

# **ROYAL COUNTY OF BERKSHIRE PENSION FUND**

## **FUNDING STRATEGY STATEMENT**

## **1. Introduction**

This document is the Funding Strategy Statement (FSS) of the Royal County of Berkshire Pension Fund (the Berkshire Fund or the Fund) as administered by the Royal Borough of Windsor and Maidenhead.

It has been prepared by the Administering Authority in collaboration with the Actuary to the Fund, Barnett Waddingham, after consultation with the Fund's employers and is effective from 31st March 2011.

### **1.1 Regulatory Framework**

The Berkshire Fund is constituted under the Local Government Pension Scheme Regulations (LGPS) and, therefore, the individual members benefits are guaranteed by statute. The contribution to be paid by those members is also fixed at a level that covers only part of the cost of accruing benefits. Each employer within the Fund pays the cost of delivering the benefits to its individual members. The FSS focuses on the pace at which these liabilities are funded and, insofar as is practical, the measures to ensure that employers pay for their own liabilities.

The FSS forms part of a framework that includes:

- the LGPS Regulations 2007 (regulation 35 of the Administration Regulations is particularly relevant);
- the Rates and Adjustments Certificate that can be found appended to the Fund actuary's triennial valuation report;
- actuarial factors for valuing early retirement costs and the cost of buying extra benefits; and
- the Statement of Investment Principles.

This is the framework within which the Fund's actuary carries out triennial valuations to set employer contribution rates and provides recommendations to the Administering Authority when other funding decisions are required, such as when employers join or leave the Fund. The FSS applies to all employers participating in the Fund.

### **1.2 Reviews of the FSS**

The FSS is reviewed in detail at least every three years ahead of the triennial valuation to be carried out, with the next full review due to be completed by March 2014. More frequently, Annex A is updated to reflect any changes to the employers within the Fund.

The FSS is a summary of the Fund's approach to funding liabilities. It is not an exhaustive statement of policy on all issues. Any queries should be directed to Mr Nick Greenwood, Pension Fund Manager at (01628) 796701 or e-mail to [nick.greenwood@rbwm.gov.uk](mailto:nick.greenwood@rbwm.gov.uk).

## **2. Purpose**

### **2.1 Purpose of the FSS**

Communities and Local Government has stated that the purpose of the FSS is:

- 'to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
- to take a prudent longer-term view of funding those liabilities.'

The objectives are desirable individually, but may be mutually conflicting.

This statement sets out how the Administering Authority has balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers' contributions, and prudence in the funding process.

### **2.2 Purpose of the Fund**

The Fund is a vehicle by which the scheme benefits are delivered. The Fund:

- receives contributions, transfer payments and investment income;
- pays scheme benefits, transfer values and administration costs.

One of the objectives of a funded scheme is to reduce the variability of pension costs over time for employers as compared to the costs with an unfunded (pay as you go) alternative.

The roles and responsibilities of the key parties involved in the management of the pension scheme are summarised in Appendix B.

### **2.3 Aims of the Funding Policy**

The objectives of the Fund's funding policy include the following:

- to ensure the long-term solvency of the Fund;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- not to unnecessarily restrain the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence help minimise the cost to employers of providing benefits) within an appropriate level of risk;
- to help employers recognise pension liabilities as they accrue;
- to attempt to minimise the degree of short-term volatility of the level of each employer's contributions where the Administering Authority considers it is appropriate to do so;
- to address the different characteristics and needs of the disparate employers or groups of employers to the extent that this is practical and cost-effective;
- to take reasonable measures to minimise the risk to the whole Fund of an individual employer defaulting on its pension obligations.

## **3. Solvency Issues and Target Funding Levels**

### **3.1 Derivation of Employer Contributions**

Employer contributions are normally made up of two elements:

- a) the estimated cost of future benefits being accrued, referred to as the 'future service rate'; and
- b) an adjustment for the funding position (or solvency) of accrued benefits relative to the Fund's solvency target, 'past service adjustment'. If there is a surplus there may be a contribution reduction; if there is a deficit a contribution addition with the amount of surplus or deficit being spread over an appropriate number of years.

The actuary to the Fund is required by the LGPS regulations to report the 'Common Contribution Rate' for all employers collectively at each triennial valuation. This combines items a) and b) above and is expressed as a percentage of pay. For the purpose of calculating the Common Contribution Rate, the surplus or deficit under b) is currently spread over a maximum of 30 years.

The Fund's actuary is also required to adjust the Common Contribution Rate for circumstances that are deemed 'peculiar' to an individual employer. It is the adjusted contribution rate that employers are actually required to pay. The factors that are considered in this adjustment are considered and discussed in Section 3.5.

In effect the Common Contribution Rate is a notional quantity. Separate future service rates are calculated for each employer together with individual past service adjustments according to employer specific spreading and phasing periods.

For some employers it may be agreed to pool contributions, see Section 3.7.3

Appendix A contains a breakdown of each employer's contribution rates following the 2010 valuation for the financial years 2011/12, 2012/13 and 2013/14. It also identifies which employers' contributions have been pooled with others.

Any costs of non ill-health retirements must be paid as lump sum payments at the time of the employer's decision in addition to the contributions described above (or by instalments shortly after the decision).

Employers' contributions are expressed as minima, with employers able if they wish to pay regular contributions at a higher rate. Employers should discuss with the Administering Authority before making one-off capital payments.

### **3.2 Solvency and Target Funding Levels**

The Fund's actuary is required to report on the 'solvency' of the whole fund at least every three years.

'Solvency' for ongoing employers is defined to be the ratio of the value of assets to the value placed on the accrued benefits on the Fund actuary's on-going funding basis. This figure is known as the funding level.

The ongoing funding basis is that used for each triennial valuation and the Fund actuary agrees the financial and demographic assumptions to be used for each such valuation with the administering authority.

The fund operates the same target funding level for all ongoing employers of 100% of its accrued liabilities valued on an ongoing basis. Please refer to paragraph 3.8 for the treatment of departing employers.

### **3.3 Ongoing Funding Basis**

The demographic assumptions are intended to be best estimates of future experience in the Fund. They vary by type of member reflecting the different profile of employers.

The key financial assumption is the anticipated return on the Fund's investments. The investment return assumption makes allowance for anticipated returns from equities in excess of bonds. There is, however, no guarantee that equities will out-perform bonds. The risk is greater when measured over shorter periods such as the three years between formal actuarial valuations, when the actual returns and assumed returns can deviate sharply.

It is therefore normally appropriate to restrict the degree of change to employers' contributions at triennial valuations.

Given the long term and inflation linked nature of the liabilities, a long term view of future investment returns is taken. At the 2010 valuation it was assumed that the underlying investment strategy would achieve return of 3.3% above RPI.

The same financial assumptions are adopted for all ongoing employers.

### **3.4 Future Service Contribution Rates**

The future service element of the employer contribution rate is calculated on the ongoing valuation basis, with the aim of ensuring that there are sufficient assets built up to meet future benefit payments in respect of future service. The approach used to calculate each employer's future service contribution rate depends on whether or not new entrants are being admitted. Employers should note that it is only Community or Transferee Admission Bodies that have the power not to automatically admit all eligible new staff to the Fund. This will be dependent upon the terms of their Admission Agreements and employment contracts.

#### **3.4.1 Employers that admit new entrants**

The employer's future service rate will be based upon the cost (in excess of members' contributions) of the benefits that employee members earn from their service each year. Technically these rates will be derived using the Projected Unit Method of valuation with a one year control period.

If future experience is in line with assumptions, and the employer's membership profile remains stable, this rate should be broadly stable over time. If the membership of employees matures (e.g.. because of lower recruitment levels) the rate would rise.

#### **3.4.2 Employers that do not admit new entrants**

Certain Community or Transferee Admission Bodies have closed the scheme to new entrants. This is expected to lead to the average age of the employee members to increase over time and hence, all other things being equal, the future service rate is expected to increase as the membership increases.

To give more long term stability to such employer contributions, the Attained Age funding method has been adopted. This will limit the degree of future contribution rises by paying higher rates at the outset.

Both funding methods are described in the Actuary's report on the valuation.

Both future service rates will include expenses of administration to the extent that they are borne by the Fund and include an allowance for benefits payable on death in service and ill-health retirement.

### 3.5 Adjustments for Individual Employers

Adjustments to individual employer contribution rates are applied through the calculation of employer-specific future service contribution rates and the calculation of the employer's asset share.

The combined effect of these adjustments for individual employers applied by the Fund relate to:

- past contributions relative to the cost of accruals and benefits;
- different liability profiles of employers (e.g. mix of members by age, gender, manual/non manual);
- the effect of any differences in the valuation basis of the value placed on the employers liabilities;
- any different deficit/surplus spreading periods or phasing of contribution changes;
- the difference between actual and assumed increases in pensionable pay;
- the differences between actual and assumed increases to pensions in payment and deferred pensions;
- the difference between actual and assumed retirements on grounds of ill-health from active status;
- the difference between actual and assumed amounts of pension ceasing on death;
- the difference between actual and assumed number of early leavers;
- the additional costs of any non ill-health retirements relative to extra payments made;

over the period between each triennial valuation.

Actual investment returns achieved by the Fund between each valuation are applied proportionately across all employers. Transfers of liabilities between employers within the Fund occur automatically within this process, with a sum broadly equivalent to the reserve required on the ongoing basis being exchanged between the two employers.

### 3.6 Asset Share Calculations for Individual Employers

The Administering Authority does not account for each employer's assets separately. The Fund's actuary is required to apportion the assets of the whole fund between the employers at each triennial valuation using the income and expenditure figures provided for certain cash flows for each employer. This process also adjusts for transfers of liabilities between employers participating in the Fund. The asset apportionment is capable of verification but not to audit standard.

### 3.7 Stability of Employer Contributions

#### 3.7.1 Deficit Recovery Periods

The Administering Authority instructs the actuary to adopt specific deficit recovery periods for all employers when calculating their contributions.

The Administering Authority normally targets the recovery of any deficit over a period not exceeding 20 years. However, these are subject to the maximum lengths set out below.

<b>Type of Employer</b>	<b>Maximum Length of Recovery Period</b>
<i>Unitary Councils and Associated employers</i>	<i>30 years maximum</i>
<i>Housing Associations</i>	<i>20 years maximum</i>
<i>Colleges</i>	<i>Future working life of current employees</i>
<i>Community Admission Bodies</i>	<i>Future working life of current employees</i>
<i>Transferee Admission Bodies</i>	<i>Future working life of current employees or contract period whichever is the shorter period</i>

It is recognised that the most appropriate period for the recovery would be the future working life of current employees and if possible in the future the Fund would like to move to that basis for all employers.

The maximum period is used in calculating each employer's minimum contributions. Employers may opt to pay higher regular contributions than these minimum rates.

The deficit recovery period starts at the commencement of the revised contribution rate (1 April 2011 for the 2010 valuation). The Administering Authority would normally expect the same period to be used at successive valuations, but would reserve the right to propose alternative spreading periods, for example to improve the stability of contributions.

For employer bodies that have closed entry of the scheme to new employees it is recognised that, due to the falling numbers on the employee role, employer contribution percentage increases will over time fail to meet the required contribution to the deficit. In such circumstances a minimum cash payment to the deficit may be also specified.

### **3.7.2 Surplus Spreading Periods**

Any employers deemed to be in significant surplus may be permitted to reduce their contributions below the cost of accruing benefits, by spreading the surplus element over the maximum periods shown above for deficits in calculating their minimum contributions.

However, to help meet the stability requirement, employers may prefer not to take such reductions until a reasonable and sustainable surplus is established.

### **3.7.3 Phasing in of Changes in Contribution Rates**

Transferee Admission Bodies are not eligible for phasing in of contribution rises.

The phasing in of the rate rises for the 2010 valuation will be set on an individual employer basis bearing in mind the extent of any increase and the future service rate payable.

It is envisaged that the maximum period of phasing will be six years unless there are exceptional circumstances prevailing.

### **3.7.4 Phasing in of Contribution Reductions**

Any contribution reductions will be phased in over the most appropriate period but it is not expected that rates will be reduced below that of the future service rate unless there is a significant surplus.

### **3.7.5 The Effect of Opting for Longer Spreading or Phasing-In**

Employers that are permitted and elect to use a longer deficit spreading period than was used in the 2010 valuation or to phase –in contribution rate changes will be assumed to incur a greater loss of investment returns on the deficit by opting to defer their payment. Thus, deferring payment of contributions will lead to higher contribution levels in the long-term.

However any adjustment is expressed for different employers the overriding principle is that the discounted value of the contribution adjustment adopted for each employer will be equivalent to the employer's deficit.

### **3.7.6 Pooled Contributions**

### **3.7.6.1 Smaller Community Admission Body Employers**

For small Community Admission Bodies (usually of similar type and with less than 100 active members), their assets and liabilities are generally pooled as a way of sharing experience and smoothing out the effects of costly but relatively rare events such as ill-health retirements or deaths in service.

Community Admission Bodies that are deemed by the Administering Authority to have closed to new entrants are not permitted to participate in a pool. Transferee Admission Bodies are also ineligible for pooling.

As at the 2010 valuation separate pools were operated for the following types of employer.

- i) Colleges
- ii) Admitted Bodies
- iii) Housing Associations
- iv) CFbT/Connexions
- v) Transferee Admission Bodies
- vi) Academies
- vii) Closed Employers

### **3.7.6.2 Other Contribution Pools**

Schools and Town and Parish Councils are pooled with their funding Council.

Those employers that have been pooled are identified in Appendix A.

## **3.8 Admission Agreements Ceasing**

Admission Agreements for Transferee Admission Bodies are assumed to expire at the end of the contract.

Admission Agreements for Transferee Admission Bodies are generally assumed to be open-ended and to continue until the last pensioner dies. Contributions, expressed as capital payments, can continue to be levied after all employees have retired. The Admission Agreements can, however, be terminated at any point.

If a Transferee Admission Body's Admission Agreement is terminated, the Administering Authority will instruct the Fund actuary to carry out a special valuation to determine whether there is any deficit.

The assumptions adopted to value the departing employer's liabilities for this valuation will depend upon various circumstances. For example:

- a) For Transferee Admission Bodies, the assumptions would be those used for an ongoing valuation to be consistent with those used to calculate the initial transfer of assets to accompany the active member liabilities transferred.
- b) For employers that elect to voluntarily terminate their participation or who have closed the Fund to new staff and who are looking to leave the Fund once they no longer have any active members, the Administering Authority must look to protect the interests of other ongoing employers and will require the actuary to adopt assumptions which, to the extent that it is reasonably practical, protect the other employers from the likelihood of any material loss emerging in the future.
- c) For Community Admission Bodies with guarantors, it is possible that any deficit could be transferred to the guarantor in which case it may be possible to simply transfer the former Community Admission Bodies members and fund assets to the guarantor, without needing to crystallise any deficit.
- d) For employers who have closed the Fund to new staff and who are looking to leave the Fund once they no longer have any active members

Under (a) and (b), any shortfall would be levied on the departing employer as a capital payment.

## **3.9 Early Retirement Costs**

### **3.9.1 Non Ill Health retirements**

The actuary's funding basis makes no allowance for premature retirement except on grounds of ill health. Employers are required to pay additional contributions wherever an employee retires before attaining the age at which the valuation assumes that benefits are payable. The calculation of these costs is carried out with reference to a calculation method approved by the Actuary to the Fund.

It is assumed that member' benefits on age retirement are payable from the earliest age that the employee could retire without incurring a reduction to their benefit and without requiring their employers consent to retire.

The additional costs of premature retirement are calculated by reference to these ages.

### **3.9.2 Ill Health Monitoring**

The Fund monitors each employer's, or pool of employers, 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 valuation, the employer may be charged additional contributions on the same basis as apply for non ill health cases.

## **4. Links to Investment Strategy**

Funding and investment strategy are inextricably linked. Investment strategy is set by the Administering Authority, after consultation with other employers and after taking appropriate investment advice.

### **4.1 Investment Strategy**

The investment strategy currently pursued by the Fund is described in the Statement of Investment Principles.

The investment strategy is set for the long-term, but is reviewed from time to time (normally every three years to coincide with the triennial actuarial valuation), to ensure that it remains appropriate to the Fund's liability profile.

The investment strategy of lowest risk – but not necessarily the most cost-effective in the long-term – would be to hold 100% investment in UK index-linked government bonds. The reason for this is that UK index linked government bonds is the asset class that is considered to best match the liabilities of the Fund since the returns on the investment are linked to the UK Retail Price Index (RPI) and future pensions increases are linked to the Consumer Price Index (CPI) which historically has been correlated to the RPI.

The same investment strategy is currently followed for all employers. The Administering Authority does not currently have the facility to operate different strategies for different employers.

### **4.2 Consistency with Funding Basis**

The Fund's investment adviser conducting the study of assets and liabilities currently estimates the long-term return from equities (the "equity risk premium") is around 3.0% per annum in excess of the return available from investing in index linked government bonds.

The anticipated future returns from equities used to place a value on employers' liabilities only relate to the part of the Fund's assets invested in equities (or equity type investments) and these are currently around 35% of the total of the assets of the Fund.

Non equity assets in bonds and property are assumed to deliver long-term returns consistent with the prevailing redemption yield on corporate bonds. Investments in other growth assets are assumed to deliver long-term returns of 1% greater than the prevailing yield on high quality corporate bonds.

In the above way, the employer contributions anticipate returns from Fund assets which in the opinion of the Fund actuary represent a better than 50:50 chance of being delivered over the long term (measured over periods in excess of 20 years).

However, in the short term – such as the three-year period between actuarial valuations – there is the scope for considerable volatility and there is a material chance that in the short-term and even medium term asset returns will fall short of this target. The stability measures described in Section 5 will damp down, but not remove, the effect of volatility of asset returns on employers' contributions.

The Fund does not hold a contingency reserve to protect itself against the volatility of equity investment returns

### 4.3 Balance between risk and reward

Prior to implementing its current investment strategy, the Administering Authority considered the balance between risk and reward by altering the level of investment in potentially higher yielding, but more volatile, asset classes such as equities. This process was informed by the use of asset/liability techniques to model a range of potential future solvency levels and contribution rates.

### 4.4 Intervaluation Monitoring of the Funding Position

The investment performance of the Fund is monitored on a regular basis by the Pension Fund Panel and Advisory Panel. The returns are reviewed in line with projected returns and liability changes on an annual basis.

The position of individual employers is also monitored and circumstances that might influence the funding position of any employer are also reported to the Panels.

## 5. Key Risks and Controls

### 5.1 Types of Risk

The measures that the Administering Authority has in place to control key risks are summarised below under the following headings:

- financial;
- demographic;
- regulatory; and
- governance.

### 5.2 Financial Risks

5.2.1 Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities in the long-term

Summary of Control Mechanisms

- Only anticipate the long-term return on a relatively prudent basis to reduce the risk of under-performing.
- Analyse the progress at the triennial valuation for all employers.

#### 5.2.2 Inappropriate long-term investment strategy.

Summary of Control Mechanisms

- Use a valid technique such as Asset-Liability modelling to set asset allocation for the Fund.
- Examine other factors not covered in the Asset- Liability study
- Consider measuring performance and setting managers' targets relative to bond-based targets, absolute returns or a Liability Benchmark Portfolio and not relative to indices.

#### 5.2.4 An active investment manager under-performs relative to their benchmark

Summary of Control Mechanisms

- Quarterly review by the Pension Panel and Advisory Panel of each manager's performance on a quarterly, annual and three year basis.
- Adoption of a process for classifying the satisfaction level of a manager's performance. This will follow on from the above monitoring.
- Consider analysing the returns against benchmarks other than relative to specific indices.

### **5.2.5 Pay and price inflation significantly exceeds expectations**

Summary of Control Mechanisms

- The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases.
- Monitoring between valuations should give an early warning.
- An amount of investment in bonds will help mitigate the risk
- Employers will be made aware of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.

### **5.2.6 The adverse effect of increases in employer contribution rates on service delivery of employers within the Fund.**

Summary of Control Mechanisms

- Seek feedback from employers on the capacity to absorb increases in employer contribution rates
- Seek to mitigate impact through deficit spreading and phasing in of contribution rates. These actions must be carried out in a prudent manner to protect the Fund as a whole.
- Examine the possibility of offering employer-specific investment strategies that will give greater certainty of cost (less volatility in employer contribution rates). It should be noted that such strategies will mean a higher level of employer contribution costs.

## **5.3 Demographic Risks**

### **5.3.1 Pensioners living longer**

Summary of Control Mechanisms

- Set mortality assumptions with an allowance for future increases in life expectancy as part of the actuarial valuation.
- The Fund actuary monitors the combined experience of similar funds and looks for early warnings of any trend.
- The Administering Authority will explain to employers the benefits of encouraging staff to work on and retire at a later date.
- In 2009 the Administering Authority entered into a longevity insurance contract with Windsor Life insuring the Fund against the risk of paying benefits to the group of pensioners covered by the contract from longer than assumed in the actuarial valuation.

### **5.3.2 Deteriorating patterns of early retirement**

Summary of Control Mechanisms

- Employers are charged the full capital cost of non ill health retirements.
- Employer ill health retirement is monitored.

## **5.4 Regulatory Risks**

### **5.4.1 Changes to regulations – resulting in a more favourable (and by inference more costly) benefits package or potential new entrants to the scheme (e.g. part-time employees)**

### **5.4.2 Changes in national pension requirements and /or HMRC rules**

Summary of Control Mechanisms

- The Administering Authority is alert to the potential creation of additional liabilities and administrative difficulties for employers and itself.
- Each employer has access to all consultation papers issued by DCLG and may comment thereon. Employers are also represented at a national level on all negotiations on changes.
- The Administering Authority will consult employers where it considers that it is appropriate.

## **5.5 Governance Risks**

**5.5.1 The Administering Authority is unaware of structural changes in an employer’s membership (e.g. a large fall in employee members or a large number of retirees in any one period)**

**5.5.2 The Administering Authority is not advised of an employer closing the scheme to new entrants**

Summary of Control Mechanisms

- The Administering Authority monitors membership on a quarterly basis.
- Where significant changes occur the Actuary may be instructed to consider revising the Rates and Adjustments certificate to increase/decrease an individual employer’s contribution levels.
- Deficit contributions are expressed as monetary amounts (see Appendix A)

**5.5.3 The Administering Authority fails to commission the Fund actuary to carry out a termination valuation for a departing Community or Transferee Admission Body thus losing the opportunity to call in a debt.**

Summary of Control Mechanisms

- In addition to the monitoring by the Administering Authority employers with Transferee contractors must give notice of any forthcoming changes.
- In addition the employer should keep a diary to alert itself to the forthcoming termination of a Transferee Admission Agreement.

**5.5.4 An employer ceases to exist with insufficient funding or adequacy of a bond to cover pension liabilities.**

The Administering Authority believes that if such a situation occurs it would normally be too late to address the position at the time of departure.

Such a risk is, however mitigated by:

- Wherever possible seeking a funding guarantee from another scheme employer or external body.
- Alerting the prospective new employer of its obligations and encouraging them to take external actuarial advice.
- Vetting all new bodies before admission to the scheme
- Where permitted within the LGPS regulations requiring a bond to be in place to protect the scheme from the extra cost of early retirements on redundancy should the employer fail.
- Offering lower risk investment strategies for Transferee Admission Bodies to reduce the risk of a significant debt crystallising on the termination of their agreement.

## **Appendix A – Responsibilities of Key Parties**

### **The Administering Authority should:-**

- Collect all employer and employee contributions;
- Invest surplus monies in accordance with the LGPS and other applicable regulations;
- Ensure that cash is available to meet liabilities as and when they fall due;
- Manage the valuation process in consultation with the Fund's actuary
- Prepare and maintain the Funding Strategy Statement and the Statement of Investment Principles, both after consultation with interested parties; and
- Monitor all aspects of the Fund's performance and funding.

### **The Individual Employer within the Fund should:**

- Deduct contributions from the employees' pay correctly;
- Pay all contributions, including their own as determined by the actuary, promptly by the due date to the Administering Authority or their appointed agent;
- Exercise discretions within the regulatory framework and where required publish policies to that effect;
- Make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits, early retirement strain; and
- Notify the Administering Authority promptly of all changes to membership and provide details so that appropriate action may be taken e.g. a due pension is brought into pension.

### **The Fund actuary should:**

- Prepare valuations including the setting of employers' contribution rates after agreeing assumptions with the Administering Authority and having regard to this FSS; and
- Prepare advice and calculations in connection with bulk transfers and individual benefit-related matters.

## **Appendix B – Definitions**

Administering Authority – the local authority given responsibility under the Local Government Pension Scheme for overseeing the administration and investments of a fund

Transferee Admission Body – any admitted body which provides a service or assets in connection with the exercise of a function of a Scheme employer i.e. companies that are contracted by a scheme employer to take on part of the scheme employer's work

Community Admission Body – any body which provides a public service in the UK other than for purposes of gain and which have either a sufficient link with a Scheme employer or are approved by the Secretary of State for the purposes of admission to the Scheme

## Appendix C. Rates and Adjustments Certificate

Andrew Brooker  
Head of Finance  
Royal Borough of Windsor and Maidenhead  
Town Hall  
St Ives Road  
Maidenhead SL6 1 RF

Dear Andrew

On your instruction, we have made an actuarial valuation of the Royal County of Berkshire Pension Fund ("the Fund") as at 31 March 2010.

In accordance with Regulation 36 of The Local Government Pension Scheme (Administration) Regulations 2008 we have made an assessment of the contributions which should be paid to the Fund by the employing authorities as from 1 April 2011 in order to maintain the solvency of the Fund.

The required contribution rates are set out in the following Contribution Schedule.

Yours faithfully



**Graeme Muir FFA**



**Alison Hamilton FFA**

## Contribution Schedule

The Common Rate of Contribution payable by each employing authority under Regulation 36 for the period 1 April 2011 to 31 March 2014 is 16.5% of pensionable payroll.

Individual Adjustments payable by each employing authority under Regulation 36 for the period 1 April 2011 to 31 March 2014 resulting in Minimum Total Contribution Rates are as set out below: -

Code	Employer	2010 Funding Pool	Minimum Level of Contributions					
			2011/12 % Pay	2011/12 £	2012/13 % Pay	2012/13 £	2013/14 % Pay	2013/14 £
<b>2</b>	<b>Bracknell Forest Council</b>	<b>Bracknell Forest Council</b>	13.0%	1,240,000	13.0%	1,430,000	13.0%	1,626,000
49	Binfield Parish Council	Bracknell Forest Council	15.8%		16.0%		16.3%	
9	Bracknell Town Council	Bracknell Forest Council	15.8%		16.0%		16.3%	
125	Crowthome Parish Council	Bracknell Forest Council	15.8%		16.0%		16.3%	
137	Sandhurst Parish Council	Bracknell Forest Council	15.8%		16.0%		16.3%	
39	South Hill Park Trust	Bracknell Forest Council	15.8%		16.0%		16.3%	
42	Winkfield Parish Council	Bracknell Forest Council	15.8%		16.0%		16.3%	
<b>3</b>	<b>RBWM</b>	<b>RBWM</b>	13.0%	1,120,000	13.0%	1,400,000	13.0%	1,699,000
51	Cox Green Parish Council	RBWM	15.1%		15.5%		15.9%	
69	Desborough School	RBWM	15.1%		15.5%		15.9%	
143	Hurley Parish Council	RBWM	15.1%		15.5%		15.9%	
18	Sunningdale Parish Council	RBWM	15.1%		15.5%		15.9%	
19	Sunninghill & Ascot Parish Council	RBWM	15.1%		15.5%		15.9%	
127	White Waltham Parish Council	RBWM	15.1%		15.5%		15.9%	
<b>5</b>	<b>Reading Borough Council</b>	<b>Reading Borough Council</b>	12.6%	1,660,000	12.6%	1,980,000	12.6%	2,325,000
76	Prospect School	Reading Borough Council	15.0%		15.4%		15.7%	
68	Reading Girls School	Reading Borough Council	15.0%		15.4%		15.7%	
66	The Blessed Hugh Farringdon School	Reading Borough Council	15.0%		15.4%		15.7%	
<b>6</b>	<b>Slough Borough Council</b>	<b>Slough Borough Council</b>	12.6%	1,310,000	12.6%	1,510,000	12.6%	1,736,000
74	Castlevew School	Slough Borough Council	15.6%		15.9%		16.2%	
60	Cippenham Middle School	Slough Borough Council	15.6%		15.9%		16.2%	
70	Herschel Grammar School	Slough Borough Council	15.6%		15.9%		16.2%	
61	Holy Family School	Slough Borough Council	15.6%		15.9%		16.2%	

Code	Employer	2010 Funding Pool	2011/12 % Pay	Minimum Level of Contributions				
				2011/12 £	2012/13 % Pay	2012/13 £	2013/14 % Pay	2013/14 £
71	Langley Grammar School	Slough Borough Council	15.6%		15.9%		16.2%	
91	Lynch Hill School	Slough Borough Council	15.6%		15.9%		16.2%	
119	Pippins School - Slough	Slough Borough Council	15.6%		15.9%		16.2%	
62	Priory School	Slough Borough Council	15.6%		15.9%		16.2%	
87	Ryvers School	Slough Borough Council	15.6%		15.9%		16.2%	
77	The Westgate School	Slough Borough Council	15.6%		15.9%		16.2%	
122	Wexham Court Parish Council	Slough Borough Council	15.6%		15.9%		16.2%	
<b>4</b>	<b>West Berkshire Council</b>	<b>West Berkshire</b>	13.0%	1,250,000	13.0%	1,410,000	13.0%	1,582,000
65	Denefield School	West Berkshire	15.4%		15.6%		15.7%	
136	Hungerford Town Council	West Berkshire	15.4%		15.6%		15.7%	
88	Newbury Town Council	West Berkshire	15.4%		15.6%		15.7%	
63	St Bartholomews School	West Berkshire	15.4%		15.6%		15.7%	
120	Stratfield Mortimer Parish Council	West Berkshire	15.4%		15.6%		15.7%	
11	Thatcham Town Council	West Berkshire	15.4%		15.6%		15.7%	
75	The Downs School	West Berkshire	15.4%		15.6%		15.7%	
20	Tilehurst Parish Council	West Berkshire	15.4%		15.6%		15.7%	
<b>7</b>	<b>Wokingham Borough Council</b>	<b>Wokingham</b>	13.0%	867,000	13.0%	990,000	13.0%	1,123,000
73	All Saints CE (aided) Primary School	Wokingham	15.5%		15.8%		16.0%	
97	Barkham Parish Council	Wokingham	15.5%		15.8%		16.0%	
10	Earley Town Council	Wokingham	15.5%		15.8%		16.0%	
117	Finchampstead Parish Council	Wokingham	15.5%		15.8%		16.0%	
96	Shinfield Parish Council	Wokingham	15.5%		15.8%		16.0%	
52	Swallowfield Parish Council	Wokingham	15.5%		15.8%		16.0%	
129	Winnersh Parish Council	Wokingham	15.5%		15.8%		16.0%	
70,000	Wokingham Borough Council (Schools)	Wokingham	15.5%		15.8%		16.0%	
12	Wokingham Town Council	Wokingham	15.5%		15.8%		16.0%	
21	Woodley Town Council	Wokingham	15.5%		15.8%		16.0%	
90	Berkshire Fire & Rescue Service	Berkshire Fire & Rescue Service	13.4%	148,000	13.4%	155,000	13.4%	162,300

Code	Employer	2010 Funding Pool	Minimum Level of Contributions					
			2011/12 % Pay	2011/12 £	2012/13 % Pay	2012/13 £	2013/14 % Pay	2013/14 £
106	Thames Valley Probation Trust	Thames Valley Probation Board	12.3%	256,000	12.3%	268,000	12.3%	280,300
	<b>Colleges</b>							
58	Berkshire College Of Agriculture	Colleges	15.7%		16.1%		16.6%	
55	Bracknell & Wokingham College	Colleges	15.7%		16.1%		16.6%	
57	East Berkshire College	Colleges	15.7%		16.1%		16.6%	
53	Newbury College	Colleges	15.7%		16.1%		16.6%	
54	Thames Valley University Reading	Colleges	15.7%		16.1%		16.6%	
46	Thames Valley University Slough	Colleges	15.7%		16.1%		16.6%	
	<b>Admitted Bodies</b>							
26	Age Concern Berkshire	Admitted Bodies	15.9%		16.2%		16.5%	
38	AOSEC	Admitted Bodies	15.9%		16.2%		16.5%	
23	Berkshire County Blind Society	Admitted Bodies	15.9%		16.2%		16.5%	
95	Berkshire Maestros	Admitted Bodies	15.9%		16.2%		16.5%	
81	East Berkshire Mind	Admitted Bodies	15.9%		16.2%		16.5%	
28	Elizabeth Fry Hostel	Admitted Bodies	15.9%		16.2%		16.5%	
131	Learning Plus UK	Admitted Bodies	14.1%		14.8%		15.4%	
30	Mary Hare Grammar School	Admitted Bodies	15.9%		16.2%		16.5%	
105	PACT	Admitted Bodies	15.9%		16.2%		16.5%	
40	Reading Voluntary Action	Admitted Bodies	15.9%		16.2%		16.5%	
35	School Of St Helen & St Katharine	Admitted Bodies	15.9%		16.2%		16.5%	
121	SECEB	Admitted Bodies	15.9%		16.2%		16.5%	
93	Slough Community Transport & Shopmobility	Admitted Bodies	15.9%		16.2%		16.5%	
37	Slough Council For Voluntary Service	Admitted Bodies	15.9%		16.2%		16.5%	
134	Social Enterprise Berkshire	Admitted Bodies	15.9%		16.2%		16.5%	
98	Woodley Age Concern	Admitted Bodies	15.9%		16.2%		16.5%	
	<b>Housing Associations</b>							
132	Bracknell Forest Homes	Housing Associations	17.2%		17.4%		17.6%	

Code	Employer	2010 Funding Pool	Minimum Level of Contributions					
			2011/12 % Pay	2011/12 £	2012/13 % Pay	2012/13 £	2013/14 % Pay	2013/14 £
83	Dimensions UK Ltd	Housing Associations	17.5%		17.6%		17.6%	
104	Housing Solutions Ltd	Housing Associations	16.3%		16.9%		17.6%	
79	Maidenhead and District Housing Association	Housing Associations	17.5%		17.6%		17.6%	
84	Turnstone Support	Housing Associations	17.5%		17.6%		17.6%	
80	Windsor Housing	Housing Associations	17.5%		17.6%		17.6%	
<b>CfBT/Connexions</b>								
59	CfBT	CfBT/Connexions	15.5%		15.5%		15.5%	
108	Connexions Berkshire	CfBT/Connexions	14.5%		15.0%		15.5%	
141	Connexions Thames Valley	CfBT/Connexions	14.5%		15.0%		15.5%	
<b>Transferee Admission Bodies</b>								
140	Care UK Ltd	Care UK	21.0%		21.0%		21.0%	
139	Fitzpatrick	Fitzpatrick	24.4%		24.4%		24.4%	
128	Greenwich Leisure Ltd	Greenwich Leisure Ltd	16.0%		16.0%		16.0%	
114	Holroyd Howe Ltd	MITIE	31.0%		31.0%		31.0%	
107	Interserve (Facilities Services Slough) Ltd	Interserve (Facilities Services Slough) Ltd	14.0%		14.0%		14.0%	
115	MITIE PFI Ltd	MITIE	31.0%		31.0%		31.0%	
113	Northgate Information Solutions Ltd	Northgate Information Solutions Ltd	14.5%		14.5%		14.5%	
142	Northgate Information Solutions Ltd	Computacenter	18.9%		18.9%		18.9%	
103	Slough Community & Leisure Ltd	Slough Community & Leisure Ltd	15.6%		15.6%		15.6%	
110	Slough Enterprise Ltd	Slough Enterprise Ltd	17.6%		17.6%		17.6%	
112	Vinci Park	APCOA	20.0%		20.0%		20.0%	
<b>Academies</b>								
146	Churchend Primary Academy Trust	Churchend Primary Academy Trust	13.8%		13.8%		13.8%	
144	Highdown School & 6th Form Centre	Highdown School & 6th Form Centre	17.2%		17.2%		17.2%	
126	John Madejski Academy	John Madejski Academy	16.7%		16.7%		16.7%	
86	Kendrick School	Kendrick School	20.3%		20.3%		20.3%	
135	Langley Academy	Langley Academy	17.2%		17.2%		17.2%	
67	Reading School	Reading School	19.7%		19.7%		19.7%	

Code	Employer	2010 Funding Pool	Minimum Level of Contributions					
			2011/12 % Pay	2011/12 £	2012/13 % Pay	2012/13 £	2013/14 % Pay	2013/14 £
72	Slough Grammar School	Slough Grammar School	22.4%		22.4%		22.4%	
	<b>Closed Employers</b>							
100	Corn Exchange Trust	Corn Exchange Trust	14.5%		14.7%		14.8%	
44	Reading Transport Ltd	Reading Transport Ltd	19.7%	77,900	19.7%	147,400	19.7%	233,880
48	Sovereign Housing Association	Sovereign Housing Association	19.7%	134,000	19.7%	204,000	19.7%	281,000

### Notes

1. Further sums should be paid to the Fund to meet the costs of any early retirements using methods and assumption issued by us from time to time.
2. The certified contribution rates represent the minimum level of contributions to be paid. Employing authorities may pay further amounts at any time and future periodic contributions may be adjusted on a basis approved by ourselves.