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Welcome

Autumn 2019

Welcome to **Inscribe** the quarterly newsletter for employers within the Royal County of Berkshire Pension Fund. Each edition of **Inscribe** contains the latest news and updates surrounding the Local Government Pension Scheme (LGPS).

Fund Accounts and Investments summary 2018/2019

The Royal County of Berkshire Pension Fund annual accounts have been produced for 2018/2019. Details of the accounts are confirmed over the next few pages.

- Fund Accounts summary 2018/2019
- Berkshire Pension Fund facts and figures
- Investments update





Fund Accounts Summary (draft)

The pension fund is slowly maturing as benefits payable grow as more members retire so managing cash-flow is increasingly important.

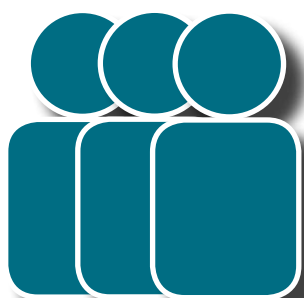
The Pension Fund Panel are committed to managing the Fund's assets so that assets will not have to be sold to make benefit payments; in the past year this strategy resulted in net positive cash-flow of just under £40 million.

The Fund's assets continued to grow during the year as investment markets were strong. At the year end assets were in excess of £2.0 billion.

Income		£'000
Employer contributions		89,336
Employee contributions		27,654
Transfer values received		8,130
Investment income		39,032
TOTAL INCOME		164,152
Expenditure		
Benefits Payable		102,835
Payments to and on account of leavers		10,526
Fund administration and management costs		11,093
TOTAL EXPENDITURE		124,454
Change in Market Value of Investments		104,482
Net Increase / (Decrease) in Fund during year		144,180
Balance Sheet		
Investment assets		2,219,285
Investment liabilities		(67,998)
Current assets		14,815
Current liabilities		(9,658)
Net assets at 31 March 2019		2,156,444

Pension Fund figures

The Royal County of Berkshire Pension Fund provides pensions for over 72,000 members. The figures provided below are the values at 31 March 2019.



72,612



24,719 Active members

29,980 Former members

17,913 Retired members

168
overseas
payments
every month
to retired
members

15,674
users of
'my pension
ONLINE'

Total number
of Fund
employers
388



Investment Update 2018/2019

In continuing with the UK Government's initiative for LGPS Funds to take advantage of the benefits of pooling their investments, the management of the The Berkshire Pension Fund's assets has transferred to **The Local Pension's Partnership ('LPP')**. The assets remain the legal property of The Berkshire Pension Fund. LPP have setup and oversee the investment of seven pooled fund vehicles.

The majority of The Fund's on balance assets have been transferred into the pooled funds. LPP is in the process of setting up an eight pooled fund vehicle for the asset class of Real Estate.

	March 2018			March 2019		
	Allocation (£ Million)	Actual Weighting	Target Weighting	Allocation (£ million)	Actual Weighting	Target Weighting
Public Equity	697	33.6%	40.0%	849	38.3%	40.0%
Credit	249	12.0%	10.0%	277	12.5%	10.0%
Private Equity	261	12.6%	13.0%	286	12.9%	13.0%
Diversifying Strategies	83	4.0%	4.0%	80	3.6%	4.0%
Real Estate	272	13.1%	16.5%	295	13.3%	16.5%
Infrastructure	129	6.2%	12.5%	200	9.0%	12.5%
Fixed Income	66	3.2%	3.0%	64	2.9%	3.0%
Cash	317	15.3%	1.0%	166	7.5%	1.0%
Total	2,074	100.0%	100.0%	2,217	100.0%	100.0%

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

Over the reporting period, the Strategic Asset Allocation (SAA) Weightings/Target Weightings remained unaltered.

The Fund is currently going through an actuarial valuation (which occurs every three years) and the appropriateness of the SAA will be reviewed as part of establishing the funding level and determining longer term ambitions.

The Fund's exposure to Public Equities and Infrastructure increased over the reporting period (by circa 5% and 3% respectively) whilst the cash weighting reduced considerably.

Economic Update

- The year through to March 2019 was a period of slowing global economic activity. The deceleration in global gross domestic product ('GDP') growth was relatively synchronised across the developed and emerging markets.
- Inflation, within the UK, Eurozone and U.S., subsided from key central bank levels in the first quarter of 2019. GDP growth and inflation are two key macroeconomic variables that impact most asset classes (to varying degrees and over different time horizons).
- Amid this trend of lower growth and inflation, all the major central banks pivoted to a more accommodative stance (i.e. one that encourages growth) either through their forward guidance and/or their monetary policy tools. For major developed and emerging market equity indices, Quarter 4's market turbulence led to negative full-year returns for the first time since 2015. In a rebounding move, 2019 started strongly for all major equity and credit markets.





Introducing our new Chairman...

Following the local elections in May of this year there have been some significant changes to the Berkshire Pension Fund Panel and Advisory Panel.

Councillor Julian Sharpe was elected as Chairman of the Pension Fund panels.

An introduction from Councillor Sharpe is included below:

“

...I would like to introduce myself as the new chairman to the Panels and take this opportunity to thank the former chairman, John Lenton, for his dedication and hard work whilst in this role for the past 12 years.

Having lived in the area for over twenty years, I was elected to the council on the day of the referendum back in 2016, which was a very exciting time. I have been very busy since then, with the council over the past 3 years, and I have enjoyed every moment of it.

Professionally, I work in procurement in the technology sector, usually on large projects, so am used to dealing with large numbers.

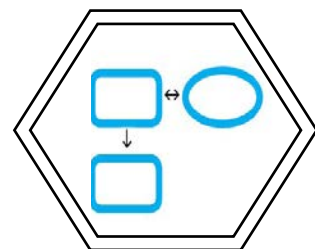
Working closely with finance teams, I know how to make the best use of the funds we have available so I am looking forward to this new role.

One thing I want to ensure is that we get the best out of the funds we have under management. It is good that we have such a dedicated team working here to carefully manage your pensions, and I am looking forward to working with them over the next few years... ”

**Councillor Julian Sharpe, Chairman
Berkshire Pension Fund and Berkshire Pension Fund Advisory Panels**



Updated Governance Structure



Following the changes to the Pension Fund Panel we have updated our Governance structure flowchart which you can view via the link below:

https://www3.rbwm.gov.uk/bpf/downloads/file/179/governance_structure



Royal County of Berkshire Pension Fund

Annual Meeting and Pension Surgery Event 2019

Thursday 14 November

Annual Meeting 2019

12:00pm until 1:30pm, Council Chamber, Town Hall, St. Ives Road, Maidenhead, SL6 1RF

We invite you to attend the Berkshire Pension Fund Annual Meeting 2019. Agenda items include...

- **Investment update**
- **Annual Review 2019**
- **Actuarial update**
- **Q and A**

The meeting will commence at **12:00pm**, with a view to finishing at approximately **1:30pm**. Light refreshments will be available from **11:30am**.



Pension Surgery Event 2019

To coincide with our 2019 Annual Meeting we are also holding a Pension Surgery event on **14 November** open to all Scheme members:

10:00am to 3:00pm, Desborough Theatre, Town Hall, St. Ives Road, Maidenhead, SL6 1RF

✓ **Do you have a question about your LGPS pension?**

✓ **Would you like to find out more about the benefits of the LGPS?**

We invite you to book a **20 minute appointment** with one of our representatives who will be happy to help. A wide range of pensions literature will be available. All discussions will be treated in complete confidence.

How do I book?

To book a place at our **Annual Meeting** or an **appointment** at our **Pension Surgery** please contact the Pensions Team. **Telephone: 01628 796 754** or **e-mail: info@berkshirerpensions.org.uk**



THE ROYAL COUNTY OF
BERKSHIRE
PENSION FUND



These events are open to all members of the
Berkshire Pension Fund



Employer survey - *tell us what you think*

We invite you to complete a survey to seek your views and comments, as Scheme employers, on the service provided by the pension team at the Royal County of Berkshire Pension Fund.

We welcome your feedback so please take a few minutes to complete our survey online:

<https://www.surveymonkey.co.uk/r/LS3DDMS>

Your responses will be kept anonymous. However there is space to leave your contact information at the end of the survey if you wish.



The Pensions Regulator launch re-enrolment tool

The Pensions Regulator has launched a new tool to assist employers in complying with their automatic re-enrolment duties. The tool is intended to simplify the re-enrolment process for employers.



Follow the link below to find out more:

<https://www.thepensionsregulator.gov.uk/en/employers/re-enrolment>



The LGPS Community

The Local Government Association (LGA) have produced a document to explain the relationship between the different bodies that make up the LGPS community.

http://lgpslibrary.org/assets/gas/uk/LGPScomm_v1.pdf





McCloud Judgement update

We have received a number of enquiries in recent weeks relating to the McCloud judgement and the effect on the LGPS.

In brief...what is the McCloud case?

The case concerns the transitional protections provided to members of the judges and firefighter pension schemes when the schemes were reformed in 2015. On 20 December 2018, the Court of Appeal found that these protections were unlawful on the grounds of age discrimination and could not be justified.

The Government appealed this decision however, the Supreme Court denied the Government right to appeal on 27 June 2019. This means that the Court of Appeal's decision is upheld and the case has returned to an employment tribunal for a remedy decision.

At present we are still awaiting guidance regarding any potential changes within the LGPS which may be introduced as a result of the judgement and we will keep you updated with news items regarding this.

An updated Q and A document has been produced by the Pensions Board and can be found via the link below:

<http://www.lgpsboard.org/index.php/structure-reform/cost-management/ccmcloud>

Important information for employers in the event of a possible McCloud remedy

As previously stated no decisions have yet been made on the form that any remedy will take, when it will be implemented and who will be in scope.

It is possible that the remedy will involve the extension of the 'underpin' to members who are not currently offered protection. In order to perform an accurate underpin calculation for a member within the LGPS, a full history of part-time hour/week changes and service break information may be needed for members active before 1 April 2014, with a leaving date after 31 March 2014 (who are not covered by the current underpin). We will of course keep you updated with any further developments.





Retirement reminders

Partial Flexible Retirement review ...

What is flexible retirement?

The purpose of flexible retirement is to allow an individual the opportunity to move gradually into retirement by reducing their hours of work or the level of responsibility required of them rather than facing the perceived 'cliff edge' of retirement. Although the employee's level of income will reduce this is in some part or wholly compensated for by the release of all or part of their accrued pension benefits. Partial flexible retirement may be an attractive option for those members who have reached their Critical Retirement Age for some of their benefits but have several years until they reach their State Pension age.

Partial flexible retirement

Under the LGPS Regulations members can request partial flexible retirement rather than full flexible retirement.

This is particularly useful for members over the age of 60 with 85-year rule protection attached to their pre 1 April 2008 membership who may request for this part of their pension to be released under flexible retirement and opt to retain their post 1 April 2008 pension rights in the scheme until a later date.

We would like to remind Scheme employers that your policy on flexible retirement should set out:

- **whether you allow flexible retirement under regulation 30(6) of the 2013 regulations**
- **whether to waive any actuarial reduction that would apply if the member is flexibly retiring before their Normal Pension Age, and**
- **whether to permit the member to choose to draw all, part or none of the pension benefits they have built up after 1 April 2008 (benefits built up before 1 April 2008 must be taken on flexible retirement in accordance with regulation 11(3)(a) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014).**

You can at any time review your policy statement relating to employer discretions and if necessary update it to cover fully the discretions relating to flexible retirement. A guide to completing the policy statement can be found on our website (see page 8 of the document linked below).

https://www3.rbwm.gov.uk/bpf/downloads/file/110/employers_guide_to_completing_a_statement_of_policy

ill-health retirement

Guidance published by the Ministry of Housing, Communities and Local Government (MHCLG) is available for employers who are dealing with ill-health retirement claims from their active and deferred members.

The Statutory Ill-health Retirement Guidance published by MHCLG is a useful source of information about ill-health retirement regulations under the 2014 Scheme.

The guide can be found via the following link: <http://lgpslibrary.org/assets/statgui/ew/20140917IHG.pdf>



Ill-Health Retirement - Quick Q and A

A selection of the most common questions received by the Berkshire Pension Fund surrounding ill-health retirement are detailed below:

At what age can a member request the release of their pension benefits on ill-health grounds? A member can apply for ill-health retirement at any age whilst they remain an active or deferred scheme member.

How long must a member have been contributing to the pension scheme before they can request benefits to be released on ill-health grounds? A member must have 2 years of qualifying LGPS membership before they can apply for ill-health retirement.

Who is responsible for making the decision to release pension benefits in these circumstances? The employer is responsible for making the decision to release pension benefits on ill-health retirement grounds, but only once they have received the medical certificate completed by the Independent Register Medical Practitioner (IRMP).

How long is an ill-health retirement pension paid for? In the event of a Tier 1 or Tier 2 ill-health retirement the member's pension is payable for their lifetime. If the member has been awarded a Tier 3 pension the maximum term of payment is 3 years. However after 18 months of commencing a Tier 3 retirement, the member must have a medical review.

What happens to the member's pension whilst they are on sickness absence? If a scheme member has a period of reduced pay due to sickness absence (i.e half pay or no pay) their LGPS pension continues to build up for them in the normal way. A notional pay figure is used by the employer to calculate the member's pension contributions (known as Assumed Pensionable Pay - APP). Members continue to pay their contribution percentage on the basic pay they receive but their pension builds up assuming they had been at work.

How much will it cost the employer to grant the release of pension benefits in this way?

In most cases of ill-health retirement a capital cost (also known as a strain cost) is calculated by the pension fund. However this cost is not charged to the employer. It is instead assessed as part of the triennial actuarial valuation of the Fund and is taken into account when determining the contribution percentage that the employer will pay.

The only cost you may incur is the cost/fee to arrange the appointment for your employee to see your Independent Registered Medical Practitioner (IRMP).

Can a former employee request for their pension to be released on ill-health retirement grounds?

Yes, if a scheme member holds deferred benefits within the LGPS, they may request the early release of their pension on ill-health grounds at any age. The responsibility to authorise the release of their deferred pension in this way rests with their former employer.





Calling all *i-Connect* users...

When submitting your monthly *i-Connect* files please ensure you provide us with two copies of the csv file produced from your payroll system - the version **before** and the version **after** any amendments you have made to the file.



i-Connect

This will help reduce the number of queries we may need to raise with you. It will also help satisfy internal and external auditors of the pension fund.



...Calling all *non i-Connect* users...

You will be aware of the decision to on-board all remaining employers to *i-Connect* by 31 March 2021.

We have chosen to introduce a phased approach for all employers with more than 10 active scheme members.

When is it happening? - The *i-Connect* on-boarding commenced in April 2019 and takes place in two phases:

- **Phase 1** - will involve those scheme employers with 50 or more active members and to be up and running by 31 March 2020.
- **Phase 2** - will involve those with less than 50 active members. We will be starting with the larger scheme employers first and the second phase is anticipated to commence in January 2020.

The Berkshire Pensions team will be contacting the non *i-Connect* scheme employers to confirm when their *i-Connect* on-boarding start date will be and the process involved.

Berkshire Pension *i-Connect* team - *contacts update*

Please note Rachael Granger, Technical Analyst, will be on maternity leave from 1 November.
Please forward any *i-Connect* enquiries to Barry Jones or Amy Webb-Morris.

- **Barry Jones** - Assistant Technical Analyst
Tel: 01628 796 315
E-mail: barry.jones@rbwm.gov.uk
- **Amy Webb-Morris** - Senior Pensions Administrator
Tel: 01628 796 741
E-mail: amy.webb-morris@rbwm.gov.uk





Active member newsletter published

The Autumn 2019 edition of our newsletter – **The Quill** is now available for active members of the Royal County of Berkshire Pension Fund. The newsletter can be found in the '**publications**' section of our website:

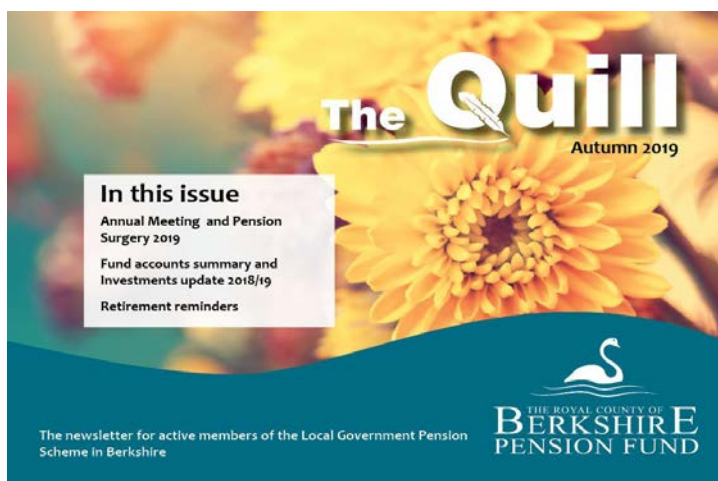
https://www3.rbwm.gov.uk/bpf/downloads/file/359/active_member_newsletter_-_autumn_2019

What's inside this edition of **The Quill** ?

- Fund accounts summary and Investments update 2018/19
- Invitation to the Annual Meeting and Pension Surgery 2019
- Retirement reminders
- Meet our new Chairman

Newsletters are available to view via our '**my pension ONLINE**' facility or through the Berkshire Pension Fund website.

Members wishing to receive a hard copy of our communications are welcome to contact the pensions team to request future editions are posted to their home address.



Annual Benefit Statements online...

Annual benefit statements for active scheme members are available to view via our online facility - '**my pension ONLINE**'.

Members can log in to their online account and view their 2019 statement along with previous annual benefits statements. Access to '**my pension ONLINE**' is available via the following link:

<https://mypensiononline.berkshirerpensions.org.uk/>

If members would like to receive a hard copy of their statement every year as well as copies of our newsletter they can contact us on 0845 602 7237 or e-mail info@berkshirerpensions.org.uk



Employer factsheets

'**Pension Pointers**' are a series of topical factsheets exclusively designed for employers administering the Local Government Pension Scheme within Berkshire. Each factsheet contains information on a particular LGPS topic. The first five factsheets in the series are available to download from our website.

Factsheet No.	Name	What's inside?
1	Final Pay	<ul style="list-style-type: none">• What is Final Pay?• Protected Final Pay• How to calculate Final Pay?• Final Pay calculation examples• Notification of Final Pay• Calculating Pension based on Final Pay
2	CARE Pay	<ul style="list-style-type: none">• What is CARE?• Pension Build Up• How does a CARE Scheme Work?• CARE Scheme Example• Completion of CARE Pay on LGS15C
3	Contributions	<ul style="list-style-type: none">• Employee Contributions - MAIN and 50/50 Sections• Assessing the Employee Contribution Rate• Employer Contributions• Paying Contributions to the Fund• Employer Policy Statement• Additional Contributions• Employer Contributions• Opting Out
4	Pensionable Pay	<ul style="list-style-type: none">• Pensionable Pay• Definition of Pensionable Pay• Pensionable Pay Checklist• Assumed Pensionable Pay• Ill-Health and Death in Service APP
5	Retirement	<ul style="list-style-type: none">• Normal Retirement• Early Retirement• Flexible Retirement• Redundancy and Efficiency Retirement• Ill-health Retirement• Late Retirement• Notice Periods and Forms• Estimate Requests

All the above factsheets can be found on our website via the link below:

https://www3.rbwm.gov.uk/bpf/info/2/employers/93/employer_factsheet



How can we help you?

Did you know the pensions team can provide a range of information sessions for you and your scheme members?



Scheme Member Presentations

Information for your staff on the benefits of LGPS membership.

General topics covered include:

- Benefits of being a scheme member
- Life Cover
- Retirement options
- Increasing and decreasing monthly contributions
- Examples of pension calculations

Pension Surgeries

The team can provide one to one appointments for staff at your place of work (minimum 10 people).

20 minute appointments are available for scheme members (and potential scheme members) to attend. This is a great opportunity for your staff to speak to an LGPS pensions representative in complete confidence.



Employer Training

Training on all areas of LGPS pension administration for HR and Payroll Officers. Topics covered in training include:

- Contributions
- New starters
- Leavers
- Final salary calculations
- Assumed Pensionable Pay (APP calculations)
- Retirement

Member presentations and employer training sessions can be tailored to your requirements.

If you would be interested in arranging any of the above pension sessions please contact Joanne Benstead on 01628 796754 or e-mail joanne.benstead@rbwm.gov.uk

Please note there is no fee for running these sessions.

In addition the MHCLG also run regular training events for employers administering the LGPS and these are communicated to employers as and when they are available.



Register for Employer Self Service

Employer
Self Service



What can I use ESS for?

ESS allows employers to view and amend their member data held on our pension administration system – Altair. ESS offers a wide range of features including:

- ✓ Create new starter pension records for your members
- ✓ Member search facility
- ✓ View and update general information (change of address, update marital status)
- ✓ Update part-time hours and weeks
- ✓ Perform benefit projections
- ✓ View member and non-member documentation
- ✓ Generate and print reports

How do I sign up to ESS?

To sign up to ESS please click on the link below:

<https://rcbpfess.pensiondetails.co.uk/employerservicesweb/login?cid=7>

A full ESS training guide can be found on our website via the link below:

http://www.berkshirepensions.org.uk/downloads/file/297/ess_training_guide

The guide is also broken down into 8 bite-sized areas for ease of reference:

http://www.berkshirepensions.org.uk/info/2/employers/96/employer_self_service





Useful links

Please find detailed below some further links to external websites containing information relating to the LGPS.

Berkshire Pension Fund website (Employers Section)	http://www.berkshirepensions.org.uk/info/2/employers
Employer Self Service facility	http://www.berkshirepensions.org.uk/info/2/employers/96/employer_self_service
Employer Self Service User Guide	http://www.berkshirepensions.org.uk/downloads/file/297/ess_training_guide
National LGPS website	https://www.lgpsmember.org
LGPS Regs website	http://lgpsregs.org/index.php
HR Guide	http://www.lgpslibrary.org/assets/gas/ew/HRv4.oc.pdf
Payroll Guide	http://www.lgpslibrary.org/assets/gas/ew/Pv4.oc.pdf
The Pensions Regulator	http://www.thepensionsregulator.gov.uk/en/employers
State Pension Age calculator	https://www.gov.uk/state-pension-age
State Pension information	https://www.gov.uk/check-state-pension
'my pension ONLINE'	http://www.berkshirepensions.org.uk/info/9/my_pension_online





Contact us

If you would like to discuss any items contained in this newsletter please do not hesitate to contact us on the numbers below:

Kevin Taylor	Deputy Pension Fund Manager	01628 796715	kevin.taylor@rbwm.gov.uk
Philip Boyton	Pension Administration Manager	01628 796752	philip.boyton@rbwm.gov.uk
Sandra Rice	Deputy Pension Administration Manager	01628 796743	sandra.rice@rbwm.gov.uk
Joanne Benstead	Assistant Pensions Manager	01628 796754	joanne.benstead@rbwm.gov.uk
Barry Jones	Assistant Technical Analyst	01628 796315	barry.jones@rbwm.gov.uk
Amy Webb-Morris	Senior Pensions Administrator	01628 796741	amy.webb-morris@rbwm.gov.uk

Royal County of Berkshire Pension Fund

Minster Court, 22-30 York Road, Maidenhead, Berkshire, SL6 1SF

Helpdesk: 0845 602 7237

(lines are open Monday to Thursday 8:30am to 4:45pm and Friday 8:30am to 4:30pm)

E-mail: info@berkshirepensions.org.uk
www.berkshirepensions.org.uk



THE ROYAL COUNTY OF
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