

Royal County of Berkshire Pension Fund

Annual Report and Accounts



2020/2021



THE ROYAL COUNTY OF
BERKSHIRE
PENSION FUND

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PENSION FUND COMMITTEE AND ADVISORY PANEL MEMBERS AND SCHEME ADVISORS

PENSION FUND COMMITTEE

Chairman	Councillor Julian Sharpe
Vice Chairman	Councillor David Hilton
Other members	Councillor Simon Bond Councillor Wisdom Da Costa Councillor Shamsul Shelim

PENSION FUND ADVISORY PANEL (non-voting)

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

Councillor Ian Leake (Bracknell Forest Borough Council)
Councillor Jason Brock (Reading Borough Council)
Councillor Safdar Ali (Slough Borough Council)
Councillor Alan Law (West Berkshire Council)
Councillor John Kaiser (Wokingham Borough Council)

ADVISERS

Actuary	Barnett Waddingham LLP
Independent Investment Adviser	The Law Debenture Pension Trustee Corporation (Mr Andrew Harrison)
Independent Strategy Advisers	Ms Aoifinn Devitt Mr Rohan Worrall

Global Custodian

JP Morgan Worldwide Securities Services

Additional Voluntary Contribution Provider

Prudential Assurance Company

Royal Borough of Windsor & Maidenhead Pension Fund Officers

Director of Resources and s151 Officer	Adele Taylor (up to 3 March 2023)
Director of Resources and s151 Officer	Elizabeth Griffiths
Head of Finance and Dep. s151 Officer	Andrew Vallance
Head of Pension Fund	Damien Pantling (up to 2 February 2024)
Pension Services Manager	Kevin Taylor (up to 26 May 2023)
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.

Chairman

Mr Alan Cross

Vice-Chairman

Mr Arthur Parker

Employer Representatives

Mrs Nikki Craig (RBWM)
Mr Arthur Parker (Bracknell Forest Council)
Vacancy

Scheme Member Representatives

Mr Alan Cross (Deferred Scheme Member)
Mr Jeff Ford (Active Scheme member)
Mr Tony Pettitt (Retired Scheme member)

CHAIRMAN'S INTRODUCTION

It gives me great pleasure as Chairman of the Pension Fund Committee to present the Annual Report and Accounts for the financial year ended 31 March 2021 for the Royal County of Berkshire Pension Fund (the "Fund").

The Royal Borough of Windsor & Maidenhead (RBWM) is the Administering Authority for the Fund and so administers the Local Government Pension Scheme (LGPS) on behalf of all Scheme members employed by the 6 Berkshire Unitary Authorities and around 250 other public and private sector employers. I am grateful to the administration team for the highly professional and efficient service they have provided to all our employers, and their continued professionalism in maintaining the highest standards of service to our Scheme members, especially during these very troubling times for many people.

The Berkshire Pension Fund Committee has powers delegated to it under the Constitution of the Royal Borough of Windsor & Maidenhead and comprises of five RBWM Councillors. The Pension Committee also receives invaluable support from the Pension Fund Advisory Panel, which consists of representatives from the other 5 Berkshire Unitary Authorities. Additional assistance is provided by the Fund's independent advisors.

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

The Royal County of Berkshire Pension Fund continues to operate under an Advisory Management Agreement with Local Pensions Partnership Investments Limited (LPPI), which is now a successful partnership, with them pooling an increasing range of our funds. The Pension Fund Committee remains responsible for setting the investment strategy and strategic allocation of its assets and for monitoring investment performance.

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

This year so far we have seen a stabilisation on global markets which has been welcome when compared to the more unpredictable time we were having last year. But we can never rest and we must always be vigilant, which is why we have this year decided to increase the level of oversight of the Fund by joining with the Pensions & Investment Research Consultants Limited (PIRC) as a champion of good corporate governance. In addition, we are carefully beginning a review of our Environmental, Social and Governance (ESG) strategy, to ensure that our investments are in line with a more carbon-neutral future.

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



Councillor Julian Sharpe
Chairman
Berkshire Pension Fund Committee
Berkshire Pension Fund Advisory Panel
28.03.2024

PENSION BOARD STATEMENT: APRIL 2020 – MARCH 2021

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

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

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

Like all activity of this nature, the Board's meetings occurred virtually using Zoom & Teams and as the Board is not formally a committee with any significant decision-making powers, it is envisaged that the Board will continue to meet that way for the foreseeable future.

The Board has continued the process of developing the knowledge and skills of the Board members to enable them to undertake their duties with confidence. Following the authority's Governance review, two substitute employer members have been recruited from the education sector during 2021, who it is envisaged will join the Board in due course with the inclusion of Trades Union representation being considered in the future. Time has been given to the compliance of the Fund's administration, reviewing statutory documentation as it has been published throughout the year and building on the positive outcome of the internal audit of the Administering Authority's compliance with the TPR Code of Practice 14.

The recent past has been a period of transition for all Local Government Pension Funds including the Royal County of Berkshire Fund. In Berkshire, there is the ongoing asset transfer to LPP1 and nationally, amendments to scheme regulations and over-arching legislation to contend with and numerous and complex consultations by the Government to be considered. This has made for a demanding time for all connected with Local Government Pension Funds. Add to this the scrutiny of the Pensions Regulator and it is clear that Fund governance and administration of the Local Government Pension Scheme (LGPS) is more important than ever and a challenge to which the Pension team has in the past, and will in the future, continue to meet. The Board normally meets a few weeks before the Pension Committee so as far as practical so that Board members can consider and provide input to (draft) Committee papers ahead of any required decision being made.

The Board continues to keep under review the Pension Committee's work-plan offering whatever assistance it can give to the Administering Authority in fulfilling its statutory duties of governance and administration, with the Chair of the Board normally attending the Pension Committee. There will always be room for improvement but the work of the Board helps to establish clear priorities for future activity.

PENSION BOARD 2020-21

Chairman: Alan Cross
Vice-Chairman: Arthur Parker (from November 2020
Neil Wilcox to June 2020, then Barry Stratfull to
September 2020)

Scheme Employer Representatives

Neil Wilcox (to June 2020, then substitute member until April 2021)
Barry Stratfull (Substitute from February 2020 and member from June
to September 2020) (*both Slough Borough Council*)
Nikki Craig (*RBWM*)
Arthur Parker (*Bracknell Forest Council*) (Appt. 25 February 2020)

Substitute Members (from September 2021 meeting)
Julian Curzon (*Haybrook College*)
Kieron Finlay (*University of West London*)

Scheme Member Representatives

Tony Pettitt (*Retired Scheme Member*)
Alan Cross (*Deferred Scheme Member*)
Jeff Ford (*Active Scheme Member*)

Dates of meetings:

2 June 2020
9 September 2020
20 November 2020
4 March 2021

Attendance for 2020/21

Name	Number of meeting eligible to attend	Attended
Nikki Craig	4	4
Alan Cross	4	4
Jeff Ford	4	4
Arthur Parker	4	3
Tony Pettitt	4	3
Barry Stratfull	2	1
Julian Curzon	0	0
Kieron Finlay	0	0

PENSION FUND ADMINISTRATION REPORT

Introduction

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

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

Customer Satisfaction

The landscape of the LGPS continues to evolve greatly resulting in the need for our administration team to continue using a variety of methods to understand our 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 LGPS with the introduction of a Career Average Scheme, fundamentally different to the Final Salary Scheme previously in place. This event undoubtedly made the LGPS more complex to administer with increased scrutiny from the Pensions Regulator.

Due to the global Coronavirus pandemic the administration team was quick to identify the immediate need to adopt and accept new ways of working whilst at the same time adapting long standing processes. This all aimed at continuing to provide the high standard of service our Scheme employers and their Scheme members have come to expect during unprecedented times of upheaval for many. It is pleasing that the equipment made available to the administration team by the Administering Authority has meant the transition from office to home working has been seamless, helping us to maintain the confidence of all our stakeholders ever more crucial during difficult times.

Going forward, as we continue through and hope to soon be able to move on from these uncertain times, the administration team will continue to be pro-active and provide timely and accurate information to all Scheme members ensuring that they are aware of all changes to the Scheme and what any changes will make to their pension benefits. Also continuing to ensure Scheme employers are fully educated about the Scheme, they understand their responsibilities and the consequences of their failure to adhere to them.

Compliance with Communications Policy Statement

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

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

➤ **Communication with Employers**

Annual Employers' Meeting

Due to the global Coronavirus pandemic the Pension Fund did not undertake an Annual Employers' Meeting.

Training for Employers

The Pension Team continues to hold ad-hoc training sessions throughout the year on request. These sessions are designed to educate both new and current 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.

Regular Updates on the LGPS

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

Pension Fund website

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

The website contains sections dedicated to the following:

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

The website has been described as easily accessible and includes many links making navigation user friendly. Even so, 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

Employer Self Service (ESS)

The Pension Fund launched ESS on 19 October 2017. ESS is accessible to all registered scheme employers and enables them to view and amend their own scheme members' pension data remotely and securely from the comfort of their workplace.

ESS also enables scheme employers to calculate quickly and efficiently the value of their scheme members benefits and any respective strain cost payable thus avoiding the need to contact the administration team.

i-connect Software

The Pension Fund continues to build on the success it has experienced since February 2016 with data in respect of 86% of the total active scheme membership now submitted to the Pension Fund on a monthly basis. This is an increase of 4% compared to the previous year. We continue to pro-actively work together with our scheme employers yet to on board the service setting out a plan to them to on board by 31 March 2022.

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

General Guidance and Assistance

The pension administration team can be contacted during normal office hours. There is a dedicated help-line 01628 796 668 and a dedicated email help desk (info@berkshirepensions.org.uk).

Promotional Services

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

➤ **Communication with All Members**

Member Self Service - 'my pension ONLINE'

The Pension Fund's 'my pension ONLINE' service enables members to securely access and update your own pension details using not just their desktop PC but now using their laptop, tablet or smartphone.

The service continues to prove popular with over 18,850 members now registered, which represents approximately 30% of the total membership the service is accessible to. Registered members' can quickly gain access to their own pension record to check their details are correct and calculate the current and future value of their own benefits and their dependants. This removes the need to contact the Pension Team and wait for an estimate to be sent to them.

Welcome Pack

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

Annual Benefit Statements

Each active and deferred member of the pension scheme receives an annual benefit statement. With the availability of 'my pension ONLINE' these statements are available for viewing, downloading or printing on-line and means the Pension Fund only issues a paper statement to approximately 3,800 or 8.49% of the membership by post. These numbers will continue to decrease as the membership types move to receiving their

benefits and individuals join the Scheme and default to the 'my pension ONLINE' service.

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

Pension Surgeries

Until this last year the Pension Fund committed to and delivered two pension surgeries held at each of the six Unitary Authorities with additional pension surgeries being held at other employer locations upon request. Due to the global Coronavirus pandemic it was sadly not possible to maintain this level of service. However, in continuing to work with the Unitary Authorities and other employers the Pension Fund provided two remote pension surgeries using Microsoft Teams that were very well received by those who made pre-arranged appointments and will be the method adopted by the Pension Fund throughout the coming year.

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

Due to the global Coronavirus pandemic the Pension Fund did not undertake an Annual Meeting.

➤ **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 2020 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' P60s are available for viewing, downloading and printing on-line in a format approved by HM Revenue & Customs.

Annual Pension Increase Notice

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

Pensions were increased by 1.7% from 6 April 2020 and represents the increase in the CPI index for the 12 month period to the 30 September 2019. Pensions increase is normally applied to pensioners who are age 55 or over, or have retired at any age on ill-health grounds or those in receipt of a dependant's pension.

A member who retired during the financial year will have a proportionate increase applied. The Pension Fund issued a notification to all pensioner and dependant members in April 2020 providing details of their increase awarded from 6 April 2020.

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 and since going LIVE in March 2016 has received 1,311 notifications with 382 of these received between 1 April 2020 and 31 March 2021 alone.

This helped the Fund make contact with the next of kin more quickly and avoid any potential overpayment of benefits.

National Fraud Initiative

The Pension Fund continues to participate in the anti-fraud initiative that matches electronic data within and between public and private sector bodies to prevent and detect fraud which helps ensure:

- The best use of public funds;
- No pension is paid to a person who has deceased; and
- Occupational Pension and employment income is declared by Housing Benefit, Universal Credit and Council Tax Reduction Scheme claimants.

Management Performance

Key Administration Performance Indicators

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

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

- Inputting of new members;
- Processing of early leavers;
- Payment of retirement benefits;
- Payment of Refund of Contributions

Performance for these key procedures over the year was 97.61%, which is a decrease of 1.31% on the 2019/20 year. Although there has been a reduction in the number of cases processed compared to 2019/20, the Pension Team has needed to adjust to a new way of

working during the Coronavirus pandemic. A summary of achievement in each area is shown in the table below:

Administration Team Performance	Target (working days)	2019/2020			2020/2021		
		Number received	Number within target	% within target	Number received	Number within target	% within target
Inputting of new members	20	8,379	8,315	99.24	4,608	4,577	99.33
Processing of early leavers	20	6,891	6,891	97.63	4,698	4,565	97.17
Payment of retirement benefits	5	1,217	1,204	98.93	1,258	1,185	94.17
Payment of Refund of Contributions	10	856	855	99.88	600	598	99.76

Complaints

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

The complaints are monitored in two distinct ways:

- Complaints about our service and the way we apply the regulations; and
- Under the LGPS Regulations 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 34,800 procedures carried out in 2020/21.

Administration Team Performance	Target (working days)	2019/2020			2020/2021		
		Number received	Number within target	% within target	Number received	Number within target	% within target
Service	10	1	1	100	2	2	100
IDRP	n/a	3	3	100	1	1	100

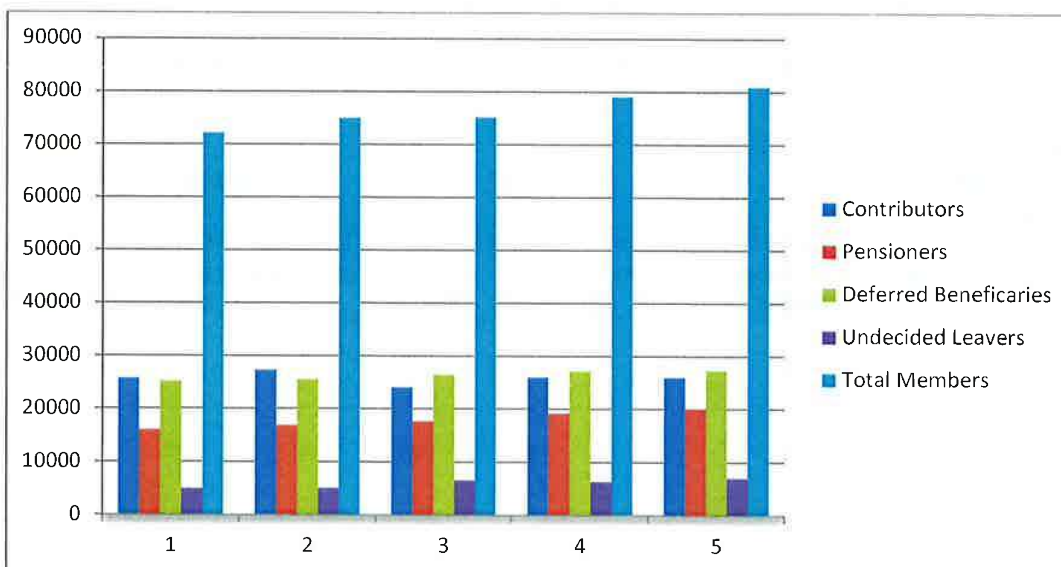
Key Staffing and Membership Numbers

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

Year	2019/2020	2020/2021
Pension Services Manager	1.0	1.0
Pension Administration Manager	1.0	1.0
Deputy Pension Administration Manager	1.0	1.0
Assistant Pension Manager (Communications)	1.0	1.0
Pension Fund Finance Officer	1.0	1.0
Technical Analyst	1.0	0.7
Assistant Technical Analyst	1.0	1.0
Senior Pension Administrators	2.0	2.0
Pension Administrators	6.5	6.5
Trainee Pension Administrators	3.0	3.0
Payroll Supervisor	0.7	0.8
Pension & Payroll Administrator	1.0	1.0
Clerical Support	0.6	0.6
Total	20.8	20.6

Membership

Membership of the Pension Fund continues to grow. The chart and table overleaf 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 2021.



	31 March 2017	31 March 2018	31 March 2019	31 March 2020	31 March 2021
Contributors	25,845	27,369	24,203	25,695	25,887
Pensioners	16,126	16,955	17,763	18,785	19,720
Deferred Beneficiaries	25,256	25,624	26,626	27,510	27,575
Undecided Leavers	5,015	5,127	6,650	6,408	7,170
Total Members	<u>72,242</u>	<u>75,075</u>	<u>75,242</u>	<u>78,398</u>	<u>80,352</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 (from Technical Analyst to Clerical Officer) to scheme member ratio remains consistent with the previous year at 1:5192 with the administration team continuing to provide a highly regarded and professional service across the entire membership.

Benchmarking

The Pension Fund has not taken part in any formal benchmarking exercise since 2006 but is always prepared to take the opportunity to compare ourselves against other Pension Funds of a comparable size in terms of membership.

Gathering Assurance and Data Quality

The Pension Fund recognises the importance of gathering assurance over the effective and efficient operation of the pension and payroll administration software used, *altair*. Provided by *heywood* 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.

In addition it is fundamentally important to measure the presence and accuracy of both Common and Scheme Specific data held to administer benefits on behalf of scheme members and their beneficiaries and to have plans in place to resolve discrepancies where they are found. In consideration of the Pension Regulators (tPR) requirements in this area the Pension Fund entered into a three-year agreement with *heywood* Limited during August 2018 with feedback continuing to be received that our results are well above average.

The exercise of monitoring the accuracy of data will be performed annually and will demonstrate how serious the Pension Fund is with regard to holding accurate data on behalf of scheme members and their beneficiaries.

Data Type	2018 Results %	2019 Results %	2020 Results %
Common	91.30	92.40	98.9
Scheme Specific	86.10	91.30	94.5

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

The Future

The Pension Team anticipated another busy year even before the outbreak of the Coronavirus pandemic towards the end of the 2019/2020 scheme year. The Pension Fund continues to take the threat posed by the Coronavirus extremely seriously with the health, safety and well-being of our team members, scheme employers, scheme members and all other parties we are associated with being one of our main priorities.

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

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

- Increase the number of registered users of 'my pension ONLINE' by conducting further promotional events with each scheme employer authority to actively encourage scheme member take up by increasing the number of desktop visits.
- Respond to consultations on scheme arrangements and implement changed structures as a result of amending legislation.
- Continue to liaise with all scheme employers to ensure that clean and accurate data is consistently provided and appropriate processes and procedures are in place in order to comply with scheme regulations.
- Continue to undertake data validation and integrity checks for data which is issued by HMRC in respect of the GMP Reconciliation exercise in order that the correct state benefits are recorded and paid.
- Undertake an annual data quality exercise in accordance with The Pensions Regulator's (tPR) Code of Practice 14 requirements and report findings to both the Pension Fund Committee and tPR. Update and endeavour to correct discrepancies identified.
- Implement i-connect Software by 31 March 2022 across scheme employers (with less than 11 scheme members) yet to on board which facilitates the direct transfer of member data from employer payroll systems directly into the Pensions Team.

Customer service will continue to be a priority as the next few years will be challenging for both members and employers. We will continue to endeavour to introduce further efficiencies and better ways of working to further improve on the systems that are currently in place. These improvements will be delivered to not only ensure the quality of our members data is

maintained to the standard required by tPR but is also protected as required by Government Data Protection Regulation (GDPR).

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

INVESTMENT REPORT

Background:

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

LPPI has set up and oversees the investment of seven pooled fund vehicles – the most recent addition being the Real Estate Fund (REF) in late 2019. Over the fiscal year, a milestone was achieved with a significant proportion of the Fund's real estate assets pooled into the LPPI REF. As at 31 March 2021, over half of the Fund's real estate exposure was invested through the REF.

The Fund has also achieved greater pooling with the proceeds from the sale of its externally managed Emerging Market Equity managers transferred into the LPPI Global Equity Fund (GEF). All of The Fund's Public Equities exposure is now with LPPI's GEF. As at 31 March 2021, c.75% of the Fund's total assets have been pooled with LPPI – increasing from c.40% in the prior year. Pooling brings with it benefits such as a lowering of costs.

Asset allocation:

The Fund's asset allocation can be seen in the following table:

Asset Class	31-Mar-21		31-Mar-20	
	Actual weighting	Target Weighting	Actual Weighting	Target Weighting
Credit	12.9%	16.0%	10.4%	10.0%
Diversifying Strategies	3.7%	4.0%	3.2%	4.0%
Fixed Income	2.8%	3.0%	2.9%	3.0%
Infrastructure	6.8%	12.5%	7.2%	12.5%
Private Equity	12.7%	10.0%	14.1%	13.0%
Public Equity	44.2%	40.0%	38.2%	40.0%
Real Estate	12.7%	13.5%	14.7%	16.5%
Cash	4.3%	1.0%	9.3%	1.0%
	100.0%	100.0%	100.0%	100.0%

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

Following a review of The Fund's investment strategy, the Target Weightings / SAA Weightings were adjusted with an increase in exposure to Credit and reductions to Real Estate and Private Equity.

The Fund's overweight to Cash was significantly reduced over the year while allocations to Credit and Public Equities rose the most over the year. The underweight to Infrastructure has narrowed slightly over the reporting period.

***Performance:**

Over the twelve-month period to the end of March 2021 the Fund returned 15.1%. This represents an outperformance of 8.1% against the Fund's Actuarial Target of 6.5% but below its Policy Portfolio Benchmark return of 22.1%.

All asset classes generated positive absolute returns over this period with performance led by public equities, which rallied strongly following the market downturn in early 2020. The recovery in credit markets benefited the Fund's fixed income investments with a return of 10.0% for the year. The LPPI Fixed Income Fund's low interest rate exposure also supported the fund's outperformance against its benchmark (relative return of 8.8%), as yields moved higher from their historic lows.

Despite challenges in the real estate market, marked by losses of 2.0% for the wider UK property market (MSCI UK Quarterly IPD Index), the Fund's real estate portfolio fared well with a gain of 4.2% over the year.

The Fund's credit portfolio posted a flat return for the year. Underperformance among some of the Fund's on-balance sheet credit investments detracted from the gains made by the LPPI Credit Fund. Over the reporting period, the Fund increased its exposure to the LPPI Credit fund where it now represents c.75% of the Fund's overall credit exposure.

Positive absolute returns were delivered by both the Fund's infrastructure (+5.3%) and private equity (+8.5%) investments over the year. However, due to the lagged reporting of these investments, which is typical for illiquid asset classes, valuation and performance figures do not fully capture the rally in financial market assets following the re-opening of economies and vaccine initiatives.

Over a three-year horizon to the end of Q1 2021, the Fund delivered a 6.1% annualised return slightly underperforming its Actuarial Target by 0.4%. Infrastructure was the standout performer over this period with an annualised return of 14.6%.

**Fund performance over the 12 months to March 2021 disclosed in this section was calculated using valuations obtainable at March 2021. Due to the quarterly-lagged valuations of private market assets, the relevant pricing information for this tranche was not available at the time of writing this report. In the months following 31 March 2021 asset valuations have been undertaken and this accounts for any difference between the performance shown in this investment performance report and any subsequent accounting positions at that date.*

Economic Update:

This fiscal year (April 2020 to March 2021) was marked by a sharp contrast between a smooth recovery within financial markets and regional disparity in economic growth. Gross domestic product ('GDP') growth and inflation are key macroeconomic variables that can drive financial markets and influence LPPI's market outlook.

GDP contracted across major economies in Q1 2020, even though most government measures to stem the COVID-19 pandemic were enacted during the period. Q2 2020 marked the worst quarter for activity in developed markets with notable disparities – GDP falling less in the U.S. compared to the U.K. and Europe. Since Q3 2020, GDP growth has found firmer footing, although further lockdown measures implemented in certain regions at the end of 2020 and the beginning of 2021 weighed heavily on activity in affected economies.

After the initial market decline between February and March 2020, investors quickly reacted to the "upside", anticipating that the economic impact from COVID-19 would be relatively short lived. Riskier asset prices, such as those for Equities and High Yield bonds, have trended upwards since April 2020, bolstered by ample fiscal and monetary support globally. During the initial months of

the pandemic there was an acceleration of long-term ongoing structural trends, namely increased demand for work-from-home systems and e-commerce. This led to significant gains in technology share prices with the U.S. tech-heavy large cap market benefiting the most among major markets. However, as most economies started scaling back their emergency measures (June 2020), cyclical stocks, such as Energy and Financials, outperformed materially.

The Fund entered the COVID-19 crisis positioned conservatively without significant overweights in risk assets, including Public Equities, which saw the most pronounced decline in value. After a significant part of the Equities downturn had materialised in Q1 2021, LPPI added to the Fund's Equities allocation in March 2020 with further additions made in March 2021 on the back of continued optimism. With the economic recovery starting to tentatively emerge in June 2020, LPPI added to the Fund's credit allocation, partly reducing an existing underweight position versus the Fund's target allocation.

The Fund's portfolio continues to be well diversified across different asset classes, regions and sectors. This diversification is paramount in building robust portfolios, as is a good balance between public and private market assets exposure. Being able to accurately predict ongoing economic scenarios is exceedingly difficult, if not impossible. As such, a well-diversified portfolio is the best preparation for the long-term future.

FINANCIAL PERFORMANCE REPORT

Fund Account and Net assets of the fund

Over the three-year period, contributions received have exceeded pensions paid year on year.

The decrease in management expenses in 2020/21 reflects the decrease in market value the assets as a result of the COVID-19 pandemic.

The Fund asset value increased by £395m to £2.4bn as at 31 March 2021 from £2.005bn as at 31 March 2020.

	2018/19	2019/20	2020/21
Fund Account	£'000	£'000	£'000
Dealings with members			
Contributions	(125,120)	(141,561)	(145,969)
Pensions	113,361	133,893	130,354
Net additions from dealings with members	(11,759)	(7,668)	(15,615)
Management expense	11,093	27,240	27,723
Investment income (incl. taxes on income)	(39,032)	(40,462)	(29,261)
Change in market value	(29,982)	97,886	(378,107)
Net (increase)/decrease in the net assets available for benefits during the year	(69,680)	76,996	(395,260)
Net Asset Statement	£'000	£'000	£'000
Net investment assets	2,076,787	1,995,299	2,382,592
Net current assets	5,156	9,648	17,615
Total Net Assets available to fund benefits	2,081,943	2,004,947	2,400,207

More detailed information can be found in the Statement of Accounts.

Timeliness of Receipt of Contributions

	2018/19	2019/20	2020/21
Percentage of contributions received on or before the due date	98.75%	98.16%	95.55%

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

Administrative Costs Actual compared to Budget

	2020/21 Actual £000's	2020/21 Budget £000's
Staff	923	980
Supplies and Services	566	267
Unit Recharges	145	145
TOTAL	1,634	1,392

RISK MANAGEMENT

The Royal Borough of Windsor and Maidenhead (RBWM) as the administering authority for The Royal County of Berkshire Pension Fund (“the Fund”) places great emphasis on risk management. The Fund differentiates between operational and strategic risks in order to secure the effective governance and administration of the Local Government Pension Scheme (LGPS). The main internal controls for the Fund set out the arrangements and procedures to be followed in administration, governance and management of the LGPS and the systems required for ensuring those arrangements are met.

Operational risk

Operational risk covers such areas as administration of members’ records and payment of benefits, receipt of contributions as well as such things as 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.

A number of key operational risks and the action taken to mitigate them are detailed below:

Risk	Mitigating Action
Failure to comply with LGPS regulations and associated pension law.	Staff training, employer training and external guidance provided. Desk top procedures in place and systems software provider competent.
Payments of incorrect benefits.	<p>Annually each active member’s contributions and pay details are confirmed with their employer.</p> <p>On leaving employment an individual’s scheme membership history and pay details will be confirmed with their employer.</p> <p>The Fund is moving toward an automated and secure method of data transfer between employers and the Fund.</p>
Pension benefits not paid on time.	<p>A schedule of payment dates is maintained and written procedures adopted.</p> <p>Sufficient cover is provided to ensure payments are made at the correct time.</p>

<p>Ongoing pension benefits paid to a deceased member.</p>	<p>The Fund undertakes a monthly mortality screening exercise and takes part in the biennial National Fraud Initiative (NFI).</p>
<p>Failure to maintain a high quality database.</p>	<p>The Fund's preferred method of receiving data from scheme employers is through a secure electronic data transfer system called i-connect thereby maintaining member records in real-time.</p> <p>Pro-active data checks are undertaken before benefits are paid.</p> <p>Both members and employers have access to self-service systems enabling them to check data.</p>
<p>Failure to hold data securely.</p>	<p>The Pension Scheme Member Database is hosted off-site and backed-up in 2 separate locations.</p> <p>Access to systems is via dual-password and username.</p> <p>Data transferred between systems is encrypted.</p> <p>Compliant with General Data Protection Regulations (GDPR) and IT policies.</p>
<p>Contribution payments received late from scheme employers.</p>	<p>Receipt of contributions is monitored robustly with employers being reminded of their statutory duty if payments are received late.</p> <p>Procedures in place to issue notices of unsatisfactory performance to employers who fail to make payments on time and to report them to the Pensions Regulator where deemed materially significant.</p>
<p>Failure to communicate properly with stakeholders.</p>	<p>The Fund has a Communication Policy and a Communications Manager.</p> <p>The website is maintained to a high standard at all times.</p> <p>Newsletters and factsheets are issued to both scheme members and scheme employers.</p>

	Training is provided to scheme employers.
Loss of office premises	A comprehensive business continuity plan is in place. Systems are hosted and so can be accessed remotely from home or from an alternative office space.
Loss of funds through fraud.	The Fund is externally and internally audited annually to test that controls are adequate. The Fund participates on the biennial National Fraud Initiative (NFI).

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. A number of key strategic risks and the action taken to mitigate them are detailed in the table below:

Risk	Mitigating Action
Funding level below 100%.	The Fund has issued a Funding Strategy Statement and Investment Strategy Statement. Deficit recovery plan is in place.
Unstable employer contributions.	The Fund aims to keep employer contribution rates stable by agreeing with scheme employers and the Actuary an appropriate deficit recovery plan.
Unsatisfactory investment performance.	The Fund has issued an Investment Strategy Statement and monitors closely the performance of its Investment Manager. An independent governance review has been completed with recommendations made to ensure the administering authority is robust in all areas relating to investment management and asset allocation. A work-plan to implement the governance changes has been developed with many areas having been implemented. A progress report is included at all meetings of the Pension Fund Committee and Pension Board.

<p>Inappropriate funding targets.</p>	<p>The Fund has a broadly diversified portfolio with no one asset class dominating.</p> <p>Targets are reviewed quarterly with the Pension Committee.</p>
<p>Scheme employer covenants.</p>	<p>The Fund monitors closely the ability of scheme employers to meet their obligations.</p> <p>A cessation valuation is undertaken by the Actuary when a scheme employer exits the Scheme.</p> <p>A funding report and covenant assessment is provided by the Actuary when an employer becomes a new admission body to the Fund.</p>
<p>Governance of the Fund</p>	<p>The Pension Fund is governed by the Pension Fund Committee with assistance from the Pension Fund Advisory Panel.</p> <p>The Pension Board assists the Pension Fund Committee and Advisory Panel in fulfilling their statutory duties.</p> <p>Law Debenture have been appointed as an independent Governance Advisor to both Panels.</p> <p>2 further independent strategic advisors assist the Committee.</p> <p>Officers arrange training on specific matters as required during the year.</p>

Royal County of Berkshire Pension Fund

Actuary's Statement as at 31 March 2021

Barnett Waddingham LLP

9 June 2021

Introduction

The last full triennial valuation of the Royal County of Berkshire Pension Fund was carried out as at 31 March 2019 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 31 March 2020.

2019 valuation results

Asset value and funding level

The results for the Fund at 31 March 2019 were as follows:

- The Fund as a whole had a funding level of 78% i.e. the assets were 78% 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 £597m.
- To cover the cost of new benefits and to also pay off the deficit over a period of 21 years, an average total employer contribution rate of 23.5% of pensionable salaries would be needed.
- The contribution rate for each employer was set based on the annual cost of new benefits being earned plus any adjustment required to pay for their individual deficit.

Assumptions

The key assumptions used to value the benefits at 31 March 2019 are summarised below:

Assumption	31 March 2019
Discount rate	5.3% p.a.
Pension increases (CPI)	2.6% p.a.
Salary increases	3.6% p.a.
Pension increases on GMP	Funds will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that Funds will be required to pay the entire inflationary increases.
Mortality	The post retirement mortality assumptions adopted are the S3PA series with a multiplier of 115% for males and 110% for females, whilst making allowance for CMI 2018 projected improvements with a long term rate of improvement of 1.25% p.a., a smoothing parameter of 7.5 and an additional initial rate of improvement of 0.5% 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

Updated position since the 2019 valuation

Assets

Returns over the year to 31 March 2021 have been fairly strong, helping to offset the significant fall in asset values at the end of the previous year. As at 31 March 2021, in market value terms, the Fund assets are roughly the same as they were projected to be based on the previous valuation.

Liabilities

The key assumption which has the greatest impact on the valuation of liabilities is the real discount rate (the discount rate relative to CPI inflation) – the higher the real discount rate the lower the value of liabilities. As at 31 March 2021, the real discount rate is estimated to be lower than at the 2019 valuation due to lower future expected returns on assets in excess of CPI inflation.

Please note that we have updated the derivation of the CPI inflation assumption to be 0.8% p.a. below the 20 year point on the Bank of England (BoE) implied inflation curve. The assumption adopted at the 2019 valuation was that CPI would be 1.0% p.a. below the 20 year point on the BoE implied inflation curve. This update was made following the Government's response (on 25 November 2020) to the consultation on the reform of RPI, and the expectation that the UK Statistics Authority will implement the proposed changes to bring RPI in line with CPIH from 2030. This updated approach leads to a small increase in the value of liabilities.

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

It is currently unclear what the impact of the COVID-19 pandemic is on the Fund's funding position. It is expected that COVID-related deaths will not have a material impact on the Fund's current funding level, however, impact on future mortality rates may be more significant and we will be reviewing the Fund's mortality assumption as part of the next valuation.

Overall position

On balance, we estimate that the funding position has weakened when compared on a consistent basis to 31 March 2019 (but allowing for the update to the CPI inflation assumption).

The change in the real discount rate since 31 March 2019 is likely to place a higher value on the cost of future accrual which results in a higher primary contribution rate. Deficit contributions would also be slightly higher as a result of the worsening in the funding position.

Future investment returns that will be achieved by the Fund in the short term are more uncertain than usual, in particular the return from equities due to actual and potential reductions and suspensions of dividends.

There is also uncertainty around future benefits due to the McCloud/Sargeant cases and the cost cap process.

We will continue to monitor the funding level on a quarterly basis as requested by the administering authority.

The next formal valuation will be carried out as at 31 March 2022 with new contribution rates set from 1 April 2023.

Barry McKay

Barry McKay FFA
Partner

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF THE ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD ON THE PENSION FUND FINANCIAL STATEMENTS

We have examined the pension fund financial statements for the year ended 31 March 2021, which comprise the Fund Account, the Net Assets Statement and the related notes 1 to 26.

Respective responsibilities of the Head of Finance and the auditor

As explained more fully in the Statement of the Head of Finance's Responsibilities, the Chief Financial Officer is responsible for the preparation of the pension fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to you my opinion on the consistency of the pension fund financial statements within the pension fund annual report with the pension fund financial statements in the statement of accounts of The Royal Borough of Windsor and Maidenhead, and its compliance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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

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

Opinion

In our opinion, the pension fund financial statements are consistent, in all material aspects, with the pension fund financial statements in the full annual statement of accounts of The Royal Borough of Windsor and Maidenhead for the year ended 31 March 2021 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Use of our report

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



Jonathan Gooding, FCA (Appointed auditor)
For and on behalf of Deloitte LLP
London, UK
08.04.2024

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:

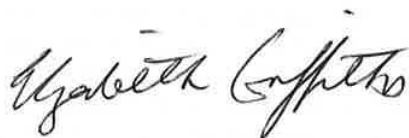
- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In the Royal Borough of Windsor and Maidenhead, that officer is the Head of Finance;
- To manage its affairs so as to secure economic, efficient and effective use of resources and safeguard its assets; and
- 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.



Executive Director of Resources and Section 151 Officer

28.03.2024

PENSION FUND ACCOUNTS

The Royal County of Berkshire Pension Fund - Fund Account

2019/20			2020/21
£'000		Notes	£'000
	Dealings with members, employers and others directly involved in the Fund		
(127,113)	Contributions	7	(139,010)
(14,448)	Transfers in from other pension funds	8	(6,959)
(141,561)			(145,969)
113,361	Benefits	9	114,245
20,532	Payments to and on account of leavers	10	16,109
133,893			130,354
(7,668)	Net additions from dealings with members		(15,615)
27,240	Management expenses	11	27,723
19,572	Net (additions)/withdrawals including fund management expenses		12,108
	Returns on investments		
(40,415)	Investment income	12	(28,977)
(47)	Taxes on income	13	(284)
97,886	Profits and losses on disposal of investments and changes in the market value of investments	14	(378,107)
57,424	Net return on investments		(407,368)
76,996	Net (increase)/decrease in the net assets available for benefits during the year		(395,260)
(2,081,943)	Opening net assets of the scheme		(2,004,947)
(2,004,947)	Closing net assets of the scheme		(2,400,207)

PENSION FUND ACCOUNTS

The Royal County of Berkshire Pension Fund - Net Assets Statement

2019/20			2020/21
£'000		Notes	£'000
2,149,373	Investment assets	14	2,518,894
(154,074)	Investment liabilities	14	(136,302)
1,995,299	Total net investments		2,382,592
12,258	Current assets	21	21,395
12,258			21,395
(2,610)	Current liabilities	22	(3,780)
(2,610)			(3,780)
2,004,947	Net assets of the fund available to fund benefits at the end of the reporting period		2,400,207

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 20.

NOTES TO THE PENSION FUND ACCOUNTS

Notes to the Royal County of Berkshire Pension Fund Accounts for the year ended 31 March 2021

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.

a) General

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

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

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

The fund is overseen by the Pension Fund Committee.

b) Membership

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

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

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

Membership details are set out below:

The Royal County of Berkshire Pension Fund	31 March 2020	31 March 2021
Number of employers with active members	205	189
Number of employees in scheme		
Administering authority	1,584	1,502
Unitary authorities	14,840	14,772
Other employers	9,271	9,613
Total	25,695	25,887
Number of pensioners		
Administering authority	1,991	2,032
Unitary authorities	10,201	10,625
Other employers	6,593	6,813
Total	18,785	19,470
Deferred pensioners		
Administering authority	3,559	3,516
Unitary authorities	17,076	16,855
Other employers	6,875	7,174
Total	27,510	27,545
Total number of members in pension scheme	71,390	73,182

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2021. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2019. During 2020/21, employer contribution rates ranged from 10.1% to 36.0% of pensionable pay.

d) Benefits

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

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

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

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

NOTES TO THE PENSION FUND ACCOUNTS

2 Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2020/21 financial year and its position at year-end as at 31 March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 200/21 ('the code') which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2020/21.

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. Employee's contribution rates are set in accordance with LGPS regulations. Employer's contributions are set at the percentage rate recommended by the Fund actuary.

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

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

b) Transfers to and from other schemes

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

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

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

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

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.

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.

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.

NOTES TO THE PENSION FUND ACCOUNTS

3 Summary of significant accounting policies (continued)

Fund Account - expense items - continued

f) Management expenses

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

Administrative expenses

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

Oversight and governance costs

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

Investment management expenses

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

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. Any amounts due or payable in respects of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 14a. From this date, any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

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

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.

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

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.

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

l) Actuarial present value of promised retirement benefits

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

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

NOTES TO THE PENSION FUND ACCOUNTS

3 Summary of significant accounting policies (continued)

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.

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

n) Contingent assets and contingent liabilities

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

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

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

4 Critical judgements in applying accounting policies

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

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 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied. Further information on the carrying amounts of the Fund's defined benefit obligation and the setting of the assumptions are provided in notes 19 and 20.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of approximately £111.85 million. A 0.1% increase in pension increases and deferred revaluation assumption would increase the value of liabilities by approximately £104.88 million, and a one-year increase in assumed life expectancy would increase the liability by approximately £245.60 million.
Longevity insurance policy	The longevity insurance policy is valued by a firm of consulting actuaries. This valuation is the difference between the discounted cash flows relating to the amounts expected to be reimbursed to the fund and the inflation linked premiums expected to be paid by the fund. The carrying amount as at 31 March 2021 is (£133.19 million). This valuation depends on a number of complex judgements including the discount and mortality rates.	Changes in the discount rate and mortality rate assumptions would result in a material change to the carrying value in a similar way to the value of the pension fund liability disclosed above.
Private equity investments	Private equity investments are valued at fair value in accordance with the International Private Equity and Venture Capital Board guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The valuations of private equity investments are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Changes to the inputs could result in a material change to the carrying value. Further information on the carrying amounts of the private equity and the estimated sensitivity are shown in note 16.

Covid-19 impact

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

6 Events after the reporting date

Impact of the McCloud judgement

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

An allowance using analysis from the Government Actuary's Department as a starting point was made for the potential impact of the McCloud and Sargeant judgement in the results provided to the Fund at the last accounting date. This allowance is incorporated in the roll forward approach and is remeasured at the accounting date (31 March 2021) along with the normal LGPS liabilities. The actuary does not believe there are any material differences between the approach underlying their estimated allowance and the proposed remedy. A more detailed analysis at this stage would require a significant amount of member data which is not yet available. No further adjustment in the light of the expected changes to the Regulations has been included in this year's IAS 26 calculations.

NOTES TO THE PENSION FUND ACCOUNTS

6 Events after the reporting date - continued

Investments

The investment figures in the accounts and notes have been adjusted in all material respects to reflect the impact of any information received after 31 March 2021 which reflect the conditions as at 31 March 2021. During the audit, the fund manager's valuation as at 31 March 2021 were received and they showed material difference in aggregate. The accounts have been amended to reflect the difference reported in the table below.

Asset Class	Estimated value	Manager's value	Difference
	31 March 2021	31 March 2021	
	£m	£m	£m
Equities	42.53	42.99	0.46
Pooled investments	1512.46	1517.67	5.21
Pooled property investments	280.49	293.62	13.13
Private equity	522.66	561.98	39.32
Total	2,368.14	2,416.26	48.12

7 Contributions receivable

By category

2019/20		2020/21
£'000		£'000
28,635	Members' contributions	30,337
	Employers' contributions	
69,417	Normal contributions	70,465
27,506	Deficit recovery contributions	27,588
1,555	Augmentation contributions	1,630
98,478	Total employer's contributions	106,673
127,113		139,010

By type of employer

2019/20		2020/21
£'000		£'000
11,709	Administering authority	12,169
101,630	Scheduled bodies	114,002
6,248	Admitted bodies	5,977
7,526	Transferee admission body	7,465
127,113		139,010

8 Transfers in from other pension funds

2019/20		2020/21
£'000		£'000
14,133	Individual transfers from other pension funds	6,595
315	AVC to purchase scheme benefits	493
14,448		6,988

9 Benefits payable

By category

2019/20		2020/21
£'000		£'000
90,704	Pensions	94,047
19,557	Commutation and lump sum retirement benefits	16,893
3,100	Lump sum death benefits	2,405
113,361		114,245

By type of employer

2019/20		2020/21
£'000		£'000
12,722	Administering authority	12,169
89,402	Scheduled bodies	91,516
8,295	Admitted bodies	7,790
2,942	Transferee admission body	2,761
113,361		114,245

10 Payments to and on account of leavers

2019/20		2020/21
£'000		£'000
639	Refunds to members leaving service	503
9,000	Group transfers to other pension funds	6,043
10,893	Individual transfers to other pension funds	9,583
26,532		16,109

NOTES TO THE PENSION FUND ACCOUNTS

11 Management expenses

2019/20		2020/21
£'000		£'000
1,754	Administrative costs	1,888
25,429	Investment management expenses	25,763
57	Oversight and governance costs	52
27,240		27,703

a) Investment management expenses

2020/21	Management fees	Performance fees	Transaction costs	Total
	£'000	£'000	£'000	£'000
Cash and FX Contracts	29	0	0	29
Pooled investments	12,843	6,159	997	19,999
Pooled property investments	208	22	22	252
Private equity	2,966	2,089	405	5,460
	15,846	8,260	1,424	25,529
Custody fees				263
Total				25,793

2019/20	Management fees	Performance fees	Transaction costs	Total
	£'000	£'000	£'000	£'000
Cash and FX Contracts	30	0	0	30
Pooled investments	8,611	683	1,221	10,515
Pooled property investments	234	0	16	250
Private equity	8,536	4,585	1,315	14,436
	17,411	5,268	2,552	25,231
Custody fees				198
Total				25,429

12 Investment income

2019/20		2020/21
£'000		£'000
12,205	Income from equities	11,113
4,054	Income from bonds	3,004
11,712	Private equity income	8,193
10,272	Pooled property investments	6,422
435	Pooled investments - unit trusts & other managed funds	128
1,736	Interest on cash deposits	118
40,414	Total before taxes	28,977

13 Other fund account disclosures

a) Taxes on income

2019/20		2020/21
£'000		£'000
(280)	Withholding tax - equities	(394)
233	Withholding tax - pooled property investments	110
(47)		(284)

b) External audit costs

2019/20		2020/21
£'000		£'000
55	Payable in respect of external audit	11
55		11

14 Investments

Market value 31 March 2020		Market value 31 March 2021
£'000		£'000
Investment assets		
2,339	Bonds	0
25,217	Equities	42,628
995,687	Pooled investments	1,317,687
189,099	Pooled liquidity funds	84,043
292,107	Pooled property investments	298,617
605,868	Private equity	661,930
	Derivative contracts:	
1,281	- Forward currency contracts	475
35,724	Cash deposits	17,149
2,051	Investment income due	572
2,149,373	Total investment assets	2,616,384
	Investment liabilities	
	Derivative contracts	
(32,245)	- Forward currency contracts	(3,111)
(121,629)	- Longevity Insurance Policy	(135,781)
0	Amounts payable for purchases	(5)
(153,874)	Total investment liabilities	(138,902)
1,995,499	Net investment assets	2,477,482

NOTES TO THE PENSION FUND ACCOUNTS

14 Investments (continued)

a) Reconciliation of movements in investments and derivatives

	Market value 1 April 2020	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 2021
	£'000	£'000	£'000	£'000	£'000
Bonds	2,339	0	(4,418)	2,079	0
Equities	25,217	4,376	0	13,393	42,986
Pooled investments	995,687	529,375	(364,833)	357,438	1,517,667
Pooled liquidity funds	189,099	491,419	(596,062)	(408)	34,049
Pooled property investments	292,107	200,242	(205,436)	6,704	293,617
Private equity	605,868	63,700	(75,671)	(31,917)	561,200
	2,110,317	1,289,102	(1,246,420)	347,209	2,500,208
Derivative contracts:					
- Forward currency contracts	(30,964)	43,514	(54,572)	39,386	(2,636)
- Longevity insurance policy	(121,829)	8,704	0	(20,066)	(133,191)
	1,957,524	1,341,330	(1,300,992)	366,609	2,364,471
Other investment balances:					
- Cash deposits	35,724			11,498	17,149
- Investment income due	2,051				972
- Amounts payable for purchases	0				(0)
Net investment assets	1,995,299			378,107	2,382,792

	Market value 1 April 2019	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 2020
	£'000	£'000	£'000	£'000	£'000
Bonds	2,226	0	0	113	2,339
Equities	23,588	1,245	0	384	25,217
Pooled investments	997,974	79,074	(22,361)	(59,000)	995,687
Pooled liquidity funds	137,972	309,180	(260,461)	2,408	139,699
Pooled property investments	294,011	0	0	(1,904)	292,107
Private equity	696,663	129,505	(241,482)	21,183	605,868
	2,152,433	519,003	(624,304)	(95,816)	2,110,317
Derivative contracts:					
- Forward currency contracts	(4,058)	149,235	(140,145)	(35,996)	(30,964)
- Longevity insurance policy	(103,800)	8,463	0	(26,492)	(121,829)
	2,044,575	676,702	(664,449)	(99,304)	1,957,524
Other investment balances:					
- Cash deposits	29,819			1,418	35,724
- Investment income due	2,393				2,051
Net investment assets	2,076,787			(97,886)	1,995,299

Purchases and sales of derivatives are recognised in note 14a above as follows:

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

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

b) Investments analysed by fund manager

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

Investment	Market value 31 March 2020	% of total fund	Market value 31 March 2021	% of total fund
	£'000		£'000	
Longevity Insurance Policy	(121,829)	6.1	(133,191)	5.5
Lasalle Global Real Estate	170,681	8.6	0	0.0
LPPI Global Equities Fund	632,076	31.7	1,092,024	45.5
LPPI Credit Investments LP	37,591	1.9	259,492	10.8
LPPI Real Estates ACS	0	0.0	185,550	7.7

NOTES TO THE PENSION FUND ACCOUNTS

14 Investments (continued)

b) Investments analysed by fund manager (continued)

Market value at 31 March 2020 £'000	% of Market value 31 March 2020 %		Fund Type	Market value at 31 March 2021 £'000	% of Market value at 31 March 2021 %
Investment managed within LPPI asset pools					
37,591	1.9	LPPI Credit	Pooled Investment	259,492	10.9
0	0.0	LPPI Real Estates	Pooled Property	185,558	7.8
632,076	31.7	LPPI Global Equities	Pooled Investment	1,092,924	45.9
62,166	3.1	LPPI Fixed Income	Pooled Investment	69,410	2.9
65,393	3.3	LPPI Diversifying Strategy	Pooled Investment	91,709	3.8
76,339	3.9	LPPI Infrastructure	Private Infrastructure	103,998	4.4
26,840	1.3	LPPI Private Equity	Private Equity	52,197	2.2
992,405	45.2			1,854,835	77.9
Investments managed outside asset pool:					
2,339	0.1	Technology Enhanced Oil Limited	Bonds	0	0.0
25,217	1.3	Gresham House Asset Management Limited	Equities	36,610	1.8
0	0.0	Technology Enhanced Oil Limited	Equities	4,376	0.2
4,586	0.2	Cheyne Capital Management LLP	Pooled Investment	3,731	0.2
52,390	2.6	Fidelity	Pooled Investment	0	0.0
40,903	2.0	Morgan Stanley	Pooled Investment	0	0.0
2,518	0.1	Securis Investment Partners LLP	Pooled Investment	1,255	0.1
37,917	1.9	Stewart Investments	Pooled Investment	0	0.0
60,052	3.0	William Blair	Pooled Investment	0	0.0
96	0.0	SPL Guernsey ICC Ltd	Pooled Investment	96	0.0
42,280	2.1	Northern Trust	Pooled Liquidity	17,931	0.7
67,993	3.4	JPM Asset Management	Pooled Liquidity	45,810	1.9
36,380	1.8	Legal & General	Pooled Liquidity	3,409	0.1
42,445	2.1	Aviva	Pooled Liquidity	17,948	0.7
6,174	0.3	Jones Lang LaSalle	Pooled Property	9,310	0.4
237,410	11.9	LaSalle Investment Management (Jersey) Limited	Pooled Property	62,311	2.8
33,823	1.7	Milltrust International LLP	Pooled Property	36,339	1.6
14,700	0.7	Schroders	Pooled Property	0	0.0
11,918	0.6	Athyrium Capital Management LP	Private Debt	30,381	1.4
7,056	0.4	Derwent Shared Equity LLP	Private Debt	10,343	0.5
107,059	5.4	Dorchester Capital Advisors, LLC	Private Debt	15,739	0.7
6,157	0.3	Grosvenor Capital Management L.P.	Private Debt	3,293	0.1
8,652	0.4	Neuberger Berman	Private Debt	3,966	0.2
3,316	0.2	Partners Group	Private Debt	3,173	0.1
11,066	0.6	Rutland Partners LLP	Private Debt	9,149	0.4
10,443	0.5	WP Global Partners	Private Debt	9,877	0.4
39,196	2.0	Adams Street Partners	Private Equity	45,810	1.9
1,999	0.1	COREalpha Private Equity Partners Partnership Fund IV, L.P.	Private Equity	1,947	0.1
8,058	0.4	Coral Reef Capital	Private Equity	9,701	0.4
15,472	0.8	Fulure Planet Capital	Private Equity	14,063	0.6
4,947	0.2	Gresham House Asset Management Limited	Private Equity	9,905	0.4
1,206	0.1	Henderson Equity Partners	Private Equity	591	0.0
6,869	0.3	ICG PLC	Private Equity	6,236	0.3
9,431	0.5	Kuramo Capital	Private Equity	9,104	0.4
4,153	0.2	Longwall Venture Partners LLP	Private Equity	4,530	0.2
14,488	0.7	Neuberger Berman	Private Equity	15,015	0.6
25,367	1.3	Milltrust International LLP	Private Equity	36,137	1.5
609	0.0	Organox	Private Equity	609	0.0
100	0.0	Orthoson	Private Equity	98	0.0
1,478	0.1	Longwall Ventures	Private Equity	1,864	0.1
900	0.0	Oxsonics Ltd	Private Equity	482	0.0
6,462	0.3	Pantheon Ventures	Private Equity	6,247	0.3
7,490	0.4	Partners Group	Private Equity	6,381	0.3
11,106	0.6	Sarona Asset Management Inc	Private Equity	12,931	0.6
2,037	0.1	South East Growth Fund	Private Equity	1,913	0.1
2,588	0.1	Stafford CP	Private Equity	1,330	0.1
1,892	0.1	BMO Global Asset Management	Private Equity	1,447	0.1
69,639	3.5	WP Global Partners	Private Equity	74,262	3.1
2,434	0.1	African Infrastructure Investment Managers Pty Ltd	Private Infrastructure	2,291	0.1
6,917	0.3	Climate Fund Managers	Private Infrastructure	12,353	0.5
66,187	3.3	Gresham House Asset Management Limited	Private Infrastructure	33,020	1.4
5,958	0.3	Macquarie Group	Private Infrastructure	3,753	0.2
10,549	0.5	Macquarie Infrastructure Partners Inc.	Private Infrastructure	1,300	0.1
7,588	0.4	The Rohayton Group (TRG)	Private Infrastructure	7,672	0.3
(30,964)	-1.6	Cambridge Strategy Ltd	Forward Currency Contracts	(2,638)	-0.1
1,176,948	58.7			643,374	26.9
Other					
(121,829)	-6.1	Longevity Insurance Policy		(138,151)	-5.6
35,724	1.8	Cash with investment managers		47,149	1.9
0	0.0	Amount receivable for sales		0	0.0
0	0.0	Amount payable for purchases		(0)	0.0
2,051	0.1	Investment income due		972	0.1
(84,054)	-4.2			(15,020)	-0.6
1,995,299	100.0	Total		2,382,592	100.0

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

The above organisations are registered in the United Kingdom.

NOTES TO THE PENSION FUND ACCOUNTS

16 a) 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.

- Longevity Insurance Policy

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

- Forward foreign currency

To maintain appropriate diversification and to take advantage of overseas investment returns, a significant proportion of the fund's portfolio is in overseas assets. To reduce the volatility associated with fluctuating currency rates, the fund has a passive currency programme in place with an external manager.

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	348,774	USD	(484,868)	0	(2,578)
One to six months	JPY	2,840,232	GBP	(18,841)	0	(203)
One to six months	TRY	21,161	USD	(2,689)	0	(184)
One to six months	GBP	7,943	CAD	(13,966)	0	(109)
One to six months	CHF	9,707	GBP	(7,519)	0	(30)
One to six months	INR	262,089	USD	(3,551)	0	(7)
One to six months	SGD	4,823	USD	(3,585)	3	0
One to six months	GBP	8,536	NOK	(100,354)	17	0
One to six months	BRL	19,145	USD	(3,343)	24	0
One to six months	KRW	4,136,096	USD	(3,632)	26	0
One to six months	CLP	2,897,173	USD	(3,995)	29	0
One to six months	GBP	8,311	AUD	(14,962)	51	0
One to six months	MXN	82,868	USD	(3,906)	81	0
One to six months	GBP	44,732	EUR	(52,156)	244	0
Open forward currency contracts at 31 March 2021					475	(3,111)
Net forward currency contracts at 31 March 2021						(2,636)
Prior year comparative						
Open forward currency contracts at 31 March 2020					1,281	(32,245)
Net forward currency contracts at 31 March 2020						(30,964)

NOTES TO THE PENSION FUND ACCOUNTS

16 Fair value - Basis of valuation

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

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

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2021.

	Assessed valuation range (%)	Value at 31 March 2021 £'000	Value on increase £'000	Value on decrease £'000
Private equity	-7.2%	561,980	521,349	602,611
Property funds	18.1%	293,617	346,821	240,414
Private equity (LPPI Credit)	10.1%	259,492	285,597	233,387
Total		1,115,089	1,153,767	1,076,412

NOTES TO THE PENSION FUND ACCOUNTS

16 Fair value - Basis of valuation (continued)

a) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

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

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

Values at 31 March 2021	Quoted market price		Using	With significant	Total
	Level 1	Level 2	observable inputs	unobservable inputs	
	£'000	£'000	Level 2	Level 3	£'000
Financial assets at fair value through profit and loss	122,658	1,258,650		1,119,465	2,500,773
Financial liabilities at fair value through profit and loss	0	(3,111)		(133,191)	(136,302)
Cash deposits	17,149	0		0	17,149
Investment due	972	0		0	972
Amounts payable for purchases	(0)	0		0	(0)
Net investment assets	140,779	1,255,539		986,274	2,382,592

Values at 31 March 2020	Quoted market price		Using	With significant	Total
	Level 1	Level 2	observable inputs	unobservable inputs	
	£'000	£'000	Level 2	Level 3	£'000
Financial assets at fair value through profit and loss	214,316	959,377		937,905	2,111,598
Financial liabilities at fair value through profit and loss	0	(32,245)		(121,829)	(154,074)
Cash deposits	35,724	0		0	35,724
Investment income due	2,051	0		0	2,051
Net investment assets*	252,091	927,132		816,076	1,995,299

*Restated to include Cash deposits and investment income due.

b) Reconciliation of fair value measurements within level 3

	Market value 31 March 2020	Purchases during the year	Sales during the year	Unrealised gains/(losses)	Realised gains/(losses)	Market value 31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Unquoted bond	2,339	0	(4,418)	37,126	(35,047)	0
Unquoted equity	0	4,376	0	0	0	4,376
Private equity	643,459	176,700	(75,671)	41,529	33,455	801,472
Pooled property	292,107	200,242	(205,436)	(58,719)	65,423	298,617
Longevity insurance policy	(121,829)	8,704	0	(20,066)	0	(133,191)
	816,076	392,022	(285,525)	(130)	63,831	986,274

	Market value 31 March 2019	Purchases during the year	Sales during the year	Unrealised gains/(losses)	Realised gains/(losses)	Market value 31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Unquoted bond	2,226				113	2,339
Private equity	696,663	167,682	(241,482)	(59,908)	80,504	643,459
Pooled property	294,011			(1,904)		292,107
Longevity insurance policy	(103,900)	8,463		(26,492)		(121,829)
	889,100	176,145	(241,482)	(88,304)	80,617	816,076

NOTES TO THE PENSION FUND ACCOUNTS

17 Financial instruments

a) Classification of financial instruments

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

Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
31 March 2020			31 March 2021		
£'000	£'000	£'000	£'000	£'000	£'000
					Financial assets
2,339			0		Bonds
25,217			42,986		Equities
995,687			1,517,667		Pooled investments
189,099			84,048		Pooled liquidity funds
292,107			293,617		Pooled property investments
605,868			561,980		Private equity
1,281			475		Derivative contracts
35,724	6,233		17,149	7,493	Cash
	2,051			972	Other investment balances
	6,025			13,902	Debtors
2,147,322	14,309		2,517,922	22,367	
					Financial liabilities
(154,074)			(136,302)		Derivative contracts
			(0)		Amounts payable for purchases
(154,074)		(2,610)			Creditors
1,993,248	14,309	(2,610)	(136,302)		
			2,381,620	22,367	(3,780)

b) Net gains and losses on financial instruments

31 March 2020		31 March 2021
£'000		£'000
25,507	Financial Assets	430,498
25,507	Fair value through profit and loss	430,498
(123,392)	Financial Liabilities	(62,391)
(123,392)	Fair value through profit and loss	(62,391)
(97,885)	Total	378,107

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

18 Nature and extent of risks arising from financial instruments

Risk and risk management

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

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

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 investment return.

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

The fund manages these risks in two ways:

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

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

NOTES TO THE PENSION FUND ACCOUNTS

18 Nature and extent of risks arising from financial instruments (continued)

Risk and risk management (continued)

Other price risk

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

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

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

Other price risk - sensitivity analysis

Following analysis of historical data and expected investment return by the Fund's investment advisors during the financial year the Fund has determined that the following movements in market price risk are reasonably possible for the 2021/22 reporting period:

Asset type	Potential market movements (+/-)
Bonds	10.1%
Equities - listed	20.5%
Equities - unlisted	32.2%
Private Equity	32.2%
Private Equity - Credit	10.1%
Private Equity - Infrastructure	17.7%
Pooled Investments - Equity	20.5%
Pooled Investments - Bonds	6.0%
Pooled Investments - Credit	10.1%
Pooled Investments - Diversify/strategies	10.2%
Pooled Property Funds	15.1%

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 2021	Potential market movement	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Investment portfolio assets:				
Bonds	0	0	0	0
Equities - listed	-	-	-	-
Equities - unlisted	42,955	13,837	56,792	29,118
Pooled Investments - Equity	1,059,016	223,850	1,316,466	869,166
Pooled Investments - Bonds	88,410	5,997	74,537	102,513
Pooled Investments - Credit	263,273	26,495	289,768	236,778
Pooled Investments - Div. strategies	32,905	9,895	102,550	63,350
Pooled liquidity funds	84,048	-	84,048	84,048
Pooled Property Funds	229,617	53,203	343,820	249,414
Private Equity	305,771	97,790	401,561	208,081
Private Equity - Credit	63,273	6,365	69,638	55,302
Private Equity - Infrastructure	104,516	34,500	229,416	103,416
Net derivative liabilities	(155,827)	-	(155,827)	(155,827)
Cash deposits	17,149	-	17,149	17,149
Investment income due	972	-	972	972
Current assets:				
Debtors	13,902	-	13,902	13,902
Cash balances	7,493	-	7,493	7,493
Current liabilities				
	(3,780)	-	(3,780)	(3,780)
Total	2,400,207		2,871,719	1,928,694

NOTES TO THE PENSION FUND ACCOUNTS

18 Nature and extent of risks arising from financial instruments (continued)

Other price risk - sensitivity analysis (continued)

Asset type	Value as at 31 March 2020	Potential market movement	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Investment portfolio assets:				
Bonds	2,339	316	2,655	2,023
Equities - listed	-	-	-	-
Equities - unlisted	25,217	8,233	33,450	16,984
Pooled investments - Equity	861,025	187,703	1,048,728	673,322
Pooled investments - Bonds	62,166	5,172	67,338	56,994
Pooled investments - Credit	4,586	619	5,205	3,967
Pooled investments - Div. strategies	67,910	7,083	74,993	60,827
Pooled liquidity funds	189,099	-	189,099	189,099
Pooled Property Funds	292,107	70,485	362,592	221,622
Private Equity	262,331	85,651	347,982	176,680
Private Equity - Credit	165,566	22,335	187,901	143,231
Private Equity - Infrastructure	177,972	33,637	211,609	144,335
Net derivative liabilities	(152,794)	-	(152,794)	(152,794)
Cash deposits	35,724	-	35,724	35,724
Investment income due	2,051	-	2,051	2,051
Current assets:				
Debtors	6,025	-	6,025	6,025
Cash balances	6,233	-	6,233	6,233
Current liabilities	(2,610)	-	(2,610)	(2,610)
Total	2,904,947	-	2,426,180	1,683,713

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 2021 and 31 March 2020 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis

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

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

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

Asset exposed to interest rate risk	Value as at 31 March 2021	Change in year in the net assets available to pay benefits	
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Investments - Pooled liquidity funds	84,048	0	0
Investments - Cash deposits	17,149	0	0
Current assets - Cash balances	7,493	0	0
Total change in assets available	108,690	0	0

Asset exposed to interest rate risk	Value as at 31 March 2020	Change in year in the net assets available to pay benefits	
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Investments - Pooled liquidity funds	189,099	0	0
Investments - Cash deposits	35,724	0	0
Current assets - Cash balances	6,233	0	0
Bonds	2,339	(47)	47
Total change in assets available	233,395	(47)	47

NOTES TO THE PENSION FUND ACCOUNTS

18 Nature and extent of risks arising from financial instruments (continued)

Interest rate risk - sensitivity analysis (continued)

Income exposed to interest rate risk	Amount receivable in year ending 31 March 2021	Effect on income values	
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Cash balances / cash and cash equivalents	116	117	115
Bonds	3,004	3,004	3,004
Total change in income receivable	3,120	3,121	3,119

Income exposed to interest rate risk	Amount receivable in year ending 31 March 2020	Effect on income values	
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Cash balances / cash and cash equivalents	1,736	1,754	1,719
Bonds	4,054	4,054	4,054
Total change in income receivable	5,790	5,808	5,773

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

Currency risk

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

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

Currency risk - sensitivity analysis

Following analysis of historical data by the Fund's investment advisors during the financial year the fund has determined that the following likely volatility associated with foreign exchange rate movements are reasonably possible for 2021/22.

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

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

Denominated currency	Value as at 31 March 2021	Potential volatility (+/-)	Value on	
			Increase	decrease
	£'000		£'000	£'000
AUD	17,461	8.5%	18,952	15,970
CAD	0	8.0%	0	0
CHF	79	8.3%	86	73
EUR	4,684	7.4%	5,033	4,336
JPY	26	9.1%	28	24
NOK	237	12.1%	266	208
NZD	19,012	8.5%	20,836	17,385
USD	270,211	9.3%	295,449	244,973
Total	311,710		340,450	282,972

Denominated currency	Value as at 31 March 2020	Potential volatility (+/-)	Value on	
			Increase	decrease
	£'000		£'000	£'000
AUD	15,699	18.4%	18,588	12,811
CAD	1	14.6%	1	1
CHF	428	13.4%	485	370
EUR	8,918	12.6%	10,042	7,794
JPY	30	16.1%	35	25
NOK	196	29.3%	254	139
NZD	18,129	9.2%	19,803	16,456
SEK				
USD	519,062	14.4%	593,651	444,473
Total	562,463		642,858	482,069

NOTES TO THE PENSION FUND ACCOUNTS

18 Nature and extent of risks arising from financial instruments (continued)

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 in

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

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

The Fund believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2021 was £108.7m (31 March 2020: £231.1m). This was held with the following institutions:

	Rating	Balances as at 31 March 2020 £'000	Balances as at 31 March 2021 £'000
Money Market funds			
Aviva	AAA	42,446	17,508
JP Morgan	AAA	67,993	45,811
Legal & General	AAA	36,380	3,409
Northern Trust	AAA	42,280	17,321
Bank deposit accounts			
JP Morgan	AA-	35,724	17,149
Bank current accounts			
Lloyds	A+	6,233	7,493
Total		231,056	108,691

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 fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those which will take longer than three months to convert to cash. As at 31 March 2021 the value of illiquid assets was £855.6m, which represented 36.4% of the total fund net assets (31 March 2020: £898m, which represented 44.1% of the total fund net assets).

Refinancing risk

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

Longevity risk

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

NOTES TO THE PENSION FUND ACCOUNTS

19 Funding arrangements

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2019. The next valuation will take place as at 31 March 2022.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment;
- to ensure that employer contribution rates are as stable as possible;
- to minimise the long-term cost of the fund by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return;
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so;
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

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

At the 2019 actuarial valuation, the Fund was assessed as 78% funded (73% at the March 2016 valuation). This corresponded to a deficit of £597m (2016 valuation: £597m) at that time.

At the 2019 actuarial valuation the average required employer contribution to restore the funding position to 100% over the next 21 years was 22.0% 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	5.3% per annum for both unitary authorities and other employers
Pension and Deferred Pension Increases	2.6% per annum
Short term pay increases	not applicable
Long term pay increases	3.6% per annum

Mortality assumptions

Current mortality	115% (Male) / 110% (Female) of the S3PA tables
Mortality Projection	2018 CMI Model with a long-term rate of improvement of 1.25% p.a

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.

20 Actuarial present value of promised retirement benefits

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

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

Calculated on an IAS19 basis, the actuarial present value of promised retirement benefits at 31 March 2021 was £5.471m (31 March 2020: £4,158m). The net assets available to pay benefits as at 31 March 2021 was £2,390m (31 March 2020: £2,032m). The implied Fund deficit as at March 2021 was therefore £3,081m (31 March 2020: £2,126m).

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore differ from the results of the 2019 triennial funding valuation (see Note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

IAS19 assumptions used

Inflation/pension increase rate assumption	2.6%
Salary increase rate	3.6%
Discount rate	5.3%

Guaranteed Minimum Pension (GMP) Equalisation

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

NOTES TO THE PENSION FUND ACCOUNTS

21 Current assets

31 March 2020		31 March 2021
£'000		£'000
5,142	Contributions due	6,900
883	Sundry debtors	3,322
6,025	Debtors	10,222
6,233	Cash balances	7,438
12,258		21,398

Analysis of debtors

31 March 2020		31 March 2021
£'000		£'000
2,083	Other local authorities	3,562
3,942	Other entities & individuals	4,340
6,025		13,902

22 Current liabilities

31 March 2020		31 March 2021
£'000		£'000
(2,609)	Sundry creditors	(3,594)
(1)	Benefits payable	(130)
(2,610)		(3,724)

Analysis of creditors

31 March 2020		31 March 2021
£'000		£'000
(963)	Central government bodies	(2,147)
1,274	Other local authorities	1,630
(2,921)	Other entities & individuals	(3,265)
(2,610)		(3,724)

23 Additional voluntary contributions

Market value 31 March 2020		Market value 31 March 2021
£'000		£'000
12,766	Prudential	13,337
5	Equitable Life	9
18	Clerical Medical	18
12,789	Total	13,364

AVC Contributions of £1,63m were paid directly to Prudential during the year (2019/20: £1,730m).

24 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. During the reporting period, The Royal Borough of Windsor and Maidenhead incurred costs of £1,888m (2019/20: £1,754m) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses. The council is also the 6th largest employer in the pension fund (by contributions paid) and contributed £12.2m (2019/20: £11.7m).

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.

The key management personnel of the Fund are the Members of the Pension Fund Committee, the Director of Resources, the Head of Finance and the interim Head of Pension Fund. Their remuneration is set out below.

2019/20		2020/21
£000		£000
0	Short-term benefits	87
0	Post-employment benefits	12
0		99

25 Contingent liabilities and contractual commitments

Outstanding capital commitments (investments) at 31 March 2021 totalled £349,324m (31 March 2020: £315,655m).

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.

26 Contingent assets

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

Royal County of Berkshire Pension Fund

Pension accounting disclosure as at 31 March 2021

Prepared in accordance with IAS26

Barnett Waddingham LLP

1 July 2021

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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 2021. We have taken account of current LGPS Regulations, as amended, as at the date of this report.

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

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 Technical Actuarial Standard 100: Principles for Technical Actuarial Work (TAS 100).

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.

An allowance was made for the potential impact of the McCloud & Sargeant judgement in the results provided to the Fund at the last accounting date and therefore is already included in the starting position for this report. This allowance is therefore incorporated in the roll forward approach and is remeasured at the accounting date along with the normal LGPS liabilities.

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 2019 which was carried out for funding purposes and the results of the 31 March 2020 IAS26 report which was prepared for accounting purposes;
- Estimated whole Fund income and expenditure items for the period to 31 March 2021;
- Estimated Fund returns based on Fund asset statements provided (or estimated where necessary) as at 31 March 2019, 31 March 2020 and 31 March 2021; and
- Details of any new early retirements for the period to 31 March 2021 that have been paid out on an unreduced basis, which are not anticipated in the normal 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. The data has been checked for reasonableness and we are happy that the data is sufficient for the purposes of this advice.

Fund membership statistics

The table below summarises the membership data, as at 31 March 2019.

Member data summary	Number	Salaries/Pensions	Average age
		£000s	
Actives	24,507	414,555	46
Deferred pensioners	37,148	46,009	46
Pensioners	17,915	85,625	71

Early retirements

We requested data on any early retirements in respect of the Fund from the administering authority for the year ending 31 March 2021.

We have been notified of 32 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 £383,000.

The capitalised cost of the additional benefits on IAS19 compliant assumptions is calculated at £2,124,000. This figure has been included within the service cost in the statement of profit and loss.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2021 is estimated to be 16.36%. 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 2021 is as follows:

Asset breakdown	31 Mar 2021		31 Mar 2020	
	£000s	%	£000s	%
Equities	1,406,287	60%	1,102,923	55%
Other Bonds	383,173	16%	252,340	13%
Property	290,494	12%	292,107	15%
Cash	107,024	5%	202,143	10%
Target Return Portfolio	96,434	4%	87,818	4%
Commodities	0	n/a	8,058	0%
Infrastructure	191,741	8%	177,972	9%
Longevity Insurance	-133,191	-6%	-121,829	-6%
Total	2,341,962	100%	2,001,532	100%

We have estimated the bid values where necessary. The final asset allocation of the Fund assets as at 31 March 2021 may 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.

Actuarial methods and assumptions

Valuation approach

To assess the value of the Fund's liabilities at 31 March 2021, we have rolled forward the value of Fund's liabilities calculated for the funding valuation as at 31 March 2019, 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 2021 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March 2021 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. From the information we have received there appears to be no evidence that this approach is inappropriate.

This has been updated since the last accounting date when the results were based on a continuation of the roll forward from the 31 March 2016 funding valuation.

The Fund entered into a longevity insurance contract in 2009 and this has been included in the assets. To value the longevity insurance contract we have considered what adjustment to the discount rate assumption (based on the Merrill Lynch LIBOR swap curve) would be required if the contract had a zero value at the date of inception. This is consistent with the approach taken last year. A similar adjustment is then made to the discount rate assumption at the accounting date to calculate the updated value of the contract. Further details on this can be provided on request.

Experience items allowed for since the previous accounting date

Experience items arise due to differences between the assumptions made as part of the roll forward approach and actual experience. This includes (but is not limited to) assumptions made in respect of salary increases, pension increases, mortality, and member transfers. We have allowed for actual pension increase experience for the period from 2019-2021. This assumes that pension increases are in line with the annual pension increases set by HM Treasury Revaluation Order.

As a result of allowing for actual experience, an experience item is observed in the reconciliation to 31 March 2021, as shown in Appendix 2.

Guaranteed Minimum Pension (GMP) Equalisation

As a result of the High Court's recent Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have made adjustments to accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. It is our understanding that HM Treasury have confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes". More information on the current method of equalisation of public service pension schemes can be found [here](#).

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016. Details of the consultation outcome can be found [here](#).

Our valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that the Fund will be required to pay the entire inflationary increase. Therefore, our assumption is consistent with the consultation outcome and we do not believe we need to make any adjustments to the value placed on the liabilities as a result of the above outcome.

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 2019, except for the CMI projection model. The post retirement mortality tables adopted are the S3PA tables with a multiplier of 115% for males and 110% for females. These base tables are then projected using the CMI_2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.5, an initial addition parameter of 0.5% p.a. and a 2020 weighting of 25%.

Although the post retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI_2020, which was released in March 2021. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The new CMI_2020 Model introduces a "2020 weight parameter" for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results. Our view is that placing too much weight on the 2020 mortality experience would not be appropriate given the abnormality of the 2020 data, however, the overall outlook for best-estimate future mortality improvements looks less positive as a result of the pandemic. Therefore we have updated to use the CMI_2020 Model with a 2020 weight parameter of 25%. At the last accounting date, the CMI_2018 Model was adopted. The effect on the Employer's liabilities of updating to the most recent model is reflected in the Change in demographic assumptions figure in Appendix 2, and the effect on the assumed life expectancies is demonstrated in the table below.

The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)	31 Mar 2021 (after CMI_2020 update)	31 Mar 2021 (before CMI_2020 update)	31 Mar 2020
Retiring today			
Males	21.2	21.6	21.5
Females	23.9	24.1	24.1
Retiring in 20 years			
Males	22.5	23.0	22.9
Females	25.4	25.6	25.5

We have also assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

Financial assumptions

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

Assumptions as at	31 Mar 2021 % p.a.	31 Mar 2020 % p.a.	31 Mar 2019 % p.a.
Discount rate	2.00%	2.35%	2.40%
Pension increases	2.85%	1.90%	2.40%
Salary increases	3.85%	2.90%	3.90%

These assumptions are set with reference to market conditions at 31 March 2021.

Our estimate of the Fund's past service liability duration is 21 years.

An estimate of the Fund's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date.

Similar to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. This is consistent with the approach used at the previous accounting date.

The BoE implied inflation curve may suggest a higher rate of inflation, over longer terms, than actually expected by market participants due to a willingness to accept a lower return on investments to ensure inflation linked returns. To reflect this, we include an Inflation Risk Premium (IRP) adjustment such that our assumed level of future annual RPI increase is 0.25% p.a. lower than the SEIR calculated using the BoE inflation curve alone. This differs from the previous accounting date. The impact of this change in derivation on the liability value is shown in Appendix 2.

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 0.35% p.a. below RPI i.e. 2.85% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods, recent independent forecasts and the duration of the Fund's liabilities. The difference between RPI and CPI is less than assumed at the previous accounting date. This reflects the movement in market implied RPI inflation that occurred following the UK Statistics Authority's proposal to change how RPI is calculated and subsequent announcements from the Chancellor on the issue. The impact of this change in derivation on the liability value is shown in Appendix 2

Salaries are assumed to increase at 1.0% p.a. above CPI This is consistent with the approach at the previous accounting date.

Results and disclosures

We estimate that the net liability as at 31 March 2021 is a liability of £3,129,081,000.

The results of our calculations for the year ended 31 March 2021 are set out in the appendices below:

- Appendix 1 sets out the Statement of financial position as at 31 March 2021;
- 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.



**Barry McKay FFA
Partner**

Appendix 1 Statement of financial position as at 31 March 2021

Net pension asset as at	31 Mar 2021	31 Mar 2020	31 Mar 2019
	£000s	£000s	£000s
Present value of the defined benefit obligation	5,471,043	4,158,323	4,412,936
Fair value of Fund assets (bid value)	2,341,962	2,001,532	2,081,944
Net liability in balance sheet	3,129,081	2,156,791	2,330,992

*Present value of funded obligation consists of £5,391,147,000 in respect of vested obligation and £79,896,000 in respect of non-vested obligation.

Appendix 2 Asset and benefit obligation reconciliation for the year to 31 March 2021

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to 31 Mar 2021	Year to 31 Mar 2020
	£000s	£000s
Opening defined benefit obligation	4,158,323	4,412,936
Current service cost	162,433	148,525
Interest cost	96,656	105,038
Change in financial assumptions	1,249,011	(433,919)
Change in demographic assumptions	(47,193)	(53,062)
Experience loss/(gain) on defined benefit obligation	(57,217)	25,212
Liabilities assumed / (extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(123,431)	(102,833)
Past service costs, including curtailments	2,124	30,395
Contributions by Scheme participants and other employers	30,337	26,031
Unfunded pension payments	-	-
Closing defined benefit obligation	5,471,043	4,158,323

The change in financial assumptions item includes the change in derivation of future assumed RPI and CPI inflation as noted on page 8. These changes have resulted in a loss of £210,830,000 on the defined benefit obligation; comprising a gain of £251,482,000 from the change in assumed IRP and a loss of £462,312,000 from the change in the assumed gap between RPI and CPI inflation.

The change in demographic assumptions figure in the table above reflects the update to use the CMI_2020 Model as set out in the Demographic/Statistical assumptions section of this report.

Reconciliation of opening & closing balances of the fair value of Fund assets	Year to	Year to
	31 Mar 2021	31 Mar 2020
	£000s	£000s
Opening fair value of Fund assets	2,001,532	2,081,944
Interest on assets	47,208	50,137
Return on assets less interest	280,376	(154,268)
Other actuarial gains/(losses)	-	10,700
Administration expenses	(1,920)	(1,241)
Contributions by employer including unfunded	107,860	91,062
Contributions by Scheme participants and other employers	30,337	26,031
Estimated benefits paid plus unfunded net of transfers in	(123,431)	(102,833)
Settlement prices received / (paid)	-	-
Closing Fair value of Fund assets	2,341,962	2,001,532

The total return on the Fund's assets for the year to 31 March 2021 is £327,584,000.

Appendix 3 Sensitivity analysis

Sensitivity analysis	£000s	£000s	£000s	£000s
Present value of total obligation	5,471,043			
Sensitivity to	+0.5%	+0.1%	-0.1%	-0.5%
Discount rate	4,935,187	5,359,192	5,585,342	6,068,155
Pension increases and deferred revaluation	5,575,931	5,575,931	5,368,278	5,368,278
Sensitivity to	+1 Year		- 1 Year	
Life expectancy assumptions	5,717,639		5,235,591	

APPENDIX 1



COMMUNICATIONS STRATEGY



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1.0 INTRODUCTION

This Communications Strategy ('the Strategy') 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 Strategy 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 Strategy is to provide clear and consistent information to all Scheme members and employers and to communicate this information effectively and accurately.

This Strategy 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 membership conditions set out 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 Scheme Employer Meetings

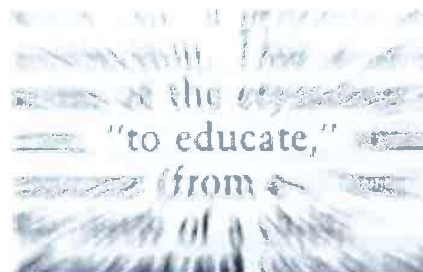
Meetings will be held between representatives of the 6 Berkshire Unitary Authorities and the Fund on a quarterly basis to discuss all current pension-related matters. An open invitation is also provided to other Scheme employers to meet with the Fund and discuss any element of pension procedures they wish.



An annual meeting is held with at least one representative of each Scheme employer being invited to attend. 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 relevant topic and receive questions. The Chairman of the Berkshire Pension Fund Panel is expected to attend and chair the meeting. If possible the Chairman of the Pension Board will also attend. 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 employers within the Fund via the Pension Fund In addition training meetings may be arranged on an ad basis with the relevant officers within the pension administration team and individual Scheme employers of supplementing the guidance provided via the These meetings are most applicable for HR and payroll the Scheme employer.



Scheme website.
hoc
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2.4 Regular LGPS updates

Regular updates are sent to each Scheme employer by the pension administration team regarding any changes to the Local Government Pension Scheme. These are mainly in the form of Employer newsletters (*'Inscribe'*) posted to the Employer section of the Royal County of Berkshire Pension Fund website but updates may also be provided in the form of letters or e-mails. Bulletins will be issued three or four times a year and will include details of any legislation changes and how the changes impact on Scheme employers.

The Royal County of Berkshire Pension 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
- Investment Strategy Statement
- Funding Strategy Statement
- Governance Compliance Statement
- Copies of Scheme Member newsletters
- Links to other web sites

The Berkshire Pension Fund website address is www.berkshirerpensions.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 01628 796 668 or by email at info@berkshirerpensions.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 will also commit to attending any events held by the Scheme employer where their input would be seen to be of value.

2.7 Scheme Member Data

The Administering Authority's 'Pension Administration Strategy' is to accept data from Scheme employers via i-Connect, a secure electronic data transfer interface between the Scheme employer's payroll system and the Scheme Administrator's pension administration system. The reasons for this are many but in particular because the data transfer is encrypted providing greater data security, pension information is uploaded in real time meaning that Scheme members have access to the most up to date membership information via 'my pension ONLINE', keying and data errors are eliminated and scheme administration is maintained to the highest standards possible.



The Administering Authority will continue to work with Scheme employers in implementing i-Connect but until such time as a Scheme Employer contracts into using i-Connect the Scheme Administrator will continue to receive pension data from a Scheme employer via either a pre-formatted excel spreadsheet or by the completion of standard forms as made available from the Scheme employers' section of the Pension Fund website in both pdf and Word formats.

With the exception of Scheme employers who use i-Connect, all other Scheme employers are required to supply a 'year end' return (31st March) 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 within the statutory deadlines set out

in Scheme regulations.

2.8 General Data Protection Regulations (GDPR)

GDPR came into force on 25 May 2018 and requires Privacy Notices to be published showing transparency on how personal data is used. The Administering Authority has produced and published on the Berkshire Pension Fund website a Privacy Notice explaining how the Pension Fund collects personal data, what that data is used for, with whom that data is shared and the rights of individuals with regard to their data.

In addition a Memorandum of Understanding regarding compliance with Data Protection law has been produced and published on the website and Scheme employers and Members have been advised through their respective newsletters.

2.9 Employer Factsheets

A suite of topical factsheets (known as "*Pension Pointers*") is available to assist employers with the administration of the LGPS.

2.10 Employer Self-Service (ESS)

The Administering Authority makes available to each Scheme employer the facility to access member data in respect of their own current and former Scheme members 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 awaiting payment from normal retirement age and retired members and their dependants.

The preferred method of communication with Scheme members is via *my pension* ONLINE a secure member self-service facility provided as part of the pension administration software. *My pension* 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 membership type. Where a member requests that information should be supplied in a paper format the Scheme Administrator will make arrangements for this information to be sent to the member's home address.

3.1 Welcome Letter

Upon receipt of a new starter notification from a Scheme employer, a *my pension* 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
- A guide to making a transfer of pension rights from a previous pension scheme;
- A guide to protections 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



If a Scheme member prefers not to use *my pension* 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 *my pension* ONLINE which includes details of:

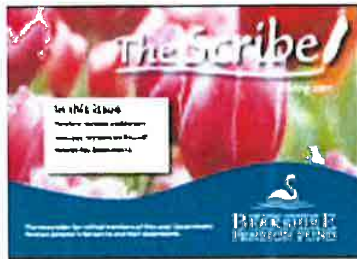
- Accrued benefits within the scheme as at the 31st March last
- An estimate of benefits to Normal Pension Age
- The value of the death grant payable from the Scheme
- The member's nominated beneficiaries for receipt of any death grant

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 employer. During the pandemic pension surgeries are also held virtually via Microsoft Teams.

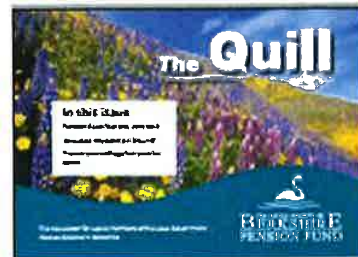
3.4 Newsletters



Newsletters are produced bi-annually for active and retired members and annually for deferred members. These newsletters are available via *my pension* 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 member types.



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 have access to the Pension Fund website which is continually reviewed and updated. Specific sections of the website have been designed for each membership type with downloadable forms, guides, online flipbooks and modellers made available. Access to *my pension* ONLINE is gained via the Pension Fund website www.berkshirepensions.org.uk



3.7 Pension Payslips

Pension payslips are available via *my pension* 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

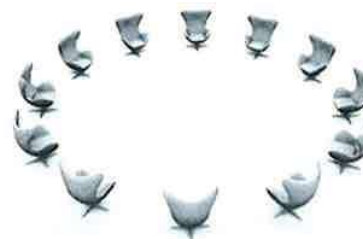
P60s are available via *my pension* ONLINE but will be sent out to members' home addresses as a matter of course. Every retired member and/or their dependants will receive a P60 each year before the HMRC deadline of 31st May. A detailed description of a P60 is available on the retired members section of the Pension Fund website.

3.9 Annual Pension Increase Letter

Annual Pension Increase letters are available via *my pension* ONLINE but will also be sent out to members' home addresses. Retired members will receive a pension increase booklet every April containing their individual increase on their pension (where an increase is to be applied). 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 template admission agreement has been produced and is available either via the Pension Fund website or as a hard copy upon request.

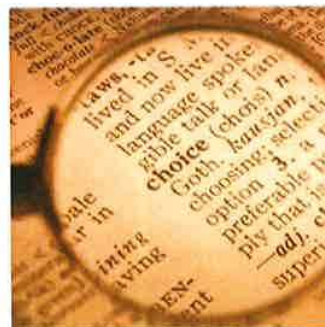
The administering authority has the power to accept various types of Scheme employer into the Pension Fund but will only do so subject to a full and open discussion taking place between the parties to any admission agreement and that the final admission agreement has been completed in advance of the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



GOVERNANCE

COMPLIANCE

STATEMENT



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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 Housing, 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 allocation 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, three other Scheme employer 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'.

Compliant – 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 three Scheme member representatives and three 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 three of the other Scheme employers are represented on 'the Advisory Panel'. In addition three 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 may be requested.

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 Group. In addition expert advisers are required to attend meetings of ‘the Pension Board’ as may be requested.

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 although only members of ‘the Main Panel’ have voting rights.

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’, ‘the Advisory 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 Main Panel’, ‘the Advisory Panel’ and ‘the Board’ are entitled to request the use of facilities belonging to RBWM in

respect of their respective duties and reasonable expenses incurred 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’, ‘the Advisory Panel’ or ‘the Board’.

MEETINGS (frequency/Quorum)

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

Compliant – Meetings are held quarterly. To be quorate two members are required to attend.

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 meet 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’. To be quorate at least 50% of the Scheme Member representatives and Scheme Employer Representatives must attend with at least one member being present from each group.

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. An annual Scheme employer meeting is held in March/April with an annual Scheme member meeting being held in November. In addition pension surgeries and employer training events are held throughout the year.

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.berkshirerpensions.org.uk) and is available on request from the Pension Fund.

Approved by The Berkshire Pension Fund Panel on 14 January 2019



FUNDING STRATEGY STATEMENT



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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 and 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 Investment Strategy Statement (“ISS”) and has been prepared with regard to the guidance (*Preparing and Maintaining a funding strategy statement in the LGPS 2016 edition*) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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 ensure the solvency of the Fund and the long-term cost efficiency of the Scheme, and where possible 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 sufficient to ensure the solvency of the Fund and the payment of all future benefit payments from the Fund;
 - Set contributions which maximise the long-term cost efficiency. Broadly, this means that paying contributions as soon as possible so that any deficit is addressed quickly is preferable;

- Build up the required assets in such a way that produces levels of employer contributions that are as stable as possible;
- Minimise the risk of employers exiting the Fund with unpaid deficits, which then fall to the other employers;
- 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



2.2 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:

- Operate the Fund in accordance with the LGPS Regulations
- 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;
- Take measures as set out in the regulations to safeguard the Fund against the consequences of employer default;
- Manage the Actuarial valuation process in conjunction with the Fund Actuary;
- Prepare and maintain the FSS and also the ISS (Investment Strategy Statement) and after consultation with other interested parties;
- Monitor all aspects of the Fund's performance and funding to ensure that the FSS and the ISS are updated as necessary; and
- Effectively manage any potential conflicts of interest arising from its dual role as both Fund administrator and Scheme employer.

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;
- Pay any exit payments due on ceasing participation in the Fund;
- 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 and the Scheme Regulations;
- Prepare annual FRS102/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;



- Prepare advice and calculations in connection with bulk transfers and the funding aspects of individual benefit-related matters such as pension strain costs, ill-health retirement costs, compensatory added years costs, etc.;
- Provide advice and valuations on the exiting of employers from the Fund;
- Provide advice and valuations relating to new employers, including recommending the level of bonds or other forms of security required to protect the Fund against the financial effect of employer default;
- Assist the administering authority in assessing whether employer contributions need to be revised between valuations as permitted or required by the 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 2019 with the assets of the Fund found to be 78% 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 RPI Inflation Curve. This gives an assumption for Retail Prices Index (RPI) inflation, which is then adjusted to get an assumption for Consumer Prices Index (CPI) inflation. At the 2019 valuation, CPI was assumed to be 1.0% per annum lower than RPI, giving a CPI inflation assumption of 2.6% per annum.
- 3.12 This assumption was reviewed following the Chancellor's November 2020 announcement on the reform of RPI and is now assumed to be 0.4% p.a. lower than the 20 year point on the inflation curve. This change will be fully reflected in the ongoing funding assumptions from 31 December 2020. This adjustment accounts for both the shape of the curve in comparison to the Fund's liability profile and the view that investors are willing to accept a lower return on investments to ensure inflation linked returns. This assumption will be reviewed at future valuations and the difference between RPI and CPI is expected to move towards 0.0% p.a. as we get closer to 2030.



Future Pay Inflation

3.13 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. The assumption adopted in the 2019 valuation is that pay increases will, on average over the longer term, exceed CPI by 1.0% per annum.

Future Pension Increases

- 3.14 Pension increases are assumed to be linked to CPI. Inflation as measured by the CPI has historically been less than RPI due mainly to different calculation methods. A deduction of 1.0% p.a. is therefore made to the RPI assumption to derive the CPI assumption.

This assumption was also reviewed in light of the Chancellor's announcement on the reform of RPI mentioned above. From 31 December 2020 CPI inflation is assumed to be 0.4% p.a. lower than the RPI assumption (i.e. a total of 0.8% p.a. below the 20 year point on the Bank of England implied RPI inflation curve). This reflects the anticipated reform of RPI inflation from 2030 following the UK Statistics Authority's proposal to change how RPI is calculated to bring it in line with the Consumer Prices Index including Housing costs (CPIH). This assumption will be reviewed at future valuations and the difference between RPI and CPI is expected to move towards 0.0% p.a. as we get closer to 2030.

Future Investment Returns/Discount Rate

- 3.15 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.

- 3.16 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.



The level of prudence at the 2019 valuation was set to be 0.7% p.a. This gave a discount rate of 5.3% per annum for all employers.

- 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

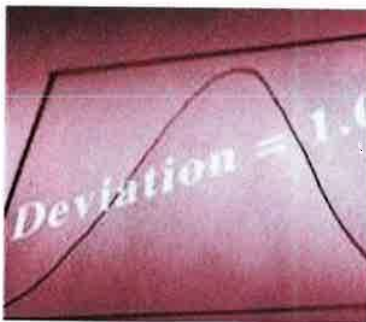
- 3.20 The asset valuation is a market value of the accumulated Fund at the triennial valuation date adjusted to reflect average market conditions during the 6 months straddling the triennial valuation date.

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. For the 2019 valuation, the Fund received a bespoke analysis of the pensioner mortality and the results of this analysis were used to aid in setting a suitable assumption for the Fund.

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. At the 2019 valuation, a deficit was revealed and contributions were set to recover this deficit over a period no longer than 21 years.

- 3.23 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.

- 3.24 At the 2019 triennial valuation the period adopted to recover the deficit was:

Type of Scheme Employer	Maximum Length of Recovery Period
Unitary Authorities and Associated Employers	21 years
Housing Associations	11 years
Colleges (excluding the University of West London)*	8 years
Academies	12 years
Community Admission Bodies	11 years (for the majority of employers, but this may differ for some depending on individual circumstances)
Transferee Admission Bodies	Future working life of current employees or contract period whichever is the shorter period

3.25 Where a Scheme employer's contribution has to increase significantly then the increase may be phased in over a period not exceeding 3 years although this may only be allowed for some Scheme employer types or if the increase in contributions would increase the risk of an employer insolvency, leaving an unpaid deficit and adversely affecting other employers' contributions and the solvency of the Fund as a whole.

Pooling of Individual Scheme employers

3.26 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 generally set for individual employers to reflect their own particular circumstances.

3.27 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.

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

- Colleges (with the exception of the University of West London)*
- Academies
- 'Community' Admission Bodies



3.29 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.

3.30 Prior to the 2016 valuation the Fund had a pool for the Housing Associations which has been disbanded due to only two employers remaining in the pool following one employer exiting the Fund and another employer leaving the pool.

*The University of West London is a closed employer whose membership and liability profile no longer makes it a viable employer for inclusion within the college pool.

New employers joining the Fund

- 3.31 Admission bodies - Generally, when a new admission body joins the Fund, they will become responsible for all the pensions risk associated with the benefits accrued by transferring members and the benefits to be accrued over the contract length. This is known as a full risk transfer. In these cases, it may be appropriate that the new admission body is allocated a share of Fund assets equal to the value of the benefits transferred, i.e. the new admission body starts off on a fully funded basis. This is calculated on the relevant funding basis and the opening position may be different when calculated on an alternative basis (e.g. on an accounting basis).

However, there may be special arrangements made as part of the contract such that a full risk transfer approach is not adopted. In these cases, the initial assets allocated to the new admission body will reflect the level of risk transferred and may therefore not be on a fully funded basis or may not reflect the full value of the benefits attributable to the transferring members.

The contribution rate may be set on an open or a closed basis. Where the funding at the start of the contract is on a fully funded basis then the contribution rate will represent the primary rate only; where there is a deficit allocated to the new admission body then the contribution rate will also incorporate a secondary rate with the aim of recovering the deficit over an appropriate recovery period.

Depending on the details of the arrangement, for example if any risk sharing arrangements are in place, then additional adjustments may be made to determine the contribution rate payable by the new admission body. The approach in these cases will be bespoke to the individual arrangement.

To mitigate the risk to the Fund that a new admission body will not be able to meet its obligations to the Fund in the future, the new admission body may be required to put in place a bond in accordance with Schedule 2 Part 3 of the Regulations, if required by the letting authority and administering authority.

If, for any reason, it is not desirable for a new admission body to enter into a bond, the new admission body may provide an alternative form of security which is satisfactory to the administering authority.

New Academies

- 3.32 When a school converts to academy status, the new academy (or the sponsoring multi-academy trust) becomes a Scheme employer in its own right. On conversion to academy status, the new academy will be allocated assets based on the active cover of the relevant local authority at the conversion date. The active cover approach is based on the funding level of the local authority's active liabilities, after fully funding the local authority's deferred and pensioner liabilities. The new academy will join the existing academy pool.

The contribution rate for a new academy will be in line with the rate paid by the other academies in the academy pool, as calculated at the most recent actuarial valuation.

Contribution reviews between actuarial valuations

- 3.33 It is anticipated for most Scheme employers that the contribution rates certified at the formal actuarial valuation will remain payable for the period of the rates and adjustments certificate. However, there may be circumstances where a review of the contribution rates payable by an employer (or a group of employers) under Regulation 64A is deemed appropriate by the administering authority.
- 3.34 A contribution review may be requested by an employer or be required by the administering authority. The review may only take place if one of the following conditions are met:
- (i) it appears likely to the administering authority that the amount of the liabilities arising or likely to arise has changed significantly since the last valuation;
 - (ii) it appears likely to the administering authority that there has been a significant change in the ability of the Scheme employer or employers to meet the obligations of employers in the Scheme; or
 - (iii) a Scheme employer or employers have requested a review of Scheme employer contributions and have undertaken to meet the costs of that review. A request under this condition can only be made if there has been a significant change in the liabilities arising or likely to arise and/or there has been a significant change in the ability of the Scheme employer to meet its obligations to the Fund.
- 3.35 Guidance on the administering authority's approach considering the appropriateness of a review and the process in which a review will be conducted is set out in the Fund's separate contribution review policy which can be found from the Policy section of the Fund's website. This includes details of the process that should be followed where an employer would like to request a review.
- 3.36 Once a review of contribution rates has been agreed, unless the impact of amending the contribution rates is deemed immaterial by the Fund Actuary, then the results of the review will be applied with effect from the agreed review date, regardless of the direction of change in the contribution rates.
- 3.37 Note that where a Scheme employer seems likely to exit the Fund before the next actuarial valuation then the administering authority can exercise its powers under Regulation 64(4) to carry out a review of contributions with a view to providing that assets attributable to the Scheme employer are equivalent to the exit payment that will be due from the Scheme employer. These cases do not fall under the separate contribution review policy.
- 3.38 With the exception of any cases falling under Regulation 64(4), the administering authority will not accept a request for a review of contributions where the effective date is within 12 months of the next rates and adjustments certificate.

Cessation Valuations

- 3.39 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.

- 3.40 In assessing the deficit on termination, the Actuary may adopt a discount rate based on gilt yields or other lower risk assets 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.

Exit Credit Policy

- 3.41 Following the recent Regulations coming into force on 20 March 2020 which are effective from May 2018, the Fund has set out their exit credit policy as follows:

Any employer who cannot demonstrate that they have been exposed to underfunding risk during their participation in the Fund will not be entitled to an exit credit payment. This will include the majority of “pass-through” arrangements and any employer that is participating in the Fund where the ceding employer is the deemed employer. This is on the basis that these employers would not have been asked to pay an exit payment had a deficit existed at the time of exit. Any exit credit payment will be at the Fund’s discretion and will take into account relevant factors as set out in Regulation 64 (2ZC).

Exit credits will only be paid if the ceasing employer has a surplus on the minimum risk basis at the cessation date. Allowance will be made for additional liabilities incurred as a result of redundancies.

Any exit credit payable will be the lower of the surplus on the minimum risk basis above and the actual employer contributions paid into the Fund. Where risk sharing arrangements are in place, any contributions made or required to be made to meet additional liabilities incurred as a result of redundancies, ill health retirement strains, excessive salary increases or anything else covered in the risk sharing agreement will not be included in the calculation of any exit credit payable.

The administering authority does not need to enquire into the precise risk sharing arrangement adopted by an employer but it must be satisfied that the risk sharing arrangement has been in place before it will pay out an exit credit. The level of risk that an employer has borne will be taken into account when determining the amount of any exit credit. It is the responsibility of the exiting employer to set out why the arrangements make payment of an exit credit appropriate.

The administering authority will pay out any exit credits within six months of the cessation date where possible. A longer time may be agreed between the administering authority and the exiting employer where necessary. For example if the employer does not provide all the relevant information to the administering authority within one month of the cessation date the administering authority will not be able to guarantee payment within six months of the cessation date.

Under the Regulations, the administering authority has absolute discretion to take into account any other relevant factors in the calculation of any exit credit payable and they will seek legal advice where appropriate.

Managing exit payments

- 3.42 Where a cessation valuation reveals a deficit and an exit payment is due, the expectation is that the employer settles this debt immediately through a single cash

payment. However, should it not be possible for the employer to settle this amount, providing the employer puts forward sufficient supporting evidence to the administering authority, the administering authority may agree a deferred debt agreement (DDA) with the employer under Regulation 64(7A) or a debt spreading agreement (DSA) under Regulation 64B.

- 3.43 Under a DDA, the exiting employer becomes a deferred employer in the Fund (i.e. they remain as a Scheme employer but with no active members) and remains responsible for paying the secondary rate of contributions to fund their deficit. The secondary rate of contributions will be reviewed at each actuarial valuation until the termination of the agreement.
- 3.44 Under a DSA, the cessation debt is crystallised and spread over a period deemed reasonable by the administering authority having regard to the views of the Fund Actuary.
- 3.45 Whilst a DSA involves crystallising the cessation debt and the employer's only obligation is to settle this set amount, in a DDA the employer remains in the Fund as a Scheme employer and is exposed to the same risks (unless agreed otherwise with the administering authority) as active employers in the Fund (e.g. investment, interest rate, inflation, longevity and regulatory risks) meaning that the deficit will change over time.
- 3.46 Guidance on the administering authority's policy for entering into, monitoring and terminating a DDA or DSA is set out in the Fund's separate DSA and DDA policies document which can be found on the Policies section of the Fund's website. This includes details of when a DDA or a DSA may be permitted and the information required from the employer when putting forward a request for a DDA or DSA.

Bulk transfers

- 3.47 Bulk transfers of staff into or out of the Fund can take place from other LGPS Funds or non-LGPS Funds. In either case, the Fund Actuary for both Funds will be required to negotiate the terms for the bulk transfer – specifically the terms by which the value of assets to be paid from one Fund to the other is calculated.
- 3.48 The agreement will be specific to the situation surrounding each bulk transfer but in general the Fund will look to receive the bulk transfer on no less than a fully funded transfer (i.e. the assets paid from the ceding Fund are sufficient to cover the value of the liabilities on the agreed basis).
- 3.49 A bulk transfer may be required by an issued Direction Order. This is generally in relation to an employer merger, where all the assets and liabilities attributable to the transferring employer in its original Fund are transferred to the receiving Fund.

Consolidation of Multi Academy Trusts (MATs)

- 3.50 Where an academy is transferring into or out of the Fund as part of a MAT consolidation exercise, the Fund generally expects that this will proceed through a Direction Order from the Secretary of State. In these situations and subject to the terms agreed between the Fund Actuary to both LGPS Funds, typically all the assets attributable to the academy in the ceding Fund are transferred to the receiving Fund.
- 3.51 The Fund's preference would be for any transfer to include all members, including deferred and pensioner members. Should a situation arise where an academy is transferring out of the Fund and only active members are transferring, the Fund would

seek to retain a level of assets to be at least sufficient to fully fund any deferred and pensioner members left behind, as measured by the Fund's ongoing funding basis at the transfer date.

- 3.52 Where the academy is transferring into the Fund, where appropriate, the academy will become part of the Fund's Academy pool. However, the Fund would not accept a transfer in which would lead to a deterioration in its overall funding level, and in particular as a minimum receive a transfer amount that was no less than the equivalent individual CETVs for the transferring members, based on Government Actuary factors in force at the transfer date. The agreed basis of transfer could take into account the funding basis of the Fund and a top up payment could be made to ensure the Fund would not be significantly worse off or be subject to an unacceptable level of risk.

Early Retirement Costs

- 3.53 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.



- 3.54 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

- 3.55 The next triennial valuation is due as at 31st March 2022.

4 LINKS WITH THE INVESTMENT STRATEGY STATEMENT (ISS)

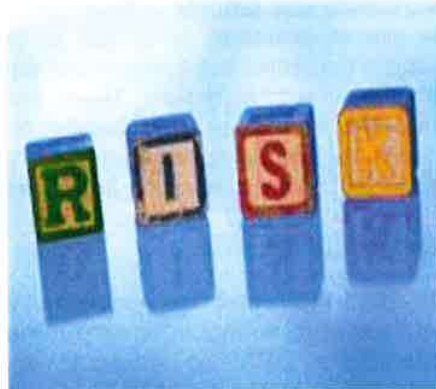
- 4.1 The main link between the FSS and the ISS relates to the discount rate that underlies the funding strategy as set out in the FSS and the expected rate of investment return which is expected to be achieved by the underlying investment strategy as set out in the ISS.
- 4.2 As explained above the 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 0.1% per annum in the real discount rate will decrease/increase the liabilities by 2% and decrease/increase the required Scheme employer contribution by around 0.5% of payroll.



- 5.4 The Pension Fund Committee 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 2016 to 2019 such monitoring activity saw investment returns higher than assumed in the 2016 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
- 5.13 The 2016 national Scheme valuation was used to determine the results of HM Treasury's (HMT) employer cost cap mechanism for the first time. The HMT cost cap mechanism was brought in after Lord Hutton's review of public service pensions with the aim of providing protection to taxpayers and employees against unexpected changes (expected to be increases) in pension costs. The cost control mechanism only considers "member costs". These are the costs relating to changes in assumptions made to carry out valuations relating to the profile of the Scheme members; e.g. costs relating to how long members are expected to live for and draw their pension. Therefore, assumptions such as future expected levels of investment returns and levels of inflation are not included in the calculation, so have no impact on the cost management outcome.

The 2016 HMT cost cap valuation revealed a fall in these costs and therefore a requirement to enhance Scheme benefits from 1 April 2019. However, as a funded Scheme, the LGPS also had a cost cap mechanism controlled by the Scheme Advisory Board (SAB) in place and HMT allowed SAB to put together a package of proposed benefit changes in order for the LGPS to no longer breach the HMT cost cap. These benefit changes were due to be consulted on with all stakeholders and implemented from 1 April 2019.

However, on 20 December 2018 there was a judgement made by the Court of Appeal which resulted in the government announcing their decision to pause the cost cap process across all public service schemes. This was in relation to two employment tribunal cases which were brought against the government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in their pre-2015 schemes after 1 April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.

The first case (McCloud) relating to the Judicial Pension Scheme was ruled in favour of the claimants, while the second case (Sargeant) in relation to the Fire scheme was ruled against the claimants. Both rulings were appealed and as the two cases were closely linked, the Court of Appeal decided to combine the two cases. In December 2018, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounts to unlawful discrimination. On 27 June 2019 the Supreme Court denied the government's request for an appeal in the case. A remedy is still to be either imposed by the Employment Tribunal or negotiated and applied to all public service schemes, so it is not yet clear how this judgement may affect LGPS members' past or future service benefits. It has, however, been noted by government in its 15 July 2019

statement that it expects to have to amend all public service schemes, including the LGPS.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits and at the same time announced the unpausing of the 2016 cost cap process which will take into account the remedy for the McCloud and Sargeant judgement. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. At the time of drafting this FSS, it is not yet known what the effect on the current and future LGPS benefits will be. As the remedy is still to be agreed the cost cannot be calculated with certainty, however, the Fund Actuary has reduced the discount rate assumption by 0.1% to allow for the possible impact.

- 5.14 As part of the restructuring of the state pension provision, the government needs to consider how public service pension payments should be increased in future for members who accrued a Guaranteed Minimum Pension (GMP) from their public service pension scheme and expect to reach State Pension Age (SPA) post-December 2018. In addition, a resulting potential inequality in the payment of public service pensions between men and women needs to be addressed. Information on the current method of indexation and equalisation of public service pension schemes can be found [here](#).

On 23 March 2021, the government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching SPA beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016. Details of the consultation outcome can be found at: <https://www.gov.uk/government/consultations/public-service-pensions-guaranteed-minimum-pension-indexation-consultation>.

The 2019 valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the government providing the remainder of the inflationary increase. For members that reach SPA after this date, it is assumed that the Fund will be required to pay the entire inflationary increase.

Governance

- 5.15 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.
- 5.16 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.

- 5.17 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 Committee: 14 June 2021

Next Review date: June 2022

Appendix 3b Rates and Adjustments Certificate

Regulatory background

In accordance with Regulation 62 of the Local Government Pension Scheme Regulations we have made an assessment of the contributions that should be paid into the Fund by participating employers for the period 1 April 2020 to 31 March 2023.

The method and assumptions used to calculate the contributions set out in the Rates and Adjustments Certificate are detailed in the Funding Strategy Statement and our report on the actuarial valuation dated 31 March 2020.

The primary rate of contribution as defined by Regulation 62(5) for each employer for the period 1 April 2020 to 31 March 2023 is set out in the table overleaf. The primary rate is the employer's contribution towards the cost of benefits accruing in each of the three years beginning 1 April 2020. In addition each employer pays a secondary contribution as required under Regulation 62(7) that when combined with the primary rate results in the minimum total contributions as set out below. This secondary rate is based on their particular circumstances and so individual adjustments are made for each employer.

Secondary rate summary

The secondary rates across the entire Fund (as a percentage of projected Pensionable Pay and as a monetary amount) in each of the three years in the period 1 April 2020 to 31 March 2023 is set out in the table below.

Secondary Contributions	2020/21	2021/22	2022/23
Total as a % of payroll	7.9%	8.6%	9.4%
Equivalent to total monetary amounts of	£33,706k	£38,220k	£42,977k

The average percentage of Pensionable Pay shown is based on the deficit contributions on a whole Fund level, paid over a 21 year deficit recovery period. The total monetary amounts reflect the individual employers' deficit recovery plans.

General notes

Employers may pay further amounts at any time and future periodic contributions, or the timing of contributions, may be adjusted on a basis approved by us as the Fund Actuary. The administering authority, with the advice from us as the Fund Actuary may allow some or all of these contributions to be treated as a prepayment and offset against future certified contributions.

The certified contributions include an allowance for expenses and the expected cost of lump sum death benefits but exclude early retirement strain and augmentation costs which are payable by participating employers in addition.

The monetary amounts are payable in 12 monthly instalments throughout the relevant year unless agreed by the administering authority and an individual employer.

The notes below detail what the specific notes refer to in the table below:

- A We understand that employers with this note have agreed with the administering authority that they will prepay their secondary contributions by making lump sum payments at the start of each year (i.e. in April 2020, April 2021 and April 2022). If they make these lump sums by the end of April of the respective year, then a discount factor of 0.974 should be applied.
- B We understand that the employer with this note has agreed with the administering authority that they will prepay their primary and secondary contributions, by making lump sum payments at the start of each year (i.e. in April 2020, April 2021 and April 2022).

Their primary contributions for 2020/21 will be estimated by using a payroll of £45.5m. If they make these lump sums by the end of April of the respective year, then a discount factor of 0.974 should be applied to the total contributions payable. They may be required to make an additional payment in respect of the primary contributions if the actual pensionable pay is higher than initially estimated for that year. The estimated payroll figures used for the prepayment in 2021/22 and 2022/23 will be provided by March 2021 and March 2022 respectively.

Employer code	Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (primary rate plus secondary rate)			Specific notes
		(% pay)	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	
Unitary Authorities and Associated Employers									
Bracknell Forest pool									
2	Bracknell Forest Council	15.5%	£3,171k	£3,989k	£4,862k	15.5% plus £3,171k	15.5% plus £3,989k	15.5% plus £4,862k	B
9	Bracknell Town Council	15.5%	7.0%	8.5%	10.0%	22.5%	24.0%	25.5%	
39	South Hill Park Trust	15.5%	7.0%	8.5%	10.0%	22.5%	24.0%	25.5%	
42	Winkfield Parish Council	15.5%	7.0%	8.5%	10.0%	22.5%	24.0%	25.5%	
49	Binfield Parish Council	15.5%	7.0%	8.5%	10.0%	22.5%	24.0%	25.5%	
125	Crowthorne Parish Council	15.5%	7.0%	8.5%	10.0%	22.5%	24.0%	25.5%	
137	Sandhurst Town Council	15.5%	7.0%	8.5%	10.0%	22.5%	24.0%	25.5%	
190	Warfield Parish Council	15.5%	7.0%	8.5%	10.0%	22.5%	24.0%	25.5%	
RBWM pool									
3	RBWM (non-schools)	15.1%	£4,162k	£4,311k	£4,467k	15.1% plus £4,162k	15.1% plus £4,311k	15.1% plus £4,467k	A
	RBWM (schools)	15.1%	14.5%	14.5%	14.5%	29.6%	29.6%	29.6%	
15	Cookham Parish Council	15.1%	14.5%	14.5%	14.5%	29.6%	29.6%	29.6%	

Employer code	Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (primary rate plus secondary rate)			Specific notes
		(% pay)	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	
18	Sunningdale Parish Council	15.1%	14.5%	14.5%	14.5%	29.6%	29.6%	29.6%	
19	Sunninghill & Ascot Parish Council	15.1%	14.5%	14.5%	14.5%	29.6%	29.6%	29.6%	
45	Eton Town Council	15.1%	14.5%	14.5%	14.5%	29.6%	29.6%	29.6%	
51	Cox Green Parish Council	15.1%	14.5%	14.5%	14.5%	29.6%	29.6%	29.6%	
116	Bray Parish Council	15.1%	14.5%	14.5%	14.5%	29.6%	29.6%	29.6%	
127	White Waltham Parish Council	15.1%	14.5%	14.5%	14.5%	29.6%	29.6%	29.6%	
143	Hurley Parish Council	15.1%	14.5%	14.5%	14.5%	29.6%	29.6%	29.6%	
279	Wraysbury Parish Council	15.0%	9.0%	10.6%	12.1%	24.0%	25.6%	27.1%	
West Berkshire pool									
4	West Berkshire Council	15.8%	£4,054k	£4,829k	£5,655k	15.8% plus £4,054k	15.8% plus £4,829k	15.8% plus £5,655k	
11	Thatcham Town Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
20	Tilehurst Parish Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
47	Theale Parish Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
75	The Downs School	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
88	Newbury Town Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	

Employer code	Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (primary rate plus secondary rate)			Specific notes
		(% pay)	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	
136	Hungerford Town Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
147	Burghfield Parish Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
216	Chieveley Parish Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
249	Holybrook Parish Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
250	Purley on Thames Parish Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
288	Compton Parish Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
300	Lambourn Parish Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
313	Greenham Parish Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
314	Yattendon Parish Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
323	Hampstead Norreys Parish Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
364	Pangbourne Parish Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
386	Bucklebury Parish Council	15.8%	6.7%	7.7%	8.7%	22.5%	23.5%	24.5%	
Reading pool									
5	Reading Borough Council	14.8%	£5,909k	£6,122k	£6,342k	14.8% plus £5,909k	14.8% plus £6,122k	14.8% plus £6,342k	A
66	The Blessed Hugh Faringdon School	14.8%	10.0%	10.0%	10.0%	24.8%	24.8%	24.8%	

Employer code	Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Total contributions (primary rate plus secondary rate)			Specific notes
			2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	
376	Brighter Futures for Children	14.8%	-	-	-	14.8%	14.8%	14.8%	
Slough pool									
6	Slough Borough Council	15.0%	£3,495k	£4,264k	£5,043k	15.0% plus £3,495k	15.0% plus £4,264k	15.0% plus £5,043k	A
61	Holy Family School	15.0%	9.0%	10.6%	12.1%	24.0%	25.6%	27.1%	
62	Priory School	15.0%	9.0%	10.6%	12.1%	24.0%	25.6%	27.1%	
119	Pippins School - Slough	15.0%	9.0%	10.6%	12.1%	24.0%	25.6%	27.1%	
122	Wexham Court Parish Council	15.0%	9.0%	10.6%	12.1%	24.0%	25.6%	27.1%	
Wokingham pool									
7	Wokingham Borough Council	15.5%	£2,711k	£3,127k	£3,570k	15.5% plus £2,711k	15.5% plus £3,127k	15.5% plus £3,570k	
10	Earley Town Council	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	26.3%	
12	Wokingham Town Council	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	26.3%	
21	Woodley Town Council	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	26.3%	
52	Swallowfield Parish Council	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	26.3%	
73	All Saints CE (Aided) Primary School	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	26.3%	
96	Shinfield Parish Council	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	26.3%	

Employer code	Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (primary rate plus secondary rate)			Specific notes
		(% pay)	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	
117	Finchampstead Parish Council	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	26.3%	
129	Winnersh Parish Council	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	26.3%	
159	Twyford Parish Council	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	26.3%	
227	Wokingham Without Parish Council	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	26.3%	
251	Charvil Parish Council	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	26.3%	
70000	Wokingham Borough Council (Schools)	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	26.3%	
Housing Associations									
80	The Swaythling Housing Society Limited	21.0%	£209k	£216k	£224k	21.0% plus £209k	21.0% plus £216k	21.0% plus £224k	
83	Dimensions UK Ltd	14.0%	£83k	£86k	£89k	14.0% plus £83k	14.0% plus £86k	14.0% plus £89k	
132	Silva Homes	20.8%	-	-	-	20.8%	20.8%	20.8%	
Colleges									
Colleges pool									
53	Newbury College	15.4%	11.7%	11.7%	11.7%	27.1%	27.1%	27.1%	
55	Activate Learning	17.8%	11.7%	11.7%	11.7%	29.5%	29.5%	29.5%	
57	The Windsor Forest Colleges Group	13.7%	11.7%	11.7%	11.7%	25.4%	25.4%	25.4%	

Employer code	Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (primary rate plus secondary rate)			Specific notes
		(% pay)	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	
58	Berkshire College Of Agriculture	14.0%	11.7%	11.7%	11.7%	25.7%	25.7%	25.7%	
156	University of West London	16.2%	£1,379k	£1,428k	£1,480k	16.2% plus £1,379k	16.2% plus £1,428k	16.2% plus £1,480k	
Academies									
Academies pool									
144	Highdown School and 6th Form Centre	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
146	Churchend Academy	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
152	Lowbrook Academy Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
158	The Piggott C of E Academy	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
161	The Holt School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
165	The Avenue Academy	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
167	Langley Hall Primary Academy	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
168	Kendrick School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
169	Langley Grammar School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
171	Prospect School Reading	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	

Employer code	Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (primary rate plus secondary rate)			Specific notes
		(% pay)	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	
173	Reading School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
174	St Bartholomew's School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
175	Cox Green School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
176	Furze Platt Senior School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
180	Denefield School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
183	Westgate School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
191	Altwood School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
199	Castleview School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
200	Charters School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
205	Ryvers School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
221	National Autistic Society (NAS) Academy Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
229	Holyport College	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
232	The Heights Primary School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
233	Evendons Primary School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
259	Waingels Academy	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	

Employer code	Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (primary rate plus secondary rate)			Specific notes
		(% pay)	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	
264	Forest Bridge School (Free School)	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
269	Newlands Girls' School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
311	Northern House Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
319	Bonitas Multi Academy Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
320	The Keys Academy Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
324	Activate Learning Education Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
325	Ashley Hill Schools Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
326	Baylis Court Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
327	Bellevue Place Education Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
328	Bohunt Education Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
329	Anthem Schools Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
330	Excalibur Academies Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
331	Floreat Montague Park School	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
332	Glyn Learning Foundation	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
333	Greenshaw Learning Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	

Employer code	Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (primary rate plus secondary rate)			Specific notes
		(% pay)	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	
334	Haybrook College Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
335	Kennet School Academies Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
336	The Arbib Education Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
338	Maiden Erlegh Schools Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
339	Marish Academy Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
340	NET Academies Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
341	Newbury Academy Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
342	Oxford Diocesan Schools Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
343	Park Federation Academy Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
344	Reach2 Academy Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
345	Berkshire Schools Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
346	SASH Education Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
347	Schelwood Academy Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
348	Specialist Education Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
349	St Thomas Catholic Academies Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	

Employer code	Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (primary rate plus secondary rate)			Specific notes
		(% pay)	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	
350	Frassati Catholic Academy Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
351	The Gold Rose School Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
352	Desborough College	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
353	The Forest School Academy Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
354	The Slough and East Berkshire MAT	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
355	The Pioneer Education Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
356	Windsor Learning Partnership	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
361	The Corvus Learning Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
362	The Circle Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
375	Achievement For All Education Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
377	Kings Academy Group	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
378	Orchard Hill College Academy Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%	
Community Admission Bodies									
Admitted Bodies pool									
26	Age Concern Berkshire	14.7%	£2,671	£2,767	£2,866	14.7% plus £2,671	14.7% plus £2,767	14.7% plus £2,866	

Employer code	Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (primary rate plus secondary rate)			Specific notes
		(% pay)	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	
30	Mary Hare Grammar School	17.5%	£206k	£213k	£221k	17.5% plus £206k	17.5% plus £213k	17.5% plus £221k	
35	School of St Helen & St Katharine	20.6%	£16,800	£17,400	£18,030	20.6% plus £16,800	20.6% plus £17,400	20.6% plus £18,030	
37	Slough Council For Voluntary Service	23.6%	£3,227	£3,343	£3,463	23.6% plus £3,227	23.6% plus £3,343	23.6% plus £3,463	
40	Reading Voluntary Action	23.2%	£1,830	£1,896	£1,964	23.2% plus £1,830	23.2% plus £1,896	23.2% plus £1,964	
95	Berkshire Maestros	16.3%	£25,530	£26,450	£27,410	16.3% plus £25,530	16.3% plus £26,450	16.3% plus £27,410	
105	PACT	22.2%	£16,520	£17,120	£17,740	22.2% plus £16,520	22.2% plus £17,120	22.2% plus £17,740	
121	SECBE	19.1%	£6,434	£6,666	£6,906	19.1% plus £6,434	19.1% plus £6,666	19.1% plus £6,906	
28	Elizabeth Fry Charity	14.6%	£20,000	£20,700	£21,500	14.6% plus £20,000	14.6% plus £20,700	14.6% plus £21,500	
44	Reading Transport Ltd	22.7%	£602k	£624k	£646k	22.7% plus £602k	22.7% plus £624k	22.7% plus £646k	
48	Sovereign Housing Association	25.4%	£473k	£490k	£507k	25.4% plus £473k	25.4% plus £490k	25.4% plus £507k	
100	Corn Exchange Trust	26.6%	£5,447	£5,643	£5,846	26.6% plus £5,447	26.6% plus £5,643	26.6% plus £5,846	
128	Greenwich Leisure Ltd	21.4%	£20,010	£20,730	£21,480	21.4% plus £20,010	21.4% plus £20,730	21.4% plus £21,480	
193	Adviza	16.4%	7.3%	7.3%	7.3%	23.7%	23.7%	23.7%	

Employer code	Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (primary rate plus secondary rate)			Specific notes
		(% pay)	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	
Transferee Admission Bodies									
90	Berkshire Fire & Rescue Service	13.5%	£341k	£353k	£366k	13.5% plus £341k	13.5% plus £353k	13.5% plus £366k	
113	Northgate Ltd	19.2%	£2,164	£2,242	£2,322	19.2% plus £2,164	19.2% plus £2,242	19.2% plus £2,322	
114	Holroyd Howe Ltd	29.6%	-	-	-	29.6%	29.6%	29.6%	
115	MITIE	19.2%	£13,380	£13,860	£14,360	19.2% plus £13,380	19.2% plus £13,860	19.2% plus £14,360	
140	Care UK	15.2%	3.8%	1.9%	0.0%	19.0%	17.1%	15.2%	
150	Busy Bee Cleaning Services Ltd	36.0%	-	-	-	36.0%	36.0%	36.0%	
160	Optalis Limited	20.1%	-	-	-	20.1%	20.1%	20.1%	
178	Northgate Information Solutions	21.1%	2.3%	1.4%	0.6%	23.4%	22.5%	21.7%	
184	Arvato	16.2%	-	-	-	16.2%	16.2%	16.2%	
204	Elior UK plc	23.6%	1.0%	1.0%	1.0%	24.6%	24.6%	24.6%	
211	Creative Support Limited	19.2%	4.4%	2.2%	-	23.6%	21.4%	19.2%	
226	Berks Bucks & Oxon Wildlife Trust	21.9%	-1.7%	-0.9%	0.0%	20.2%	21.0%	21.9%	
237	Innovate Services Ltd (Baylis Court)	21.2%	-0.5%	-0.5%	-0.5%	20.7%	20.7%	20.7%	
242	Continental Landscapes Ltd	16.9%	3.2%	1.6%	0.0%	20.1%	18.5%	16.9%	

Employer code	Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (primary rate plus secondary rate)			Specific notes
		(% pay)	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	
248	Legacy Leisure Limited	21.8%	-2.1%	-1.1%	0.0%	19.7%	20.7%	21.8%	
252	The Riverside Day Nursery Ltd	10.9%	6.7%	3.3%	0.0%	17.6%	14.2%	10.9%	
256	Ways into Work	21.9%	-1.9%	0.6%	3.1%	20.0%	22.5%	25.0%	
260	Slough Children's Services Trust	13.3%	2.2%	2.2%	2.2%	15.5%	15.5%	15.5%	
261	Creative Support (Slough Extra Care)	23.5%	-6.4%	-3.2%	-	17.1%	20.3%	23.5%	
283	Rapid Commercial Cleaning Services Ltd	21.2%	£1,638	£1,697	£1,758	21.2% plus £1,638	21.2% plus £1,697	21.2% plus £1,758	
290	Rapid Clean	18.3%	3.7%	1.7%	-0.3%	22.0%	20.0%	18.0%	
293	Innovate	17.7%	-1.6%	-0.8%	0.0%	16.1%	16.9%	17.7%	
301	Innovate (Emmbrook)	10.1%	-	-	-	10.1%	10.1%	10.1%	
315	Optalis	19.6%	1.8%	0.9%	0.0%	21.4%	20.5%	19.6%	
316	VolkerHighways (Highways department staff)	21.3%	-	-	-	21.3%	21.3%	21.3%	
317	Project Centre 1	19.8%	-	-	-	19.8%	19.8%	19.8%	
318	Project Centre 2	13.5%	1.0%	0.5%	0.0%	14.5%	14.0%	13.5%	
321	Haywards Services	22.0%	1.0%	1.0%	1.0%	23.0%	23.0%	23.0%	
322	Hayward Services Ltd	23.8%	1.5%	1.5%	1.5%	25.3%	25.3%	25.3%	

Employer code	Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (primary rate plus secondary rate)			Specific notes
		(% pay)	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	
358	RBWM Property Company	14.8%	-1.3%	-0.7%	-	13.5%	14.1%	14.8%	
359	Osbornes (Corporate Cleaning)	19.2%	1.9%	0.9%	0.0%	21.1%	20.1%	19.2%	
360	NSL Services Ltd	18.4%	2.1%	1.6%	1.1%	20.5%	20.0%	19.5%	
363	The Beehive	19.5%	-	-	-	19.5%	19.5%	19.5%	
365	Bouygies E&S FM UK Ltd	31.7%	£1,903	£1,971	£2,042	31.7% plus £1,903	31.7% plus £1,971	31.7% plus £2,042	
366	Absolutely Leisure Ltd	11.7%	4.6%	2.3%	0.0%	16.5%	14.0%	11.7%	
367	SLM - Everyone Active	22.8%	1.4%	1.4%	1.4%	24.2%	24.2%	24.2%	
369	Readibus (Adult Social Care Transport)	29.5%	£2,472	£2,561	£2,653	29.5% plus £2,472	29.5% plus £2,561	29.5% plus £2,653	
371	SLM (Fitness and Health)	16.8%	2.4%	1.2%	0.0%	19.2%	18.0%	16.8%	
372	SLM (Food and Beverage)	17.2%	0.8%	0.3%	0.0%	18.0%	17.5%	17.2%	
373	SLM (Community Leisure)	17.2%	-0.4%	-0.2%	0.0%	16.6%	17.0%	17.2%	
374	Accent Catering	27.3%	£1,762	£1,826	£1,891	27.3% plus £1,762	27.3% plus £1,826	27.3% plus £1,891	
381	Aspens Services	18.0%	£1,391	£1,441	£1,493	18.0% plus £1,391	18.0% plus £1,441	18.0% plus £1,493	
382	Compass	14.8%	0.5%	0.5%	0.5%	15.3%	15.3%	15.3%	
383	KGB Cleaning Services Ltd	26.0%	£144	£149	£155	26.0% plus £144	26.0% plus £149	26.0% plus £155	

Post valuation employers

Various new employers have joined the Fund on or after 1 April 2019 and their rates was certified at their date of joining and have been reviewed as part of the 2019 valuation process. The table summarises the start date and contributions required from these employers.

Start date	Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Total contributions (primary rate plus secondary rate)		
			2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
1 April 2019	VolkerHighways	17.8%	*	*	*	17.8%	17.8%	17.8%
1 April 2019	Frays Academy Trust	15.8%	3.8%	4.8%	5.8%	19.6%	20.6%	21.6%
1 August 2019	Regency Cleaning	18.1%	*	*	*	18.1%	18.1%	18.1%
1 September 2019	Go Beanies	27.2%	*	*	*	27.2%	27.2%	27.2%
1 January 2020	Solutions 4 Health	28.2%	*	*	*	28.2%	28.2%	28.2%
1 January 2020	Horton Parish Council	15.1%	14.5%	14.5%	14.5%	29.6%	29.6%	29.6%
1 February 2020	Tyr Abad	15.5%	*	*	*	15.5%	15.5%	15.5%

Payment plan employers

One ceased employer is currently on a payment plan to pay of their existing deficit upon leaving the Fund. Their results have been reviewed as part of the 2019 valuation and the table below summarises their contributions due for the next three years.

Employer code	Employer name	Total contributions		
		2020/21	2021/22	2022/23
23	Berkshire County Blind Society	£13,984	£14,348	£14,721
103	Absolutely Leisure Limited	£40,000	£40,000	£40,000

Investment Strategy Statement

The Royal Borough of Windsor & Maidenhead (“RBWM”) acting as the administering authority for The Royal County of Berkshire Pension Fund, a constituent member of The Local Government Pension Scheme in England & Wales, is required by Section 7 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 to publish an Investment Strategy Statement.

This is the second such statement published by the Royal Borough and in accordance with the Regulations it will be reviewed regularly and at no more than 3 year intervals.

The Regulations require the administering authority to outline how it meets each of 6 objectives:

1. A requirement to invest fund money in a wide range of instruments.

RBWM’s policy is that the Pension Fund (the “Fund”) should have a highly diversified investment portfolio spread across different asset classes and different asset managers using differing approaches as appropriate. This ensures that the fund money is invested in a wide range of instruments.

RBWM’s Pension Fund Panel has established an Investment Group which meets at least quarterly to review the Fund’s performance, asset allocation and ability to meet its target return. In addition the Investment Group reviews potential new investment ideas and products offered by its investment manager, Local Pensions Partnership Investments Limited (the “Investment Manager” (LPPI)) and opines whether such ideas are consistent with the investment strategy of the Fund and a suitable investment.

The Investment Group receives advice from suitably qualified Officers and Independent Advisers. It also makes use of information derived from the Investment Manager. It will commission specialist work from an external adviser when it believes that neither Officers nor the Independent Advisers have sufficient experience or expertise in a particular field.

To achieve sufficient diversification the Fund divides assets across 4 broad categories: equities, bonds, real assets and absolute return strategies. The size of each bucket will vary depending on investment conditions but each bucket will itself be diversified.

Any investment strategy will have associated risks, including primarily that of not meeting the returns required to ensure the long-term ability of the Fund to pay benefits as they fall due. To mitigate these risks the Investment Group regularly reviews both the performance and the expected returns from the portfolio to measure whether it has met and is likely to continue to meet its return objective.

In addition the Investment Group notes that there will be an increasing gap between contributions received and benefits – i.e. that the Fund will become cash-flow negative. The Pension Fund Panel does not wish the Fund to sell assets to pay benefits. Consequently, it has resolved that a secondary objective of the investment strategy of the Fund should be to ensure that there is sufficient investment income generated from the Fund's investments to meet any cash-flow shortfall. This has been formalised as a medium term objective to generate a 2% income return across the investment portfolio (i.e. investment income should be at least equivalent to 2% of the Fund's assets).

2. The authority's assessment of the suitability of particular investments and types of investments.

In assessing the suitability of investments RBWM relies on the Investment Manager to take into account relevant factors including, but not limited to, prospective return, risks, concentration or diversification of risk as well as geographic and currency exposures, as well as possible interactions with other investments in the portfolio.

Performance benchmarks are set for the Fund as a whole (target return UK CPI+4.5%) as well as for individual allocations. The Fund's target return is greater than the actuarial discount rate used to value liabilities and has been set at a level sufficient to assist in meeting the funding gap whilst not taking excessive investment risk. Furthermore the Pension Fund Panel has agreed that the Fund should aim to achieve its target return with a low level of volatility in those returns. Whilst the Fund as a whole has an absolute return target, RBWM recognises that for measuring the performance of individual asset classes relative to specific benchmarks may be more appropriate.

In ensuring the suitability of investments RBWM expects the Investment Manager (LPPI) to pay regard to both the potential returns and risk (including possible interactions with other investments in the portfolio). RBWM will also consider the reputational risk of being connected with or investing in any investment proposal made by the Investment Manager. RBWM expects its managers to take into account Environmental, Social and Governance (ESG) issues when making an investment.

RBWM measures the returns and the volatility of those returns on a quarterly basis and publishes the results relative to a global group of investment funds with a similar diversified approach to investment on the Fund web-site.

3. The authority's approach to risk, including the ways in which risks are to be measured and managed

There are a variety of risks to be addressed when managing a Pension Fund with investment risk being just one of them. In 2016, in accordance with the principles of Pensions Regulator guidance, RBWM commissioned Lincoln Pensions to undertake an Integrated Risk Management ("IRM") study of the Fund. This study looked at the interaction of employer covenant risk – the ability of the employers to meet future contributions, support the investment risk (volatility of returns) and underwrite funding risk (volatility of actuarial deficit). The study concluded that:

- The future contributions estimated by the Fund's Actuary (on the GAD's funding test, i.e. aimed at removing an actuarial deficit over 20 years) are likely to be affordable across the Fund's employers over the next 10 years.
- Some of the Fund's larger employers, notably unitary authorities, do face a number of challenges in the near term which could constrain affordability of future contributions, particularly given their statutory duties to provide adequate services.

In reaching these conclusions, the Fund's assets, liabilities, and its participating employers have been subjected to a number of adverse stress scenarios to assess resilience, which serve to test and constrain affordability. Where employers find themselves under stress, they would be required to identify and utilise financial levers in order to maintain contributions at the level required. Such levers could include support from central Government or other employers, increases in council tax rates, increasing borrowings (subject to restrictions) and pledging assets to the Fund.

Early in 2019 the Pension Fund Panel agreed to enter into a 12-month contract with LPPI to undertake further work concerning employer covenants with a view to identifying those employers most at risk of not being able to underwrite their liabilities in the future. The Panel will consider the findings of this work over the coming months and determine action might be necessary to safeguard the Fund against the risks associated with employers exiting the Pension Scheme.

Looking specifically at investment risk RBWM is of the view that the diversification of the Fund investment portfolio is so broad that investment risk (volatility of returns) is low and will continue to be low. Ex ante volatility estimates require forecasts by asset class of volatility and correlation and whilst historic data can be used to estimate volatility for listed assets, it is much more difficult for unlisted (e.g. private equity, infrastructure, real estate) assets. Furthermore RBWM notes that

correlations continually change and in times of financial stress all risk assets trend to a correlation with each other of 1. This “tail risk” means that most risk models either understate risk in times of stress or conservatively over-estimate volatility in normal markets.

The Fund targets a long-term return of UK CPI+4.5%; this is sufficient for it to meet its long-term liabilities. In setting the investment strategy, the Pension Fund Panel decided that this return should be achieved with a low degree of volatility – currently the Fund targets volatility below 10% per annum over the medium term.

As a patient long-term investor the Fund is prepared to ride-out short term volatility in investment markets and may, if suitable opportunities arise, adapt its investment strategy accordingly. At each review of the Investment Strategy Statement the assumptions on risk and return and their impact on asset allocation will be reviewed.

4. The authority’s approach to pooling investments, including the use of collective investment vehicles.

RBWM has broad experience of investing in pooled vehicles be they collective investment vehicles or other “collectives” such as multi-partner Limited Partnerships.

When deciding whether to invest in a collective scheme or to seek a segregated account RBWM, will pay close attention to:

- The relative costs between a collective investment scheme and a segregated account with a focus on the Total Cost of Ownership
- The suitability and ability of a collective investment scheme to meet the mandate requirements of RBWM.

In recognition of the government’s requirement for LGPS funds to pool their investments RBWM became an Investment Client of the Local Pensions Partnership Investments Limited with effect from 1 June 2018 and the pooling of assets has commenced.

5. The authority’s policy on how social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments.

RBWM accepts that stakeholders will have differing views on how social, environmental and corporate governance considerations should be taken into account and believes that no “one-size fits all” policy can possibly be implemented across such a diverse portfolio such as that of the Fund. Nevertheless RBWM seeks to protect its reputation as an institutional investor and ensures that the Investment Manager (LPPI) takes into account these issues when selecting

investments for purchase, retention or sale. RBWM will not place social, environmental or corporate governance restrictions on the Investment Manager but relies on it to adhere to best practices in the jurisdictions in which they are based, operates and invests.

Furthermore RBWM has implemented three investment theses under “ESG” principles: investment in the food chain, housing and infrastructure. Specifically RBWM has made private equity investments in a “food and water” segregated account within its private equity portfolio, two farmland funds in its property portfolio, a number of infrastructure fund investments both globally and in the UK (in particular it was the seed investor in the Gresham House British strategic Investment Fund focussed on small scale infrastructure and Housing projects) as well as investments to support house builders via the purchase of residual shared equity loan books and a fund specialising in acquiring brownfield land for residential developments.

6. The authority’s policy on the exercising of the rights (including voting rights) attaching to investments.

RBWM expects the Investment Manager to exercise all rights attaching to investments including voting in accordance with recognised responsible investment guidelines. RBWM expects the Investment Manager to comply with the principles of the UK Stewardship Code.

RBWM confirms that the Berkshire Pension Fund has no investments in entities that are connected with the authority but if in future it does these will be limited to no more than 5% of the Fund’s assets.

Table one sets out the asset class limits as agreed by the Berkshire Pension Fund Panel on 11 March 2019

Table one: Asset Class Limits

Asset Class	Policy Portfolio Benchmark	Tolerance Range	Relevant LPPI pool	Investment Objective
Credit	10%	5-15%	LPP I Credit Investment LP	GBP LIBOR plus 3-5%
Fixed Income	3%	0-6%	LPP I Fixed Income Fund	Barclays Global Aggregate Index GBP Hedged plus 0.5%
Global Equities (*)	40%	30-50%	LPP I Global Equities Fund	MSCI All Country World GBP Index (net dividends reinvested) plus 2%
Private Equity	13%	8-18%	LPP I PE Investments (No. 3) LP	MSCI All Country World GBP Index (net dividends reinvested) plus 4-6%
Total Return	4%	0-10%	LPP I Total Return	1 month GBP LIBOR plus 2-4%
Infrastructure	12.5%	8-16%	LPP I Infrastructure Investment LP	UK CPI plus 4-6%
Real Estate	16.5%	10-20%	LPP I Property Pool	UK CPI plus 4-6%
Cash	1%	0-5%		

Approved by the Berkshire Pension Fund Panel: 11 March 2019
Next review date: March 2020



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



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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 250 other associated employers who make up the membership of the Pension Fund.

The image shows a page from the 'Local Government Pension Scheme Regulations 2013'. It is titled '2013 No. 259' and 'THE LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 2013'. It lists various sections of the regulations, such as 'PART 1: GENERAL', 'PART 2: MEMBERSHIP', 'PART 3: CONTRIBUTIONS', 'PART 4: BENEFITS', 'PART 5: INVESTMENT', 'PART 6: MISCELLANEOUS', and 'PART 7: FINAL PROVISIONS'. The page number '1' is visible at the bottom right.

The administering authority has ultimate responsibility for interpreting and implementing statutory LGPS regulations, which includes setting an investment strategy, 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.

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 benefits or contributing to a highly regulated, first 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 an administration report to be presented to members of the for the Pension Fund Panel, Pension Fund Advisory Panel and Pension Board.
- 4.5 Provide information for the Annual Report and Accounts of the Pension Fund.
- 4.6 Maintain the member database in accordance with the General Data Protection Regulations 2018 and issue a Privacy Notice explaining how the Pension Fund collects data, what the data is used you, with whom the data is shared and the rights of individuals with regard to their data.

Approved by the Pension Fund Panel: 17 September 2018

Next review date: September 2019

Appendix 6 - Contributions Received 2020/21

Employer	Employee £'000	Employer £'000	TOTAL £'000
Absolutely Leisure Limited	24	49	74
Accent Catering Services Ltd	1	7	9
Achievement for All Education Trust	43	143	186
Activate Learning Education Trust	54	181	235
Age Concern Berkshire	5	9	14
ALET (B&W College)	121	687	808
Altwood School (Academy Status)	40	99	139
Ashley Hill Schools Trust	27	90	117
Aspens Services Limited	0	2	2
Baylis Court Trust	106	354	460
Bellevue Place Education Trust	145	440	585
Berks College Of Art & Design	0	2	2
Berks, Bucks & Oxfordshire Wildlife Trust	6	18	24
Berkshire College Of Agriculture	236	968	1,205
Berkshire County Blind Society	0	14	14
Berkshire Fire & Rescue Service	450	1,229	1,678
Berkshire Maestros	40	127	167
Binfield Parish Council	6	21	26
Bohunt Education Trust	45	150	195
Bonitas Multi Academy Trust Limited	109	200	309
Bouygues E&S UK Ltd	4	20	24
Bracknell Forest BC	3,298	10,543	13,842
Bracknell Forest Homes	76	223	298
Bracknell Town Council	42	139	181
Brakenhale School	0	0	0
Bray Parish Council	3	14	17
Brighter Futures for Children	1,072	2,279	3,351
Bucklebury Parish Council	0	1	2
Burghfield Parish Council	6	18	24
Busy Bee Cleaning Services Ltd	1	5	5
Care UK	3	9	12
Castleview School (Academy Status)	55	189	244
Caterlink	-1	-3	-4
CfBT Schools Trust	89	257	347
Change Grow Live	5	21	26
Charters School (Academy Status)	79	245	324
Charvil Parish Council	2	8	10
Chieveley Parish Council	0	0	0
Churchend Academy	30	111	141
Churchill Contract Services Ltd	0	1	1
Compass Contract Services (UK)	4	9	13
Compton Parish Council	1	3	4
Connexions Thames Valley	66	241	308

Appendix 6 - Contributions Received 2020/21 (continued)

Employer	Employee £'000	Employer £'000	TOTAL £'000
Continental Landscapes Ltd	11	36	47
Cookham Parish Council	3	13	16
Corn Exchange Trust	2	14	16
Cox Green Parish Council	4	20	25
Cox Green School (Academy Status)	63	190	253
Creative Support Extra Care	13	35	48
Creative Support Ltd (Altair 00211)	3	13	16
Crowthorne Parish Council	6	23	30
Denefield School (Academy Status)	63	191	254
Desborough School (Academy Status)	40	123	164
Dimensions UK Ltd	14	104	118
Earley Town Council	30	114	144
East Berkshire College Ext 3302	257	961	1,218
Elizabeth Fry Hostel	15	39	55
Energy Kidz (Katesgrove School)	0	1	1
Eton Town Council	1	6	7
Excalibur Academies Trust	74	248	322
Finchampstead Parish Council	3	13	16
Forest Bridge School	82	271	353
Frassati Catholic Academy Trust	103	319	423
Frays Academy Trust	27	93	120
Furze Platt Senior School (Academy Status)	92	297	389
Glyn Learning Foundation	34	118	153
Go Beanies Limited	0	2	2
Greenham Parish Council	2	7	9
Greenshaw Learning Trust	114	380	495
Greenwich Leisure Ltd ext 4076	6	55	60
Hampstead Norreys Parish Council	0	1	1
Haybrook College Trust	78	247	325
Hayward Services (Rdg Girls)	0	1	1
Hayward Services (SASH)	0	1	2
Hayward Services Ltd (Cox G)	1	6	7
Hayward Services Ltd (Wex)	2	7	9
Highdown School	64	201	265
Holroyd Howe Ltd	0	15	16
Holt School (Academy Status)	44	142	186
Holy Family School	32	134	166
Holybrook Parish Council	2	9	11
Holyport College	54	169	223
Horton Parish Council	1	3	4
Housing Solutions Ltd	0	529	529
Hungerford Town Council	4	16	20
Hurley Parish Council	1	4	4

Appendix 6 - Contributions Received 2020/21 (continued)

Employer	Employee £'000	Employer £'000	TOTAL £'000
Innovate Services (Emmbrook)	1	1	2
Innovate Services (Prospect)	3	10	13
Innovate Services Ltd	1	2	3
Kendrick School (Academy Status)	39	105	143
Kennet School Academies Trust	157	504	661
Keys Multi-Academy Trust	105	364	469
KGB Cleaning Ltd – Denefield	0	2	2
Khalsa Primary School	5	16	20
King's Academy Binfield	66	213	279
Lambourn Parish Council	3	10	12
Langley Academy	0	0	0
Langley Academy Trust	166	540	706
Langley Grammar School.(Academy Status)	51	134	185
Langley Hall Primary Academy	50	164	213
Legacy Leisure Limited	5	16	21
Leisure Focus Trust	11	32	43
Lowbrook Academy Trust	12	41	53
Maiden Erlegh Schools Trust	263	810	1,073
Marish Academy Trust	130	408	537
Mary Hare Grammar School	215	805	1,020
MITIE	1	18	19
Newbury Academy Trust	103	335	438
Newbury College	130	582	712
Newbury Town Council	20	66	86
Newlands Girls School	54	172	226
Northern House School Wokingham	20	66	86
Northgate UK Ltd (Altair Code 00113)	4	11	15
Northgate UK Ltd (Altair Code 00178)	9	85	94
NSL Ltd	16	52	68
Optalis Limited	44	148	192
Optalis Limited (RBWM)	193	661	854
Orchard Hill College & Academy Trust	150	501	651
Osborne Property Services Limited	30	97	127
Oxford Diocesan Schools Trust	72	243	315
Pact	27	93	121
Pangbourne Parish Council	4	14	17
Park Federation Academy Trust	182	596	777
Priory School	98	406	504
Project Centre Ltd	8	24	32
Project Centre Ltd 2	11	23	35
Prospect School Reading (Academy Status)	34	107	141
Purley on Thames Parish Council	1	4	4
Rapid Commercial Cleaning Services Ltd 2	0	0	0

Appendix 6 - Contributions Received 2020/21 (continued)

Employer	Employee £'000	Employer £'000	TOTAL £'000
RBWM	1,905	10,261	12,165
RBWM Property Company Ltd	40	60	100
Reach2 Thames Valley Academy Trust	58	188	246
Readibus Limited	0	24	25
Reading Borough Council	4,161	15,349	19,510
Reading School (Academy Status)	53	167	220
Reading Transport Ltd	38	724	762
Reading Voluntary Action	3	11	13
Regency Cleaning	1	3	3
Royal County of Berkshire Schools Trust	57	193	250
Ryvers School (Academy Status)	49	161	210
S.E.Centre for the Built Environment Ltd	13	33	46
Sandhurst Parish Council	4	11	15
SASH Education Trust	93	297	390
Schelwood Academy Trust	79	240	319
School of St Helen & St Katharine	17	71	88
Shinfield Parish Council	1	2	3
SLM Charitable Trust 2	43	190	233
SLM Community Leisure	1	3	3
SLM Fitness & Health	2	7	9
SLM Food & Beverage	5	15	20
Slough Borough Council	3,230	11,374	14,605
Slough Children's Services Trust	552	1,429	1,980
Slough Community & Leisure Ltd	0	40	40
Slough Council For Voluntary Service	5	17	21
Solutions4Health	1	7	9
South Hill Park Trust	0	50	50
Sovereign Housing Association	5	488	493
Specialist Education Trust	35	113	149
St Bartholomew's School (Academy Status)	79	261	340
St Peter Catholic Academies Trust	120	385	506
Sunninghill & Ascot Parish Council	1	4	5
Swallowfield Parish Council	3	13	17
Thames Valley Cleaning Limited	1	2	3
Thatcham Town Council	10	37	47
The Avenue Academy	149	491	640
The Beehive (Wokingham) Limited	1	2	3
The Blessed Hugh Farringdon School	54	220	274
The Cippenham Schools' Trust	68	222	291
The Circle Trust	139	446	586
The Corvus Learning Trust	105	351	456
The Downs School	83	301	384
The Forest School Academy Trust	28	91	118

Appendix 6 - Contributions Received 2020/21 (continued)

Employer	Employee £'000	Employer £'000	TOTAL £'000
The Heights Free School	19	64	83
The National Autistic Society Academy Trust	75	241	316
The Piggott C of E Academy	62	206	268
The Slough and East Berkshire MAT	178	653	831
The Windsor Day Club Nursery	0	0	0
Theale Parish Council	2	6	7
Tilehurst Parish Council	5	21	26
Twyford Parish Council	2	9	12
Tyr Abad	4	10	14
Unallocated	0	0	0
University of West London	55	1,503	1,559
Upton Court Education Trust	106	339	445
Volkerhighways Ltd	25	90	115
Volkerhighways Ltd (Wok)	4	11	15
W&M Youth & Community Counselling Service	2	8	10
Waingels College	144	190	334
Warfield Parish Council	3	9	11
Ways Into Work CIC	34	24	58
West Berkshire DC	4,080	13,936	18,016
Westgate School (Academy Status)	73	231	304
Wexham Court Parish Council	1	5	6
White Waltham Parish Council	4	21	26
White Waltham School (Academy Status)	0	0	0
Whitelocke Infant	26	111	137
Windsor Housing	2	214	216
Windsor Learning Partnership	148	488	635
Winkfield Parish Council	15	48	63
Winnersh Parish Council	4	15	19
Wokingham Borough Council	3,760	12,796	16,556
Wokingham Town Council	30	88	117
Wokingham Without Parish Council	7	29	37
Woodley Town Council	42	167	209
Wraysbury Parish Council	1	5	7
Yattendon Parish Council	0	0	1
	30,337	108,673	139,010

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.

