Minutes approved on:	

Clerk: Mr M. Balbini
Shinfield Parish Hall
School Green
Shinfield
Reading
RG2 9EH
Tel: (0118) 988 8220
E-mail: clerk@shinfieldparish.gov.uk
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Shinfield Parish Council

DRAFT

Minutes of a meeting of the Finance and General Purposes (F&GP) Committee held on Wednesday 8 December 2021 at School Green Centre commencing 19.30 hrs.

Present: Cllrs I Clarke, L James (Ch), D Peer
Attending: Mike Balbini (Clerk), Jo Skidmore (Committee Secretary) Jane Mason (Finance Manager)

Ref:	Minutes
21/FGP/52	**Public Questions** There were no public questions.
21/FGP/53	**Apologies and declarations of members' interests** 53.1 Apologies were received from Cllr. Montgomery and Grimes. 53.2 There were no changes to members' declarations of pecuniary interests
21/FGP/54	**54.1 Minutes of the previous meeting** The minutes of the previous meeting of 11 August were **AGREED** as a correct record of the meeting and signed by Cllr. James. Proposed: Cllr. Peer Seconded: Cllr. Clarke Unanimously agreed **54.2 Actions** 4.4.1.3 <u>Cllr. Grimes to discuss options for external storage at the new community centre with AOC.</u> The Clerk noted that an external storage solution for the Facilities Manager's tools had been costed and approved and would be located behind the old parish hall. 4.4.3.4 <u>Cllr Clarke/Clerk and Deputy Clerk to discuss planning permission for shipping containers on Millworth Lane</u> Cllr Clerk advised this was subject to receiving a detailed plan of the position of the containers as thus would be required for planning permission. 4.4.4 <u>Clerk to write to SPC solicitor to request that the land swop documents were expedited.</u> The Clerk confirmed that a valuer would be assessing the Century Drive playground in order for SPC to assess whether it would balance the value of the proposed land swap with WBC.

9 Cllr James to consider options for land purchase in the parish with a view to developing community assets.
It was confirmed that this was now being dealt with through the Development Board.

34.1.2 Cllr. Grimes to obtain information from Lifebuild on when access for SPC staff to the community centre might be possible.
This item was noted as complete.

46.1.2 Deputy Clerk to provide minute approving the holding of the general CIL fund from previous committee meeting
The Clerk undertook to circulate a note of the investment spread used by CCLA and to place it on the next FC meeting.

46.1.3 Cllr Peer to research possible costs involved for the installation of underground bottlebanks at School Green
This item was noted as complete.

46.1.4 Cllr Grimes to investigate possible available farmland to be purchased by SPC as community asset
This item was noted as ongoing.

54.3 **Matters Arising**
There were no further matters arising.

21/FGP/55 **Financial Reports**

55.1 **Bank reconciliations as at end of 31 October 2021**
Cllr. James confirmed that he had reviewed the bank reconciliations earlier that day and that all was in order. Members **NOTED** the report.

55.2 **School Green Centre LifeBuild Contract**

55.2.1 It was confirmed that payment had been made for most of the building work at the School Green Centre but acknowledged that some payment was outstanding.

55.2.2 The Clerk confirmed that - several aspects of the work were yet to be completed. These included installation of the gates to the rear of the centre, turfing of the courtyard and commissioning of the kitchen. Weekly contact with the Project Manager was taking place but no commitment had been made to completing the work to date. It was requested that AOC provide an estimate for the remaining work. The Clerk undertook to contact Cllr. James by the end of the week if no progress had been made who would then follow up with AOC.

20/FGP/56 **Financial Forecast and Planning**

56.1 **Actual vs Budget vs Forecast expenditure as at 31 October**

56.1.1 Cllr James gave an overview of the expenditure forecast report circulated prior to the meeting highlighting the following points:

- Work at Millworth Lane and School Green Centre had been delayed which had affected income.
- There had been an underspend in areas such as youth provision due to the pandemic which helped to offset some of the loss of income.
- An increase in running costs mostly due to the opening of the School Green Centre was likely to see an increase in the precept. The number of new houses in the parish which would help determine the precept was as yet unknown.

It was **PROPOSED** that the Actual vs Budget vs Forecast expenditure Report was **APPROVED.**

Proposer: Cllr. Peer Seconder: Cllr. Clarke Unanimously Agreed

56.2 **Budget per committee 2022/23 for recommendation to Full Council**

Cllr. James gave an overview of the report detailing the proposed budget for each committee for 2022/2023 circulated prior to the meeting.

It was **PROPOSED** that the budget per committee be recommended to Full Council.

Proposer: Cllr. Peer Seconder: Cllr. Clarke Unanimously Agreed

56.3 **Overall budget for 2022/2023 for recommendation to the Full Council**

56.3.1 Cllr. James gave an overview of the proposed full budget as circulated prior to the meeting.

56.3.2 It was **PROPOSED** that the full budget be recommended to Full Council.

Proposer: Cllr. Peer Seconder: Cllr. Clarke Unanimously Agreed

56.3.3 Thanks was given to the Finance Manager for her work in compiling the budgets.

56.4 Forecast Reserves to 31 March 2022

56.4.1 Cllr. James gave an overview of the reserves document circulated prior to the meeting highlighting the following:

- Reserves were expected to be in the region of £1.59m by year end.
- Earmarked reserves included items such as repairs and renewals, highways improvements, elections, and general planning issues.
- It was anticipated that there would be £1.6m of unallocated CIL funds available. There were four years in which to spend this. It was not known whether more CIL funding would become available given the expansion of AWE's Emergency Planning Zone which had impacted the opportunity for development in the area.

56.4.2 Cllr. Clarke acknowledged the possible impact of reduced income from CIL on plans for the Spencers Wood recreation ground redevelopment. It was **AGREED** that this would be kept under review ensuring that expenditure was in line with best interests of residents.

55.4.3 It was **PROPOSED** that the Reserves Forecast was **APPROVED.**

Proposer: Cllr. Peer Seconder: Cllr. Clarke Unanimously Agreed

56.5 **Notice of Band D Equivalent Properties for 2022/2023**

The Clerk stated that the notice of Band D equivalent properties detailing how many new houses had been occupied had not yet been received but was due by the end of the week in time for consideration at Full Council.

21/FGP/57 **Correspondence**
There were no items of correspondence received.

21/FGP/58 **Date of Next Meeting**: TBC

The meeting closed at 21:05.

List of Actions

4.4.3.4	Cllr Clarke/Clerk to discuss planning permission for shipping containers on Millworth Lane	Cllr. Clarke/Clerk/Deputy Clerk
4.4.4	Options for resolving land swop issues around equity of value under discussion.	Clerk /Cllr Grimes
46.1.2	Clerk to place the CCLA spread of investments on the next Full Council Meeting	Clerk
46.1.1	Cllr Grimes to investigate possible available farmland to be purchased by SPC as community asset	Cllr Grimes
55.2.2	Clerk to contact Cllr. James by the end of the week if no progress had been made who would then follow up with AOC regarding outstanding work on School Green Centre.	Clerk

Shinfield Parish Council - Reconciliation Cashbook to Accounts 31st January 2022

Account	Statement Date	Balance Statement	Payments Pending/Cqs Clearing	To be Banked	Reconciled Balance	Financial System Omega	Signed Off
		£	£	£	£	£	
Lloyds Bank Current	31/01/2022	1,334,034			1,334,034	1,334,034	
Lloyds Instant Access Account	31/01/2022	200,012			200,012	200,012	
NS&I	31/01/2022	500,000			500,000	500,000	
Petty Cash/Cash In Hand	31/01/2022	74			74	74	
Barclaycard Commercial	31/01/2022	1,553			1,553	1,553	
Trade UK		-94			-94	-94	
	Total	2,035,579	0	0	2,035,579	2,035,579	

Signed L James (Chairman F & GP)

……………………………………………………………………………………

Dated

Reconciliation to Reserves	
Sales Debtors	5,116
VAT Claim	9,379
Prepayments	11,213
Creditors	-32,343
Damage Deposits	-3,934
Allotment Key Deposits	-345
WBC - Sale of Bags	-1,948
Net Current Assets	2,022,717
Balance on Reserves	2,022,717
( )	

APPENDIX B

INFORMATION TO BE SUPPLIED WITH COUNCIL TAX DEMAND NOTICES

TOWN/PARISH

	2022/2023 £
1. TOWN/PARISH EXPENDITURE	681,570
2. DEDUCT INCOME FROM RENTS, FEES, GRANTS, CIL, CHARGES AND INTEREST	159,200
3. NET EXPENDITURE	522,370
4. ADDITIONS TO BALANCES	30,000
OR	
MET FROM BALANCES	0
5. TOWN/PARISH PRECEPT	552,370

Signed ....mBolli.........
Town/Parish Clerk

Date ......03/FEB/2022......

Please Return To: **Mrs. Debra Evans,**
By Thursday 3rd February 2022 **Corporate Finance Manager**

email: **debra.evans@wokingham.gov.uk**
Cc **business.services@wokingham.gov.uk**

<u>Budget Forecast for 2021/2022 as at 31st January 2022</u>

	Original Budget 2021/22	Forecast 30/11/2021	Spend to 31/1/2022	Latest Forecast
Communications & Policies	**72,550**	**33,800**	**32,680**	**35,000**
Communications	23,500	12,900	10,762	13,100
Community Development	49,050	20,900	21,918	21,900
Development Board	**20,000**	**6,600**	**1,922**	**2,100**
Feasibility Costs of Potential New Schemes	20,000	6,600	1,922	2,100
Finance & General Purposes	**(287,850)**	**(273,997)**	**(296,680)**	**(271,797)**
Parish Council Administration	188,947	202,800	180,117	205,000
Precept	(488,797)	(488,797)	(488,797)	(488,797)
Sinking Fund Contribution	12,000	12,000	12,000	12,000
Planning & Highways	**20,600**	**17,600**	**14,810**	**16,900**
Planning reviews	17,600	14,600	12,398	13,900
Street lighting	3,000	3,000	2,412	3,000
Recreation & Amenities	**174,700**	**217,800**	**176,967**	**229,054**
Allotments	2,000	3,600	3,191	3,500
Community Grants	32,000	38,000	36,040	36,100
Deardon Field	0	1,700	1,668	1,700
Facilities Management Team	45,500	39,700	32,838	39,000
Millworth Recreation Grd	1,100	7,400	4,231	5,300
Playgrounds	5,100	6,800	8,032	8,100
Recreation Grounds and Street Furniture	51,900	45,900	33,067	45,491
Ryeish Pavilion & sports pitch	0	400	465	500
School Green Centre	33,500	61,600	39,665	70,200
Spencers Wood Pavilion	(24,200)	3,900	10,069	11,063
Youth Services	27,800	7,800	7,001	7,100
Planning and Surveys to Implement Sports Strategy	0	1,000	700	1,000
Grand Total	**0**	**1,803**	**(70,301)**	**11,257**

Forecast Balance on Reserves as at 31/03/2022

Account	Description	Balance B/Fwd 1/4/2021	Receipts	Forecast Expenditure	Forecast Balance at 31/3/2022
		£	£	£	£
311	New Website	10,000			10,000
320	Sinking Fund / Repairs and Renewals	30,966	12,000		42,966
321	New Community Centre SPC	50,000		50,000	0
325	Elections	4,000			4,000
326	Highways Improvement	52,000			52,000
329	Millworth Lane Upgrade	40,000		10,000	30,000
331	Community Infrastructure Levy	601,060	2,079,521	1,256,500	1,424,081
334	Pride in Our Parish	34,000		25,670	8,330
335	Youth Initiatives	11,000			11,000
336	General Planning Matters	25,000		5,000	20,000
	General Revenue Reserve	200,000		11,500	188,500
	Total	1,058,026	2,091,521	1,358,670	1,790,877

Note:	**CIL Receipts**	
	To be spent by 1/04/2026	329,889
	To be spent by 1/09/2026	1,094,192
		1,424,081

Forecast CIL April 2022 (Stanbury View Final 25%) 231,831

Gallagher

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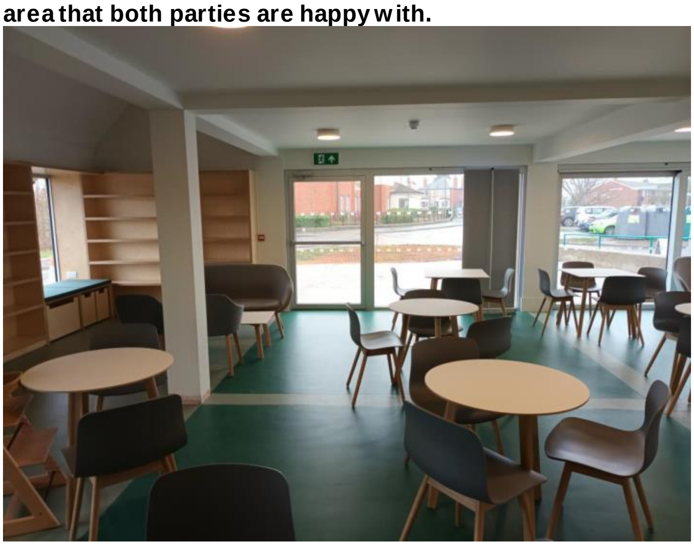
Minutes of Meeting

Client Name:	**Shinfield Parish Council**
Location:	**School Green Centre, School Green, Shinfield, Reading, Berkshire, RG2 9EH**
Subject:	**Meeting to catch up after completion of the School Green Centre**
Date of Meeting:	**19/01/2022**
Present (name & title):	**Jane Mason (JM)** **John Westmoreland - Groundskeeper & Maintenance Officer (JW)** **Kevin Millard (KM)**

	Action to be completed by
Introduction	
Came & Company Local Council Insurance is now part of Arthur J Gallagher from 1st October. Our values are core to our culture. Passionate service, strategic innovation, and ethical behaviour form the basis of how we do business. All with one purpose: To help you face your future with confidence Gallagher is; • One of the world's most ethical companies • Offices in over 150 countries, with 70 offices in the UK The community team at Gallagher offer bespoke solutions for the sector, with service and advice at the core of everything we do. The purpose of this meeting was….	

Discussion of Existing Covers - alterations required and upcoming plans/changes	
The main purpose of the meeting was to catch up after completion of the School Green Centre and for Kevin to view the building. **John kindly showed Kevin around the new building and Kevin also took some photographs for his own reference.** **<u>Café/Library area</u>** **The café is not yet open but a tenant has been found locally and "Robyn's Nest" will be operating the café business shortly. Still awaiting fixtures and fittings for the kitchen which remains empty although there could be an issue with the location of the electric points etc. It is noted that a fire screen (pull down screen) is in place between café area and main reception area as well as a fire proof roller shutter hatch to kitchen.** **I reminded John of the need for the café operator to have adequate insurance to cover the café risks at the School Green Centre and these insurance details should be checked before they take over the café. A suitable risk assessment should be in place for that entire area that should include all aspects of the café operation but also the unsupervised library area. I suggested that the Council and café operator worth together on a joint risk assessment for that area that both parties are happy with.**  **<u>Risk Assessments – School Green Centre and all buildings</u>** **I discussed with John the need for risk assessments to cover all buildings and open spaces but if not in place already, these should be completed as a matter of urgency for the School Green Centre.** **If there is nobody within the Council with sufficient experience of confidence to complete these, we can refer you the Gallagher Risks Management Services division who can provide a quotation to provide you with the help you need.** **<u>Alarm system</u>** **It was noted that fire and theft alarm systems are in place and working but as a bells(siren) only basis as there has been a delay in connecting these to a remote monitoring station due to a problem with BT. This should be chased up and treated as a priority. I understand Spy Alarms (NACOSS) approved are the preferred alarm company.** **<u>Car Park bollards</u>** **There appears to be no protection from manoeuvring vehicles in the car park for members of the public or the centre external wall. I would recommend that quotations are obtained without delay to give consideration to metal bollards on the area at the front entrance and café walls to prevent an incident of bodily injury or damage to the building due to a vehicle.**	JM/JW

Claims History	
Not discussed on this visit	
Presentation Of Additional Covers	
Motor – already with Gallagher **Engineering** – No current cover with Gallagher but noted that the Council have a Playground Inspection contract with Allianz that in my opinion is at a far greater cost than is required. Suggest first speaking to your playground company to see if they also offer the same service for lower or find a registered playground inspection company at https://www.playinspectors.com/ **Cyber** – We can support you with a cyber insurance policy to mitigate data loss through a variety of tangible and relevant services for you. We did offer a quotation in 2021 but this was not taken up. I recommend this is considered again with the new IT infrastructure **Trinitas Church Insurance** – We have developed an insurance policy that is specifically designed to offer policies for Church of England parishes. **Charity/NFP/Community Groups** – We can offer cover for separate community groups that need insurance for the first time or want to see if we can offer more competitive terms **Other covers we provide I am happy to discuss where required**: FloodFlash, Flood Excess, Risk Management, Buildings Valuations	
Our Service	
Our experienced, expert team provide pro-active advice and customer service to our clients. We offer bespoke solutions for the sector, with service and advice at the core of everything we do ensuring that, whatever the circumstance, we can meet your organisations Insurance requirements.	
Date by which terms are required	
n/a	
AOB/Next Steps Discussion	

Council should consider points raised above and in particular risk assessments as in the event of an incident now, the insurers will have nothing with which to defend an action against the council.	

We trust that the above accurately records the content of our meeting with you. If you feel that any of the comments above are incorrect, please contact me within 7 days of receipt, otherwise they will be regarded as a true record of the meeting.

Please remember that it is your responsibility to disclose anything which may be considered to be a Material Fact. A Material Fact is something that would influence an insurer as to whether or not they accept or decline cover. This is important as the information you provide now and in the future will form the basis of your insurance contract. Any inaccuracies or omissions may invalidate cover or cause an insurer to avoid a claim.

Signed:	Kevin Millard
Date of Issue:	20/01/2022

Royal County of Berkshire Pension Fund

(96) Shinfield Parish Council

Cessation valuation as at 7 November 2021

Barnett Waddingham LLP

20 December 2021

Contents

Introduction....3
Valuation process....4
Cessation liabilities....4
Employer assets....4
Results....5
Appendix 1 Valuation data....6
Membership information....6
Asset calculation....6
Unfunded benefits....7
Appendix 2 Valuation method and assumptions....8
Method....8
Financial assumptions....8
Demographic assumptions....9

Introduction

We have been asked by Royal Borough of Windsor and Maidenhead, the administering authority for the Royal County of Berkshire Pension Fund (the Fund), to undertake a valuation of the assets and liabilities within the Fund attributable to Shinfield Parish Council following their participation within the Fund which ceased on 7 November 2021.

The information in this report is addressed to and is provided for use by Royal Borough of Windsor and Maidenhead as administering authority to the Fund; it may be shared with Shinfield Parish Council or other interested parties but it does not constitute advice to them.

The Royal County of Berkshire Pension Fund participates within the Local Government Pension Scheme (the LGPS). The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2013 (the Regulations), as amended. This actuarial valuation of the funding position has been carried out as required under Regulation 64.

This advice complies with Technical Actuarial Standard 100: Principles for Technical Actuarial Work (TAS 100) and Technical Actuarial Standard 300: Pensions (TAS 300) as issued by the Financial Reporting Council (FRC).

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

On 13 May 2021 the Government issued a ministerial statement on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases relating to age discrimination. The statement confirms that changes will be made to the LGPS Regulations to compensate members directly affected by the change to career average benefits from 1 April 2014. The Government's intention is that regulations will come into force on 1 April 2023, and draft regulations are expected later in 2021. An allowance consistent with that adopted for the Fund's 31 March 2019 valuation has been made for the expected changes in LGPS benefits, details of which can be found in Appendix 2.

Valuation process

Cessation liabilities

The purpose of this valuation is to assess the deficit, or surplus, attributable to Shinfield Parish Council as at 7 November 2021.

The approach chosen to determine the funding position and the value of accrued pension liabilities will depend on the reason the employer is ceasing to participate. From the information provided to us by Royal Borough of Windsor and Maidenhead, we understand that the employer ceased participation in the fund when the last active member left active service.

We also understand that Wokingham Borough Council will subsume the residual deferred and pensioner liabilities following the cessation. Therefore, based on this information we believe the ongoing cessation scenario is the most appropriate.

Ongoing cessation

An ongoing cessation assumes that active employees are transferred to another employer in the Fund and that the deferred and pensioner liabilities are also picked up by another employer in the Fund (which is usually the same employer as the destination for the active members but may not be). The funding position under this scenario is essentially the current ongoing funding position.

Employer assets

The assets are held in respect of the Royal County of Berkshire Pension Fund and are apportioned at each actuarial valuation according to each employer's own experience and payments to and from the Fund. Assets are not separately identifiable for any employer within the Fund but can be tracked between actuarial valuations based on cashflows and membership movements.

We have based our calculations assuming that the value of the assets attributable to Shinfield Parish Council as at 7 November 2021 is £156k. This is the value of the assets calculated as at 31 March 2019 as part of the formal actuarial valuation and rolled forward allowing for cashflows to and from the Fund and investment returns earned by the Fund (estimated where necessary) in the period to 7 November 2021.

Please note that the asset value is as at 7 November 2021 and therefore does not take into account any contributions made to the Fund since this date and any deficit outlined in the results section should be adjusted for any payments made.

Results

Based on the scenario set out above, the following table sets out the valuation results for the section of the Fund attributable to Shinfield Parish Council as at 7 November 2021. These results are based on the data as set out in Appendix 1; if there are any changes to the membership from the data supplied then our calculations will have to be updated. The results are also sensitive to the assumptions set out in Appendix 2; for example, adding 0.1% to the discount rate assumption on the Ongoing basis has the effect of reducing the value of the liability by about 1%.

	Ongoing cessation
	£000s
Liabilities	
Active members	-
Early retirement strain	-
Deferred members	64
Pensioners	144
Total	**208**
Assets	**156**
Surplus/(Deficit)	**(52)**
Funding level	**75%**

As we can see there is a deficit on the ongoing cessation scenario. If this scenario is applicable, Shinfield Parish Council would be required to pay £52k to the Fund to remove their obligation to the Fund. The funding level has shown a slight improvement since the actuarial valuation as at 31 March 2019, however the employer remains in deficit.

We understand that Wokingham Borough Council will subsume the residual deferred and pensioner liabilities, along with the residual assets, following the cessation.

We would be pleased to answer any questions arising from this report.

RMcGuire

Roisin McGuire FFA
Associate
Barnett Waddingham LLP

Appendix 1 Valuation data

Membership and cashflow data has been supplied by the administering authority as at 7 November 2021. The data has been checked for reasonableness and we are happy that the data is sufficient for the purposes of this advice.

Membership information

The data is summarised as follows:

Deferred members	Number	Deferred pension £000s	Average age
Male	-	-	-
Female	4	4	52.8
Total	**4**	**4**	**52.8**

Pensioner members	Number	Pension £000s	Average age
Male	-	-	-
Female	2	8	66.3
Total	**2**	**8**	**66.3**

Full details of the benefits being valued are as set out in the Regulations as amended and summarised on the LGPS website and the Fund's membership booklet. We have made no allowance for discretionary benefits.

Asset calculation

The cashflows used in the asset calculation are actual cashflows to 31 October 2021. These cashflows are summarised as follows:

Cashflow data	£000s
Net new assets for period to 31 March 2020	(4)
Net new assets for period to 31 March 2021	(5)
Net new assets for period to 7 November 2021	(3)

The investment returns used in the asset calculation are estimated returns based on net asset statements to 31 August 2021 and market returns for the period up to 7 November 2021. These investment returns are summarised as follows:

Investment returns	Fund return for period
Fund return for period to 31 March 2020	-2%
Fund return for period to 31 March 2021	16%
Fund return for period to 7 November 2021	9%

Unfunded benefits

Please note that we have not included any allowance for unfunded benefits which may have been awarded by Shinfield Parish Council in the past. If there are any unfunded pensions currently in payment then Shinfield Parish Council should continue to be charged for these whilst they continue to be paid by the Fund. Should Shinfield Parish Council cease to pay for the unfunded pensions as they fall due or should it cease to exist and there is no substitute employer who is willing to continue the payments, then the payments to the members should stop.

Appendix 2 Valuation method and assumptions

Method

Our actuarial valuation of the pension liabilities as at 7 November 2021 involved projecting future cashflows to be paid from the Fund and placing a value on them using the financial assumptions described below. 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.

Financial assumptions

There are a number of different approaches that can be adopted in deriving the assumptions to be used. In our view the assumptions that are adopted should depend on the purpose of the valuation, the applicable scenario and the overall funding objectives. In this section we outline the assumptions adopted for this advice.

The financial assumptions used for calculations on an ongoing basis are consistent with the 2019 valuation, and have been updated where necessary to reflect market conditions.

Future price inflation

The base assumption is the future level of price inflation. The Retail Prices Index (RPI) increase assumption is set with reference to the 20 year point on the Bank of England (BoE) implied RPI inflation curve.

As future pension increases are to be based on Consumer Prices Index (CPI) increases rather than RPI increases, we have made a further assumption about CPI which is that it will be 0.8% p.a. below the 20 year point on the Bank of England implied inflation curve. This reflects 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. Further details of this are available on request.

Accrued benefit increases

In an ongoing situation, accrued pre 2014 pension benefits are linked to final salary and therefore increase in line with pay increases. At the 2019 valuation it was assumed that pay inflation will be 1.0% more than CPI inflation.

Therefore under an ongoing cessation we would continue to assume that pre 2014 benefits will continue to increase in line with pay increases for active members.

Post 2014 pension benefits, deferred benefits and current pensions in payment are increased in line with CPI inflation.

Future investment returns/discount rate

To determine the value of accrued liabilities we have to discount future payments to and from the Fund.

Where the employer, or another employer in the Fund who will be responsible for the liabilities after the cessation date, is continuing as with an ongoing valuation then the Regulations require the actuary to have regard to the desirability of maintaining as nearly constant a primary rate as possible. In our view therefore to help achieve this objective the discount rate used in an ongoing valuation should reflect the expected investment return to be achieved from the underlying investment strategy with some allowance for the expected outperformance of equities over bonds.

In determining the assumption to be made in relation to future investment returns it is necessary to consider the investment strategy of the Fund and the resulting expected future return earned by the assets. The investment strategy of the Fund is to invest the assets in a mix of assets including equities, bonds and property.

Redemption yields from bonds (gilts, index-linked gilts and corporate bonds) give an indication of the future rates of return from these asset classes. There is, however, no comparable market indicator to derive the markets expected future return from investing in equities or property at any particular point in time. For calculations on an ongoing basis, we adopt a discount rate that is consistent with the approach used for the 31 March 2019 valuation, and include an allowance for expenses if appropriate. We have also included an explicit prudence allowance of 0.7%, consistent with the method at the 2019 valuation.

As noted in the Introduction, an allowance has been made for expected changes and ongoing uncertainty in LGPS benefits (relating to the effects of the McCloud/Sargeant judgement and the cost cap). This is allowed for in the prudence allowance in the ongoing discount rate.

At the time of producing this report the outcome of the effects relating to the McCloud/Sargeant judgement are still to be agreed upon. The final remedy in response to the judgement will only be known once the Government's consultation is finalised and a final set of remedial Regulations are published. Furthermore, it is also not known yet what benefit changes in addition to the McCloud remedy (if any) may be made in light of the results of the cost cap process.

The yields under the ongoing scenario are smoothed around the valuation date rather than being on the exact cessation date. We therefore need to adjust the value of the liabilities so that they are consistent with the market value of assets in order to calculate any deficit/surplus. The relevant adjustment factor at the cessation date was 103%.

The actual cessation date is 7 November 2021 and our calculations are based on market conditions as at 11 November 2021. The financial assumptions as at 7 November 2021 used for the above scenario are as follows:

Assumption (p.a.)	Ongoing cessation 7 November 2021
Inflation (CPI)	3.0%
Discount rate	
Active members	4.9%
Non active members	4.9%
Accrued benefit increases	
Active members (pre CARE)	4.0%
Active members (CARE)	3.0%
Non active members	3.0%

Demographic assumptions

The demographic assumptions used for calculations on an ongoing basis are consistent with the 2019 valuation.

The post-retirement mortality assumptions adopted for all calculations are:

- for members, the S3PA tables with a multiplier of 115% for males and 110% for females; and
- for dependants, the S3DA tables with a multiplier of 95% for males and 70% for females.

These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 1.25% p.a, a smoothing parameter of 7.5 and an initial addition parameter of 0.5% p.a.

The other main demographic assumptions are:

- members retire at a single age, based on the average age at which they can take each tranche of their pension at; and
- it is assumed that members will exchange 50% of their commutable pension for cash at retirement.

Full details of these and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the relevant 2019 actuarial valuation report and the funding strategy statement, which are available from the Fund on request. These also contain details of how the employer covenant has been taken into account in the derivation of the assumptions.

Hi Jane,

The actuary has provided the attached cessation report now that Shinfield Parish Council no longer employs any contributing LGPS members. The report shows Shinfield Parish Council with a funding level of 75% and a funding deficit (cessation debt) of £52k.

As a Parish Council, the actuary includes Shinfield PC as part of the Wokingham Borough Council pool of employers when setting employer contribution rates at each triennial valuation exercise. Below is an extract from the 2019 valuation report and in particular the rates and adjustment certificate as it applies to the Wokingham pool.

Wokingham pool

Wokingham Borough Council	15.5%	£2,711k	£3,127k	£3,570k	15.5% plus £2,711k	15.5% plus £3,127k	15
Earley Town Council	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	
Wokingham Town Council	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	
Woodley Town Council	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	
Swallowfield Parish Council	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	
All Saints CE (Aided) Primary School	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	
Shinfield Parish Council	15.5%	8.8%	9.8%	10.8%	24.3%	25.3%	

What this means is that Wokingham BC in effect acts as a 'guarantor' for the Pension Fund is respect of the employers with which it is associated and, therefore, Shinfield PC is not directly liable for the aforementioned cessation debt of £52k. I am sure you will agree this is very good news.

The LGPS Regulations refer to Parish Councils as being designation bodies i.e. membership of the LGPS for its employees is not mandatory but it is possible for the employer to designate certain employees or groups of employees for membership of the scheme (this would have been achieved in the past as a result of the Parish Council passing and minuting a formal resolution to admit their employees to the scheme). As mentioned in earlier emails it is possible for an employer such as a Parish Council to defer becoming an exiting employer should they decide to accept any new employees into the LGPS within a reasonable period following the point from which the last remaining contributing member exited the scheme. I will, however, proceed on the basis that Shinfield PC has now exited the Berkshire Pension Fund as opposed to deferring it exit and so no new employees can be admitted to the LGPS.

However, alternative pension arrangements to the LGPS are now available to employers who are not legally bound to offer any particular pension scheme to its employees. As previously mentioned, Shinfield Parish Council is not legally bound to offer the LGPS to its employees but will have to provide a workplace pension to its employees such as the National Employment Savings Trust (NEST) which, indeed, you may have already done. NEST is a much 'cheaper' option for employers and meets the Government's requirements with regard to workplace pensions.

I trust you will find this all to be in order and as always if I can be of further assistance please do not hesitate to contact me. I would like to thank Shinfield PC for its past membership of our Fund and may I wish you all the best for the future.

Kind regards

Kevin

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