



2023/24 BUSINESS PLAN, BUDGET AND MEDIUM-TERM STRATEGY



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1. INTRODUCTION

This document is intended to outline how the Royal County of Berkshire Pension Fund will deal with its key responsibilities during the 2023/24 financial year and the over the medium-term from 2024/25 to 2026/27. The Administering Authority to the Royal County of Berkshire Pension Fund is the Royal Borough of Windsor & Maidenhead (RBWM).

The Business Plan will be used to guide and direct the Fund, provide clarity and alignment on goals and objectives and establish key initiatives for the forthcoming year. In addition, it is available to all stakeholders to better understand what the Fund is planning to do to provide an efficient service across the County of Berkshire whilst supporting the overall corporate aims of RBWM as the Administering Authority to the Pension Fund.

This Business Plan will be updated annually and presented to the Pension Fund Committee for adoption. The plan will also review the previous year's plan and detail whether the objectives therein were met.

2. STRATEGIC INTENT – MISSION STATEMENT

The Royal County of Berkshire Pension Fund aims:

To deliver an efficient pension service to all stakeholders in the Fund that:

- *Is cost effective, high quality, innovative and fit for purpose;*
- *Ensures that Scheme members receive the right benefits at the right time;*
- *Ensures Scheme members are kept informed about their benefits and changes in regulations which will affect them;*
- *Recognises that pensions are an important part of employees' reward packages which assists employers to deliver their strategic goals;*
- *Provides staff in the Pension Fund team with a satisfying work environment and career development path.*

3. BUSINESS OBJECTIVES

The Pension Fund's objectives have been drafted considering the Administering Authority's vision, objectives, guiding principles and values to ensure they are free of conflict. A suite of bespoke business aims and objectives for the Fund are presented as follows:

| Business Aim | Business Objective |
|--|--|
| <i>Stakeholder Satisfaction</i> | To deliver an effective pension service that meets the expectations of Scheme members and other stakeholders as measured by a low number of complaints and adherence to agreed KPIs. |
| <i>Value for Money</i> | To set an investment strategy that achieves the medium-term investment return objective. Achieve value for money in all contracts. |

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|--|---|
| | <p>Manage all other direct Fund costs associated with the Fund and paying pension benefits.</p> <p>To ensure we always remain compliant with legislative and regulatory requirements, avoiding any financial penalties or negative publicity, identifying and reducing business risks and minimising any negative internal and external audit comments and feedback.</p> |
| <i>Equip Ourselves for the Future</i> | <p>To manage staff effectively in order to deliver high levels of morale, ensuring all staff are effectively performance managed and developed.</p> <p>To transform, develop and improve the Pension Team through creating an evidence-based continuous improvement culture and ensuring that all agreed projects and other initiatives are delivered to time and budget and achieve the expected benefits.</p> |
| <i>Delivering Together</i> | <p>To work together with Elected Members to deliver the goals and objectives of the Pension Fund Committee, to be measured by positive feedback from Lead Members.</p> |

4. VALUES

The pension team will adopt the following values and behaviours, which have been drafted considering the councils core underlying values; “invest in strong foundations, empowered to improve, one team and vision, and Respect and Openness”:

- There will be no ‘ambushing’ or surprises - discuss internally first before raising in public;
- We will always be realistic when negotiating timescales and be considerate of other’s priorities and time;
- Everyone’s view matters and we will always give credit where it is due;
- We will always consider Scheme members and other stakeholders in everything we do;
- We will always look to do something rather than find ways not do it and we will always look to support a reasonable request;
- We will accept being challenged and only challenge ideas not people;
- We will always lead by example;
- We will use electronic/digital forms of communication wherever possible but will always use a stakeholder’s preferred method of contact where possible whether that be face-to-face, via telephone or email;
- We will always respect each other and work together to meet the Fund’s objectives;
- We will promote and celebrate success;

- We will take full responsibility for our actions.

5. 2023/24 PENSION FUND BUDGET INFORMATION AND FORECAST REPORT

The 2023/24 Pension Fund budget is provided in Section 6 to this report and contains several key assumptions, detailed as follows:

- Prior year figures (2019/20 – 2021/22), totals and breakdowns are provided from a combination of published draft accounts and prior draft Pension Fund budget reports.
- Current year forecast is prepared as at Period 10, 2022/23.
- The Budget for 2023/24 contained within the section “Net (Income)/Expenditure from Dealings with stakeholders directly involved in the Fund” is taken from a combination of; reports provided by the Actuary as part of the 2022 triennial valuation, known experience items through dealings with employers, estimated financial conditions such as pay increases and inflation, and general longevity experience trends.
- The budget for 2023/24 contained within the section “Net (Income)/Expenditure and (Positive)/Negative Return on Investments” is taken from a combination of; investment income forecasts as provided by the Investment Manager and in line with the Fund’s Investment Strategy Statement, market value changes estimated using the Actuaries best estimate nominal discount rate (or best estimate of long-term financial returns on investments), management fees provided by Cost Transparency Reporting initiatives minus negotiated efficiencies over the course of the budget period.
- The Budget for 2023/24 contained within the section “Net (Income)/Expenditure from Administration & Governance of the Pension Fund” is effectively the controllable budget by the Budget Manager and has been derived using the following assumptions:
 - General efficiencies are made on Third Party Expenses, through various re-procurements, contract negotiations, in-house provision of previously outsourced tasks.
 - Actuarial and third party fees temporarily increased to account for triennial valuation and related work spanning most of 2022/23 and some of 2023/24.
 - Staff related expenses assumes one additional post for CIPFA finance graduate/apprentice, assumes all vacant posts are filled and assumes the Deputy Head of Pension Fund post is recruited on a full-time basis.
 - Support service recharge overheads and pension deficit payments as agreed in advance with RBWM finance team.
 - Inflation is applied to all budget lines as appropriate, being CPI to the third party fees, 10.1% statutory pensions increase to the dealings with members and local pay arrangements to the staff related expenditure.
- Significant cost efficiencies have been made since 2021/22 across most areas of the Pension Fund and are notable in the Investment Management and Administration and Governance sections of the Budget table.
- Inflation and Cash-flow remain the Fund’s two largest risks to meeting the agreed 2023/24 budget, with cash-flow uncertainties influencing investment returns and income as well as inflation influencing all other lines in the budget.

6. 2023/24 PENSION FUND BUDGET TABLE

| | 2019/20 Outturn £m | 2020/21 Outturn £m | 2021/22 Outturn £m | 2022/23 Forecast £m | 2023/24 Budget £m |
|---|--------------------------|-----------------------|-----------------------|------------------------|----------------------|
| Royal County of Berkshire Pension Fund - Budget | | | | | |
| Contributions from Members | (28.635) | (30.337) | (31.542) | (31.393) | (32.240) |
| Employers Normal (Primary) Contributions | (69.417) | (79.455) | (74.040) | (71.061) | (83.480) |
| Employers Deficit Recovery (Secondary) Contributions | (27.506) | (27.588) | (40.211) | (42.997) | (41.130) |
| Employers Augmentation contributions | (1.555) | (1.630) | (2.391) | (2.391) | (1.992) |
| Transfers in from other pension funds and AVC to purchase LGPS benefits | (14.488) | (6.959) | (9.791) | (9.791) | (10.257) |
| Total Income | (141.601) | (145.969) | (157.975) | (157.633) | (169.099) |
| Pension Benefits Payable | 90.704 | 94.947 | 98.371 | 100.000 | 112.853 |
| Commutation and lump sum retirement benefits | 19.557 | 16.893 | 19.926 | 22.000 | 24.222 |
| Lump sum death benefits | 3.100 | 2.405 | 4.263 | 5.000 | 5.505 |
| Refunds to members leaving service | 0.639 | 0.503 | 0.857 | 1.000 | 1.101 |
| Group transfers to other pension funds | 9.000 | 6.043 | 7.210 | 8.000 | 8.808 |
| Individual transfers to other pension funds | 10.893 | 9.563 | 15.827 | 17.000 | 13.321 |
| Total Expenditure | 133.893 | 130.354 | 146.454 | 153.000 | 165.809 |
| Net (Income)/Expenditure from Dealings with stakeholders directly involved in the Fund | (7.708) | (15.615) | (11.521) | (4.633) | (3.290) |
| Staff Related Expenses | 1.238 | 1.376 | 1.062 | 1.077 | 1.315 |
| Third Party Expenses | 3.537 | 3.270 | 1.052 | 1.153 | 1.033 |
| Net (Income)/Expenditure from Administration & Governance of the Pension Fund | 4.775 | 4.647 | 2.114 | 2.230 | 2.348 |
| Cost of running the scheme as a % of net ASSETS | 0.24% | 0.19% | 0.08% | 0.08% | 0.08% |
| Investment Income net of taxation | (40.462) | (29.261) | (34.632) | (33.000) | (30.000) |
| Profits/losses on disposal of investments and changes in the market value of investments | 77.866 | (398.107) | (283.465) | (131.079) | (142.019) |
| Investment management, performance, transaction, oversight & governance | 42.465 | 43.076 | 37.896 | 36.312 | 35.250 |
| Net (Income)/Expenditure and (Positive)/Negative Return on Investments | 79.869 | (384.292) | (280.201) | (127.766) | (136.769) |
| Investment Management Fees as a % of net ASSETS | 2.12% | 1.79% | 1.41% | 1.29% | 1.19% |
| Net (increase)/decrease in the net assets available for benefits during the year | 76.936 | (395.260) | (289.608) | (130.169) | (137.711) |
| <i>Closing Net Assets of the Scheme</i> | 2,004.947 | 2,400.207 | 2,689.814 | 2,819.983 | 2,957.694 |

Approved by Pension Fund Committee – 13 March 2023

7. KEY INITIATIVES AND BUSINESS TARGETS 2023/24

| Business Objective | Key Initiatives and targets |
|---|---|
| <p>To deliver an effective pensions service that meets the expectations of members and other stakeholders as measured by a low number of complaints and adherence to agreed KPIs.</p> | <p>Ensure that Pension Administration Software is kept up to date.</p> <p>To continue to work with the remaining Scheme employers yet to adopt i-Connect and to seek the most practical method of employer communication.</p> <p>Apply Annual Pension Increase Orders and HM Treasury Orders on time.</p> <p>Annual review of the Pension Administration Strategy.</p> <p>Annual review of Communications Policy with the continuing aim to provide Scheme information digitally wherever possible.</p> <p>Keep members up to date via newsletters and Scheme employers up to date via bulletins.</p> <p>Run Pension Surgeries at least twice annually for each Unitary Authority and at least once a year for other Scheme employers upon request.</p> <p>Continue to provide training and literature for Scheme employers to assist them in administering the Scheme on behalf of their employees.</p> <p>Continue to provide presentations and literature for Scheme members to provide greater understanding of their Scheme.</p> <p>Maintain the Pension Fund website to the highest standards ensuring that all information is current and accurate.</p> <p>Ensure the continued development and best use of Member Self Service to the highest possible standard primarily in line with scheme and pension software supplier changes but also endeavouring to reduce printing and postal costs.</p> <p>Continue to improve data quality in line with tPR recommendations in respect of Common and Scheme Specific data.</p> <p>Continue work to ensure timely implementation of McCloud Remedy.</p> <p>All annual benefits statements (Active and Deferred members) to be issued by 31 August 2023.</p> <p>Ensure that all requirements of the Pension Dashboard legislation are met as they relate to the LGPS.</p> <p>95% of critical service standards achieved (stretch 100%).</p> |

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| | 90% of non-critical service standards to be achieved (stretch of 95%). |
| To set an investment strategy in such a way as to achieve the medium-term investment return objective with minimal loss of capital, achieve value for money in all contracts and manage all other direct costs in managing the fund and paying benefits. | <p>Continue to be an Investment Client of Local Pensions Partnership Investment Limited (LPPI) and ensure they implement the Investment Strategy as agreed by the Pension Fund Committee.</p> <p>Maintain quality forecasts and medium-term plans to ensure that no fire-sale of assets is required to meet benefit payments.</p> |
| To ensure we always remain compliant with legislative and regulatory requirements, avoiding any financial penalties or negative publicity, identifying and reducing business risks and minimising any negative internal and external audit comments and feedback. | <p>Produce Draft Annual Report for publication by 1 December 2023.</p> <p>Complete contributions reconciliation.</p> <p>Achieve an unmodified (clean) audit opinion.</p> <p>Complete Year End procedures in advance of 31 August 2023 to enable prompt issue of annual benefit statements.</p> <p>Annual Benefit Statements (Active and Deferred members) to be issued by 31 August 2023.</p> <p>Apply Pensions Increase and HMT Revaluation Orders.</p> <p>Issue Payslips and P60's by 31 May 2023 in line with statutory legislation.</p> <p>Service the Berkshire Pension Board to operate effectively.</p> <p>Ensure that all Pension Fund policies are current and regularly updated.</p> <p>Ensure continuing compliance with the Pensions Regulator's Code of Practice number 14.</p> <p>Ensure continued compliance with General Data Protection Regulation (GDPR).</p> <p>Complete GMP Reconciliation in respect of Active and Deferred scheme members by 31 March 2024.</p> <p>Positive feedback from internal and external auditors that controls are better than in previous years.</p> <p>To maintain robust business continuity, disaster recovery and emergency plans for all areas.</p> <p>Reduce risk profile of the Pension Fund.</p> |
| To manage staff effectively in order to deliver high levels of morale, ensuring all staff are performance managed with aligned objectives being set for all staff. | <p>Monitor staff requirements to ensure a high-quality service is provided to stakeholders.</p> <p>All staff appraisals to be undertaken within required deadlines and areas for improvement identified with</p> |

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| | relevant objectives being set and monitored by managers. |
| To transform, develop and improve the Pensions Team through creating an evidence based continuous improvement culture and ensuring that all agreed projects and other initiatives are delivered to time and budget and achieve the expected benefits. | <p>Ensure that staff receive appropriate training internally and from external providers.</p> <p>Deliver 90% of tasks within the pension teams' operational plan (stretch of 95%) – set out in the administration strategy.</p> <p>Deliver all agreed programmes and projects to time and budget.</p> |
| To work together with Elected Members to deliver the goals and objectives of the Pension Fund Committee, to be measured by positive feedback and external review if applicable. | <p>Ensure Pension Fund Committee, Advisory Panel and Pension Board members receive appropriate training.</p> <p>Ensure that Pension Fund Committee, Advisory Panel and Pension Board members understand the Fund's strategy.</p> <p>Positive feedback from Committee Members on performance and engagement.</p> <p>Positive feedback from external review (external auditors, internal auditors, peer-review)</p> |
| To review the Pension Team structure to ensure greater resilience and reduce risks incurred by the loss of key staff. | To review all key areas and set out a strategy in 2023 for achieving the business aim of full resilience by 31 December 2023. |
| To maintain Integrated Risk Management into the management of the Fund | <p>Work with our key stakeholders in identifying at risk scheme employers.</p> <p>Review risk appetite statement with LPPI and ensure training is provided on funding level and contribution risk outputs.</p> <p>Develop best in class risk-framework and ensure it is kept up to date and regularly reviewed.</p> |
| To work with the Fund's Investment Manager, (LPPI) to ensure the Investment Strategy is fit for purpose and implemented. | Investment aims are met and in line with the Investment Strategy Statement and Strategic Asset Allocation requirements. |

8. REVIEW OF 2022/23 KEY INITIATIVES AND TARGETS

In 2022/23 we said that we would:

| Business Objective | Key Initiatives and targets | |
|---|---|--|
| <p>To deliver an effective pensions service that meets the expectations of members and other stakeholders as measured by a low number of complaints and adherence to agreed KPIs.</p> | <p>Ensure that Pension Administration Software is kept up to date.</p> | <p>Achieved</p> |
| | <p>To continue to work with Scheme employers to increase the percentage of member records administered via i-Connect from 90% at March 2022.</p> | <p>Achieved</p> |
| | <p>Annual review of the Pension Administration Strategy.</p> | <p>Achieved – approved in October 2022</p> |
| | <p>Annual review of Communications Policy with the continuing aim to provide Scheme information digitally wherever possible.</p> | <p>Achieved – approved in October 2022</p> |
| | <p>Keep members up to date via newsletters and Scheme employers up to date via bulletins.</p> | |
| | <p>Run Pension Surgeries at least twice annually for each Unitary Authority and at least once a year for other Scheme employers upon request.</p> | <p>Achieved</p> |
| | <p>Continue to provide training and literature for Scheme employers to assist them in administering the Scheme on behalf of their employees.</p> | <p>Achieved</p> |
| | <p>Continue to provide presentations and literature for Scheme members to provide greater understanding of their Scheme.</p> | <p>Achieved</p> |
| | <p>Maintain the Pension Fund website to the highest standards ensuring that all information is current and accurate.</p> | <p>Achieved</p> |
| | <p>Ensure the continued development and best use of Member Self Service to the highest possible standard primarily in line with scheme and pension software supplier changes but also endeavouring to reduce printing and postal costs.</p> | <p>Achieved</p> |
| | <p>Continue to improve data quality in line with tPR recommendations in respect of Common and Scheme Specific data.</p> | <p>Achieved</p> |
| | <p>All annual benefits statements to be issued within statutory deadline of 31 August 2022.</p> | |
| <p>95% of critical service standards achieved (stretch 100%).</p> | | |
| <p>90% of non-critical service standards to be achieved (stretch of 95%).</p> | <p>Achieved</p> | |

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| | | Achieved. |
| | | Achieved. |
| | | Achieved. |
| To set an investment strategy in such a way as to achieve the medium-term investment return objective with minimal loss of capital, achieve value for money in all contracts and manage all other direct costs in managing the fund and paying benefits. | <p>Continue to be an Investment Client of Local Pensions Partnership Investment Limited (LPPI) and ensure they implement the Investment Strategy as agreed by the Pension Fund Committee.</p> <p>Maintain quality forecasts and medium term plans to ensure that no fire-sale of assets is required to meet benefit payments.</p> | <p>Achieved</p> <p>Achieved</p> |
| To ensure we always remain compliant with legislative and regulatory requirements, avoiding any financial penalties or negative publicity, identifying and reducing business risks and minimising any negative internal and external audit comments and feedback. | <p>Produce Annual Financial Statements so they can be published by 30 November 2022.</p> <p>Complete contributions reconciliation.</p> <p>Achieve an unmodified (clean) audit opinion.</p> <p>Complete Year End procedures in advance of 31 August 2022 to enable prompt issue of annual benefit statements.</p> <p>Annual Benefit Statements (Active and Deferred members) to be issued by 31 August 2022.</p> <p>Apply Pensions Increase and HMT Revaluation Orders.</p> <p>Issue P60's and payslips by 31 May 2022 in line with statutory legislation.</p> <p>Service the Berkshire Pension Board to operate effectively.</p> <p>Ensure that all Pension Fund policies are current and regularly updated.</p> <p>Ensure continuing compliance with the Pensions Regulator's Code of Practice number 14.</p> <p>Ensure continued compliance with General Data Protection Regulation (GDPR).</p> <p>Complete GMP Reconciliation in respect of Active and Deferred scheme members by 31 March 2023.</p> | <p>Achieved – Draft Statements and Annual Report</p> <p>Achieved</p> <p>Ongoing</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Partially achieved – Work continues to progress with HMRC in respect of value discrepancies.</p> |

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| | <p>Positive feedback from internal and external auditors that controls are better than in previous years.</p> <p>To maintain robust business continuity, disaster recovery and emergency plans for all areas.</p> <p>Reduce risk profile of the Pension Fund.</p> | <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> |
| <p>To manage staff effectively in order to deliver high levels of morale, ensuring all staff are performance managed with aligned objectives being set for all staff.</p> | <p>Monitor staff requirements to ensure a high-quality service is provided to stakeholders.</p> <p>All staff appraisals to be undertaken within required deadlines and areas for improvement identified with relevant objectives being set and monitored by managers.</p> | <p>Achieved</p> <p>Achieved</p> |
| <p>To transform, develop and improve the Pensions Team through creating an evidence based continuous improvement culture and ensuring that all agreed projects and other initiatives are delivered to time and budget and achieve the expected benefits.</p> | <p>Ensure that staff receive appropriate training internally and from external providers.</p> <p>Deliver 90% of tasks within the pension teams' operational plan (stretch of 95%) – set out in the administration strategy.</p> <p>Deliver all agreed programmes and projects to time and budget.</p> | <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> |
| <p>To work together with Elected Members to deliver the goals and objectives of the Pension Fund Committee, to be measured by positive feedback and external review if applicable.</p> | <p>Ensure Pension Fund Committee, Advisory Panel and Pension Board members receive appropriate training.</p> <p>Ensure that Pension Fund Committee, Advisory Panel and Pension Board members understand the Fund's strategy.</p> <p>Positive feedback from Committee Members on performance and engagement.</p> <p>Positive feedback from external review (external auditors, internal auditors, peer-review)</p> | <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> |
| <p>To deliver the requirements and objectives set out in the independent governance review undertaken in 2020/21.</p> | <p>Only outstanding recommendations involve custodian procurement and review of LPPI's AMA. To be undertaken in 22/23</p> | <p>Achieved</p> |
| <p>To review the Pension Team structure to ensure greater resilience and reduce risks incurred by the loss of key staff.</p> | <p>To review all key areas and set out a strategy in 2022 for achieving the business aim of full resilience by 31 March 2023.</p> | <p>Partially achieved - Will be completed throughout 2023</p> |
| <p>To maintain Integrated Risk Management into the management of the Fund</p> | <p>Work with our key stakeholders in identifying at risk scheme employers.</p> <p>Review risk appetite statement with LPPI and ensure training is provided on funding level and contribution risk outputs.</p> | <p>Achieved</p> <p>Achieved</p> |

| | | |
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| | Develop best in class risk-framework and ensure it is kept up to date and regularly reviewed. | Achieved |
| To work with the Fund's Investment Manager, (LPPI) to ensure the Investment Strategy is fit for purpose and implemented. | Investment aims are met and in line with the Investment Strategy Statement and Strategic Asset Allocation requirements. | Achieved |

9. MEDIUM TERM PLAN 2024/27

The following table details the medium-term plan for the Pension Fund for the period 2024 to 2027.

| Objective | Rationale | Timescale |
|---|--|---|
| Investment Pooling. | Required by the Department for Levelling Up, Housing and Communities (DLUHC). | All investments to be pooled with Local Pensions Partnership Investments Limited (LPP) by the mid-2020's. |
| Attain accreditation to the Pensions Administration Standards Association (PASA). | Accreditation will confirm that the Pension Administration Team are adhering to industry best practice. | Accreditation to be achieved by 2025. |
| i-Connect | Will lead to improved quality of data held by Fund and increased efficiency of the service | Work with scheme employers to achieve 100% onboarding (or maximum viable) over medium-term period. |
| Data Quality | High standards of data quality ensure correct calculation of pension benefits and provides all stakeholders with accurate real-time information. | Ongoing |
| Maintain sufficient cash-flow to avoid fire-sale of assets to meet benefits payable | Avoid sale of assets at low process negatively impacting long-term sustainability of the Fund | Ongoing |
| Continuous review of investment strategy | Ensure that investment strategy is "fit for purpose", considering funding level, risk appetite and target discount rate | Ongoing |