

8.0 MANAGING RISKS

The Royal Borough of Windsor & Maidenhead as the administering authority (scheme manager) to the Royal County of Berkshire Pension Fund places great emphasis on risk management. The Pension Fund differentiates risks into two distinct categories, operational and strategic. 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 set objectives.

8.1 *Pension Fund objectives*

The management of risks has a direct correlation to objectives set by the Pension Fund.

Operational Objectives

- To manage the scheme in accordance with scheme regulations and associated pension law;
- To ensure that the appropriate knowledge and experience is maintained within the pension fund to ensure all duties are discharged properly;
- To maintain a high quality pension member database;
- To ensure that all pension payments are made on the correct pay date;
- To ensure that payments do not continue to be made to deceased members of the scheme;
- To have continuous access to the pension administration software during normal working hours and extended working hours as required;
- To ensure that pension contributions are received by the Pension Fund within required timescales;
- To maintain an appropriate level of staff to administer the scheme effectively and efficiently;
- To maintain a pension administration service level agreement and ensure that key performance indicators are achieved and reported to committee;
- To communicate effectively and efficiently with all scheme members;
- To ensure that third party operations are controlled and operate effectively and cost efficiently;
- To monitor and review the performance of Fund Investment Managers to ensure maximum benefit for the Pension Fund.

Strategic Objectives

- To achieve a funding level of 100%;
- To achieve stable employer contribution rates;
- To set appropriate funding targets;
- To ensure that investment performance is satisfactory and not volatile;
- To monitor the effect of improving life expectancy and to mitigate against any negative impact on funding levels;
- To monitor and manage exposure to overseas currency fluctuations and to mitigate against any negative impact on funding levels;
- To monitor and manage exposure to changing interest rates and to mitigate against any negative impact of funding levels;
- To monitor and manage the effects of inflation and to mitigate against any negative impact on funding levels;
- To ensure employer covenants are sufficient to meet employer obligations;
- To maintain a high level of governance of the Pension Fund.

8.2 *Identifying the risks associated with the Pension Fund's objectives*

The scheme manager should establish and operate adequate internal controls to secure the effective governance and administration of the pension scheme so as to ensure that the Pension Fund's objectives are met.

To avoid replication a [managing risks policy](#)¹ has been produced by the Pension Fund which includes a risk assessment and register.

¹ http://www.berkshirerpensions.org.uk/bpf/info/4/pension_board