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Welcome

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 2019/2020

The Royal County of Berkshire Pension Fund annual accounts have been produced for 2019/2020. Details of the accounts are confirmed over the next few pages.

- **Fund Accounts summary 2019/2020**
- **Investments update**
- **The Pension Fund in numbers**



Pension Fund accounts 2019/2020

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

The Pension Fund Committee 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		98,477
Employee contributions		28,635
Transfer values received		14,448
Investment income		40,463
TOTAL INCOME		182,023
Expenditure		
Benefits Payable		113,361
Payments to and on account of leavers		20,532
Fund administration and management costs		24,764
TOTAL EXPENDITURE		158,657
Change in Market Value of Investments		(68,880)
Net Increase / (Decrease) in Fund during year		(45,515)
Balance Sheet		
Investment assets		2,180,854
Investment liabilities		(154,074)
Current assets		12,258
Current liabilities		(2,610)
Net assets at 31 March 2020		2,036,428



Investments update

In continuing with the UK Government's initiative for LGPS Pension Funds to take advantage of the benefits of pooling their investments, the management of The Fund's assets transferred to The Local Pensions Partnership Investments ('LPPI') on 1 June 2018 and the transition of those assets to LPPI's management continues at pace. It is worth noting that the assets remain the legal property of The Royal County of Berkshire Pension Fund.

LPPI has set up and oversees the investment of eight pooled fund vehicles as set out in the table below. It remains the responsibility of the Berkshire Pension Fund Committee to maintain and publish an Investment Strategy Statement (ISS) part of which determines the strategic allocation of the Fund's assets across the eight pooled funds available.

The table below provides a comparison between the actual and target weighting of The Fund's assets, at the dates indicated:

	March 2019		March 2020	
	Actual Weighting	Target Weighting	Actual Weighting	Target Weighting
Public Equity	38.3%	40.0%	38.2%	40.0%
Credit	12.5%	10.0%	10.4%	10.0%
Private Equity	12.9%	13.0%	14.1%	13.0%
Diversifying Strategies	3.6%	4.0%	3.2%	4.0%
Real Estate	13.3%	16.5%	14.7%	16.5%
Infrastructure	9.0%	12.5%	7.2%	12.5%
Fixed Income	2.9%	3.0%	2.9%	3.0%
Cash	7.5%	1.0%	9.3%	1.0%
Total	100.0%	100.0%	100.0%	100.0%
N.B. "Target Weighting" shown represents the agreed Strategic Asset Allocation ('SAA')				

Over the reporting period the Strategic Asset Allocation Weightings/Target Weightings remained unaltered. The appropriateness of the current SAA remains under review at all times to ensure that it remains fit for purpose.

How did our investments perform?

Over the twelve-month period to the end of March 2020, The Fund returned -2.6%. This represents an underperformance of 8.2% against The Fund's Actuarial Target. During this period some of the Fund's investments were impacted by the Covid-19 crisis and detracted from returns. Since then markets have rebounded which has of course, been of benefit to the Fund. Over a three-year period to the end of March 2020, the Fund delivered a 2.7% annualised return underperforming its Actuarial Target by 3.6%.

It is important to remember that Pension Fund investments are long-term and whilst a pandemic such as Covid-19 cannot be anticipated, the ups and downs of the stock market are normal when it comes to investing assets over many decades.

Most importantly, scheme members should be reassured that movements in investment performance in no way affect the pension benefits to which they are entitled under the Local Government Pension Scheme Regulations. The LGPS is a defined benefit scheme which means that the way in which benefits are calculated is set out in regulation and therefore not subject to changes in the stock market in the same way as benefits in a defined contribution scheme will be affected.



The Pension Fund in numbers



The Royal County of Berkshire Pension Fund provides pensions for over 72,600 members. The figures provided below are the values at 31 March 2020.

72,686 Total membership	26,108 Active members
	27,233 Deferred members
	19,345 Retired members

452
overseas
payments
every month
to retired
members

13,984
members
signed up for
'my pension
ONLINE'

Total number
of Fund
employers
318

Annual Meeting 2020 - update

As you will be aware we normally hold our annual meeting in November at the Town Hall in Maidenhead.

Unfortunately due to Covid-19 restrictions we have had to cancel our annual meeting pension event this year in line with Government guidance.

Regular scheme updates will also be available on our website and online self service facility and we will communicate any urgent news items directly as global e-mails and via this newsletter. We hope to hold our Annual Meeting as normal in 2021.



Pension Surgeries: Our face to face pension surgery events are also suspended until further notice. We have introduced telephone and Microsoft Teams appointments and these will be arranged with employers over the coming months.

Covid-19 LGPS update

The past few months have been very difficult for many of us and we would like to reassure our employers and members that we are doing everything we can to keep our pension service running efficiently with limited disruption.

The pensions team continue to be available to help with any queries. We have adapted working patterns to ensure we can continue providing a service whilst monitoring the latest Government advice.



Access to offices - Our office remains closed to visitors at present. However you are still able to contact us via e-mail, telephone or post.

The pensions team continue to work from home at this time, but telephone lines are back to normal operating hours so please do contact us to discuss any pension queries you may have.

LGPS Employers FAQs

The LGA have created a Covid-19 FAQ web page for LGPS employers. The FAQs are based around questions and feedback from the LGA's Covid-19 employer webinars. The FAQs are designed to help employers understand pension issues that may arise during the pandemic.

<http://www.lgpsregs.org/news/covid-EFAQs.php>

You can also access recordings of previous webinars on this page.

The LGPS and stock markets

A common concern amongst members of the LGPS is the affect that the Covid-19 pandemic will have on the value of their pension.

As the LGPS is a Defined Benefit (DB) scheme pension benefits are not linked to stock-markets or investment performance. Instead, LGPS pensions are built up based on the member's annual salary, the length of time they have contributed to the scheme and a formula set out in regulations.

If any of your staff raise concerns about the value of their pension benefits during this time please reassure them and pass on our details as a point of contact,

Public Sector Exit Reforms - the 95k Cap

The Restriction of Public Sector Exit Payments Regulations 2020 ('the Cap Regulations') came into force on 4 November 2020. Under these regulations most of our employers* are barred from making exit payments to an employee (regardless of age) in excess of £95K where they are made redundant or retired for business efficiency reasons. The cap includes a number of payments but most importantly statutory redundancy pay, discretionary redundancy/severance pay and pension strain costs. As you will be aware, the LGPS Regulations currently state that where a scheme member aged 55 or over is made redundant or retired early due to business efficiency, they must receive immediately their accrued pension without any early retirement reduction being applied (commonly referred to as an actuarial reduction) irrespective of what the overall exit cost may be. Unfortunately, MHCLG has yet to issue changes to the LGPS Regulations and so the Exit Payments Regulations and the LGPS Regulations are in direct conflict with each other.

(*As currently written it appears the following employers are covered by the new Exit Reforms although you should note that it is an employer's responsibility to determine if this is the case: Unitary Authorities, Town and Parish Councils, Fire & Rescue Authority and Academies (inc. Trusts)

The Local Government Association (LGA) has published an information note for employers on the exit cap. The document is available on the employer guides and documents page of www.lgpsregs.org. It supplements the information provided on the Scheme Advisory Board's website. The document sets out a process for employers to follow from 4 November 2020 for redundancy and efficiency exits, where the employee is a member of the LGPS and aged 55 or over.

We would urge you to read the 'information note for employers on the exit cap' and if you currently have any employees aged 55 or over, who are in the LGPS and are in the process of redundancy or business efficiency retirement, consider how they will be impacted by these changes. This is a very challenging, and unsatisfactory, situation but the Pension Fund will continue to provide updates as they become available. If you believe you are an employer covered by the Exit Reforms and have not as yet received any communication from the Pension Fund via e-mail in respect of this topic, please get in touch with us to ensure that your details are included in our 'Exit Reform address file'.



Employer resources

The LGPS Regs website has been updated with some changes to make it easier for Scheme employers to access information and resources that are relevant.

<http://www.lgpsregs.org/employer-resources/index.php>

- **Employer guides and documents**

Containing guides and documents relevant to the LGPS Employers in England and Wales.

<http://www.lgpsregs.org/employer-resources/guidesetc.php>

- **LGPS Employer bite-size training**

As part of the LGPS Regs website update the LGA have launched bite-sized training section.

<http://www.lgpsregs.org/employer-resources/employer-bite-size-training.php>

There are currently six modules on Assumed Pensionable Pay (APP).

Further employer training modules which will be added to the website when they are completed.

LGPS bite-sized videos - *reminder*

The LGA have launched a series of bite-sized videos - “*pensions made simple*”

Each video is less than 4 minutes long and provides a short summary around a specific LGPS topic.

- What is a pension?
- How your pension works
- Looking after your pension
- Protection for you and your family
- Life after work
- Your annual allowance
- Your lifetime allowance



Click on the link below to view the videos:

<https://www.lgpsmember.org/more/Videos.php>

The McCloud case - employer Q&A

As mentioned in earlier editions of Inscribe, the LGPS Advisory Board regularly updates the McCloud case Q&A section of their website for administering authorities. Please visit the link below to find out more:

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

The Pension Team will be in touch in due course regarding the collection of historical changes to scheme members hours and weeks worked since 1 April 2014. It is important that scheme employers do not dispose of this information if they have not done so already.



Member newsletter - Autumn 2020

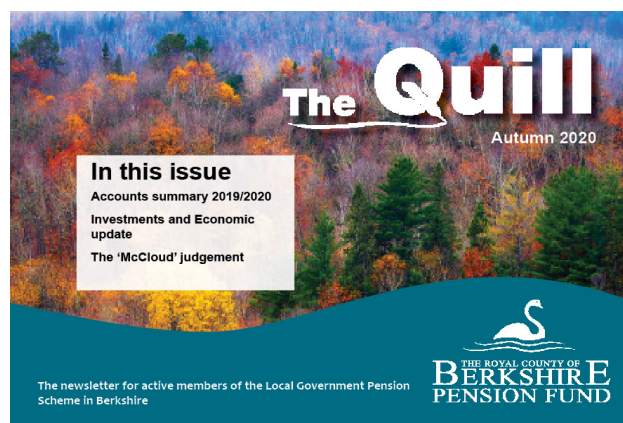
The Autumn 2020 edition of our active member newsletter - *The Quill* - will shortly be available for members of the Royal County of Berkshire Pension Fund.

The newsletter will be available in the 'publications' section of our website as well as our online platform - 'my pension ONLINE'.

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

- **Covid-19 LGPS update**
- **Fund accounts summary and Investments update 2019/20**
- **Retirement reminders**

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.



i-Connect reminder - *csv files required*

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, who for quality assurance purposes choose a large random selection of .csv files and compare their content with the data held against your scheme member records.

If you are not already using i-Connect and you would like to find out more please contact Rachael Granger on 01628 796 765 or e-mail rachael.granger@rbwm.gov.uk

Berkshire Pension Fund web links

We recently transferred our website to a new software provider. Therefore if you have any links bookmarked or saved in your browser favourites you will need to re-link these pages accordingly.

As part of this exercise we have also updated some of our pension factsheets and forms in line with new accessibility guidance which came into affect from 23 September.

All employer related forms can be found in the 'Employers' section of our website:

<https://www.berkshirepensions.org.uk/bpf/employers/employer-forms>

Scheme member guides and forms can be found in the 'Publications' section:

<https://www.berkshirepensions.org.uk/bpf/publications/factsheets>

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 factsheets 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-Heath and Death in Service APP

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

<https://www.berkshirepensions.org.uk/bpf/employers/employer-factsheets>

Further contacts

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

Berkshire Pension Fund website	https://www.berkshirepensions.org.uk
Employer' Section	https://www.berkshirepensions.org.uk/bpf/employers
Employer Self Service facility	https://www.berkshirepensions.org.uk/bpf/employers/employer-self-service
National LGPS website	https://www.lgpsmember.org
LGPS Regs website	http://lgpsregs.org/index.php
HR Guide	http://www.lgpslibrary.org/assets/gas/ew/HRv3.11c.pdf
Payroll Guide	http://www.lgpslibrary.org/assets/gas/ew/Pv3.9c.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'	https://mypensiononline.berkshirepensions.org.uk/



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:

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Rachael Granger	Technical Analyst	01628 796 765	rachael.granger@rbwm.gov.uk

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