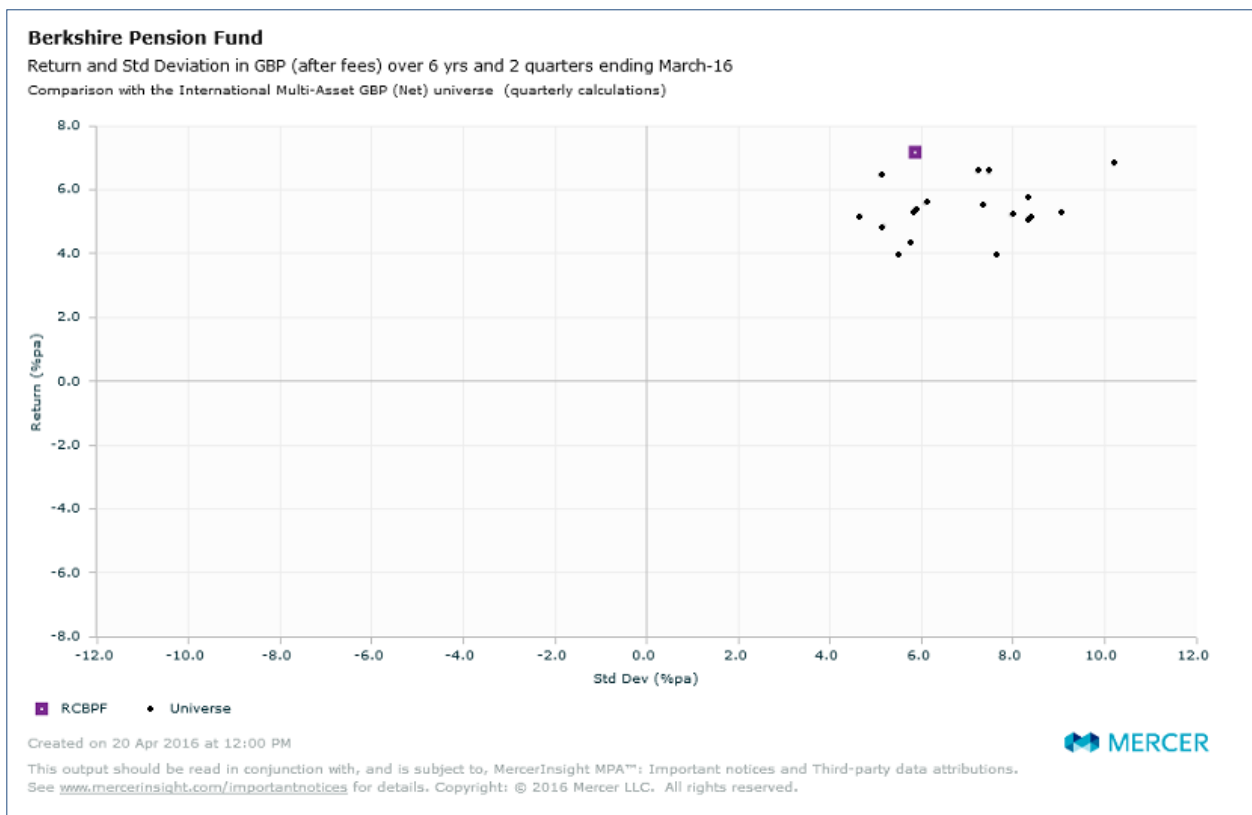
- Selling at a premium a UK property recovery fund managed by Aviva Investors.
- Redeeming from a global developed markets equity fund (IPM) implementing a fundamental indexation strategy, which did not meet objectives over the medium term.
- Adding to the two global equity dividend growth mandates with Kames and RWC Partners funded by the proceeds from IPM.

- Reducing the exposure to Gresham (commodities) with a view to redeeming completely in an orderly manner.
- Reducing by £100 million the current absolute return portfolio advised by Grosvenor over the next 12 months.
- Increasing exposure to other private debt and private equity funds for example new Emerging Markets Infrastructure, UK middle-market infrastructure, hedge fund secondaries opportunities and other private markets investments in the UK (private rented sector, private debt, technology).

The Fund is continuing to implement the revised strategy agreed by the Pension Fund Panel following the 2013 actuarial valuation, which divides the portfolio into two 'buckets', one whose purpose is to generate income, and the other whose purpose is to generate growth in assets. More detailed information about the performance of the Fund can be found in the Investments section of the Fund's web-site (<http://www.berkshirepensions.org.uk>)

When the investment strategy was put in place the Fund's stated objective was to produce, over the long-term, modest returns with low-volatility of those returns. Whilst it is usual for pension funds to compare themselves against other pension funds the structure of our investments is such that such a comparison is of little use. The best way of considering whether the Fund has met its objectives is to measure the annualised return against the annualised level of volatility (risk) and the best peer group for comparison is multi-asset funds who follow a similar investment philosophy.

The chart below shows that against funds with a similar investment strategy the Berkshire Pension Fund has, since the inception of our bespoke strategy, performed extremely well against other similar funds with a higher than average return and a lower than average level of risk.



Financial Performance

Movement in Net assets of the scheme

During the financial year, the value of the net assets of the scheme increased by £6.8 million.

Timeliness of Receipt of Contributions

	2015/16	2014/15	2013/14
Percentage of contributions received on or before the due date	98.49%	98.93%	99.20%

The option to levy interest on overdue contributions has not been exercised.

Administrative Costs Actual compared to Budget

	2015/16 Actual £000's	2015/16 Budget £000's
Staff	568	433
Supplies and Services	375	339
Unit Recharges	208	49
TOTAL	1,151	821

Income and Expenditure

	2015/16 Actual £000's	2015/16 Forecast £'000's
Employee/Employer Contributions	92,957	93,700
Employer additional contributions for early retirements	1,058	3,000
Transfer Values Received	4,761	1,900
Pensions Payable	-72,548	-74,400
Retirement Lump Sums and Death Grants	-17,213	-17,300
Transfer Values Paid and Refund of Contributions	-7,831	-1,900
Administration Costs	-1,151	-821
Net additions/(withdrawals) from dealing with members	33	4,179

RISK MANAGEMENT

The Royal Borough of Windsor and Maidenhead as the administering authority for The Royal County of Berkshire Pension Fund places great emphasis on risk management. We differentiate between operational and strategic risks and these risks are integrated into the Royal Borough's risk management framework via the Corporate Risk register which records the risks that relate to the achievement of the Royal Borough's objectives. The key risks below are recorded in the Risk Register as part of the Royal Borough's governance procedures.

Operational risk

Operational risk covers such areas as administration of members' records and payment of benefits, management of the fund's cash and investments, receipt of contributions as well as more mundane matters such as swine flu, business continuity, disaster recovery and having staff with the appropriate skill sets.

The Fund participates in the National Fraud Initiative where National Insurance numbers of members receiving pensions and other benefits are matched against a national database of reported deaths. Any matches are thoroughly investigated.

The key operational risks and the action taken to mitigate them are detailed below:

Risk	Mitigating Action
Wrong benefits are paid.	Annually each active member's salary and hours worked is confirmed with his/her employer On leaving employment a member's final salary and hours worked will be confirmed with his/her employer.
Benefits paid to a deceased member.	The Fund participates in the biennial National Fraud Initiative. Life Certificates may be requested from pensioners living abroad or where a power of attorney is held.
Benefits not paid on time	Lump sum on retirement – we are dependent on both the employer and employee completing paperwork on time. Employers' deadlines are within their Service Level Agreements; regular reminders are sent to chase paperwork up. Monthly payroll of pensions – written procedures are in-place.

Poor quality data	<p>Amendments to active member records should be made at the point at which a change to employment terms and conditions arise. We are dependent on employers completing the relevant paperwork in a timely manner. Employers' deadlines are within their Service Level Agreements. Further checks are undertaken annually when employee contributions are posted to each member record. Employers are regularly chased to provide the outstanding data required.</p> <p>Deferred and pensioner members are encouraged to notify changes of personal details via reminders in newsletters and messages on the pension fund website.</p> <p>The Fund participates in the National Fraud Initiative and in regular "life existence" exercises including checking records against death registers.</p>
Contagious diseases result in insufficient staff being able to work	Key staff have been identified and provided with the ability to work remotely thereby giving the Fund the ability to maintain a basic administration service.
Loss of office premises	A comprehensive disaster recovery plan is in place.
Loss of administration software and/or databases	The pensions administration software is remotely hosted. Officers can access administration data from any web-enabled computer.
Late payment of contributions	Receipt of contributions from employers is monitored. Late paying employers are chased and reminded of their responsibilities. The Fund reserves the right to charge interest on late payments
Third party operations	We seek SAS70 or equivalent statements on internal controls from all external fund managers
High staff turnover	Terms and conditions of staff are reviewed regularly. Opportunities are given for training and promotion where possible.
Loss of key staff	Succession planning; regular review of terms and conditions.

Fund managers failing to produce satisfactory returns	Fund managers' performance is reviewed monthly by officers and quarterly by the Pension Fund Panel. The Investment Working Group focuses on asset allocation as well as fund managers' investment performance.
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Strategic risks

Strategic risks are those which whilst not affecting day to day operations of the Fund could, nevertheless, in the medium and/or long-term have significant impact. These strategic risks and action being taken to mitigate them are detailed in the table below:

Risk	Mitigating Action
Investment returns being unsatisfactory and/or volatile	The Fund has a broadly diversified portfolio with no one asset class dominating.
Members living longer than anticipated in the Actuarial valuation	Panel noted that a 1 year improvement in life expectancy adds 5% to the Fund's liabilities. In December 2009 the Fund announced that it had entered into longevity insurance covering its liabilities to pensioners as at 31 st July 2009. The Panel continues to investigate how to protect the Fund against increasing longevity and reviews the cost of insuring the longevity risk of pensioners retired since July 2009 at regular intervals.
Currency risk – value of investments overseas are affected by unrelated changes in foreign exchange rates	In April 2012 the currency hedging policy was amended so that currency exposures are managed against a strategic currency benchmark. This is expected to assist in reducing the volatility of investment returns in the medium to long term.
Interest Rate Risk – changes in long-term interest rates affects the net present value of the Fund's liabilities	Panel have considered how long-term interest rate risk can be hedged and authorised officers to investigate how this can be achieved within the constraints of the LGPS regulations.

<p>Inflation – benefits paid to members are linked (upwards only) to changes in the Consumer Price Index</p>	<p>Panel have considered how long-term inflation rate risk can be hedged and authorised officers to investigate how this can be achieved within the constraints of the LGPS regulations.</p>
<p>Employer Covenant – inability of employers to meet their obligations</p>	<p>The vast majority of the Fund's liabilities are the direct responsibility of the 6 unitary authorities. A large proportion of the rest lie within the public sector. A very small proportion lies with admitted bodies whose covenant is weaker than that of the Public Sector bodies. The Fund monitors its exposure to these bodies and is considering how this risk may be mitigated effectively and economically.</p>
<p>Governance of the Fund</p>	<p>We regularly review the staffing of the pension fund team. The composition of the Pension Fund Panel and Pension Fund Advisory Panels is reviewed regularly. New members to both Panels receive a comprehensive members' handbook and are offered training. Law Debenture have been appointed as an independent Governance Advisor to both Panels. Officers arrange training on specific matters as required during the year. In accordance with statutory requirements a Pension Board was established in July 2015.</p>

Royal County of Berkshire Pension Fund

Actuary's Statement as at 31 March 2016

10 May 2016

Introduction

The last full triennial valuation of the Royal County of Berkshire Pension Fund was carried out as at 31 March 2013 in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated March 2014.

2013 valuation results

The results for the Fund at 31 March 2013 were as follows:

- The Fund as a whole had a funding level of 75% i.e. the assets were 75% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a deficit of £527m which is higher than the deficit at the previous valuation in 2010.
- To cover the cost of new benefits and to also pay off the deficit over a period of 27 years, an average total employer contribution rate of 19.3% of pensionable salaries would be needed.
- However, the contribution rate for each employer was set as the cost of new benefits accruing in future plus any adjustment (expressed either as a percentage of payroll or as a lump sum payment) required to pay for their individual deficit.

Assumptions

The assumptions used at the whole Fund level to value the benefits at 31 March 2013 and used in providing the estimated position at 31 March 2016 are summarised below:

Assumption	31 March 2013
Discount rate	6.1% p.a.
Pension increases	2.7% p.a.
Salary increases	2.7% p.a. until 31 March 2015 and 4.5% p.a. thereafter
Mortality	100% of the S1PMA tables for males and 90% of the S1PFA tables for females, with projected improvements in line with the CMI 2012 model allowing for a long term rate of improvement of 1.5% p.a.
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

The 2016 triennial valuation is currently underway and the assumptions to be adopted as at 31 March 2016 will be decided upon as part of the valuation process.

Assets

At 31 March 2013, the value of the assets used was £1,562m and this has increased over the three year period to an estimated £1,687m as at 31 March 2016.

The assumptions used to value the liabilities are smoothed based on market conditions around the valuation date so these asset values have been adjusted in a consistent manner although the difference between the smoothed and market values at either date is not significant.

Updated position since the 2013 valuation

Over the period from 31 March 2013 to 31 March 2016, the assets have achieved an estimated return of approximately 12%, which is lower than assumed at the 2013 valuation.

The value placed on the liabilities will have also increased due to the accrual of new benefits and benefits being closer to payment, and will have also changed due to changes in the underlying discount rate and other assumptions.

We estimate that the position at 31 March 2016 will be slightly worse off when compared on a consistent basis to 31 March 2013 but the final position will depend on the assumptions adopted as part of the 2016 valuation process.

The next formal valuation will be carried out as at 31 March 2016 with new contribution rates set from 1 April 2017.

Graeme Muir FFA
Partner, Barnett Waddingham LLP

Independent auditor's report to the members of the Royal Borough of Windsor & Maidenhead on the pension fund financial statements published with the Pension Fund Annual Report

We have examined the pension fund financial statements for the year ended 31 March 2016 on pages 37 to 56.

Respective responsibilities of the Head of Finance and the auditor

As explained more fully in the Statement of Responsibilities, the Head of Finance is responsible for the preparation of the pension fund financial statements in accordance with applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Our responsibility is to report to you our opinion on the consistency of the pension fund financial statements included in the Pension Fund Annual Report with the pension fund financial statements included in the annual published statement of accounts of the Royal Borough of Windsor & Maidenhead, and their compliance with applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

In addition, we read the information given in the Pension Fund Annual Report to identify material inconsistencies with the pension fund financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our report on the administering authority's annual published statement of accounts describes the basis of our opinion on those financial statements.

Opinion

In our opinion, the pension fund financial statements are consistent with the pension fund financial statements included in the annual published statement of accounts of the Royal Borough of Windsor & Maidenhead for the year ended 31 March 2016 and comply with applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

We have not considered the effects of any events between the date we signed our report on the full annual published statement of accounts 2014/2015 and the date of this report.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- the information given in the Pension Fund Annual Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters relating to the pension fund have been reported in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit.

We have nothing to report in respect of these matters.

Darren Gilbert

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

66 Queen Square, Bristol, BS1 4BE

23 August 2016

Statement of Responsibilities for the Royal County of Berkshire Pension Fund Accounts

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 Pension Fund Manager 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 Head of Finance's Responsibilities

The Head of Finance 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 Head of Finance 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.



Rob Stubbs
Head of Finance

PENSION FUND ACCOUNTS

The Royal County of Berkshire Pension Fund Account

2014/15 £'000		Notes	2015/16 £'000
	Dealings with members, employers and others directly involved in the Fund		
(89,091)	Contributions	7	(94,015)
(1,916)	Transfers in from other pension funds	8	(4,761)
(91,007)			(98,776)
87,685	Benefits	9	89,761
67,201	Payments to and on account of leavers	10	7,831
154,886			97,592
63,879	Net (additions)/withdrawals from dealings with members		(1,184)
5,453	Management expenses	11	6,995
	Returns on investments		
(24,931)	Investment income	12	(27,352)
1,169	Taxes on income	13	1,484
	Profits and losses on disposal of investments and changes in the market value of investments	14	13,267
(125,372)			13,267
(149,134)	Net return on investments		(12,601)
	Net (increase)/decrease in the net assets available for benefits during the year		
(79,802)			(6,790)

Net Assets Statement for the year ended 31 March 2016

2014/15 £'000		Notes	2015/16 £'000
1,697,187	Investment assets	14	1,701,942
15,306	Cash deposits	14	15,942
1,712,493			1,717,884
(71,111)	Investment liabilities	14	(67,532)
1,641,382	Net investment assets		1,650,352
9,599	Current assets	20	7,891
(1,212)	Current liabilities	21	(1,684)
1,649,769	Net assets of the fund available to fund benefits at the period end		1,656,559

The fund's financial statements do not take account of liabilities to pay pensions and others benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 19.

NOTES TO THE PENSION FUND

Notes to the Royal County of Berkshire Pension Fund Accounts for the year ended 31 March 2016

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. The Royal Borough of Windsor and Maidenhead is the reporting entity for this pension fund.

The following description of the fund is a summary only. For more detail, reference should be made to the Royal County of Berkshire Pension Fund Annual Report 2015/16 and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

a) General

The scheme 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 2009.

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 Panel, which is a committee of the Royal Borough of Windsor and Maidenhead.

b) Membership

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

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.

There are 198 active employer organisations within the Royal County of Berkshire Pension Fund including the administering authority itself, as detailed below:

The Royal County of Berkshire Pension Fund	31 March 2015	31 March 2016
Number of employers with active members	174	198
Number of employees in scheme		
Administering authority	2,635	2,604
Unitary authorities	13,650	14,652
Other employers	7,283	8,178
Total	23,568	25,434
Number of pensioners		
Administering authority	1,498	1,589
Unitary authorities	7,395	7,792
Other employers	5,682	5,862
Total	14,575	15,243
Deferred pensioners		
Administering authority	3,397	3,566
Unitary authorities	14,309	14,860
Other employers	5,595	6,032
Total	23,301	24,458

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 ending 31 March 2016. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2013. During 2015/16, employer contribution rates ranged from 7.8% to 27.4% of pensionable pay.

NOTES TO THE PENSION FUND

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 scheme 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 updated annually in line with the Consumer Prices Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the Royal County of Berkshire Pension Fund website.

2 Basis of preparation

The Statement of Accounts summarises the fund's transactions for the 2015/16 financial year and its position at year-end as at 31 March 2016. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 ('the code') which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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.

3 Summary of significant accounting policies

Fund account - revenue recognition

a) Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. 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.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see Notes 8 and 10).

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 scheme 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.

c) Investment income

i) 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.

ii) 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.

iii) 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.

iv) 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.

NOTES TO THE PENSION FUND

Fund Account - expense items

d) 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 (Note 21).

e) 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.

f) Management expenses

The code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the council discloses its pension fund management expenses in accordance with the CIPFA guidance *Accounting for Local Government Pension Scheme Management Costs*.

Administrative expenses

All administration expenses are accounted for on an accruals basis. 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.

Oversight and governance costs

All oversight and governance expenses are accounted for on an accruals basis. 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.

Investment management expenses

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers 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.

Where an investment manager's fee note has not been received by the balance sheet date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. In 2015/16, no estimated fees are included in investment management fees (2014/15: zero).

The costs of the council's in-house fund management team are charged direct to the fund and a proportion of the council's costs representing management time spent by officers on investment management is also charged to the fund.

Net Assets Statement

g) 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. 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 as follows:

i) Market-quoted investments

The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.

ii) Fixed interest securities

Fixed interest securities are recorded at net market value based on their current yields.

iii) Unquoted investments

The fair value of investments for which market quotations are not readily available is determined as follows:

- Directly held investments include investments in shares in unlisted companies, trusts and bonds. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.
- Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity.

NOTES TO THE PENSION FUND

iv) Limited partnerships

Fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.

Investments in private equity funds and unquoted listed partnerships are valued based on the fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers.

v) Pooled investment vehicles

Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price.

Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.

h) 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.

i) 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.

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of derivative contracts are included in change in market value.

The value of futures contracts is determined using exchange prices at the reporting date. Amounts due from or owed to the broker are the amounts outstanding in respect of the initial margin and variation margin.

The value of exchange traded options is determined using the exchange price for closing out the option at the reporting date. The value of over-the-counter contract options is based on quotations from an independent broker. Where this is not available, the value is provided by the investment manager using generally accepted option-pricing models with independent market data.

The future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract.

j) 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.

k) 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.

l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the 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 19).

m) 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. The fund has appointed Prudential as its current AVC provider. AVCs are deducted from members' pay by their employers and paid directly to Prudential for investment into the member's chosen investment vehicle. AVCs are designed specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

The fund has previously used Equitable Life and Clerical Medical as alternative AVC providers to Prudential.

AVCs are not included in the accounts in accordance with section 4(2)(b) of the LGPS (Management and Investment of Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only (Note 22).

NOTES TO THE PENSION FUND

4 Critical judgements in applying accounting policies

Unquoted private equity investments

It is important to recognise the subjective nature of determining the fair value of private equity investments. They are based on forward-looking estimates and judgements involving many factors including historic data. Unquoted private equities are valued by the investment managers using guidelines set out by the International Private Equity and Venture Capital Board. The value of unquoted private equities at 31 March 2016 was £421 million (£388 million at 31 March 2015).

Pension fund liability

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 19. This estimate is subject to significant variances based on changes to the underlying assumptions.

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 2016 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 and mortality rates. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	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 £62 million. A 0.1% increase in the long term salary increases assumption would increase the value of liabilities by approximately £7 million, and a one-year increase in assumed life expectancy would increase the liability by approximately £100 million.
Private equity	Private equity investments are valued at fair value in accordance with the International Private Equity and Venture Capital Board guidelines. These investments are not publicly listed and as such values are estimated.	The total private equity investments in the financial statements are £421 million. There is a risk that this investment may be under- or overstated in the accounts.
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 effect of changes in individual assumptions on the valuation of the longevity insurance policy can be measured. For instance, a 0.1% increase in the discount rate assumption would result in an increase in the valuation of the contract by £657k. A 0.1% decrease in the discount rate assumption would decrease the valuation of the contract by £670k and a one-year increase in assumed life expectancy would increase the valuation of the contract by approximately £28 million.

6 Events after the balance sheet date

There have been no events since 31 March 2016, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

NOTES TO THE PENSION FUND

7 Contributions receivable

By category

2014/15 £'000		2015/16 £'000
25,170	Employee's contributions	26,041
	Employer's contributions	
49,749	Normal contributions	52,142
12,772	Deficit recovery contributions	14,774
1,400	Augmentation contributions	1,058
63,921	Total employer's contributions	67,974
89,091		94,015

By authority

2014/15 £'000		2015/16 £'000
81,499	Scheduled bodies	85,793
4,711	Admitted bodies	4,749
2,881	Transferee admission body	3,473
89,091		94,015

8 Transfers in from other pension funds

2014/15 £'000		2015/16 £'000
1,906	Individual transfers from other pension funds	4,716
10	AVC to purchase scheme benefits	45
1,916		4,761

9 Benefits payable

By category

2014/15 £'000		2015/16 £'000
69,640	Pensions	72,548
15,792	Commutation and lump sum retirement benefits	14,755
2,253	Lump sum death benefits	2,458
87,685		89,761

By authority

2014/15 £'000		2015/16 £'000
80,062	Scheduled bodies	82,521
6,228	Admitted bodies	6,190
1,395	Transferee admission body	1,050
87,685		89,761

10 Payments to and on account of leavers

2014/15 £'000		2015/16 £'000
122	Refunds to members leaving service	292
63,764	Group transfers to other pension funds	-
3,315	Individual transfers to other pension funds	7,539
67,201		7,831

* The bulk transfer of Probation Board staff to Greater Manchester Pension Fund was completed in 2014/15

11 Management expenses

2014/15 £'000		2015/16 £'000
946	Administrative costs	1,151
4,450	Investment management expenses	5,783
57	Oversight and governance costs	61
5,453		6,995

NOTES TO THE PENSION FUND

12 Investment income

2014/15 £'000		2015/16 £'000
83	Fixed interest securities	84
5,111	Equity dividends	8,689
9,739	Pooled property investments	9,001
9,786	Pooled investments	9,361
212	Interest on cash deposits	217
24,931		27,352

13 Taxes on income

2014/15 £'000		2015/16 £'000
249	Withholding tax - equities	437
895	Withholding tax - pooled property investments	891
25	Withholding tax - pooled investments	156
1,169		1,484

14 Investments

Market value 31 March 2015 £'000		Market value 31 March 2016 £'000
Investment assets		
22,989	Fixed interest securities	23,995
212,080	Equities	215,784
1,238,181	Pooled investments	1,184,225
10,544	Pooled liquidity funds	72,580
210,487	Pooled property investments	189,902
Derivative contracts:		
1,802	- Forward currency contracts	5,959
15,306	Cash deposits	15,942
1,104	Investment income due	1,415
	Amounts receivable for sales	5,032
	Payment made in advance	3,050
1,712,493	Total investment assets	1,717,884
Investment liabilities		
Derivative contracts:		
(1,341)	- Forward currency contracts	(2,461)
(69,770)	- Longevity Insurance Policy	(65,071)
(71,111)	Total investment liabilities	(67,532)
1,641,382	Net investment assets	1,650,352

NOTES TO THE PENSION FUND

a) Reconciliation of movements in investments and derivatives

	Market value 1 April 2015	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Market value 31 March 2016
	£'000	£'000	£'000	£'000	£'000
Fixed interest securities	22,989	-	-	1,006	23,995
Equities	212,080	17,871	(17,828)	3,661	215,784
Pooled investments	1,238,181	87,096	(136,551)	(4,501)	1,184,225
Pooled liquidity funds	10,544	196,365	(134,382)	53	72,580
Pooled property investments	210,487	14,865	(35,621)	171	189,902
	1,694,281	316,197	(324,382)	390	1,686,486
Derivative contracts:					
- Futures	-			-	-
- Forward currency contracts	461	67,640	(50,984)	(13,619)	3,498
- Longevity Insurance Policy	(69,770)	5,306	-	(607)	(65,071)
	1,624,972	389,143	(375,366)	(13,836)	1,624,913
Other investment balances:					
- Cash deposits	15,306			569	15,942
- Amount receivable for sales of investments	-				5,032
- Investment income due	1,104				1,415
- Amounts payable for purchases of investments	-				-
- Payment made in advance					3,050
Net investment assets	1,641,382			(13,267)	1,650,352

	Market value 1 April 2014	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Market value 31 March 2015
	£'000	£'000	£'000	£'000	£'000
Fixed interest securities	16,281	-	-	6,708	22,989
Equities	82,804	152,503	(39,208)	15,981	212,080
Pooled investments	1,284,127	195,426	(371,235)	129,863	1,238,181
Pooled liquidity funds	16,265	252,683	(258,422)	18	10,544
Pooled property investments	193,118	13,284	(8,364)	12,449	210,487
	1,592,595	613,896	(677,229)	165,019	1,694,281
Derivative contracts:					
- Futures	-			-	-
- Forward currency contracts	(1)	37,898	(16,285)	(21,151)	461
- Longevity Insurance Policy	(54,829)	3,984	-	(18,925)	(69,770)
	1,537,765	655,778	(693,514)	124,943	1,624,972
Other investment balances:					
- Cash deposits	25,399			429	15,306
- Amount receivable for sales of investments	-				
- Investment income due	661				1,104
- Amounts payable for purchases of investments	-				
Net investment assets	1,573,161			125,372	1,641,382

Transaction costs incurred during the year were zero (2014/15: zero). In addition to these costs, indirect costs are incurred through the bid-offer spread on investments within pooled investments.

NOTES TO THE PENSION FUND

b) Analysis of investments

31 March 2015 £'000		31 March 2016 £'000
Investment assets		
Fixed interest securities		
UK		
22,989	Public sector quoted	23,995
22,989		23,995
Equities		
UK		
46,998	Quoted	44,211
Overseas		
165,082	Quoted	171,573
212,080		215,784
Pooled investments - additional analysis		
UK		
188,236	Unit Trusts	179,347
6,041	Private Equity	6,505
Overseas		
662,083	Unit Trusts	589,197
310,361	Private Equity	328,594
71,460	Infrastructure	80,582
1,238,181		1,184,225
Other investment assets		
10,544	Pooled liquidity funds	72,580
210,487	Pooled property investments	189,902
1,802	Derivative contracts	5,959
15,306	Cash deposits	15,942
1,104	Investment income due	1,415
	- Amounts receivable for sales	5,032
	Payment made in advance	3,050
239,243		293,880
1,712,493	Total investment assets	1,717,884
Investment liabilities		
	(71,111) Derivative contracts	(67,532)
	(71,111) Total investment liabilities	(67,532)
1,641,382	Net investment assets	1,650,352

c) Investments analysed by fund manager

Market value 31 March 2015			Market value 31 March 2016	
£'000	%		£'000	%
1,214,013	74.0%	Royal County of Berkshire Pension Fund in-house investment team	1,238,484	75.0%
210,749	12.8%	Aviva Global Investors	189,901	11.5%
110,470	6.7%	Kames Capital	113,232	6.9%
105,689	6.4%	RWC Partners	105,237	6.4%
461	0.0%	The Cambridge Strategy (Asset Management)	3,498	0.2%
1,641,382			1,650,352	

All the above organisations are registered in the United Kingdom.

The following investments represent more than 5% of the net assets of the scheme

Security	Market value 31 March 2015 £'000	% of total fund	Market value 31 March 2016 £'000	% of total fund
IPM RAFI Global GBP Fund	175,219	10.7%	159,325	9.7%
Aviva Global Real Estate	117,019	7.1%	119,011	7.2%

15 Analysis of derivatives

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.

NOTES TO THE PENSION FUND

- Forward foreign currency

In order 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.

- 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 value of the policy is the difference between the discounted future cash flows relating to the amounts expected to be reimbursed by ReAssure to the fund and the premiums expected to be paid to ReAssure by the fund.

Open forward currency contracts

Settlement	Currency bought	Local value 000	Currency sold	Local value 000	Asset value £000	Liability value £000
One to six months	GBP	397,328	USD	(564,247)	4,847	
One to six months	CHF	28,332	GBP	(20,184)	464	
One to six months	NOK	82,436	GBP	(6,778)	152	
One to six months	AUD	13,793	GBP	(7,210)	145	
One to six months	CAD	13,185	GBP	(6,959)	132	
One to six months	GBP	11,049	USD	(15,712)	120	
One to six months	GBP	5,797	JPY	(919,646)	93	
One to six months	GBP	1,887	CAD	(3,503)	3	
One to six months	GBP	1,968	AUD	(3,685)	3	
One to six months	USD	134	CLP	(91,651)		(2)
One to six months	USD	122	INR	(8,359)		(2)
One to six months	USD	78	TRY	(234)		(2)
One to six months	USD	118	SGD	(164)		(2)
One to six months	USD	112	MXN	(2,016)		(3)
One to six months	USD	89	KRW	(107,685)		(4)
One to six months	USD	129	BRL	(499)		(6)
One to six months	GBP	1,686	NOK	(20,164)		(9)
One to six months	USD	1,507	INR	(101,874)		(11)
One to six months	USD	1,497	CLP	(1,019,762)		(12)
One to six months	USD	1,518	MXN	(26,493)		(12)
One to six months	USD	1,513	SGD	(2,062)		(13)
One to six months	USD	1,504	BRL	(5,512)		(14)
One to six months	USD	1,543	KRW	(1,787,696)		(18)
One to six months	USD	1,551	TRY	(4,553)		(23)
One to six months	JPY	5,244,306	GBP	(32,751)		(225)
One to six months	GBP	99,939	EUR	(128,443)		(2,103)
Net forward currency contracts at 31 March 2015						3,498
Prior year comparative						
Open forward currency contracts at 31 March 2014						461
Net forward currency contracts at 31 March 2014						461

NOTES TO THE PENSION FUND

16 Financial instruments

a) Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. 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	31 March 2015		Financial liabilities at amortised cost	Fair value through profit and loss	31 March 2016	
	£'000	Loans and receivables £'000			£'000	£'000
Financial assets						
22,989				23,995		
212,080				215,784		
1,238,181				1,184,225		
10,544				72,580		
210,487				189,902		
1,802				5,959		
-	17,111					17,187
	1,104					9,497
	7,794					6,646
1,696,083	26,009	-		1,692,445	33,330	-
Financial liabilities						
(71,111)				(67,532)		
			(1,212)			(1,684)
(71,111)	-	(1,212)		(67,532)	-	(1,684)
1,624,972	26,009	(1,212)		1,624,913	33,330	(1,684)

b) Net gains and losses on financial instruments

31 March 2015		31 March 2016
£'000		£'000
124,943	Fair value through profit and loss	(13,836)
429	Loans and receivables	569
125,372	Total	(13,267)

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

c) Valuation of financial instruments carried at fair value

The valuation of financial instruments had been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments 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.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments 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 and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments 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.

Such instruments would include unquoted equity investments and hedge funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which The Royal County of Berkshire Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuation to 31 March as appropriate.

NOTES TO THE PENSION FUND

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 2016	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets				
Financial assets at fair value through profit and loss	337,803	749,060	605,582	1,692,445
Loans and receivables	33,330			33,330
Total financial assets	371,133	749,060	605,582	1,725,775
Financial liabilities				
Financial liabilities at fair value through profit and loss	(2,461)		(65,071)	(67,532)
Financial liabilities at amortised cost	(1,684)			(1,684)
Total financial liabilities	(4,145)	-	(65,071)	(69,216)
Net financial assets	366,988	749,060	540,511	1,656,559

Values at 31 March 2015	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets				
Financial assets at fair value through profit and loss	264,523	833,211	598,349	1,696,083
Loans and receivables	26,009			26,009
Total financial assets	290,532	833,211	598,349	1,722,092
Financial liabilities				
Financial liabilities at fair value through profit and loss	(1,341)		(69,770)	(71,111)
Financial liabilities at amortised cost	(1,212)			(1,212)
Total financial liabilities	(2,553)	-	(69,770)	(72,323)
Net financial assets	287,979	833,211	528,579	1,649,769

17 Nature and extent of risks arising from financial instruments

Risk and risk management

The fund's primary long-term risk is that the fund's 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 council 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 council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) 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 the return on risk.

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 council 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.

NOTES TO THE PENSION FUND

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 by the council 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 movement during the financial year the council has determined that the following movements in market price risk are reasonably possible for the 2016/17 reporting period:

Asset type	Potential market movements (+/-)
Fixed interest securities	15.7%
Equities	9.6%
Private Equity	7.9%
Convertible Bond Funds	7.1%
Emerging Markets	14.0%
Absolute Return Assets	5.9%
Infrastructure	11.0%
Commodities	11.2%
Pooled Property Funds	3.1%

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 2016	Potential market movement	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash and cash equivalents	88,522	-	88,522	88,522
Investment portfolio assets:				
Fixed interest securities	23,995	3,770	27,765	20,225
Equities	375,109	36,148	411,257	338,961
Private Equity	335,099	26,400	361,499	308,699
Convertible Bond Funds	61,135	4,352	65,487	56,783
Emerging Markets	213,028	29,887	242,915	183,141
Absolute Return Assets	290,936	17,246	308,182	273,690
Infrastructure	80,582	8,868	89,450	71,714
Commodities	44,120	4,950	49,070	39,170
Pooled Property Funds	189,902	5,887	195,789	184,015
Net derivative liabilities	3,498	-	3,498	3,498
Investment income due	1,415	-	1,415	1,415
Amounts receivable for sales	5,032	-	5,032	5,032
Payment made in advance	3,050	-	3,050	3,050
Total	1,715,423		1,852,931	1,577,915

Asset type	Value as at 31 March 2015	Potential market movement	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash and cash equivalents	25,850	-	25,850	25,850
Investment portfolio assets:				
Fixed interest securities	22,989	3,612	26,601	19,377
Equities	387,299	37,323	424,622	349,976
Private Equity	316,402	24,927	341,329	291,475
Convertible Bond Funds	63,331	4,508	67,839	58,823
Emerging Markets	230,176	32,293	262,469	197,883
Absolute Return Assets	317,961	18,848	336,809	299,113
Infrastructure	71,460	7,864	79,324	63,596
Commodities	63,633	7,139	70,772	56,494
Pooled Property Funds	210,486	6,525	217,011	203,961
Net derivative liabilities	(69,309)	-	(69,309)	(69,309)
Investment income due	1,104	-	1,104	1,104
Amounts receivable for sales	-	-	-	-
Payment made in advance	-	-	-	-
Total	1,641,382		1,784,421	1,498,343

NOTES TO THE PENSION FUND

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 2016 and 31 March 2015 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

Asset type	As at 31	As at 31 March 2016
	March 2015	
	£'000	£'000
Cash and cash equivalents	25,850	88,522
Cash balances (note 20)	1,805	1,245
Fixed interest securities	22,989	23,995
Total	50,644	113,762

Interest rate risk sensitivity analysis

The council 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 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 ± 100 BPS change in interest rates:

Asset type	Value as at 31 March 2016	Change in year in the net assets available to pay benefits	
		+ 100 BPS	- 100 BPS
		£'000	£'000
Cash and cash equivalents	88,522	-	-
Cash balances	1,245	-	-
Fixed interest securities	23,995	(4,831)	4,831
Total change in assets available	113,762	(4,831)	4,831

Asset type	Value as at 31 March 2015	Change in year in the net assets available to pay benefits	
		+ 100 BPS	- 100 BPS
		£'000	£'000
Cash and cash equivalents	25,850	-	-
Cash balances	1,805	-	-
Fixed interest securities	22,989	(4,598)	4,598
Total change in assets available	40,100	(4,598)	4,598

Income source	Amount receivable in year ending 31 March 2016	Effect on income values	
		+ 100 BPS	- 100 BPS
		£'000	£'000
Cash deposits/cash and cash equivalents	217	898	(898)
Fixed interest securities	84	-	-
Total change in income receivable	301	898	(898)

Income source	Amount receivable in year ending 31 March 2015	Effect on income values	
		+ 100 BPS	- 100 BPS
		£'000	£'000
Cash deposits/cash and cash equivalents	212	277	(277)
Fixed interest securities	83	-	-
Total change in income receivable	295	277	(277)

NOTES TO THE PENSION FUND

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets 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. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

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 (£UK). The fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

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, the council considers the likely volatility associated with foreign exchange rate movements to be 8.7% (as measured by one standard deviation).

A 8.7% fluctuation in the currency is considered reasonable based on analysis of long-term historical movements in the month-end exchange rates over a rolling 3 year period.

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

A 8.7% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure - asset type	Asset value as at 31	Change to net assets available to pay benefits	
	March 2016	+8.7%	-8.7%
	£'000	£'000	£'000
Overseas equities	171,573	14,943	(14,943)
Overseas unit trusts	589,197	51,317	(51,317)
Overseas private equity	328,594	28,619	(28,619)
Overseas infrastructure	80,582	7,018	(7,018)
Total change in assets available	1,169,946	101,897	(101,897)

Currency exposure - asset type	Asset value as at 31	Change to net assets available to pay benefits	
	March 2015	+8.7%	-8.7%
	£'000	£'000	£'000
Overseas equities	165,082	14,378	(14,378)
Overseas unit trusts	662,083	57,665	(57,665)
Overseas private equity	310,361	27,031	(27,031)
Overseas infrastructure	71,460	6,224	(6,224)
Total change in assets available	1,208,986	105,298	(105,298)

NOTES TO THE PENSION FUND

b) 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.

In essence, the fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, 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.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

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

The council 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 2016 was £89.8m (31 March 2015: £27.7m). This was held with the following institutions:

	Rating	Balances as at 31 March 2015	Balances as at 31 March 2016
		£'000	£'000
Money Market funds			
Aviva	A+	-	20,000
JP Morgan	AAA	8,199	16,641
Legal & General	AAA	1,278	19,831
Northern Trust	AA-	1,066	16,108
Bank deposit accounts			
JP Morgan	A+	15,306	15,942
Bank current accounts			
Lloyds	A+	1,805	1,245
Total		27,654	89,767

c) Liquidity risk

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

The council has immediate access to its pension fund cash holdings.

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 2016 the value of illiquid assets was £605.6m, which represented 36.7% of the total fund assets (31 March 2015: £598.3m, which represented 34.8% of the total fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the fund investment strategy.

Refinancing risk

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

NOTES TO THE PENSION FUND

18 Funding arrangements

In line Regulation 62 of the Local Government Pension Scheme Regulations 2013 (as amended), 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 2013. The next valuation will take place as at 31 March 2016 with the results published by 31 March 2017.

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 scheme 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 27 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 2013 actuarial valuation, the Fund was assessed as 75% funded (81% at the March 2010 valuation). This corresponded to a deficit of £527 million (2010 valuation: £311 million) at that time.

At the 2013 actuarial valuation the average required employer contribution to restore the funding position to 100% over the next 27 years was 19.3% 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:

Financial assumptions

Discount Rate	6.1% per annum
Retail Price Inflation (RPI)	3.5% per annum
Consumer Price Inflation (CPI)	2.7% per annum
Pension and Deferred Pension Increases	2.7% per annum
Short term pay increases	1% per annum for the 3 years to 31 March 2016
Long term pay increases	4.5% per annum

Mortality assumptions

Current mortality	100% of the S1PA tables for males and 90% of the S1PA tables for females
Mortality Projection	2012 CMI Model with a long term rate of improvement of 1.5% per annum

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.

19 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 18). 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 2016 was £3,343 million (31 March 2015: £3,443 million). The net assets available to pay benefits as at 31 March 2016 was £1,657 million (31 March 2015: £1,651 million). The implied fund deficit as at March 2016 was therefore £1,686 million (31 March 2015: £1,792 million).

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore differ from the results of the 2013 triennial funding valuation (see Note 18) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Assumptions used

Inflation/pension increase rate assumption	2.4%
Salary increase rate	4.2%
Discount rate	3.7%

NOTES TO THE PENSION FUND

20 Current assets

31 March 2015		31 March 2016
£'000		£'000
6,591	- Contributions due	6,640
892	- Sundry debtors	6
311	- Prepayments	-
7,794	Debtors	6,646
1,805	Cash balances	1,245
9,599		7,891

Analysis of debtors

31 March 2015		31 March 2016
£'000		£'000
4,819	Other local authorities	3,643
2,975	Other entities and individuals	3,003
7,794		6,646

21 Current liabilities

31 March 2015		31 March 2016
£'000		£'000
(1,104)	Sundry creditors	(1,682)
(108)	Benefits payable	(2)
(1,212)		(1,684)

Analysis of creditors

31 March 2015		31 March 2016
£'000		£'000
(823)	Central government bodies	(907)
-	Other local authorities	-
(389)	Other entities and individuals	(777)
(1,212)		(1,684)

22 Additional voluntary contributions

Market value		Market value
31 March 2015		31 March 2016
£'000		£'000
13,199	Prudential	13,653
25	Equitable Life	4
59	Clerical Medical	58
13,283	Total	13,715

AVC Contributions of £2.001 million were paid directly to Prudential during the year (2014/15: £2.022 million).

23 Related party transactions

The Royal Borough of Windsor and Maidenhead

The Royal County of Berkshire Pension Fund is administered by The Royal Borough of Windsor and Maidenhead. Consequently there is a strong relationship between the council and the pension fund.

During the reporting period, the council incurred costs of £1.151m (2014/15 £0.946m) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses. The council is also the 4th largest employer of members of the pension fund and contributed £11.0m (2014/15 £11.1m).

Governance

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

Each member of the pension fund panel is required to declare their interests at each meeting.

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.

NOTES TO THE PENSION FUND

24 Contingent liabilities and contractual commitments

Outstanding capital commitments (investments) at 31 March 2016 totalled £139.986m (31 March 2015: £137.789m).

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.

25 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.

Royal County of Berkshire Pension Fund

Pension accounting disclosure as at 31 March 2016
Prepared in accordance with IAS26

Barnett Waddingham
Public Sector Consulting

3 May 2016

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1. 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 2016.

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.

These figures are prepared in accordance with our understanding of IAS26. In calculating the disclosed numbers we have adopted methods and assumptions that are consistent with IAS19.

This advice complies with all Generic Technical Actuarial Standards (TASs) and the Pensions TAS.

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013, is contracted out of the State Second Pension until 6 April 2016 and currently provides benefits based on career average revalued salary and length of service on retirement.

2. Valuation data

Data sources

In completing our calculations for pension accounting purposes we have used the following items of data, which we received from the Royal Borough of Windsor and Maidenhead:

- The results of the valuation as at 31 March 2013 which was carried out for funding purposes;
- Whole Fund income and expenditure items for the period to 31 March 2016;
- Estimated Fund returns based on Fund asset statements provided (or estimated where necessary) as at 31 March 2016, and Fund income and expenditure as noted above; and
- Details of any new early retirements for the period to 31 March 2016 that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost.

Although some of these data items have been estimated, we do not believe that they are likely to have a material effect on the results of this report. Further, 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, as at 31 March 2013, the date of the last full valuation.

Member data summary	Number	Salaries/Pensions	Average age
		£000s	
Actives	20,060	348,991	46
Deferred pensioners	24,847	31,164	46
Pensioners	13,666	64,567	70

Early retirements

We have been notified of 43 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 £243,200.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2016 is estimated to be 1%. The actual return on Fund assets over the year may be different.

The estimated asset allocation for Royal County of Berkshire Pension Fund as at 31 March 2016 is as follows:

	31 Mar 2016		31 Mar 2015	
	£000s	%	£000s	%
Equities	762,025	46%	765,334	46%
Gilts	23,995	1%	22,989	1%
Other Bonds	222,346	13%	231,873	14%
Property	189,901	11%	210,486	13%
Cash	107,698	7%	36,907	2%
Target Return Portfolio	290,937	18%	317,961	19%
Commodities	44,120	3%	63,633	4%
Infrastructure	80,582	5%	71,460	4%
Longevity Insurance	-65,071	-4%	-69,770	-4%
Total	1,656,533	100%	1,650,873	100%

We have estimated the bid values where necessary. The final asset allocation of the Fund assets as at 31 March 2016 is likely to be different from that shown due to estimation techniques.

Unfunded benefits

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

3. Actuarial methods and assumptions

Valuation approach

To assess the value of the Fund's liabilities at 31 March 2016, we have rolled forward the value of Fund's liabilities calculated for the funding valuation as at 31 March 2013, using financial assumptions that comply with IAS19.

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cashflows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated liability as at 31 March 2016 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March 2016 should not introduce any material distortions in the results provided that the actual experience of the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation.

The Fund entered into a longevity insurance contract in 2009 and this has been included in the assets. The value of the swap is equal to the value of the premiums due to the insurer as set out in the agreed schedule less the estimated value of the benefits due to the members covered. This is consistent with the approach taken last year.

In general, the actual value of the longevity insurance contract in these disclosures and future disclosures is likely to be different from that estimated as it is the difference in value between two very large numbers. However, if the value is much higher/lower, this is likely to be because mortality experience has been lighter/heavier than expected and so the increase/decrease in the assets should be roughly matched by an increase/decrease in the liabilities so that the net position should be broadly similar.

From the information we have received there appears to be no evidence that this approach is inappropriate.

Demographic/Statistical assumptions

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2013. The post retirement mortality tables adopted are the S1PA tables with a multiplier of 100% for males and 90% for females. These base tables are then projected using the CMI 2012 Model, allowing for a long-term rate of improvement of 1.5% p.a.

The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)		31 Mar 2016	31 Mar 2015
Retiring today	Males	22.9	22.8
	Females	26.2	26.1
Retiring in 20 years	Males	25.2	25.1
	Females	28.6	28.4

We have also assumed that:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- 10% of active members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

Financial assumptions

The financial assumptions used to calculate the results in Section 4 and the Appendices are as follows:

Assumptions as at	31 Mar 2016		31 Mar 2015		31 Mar 2014	
	% p.a.	Real	% p.a.	Real	% p.a.	Real
RPI increases	3.3%	-	3.2%	-	3.6%	-
CPI increases	2.4%	-0.9%	2.4%	-0.8%	2.8%	-0.8%
Salary increases	4.2%	0.9%	4.2%	1.0%	4.6%	1.0%
Pension increases	2.4%	-0.9%	2.4%	-0.8%	2.8%	-0.8%
Discount rate	3.7%	0.4%	3.3%	0.1%	4.5%	0.9%

These assumptions are set with reference to market conditions at 31 March 2016.

Our estimate of the duration of the Fund's liabilities is 19 years.

The discount rate is the annualised yield at the 19 year point on the Merrill Lynch AA-rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Fund's liabilities. This is consistent with the approach used at the last accounting date.

The Retail Prices Index (RPI) increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England (BoE), specifically the 19 year point on the BoE market implied inflation curve. The RPI assumption is therefore 3.3% p.a. This is consistent with the approach used at the last accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.9% p.a. below RPI i.e. 2.4% p.a. This is a slightly higher differential than last year. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts.

Salaries are assumed to increase at 1.8% p.a. above CPI in addition to a promotional scale.

4. Results and disclosures


We estimate that the net liability as at 31 March 2016 is a liability of £1,686,507,000.

The results of our calculations for the year ended 31 March 2016 are set out in the appendices below:

- Appendix 1 sets out the Statement of financial position as at 31 March 2016;
- Appendix 2 details a reconciliation of assets and liabilities during the year; and
- Appendix 3 shows a sensitivity analysis on the major assumptions.

The figures presented in this report are prepared only for the purposes of IAS19. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation.

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



**Graeme Muir FFA
Partner**

Appendix 1 Statement of financial position as at 31 March 2016

Net pension asset as at	31 Mar 2016	31 Mar 2015	31 Mar 2014
	£000s	£000s	£000s
Present value of the defined benefit obligation	3,343,040	3,442,647	2,900,874
Fair value of Fund assets (bid value)	1,656,533	1,650,873	1,571,828
Net liability in balance sheet	1,686,507	1,791,774	1,329,046

*Present value of funded obligation consists of £3,223,058,000 in respect of vested obligation and £119,982,000 in respect of non-vested obligation.

Appendix 2 Asset and benefit obligation reconciliation for the year to 31 March 2016

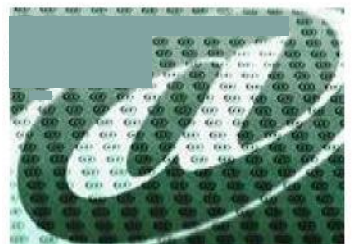
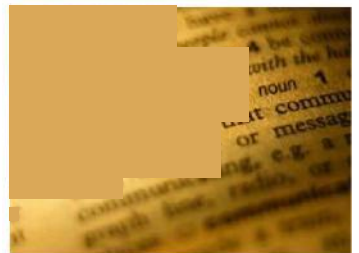
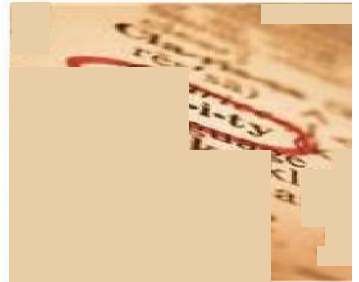
Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to	Year to
	31 Mar 2016	31 Mar 2015
	£000s	£000s
Opening defined benefit obligation	3,442,647	2,900,874
Current service cost	116,563	108,535
Interest cost	112,545	125,207
Change in financial assumptions	(263,664)	481,508
Change in demographic assumptions	-	-
Experience loss/(gain) on defined benefit obligation	-	-
Liabilities assumed / (extinguished) on settlements	-	(98,231)
Estimated benefits paid net of transfers in	(92,636)	(107,335)
Past service costs, including curtailments	1,746	1,981
Contributions by Scheme participants	25,839	30,108
Unfunded pension payments	-	-
Closing defined benefit obligation	3,343,040	3,442,647

Reconciliation of opening & closing balances of the fair value of Fund assets	Year to	Year to
	31 Mar 2016	31 Mar 2015
	£000s	£000s
Opening fair value of Fund assets	1,650,873	1,571,828
Interest on assets	54,498	70,558
Return on assets less interest	(48,024)	77,101
Other actuarial gains/(losses)	-	-
Administration expenses	(1,971)	(1,494)
Contributions by employer including unfunded	67,954	73,871
Contributions by Scheme participants	25,839	30,108
Estimated benefits paid plus unfunded net of transfers in	(92,636)	(107,335)
Settlement prices received / (paid)	-	(63,764)
Closing Fair value of Fund assets	1,656,533	1,650,873

Appendix 3 Sensitivity analysis

Sensitivity analysis	£000s	£000s	£000s	£000s	£000s
Adjustment to discount rate	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	3,044,454	3,280,949	3,343,040	3,406,368	3,672,571
Projected service cost	92,641	101,676	104,075	106,533	116,985
Longevity insurance contract asset value	(61,900)	(64,414)	(65,071)	(65,741)	(68,547)
Adjustment to long term salary increase	+0.5%	+0.1%	0.0%	-0.1%	+0.5%
Present value of total obligation	3,378,886	3,350,119	3,343,040	3,336,006	3,308,314
Projected service cost	104,324	104,125	104,075	104,025	103,825
Longevity insurance contract asset value	(65,071)	(65,071)	(65,071)	(65,071)	(65,071)
Adjustment to pension increases and deferred revaluation	+0.5%	+0.1%	0.0%	-0.1%	+0.5%
Present value of total obligation	3,668,184	3,400,038	3,343,040	3,287,142	3,046,473
Projected service cost	117,042	106,512	104,075	101,694	92,502
Longevity insurance contract asset value	(64,311)	(64,940)	(65,071)	(65,193)	(65,587)
Adjustment to life expectancy assumptions		+1 Year	None	- 1 Year	
Present value of total obligation		3,442,767	3,343,040	3,246,292	
Projected service cost		106,731	104,075	101,485	
Longevity insurance contract asset value		(37,506)	(65,071)	(91,659)	

For the adjustment to the life expectancy assumption, we are essentially assuming a member will live a year longer or a year less. For example, under +1 Year we assumed that a member with a 25 year life expectancy is actually expected to live for 26 years.



STATEMENT OF POLICY CONCERNING COMMUNICATIONS

1.0 INTRODUCTION

This statement of policy is formulated by the Royal Borough of Windsor and Maidenhead in its role as the administering authority for the Royal County of Berkshire Pension Fund in accordance with Regulation 61 of the Local Government Pension Scheme Regulations 2013.



This specific policy document deals with the communication of all aspects of the scheme to both Scheme employers and the individual LGPS members (or their representatives).

It should be noted for the purposes of clarification that the reference to 'member' in this statement means an individual who by virtue of his/her employment is an active contributor, deferred beneficiary or retired member of the Royal County of Berkshire Pension Fund.

The aim of the policy is to provide clear and consistent information to all Scheme members and employers and to communicate this information effectively and accurately.

This statement of policy will be kept under review and amended following any material change as regards:

- i) The provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;
- ii) The format, frequency and method of distributing such information or publicity; and
- iii) The promotion of the Scheme to prospective members.

Following any revision to the policy statement, the administering authority will publish the statement as revised.

The communication policy is sub-divided into four main areas:

- 1 - Communication with Scheme employers;
- 2 - Communication with individual Scheme members (or their representatives);
- 3 - Communication with prospective Scheme members; and
- 4 - Communication with prospective Scheme employers.



2.0 COMMUNICATION WITH SCHEME EMPLOYERS

The Royal County of Berkshire Pension Fund has many Scheme employers that satisfy the relevant admission status within the LGPS Regulations. These employers can be broadly split into 2 groups:

- Group 1: Scheduled Bodies (including Borough, District, Town and Parish Councils, Academies, Berkshire Fire & Rescue Service, Colleges and Housing Associations)
- Group 2: Admission Bodies (including employers previously defined as Community Admission Bodies and Transferee Admission Bodies).

2.1 Decision Making Process

The Policy Statement on Governance covers the involvement of Scheme employers within the decision making process but should also be seen as an element in the communication process with regard to Scheme employers other than the Royal Borough of Windsor & Maidenhead in its role as the administering authority for the Fund.

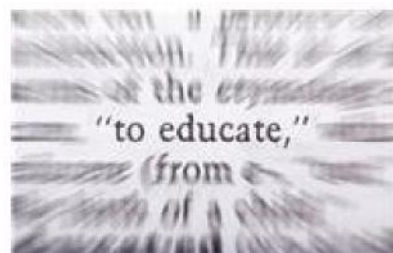
2.2 Annual Scheme Employers Meeting



An annual meeting is held to which at least one representative of each Scheme employer is invited. Representatives of various professional bodies employed by the Fund such as the Actuary will be present at the meeting to explain the details of any applicable topic and receive questions. If possible the Chairman of the Pension Board will also attend the meeting. The date for this meeting may vary so as to take into account the timing of any specific issues that may arise such as the actuarial valuation results.

2.3 Training for Scheme Employers

Scheme administration guidance is available to all the Scheme employers within the Fund via the Pension Fund website. In addition training meetings may be arranged on an ad hoc basis with the relevant officers within the pension administration team and individual Scheme employers by way of supplementing the guidance provided via the website. These meetings are most applicable for personnel and payroll staff of the Scheme employer.

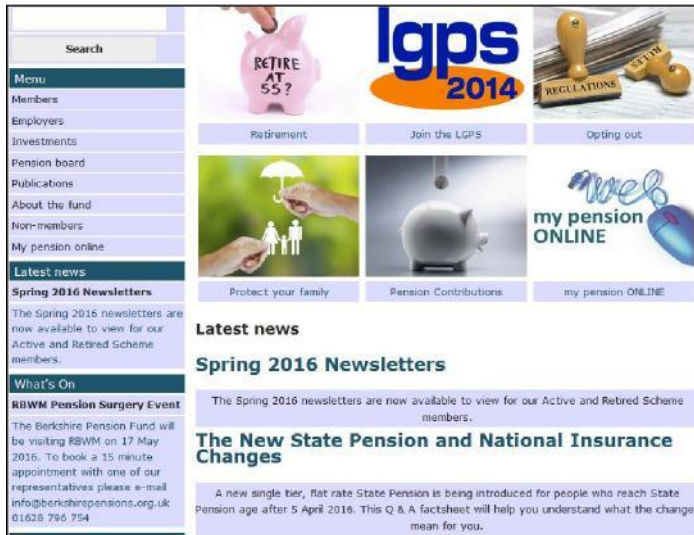


2.4 Regular LGPS updates

Regular updates are sent to each Scheme employer from the pension administration team regarding any changes to the Local Government Pension Scheme. These are mainly in the form of a quarterly Employer Newsletter (*Inscribe*) posted to the Royal County of Berkshire Pension Fund website as well as specific letters or e-mails. Bulletins will be issued quarterly and will include details of any legislation changes and how the changes impact on Scheme employers.

The Royal County of Berkshire Fund operates a Pension Fund website with sections specifically dedicated to active scheme members, deferred beneficiaries, retired members, and Scheme employers.

Other details that can be found include:



Standard Fund documentation
(guides, leaflets and forms)

Statement of Accounts for the Pension Fund

Statement of Investment

Principles Funding Strategy

statement Governance

Statement Copies of Newsletters

Links to other web sites

The Berkshire Pension Fund website address is www.berkshirepensions.org.uk.

2.5 General Guidance and Assistance

The pension administration team can be contacted during normal office hours and is always available to answer any questions raised by Scheme employers and can arrange for ad hoc meetings to be held for pension input into any specific tasks Scheme employers may have e.g. outsourcing of services. The pension administration team can be contacted by telephone on 0845 602 7237 or by email [at info@berkshirepensions.org.uk](mailto:info@berkshirepensions.org.uk)

2.6 Promotional Services

Promotional guides, factsheets and leaflets are produced by the pension administration team and are available from the Pension Fund website. The pension administration team are also available to attend Scheme Employer Benefits Fairs, Open Days and general drop-in days as arranged by the Scheme employer.



2.7 Scheme Member Data

Wherever possible the pension administration team will accept Scheme member data by electronic transfer in a format as provided to the Scheme employer by the administering authority. Where it is not reasonable to expect a Scheme employer to provide data electronically, standard forms for

completion are supplied via the Pension Fund website in both pdf and Word formats. Scheme employers are required to supply data on a monthly basis following the completion of each payroll run. At each year end (31st March) Scheme employers must supply a 'year end' return to the administering authority (by 30th April) in a specified format to enable annual benefits statements to be produced and supplied to active and deferred members.

2.8 Employer Self-Service (ESS)

The administering authority will make available to each Scheme employer the facility to access member data in respect of their own employees through a secure link to the pension administration software.

3.0 COMMUNICATION WITH INDIVIDUAL SCHEME MEMBERS

Membership of the Royal County of Berkshire Pension Fund covers the active contributors, those members who have left the Fund but still have a deferred pension and retired members and their dependants. The type of member to which the information is applicable is covered as appropriate.

The preferred method of communication with Scheme members is via *myPension ONLINE* a secure member self-service facility provided as part of the pension administration software. *myPension ONLINE* is available to all member types and enables the member to update certain personal details online and provides each member type with access to their annual benefit statements, membership certificates and guides/leaflets relevant to their class of membership.

3.1 Welcome Pack

Upon receipt of a new starter notification from a Scheme employer, a *myPension ONLINE* activation key is sent, by the pension administration team to the home address of the new active member. Access to the pension system provides a new Scheme member with:

- A membership certificate of entry into the scheme
- An employee guide to the scheme
- A guide to increasing pension benefits
- Transfer request details
- Details on protection for the family
- An expression of wish form for payment of a death grant
- A guide to civil partnerships
- A guide to working part-time
- A copy of the Pension Fund's Service Standards
- A guide to keeping records up to date
- A guide to making contributions following a period of absence
- A guide containing an election form for nominating a co-habiting partner



If a Scheme member prefers not to use *myPension ONLINE*, they can request a full welcome pack to be sent to their home address.

3.2 Annual Benefit Statements

Each active contributor and deferred beneficiary has an Annual Benefit Statement made available via *myPension ONLINE* which includes details of:

Accrued benefits within the scheme as at the 31st March last

The value of the death grant payable from the Scheme

The member's nominated beneficiaries for receipt of any death grant

Membership history including transferred in service from other Schemes

If a Scheme member prefers, a paper copy of their annual benefit statement will be sent to their home address upon request.

3.3 Pension Surgeries

One to one meetings are available at the Pension Fund offices for any member of the Fund and formal Pension Surgeries are held twice yearly at the offices of the six Unitary Authorities and on an ad hoc basis at the offices of other Scheme employers as arranged by the Scheme employer.

3.4 Newsletters

Newsletters are produced bi-annually for active and retired members and annually for deferred members. These newsletters are available via *myPension ONLINE* or the Pension Fund website although they can be sent out to individual addresses if requested.



The newsletters are tailored to the recipient according to their membership status and contain an update of all matters relating to the LGPS and the Berkshire Pension Fund. Retired members receive “The Scribe”.



Active members receive “The Quill” as do deferred members although two different versions of the Autumn edition are provided to cater for the differences in the specific membership classes.

3.5 Pre-Retirement Courses

Where pre-retirement courses are run by Scheme employers, a member of the pension administration team will be available to attend to explain the details of Scheme benefits and how and when pension payments will be made.

3.6 Pension Fund Website

Individual members of the Fund do have access to the Pension Fund website which is continually reviewed and updated. Specific sections of the website have been designed for each class of membership with downloadable forms and guides and online flipbooks and modellers made available. Access to *myPension ONLINE* is gained via the Pension Fund website www.berkshirerensions.org.uk



3.7 Pension Payslips

Pension payslips are available via *myPension ONLINE*. If a member requires a pay advice slip to be sent to their home address it is the practice of the administering authority to only send out pay advice slips when there is a variation of 50 pence or more in net pay between consecutive months. A detailed description of a payslip is available on the retired members section of the Pension Fund website.

3.8 P60s

P60s are available via *myPension ONLINE* but will be sent out to members' home addresses as a matter of course. Every retired member and/or their dependants will receive a P60 each year normally at the beginning of May. A detailed description of a P60 is available on the retired members section of the Pension Fund website.

3.9 Annual Pension Increase Letter

Annual Pension Increase are available via *myPension ONLINE* but will also be sent out to members' home addresses. Retired members will receive a pensions increase booklet every April containing their individual increase on their pension. This letter will include details of the monetary value of their revised pension and details of the amount to be paid in April.

3.10 Annual Meeting

An Annual Meeting of the Royal County of Berkshire Pension Fund is held with all Scheme members receiving an invite. A restricted number of members will be able to attend on a first come first served basis. The main purpose of the meeting is to communicate details of the Fund's Annual Report & Accounts, Investment Strategy and any other specific matters relating to the LGPS Regulations. The date for this meeting may vary so as to take into account certain regulatory matters that may arise.



3.11 Ad Hoc Meetings

Ad hoc meetings will be held from time to time for various groups of members. These may be defined by type of member (active or retired) or location (for a specific employer or group of employers). The timing of these meetings will be dictated by either requests from employers or the need to consult and notify members of any changes that occur.

4.0 COMMUNICATION WITH PROSPECTIVE SCHEME MEMBERS

A brief guide to the Scheme is available to all prospective Scheme members and should be provided to all new employees by their Scheme employer as part of their contract of employment details. The brief guide is available from the Pension Fund website in both pdf and Word formats and is kept up to date with current regulations at all times.

The Berkshire Pension Fund website has a dedicated area for employees considering opting into the LGPS.

5.0 COMMUNICATION WITH PROSPECTIVE SCHEME EMPLOYERS

A guide for admission bodies is available on the Pension Fund website for all prospective employers considering admission to the Berkshire Pension Fund and is available as a hard copy upon request.

A pro-forma admission agreement has been produced and is available either via the Pension Fund website or as a hard copy upon request.

The administering authority has the power to accept various types of Scheme employer into the Pension Fund but will only do so subject to a full and open discussion taking place between the parties to any admission agreement and that the final admission agreement has been completed in advance of the agreed admission date.



GOVERNANCE

COMPLIANCE

STATEMENT



INTRODUCTION

This document details the compliance of the Royal Borough of Windsor and Maidenhead, as the administering authority of the Royal County of Berkshire Pension Fund, with the guidance issued for governance of the Local Government Pension Scheme by the Secretary of State for Communities and Local Government. It has been prepared as required by Regulation 55 of the Local Government Pension Scheme Regulations 2013.

The Regulations require the administering authority to prepare this written statement setting out whether or not it delegates its functions or part of its functions to a committee, a sub-committee or an officer of the authority.

Where the administering authority does delegate all or part of its functions the statement must include the terms, structure and operational procedures of the delegation, the frequency of any committee or sub-committee meetings and whether such a committee or sub-committee includes representatives of Scheme employers and members, and if so, whether those representatives have voting rights.

In addition, the administering authority must state the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not comply, the reasons for not complying.

The administering authority must also set out details of the terms, structure and operational procedures relating to the local pension board established under regulation 106 of the Local Government Pension Scheme Regulations 2013 as inserted by the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015.

This governance compliance statement must be published by the administering authority, kept under review and amended following any material change to any matters included within, once any consultation has been concluded.

STRUCTURE

The Royal Borough of Windsor & Maidenhead (RBWM) has been designated as the administering authority to the Royal County of Berkshire Pension Fund in accordance with Part 1 of Schedule 3 of the Local Government Pension Scheme Regulations 2013.

For the purposes of managing the Pension Fund, RBWM delegates its powers under the Constitution of the Council where it sets out the functions of the Royal County of Berkshire Pension Fund Panel (hereinafter referred to as 'the Main Panel'), the Royal County of Berkshire Pension Fund Advisory Panel (hereinafter referred to as 'the Advisory Panel') and the Berkshire Pension Board (hereinafter referred to as 'the Pension Board'). As such several principles have been set out to ensure compliance with the scheme regulations.

- i) The management of the administration of benefits and strategic management of fund assets.

Compliant – The Constitution of the Council defines the responsibilities of 'the Main Panel' to manage the Pension Fund.

ii) Representatives of Scheme employers and Scheme members should sit on 'the Advisory Panel' to underpin the work of 'the Main Panel'.

Compliant – Membership of 'the Advisory Panel' includes five Elected Members from RBWM, one Elected Member from each of the other five Berkshire Unitary Authorities, two Admission Body representatives, two union representatives, and two members to represent the active, deferred and retired Scheme members.

iii) The structure of 'the Main Panel' and 'the Advisory Panel' should ensure effective communication across both levels.

Compliant – 'The Advisory Panel' meets concurrently with 'the Main Panel' with both Panels receiving the same information.

iv) At least one seat on 'the Main panel' should be allocated for a member of 'the Advisory Panel'.

Complaint – All five seats on 'the Main Panel' are allocated to the five RBWM members of 'the Advisory Panel'.

v) The structure of 'the Pension Board' must consist of an equal number of Scheme member and Scheme employer representatives all of whom have voting rights.

Compliant – Membership of 'the Pension Board' consists of one Independent Chairperson (who does not have a right to vote), 3 Scheme member representatives and 3 Scheme employer representatives.

REPRESENTATION

All key stakeholders should be afforded the opportunity to be represented with 'the Main Panel', 'the Advisory Panel' and 'the Pension Board'. To ensure compliance a number of principles have been identified.

The key stakeholders are:

i) Scheme employers.

Compliant – The six Berkshire Unitary Authorities and up to two of the other Scheme employers are represented on 'the Advisory Panel'. In addition 3 Scheme employer representatives make up membership of 'the Pension Board'

ii) Scheme members (including deferred and retired members).

Compliant – 'The Advisory Panel' has two representatives from the major trades unions and makes provision to have two representatives from the active, deferred or retired Scheme membership. In addition 3 Scheme member representatives sit on 'the Pension Board'

iii) Independent Professional Observers.

Compliant – An Independent Adviser attends each meeting of 'the Main Panel' and 'the Advisory Panel'. Independent Advisers are also required to attend meetings of 'the Pension Board' as requested by the Chairperson.

iv) Expert advisers (on an ad-hoc basis)

Compliant – Expert advisers are invited to meetings of ‘the Main Panel’ and ‘the Advisory Panel’ as required. Independent Strategy Advisers attend meetings of the Investment Working Group. In addition expert advisers are required to attend meetings of ‘the Pension Board’ as requested by the Chairperson.

v) Where lay members sit on either ‘the Main Panel’ or ‘the Advisory Panel’ they are treated equally in terms of access to papers, meetings and training and are given full opportunity to contribute to the decision making process with or without voting rights. No lay members sit on ‘the Pension Board’.

Compliant – Members of both ‘the Main Panel’, ‘the Advisory Panel’ and ‘the Pension Board’ are treated equally in respect of access to papers, meetings and training. All members are given full opportunity to contribute to the decision making process.

SELECTION AND ROLE OF LAY MEMBERS

Members of ‘the Main Panel’, ‘the Advisory Panel’ and ‘the Pension Board’ need to be fully aware of the status, role and function that they are required to perform.

Compliant – Bodies nominating individuals for membership of ‘the Main Panel’, ‘the Advisory Panel’ or ‘the Pension Board’ are periodically reminded that it is their responsibility to ensure that all members are aware of their responsibilities. The Chair of ‘the Main Panel’ will remind members of both ‘the Main Panel’ and ‘the Advisory Panel’ of their responsibilities as required. The Chair of ‘the Pension Board’ will remind members of ‘the Pension Board’ of their responsibilities as required. Each set of papers for every Panel/Board meeting contains a reminder to members of their duty in respect to potential conflicts of interest. Members are expected to declare conflicts of interest and abide by RBWM’s rules on conflicts of interest.

VOTING

The policy of the administering authority on voting rights must be clear and transparent and include justification for not extending voting rights to each body or group represented on ‘the Main Panel’ or ‘the Pension Board’.

Compliant – The Constitution of RBWM sets out the terms of reference and voting rights of ‘the Main Panel’, ‘the Advisory Panel’ and ‘the Pension Board’.

TRAINING / FACILITY TIME / EXPENSES

i) In relation to the way in which statutory and related decisions are taken by RBWM, a clear policy on training, facility time and reimbursement of expenses in respect of members involved in that decision making process must be made.

Compliant – All members of ‘the Main Panel’ and ‘the Advisory Panel’ are entitled to attend or request training. Members of ‘the Pension Board’ are required to have a working knowledge of the LGPS regulations and other associated legislation as it relates to the governance and administration of the Scheme and so must commit to undertaking the relevant training in order to achieve this requirement. All members of the Panels/Board are entitled to

request the use of facilities belonging to RBWM in respect of their duties as members of 'the Main Panel', 'the Advisory Panel' and 'the Pension Board' and reasonable expenses incurred in relation to their membership of the Panels/Board will be reimbursed upon request.

ii) Any policy must apply equally to all members of the Panels/Board.

Compliant – No distinction is made between members of 'the Main Panel' or 'the Advisory Panel'. However, the Independent Chairperson of 'the Pension Board' is appointed under contract and so in addition to the reimbursement of reasonable expenses also receives payment for chairing meetings of 'the Pension Board' at a rate of £125 per hour. In addition the Chairperson receives an annual fee of £250 for use of IT systems.

MEETINGS (frequency/Quorum)

i) RBWM will hold meetings of 'the Main Panel' at least quarterly.

Compliant – Meetings are held quarterly.

ii) RBWM will hold meetings with 'the Advisory Panel' at least twice a year synchronised with the dates for meetings of 'the Main Panel'.

Compliant – Both panels meeting concurrently

iii) RBWM will hold meetings of 'the Pension Board' ahead of each meeting of 'the Main Panel' and 'the Advisory Panel'.

Compliant – 'The Pension Board' meets quarterly at a satisfactorily and mutually agreed date ahead of each meeting of 'the Main Panel' and 'the Advisory Panel'.

iv) Where lay members are included in the formal governance arrangements RBWM will provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.

Compliant – 'The Advisory Panel' has four lay members. Also Scheme employer road shows are held on an ad-hoc basis to explain current issues. An annual meeting is held for Scheme employers and Scheme members.

ACCESS

Subject to any rules in RBWM's Constitution, all members of 'the Main Panel', 'the Advisory Panel' and 'the Pension Board' will have equal access to committee papers, documents and advice that falls to be considered at meetings of the Panels/Board.

Compliant – All members of 'the Main Panel', 'the Advisory Panel' and 'the Pension Board' have equal access to Panel/Board papers, documents and advice that falls to be considered at Panel/Board meetings.

SCOPE

RBWM will take steps to bring wider Scheme issues within the scope of their governance arrangements.

Compliant – Wider Scheme issues are considered by ‘the Main Panel’, ‘the Advisory Panel’ and ‘the Pension Board’ on a regular basis.

PUBLICITY

RBWM will publish details of their governance arrangements in such a way that interested stakeholders can express their interest in wanting to be part of those arrangements.

Compliant – The Governance Policy Statement is published on the Royal County of Berkshire Pension Fund website (www.berkshirepensions.org.uk) and is available on request from the Pension Manager.



FUNDING STRATEGY STATEMENT



1 INTRODUCTION

1.1 This is the Funding Strategy Statement (“FSS”) for the Royal County of Berkshire Pension Fund (“the Fund”) which is administered by The Royal Borough of Windsor of Maidenhead (“the Administering Authority”). It has been prepared in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013.

1.2 This statement should be read in conjunction with the Fund’s Statement of Investment Principles (“SIP”).

Purpose of the Funding Strategy Statement

1.3 The purpose of the FSS is to explain the Fund’s approach to meeting the employer’s pension liabilities and in particular:

- To establish a clear and transparent Fund-specific strategy which will identify how employers’ pension liabilities are best met going forward;
- To take a prudent longer-term view of funding those liabilities; and
- To support the regulatory framework to maintain as nearly constant Scheme employer contribution rates as possible.

1.4 The purpose of the Fund is to:

- Collect monies in respect of employee and employer contributions, transfer values and investment income;
- Facilitate payment of Local Government Pension Scheme (LGPS) benefits, transfer values, costs, charges and expenses; and
- Accumulate and invest money received and facilitate the management of this.



Funding Objectives

1.5 Contributions are paid to the Fund by Scheme members and Scheme employers to provide for the benefits which will become payable to Scheme members when they fall due.

1.6 The funding objectives are to

- Set levels of employer contributions that will build up a fund of assets that will be sufficient to meet all future benefit payments from the Fund;
- Build up as required assets in such a way that produces levels of employer contributions that are as stable as possible;
- Ensure effective and efficient management of employer liabilities; and
- Allow the return from investments to be maximised within reasonable risk parameters.

2 KEY PARTIES

- 2.1 The parties directly concerned with the funding aspect of the Pension Fund are contained in this section of the FSS. A number of other key parties, including investment managers and external auditors also have responsibilities to the Fund but are not key parties in determining funding strategy.

The Administering Authority



The Administering Authority for the Royal County Berkshire Pension Fund is the Royal Borough of Windsor & Maidenhead. The main responsibilities of the Administering Authority are as follows:

- Collect and account for employee and employer contributions;
- Pay the benefits to Scheme members and their dependants as they fall due;
- Invest the Fund's assets ensuring sufficient cash is available to meet the liabilities as and when they become due;
- Manage the Actuarial valuation process in conjunction with the Fund Actuary;
- Prepare and maintain the FSS and also the SIP (Statement of Investment Principles) after consultation with other interested parties; and
- Monitor all aspects of the Fund's performance and funding to ensure that the FSS and the SIP are updated as necessary.

Scheme Employers

- 2.3 The responsibilities of each individual Scheme employer which participates in the Fund, including the Administering Authority in its capacity as a Scheme employer, are as follows:

- Collect employee contributions and pay these together with their own employer contributions as certified by the Fund Actuary within the statutory timescales;
- Promptly notify the Administering Authority of any new Scheme members and any other membership changes in accordance with the pension administration service level agreement;
- Promptly notify the Administering Authority of any Scheme member who leaves or retires from their employment in accordance with the pension administration service level agreement;



- Promptly notify the Administering Authority of all Scheme member data and information required by the Administering Authority in accordance with the pension administration service level agreement so that the Administering Authority is able to accurately calculate the value of benefits payable to each Scheme member;
- Exercise any discretions permitted under the Scheme Regulations and to produce, maintain and publish a policy statement with regard to the exercise of those discretions;
- Meet the costs of any augmentations or other additional costs such as Pension Fund strain costs resulting from decisions to release early Scheme members' retirement benefits in accordance with Scheme regulations and agreed policies and procedures;
- Provide any information as requested to facilitate the Actuarial valuation process.

Fund Actuary

2.4 The Fund Actuary for the Royal County of Berkshire Pension Fund is Barnett Waddingham LLP. The main responsibilities of the Fund Actuary are to:

- Prepare the Actuarial Valuation having regard to the FSS;
- Prepare annual FRS17/IAS19 (accounting standards) reports for all Scheme employers requiring such a report for their annual report and accounts;
- Advise interested parties on funding strategy and completion of Actuarial valuations in accordance with the FSS and the Scheme Regulations;
- Advise on other actuarial matters affecting the financial position of the Fund.



3 FUNDING STRATEGY

3.1 The funding strategy seeks to achieve (via employee and employer contributions and investment returns) two key objectives:

- A funding level of 100% as assessed by the Fund's appointed actuary, triennially, in accordance with the Scheme Regulations;
- As stable an employer contribution rate as is practical.

3.2 The funding strategy recognises that the funding level will fluctuate with changing levels of employment, retirements, actuarial assumptions and investment returns and that the employer contribution has to be adjusted to a level sufficient to maintain the pension Fund's solvency and to achieve a funding level of 100% over the longer term.

3.3 The Actuarial valuation process is essentially a projection of future cash-flows to and from the Fund. The main purpose of the triennial valuation is to determine the level of employers' contributions that should be paid over an agreed period to ensure that the existing assets and future contributions will be sufficient to meet all future benefit payments from the Fund.

3.4 The last Actuarial valuation was carried out as at 31st March 2013 with the assets of the Fund found to be 75% of the accrued liabilities for the Fund.

Funding Method

3.5 The funding target is to have sufficient assets to meet the accrued liabilities for each Scheme employer in the Fund. The funding target may, however, also depend on certain Scheme employer circumstances and will, in particular, have regard to whether a Scheme employer is an “open” employer (which allows new recruits access to the Fund) or a “closed” employer (which no longer permits new employees access to the Fund). The expected period of participation by a Scheme employer in the Fund may also affect the chosen funding target.

3.6 For all Scheme employers the Actuarial funding method adopted considers separately the benefits in respect of service completed before the Valuation date (“past service”) and benefits in respect of service expected to be completed after the Valuation date (“future service”). This approach focuses on:

- The past service funding level of the Fund. This is the ratio of accumulated assets to liabilities in respect of past service after making allowance for future increases to members’ pay and pensions in payment. A funding level in excess of 100% indicates a surplus of assets over liabilities whereas a funding level of less than 100% indicates a deficit.
- The future funding rate i.e. the level of contributions required from the individual Scheme employers which together with employee contributions are expected to support the cost of benefits accruing in the future.

3.7 For “open” Scheme employers, the Projected Unit method is used which, for the future service rate, assesses the cost of one year’s benefit accrual.

3.8 For “closed” Scheme employers the funding method adopted is known as the Attained Age Method. This gives the same results for the past service funding level as the Projected Unit Method but for the future cost it assesses the average cost of the benefits that will accrue over the remaining working lifetime of the active Scheme members.

Valuation Assumptions and Funding Model

3.9 In completing the Actuarial valuation it is necessary to formulate assumptions about the factors affecting the Fund’s future finances such as inflation, pay increases, investment returns, rates of mortality, early retirement and staff turnover etc.

3.10 The assumptions adopted at the valuation can therefore be considered as:

- The statistical assumptions which generally speaking are estimates of the likelihood of benefits and contributions being paid; and
- The financial assumptions which generally speaking will determine the estimates of the amount of benefits and contributions payable and their current or present value.

Future Price Inflation

- 3.11 The base assumption in any triennial valuation is the future level of price inflation. This is derived by considering the average difference in yields from conventional and index linked gilts during the 6 months straddling the valuation date using a point from the Bank of England Inflation Curve. The resultant figure in the 2013 valuation is 3.5% per annum.



Future Pay Inflation

- 3.12 As benefits accrued before 1st April 2014 (and in the case of some protected members after 31st March 2014) are linked to pay levels at retirement it is necessary to make an assumption as to future levels of pay inflation. Historically there has been a close link between price and pay inflation with pay increases in excess of price inflation averaging out at between 1% and 3% per annum depending on economic conditions. The assumption adopted in the 2013 triennial valuation is that pay increases will, on average over the longer term, exceed price inflation by 1.0% per annum. In the short term in anticipation of Government policy, it has been assumed that pay increases for the 3 year period to 31 March 2016 would only be 1% per annum.

Future Pension Increases

- 3.13 The 2010 Emergency Budget announced that in future, the pensions increase orders will be linked to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). It was therefore assumed that pension increases will be 0.8% less than the price inflation assumption.



Future Investment Returns/Discount Rate

- 3.14 To determine the value of accrued liabilities and derive future contribution requirements it is necessary to discount future payments to and from the Fund to present day values.
- 3.15 The discount rate adopted depends on the funding level target adopted for each Scheme employer.
- 3.16 For “open” Scheme employers the discount rate applied to all projected liabilities reflects a prudent estimate of the rate of investment return that is expected to be earned from the underlying investment strategy by considering average market yields and indicators in the 6 months straddling the valuation date. This discount rate so determined may be referred to as the “ongoing” discount rate. At the 2013 triennial valuation the ongoing discount rate was 6.1%.
- 3.17 For “closed” employers an adjustment may be made to the discount rate in relation to the remaining liabilities once all active members are assumed to have retired if at that

time (the projected “termination date”) the Scheme employer either wishes to leave the Fund or the terms of their admission requires it.

- 3.18 The Fund Actuary will incorporate such an adjustment after consultation with the Administering Authority.
- 3.19 The adjustment to the discount rate is essentially to set a higher funding target at the projected termination date so that there are sufficient assets to fund the remaining liabilities on a “minimum risk” rather than on an ongoing basis to minimise the risk of deficits arising after the termination.

Asset Valuation

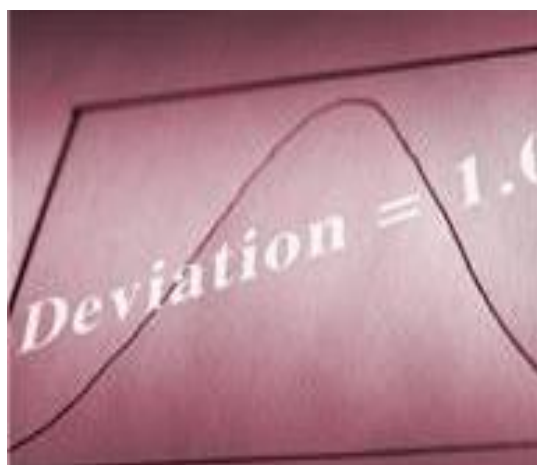
- 3.20 The asset valuation is a market value of the accumulated Fund at the triennial valuation date adjusted to reflect average market conditions during the 6 months straddling the triennial valuation date.

Statistical Assumptions

- 3.21 The statistical assumptions incorporated into the triennial valuation such as future rates of mortality etc are based on national statistics but then adjusted where deemed appropriate to reflect the individual circumstances of the Fund and/or individual Scheme employers.

Deficit Recovery/Surplus Amortisation Periods

- 3.22 Whilst one of the funding objectives is to build up sufficient assets to meet the cost of benefits as they accrue it is recognised that at any particular point in time, the value of the accumulated assets will be different to the value of accrued liabilities depending on how the actual experience of the Fund differs to the actuarial assumptions. Accordingly the Fund will normally either be in surplus or in deficit.



- 3.23 Where the Actuarial valuation discloses a significant surplus or deficit then the levels of required Scheme employers’ contributions will include an adjustment to either amortise the surplus or fund the deficit over a period of years (set as 30 years from 2011).

- 3.24 The period that is adopted for any particular Scheme employer will depend upon:
- The significance of the surplus or deficit relative to that Scheme employer’s liabilities;
 - The covenant of the individual Scheme employer and any limited period of participation in the Fund; and
 - The implications in terms of stability of future levels of Scheme employers’ contributions.

3.25 At the 2013 triennial valuation the period adopted to recover the deficit was:

Type of Scheme Employer	Maximum Length of Recovery Period
Unitary Authorities and Associated Employers	27 years
Housing Associations	17 years
Colleges	17 years
Academies	20 years
Community Admission Bodies	17 years
Transferee Admission Bodies	Future working life of current employees or contract period whichever is the shorter period

3.26 Where a Scheme employer's contribution has to increase significantly then the increase may be phased in over a period not exceeding 6 years although this may only be allowed for some Scheme employer types.

Pooling of Individual Scheme employers

3.27 The policy of the Fund is that each individual Scheme employer should be responsible for the costs of providing pensions for its own employees who participate in the Fund. Accordingly contribution rates are set for individual employers to reflect their own particular circumstances.

3.28 However, certain groups of individual Scheme employers may be pooled for the purposes of determining contribution rates to recognise common characteristics or where the number of Scheme members is small. Scheme employers with weak financial covenants would be liable for enhanced contributions.

3.29 Currently, other than Scheme employers that are already legally connected, there are the following pools:

- Colleges
- Academies
- Community Admission Bodies
- Housing Associations



3.30 The main purpose of pooling is to produce more stable Scheme employer contribution levels in the longer term whilst recognising that ultimately there will be some level of cross subsidy of pension cost amongst pooled Scheme employers.

Cessation Valuations

3.31 On the cessation of a Scheme employer's participation in the Fund, the Actuary will be asked to make a termination assessment. Any deficit in the Fund in respect of the Scheme employer will be due to the Fund as a termination contribution, unless it is agreed by the Administering Authority and the other parties involved that the assets and liabilities relating to the Scheme employer will transfer within the Fund to another participating Scheme employer.

- 3.32 In assessing the deficit on termination, the Actuary may adopt a discount rate based on gilt yields and adopt different assumptions to those used at the previous triennial valuation to protect the other Scheme employers in the Fund from having to fund any future deficits from the liabilities that will remain in the Fund.

Early Retirement Costs

- 3.33 The Actuary's funding basis makes no allowance for premature retirement except on grounds of permanent ill health. Scheme employers are required to pay additional contributions whenever an employee retires before attaining the age at which the triennial valuation assumes that benefits are payable. The calculation of these costs is carried out with reference to a calculation approved by the Actuary to the Fund.



- 3.34 The Fund monitors each Scheme employer's ill health experience on an ongoing basis. If the cumulative number of ill health retirements in any financial year exceeds the allowance at the previous triennial valuation by a statistically significant amount, the Scheme employer may be charged additional contributions on the same basis as apply for non-ill health cases.

Triennial Valuation

- 3.35 The next triennial valuation is due as at 31st March 2016.

4 LINKS WITH THE STATEMENT OF INVESTMENT PRINCIPLES (SIP)

- 4.1 The main link between the FSS and the SIP relates to the discount rate that underlies the funding strategy as set out in the FSS and the expected rate of investment return which is expected to be achieved by the underlying investment strategy as set out in the SIP.
- 4.2 As explained above the ongoing discount rate adopted in the Actuarial valuation is derived by considering the expected return from the underlying investment strategy and so there is consistency between the funding strategy and the investment strategy.

5 RISKS AND COUNTER MEASURES

- 5.1 Whilst the funding strategy attempts to satisfy the funding objectives of ensuring sufficient assets to meet pension liabilities and stable levels of Scheme employer contributions, it is recognised that there are a number of risks that may impact on the funding strategy and hence the ability of the strategy to meet the funding objectives.
- 5.2 The major risks for the funding strategy are financial risks although there are external factors including demographic risks, regulatory risks and governance risks.

Financial Risks

5.3 The main financial risk is that the actual investment strategy fails to produce the expected rate of investment return (in real terms) that underlies the funding strategy. This could be due to a number of factors including market returns being less than expected and/or chosen fund managers who are employed to implement the chosen investment strategy failing to achieve their performance targets. The triennial valuation results are most sensitive to the real discount rate. Broadly speaking an increase/decrease of 0.5% per annum in the real discount rate will decrease/increase the liabilities by 8% and decrease/increase the required Scheme employer contribution by around 3.9% of payroll.

5.4 The Pension Fund Panel regularly monitor the investment returns achieved by the fund managers and seek advice from Officers and independent advisors on investment strategy. In the inter-valuation period 2010 to 2013 such monitoring activity saw investment returns slightly lower than assumed in the 2010 valuation.



5.5 In addition the Fund Actuary provides monthly funding updates between triennial valuations to check whether the funding strategy continues to meet the funding objectives.

Demographic Risks

5.6 Allowance is made in the funding strategy via the actuarial assumptions of continuing improvement in life expectancy. However, the main risk to the funding strategy is that it might underestimate the continuing improvement in mortality. For example an increase in 1 year to life expectancy of all members in the Fund will reduce the funding level by around 2%

5.7 The actual mortality of retired members in the Fund is, however, monitored by the Fund Actuary at each Actuarial valuation and assumptions kept under review.

5.8 The liabilities of the Fund can also increase by more than has been planned as a result of early retirements (including redundancies).

5.9 However, the Administering Authority monitors the incidence of early retirements and procedures are in place that require individual Scheme employers to pay additional amounts to the Fund to meet any additional costs arising from early retirements thereby avoiding unnecessary strain on the Fund.

Regulatory Risks

5.10 The benefits provided by the Scheme and employee contribution levels are set out in Statutory Regulations as determined by central Government. The tax status of the invested assets is also determined by central Government.

5.11 The funding strategy is therefore exposed to the risks of changes in the Statutory Regulations governing the Scheme and changes to the tax regime which increase the cost to individual Scheme employers of participating in the Scheme.

5.12 The Administering Authority actively participates in any consultation process of any change in Regulations and seeks advice from the Fund Actuary on the financial implications of any proposed changes.

Governance

5.13 Several different Scheme employers participate in the Fund. Accordingly it is recognised that a number of Scheme employer specific events could impact on the funding strategy including:

- Structural changes in an individual Scheme employer's membership;
- An individual Scheme employer deciding to close the Scheme to new employees;
- A Scheme employer ceasing to exist without having fully funded their pension liabilities; and
- New Scheme employers being created out of existing Scheme employers.

5.14 The Administering Authority monitors the position of Scheme employers participating in the Fund particularly those that may be susceptible to the aforementioned events and takes advice from the Fund Actuary when required.

5.15 In addition the Administering Authority keeps in close touch with all individual Scheme employers participating in the Fund and regularly holds meetings with Scheme employers to ensure that, as Administering Authority, it has the most up to date information available on individual Scheme employer situations and also to keep individual Scheme employers fully briefed on funding and related issues.

6 MONITORING AND REVIEW

6.1 This FSS is reviewed formally, in consultation with the key parties, at least every three years to tie in with the triennial valuation process.

6.2 The Administering Authority also monitors the financial position of the Fund between triennial valuations and may review this FSS more frequently if deemed necessary.

Approved by the Berkshire Pension Fund Panel
28 April 2014

Appendix 4 Rates and Adjustment Certificate

A4.1. The Common Rate of Contribution as defined by Regulation 36 for the period 1 April 2014 to 31 March 2017 is 19.3% of pensionable payroll.

A4.2. However, each employer pays contributions based on their particular circumstances and so individual adjustments are made. These give the following minimum total contributions expressed as a percentage of pensionable pay plus the monetary amount where applicable as set out below.

Code	Employer	2013 Funding Pool	2014/15		2015/16		2016/17	
			% pay	£	% pay	£	% pay	£
2	Bracknell Forest Council	Bracknell Forest	12.8%	1,746,000	12.8%	2,076,000	12.8%	2,433,000
9	Bracknell Town Council	Bracknell Forest	16.7%	-	17.2%	-	17.7%	-
39	South Hill Park Trust	Bracknell Forest	16.7%	-	17.2%	-	17.7%	-
42	Winkfield Parish Council	Bracknell Forest	16.7%	-	17.2%	-	17.7%	-
49	Binfield Parish Council	Bracknell Forest	16.7%	-	17.2%	-	17.7%	-
125	Crowthome Parish Council	Bracknell Forest	16.7%	-	17.2%	-	17.7%	-
137	Sandhurst Town Council	Bracknell Forest	16.7%	-	17.2%	-	17.7%	-
190	Warfield Parish Council	Bracknell Forest	16.7%	-	17.2%	-	17.7%	-
3	RBWM (non-schools)	RBWM	12.8%	1,541,000	12.8%	1,830,000	12.8%	2,142,000
	RBWM (schools)	RBWM	17.6%	-	18.2%	-	18.9%	-
15	Cookham Parish Council	RBWM	17.6%	-	18.2%	-	18.9%	-
18	Sunningdale Parish Council	RBWM	17.6%	-	18.2%	-	18.9%	-
19	Sunninghill & Ascot Parish Council	RBWM	17.6%	-	18.2%	-	18.9%	-
51	Cox Green Parish Council	RBWM	17.6%	-	18.2%	-	18.9%	-
118	Bray Parish Council	RBWM	17.6%	-	18.2%	-	18.9%	-
127	White Waltham Parish Council	RBWM	17.6%	-	18.2%	-	18.9%	-
143	Hurley Parish Council	RBWM	17.6%	-	18.2%	-	18.9%	-
4	West Berkshire Council	West Berkshire	12.8%	1,641,000	12.8%	2,071,000	12.8%	2,537,000
11	Thatcham Town Council	West Berkshire	16.1%	-	16.8%	-	17.4%	-
20	Tilehurst Parish Council	West Berkshire	16.1%	-	16.8%	-	17.4%	-
47	Theale Parish Council	West Berkshire	16.1%	-	16.8%	-	17.4%	-
75	The Downs School	West Berkshire	16.1%	-	16.8%	-	17.4%	-
88	Newbury Town Council	West Berkshire	16.1%	-	16.8%	-	17.4%	-
120	Stratfield Mortimer Parish Council	West Berkshire	16.1%	-	16.8%	-	17.4%	-
136	Hungerford Town Council	West Berkshire	16.1%	-	16.8%	-	17.4%	-
147	Burghfield Parish Council	West Berkshire	16.1%	-	16.8%	-	17.4%	-
5	Reading Borough Council	Reading	12.0%	3,144,000	12.0%	3,600,000	12.0%	4,092,000
66	The Blessed Hugh Faringdon School	Reading	17.2%	-	17.7%	-	18.2%	-
68	Reading Girls School	Reading	17.2%	-	17.7%	-	18.2%	-
6	Slough Borough Council	Slough	11.7%	2,403,000	11.7%	2,714,000	11.7%	3,048,000
14	Britwell Parish Council	Slough	17.9%	-	18.4%	-	18.9%	-
61	Holy Family School	Slough	17.9%	-	18.4%	-	18.9%	-
62	Priory School	Slough	17.9%	-	18.4%	-	18.9%	-
119	Pippins School - Slough	Slough	17.9%	-	18.4%	-	18.9%	-
122	Wexham Court Parish Council	Slough	17.9%	-	18.4%	-	18.9%	-
7	Wokingham Borough Council	Wokingham	12.6%	1,472,000	12.6%	1,691,000	12.6%	1,927,000
10	Earley Town Council	Wokingham	17.7%	-	18.2%	-	18.7%	-
12	Wokingham Town Council	Wokingham	17.7%	-	18.2%	-	18.7%	-
21	Woodley Town Council	Wokingham	17.7%	-	18.2%	-	18.7%	-
43	Wargrave Parish Council	Wokingham	17.7%	-	18.2%	-	18.7%	-
52	Swallowfield Parish Council	Wokingham	17.7%	-	18.2%	-	18.7%	-
73	All Saints CE (Aided) Primary School	Wokingham	17.7%	-	18.2%	-	18.7%	-

Barnett Waddingham

Public Sector Consulting

Code	Employer	2013 Funding Pool	2014/15		2015/16		2016/17	
			% pay	£	% pay	£	% pay	£
96	Shinfield Parish Council	Wokingham	17.7%	-	18.2%	-	18.7%	-
97	Barkham Parish Council	Wokingham	17.7%	-	18.2%	-	18.7%	-
117	Finchampstead Parish Council	Wokingham	17.7%	-	18.2%	-	18.7%	-
129	Winnersh Parish Council	Wokingham	17.7%	-	18.2%	-	18.7%	-
159	Twyford Parish Council	Wokingham	17.7%	-	18.2%	-	18.7%	-
70000	Wokingham Borough Council (Schools)	Wokingham	17.7%	-	18.2%	-	18.7%	-
79	Housing Solutions Ltd	Housing Associations	18.4%	-	19.2%	-	20.0%	-
80	Windsor Housing	Housing Associations	19.6%	-	21.7%	-	23.7%	-
83	Dimensions UK Ltd	Housing Associations	18.9%	-	20.2%	-	21.5%	-
104	Housing Solutions Ltd	Housing Associations	16.2%	-	16.2%	-	16.2%	-
132	Bracknell Forest Homes	Housing Associations	18.7%	-	19.8%	-	20.9%	-
212	Radian Support	Housing Associations	18.1%	-	18.6%	-	19.2%	-
53	Newbury College	Colleges	18.1%	-	19.6%	-	21.1%	-
55	Bracknell & Wokingham College	Colleges	18.5%	-	20.4%	-	22.3%	-
57	East Berkshire College	Colleges	18.0%	-	19.4%	-	20.9%	-
58	Berkshire College Of Agriculture	Colleges	18.0%	-	19.4%	-	20.9%	-
156	University of West London	Colleges	18.3%	-	20.1%	-	21.8%	-
23	Berkshire County Blind Society	Admitted Bodies	19.3%	-	22.1%	-	24.9%	-
26	Age Concern Berkshire	Admitted Bodies	17.9%	-	19.3%	-	20.8%	-
28	Elizabeth Fry Hostel	Admitted Bodies	17.0%	-	17.4%	-	17.4%	-
30	Mary Hare Grammar School	Admitted Bodies	16.9%	-	17.4%	-	17.8%	-
35	School of St Helen & St Katharine	Admitted Bodies	17.6%	-	18.7%	-	19.8%	-
37	Slough Council For Voluntary Service	Admitted Bodies	17.4%	-	18.4%	-	19.4%	-
38	AOSEC	Admitted Bodies	17.2%	-	18.0%	-	18.8%	-
40	Reading Voluntary Action	Admitted Bodies	17.8%	-	19.1%	-	20.5%	-
93	Slough Community Transport & Shopmobility	Admitted Bodies	19.4%	-	22.3%	-	25.2%	-
95	Berkshire Maestros	Admitted Bodies	16.9%	-	17.3%	-	17.7%	-
98	Woodley Age Concern	Admitted Bodies	18.3%	-	20.1%	-	22.0%	-
105	PACT	Admitted Bodies	16.9%	-	17.4%	-	17.9%	-
121	SECBE	Admitted Bodies	16.3%	-	16.3%	-	16.3%	-
131	Learning Plus UK	Admitted Bodies	15.8%	-	16.1%	-	16.4%	-
134	Social Enterprise Berkshire	Admitted Bodies	18.1%	-	19.8%	-	21.5%	-
44	Reading Transport Ltd	Individual	20.2%	273,000	20.2%	314,000	20.2%	358,200
48	Sovereign Housing Association	Individual	21.9%	360,400	21.9%	376,700	21.9%	393,800
59	CiBT Berks Careers Guidance	Individual	15.9%	32,800	15.9%	68,800	15.9%	108,100
90	Berkshire Fire & Rescue Service	Individual	13.7%	138,700	13.7%	145,000	13.7%	151,600
100	Com Exchange Trust	Individual	20.4%	-	20.4%	-	20.4%	-
103	Slough Community Leisure	Individual	15.6%	-	15.6%	-	15.6%	-
106	Thames Valley Probation Board	Individual	12.0%	885,000	12.0%	925,100	12.0%	967,100
107	Interserve (Facilities Services Slough) Ltd	Individual	21.5%	-	21.5%	-	21.5%	-
110	Slough Enterprise Ltd	Individual	18.0%	-	18.0%	-	18.0%	-
113	Northgate Ltd	Individual	27.4%	-	27.4%	-	27.4%	-
114	Holroyd Howe Ltd	Individual	24.8%	3,200	24.8%	3,300	24.8%	3,500
115	MITIE	Individual	13.0%	9,000	13.0%	9,400	13.0%	9,800
126	John Madejski Academy	Individual	12.4%	-	12.4%	-	12.4%	-
128	Greenwich Leisure Ltd	Individual	15.8%	-	15.8%	-	15.8%	-
135	Langley Academy	Individual	12.1%	-	12.1%	-	12.1%	-
138	Berkshire Fire & Rescue (Training) Ltd	Individual	26.0%	-	26.0%	-	26.0%	-
139	VolkerWessels Ltd	Individual	22.3%	20,900	22.3%	21,800	22.3%	22,800
140	Care UK	Individual	20.4%	-	20.4%	-	20.4%	-
145	Library Services (Slough) Ltd	Individual	12.0%	-	12.0%	-	12.0%	-
149	Northgate Information Solutions Wokingham	Individual	25.8%	-	25.8%	-	25.8%	-
150	Busy Bee Cleaning Services Ltd	Individual	19.7%	-	19.7%	-	19.7%	-
151	RM Education PLC	Individual	6.2%	-	6.2%	-	6.2%	-
154	Vinci Park Services Ltd (Slough)	Individual	0.0%	-	0.0%	-	0.0%	-

Barnett Waddingham

Public Sector Consulting

Code	Employer	2013 Funding Pool	2014/15		2015/16		2016/17	
			% pay	£	% pay	£	% pay	£
155	Vinci Park Services Ltd (Bracknell)	Individual	9.1%	-	9.1%	-	9.1%	-
160	Optalis Limited	Individual	14.0%	-	14.0%	-	14.0%	-
162	Rethink	Individual	19.2%	7,200	19.2%	7,500	19.2%	7,900
177	Creative Support Ltd	Individual	7.8%	-	7.8%	-	7.8%	-
178	Northgate Information Solutions	Individual	15.5%	-	15.5%	-	15.5%	-
184	Arvato	Individual	12.9%	-	12.9%	-	12.9%	-
188	KGB Cleaning Ltd	Individual	21.5%	-	21.5%	-	21.5%	-
192	People Potential Possibilities (P3)	Individual	13.5%	7,100	13.5%	7,500	13.5%	7,800
193	Adviza	Individual	15.2%	-	15.2%	-	15.2%	-
202	Ridge Crest Cleaning Services	Individual	12.9%	-	12.9%	-	12.9%	-
204	Elior UK plc	Individual	13.7%	-	13.7%	-	13.7%	-
209	Hayward Services Limited	Individual	12.8%	-	12.8%	-	12.8%	-
211	Creative Support Limited	Individual	16.2%	-	16.2%	-	16.2%	-
144	Highdown School and 6th Form Centre	Academies	16.6%	-	16.6%	-	16.6%	-
146	Churchend Academy	Academies	16.6%	-	16.6%	-	16.6%	-
148	Kennet Academy	Academies	16.6%	-	16.6%	-	16.6%	-
152	Lowbrook Academy Trust	Academies	16.6%	-	16.6%	-	16.6%	-
153	Maiden Erleigh School	Academies	16.6%	-	16.6%	-	16.6%	-
157	Park House School Newbury	Academies	16.6%	-	16.6%	-	16.6%	-
158	The Piggott C of E Academy	Academies	16.6%	-	16.6%	-	16.6%	-
161	The Holt School	Academies	16.6%	-	16.6%	-	16.6%	-
163	Baylis Court School	Academies	16.6%	-	16.6%	-	16.6%	-
164	Slough & Eton C of E School	Academies	16.6%	-	16.6%	-	16.6%	-
165	The Avenue Academy	Academies	16.6%	-	16.6%	-	16.6%	-
166	Ranelagh School	Academies	16.6%	-	16.6%	-	16.6%	-
167	Langley Hall Primary Academy	Academies	16.6%	-	16.6%	-	16.6%	-
168	Kendrick School	Academies	16.6%	-	16.6%	-	16.6%	-
169	Langley Grammar School	Academies	16.6%	-	16.6%	-	16.6%	-
170	Lynch Hill School Primary Academy	Academies	16.6%	-	16.6%	-	16.6%	-
171	Prospect School Reading	Academies	16.6%	-	16.6%	-	16.6%	-
172	Slough Grammar School	Academies	16.6%	-	16.6%	-	16.6%	-
173	Reading School	Academies	16.6%	-	16.6%	-	16.6%	-
174	St Bartholomew's School	Academies	16.6%	-	16.6%	-	16.6%	-
175	Cox Green School	Academies	16.6%	-	16.6%	-	16.6%	-
176	Furze Platt Senior School	Academies	16.6%	-	16.6%	-	16.6%	-
179	Datchet St Mary's C of E Primary School	Academies	16.6%	-	16.6%	-	16.6%	-
180	Denefield School	Academies	16.6%	-	16.6%	-	16.6%	-
181	All Saints Junior School Reading	Academies	16.6%	-	16.6%	-	16.6%	-
182	Herschel Grammar School	Academies	16.6%	-	16.6%	-	16.6%	-
183	Westgate School	Academies	16.6%	-	16.6%	-	16.6%	-
185	Cippenham Primary School	Academies	16.6%	-	16.6%	-	16.6%	-
186	Cippenham Infants School	Academies	16.6%	-	16.6%	-	16.6%	-
187	Marish Primary School	Academies	16.6%	-	16.6%	-	16.6%	-
189	Oakbank Free School	Academies	16.6%	-	16.6%	-	16.6%	-
191	Altwood School	Academies	16.6%	-	16.6%	-	16.6%	-
194	Trinity School	Academies	16.6%	-	16.6%	-	16.6%	-
196	White Waltham School	Academies	16.6%	-	16.6%	-	16.6%	-
197	Godolphin Junior School	Academies	16.6%	-	16.6%	-	16.6%	-
198	Godolphin Infant School	Academies	16.6%	-	16.6%	-	16.6%	-
199	Castleview School	Academies	16.6%	-	16.6%	-	16.6%	-
200	Charters School	Academies	16.6%	-	16.6%	-	16.6%	-
201	Desborough School	Academies	16.6%	-	16.6%	-	16.6%	-
203	Meadow Park Academy	Academies	16.6%	-	16.6%	-	16.6%	-
205	Ryvers School	Academies	16.6%	-	16.6%	-	16.6%	-
206	Battle Primary Academy	Academies	16.6%	-	16.6%	-	16.6%	-
207	Willow Primary School	Academies	16.6%	-	16.6%	-	16.6%	-
208	Fir Tree Academy Trust	Academies	16.6%	-	16.6%	-	16.6%	-

Notes

- A4.3. Further sums should be paid to the Fund to meet the costs of any early retirements using methods and assumptions discussed with us.
- A4.4. The certified contribution rates represent the minimum level of contributions to be paid. Employing authorities may pay further amounts at any time and future periodic contributions may be adjusted on a basis approved by ourselves.
- A4.5. The certified contribution rates assume payments are made throughout the year. If an employing authority wishes to prepay any part of their contribution an adjustment may be made to allow for the difference in the timing.

Projected New Benefits

- A4.6. The following table shows the amount of new pension and lump sum benefits (excluding early retirement benefits due to redundancy) projected to come into payment during the period 1 April 2014 to 31 March 2017.

Year to	Retirement Benefits £(000)
31 March 2015	15,709
31 March 2016	18,421
31 March 2017	21,459

Appendix 5 New Employers

A5.1. The below employers have joined the Fund since 31 March 2013 and their rates were certified at their date of joining and will continue as set out until 1 April 2017 when they will be assessed as part of the next formal valuation.

Certified rates for new employers in the Fund since 1 April 2013			2014/15		2015/16		2016/17	
Code	Employer	Funding Pool	% pay	£	% pay	£	% pay	£
210	Colnbrook Primary School	Academies	16.6%	-	16.6%	-	16.6%	-
213	St Mary's Catholic Primary School	Academies	16.6%	-	16.6%	-	16.6%	-
214	Forest School Academy Trust	Academies	16.6%	-	16.6%	-	16.6%	-
215	James Elliman Academy	Academies	16.6%	-	16.6%	-	16.6%	-
217	The Palmer Academy	Academies	16.6%	-	16.6%	-	16.6%	-
218	The Specialist Education Trust	Academies	16.6%	-	16.6%	-	16.6%	-
219	Theale Green School	Academies	16.6%	-	16.6%	-	16.6%	-
221	The NAS Academy Trust	Academies	16.6%	-	16.6%	-	16.6%	-
223	Whitelands Park Academy	Academies	16.6%	-	16.6%	-	16.6%	-
224	Montem Academy	Academies	16.6%	-	16.6%	-	16.6%	-
225	Foxborough Academy School	Academies	16.6%	-	16.6%	-	16.6%	-
216	Chieveley Parish Council	West Berkshire	16.1%	-	16.8%	-	17.4%	-
220	Slough Learning Partnership	Slough	17.9%	-	18.4%	-	18.9%	-
222	Mott MacDonald	Individual	12.2%	-	12.2%	-	12.2%	-
226	BBOWT	Individual	19.7%	-	19.7%	-	19.7%	-

Notes

- A5.2. Further sums should be paid to the Fund to meet the costs of any early retirements using methods and assumptions discussed with us.
- A5.3. The certified contribution rates represent the minimum level of contributions to be paid. Employing authorities may pay further amounts at any time and future periodic contributions may be adjusted on a basis approved by ourselves.
- A5.4. The certified contribution rates assume payments are made throughout the year. If an employing authority wishes to prepay any part of their contribution an adjustment may be made to allow for the difference in the timing.




STATEMENT OF INVESTMENT PRINCIPLES

1.0 INTRODUCTION

- 1.1 This is the Statement of Investment Principles adopted by the Royal Borough of Windsor and Maidenhead acting as the administering authority for the Royal County of Berkshire Pension Fund.
- 1.2 This document contains a compliance statement as regards the Government Code of Investment Principles and also provides information on all the Fund's service providers (investment managers, custodian and advisers) along with the nature of the services they provide.
- 1.3 The practices described within this document form the basis of the decision making for the Fund. The document is kept under continuous review.

2.0 MANAGEMENT STRUCTURE

- 2.1 The Royal Borough of Windsor and Maidenhead (RBWM) is the Administering Authority for the Royal County of Berkshire Pension Fund in accordance with Part 1 of Schedule 3 of the Local Government Pension Scheme Regulations 2013 (as amended) and, therefore, has overall responsibility for any decisions taken that impact on the running of the Pension Fund. RBWM recognises, however, that in its role as custodian of the Royal County of Berkshire Pension Fund assets it is important that the views of other employers including the other five unitary councils in Berkshire, individual Scheme contributors and retired members are taken into account. For this reason two Panels are operated by the Council namely a Pension Fund Panel (consisting of five elected members of RBWM) and a Pension Fund Advisory Panel (consisting of the five members of the Pension Fund Panel, one representative from each of the other five unitary councils within the Fund, two representatives representing the other employers, two trade union representatives representing active members and two representatives drawn from the membership of the Fund (one representing active members the other deferred and pensioner members)).
- 2.2 The Pension Fund Panel and Pension Fund Advisory Panel meet together to discuss items of decision and monitoring. These meetings are held on a quarterly basis together with additional meetings as required. The Pension Fund Panel is the executive body.
- 2.3 The 'Terms of Reference' of the Pension Fund Panel and the Pension Fund Advisory Panel are contained in the Constitution of RBWM, Part 6 (D1) 'Berkshire Pension Fund Panel'.
- 2.4 Management of the Pension Fund by officers of RBWM is carried out in accordance with Part 5A 'Scheme of Delegation' in the Constitution of RBWM.

Investment Managers

2.5 The day to day management of the Fund's investment portfolios has been delegated to the Fund's investment managers. Their duties include:



- Purchase and sale of assets of the Fund;
- Preparation of quarterly reporting including a review of investment performance.
- Reporting personally to the Pension Fund and Pension Fund Advisory Panels as requested.
- Providing administrative and accounting data concerning the investment portfolio and transactions.

Custodian (JP Morgan Worldwide Securities Services)

2.6 The Fund operates with a global custodian who is responsible for the settlement of all investment transactions, collection of income, tax reclaims and corporate action administration.

Scheme Actuary (Barnett Waddingham)

2.7 The scheme actuary is responsible for:

- Undertaking a triennial valuation of the Fund's assets and liabilities.
- Setting the scheme employer contribution rates.
- Undertaking FRS17 valuations annually for each employing body.
- Providing advice as requested.

Independent Advisors

2.8 The Pension Fund Panel's independent advisor has no specific duties but attends meetings of the Panel and gives general advice on the topics under consideration. The Investment Working Group (a working group of The Pension Fund Panel) has two independent strategy advisors who give advice on the asset allocation of the Fund.

3.0 OBJECTIVES

3.1 The primary objective of the Fund is to provide the members pension and lump sum benefits on their retirement or for their dependants benefits on death before or after retirement, on a 'defined benefits basis'. In order that this primary objective can be achieved, the following funding and investment objectives have been agreed.



Funding Objectives

- 3.2 To fund the Pension Fund in such a manner that in normal market conditions, all accrued benefits are fully covered by the actuarial value of the Fund's assets and that an appropriate level of contributions is agreed by the administering authority and each employer body to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary increases.



The assumptions used correspond with the assumptions used in the latest actuarial valuation. The funding position will be reviewed on a regular basis but at least at each triennial actuarial valuation. The Panel will be advised on the effect of any material changes to the Fund during the inter-valuation period.

Investment Objective

- 3.3 The Pension Fund Panel has agreed a strategic asset allocation to achieve the long term investment returns to meet the Fund Objective.

Investment Philosophy

- 3.4 In January 2012 the Pension Fund Panel adopted an investment philosophy which states that the objective of the portfolio is to return the Fund to a funding ratio of 100% whilst minimising contributions. The actuarial assumption is that this will be achieved by 2040 (being the 27 year recovery period assumed for the major employers in the 2013 actuarial valuation). In doing this the aim is to minimise any risk of upward changes in employers' contribution rates.

We will seek to achieve this objective by setting the following investment aims:

- To deliver a total return of 4.0% (net income plus capital gain) over the annualised rate of UK inflation (as measured by the change in the Consumer Prices Index) on assets whilst aiming to deliver an investment income yield of 2% (being our best estimate of the level of income required to avoid eroding capital to meet the gap between contributions received and benefits payable).
- To minimise the impact of interest rate and inflation expectation changes on the funding ratio.
- To keep asset value drawdowns to a minimum.



To achieve these aims, we will invest according to the following tenets:

- We will diversify the portfolio across a range of different return seeking assets.
- We will manage the portfolio over the investment cycle with an expected normal time horizon for investments of at least 3 years.

- We will aim to minimise transaction costs and fund managers' fees.
- Low volatility is preferred to high volatility.
- We acknowledge that there will be periods when equities will produce significant capital gains or losses. Over the long term the return achieved may not adequately compensate investors for the higher volatility.
- We consider that there is little value to be gained from short-term active management in highly efficient markets but that there may exist opportunities to extract value from asset allocation and/or minor inefficiencies within markets.
- We consider that active managers can add value (net of their fees) relative to index-tracking managers by taking a long-term view and/or exploiting inefficiencies within markets.
- We will use benchmarks to monitor rather than to manage performance.
- We will manage currency exposure separately from the underlying asset exposure and in accordance with our bespoke currency benchmark.

Currency Benchmark

3.5 The Pension Fund Panel has agreed that the currency exposure of the portfolio should be managed against a fund specific benchmark. This benchmark was introduced in April 2012 and revised in April 2013 the current benchmark is:

Currency	Benchmark Weighting %
Sterling	59
Euro	2
US Dollar	16
Japanese Yen	2
Swiss Franc	2
Developing Market Currencies	15
Commodity Currencies	4
Total	100



4.0 ASSET ALLOCATION AND MANAGER STRUCTURE

- 4.1 The main objective of the investment of the Fund's assets is to achieve a return which is sufficient, over the long-term, to meet the funding objectives set out above.
- 4.2 To achieve these objectives the following strategies have been agreed.

Asset/Liability Study

4.3 The overall asset allocation strategy adopted for the Fund is regularly reviewed by way of an asset/liability study carried out by a suitably qualified adviser. The latest study

completed in 2008 was based on the results of the 2007 Actuarial Valuation and took account of the following:

- Long term funding considerations.
- The Liability profile of the Berkshire Fund.
- The solvency of the Berkshire Fund.
- Expected investment returns.
- The volatility and correlation of returns.



The recommendation of the 2009 study was that the asset allocation of the Fund be broadened to include allocations to absolute return funds (including hedge funds), active currency funds, commodities, emerging market and yield debt, global property and infrastructure funds. A formal tender process to appoint managers to manage the allocations to these asset classes commenced in June 2008 and was finished by April 2009. Following the appointment of managers for these allocations the asset allocation is regularly reviewed and adapted to take into account of market conditions at the time. New allocations may be made from time to time and Investment Managers are added to, removed or changed as necessary.

The return assumptions required to achieve and maintain the Fund objective are set out in the Actuarial Valuation. The strategic benchmark adopted by the Fund is designed to achieve that return in the long term. It is recognised, however, that there will be periods when market conditions do not permit those assumptions to be met and that the benchmark needs to be kept under periodic review in order to confirm that it is still suitable for the purpose for which it was designed.

Tactical Asset Allocation

- 4.4 The Investment Working Group reviews the Fund's asset allocation at each meeting and will recommend changes to the asset allocation in light of prevailing market conditions.

Investment Managers and Stock Selection

- 4.5 The current structure of investment management comprises of a number of specialist mandates. Each manager has a specific benchmark and target to reflect their specific mandate. Managers may either be granted a segregated account mandate or the Fund may invest in a pooled fund managed by that manager.



The external managers appointed by the Fund are authorised under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended) to manage the assets of the Fund.

A management agreement is in place for each Investment Manager that sets out the relevant

target benchmark, performance target, and any restrictions as determined. Where investment is made via a pooled fund the Fund will ensure that any subscription agreement entered into sets out the relevant target benchmark, performance target and any investment restrictions.

Each manager is given full discretion over the choice of individual securities and funds and is expected to maintain a diversified portfolio.

The Pension Fund Panel requires each external manager to report, in person, on their performance and transactions at a frequency that ensures that those managers whose performance is causing concern are seen on a regular basis.

Each manager is expected to achieve an excess return on the assets under their management greater than the relevant benchmark. In assessing performance of each manager the Pension Fund Panel takes in to account the long-term nature of the investment process and returns are judged primarily on an annualised basis over a rolling three-year period. The Pension Fund Panel formally reviews the appointment of each manager at least every three years or such shorter period as may be necessary.

The fee scale charged by each manager is considered by the Pension Fund Panel on their appointment and is compared to that of other submissions in the tender process.

Although fees are not the primary determinant in making an appointment they are related to the expectation of performance levels. The most suitable fee base is chosen and this may be on an ad-valorem or performance-related basis.

Realisation of investments

- 4.6 The majority of investments held directly or indirectly through pooled vehicles, by the Fund and its Investment Managers are quoted on the major stock markets of the world and may be realised quickly if required. The Fund does, however, invest in limited partnerships and some less liquid pooled funds but these are a small portion of the Fund's assets. Notwithstanding this, the Fund maintains sufficient investment in liquid assets to meet its liabilities in the short and medium term as they fall due.

Risk

- 4.7 The adoption of a long-term strategic benchmark and tactical asset allocation policy may limit the Fund from achieving the required long-term investment returns whilst at the same time achieving suitable investment diversification.

Particular reference to investment risk is outlined in the management agreement of the appointment of each investment manager. To the extent any unexpected deviation from the expected excess returns or the controls in place on the actions of individual investment managers occurs, the manager will be reviewed and may be removed or changed as necessary.



5.0 OTHER ISSUES

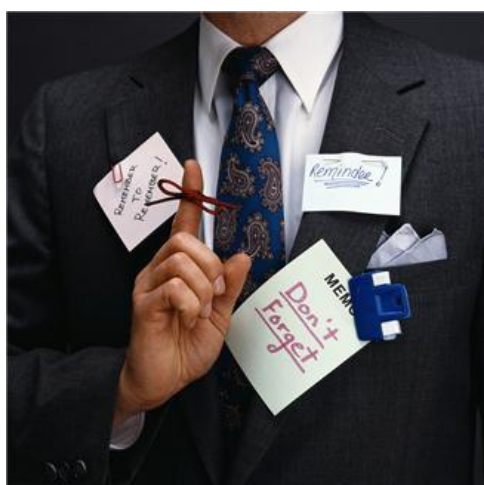
Socially Responsible Investment

- 5.1 In considering the extent to which social, ethical and environmental issues are taken into account in the investment process the members of the Pension Fund Panel consider that they should, at all times, act in the best financial interests of the Fund, within the risk parameters of a diversified portfolio.

By such action they seek to maximise the returns in order to minimise the effect of meeting liabilities on the individual employer contribution rates of each of the member bodies.

Subject to the above consideration, however, the Pension Fund Panel are of the opinion that non-adherence to sound practice in this area, by the companies in which the Fund is invested, could lead to a considerable financial impact on their future earnings in the event of breaches in acceptable standards. The Pension Fund Panel, as responsible shareholders, seeks to encourage best practice in the following manner:

- a) By asking their investment managers to consider social, ethical and environmental issues within their investment process where the manager considers it appropriate.



Consideration of such issues should not, however, deflect from the primary aim of the manager of meeting the performance target as specified in their management agreement.

- b) By engaging in dialogue with companies and voting on specific items in relation to social, ethical and environmental issues affecting the companies whose shares are held by the Fund. Specific attention is drawn to such issues in the voting policy of the Fund.

- c) By offering members who wish to subscribe to an AVC arrangement offered by the approved providers to the Fund an alternative of linking the investment of their AVC contributions to an investment policy that

screens investment on an ethical or environmental basis. Such investment policies are a matter of choice for the individual contributor and the investment policy of the approved AVC provider.

Corporate Governance

- 5.2 The Pension Fund Panel is committed to act as a responsible shareholder with reference to the exercising of any voting rights attaching to the assets of the Fund. To this effect all such rights are exercised in accordance with the voting policy agreed by the Pension Fund Panel at its meeting on the 16 March 2000 and any amendments approved by subsequent meetings. Relevant independent advice from appropriate bodies will be considered in the exercising of any such voting rights.



Stock Lending

- 5.3 The Fund does not lend any stock. However, it is recognised that pooled fund managers may lend stock from funds in which the Fund is invested.

AVC Arrangements

- 5.4 Members have the opportunity to, where applicable, invest in AVC Funds.

6.0 GOVERNMENT CODE OF INVESTMENT PRINCIPLES COMPLIANCE STATEMENT

Principle 1 – Effective decision making

Administering authorities should ensure that:

- Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation; and
- Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.

Response – Fully Compliant

The Berkshire Fund operates within the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2009 (as amended).

The decision making process, bodies and delegation of responsibilities are outlined in the ‘Statement of Investment Principles’ for the Fund and the Constitution of RBWM which acts as administering authority for the Fund.

Members of the Pension Fund Panel and Berkshire Pension Fund Advisory Panel receive training as appropriate. All new members receive an introduction manual and are offered individual training to meet their requirements.

Principle 2 - Clear Objectives

An overall investment objective(s) should be set out for the fund that takes account of the scheme’s liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be clearly communicated to advisors and investment managers.

Response – Fully Compliant

The objectives and risk parameters of the Fund are contained within the Statement of Investment Principles. The Fund has specific performance targets for each area of management.

Principle 3 – Risk and Liabilities

In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities.

These include the implications for local tax payers, the strength of the covenant for participating employers, the risk of their default and longevity risk.

Response – Fully Compliant

In adopting an investment strategy for the Fund a detailed asset liability study was completed in 2008 and repeated in 2009. The Fund monitors the expected return from the assets held and the required rate of investment return needed to achieve full funding. Asset allocation is reviewed quarterly with these parameters in mind.

In December 2009 the Fund entered into a longevity insurance contract to insure the Fund against further improvements in the longevity of its pensioners (as at 31st July 2009) and continues to monitor the development of the longevity risk market to take advantage of any attractive opportunities to hedge more of its longevity risk.

Principle 4 – Performance Assessment

Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisors.

Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision-making body and report on this to scheme members.

Response – Partially Compliant

The Fund measures the performance of investments, investment managers and advisors.

Principle 5 – Responsible Ownership

Administering authorities should:

- Adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents;
- Include a statement of their policy on responsible ownership in the statement of investment principles;
- Report periodically to scheme members on the discharge of such responsibilities.

Response – Fully Compliant

All equity managers are aware of their responsibilities.

Principle 6 – Transparency and Reporting

Administering authorities should:

- Act in a transparent way, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives.
- Provide regular communication to scheme members in the form they consider most appropriate.

Response – Fully Compliant

The Fund uses a variety of communications with stakeholder and scheme members including newsletters, the annual report and accounts, a dedicated website and meetings for both stakeholders and scheme members.



**SERVICE LEVEL AGREEMENT BETWEEN THE
ROYAL BOROUGH OF WINDSOR & MAIDENHEAD
AS ADMINISTERING AUTHORITY AND THE
THE PENSION ADMINISTRATION TEAM**



INTRODUCTION

The Royal Borough of Windsor & Maidenhead (RBWM) is the administering authority for the Royal County of Berkshire Pension Fund. As such, RBWM has certain statutory responsibilities for the administration of the Local Government Pension Scheme (LGPS) in Berkshire. This includes the six Unitary Authorities (of which RBWM is one) and around 200 other associated employers who make up the membership of the Pension Fund.

The administering authority has ultimate responsibility for interpreting and implementing statutory LGPS regulations, which includes taking decisions about fund investments, for receiving monies due to and paying monies owing from the Fund and for making sure that it has robust systems and processes in place to ensure that the scheme is administered in line with scheme regulations and within prescribed levels of performance.

This document has been prepared as a service level agreement between the administering authority and the pension administration team and sets out service standards or 'promises' of the level of service that the team will provide to ensure that the administering authority achieves its statutory responsibilities.

STATUTORY INSTRUMENTS		
2013 No. 2356		
PUBLIC SERVICE PENSIONS, ENGLAND AND WALES		
The Local Government Pension Scheme Regulations 2013		
Made	22th September 2013	
Laid before Parliament	19th September 2013	
Coming into force in accordance with regulation 1		
CONTENTS		
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Membership, contributions and benefits		
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Contributions		
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22.	Finalised awards	18
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1.0 ADMINISTRATION OF THE LGPS

The pension administration team will:

1.1 Maintain a member database of all current, deferred and retired members (including their dependants) of the scheme along with historical data relating to former scheme members who have a right to claim a refund of contributions but have not elected to do so (frozen refunds), former members who no longer have a liability within the Fund (benefits transferred out of the scheme) and employees who have opted out of the Scheme for whom an opting out form must be retained.

1.2 Provide an efficient, effective and courteous administration service.



1.3 Calculate member benefits in accordance with Scheme regulations.

1.4 Provide a pension payroll service to all retired Scheme members and their dependants.

1.5 Ensure that pension payments are made on the correct date and that all lump sum payments are made as soon as possible following the retirement of the Scheme member.

1.6 Provide current and deferred members with an annual benefit statement.

1.7 Ensure that all new Scheme members receive an access key to 'my pension ONLINE' with details of how to access a formal notification of membership and other relevant Scheme information.

1.8 Notify all retired scheme members of the annual increase to their pension.



- 1.9 Provide a payslip to retired members of the Scheme in April every year and any subsequent month where there is 50 pence variance in net pay.
- 1.10 Provide a P60 to every retired Scheme member within HMRC deadlines.
- 1.11 Perform other administrative tasks in line with the service standards laid down in a service level agreement with Scheme employers.

2.0 SCHEME COMMUNICATIONS

The pension administration team will:

The Royal County of Berkshire Pension Fund

The pages of this website contain information about the Local Government Pension Scheme and how it is administered in Berkshire. It sets out details about your membership of the scheme and the benefits of contributing to a highly regarded, final-salary occupational pension scheme.



- 2.1 Maintain and update a website for all members of the LGPS and provide a dedicated area for Scheme employers to assist them in administering the scheme on behalf of their employees.
- 2.2 Inform all scheme members of significant changes to the LGPS by way of a bi-annual newsletter.
- 2.3 Produce, publish and maintain a suite of scheme guides and fact-sheets to assist scheme members in understanding their pension rights and options.
- 2.4 Offer pension surgeries, presentations and open days to be held across the County of Berkshire.

- 2.5 Respond to letters and emails within 10 working days.

3.0 COMPLAINTS PROCEDURE

- 3.1 The pension administration team has a commitment to put things right if they go wrong and will investigate any complaint received within 10 working days.
- 3.2 If the team are unable to resolve a complaint the member has a right to appeal under the Internal Disputes Resolution Procedure (IDRP) which is a 3-stage appeal process set out in the regulations.

4.0 GENERAL

The pension administration team will:

- 4.1 Deal with member enquiries in a professional, polite and friendly way and offer guidance to scheme members as appropriate without giving financial advice.
- 4.2 Make available confidential interview facilities as required.
- 4.3 Maintain and report on performance statistics.
- 4.4 Provide information for completion of a stewardship report to be presented to members of the Pension Fund Panel, Pension Fund Advisory Panel and Pension Board each time they meet.
- 4.5 Provide information for the annual report and accounts of the Pension Fund.

Appendix 6 - Contributions Received 2015/16

Employer	Employee £'000	Employer £'000
Age Concern Berkshire	7	20
All Saints Junior School Reading	6	17
Altwood School (Academy Status)	37	101
Arvato	219	424
Association of SE Colleges	3	7
Barkham Parish Council	0	2
Battle Primary Academy	34	74
Baylis Court School	44	123
Berks, Bucks & Oxfordshire Wildlife Trust	9	28
Berkshire College Of Agriculture	158	543
Berkshire County Blind Society	0	1
Berkshire Fire & Rescue Service	306	768
Berkshire Maestros	29	82
Binfield Parish Council	3	9
Bracknell & Wokingham College	160	510
Bracknell Forest BC	3,365	8,133
Bracknell Forest Homes	191	577
Bracknell Town Council	38	102
Bray Parish Council	1	2
Braywick Court School	3	9
Burchetts Green Infant School	4	12
Burghfield Parish Council	3	8
Busy Bee Cleaning Services 2	1	4
Busy Bee Cleaning Services Ltd	1	2
Care UK	9	29
Castlevew School (Academy Status)	41	116
Cfbt Berks Careers Guidance	2	74
Charters School (Academy Status)	73	198
Charvil Parish Council	1	2
Chieveley Parish Council	1	2
Churchend Academy	24	64
Cippenham Infants School (Academy Status)	16	43
Cippenham Primary School (Academy Status)	37	105
Civitas Academy	2	4
Colnbrook Primary School (Academy Status)	14	41
Computacentre	4	4
Connexions Thames Valley	191	530
Continental Landscapes Ltd	16	41
Corn Exchange Trust	2	7
Cox Green Parish Council	3	9
Cox Green School (Academy Status)	50	136

Cranstoun	5	12
Creative Support Extra Care	24	75
Creative Support Ltd	1	1
Creative Support Ltd (Altair 00211)	12	31
Crowthorne Parish Council	4	10
C-Salt	4	8
Datchet St Mary's C of E Primary School	16	46
Denefield School (Academy Status)	51	139
Desborough School (Academy Status)	41	126
Dimensions UK Ltd	5	16
Ditton Park Academy	16	41
Earley Town Council	32	98
East Berkshire College Ext 3302	212	557
Elior UK plc	2	5
Elizabeth Fry Hostel	12	37
Energy Kidz	0	1
Enterprise plc	40	127
Eton Porny C of E First School	1	3
Eton Town Council	1	4
Evendons Primary School	7	20
Finchampstead Parish Council	2	6
Fir Tree Academy Trust	8	24
Fitzpatrick	2	7
Forest Bridge School	13	36
Foxborough Primary School (Academy Status)	35	121
Furze Platt Senior School (Academy Status)	71	197
Get Active	0	1
Godolphin Infant School	19	55
Godolphin Junior School	19	52
Greenwich Leisure Ltd ext 4076	12	31
Halley House School	1	4
Haybrook College	67	184
Herschel Grammar School (Academy Status)	38	98
Highdown School	56	153
Holroyd Howe Ltd	1	7
Holt School (Academy Status)	47	120
Holy Family School	25	79
Holybrook Parish Council	1	2
Holyport College	28	72
Housing Solutions Ltd	263	678
Hungerford Town Council	3	8
Hurley Parish Council	0	1
Innovate Services Ltd	2	5
Interserve (Facilities Services Slough) Ltd	56	204
James Elliman School (Academy Status)	46	133
John Madejski Academy	78	147

Kendrick School (Academy Status)	35	83
Kennet Academy	75	210
KGB Cleaning Ltd	1	2
Kilburn Grange School	1	3
Knowl Hill CE Academy	6	20
Langley Academy	91	156
Langley Academy Primary	3	8
Langley Grammar School (Academy Status)	41	107
Langley Hall Primary Academy	36	99
Legacy Leisure Limited	74	151
Library Services (Slough) Ltd	27	50
Littledown School and SEBD	25	69
Lowbrook Academy Trust	12	34
Lynch Hill School Primary Academy	42	120
Maiden Erlegh School	100	255
Maiden Erlegh School Reading	3	10
Marish Primary School (Academy Status)	44	125
Mary Hare Grammar School	195	538
Meadow Park Academy	18	52
MITIE	1	12
Montem Academy	41	118
Mott MacDonald	143	254
Newbury College	104	329
Newbury Town Council	20	48
Newlands Girls School	24	68
Northgate UK Ltd (Altair Code 00113)	10	27
Northgate UK Ltd (Altair Code 00178)	4	31
Oakbank Free School	21	53
Olive Dining Ltd	2	17
Optalis Limited	128	239
Pact	22	44
Park House School Newbury	43	127
Parlaunt Park Primary School	42	122
Priory School	64	200
Prospect School Reading (Academy Status)	81	216
Purley on Thames Parish Council	2	8
Radian Support Emp 00212	2	5
Ranelagh School	45	102
Ranikhet Primary School	8	23
RBWM	2,861	7,870
Reading Borough Council	4,486	11,525
Reading Girls School	36	103
Reading School (Academy Status)	43	115
Reading Transport Ltd	55	472
Reading Voluntary Action	5	16
Rutherford House School	2	4

Ryvers School (Academy Status)	33	93
S.E.Centre for the Built Environment Ltd	10	19
Sandhurst Parish Council	3	7
School of St Helen & St Katharine	24	67
Shinfield Parish Council	4	12
Slough & Eton C of E School	60	144
Slough Borough Council	2,289	6,813
Slough Children's Services Trust	209	351
Slough Community & Leisure Ltd	68	140
Slough Council For Voluntary Service	6	17
Slough Grammar School (Academy Status)	62	165
Slough Learning Partnership	10	22
South Hill Park Trust	14	25
Sovereign Housing Association	18	433
St Bartholomew's School (Academy Status)	64	204
St Francis School	6	19
St Luke's School	13	37
St Margaret's Clitherow School	6	19
St Mary's Catholic Primary School (Academy Status)	13	37
St Peters CE School	13	36
Stratfield Mortimer Parish Council	1	2
Sunningdale Parish Council	3	9
Sunninghill & Ascot Parish Council	2	6
Swallowfield Parish Council	3	9
Thatcham Town Council	11	28
The Avenue Academy	99	280
The Blessed Hugh Farringdon School	36	105
The Downs School	59	169
The Forest School Academy Trust	45	126
The Heights Free School	9	25
The National Autistic Society Academy Trust	17	49
The Palmer Academy	25	70
The Piggott C of E Academy	50	143
The Windsor Boys School	42	114
The Windsor Day Club Nursery	1	3
The Wren Free School	3	9
Theale Green School (Academy Status)	60	152
Theale Parish Council	2	5
Tilehurst Parish Council	6	17
Trinity School (Academy Status)	36	99
Twyford Parish Council	1	3
University of West London	77	227
University Technical College Reading	8	24
Vinci Park Services Ltd (Bracknell)	1	2
Waingels College	31	85
Warfield Parish Council	3	7

Watling Park School	2	5
Ways Into Work CIC	9	21
West Berkshire DC	3,423	8,315
Western House Academy	33	97
Westgate School (Academy Status)	62	168
Wexham Court Parish Council	0	1
Wheatfield School	4	13
White Waltham Parish Council	3	9
White Waltham School (Academy Status)	9	27
Whitehall Park Primary School	3	8
Whitelands Park Primary School (Academy Status)	13	38
Whitelocke Infant	60	128
Willow Primary School	22	62
Windmill Primary School	5	17
Windsor Girls School	30	84
Windsor Housing	4	14
Winkfield Parish Council	10	26
Winnersh Parish Council	3	9
Wokingham Borough Council	3,090	7,343
Wokingham Town Council	49	47
Wokingham Without Parish Council	6	18
Woodley Age Concern	3	10
Woodley Town Council	34	99

Appendix 7 - AVC Arrangements

There are a number of investment choices available to members of the Royal County of Berkshire Pension Fund who elect to pay Additional Voluntary Contributions (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:

Provider	Fund Type	Level of Risk
Prudential Assurance Company	Deposit	Minimal
	Cash	Minimal
	Fixed Interest	Lower
	Index Linked Gilts	Lower
	Retirement Protection	Lower
	With Profits	Lower to Medium
	Discretionary	Medium
	Property	Medium
	International Equity	Medium to Higher
	Global Equity	Medium to Higher
	Equity	Higher
	UK Equity Passive	Higher
Socially Responsible	Higher	

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.