



**Buckinghamshire
Council**

Buckinghamshire Pension Fund



**Pension Fund
Annual Report**

Year ending March 2020 | Pension Scheme Reg no: 10123049

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Scheme Management and Advisors

Administering Authority	Buckinghamshire Council (BC) from 1 st April 2020 Buckinghamshire County Council (BCC) to 31 March 2020*
Pension Fund Committee (BC unless stated)	Cllr John Chilver (Chairman) Cllr David Martin (Vice-Chairman) Cllr Arif Hussain (to 30 June 2019) Cllr Ralph Bagge (from 1 July 2019) Cllr Timothy Butcher Cllr Clive Harriss Cllr Niknam Hussain Cllr John Gladwin - District Councils Cllr Norman Miles - Milton Keynes Council Cllr Matthew Barber - Thames Valley Police
Asset Pool and Asset Pool Operator	Brunel Pension Partnership
Advisors	Mercer Investment Consulting Carolyn Dobson
Fund Managers	BlackRock Blackstone Alternative Asset Management Investec Asset Management – to November 2019 La Salle Legal & General Investment Management Pantheon Private Equity Partners Group Royal London Asset Management Schroders – to November 2019 Standard Life Investments
Custodian	State Street
AVC Providers	Scottish Widows Prudential
Actuary	Barnett Waddingham LLP
Fund Legal Advisors	HB Public Law until 30 September 2019 BC Legal Team from 1 October 2019
Bankers to the Fund	Lloyds TSB Bank plc
Fund Accountant	Rachael Martinig
Head of Pensions	Julie Edwards
Head of Projects and Pensions	Mark Preston
Auditor	Grant Thornton UK LLP
Scheme Administrators	Pensions and Investments Team (BC)

*For the purpose of this document, all references to BCC have been replaced with BC. Equally, all references to BCCPF have been replaced with BPF

Introduction by the Head of Projects and Pensions

Contained within this publication are the reports and accounts of the Buckinghamshire Pension Fund (BPF). The Fund is part of the statutory Local Government Pension Scheme (LGPS) and was administered by Buckinghamshire County Council (BCC) until 31 March 2020. Buckinghamshire Council (BC) replaced BCC as the Administering Authority with effect from 1 April 2020.

The Establishment of Buckinghamshire Council

On 1st April 2020 a new unitary council was established to replace the five District Councils and County Council within Buckinghamshire: Buckinghamshire Council. Since the Administering Authority already provided pension administration services to all the employers concerned, the establishment of Buckinghamshire Council did not have a significant impact on service delivery. During 2019/2020 the Pensions and Investments Team has worked extensively with the relevant employers to ensure a smooth transition. Members employed by the previous employers were subject to a TUPE transfer to the new authority. The team has measures in place to reassure members regarding the continuation of their LGPS benefit provision, as well as communicating any regulatory implications brought about by the new council.

COVID-19 Pandemic

The outbreak of the novel coronavirus COVID-19 has led to unprecedented changes to the country's economic and social-cultural landscape. The Pensions and Investments Team have followed Government guidelines to mitigate the impact of the virus on the administration of the LGPS. We have sought to prioritise key areas of business and adjust working practices to help slow down the spread of the outbreak and keep staff and service users safe. Brunel Pensions Partnership have stressed the robustness of the LGPS in general as well as their expertise in risk management. It is an uncertain time for many, but we hope to reassure stakeholders that the Fund is well prepared to deal with the short and long-term impacts of the crisis.

Pensions and Investment's Team restructure

At the beginning of 2019, the Pensions and Investments Team underwent a restructure to improve service delivery. The restructure resulted in the creation of new posts across the Team. It also created a greater fluidity amongst the sub teams responsible for administering the LGPS. The administration sub teams' processes are now overseen by a single Pensions Administration Manager, allowing for a more strategic and unified approach to LGPS administration.

Brunel Pension Partnership

Brunel's project to transition its clients' assets made significant progress this year. In total, the organisation completed the transition of approximately £15 billion of assets from its ten Clients, putting them on track to complete the project of transitioning all its Client's assets by 2021.

Other highlights from Brunel's work this year include the publication of The Brunel Asset Management Accord, as well as the important progress Brunel has made in carrying out its Responsible Investment agenda. Brunel's full Climate Change Policy, 'A five-point plan to build a financial system which is fit for a low carbon future', was published in January 2020.

Reflecting on Brunel's achievements, Laura Chappell, CEO at Brunel Pension Partnership, described 2019/2020 as 'a pivotal year' for the organisation. She went on to stress that the organisation's success lies in its continued commitment to 'walk the extra mile' for their clients.

Triennial Valuation

This report is based on the contribution rates set out in the 31 March 2016 valuation report that took effect from 1 April 2017. A full triennial valuation of the Buckinghamshire Pension Fund was carried out at 31 March 2019 by Barnett Waddingham LLP and the resulting changes to contribution rates will take effect from 1 April 2020.

Barnett Waddingham LLP have clarified that despite the 'significant movement in investment markets', due to the COVID-19 crisis, the Funding model developed with regard to the 31 March 2019 valuation has been built to 'withstand short-term volatility in markets', as well as instigate a longer-term model to fulfil the 'ultimate aim of setting stable contributions for employers'.

The next formal valuation is not due to take place until 31 March 2022. Barnett Waddingham LLP have recommended that the financial position of the Fund is continually monitored.

During 2019/2020 the Government issued a consultation which proposed changing the valuation cycle from a triennial cycle to a quadrennial cycle, bringing it in line with other public funded pension schemes. The consultation also outlined a number of measures to mitigate employer risk. The consultation concluded on 31 July 2019 and a full response with intended outcomes is expected during 2020/2021.

Pension Fund Management Update

The market value of the Pension Fund as at 31 March 2020 was £2.903bn. The Fund, excluding private equity, achieved a return of -3.6%, representing underperformance of 0.9%, compared to the -2.8% benchmark, for the year to 31 March 2020. In the three years to 31 March 2020, the Fund achieved a return of 1.8%, representing underperformance of 0.4% compared to the benchmark of 2.2% for that period.

The Fund's strategy seeks to maximise the value of the Fund without increasing its exposure to risk over the medium to long term in order to meet the pension payment liabilities made, both now and in the future, to Fund members. Investment strategy decisions were made in accordance with the principles in our Investment Strategy Statement.

As always, we welcome any comments you have on this publication, or any matter relating to pensions administration, using the contact details available on our website, www.buckinghamshire.gov.uk/pensions, or within our newsletters.



Mark Preston
Head of Projects & Pensions
Buckinghamshire Council
15 July 2020

The Pensions and Investments Team

The Pensions and Investments Team consists of five sub-teams; Treasury, the Benefit Administration Team, the Employer Liaison Team, the Payroll Team and the Systems Team. The last four sub-teams are responsible for administering the Local Government Pension Scheme ('the scheme') overseen by the Pensions Administration Manager.

Benefit Administration Team

At 31 March 2020, there were 24,489 active employees, 29,936 deferred members and 17,920 pensioners. The Benefit Administration Team are responsible for dealing with all member administration on behalf of the Buckinghamshire Pension Fund. The Benefit Administration Team deals with all aspects of benefit administration, from new entrants to the scheme, through to retirement and death. The team's work also includes the processing and issuing of refunds and pension estimates, responding to member and pensioner queries, issues relating to pension sharing on divorce and transfers of previous pension rights in and out of the scheme.

Payroll Team

The inhouse Payroll Team are responsible for paying all pension benefits. This includes the payment of refunds, death benefits and transfer payments. They process the monthly pensioner payroll, and issue payslips and p60s. There are currently 20,290 pensions in payment (including dependant member pensions) which the team process on a monthly basis.

Employer Liaison Team

The Employer Liaison Team deal with enquiries from the Scheme employers. The team deals with the Fund's year-end procedures and supports the Benefit Administration Team with data quality. The Fund's 259 active employers include scheduled bodies (major and smaller), admitted bodies and LEA schools and academies in Buckinghamshire and Milton Keynes. The team deal with the admission of new employers, academy conversions and bulk transfers.

Systems

The Systems Team is responsible for the specialist computer systems within the Pensions and Investments Team, including the management of Altair (our pensions administration system), document imaging, pensioner payroll, and workflow management. The team are also responsible for the roll-out and maintenance of 'my pension online', our online member portal and the i-Connect data exchange system used by Scheme employers.

Treasury Team

The Treasury Team is responsible for implementing the Fund's investment strategy, reviewing and monitoring the Pension Fund's investments and ensuring all monies due to the Fund are received. The team also provide the Council's treasury function.

Knowledge and Skills Policy Statement

This organisation recognises the importance of ensuring that it has the necessary resources to discharge its pensions administration responsibilities and that all staff and members charged with financial administration, governance and decision-making with regard to the pension scheme, are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

It therefore seeks to utilise individuals who are both capable and experienced and it will provide and/or arrange training for staff as well as members of the Fund's decision-making and governance bodies to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

Local Government Pension Scheme Benefits

The Local Government Pension Scheme (LGPS) is a statutory funded pension scheme. It is defined, guaranteed in law and provides significant benefits to its members. The scheme changed from a final salary scheme to a Career Average Revalued Earnings (CARE) scheme on 1 April 2014. The LGPS 2014 benefits are summarised below.

Feature	LGPS 2014
Basis of Pension	CARE scheme
Accrual Rate	1/49 th (or 1/98 th in the 50/50 scheme)
Revaluation Rate	Consumer Prices Index (CPI)
Pensionable Pay	Pay including non-contractual overtime and additional hours
Contribution Flexibility	50/50 section allows members to pay 50% of their usual contributions for 50% of the usual pension benefits
Normal Pension Age	Equal to the individual member's State Pension Age (minimum age 65)
Lump Sum Commutation	£1 of annual pension provides £12 lump sum
Death in Service Lump Sum	3 x Pensionable Pay
Death in Service Survivor Benefits	1/160 th accrual based on Tier 1 ill health pension enhancement
Ill Health Provision	Tier 1 - Immediate payment with service enhanced to Normal Pension Age (NPA) Tier 2 - Immediate payment with 25% service enhancement to Normal Pension Age Tier 3 - Temporary payment of pension for up to 3 years
Indexation of Pension in Payment	CPI
Vesting Period	2 years

Contributions

Employee contributions are based on their actual pensionable pay. Since 1 April 2014 pensionable pay includes all overtime, both contractual and non-contractual. The pay bands shown applied for the Scheme year ended 31 March 2020. Pay bands are adjusted on 1 April each year in line with any increase in the Consumer Price Index.

Band	Pay Bands (Actual pensionable pay)	Contribution Rate Main Section	Contribution Rate 50/50 Section
1	Up to £14,400	5.5%	2.75%
2	£14,401 to £22,500	5.8%	2.95%
3	£22,501 to £36,500	6.5%	3.25%
4	£36,501 to £46,200	6.8%	3.4%
5	£46,201 to £64,600	8.5%	4.25%
6	£64,601 to £91,500	9.9%	4.95%
7	£91,501 to £107,700	10.5%	5.25%
8	£107,701 to £161,500	11.4%	5.7%
9	£161,501 or more	12.5%	6.25%

The Employer also contributes to the Fund, covering the full cost of providing benefits. Membership of the scheme entitles the employee to receive tax relief on contributions.

Retirement

The Scheme is funded on the basis that benefits will become payable at the member's State Pension Age (minimum age 65). Members can voluntarily retire from age 55 or remain in the scheme until age 75.

Pension built up before 1 April 2014 has a protected Normal Pension Age, which for almost all members is age 65. If a member retires and draws their entire pension at their protected Normal Pension Age, the pension built up in the scheme before 1 April 2014 will be paid in full.

If a member chooses to take their pension before their protected Normal Pension Age, the pension built up in the scheme before 1 April 2014 will normally be reduced, as it is being paid earlier. If taken later than their protected Normal Pension Age, it will be increased because it is being paid later.

The amount of any reduction or increase will be based on how many years earlier or later than the protected Normal Pension Age the member draws the pension they have built up in the scheme to 31 March 2014.

The benefits built up in the career average scheme from April 2014 have a Normal Pension Age linked to a member's State Pension Age (with a minimum age of 65). The amount of any reduction or increase will be based on how many years earlier or later than their State Pension Age they draw their LGPS 2014 pension.

Members cannot take benefits built up to April 2014 separately from the benefits built up from April 2014. All of the pension would have to be drawn at the same time (except in the case of Flexible Retirement).

Calculation of benefits for Scheme Members

Membership in the final salary scheme (before 1 April 2014) is calculated differently to membership in the CARE scheme.

Final salary pension benefits built up before 31 March 2008, are calculated as:

Membership (years and days) x Final salary x 1/80 = Pension

Final salary pension benefits built up between 1 April 2008 – 31 March 2014, are calculated as:

Membership (years and days) x Final salary x 1/60 = Pension

Benefits after 1 April 2014 in the Career Average Revalued Earnings (CARE) scheme are calculated as:

Year 1: Pensionable pay x 1/49 x revaluation % = total pension balance

Year 2: Pensionable pay x 1/49 + previous year's balance x revaluation % = total pension balance

Year 3: pensionable pay x 1/49 + previous year's balance x revaluation % = total pension balance

Lump sum

Members who were in the scheme before 1 April 2008 will have an automatic lump sum attached to their pension. This is calculated as: **Membership (years and days) x Final salary x 1/80 x 3 = Lump Sum**

All members have the option to take up to 25% of their total pension pot as a lump sum. This is done by exchanging annual pension for lump sum. For every £1 given up, the member will receive £12 in lump sum.

Ill Health Retirement

If a member's employment is terminated because of ill health and the member has at least 2 years membership, the pension payable is based on the accrued membership. Ill health retirements operate on a three-tiered system with varying enhancements depending on the possibility of the member being able to return to work.

Third tier – This tier is awarded when a member is likely to be able to obtain gainful employment within three years of leaving. There is no enhancement. It is paid without reductions at the accrued value on the retirement date.

Second tier - This tier is awarded when a member is unlikely to be capable of gainful employment within 3 years of leaving but likely to be capable of undertaking such employment before Normal Pension Age. Ill health benefits are based on the pension built up at the date of leaving, plus 25% of the pension they would have built up had they continued to contribute to the main section of the scheme until Normal Pension Age.

First tier – This tier is awarded if the member is unlikely to be capable of gainful employment before their Normal Pension Age. Ill health benefits are based on the pension already built up at the date of leaving, plus the pension the member would have built up had they continued to contribute to the main section of the scheme until Normal Pension Age.

Death in Service

The death in service lump sum death grant is 3 x the member's actual pensionable pay, regardless of length of membership. In addition to the lump sum death grant, pensions are payable to an eligible surviving spouse/civil partner or cohabiting partner and eligible children up to the age of 18, or up to age 23 if still in full time education. The member is able to nominate who they wish to receive the death grant.

Death in Retirement

If a member dies while the pension is in payment, there is no automatic death grant. However, the member is guaranteed to receive ten years of pension before age 75. This means that if the member dies within ten years of their retirement date and they are under age 75, any remaining balance will be paid to the member's beneficiary. Dependent's pensions continue to be payable to eligible parties.

Risk Management

Risk Management Report

The Fund’s statutory documentation and accounts contain the required sections detailing the Fund’s approach to the various types of risks it faces across its operations, together with how the Fund aims to mitigate each of these. In particular:

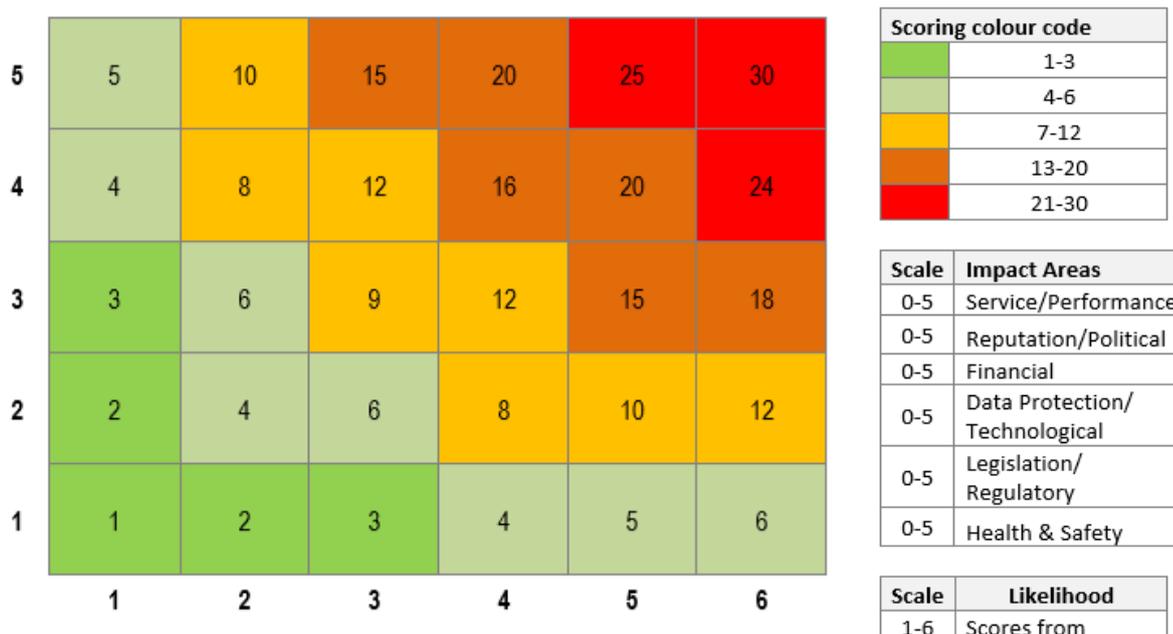
- The Governance Compliance Statement reviews the risk areas and mitigation approach within the Fund’s management and governance structure;
- The Investment Strategy Statement covers risk measurement and management in an investment sense;
- The Funding Strategy Statement includes a section, prepared in conjunction with the Fund’s actuary, on the identification of risks and countermeasures in relation to the Fund’s funding position and investment strategy; and
- The Pension Fund accounts contain a detailed section on the nature and extent of the risks arising from Financial Instruments, including detailed sensitivity analysis of the potential monetary impact to the Fund of the varying financial risks.

The Pension Fund Risk Register in the following table is reviewed by the Pension Fund Committee twice a year. It details the risks and risk mitigation measures in place:

Key to the risk/impact

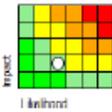
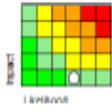
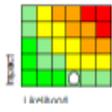
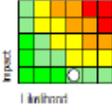
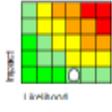
In accordance with the Council’s risk management framework, scores between 0 and 5 are attributed to the impact of the risk. The impact areas are service/performance, reputation/political, financial, data protection/technological, legislation/regulatory and health and safety. Scores between 0 and 6 are attributed to the likelihood of the risk from extremely unlikely (1) to extremely likely (6). The scores for each risk are combined and assigned red, amber or green in the heat map in accordance with the table below.

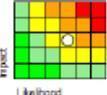
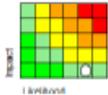
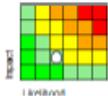
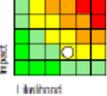
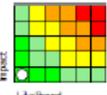
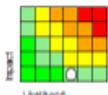
Matrix and Heat Map- Scoring detail and colour scale

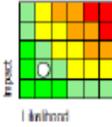
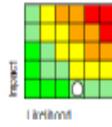


Pensions and Investments Team- Administration risk register

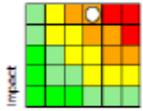
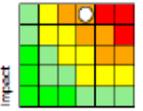
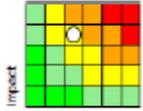
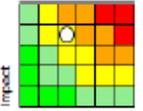
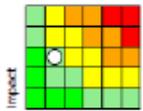
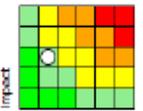
Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Title	Action Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
RS-PA-01 Employer LGPS knowledge	Lack of employer understanding of the LGPS and knowledge of the Service Level Agreement may cause incorrect information to be provided and additional queries from employers		➡					Julie Edwards	No Change	10-Feb-2020
RS-PA-02 Staff Capacity Issues	A lack of capacity due to staff losses or sickness could adversely affect the workload of the pensions section resulting in decreased productivity.		➡					Julie Edwards	No change to rating although further to the previous update a new Pensions Administration Structure is now in place. Recruitment is being impacted by Unitary however the new structure has provided additional resource so there should not be a large impact.	10-Feb-2020
RS-PA-03 Pensions Administration Software	The risk that the pensions administration software (Altair) causes disruption due to system crashes etc. leading to calculation errors, delays and a loss of working time.		⬆					Julie Edwards	Due to changes to the software infrastructure as well as a very slow roll out of new laptops/updated windows software the team have been impacted the past few months with slow systems which have impacted workloads. Improvement will only be seen once new laptop/software rollout takes place and currently this has not been confirmed. Impact rating increased.	10-Feb-2020
RS-PA-04 Software Updates	Software updates resulting from scheme changes may create errors in calculations thus resulting in more time spent checking and re-doing calculations.		➡					Julie Edwards	No change	10-Feb-2020

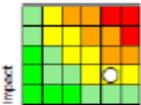
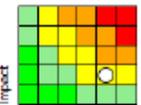
Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Title	Action Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
RS-PA-05 Staff Retention	Staff retention. There is a risk of losing trained staff to other organisations due to a lack of flexibility in the career matrix.	 Impact: Likelihood		 Impact: Likelihood				Julie Edwards	No change	10-Feb-2020
RS-PA-06 Quality / Timeliness Data from Employers	Poorly performing employers/payroll providers can cause additional work on the pensions team by not providing information which they have a statutory duty to provide. This results in wasted time chasing employers and creating a backlog of work.	 Impact: Likelihood		 Impact: Likelihood				Julie Edwards	No update to rating. Still continues to be an issue. I-Connect is currently being rolled out to employers and should result in an improvement in timeliness and also accuracy of the data.	10-Feb-2020
RS-PA-07 TUPE / Payroll Provider Changes	Additional work and disruption is caused due to outsourcing and changes in schools payroll providers creating losses of vital information. This results in a lot of extra work on pensions administration staff attempting to piece together information which should have been provided	 Impact: Likelihood		 Impact: Likelihood				Julie Edwards	No change	10-Feb-2020
RS-PA-08 TUPE Transfers / Academy Conversions	The increase of TUPE transfers / schools opting for academy status has resulted in an increased workload for pensions staff. The TUPE officer must deal with the admission agreements as well as liaising with external contractors and the fund actuaries. The range of employees involved differ between employer but range from one employee to hundreds.	 Impact: Likelihood		 Impact: Likelihood				Julie Edwards	No update	10-Feb-2020

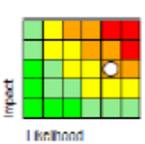
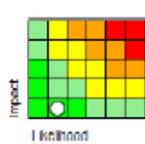
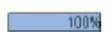
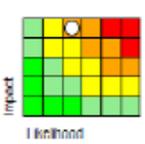
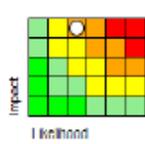
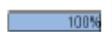
Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Title	Action Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
RS-PA-09 Guaranteed Minimum Pension reconciliation	The end of contracting-out of the Additional State Pension from April 2016 means that a Guaranteed Minimum Pension reconciliation of the Fund's records with the HMRC's records will need to be completed by 2018. This reconciliation may result in identifying overpayments/underpayments. If the reconciliation is not complete before the closing of the office this could result in the Fund being liable for GMP's which we should not be responsible for.							Julie Edwards	No change to rating. Due to HMRC delays, ITM have had to push back the implementation from June 2020. We are waiting on further details.	10-Feb-2020
RS-PA-10 Mid / High Earner Optouts due to Tax Legislation	Tax legislation in respect of high-earners pensions contributions could result in a departure of high-earners from the Fund. High-earners leaving the Scheme could be perceived as senior management not advocating the benefits of the LGPS							Julie Edwards	No change	10-Feb-2020
RS-PA-11 Admitted Bodies Deficits	If Admitted Bodies who joined the Fund prior to 1997 fail or if current Admitted Bodies reduce their active members to 0, then the Fund has no powers to ensure these organisation make good any deficit.							Julie Edwards	An employer covenant exercise has been undertaken.	20-Feb-2020
RS-PA-12 Mid / high earner optouts due to high employee contribution rates	The 3% on average increase employee pension contributions implemented, with effect from 1 April 2014, by increasing the tiers of contributions paid by mid/high earners could result in a departure of mid/high-earners from the Fund. Mid/High-earners leaving the Scheme could be perceived as senior management not advocating the benefits of the LGPS. During current period of low pay increases members may opt out due to pressures on household budgets.							Julie Edwards	No change	10-Feb-2020

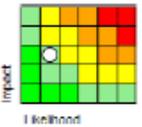
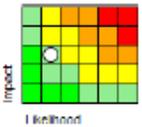
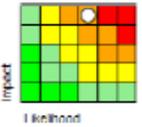
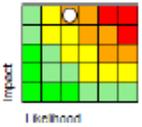
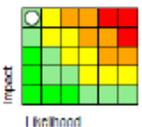
Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Title	Action Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
RS-PA-13 Annual Benefits Statements Issuance	The Public Sector Pensions Act 2013 requires that Annual Benefits Statements are issued to Scheme Members by 31 August. There is a risk that the Regulator will issue a fine although this is the position for most local authorities.							Julie Edwards	No change to risk rating.	10-Feb-2020

Pensions & Investments Team – BC Pension Fund risk register

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Name	Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
BSP-P&I-01 Investment Strategy	If the investment strategy does not produce the returns as envisaged / required then funds perform worse than expected, the deficit increases, pressure on employer contributions, pressure on Council Tax and reputational pressure on the Pension Fund	 Impact Likelihood		 Impact Likelihood	BSP-P&I-01 Investment Strategy Actions	Strategy reviewed formally every 3 years Review strategy more frequently - annual refresh Action Plan where issues arise Mini-valuation undertaken annually Appointment of Investment Consultant and Committee Advisor, Investment advice analysed. A long term view is taken with regards to the Fund's investment strategy.		Julie Edwards	Investment Strategy Review due to take place early 2020.	20-Feb-2020
BSP-P&I-02 Significant Downtum in a Particular Sector	If there is a significant downturn in a particular sector / geographical location due to man made or natural disasters, then funds perform worse than expected, the deficit increases, employers contributions would need to be increased.	 Impact Likelihood		 Impact Likelihood	BSP-P&I-02 Significant Downtum in a Particular Sector Actions	Strategy reviewed every 3 years Review strategy more frequently - annual refresh Action Plan where issues arise. Managers closely monitored. Economic issues are being monitored. Closer monitoring of managers' views on Eurozone and BREXIT implications. Revised strategy implemented May 2014, investment strategy reviewed in March 2017. The Fund investments are diversified across several asset classes. Annual mini-actuarial valuation reported. Governance structures require meeting every Fund Manager on average 3 times per annum. Holistic reporting to Members - not just performance based.		Julie Edwards	Investment Strategy Review scheduled for early 2020.	20-Feb-2020
BSP-P&I-03 New Investment Vehicle Not Understood	If a new investment vehicle is not understood by the Pension Fund Committee then loss of control, limited governance exercised, poor controls / limited challenge and errors.	 Impact Likelihood		 Impact Likelihood	BSP-P&I-03 New Investment Vehicle Not Understood Actions	Ensure adequate training. Periodic training needs analysis undertaken to support annual training plan. Committee Advisor supports the Committee members understanding of asset classes and investment issues.		Julie Edwards	Asset class training plan to be scheduled in the Pension Fund Committee forward plan aligned with Brunel Pension Partnership transition plan.	20-Feb-2020

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Name	Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
BSP-P&I-06 Public Sector Cuts	Public sector cuts could increase the number of early retirements, increase in administration costs and impact on revenue. Public sector cuts, member opt outs, localism and outsourcing could reduce the number of active members reducing contributions income. Contributions income could bring forward the date when the Fund has to use investment income to meet benefit payments.	 Likelihood		 Likelihood	BSP-P&I-06 Public Sector Cuts Actions	Review in light of austerity measures and other large employer strategies. Periodic meetings held with larger employers. Factor maturity of the Fund into investment strategy decisions, review Funding Strategy Statement every three years following the actuarial valuation.	 100%	Julie Edwards	The unitary Buckinghamshire Council will be implemented on 1 April 2020, potential redundancies and role changes will impact on the administration team workloads.	20-Feb-2020

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Name	Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
BSP-P&I-07 Significant Changes in Government Regulations	If significant changes in government regulations occur, for example IAS19, then limited opportunities for innovation exist and resource is wasted supporting employers / members with non-value adding activities.				BSP-P&I-07 Significant Changes in Government Regulations Actions	The Investment Regulations 2016 removed some of the existing prescriptive means of securing a diversified investment strategy and placed the onus on authorities to determine the balance of their investments and take account of risk. The Secretary of State has the power to intervene to ensure the more flexible legislation is used and the guidance on pooling is adhered to.		Julie Edwards	MHCLG undertook an informal consultation on draft statutory guidance on LGPS asset pooling in the spring, updated statutory guidance is expected later this year. When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling apply to the LGPS. Benefits accrued from 2014 may need to be enhanced so that all members, regardless of age, will benefit from the underpin. Quantifying the impact at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service.	20-Feb-2020
BSP-P&I-09 Poor Fund Management	If there is poor Fund management caused by poor selection, loss of key staff, change in process or not keeping up with the market then there will be poor performance, reduced assets, damage to reputation and increased deficit.				BSP-P&I-09 Poor Fund Management Actions	Fund managers' performance actively reviewed quarterly. Investment strategy reviewed March 2017. Benchmarking undertaken and research undertaken.		Julie Edwards	Investment Strategy Review scheduled early 2020.	20-Feb-2020

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Name	Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
BSP-P&I-10 Underestimation of Pensioner Longevity	If there is an underestimation of pensioner longevity then there will be a failure to have high enough pension contributions and increased pressure on future contributions.				BSP-P&I-10 Underestimation of Pensioner Longevity Actions	Not within the Pension Fund's control Actuaries review projection of longevity regularly. The 2013 Actuarial Valuation mortality assumptions allowed for a long term rate of improvement in mortality rates. The 2016 mortality assumptions did not allow for a long term rate of improvement in mortality rates.		Julie Edwards	The 2019 actuarial valuation detailed analysis of key mortality assumptions based on fund data over a five year period reported a slowing in the rate of improvement compared to 2016.	20-Feb-2020
BSP-P&I-11 Inflation	If inflation is significantly greater than currently forecast, then a combination of lower bond values and increasing pay levels will cause the deficit to widen (all else equal). If inflation is negative (deflation) for a prolonged period of time, the value of the inflation linked bonds will decrease. However, the value of the liabilities would not fall to the same extent as pay levels are unlikely to fall and pensions cannot be reduced, which will cause the deficit to widen (all else equal).				BSP-P&I-11 Inflation Actions	The strategic allocation to inflation linked bonds within the investment strategy will increase in value if inflation expectations increase (all else equal), helping to offset some of the impact on the liabilities. The Pension Fund Committee will consider the Fund's exposure to inflation linked assets when reviewing the Fund's investment strategy. Part of the inflation linked bond allocation is managed actively, and the manager has discretion to increase or decrease the allocation in anticipation of increases or decreases in inflation expectations respectively.		Julie Edwards	A tick up in inflation as a result of sterling weakness and increased cost of imports from an uncertain trading relationship with the EU would push up inflation and increase the return requirement from the portfolio to meet benefit payments	20-Feb-2020
BSP-P&I-12 Loss of Confidence by Employees and Employers	If there is loss of confidence by employees and employers in the Pension Fund management then political fallout, seen as a poor performer, criticism from external audit and Public Interest Reports.				BSP-P&I-12 Loss of Confidence by Employees and Employers. Actions	Pensions Communications Officer role involves designing and delivering communications strategy. The Buckinghamshire Pension Board was established in 2015.		Julie Edwards	The Pensions Communications Officer role is currently vacant at a critical time when the County District Council's staff are TUPEing to Buckinghamshire Council. Impact mitigated since staff and employer newsletters were drafted prior to the departure of the previous post holder.	20-Feb-2020

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Name	Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
BSP-P&I-13 Market Volatility	If stock market volatility exists at key points in the cycle e.g. at time of actuarial review then, deficit grows as does pressure on employer costs.				BSP-P&I-13 Market Volatility Actions	Ongoing review more intense when markets are volatile. Key decision to be made in terms of timing of changes. Actuary using 'smoothing' effect which actively seeks to mitigate risks.		Julie Edwards	The Fund's un-hedged overseas investments have benefited significantly from sterling weakness in recent years and will continue to make gains if there is further sterling depreciation. Following the UK's departure from the EU some of gains have unwound as sterling has appreciated.	20-Feb-2020
BSP-P&I-14 Failure / Fraud at a Fund Management House or Nominee Company	If a failure / fraud of a fund management house or nominee company occurs, then there will be a short term performance failure, time and cost implications and a potential loss of opportunity if at the wrong moment.				BSP-P&I-14 Failure of a Fund Management House or Nominee Company Actions	Ongoing review using governance structures described previously.		Julie Edwards		20-Feb-2020
BSP-P&I-15 Policy Compliance	If officers undertake fraudulent activity or do not follow policy decision or recommend inappropriate / radical policy decision then too great an exposure in certain areas will exist leading to greater volatility, break down of trust, policy decisions slowed, loss of opportunity and reputation damage.				BSP-P&I-15 Policy Compliance Actions	Effective scrutiny of officer activity by line management, Pension Fund Committee and audit		Julie Edwards		20-Feb-2020
BSP-P&I-17 Brunel Pension Partnership	Proposals to pool the Fund's assets in the Brunel Pension Partnership are currently being implemented. If the project is not managed and the transition is ineffective or excessive in cost, then the cost benefit ratio may not be achieved. If the guidance on pooling is not adhered to, then the Secretary of State may deem it necessary to intervene in the investment function of an administering authority.				BSP-P&I-17-01 Brunel Pension Partnership Actions	Project team, Shadow Oversight Board with representatives from the Pensions Committees, Client Operations Group with officer representatives and Finance and Legal Assurance Group established. Project plan regularly reviewed to help support workstreams and keep deliverables on track.		Julie Edwards	Brunel project implemented, now in transition phase.	20-Feb-2020

Internal Audit Testing

The audit of pension administration was undertaken as part of the 2019/20 Internal Audit plan, agreed by the audit board and approved by the Regulatory and Audit Committee. The objective of the audit is to provide an evaluation of, and an opinion on, the adequacy and effectiveness of the system of internal controls that are in place to manage and mitigate financial and non-financial risks of the system.

The table below summarises the conclusion reached by the internal audit on each of the areas tested.

Risk Areas	Area Conclusion
Policies, Procedures and Training	Substantial
Service Level Agreement with external customers	Reasonable
Opt in/out and Transfers	Reasonable
Employee and Employer Contributions	Substantial
Reconciliations	Substantial
Income from Customers	Substantial
Performance Monitoring	Substantial

The overall conclusion on the system of internal audit control being maintained was given the rating 'reasonable'.

The key below explains the overall conclusions of the internal auditors on each area above.

Rating	Definition	Rating reason
Substantial	There is a sound system of internal control designed to achieve objectives and minimise risk	The controls tested are being consistently applied and risks are being effectively managed. Actions are of an advisory nature in context of the systems, operating controls and management of risks. Some medium priority matters may also be present.
Reasonable	There is a good system of internal control in place which should ensure objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable	Generally good systems of internal controls are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed. Majority of actions are of medium priority, but some high priority actions may be present.
Partial	The system of internal control designed to achieve objectives is inadequate. There are an unacceptable number of weaknesses which have been identified and the level of non-compliance and/or weakness in the system of internal control puts the system objectives at risk	There is an inadequate level of internal controls in place and/or controls are not being operated effectively and consistently. Actions may include high and medium priority matters to be addressed.
Limited	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak, and this exposes the system objectives to an unacceptable level of risk	The internal control is generally weak/does not exist. Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Actions will include high priority matters to be actions. Some medium priority matters may also be present

Financial Performance Overview

Table 1: Three year forecast of income and expenditure

Fund Account	2019 /2020 Forecast £000	2019 /2020 Actual £000	2020 /2021 Forecast £000	2021 /2022 Forecast £000	2022 /2023 Forecast £000
Contributions	137,700	116,621	149,065	151,301	153,570
Transfers in	11,500	12,403	12,500	12,500	12,500
Other Income	120	152	120	120	120
Total Income	149,320	129,176	161,685	163,921	166,190
Benefits payable	(115,825)	(119,020)	(118,721)	(121,689)	(124,657)
Transfers out	(11,500)	(10,189)	(10,500)	(10,500)	(10,500)
Total Benefits	(127,325)	(129,209)	(129,221)	(132,189)	(135,157)
Surplus of Contributions over Benefits	21,875	(33)	32,464	31,732	31,033
Management Expenses	(16,481)	(16,474)	(16,721)	(16,972)	(17,227)
Total Income less Expenditure	5,394	(16,659)	15,743	14,760	13,807
Investment income	43,664	40,527	14,000	7000	
Taxes on income	(378)	(351)	(90)	(45)	
Change in market value of investments	129,727	(116,993)	120,000	120,000	120,000
Net return on investments	173,013	(76,817)	133,910	126,955	120,000
Net increase/(decrease) in the Fund	178,527	(93,324)	149,653	141,715	133,807

Table 2: Future assumed return

Future assumed returns	2019
Equities	6.70%
Gilts	1.70%
Bonds	2.60%
Absolute Return Fund	5.50%
Cash	0.30%
Property	6.10%

Table 3: Budget vs Outturn report on the management expenses to the Fund

	2018/2019 Forecast £000	2018/2019 Actual £000	2019/2020 Forecast £000	2019/2020 Actual £000
Administrative Costs				
Staffing costs	1,400	1,366	1,500	1,504
Transport	0	2	2	3
Supplies and Services	650	673	675	561
Support Services	140	144	150	144
Income	-6	-8	-8	-9
Subtotal	2,190	2,177	2,319	2,203
Investment Management Expenses				
Supplies and Services	14,500	13,501	13,704	13,538
Subtotal	14,500	13,501	13,704	13,538
Oversight and governance costs				
Staffing costs	180	187	220	242
Transport	2	2	2	2
Supplies and Services	350	354	450	473
Support Services	20	16	20	16
Subtotal	552	559	692	733
Total	17,236	16,237	16,371	16,474

Table 4: Net asset statement

Net Asset Statement	2019 /2020 Forecast £000	2019 /2020 Actual £000
Equities	617,306	37,689
Gilts	-	8,239
Bonds	442,834	413,475
Property	226,883	213,484
Pooled investment vehicles	1,788,918	2,160,297
Cash and Other	100,244	69,729
Net investment assets	3,176,186	2,902,913

Table 5: Movement in Assets and Liabilities

Movement in Assets & Liabilities	2019 /2020 Forecast	2019 /2020 Actual
Surplus of Contributions over Benefits	21,875	(185)
Management Expenses	(16,481)	(16,474)
Returns on Investments	173,133	(76,665)
Net increase in the net assets available for benefits during the year	178,527	(93,324)

Five-year analysis of pension overpayments, recoveries and any amounts written off

Year	Payments received for overpayments made £000	Total money recovered from monthly pension payments £000	Total overpayments recovered £000	Total overpayments written off £000	Total overpayments £000
2015/2016	75	10	85	4	89
2016/2017	59	142	201	9	210
2017/2018	36	165	201	7	208
2018/2019	236	17	253	8	261
2019/2020	36	20	56	6	62

Employee Contributions

Employee contributions are based on their actual pensionable pay. Since 1 April 2014 pensionable pay includes all overtime, both contractual and non-contractual. The pay bands shown below applied for the Scheme year ended 31 March 2020. Pay bands are adjusted on 1 April each year in line with any increase in the Consumer Price Index.

Band	Pay Bands: Actual Pensionable Pay	Contribution Rate Main Scheme	Contribution Rate 50/50 Scheme
1	Up to £14,400	5.5%	2.75%
2	£14,401 to £22,500	5.8%	2.9%
3	£22,501 to £36,500	6.5%	3.25%
4	£36,501 to £46,200	6.8%	3.4%
5	£46,201 to £64,600	8.5%	4.25%
6	£64,601 to £91,500	9.9%	4.95%
7	£91,501 to £107,700	10.5%	5.25%
8	£107,701 to £161,500	11.4%	5.7%
9	£161,501 or more	12.5%	6.25%

Total value of Employee contributions received **1 April 2019 to 31 March 2020 (£000): £32,034**

An analysis of amounts due to the Fund from Employers

Total value of Employer contributions received **1 April 2019 to 31 March 2020 (£000): £84,587**

Table 1: Analysis of the timeliness of receipt of contributions.

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Number of payments received	2388	2508	2704	2757	3039
Number of payments late	74	136	192	115	145
Percentage of payments received late	3.10%	5.42%	7.1%	4.17%	4.77%
Percentage of payments received on time	96.90%	94.58%	92.9%	95.83%	95.23%

Table 2: Age of overdue contributions 2019/2020

Length of overdue payments	Number
1-2 days late	41
3-10 days late	46
11-30 days late	32
1-2 months late	13
3-6 months late	8
6+ months	4
Total	144

In 2019/2020 the Fund did not exercise the option to levy interest on overdue contributions.

Average Employer and Employee contributions received 1 April 2019 - 31 March 2020

Employer	Employer's contribution	Average employee's contribution
Abbey View Primary Academy	22.8%	5.5%
Acorn Childcare	17.0%	5.7%
Action for Children	14.5%	6.3%
Action for Children (Children's Centres)	20.8%	6.4%
Adventure Learning Foundation (BC)	23.9%	6.5%
Alfriston School	22.8%	6.2%
Alliance in Partnership (Buckingham Park)	12.4%	5.5%
Ambassador Theatre Group	20.0%	6.5%
Amersham School	22.8%	5.9%
Amersham Town Council	23.5%	6.3%
Ashbrook School	20.0%	5.8%
Ashridge Security Management Ltd	23.0%	5.8%
Aspens Services Ltd	27.7%	5.4%
Aspire Schools	22.8%	6.5%
Aston Clinton Parish Council	25.1%	6.5%
Aylesbury College	21.7%	6.2%
Aylesbury Grammar School	22.8%	6.3%
Aylesbury High School	22.8%	6.1%
Aylesbury Town Council	22.3%	6.6%
Aylesbury Vale Academy	22.8%	5.9%
Aylesbury Vale District Council	14.4%	7.0%
Beacon Housing Association	0%	0%
Beaconsfield High School	22.8%	6.1%
Beaconsfield School, The	22.8%	6.2%
Beaconsfield Town Council	19.3%	6.3%
Bearbrook School	22.8%	5.7%
Bedgrove Infant School	23.5%	5.6%
Bedgrove Junior School (Academy)	22.8%	5.8%
Beechview Academy	22.8%	5.8%
Bletchley & Fenny Stratford TC	25.1%	7.2%
Bourne End Academy	22.8%	5.9%
Bourton Meadow Academy	22.8%	5.8%
Bradwell Parish Council	19.3%	5.6%
Bridge Academy	20.0%	6.1%
Brill CofE School	22.8%	5.5%
Brookmead Combined School	24.0%	5.8%
Brookswold School	20.2%	4.5%
Broughton & Milton Keynes Parish Council	19.3%	6.4%
Brushwood Junior School	22.5%	5.8%
Buckingham Town Council	25.1%	5.5%
Buckinghamshire Council	26.4%	6.5%
Buckinghamshire Music Trust	15.4%	6.9%
Buckinghamshire UTC	16.4%	6.4%
Bucks County Museum Trust	19.9%	6.3%
Bucks MK Fire Authority	15.5%	7.0%
Bucks New University	21.7%	6.9%

Bucks Strictly Education	26.4%	6.0%
Burnham Grammar School	22.8%	6.2%
Burnham Parish Council	25.1%	6.5%
Busy Bee Cleaning Services Ltd (WDC)	28.7%	5.5%
Campbell Park Parish Council	25.1%	6.6%
Capita (WDC)	21.0%	6.9%
Castlefield School	27.5%	6.0%
Caterlink Ltd (Buckingham Primary Sc)	26.2%	5.6%
Caterlink Ltd (Chiltern Hills Academy)	19.7%	5.5%
Chalfont St Giles Parish Council	25.1%	6.5%
Chalfont St Peter CofE Academy	22.8%	5.8%
Chalfont St Peter Parish Council	25.1%	6.5%
Chalfont Valley E-ACT Primary Academy	22.8%	5.8%
Chalfonts Community College	22.8%	6.3%
Charles Warren Academy	20.0%	5.7%
Chartwells Ltd (Oakgrove School)	20.2%	6.3%
Chepping View Primary Academy	22.8%	5.9%
Chepping Wycombe Parish Council	25.1%	6.1%
Chesham Bois CofE Combined School	22.8%	5.8%
Chesham Bois Parish Council	22.9%	5.8%
Chesham Grammar School	22.8%	6.3%
Chesham Town Council	25.1%	6.0%
Chestnuts Academy	20.0%	5.9%
Chiltern District Council	15.5%	6.9%
Chiltern Hills Academy	22.8%	6.0%
Chiltern Rangers CIC	17.7%	6.9%
Chiltern Way Academy	22.8%	6.3%
Chilterns Conservation Board	14.7%	7.1%
Christ the Sower Ecumenical Primary School	20.0%	5.8%
Cleantec Services	26.1%	5.5%
Cleantec Services (Oakgrove)	27.0%	5.3%
Coldharbour Parish Council	19.3%	6.6%
Connexions (Adviza)	15.1%	5.8%
Cottesloe School	22.3%	5.9%
C-Salt (Woughton Leisure Centre)	18.2%	5.9%
Cucina Restaurants Ltd (Denbigh Sch)	23.5%	1.2%
Cucina Restaurants Ltd (Walton High)	24.8%	5.5%
Danesfield School	20.8%	5.7%
Denbigh School	20.0%	6.0%
Denham Green E-ACT Primary Academy	22.8%	5.6%
Derwent Facilities Management Ltd	30.5%	6.0%
Dorney School	22.8%	5.7%
Dr Challoner's Grammar School	22.8%	6.2%
Dr Challoner's High School	22.8%	6.0%
E-ACT Burnham Park Academy	22.8%	6.2%
Eaton Mill Nursery	19.7%	7.0%
Elmhurst School	22.8%	5.8%
EMLC Academy Trust	20.0%	7.6%
Excelcare	30.0%	6.3%

Fairfields Primary School	20.0%	5.6%
Fremantle Trust, The	170.5%	6.6%
Fujitsu (TVP)	19.9%	6.5%
George Grenville Academy	22.8%	5.7%
Gerrards Cross CE School	22.8%	5.5%
Gerrards Cross Town Council	25.1%	6.9%
Glastonbury Thorn First School	18.9%	4.6%
Great Horwood CofE Combined School	22.8%	5.6%
Great Kimble CofE School	22.8%	5.5%
Great Kingshill CofE Combined School	22.8%	5.7%
Great Marlow School	22.8%	6.2%
Great Missenden CoE Combined School	22.8%	5.6%
Great Missenden Parish Council	20.7%	6.2%
Green Park School	18.5%	4.5%
Green Ridge Academy	22.8%	5.8%
Greenleys Junior School	20.0%	5.9%
Hambleton Parish Council	25.1%	5.7%
Hamilton Academy	22.8%	N/A
Hanslope Parish Council	19.3%	5.8%
Hayward Services (Downley School)	5.5%	5.5%
Hayward Services (John Colet School)	28.1%	5.5%
Hazeley Academy	20.0%	5.8%
Hazlemere Parish Council	24.5%	6.5%
Heritage Care	27.3%	6.0%
Heronsgate School	20.0%	5.8%
Heronshaw School	20.0%	5.7%
Highcrest Academy	22.8%	6.3%
Hightown Housing Association	44.4%	6.5%
Holmer Green Senior School	22.8%	6.2%
Holmwood School	20.0%	5.7%
Ickford Learning Trust - Ickford School	22.8%	5.6%
Innovate Ltd	16.6%	6.5%
Inspiring Futures Through Learning (MAT)	20.0%	7.1%
Iver Parish Council	25.1%	6.2%
Ivinghoe Parish Council	19.3%	5.5%
Ivingswood Academy	22.8%	5.6%
John Colet School	22.8%	6.0%
John Hampden Grammar School	22.8%	6.0%
Jubilee Wood Primary School	20.0%	5.8%
Kents Hill Park School	20.0%	6.0%
Kents Hill School	20.0%	5.7%
Khalsa Secondary Academy	22.8%	8.9%
Kids Play Childcare	17.8%	6.5%
Kingsbridge Educational Trust (MAT staff)	20.0%	7.7%
Kents Hill School	20.0%	5.7%
Khalsa Secondary Academy	22.8%	8.9%
Knowles Primary School	20.0%	5.7%
Lace Hill Academy	22.8%	5.8%
Lane End Parish Council	24.8%	6.5%

Lent Rise Combined School	22.8%	5.7%
Little Marlow Parish Council	25.1%	5.8%
Longwick CofE Combined School	22.8%	5.7%
Lord Grey Academy	20.0%	6.0%
Loudwater Combined School	24.3%	5.6%
Loughton & Great Holm Parish Council	25.1%	6.5%
Loughton School	20.0%	5.7%
Manpower Direct Ltd	0.0%	0.0%
Marlow Town Council	25.1%	6.4%
Mears Group plc	20.0%	6.9%
Mentmore Parish Council	19.3%	5.5%
Mercury Infrastructure Services Ltd	24.4%	4.4%
Middleton Primary School	20.0%	5.8%
Milton Keynes - Strictly Education	19.7%	5.8%
Milton Keynes Academy	20.0%	6.3%
Milton Keynes College	16.8%	6.4%
Milton Keynes Council	19.7%	6.8%
Milton Keynes Development Partnership (MKDP)	13.5%	9.5%
Milton Keynes Schools	19.7%	5.8%
Misbourne School, The	22.8%	6.1%
Monkston Primary Academy	20.0%	5.8%
Moorland Primary	20.0%	5.7%
National Foundation for Educational Research (NFER)	0.0%	0.0%
New Bradwell Parish Council	19.3%	5.7%
New Bradwell School (Academy)	20.0%	6.2%
New Chapter School	20.0%	5.9%
Newport Pagnell Town Council	25.1%	7.9%
Newton Longville Parish Council	19.3%	6.1%
NSL Wycombe	0.0%	N/A
Nurture Landscapes (MKC)	24.6%	6.5%
Oakgrove School	20.0%	5.9%
Olney Infant Academy	20.0%	5.6%
Olney Middle School (Academy)	20.0%	5.8%
Olney Town Council	24.4%	6.4%
Orchard Academy	20.0%	5.9%
Penn Parish Council	19.3%	5.8%
Piddington and Wheeler End Parish Council	25.1%	5.5%
Places for People Leisure (Newp TC)	23.1%	5.5%
Places for People Leisure (WDC)	21.2%	5.8%
Police and Crime Commissioner for Thames Valley	14.8%	7.2%
Police Superintendents' Association	14.8%	6.8%
Portfields Combined School	18.1%	4.5%
Premier Academy, The	20.0%	6.2%
Princes Risborough Primary School	22.8%	5.6%
Princes Risborough School	22.8%	6.0%
Princes Risborough Town Council	24.2%	6.3%
Radcliffe School	20.2%	6.3%
Red Kite Community Housing	23.5%	6.7%

Rickley Park Primary School	20.0%	5.8%
Ridge Crest Cleaning Ltd (Shenley Brook End School)	21.8%	5.5%
Ridge Crest Cleaning Ltd (Walton High)	26.4%	5.6%
Ringway Infrastructure Services Limited (MK)	22.0%	6.8%
Ringway Jacobs (Bucks)	20.0%	7.1%
RM Education	17.5%	6.8%
Royal Grammar School	22.8%	6.3%
Royal Latin School	22.8%	5.9%
Seer Green CE Combined School	22.8%	5.6%
SERCO (MKC Recreation & Maintenance)	17.7%	6.2%
SERCO MKC	17.7%	6.5%
Shenley Brook End & Tattenhoe Parish Council	24.0%	6.7%
Shenley Brook End School	20.0%	5.8%
Shenley Church End Parish Council	25.1%	6.2%
Shepherdswell Academy	20.0%	5.7%
Sir Henry Floyd Grammar School	22.8%	6.3%
Sir Herbert Leon Academy	20.0%	6.1%
Sir Thomas Fremantle Secondary School	22.8%	6.0%
Sir William Borlase's Grammar School	22.8%	6.1%
Sir William Ramsay School	22.8%	6.0%
South Bucks District Council	15.5%	7.0%
Southwood Middle School	17.7%	4.6%
Sports Leisure Management (SLM)	27.0%	5.8%
Spurgeons (CEASED 30.06.2019)	22.3%	6.8%
St John's CE Combined School	22.8%	5.4%
St Nicolas' CE Combined School Taplow	22.8%	5.7%
St Paul's Catholic School	19.4%	6.1%
Stanton School	17.9%	4.6%
Stantonbury Campus	20.0%	6.2%
Stantonbury Parish Council	25.1%	6.0%
Stephenson Academy	20.0%	6.2%
Stony Stratford Town Council	23.2%	6.4%
Taplow Parish Council	19.3%	5.8%
Thames Valley Police	15.1%	6.6%
Thomas Harding Junior School	22.8%	5.5%
Two Mile Ash School	20.0%	5.9%
Vale of Aylesbury Housing Trust	21.8%	7.5%
Waddesdon C of E School	22.8%	6.0%
Waddesdon Parish Council	19.3%	5.8%
Walton High	20.0%	6.4%
Water Hall Primary School	20.0%	5.9%
Waterside Combined School	22.8%	4.9%
Wendover Parish Council	25.1%	6.5%
West Bletchley Council	24.2%	6.9%
West Wycombe Parish Council	25.1%	5.5%
Weston Turville Parish Council	19.3%	5.4%
Whitehouse Primary School	20.0%	5.9%
Winslow Town Council	25.1%	6.2%
Woburn Sands Town Council	25.1%	6.5%

Wolverton and Greenleys Town Council	24.5%	6.0%
Wolverton and Watling Way Pools Trust	12.0%	8.5%
Wooburn and Bourne End Parish Council	25.1%	6.5%
Wooburn Green Primary School (The Meadows School)	22.8%	5.7%
Woodside Junior School	22.8%	5.7%
Woughton Community Council	20.6%	6.5%
Wycombe District Council	15.7%	7.1%
Wycombe Heritage & Arts Trust	14.8%	6.6%
Wycombe High School	22.8%	6.5%

Investment Policy and Performance Report

The planned asset allocation and actual asset allocation at the beginning and end of the 2019/2020 financial year are shown in the table below.

A strategic review of asset allocation, in February 2020, showed that the overall risk factor (standard deviation) for the Fund is 12/8%. The next strategic review of asset allocation is due in 2022 following the outcome of the triennial valuation. Interim strategy reviews can be taken if required.

Table 1: Asset Allocation 2019/2020

	Planned % 31 March 2019	Actual % 31 March 2019	Planned % 31 March 2020	Actual % 31 March 2020
Overseas Equities	49	49	49	47
Bonds	25	27	25	28
Alternatives	18	15	18	15
Property	8	7	8	8
Cash	0	2	0	2
Total	100	100	100	100

The Fund's Investment Strategy Statement sets out the principles that will guide the Committee when making decisions about the investment of the Fund's assets.

Investment Administration

The Fund's assets are managed by external fund managers. The Fund's equities and bonds within segregated mandates are held by our global custodian, State Street. The Funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS).

In the year to 31 March 2020 the annual return was -3.6% compared to its benchmark return of -2.8%, an underperformance of 0.8%. La Salle outperformed for the year to 31 March. Blackrock, Blackstone and Royal London underperformed. Legal & General's performance in accordance with its passive mandate matched the benchmark. During the year, 14% of global equity investments were transitioned to Brunel's global high alpha developed equity portfolio. 4% was transitioned from passive emerging market equity to Brunel's active emerging market equity. A further 4% of the Fund's assets, previously held in UK equities, were transitioned to Brunel's low volatility equity portfolio.

In the three years to 31 March, the Fund achieved a return of 1.8%, an annual underperformance of 0.4% compared to its 2.2% benchmark for that period. Over the three years Blackrock and RLAM have outperformed their benchmarks.

Legal & General, in accordance with their passive tracker mandate matched the benchmark. La Salle also matched their benchmark. Blackstone underperformed their benchmark for the three-year period.

Table 2: Investments' Annual and Three-Year Performance

Assets Category	Annual Performance				Three-Year Performance			
	Opening Value £m	Closing Value £m	Net Perform ance %	Bench mark %	Net Relative Return %	Net Perform ance %	Bench mark %	Net Relative Return %
Asset Pool Managed Investments								
Emerging Market Equity		123	-	-	-	-	-	-
Low Volatility Global Equity		111	-	-	-	-	-	-
Global High Alpha Equity		402	-	-	-	-	-	-
Active Listed Equity	0	636						
Passive Listed Equity	767	726	-5.4	-5.4	0.0	-	-	-
Unlisted Equity	6	11	-	-	-	-	-	-
Infrastructure	2	14	-	-	-	-	-	-
Total Asset Pool	775	1,387						
Non-Asset Pool Managed Investments								
Aberdeen Standard – UK Equity High Alpha	122	0	-	-	-	-	-	-
Investec – Active Listed Global Equity	259	0	-	-	-	-	-	-
Schroders – Active Listed Global Equity	220	0	-	-	-	-	-	-
RLAM – Core Plus Active Bonds	465	470	1.1	1.7	-0.6	2.6	2.2	0.4
LGIM – Passive Equities	88	0	-	-	-	-	-	-
LGIM – Passive Listed Corporate Bonds	130	132	1.2	1.2	0.0	-	-	-
LGIM – Passive Listed Index-Linked Bonds	226	231	2.2	2.2	0.0	-	-	-
La Salle - Property Multimanager	221	223	0.9	0.0	0.9	4.8	4.8	0.0
Pantheon - Unlisted Equity	119	107	-	-	-	-	-	-
Partners - Unlisted Equity	25	21	-	-	-	-	-	-
Cash	54	49	-	-	-	-	-	-
Blackrock – Dynamic Diversified Growth Fund	139	135	-2.7	0.8	-3.5	1.4	0.7	0.7
Blackstone – Offshore Sterling Hedge Fund	156	147	-6.0	0.8	-6.8	-0.1	0.7	-0.8
Total Non-Asset Pool	2,224	1,515						
Total Fund	2,999	2,902	-3.6	-2.8	-0.8	1.8	2.2	-0.4

The performance of the Fund's private equity investments has been excluded from the combined performance monitoring summary. This is common practice for many LGPS Funds due to the problematic nature of calculating private equity returns on a quarter-by-quarter basis, the issue of which reference benchmark to put in place and the valuations are quarterly in arrears and adjusted for cash contributions/distributions made during the quarter. Due to the long-term nature of these investments, where there is underperformance the Committee would not be able to terminate the contracts with these managers if

they were to underperform. The Committee are monitoring the portfolio based on the investment manager reports for Pantheon and Partners Group.

The table below shows the Fund's investment performance over historical periods to 31 March 2020 compared to the Fund's investment benchmark.

Table 3: Investment Performance

	1 year %	3 years %	5 years %
Buckinghamshire Pension Fund	-3.6	1.8	4.7
Strategic Benchmark	-2.8	2.2	4.9
Relative	-0.8	-0.4	-0.2

The Local Government Pension Scheme (LGPS) Code of Transparency

The LGPS Scheme Advisory Board in England and Wales launched a Code of Transparency in May 2017, publishing a cost template that would allow pension funds to gather cost information for listed investment assets in a consistent manner. Since then, the Financial Conduct Authority has set up a new organisation, The Cost Transparency Initiative, to take forward the work of standardising cost disclosure across the investment industry. The Fund is a strong supporter of the work carried out to date on cost transparency and has encouraged all of its investment managers to sign up to the LGPS Code of Transparency. The Fund has engaged with managers of the Direct Investment Portfolio to encourage them to complete the cost template relevant to their asset class.

Scheme Administration

How the Service is Delivered

Buckinghamshire Council's Pensions and Investments Team administer the Local Government Pension Scheme on Behalf of the Buckinghamshire Pension Fund. This includes pensioner administration and running its own in-house pensioner payroll. Our contact details are given at the end of the report.

Arrangements for gathering assurance of effective and efficient administration operations

- The Pensions and Investments Team report on year-end administration performance and complaints under the Internal Disputes Resolution Procedure to the Buckinghamshire Pension Board.
- The team are internally audited on an annual basis. The internal audit reports include an action tracker which details outstanding issues.
- Updates to outstanding BPF internal audit actions are reviewed at the Council's Regulatory and Audit Committee meetings. The Regulatory and Audit Committee consists of eight elected members who meet to consider matters relating to the Council's constitution, accounts, risk management and governance arrangements.

Key areas of Technology

Altair - The Fund's records and administration system are computerised. *Altair* enables us to store our members' paperwork electronically by scanning all correspondence to the individual's record. All work is recorded and monitored on our workflow system from which performance monitoring statistics are produced.

My Pension Online - Our member self-service facility; 'my pension online', allows scheme members to access their pension records via a secure web portal at <https://ms.buckinghamshire.gov.uk>. 'my pension online' allows users to update their address details, produce pension quotes, submit documents and access their annual benefit statements and other Fund documentation. By default, all members have an online pension account, but registration is not automatic. Members need to set up a secure username and password to complete the process. They can choose to opt out of having an online account. If registered, all documentation is published to their account including Annual Benefit Statements and retirement forms. The member receives a notification email advising them when a new document has been published.

As at 31 March 2020 a total of 27.41% of all active, deferred and pensioner members had registered for 'my pension online'. The table below shows the distribution of registration against the total membership of these categories for 2019/2020. The Fund's aim is to continue increasing membership of 'my pension online' in order to provide a more efficient service to members and achieve further digital efficiency of administrative processes. Please note: These figures do not include frozen refunds, undecided leavers and records of dependant members.

	Total membership	Total registered	Percentage of total membership registered (rounded to 00%)
Actives	24,489	8,292	33.86%
Deferred	29,936	6,317	21.10%
Pensioners	17,920	5,223	29.15%
Total	72,345	19,832	27.41% (average total)

i-Connect - i-Connect is a real-time monthly reporting solution for employers, that streamlines data transfer to the Fund by reducing the cost and risks associated with manually processing pension data. i-Connect assists employers in their statutory duties by reducing the risk of data protection breaches, helping to identify data mismatches early, improving the reliability of valuations, reducing cost and complexity in scheme data submissions and ensuring they meet their duties in supplying data according to auto-enrolment requirements. By 31 March 2020, a total of 82 employers had been onboarded to i-Connect.

Key information sources for members

- The Fund maintains its own website which is available to scheme members, Scheme employers, prospective members and all other stakeholders. The Fund's website address is: www.buckinghamshire.gov.uk/your-council/local-government-pension-scheme/
- The website content is comprehensive and includes links to the national LGPS member website at www.lgpsmember.org. Our website address is provided on all our communication material.
- Scheme members and employers can contact our team by telephone, email or via a form on their 'my pension online' account. Our Pensions Helpline is staffed 9am to 5:30pm Monday to Thursday and 9am to 5pm on Fridays. Employers are provided with the contact details of their dedicated Employer Liaison Officer or can contact the Employer Liaison Team mailbox by emailing employers@buckinghamshire.gov.uk. The national LGPS Regulations and Guidance website at www.lgpsregs.org also provides guidance for scheme members, employers and administrators.
- Scheme members are provided with a link to the Fund's LGPS documentation, which is inserted into all contracts of employment by their employer. The link is www.buckscc.gov.uk/lgpsguidesandforms.
- Scheme members can make an appointment with a Pensions Officer at one of our fortnightly member surgeries. These are held at our Walton Street offices in Aylesbury on a pre-booked appointment basis.

Arrangements for ensuring accuracy:

- System checks and testing procedures are undertaken by the Systems Team.
- Checking procedures within the Benefit Administration Team ensure calculations are accurate before being provided to Scheme members.
- Year-end data cleansing and data validation is undertaken monthly/annually by the Employer Liaison Team.
- Financial reconciliation data checks take place on a monthly and annual basis by the Treasury Team.

Arrangements for ensuring data protection and confidentiality:

- The Fund's summary and full privacy notices, as well as our memorandum of understanding are available from: <https://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/general-data-protection-regulation/>
- Callers to our Pensions Helpline are asked a number of security questions before we share data with them.
- Due to the corporate use of strong end-to-end encryption and anti-spoofing technology, Buckinghamshire Council have passed the government's whitelist assessment. We can securely email any other organisation on the government whitelist, as well as those with an email address ending 'gov.uk' as end-to-end encryption ensures the message is secure in transit.
- For those organisations not on the whitelist, or do not have a 'gov.uk' email, we are able to send and receive emails containing personal data securely via the Egress Switch encrypted email service.

Under the terms of our licence, once registered, employers and Scheme members are able to correspond with us, or any other person holding a full Egress Switch licence, without charge.

- If employers are not able to use Egress Switch, they are required to password protect all correspondence containing personal data.
- All member correspondence which includes sensitive data is sent via Egress, and where they have a 'my pension online' account, it is published there, and the member must login to access the document.
- If a deferred or pensioner member wishes to change their address following a period where contact details are not held, we request date of birth verification and a proof of address document.

The Pensions Advisory Service (TPAS)

TPAS provides independent and impartial information about pensions, free of charge, to members of the public. TPAS is available to assist members and beneficiaries of the Scheme with any pension query they have or any general requests for information or guidance concerning their pension benefits. TPAS can be contacted:

In writing: Money and Pension Services, 120 Holborn, London, EC1N 2TD

By telephone: 0800 011 3797

Website: www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman (TPO)

TPO deals only with pension complaints. It can help if members have a complaint or dispute about the administration and/or management of personal and occupational pension schemes. TPO can be contacted:

In writing: 10 South Colonnade, Canary Wharf, E14 4PU

By telephone: 0800 917 4487

Website: www.pensions-ombudsman.org.uk

Value for money statement

The Fund's total membership increased from 77,678 in 2018/2019 to 80,774 in 2019/2020, an increase of 3.99%. The total cost per member decreased from £28.03 in 2018/2019 to £27.18 in 2019/2020, a decrease of 3.03% per member.

On 1 April 2019, there were 3,485 administration workflow cases open. During 2019/2020, a further 36,929 administration cases were received. In total, 34,933 cases were completed throughout the year, with 5,481 cases outstanding as at 31 March 2020.

Our corporate Key Performance Indicator is to complete 90% of daily workflow procedures for high priority areas. These include retirements, deaths, refunds and annual allowance calculations. For each quarter in 2019/2020 the following completion rates were achieved:

Quarter 1	96%
Quarter 2	98%
Quarter 3	94%
Quarter 4	98%

Summary of Key Projects Undertaken by Administration Team 2019/2020

In 2019/2020 the pension administration team undertook the following projects:

Restructure – a review of the Pensions & Investment Team took place during 2018/2019, the results of which were implemented in April 2019. The review increased the full-time equivalent staffing headcount by 5.7 across the Team as a whole. The administration sub-teams' allocation was 4.7 of the additional roles created.

Employer risk analysis – an in-depth analysis of the Fund's Scheme employers was undertaken in order to manage and mitigate risk to the Fund. The Fund's actuary, Barnett Waddingham provided a report using financial and non-financial data from Dun & Bradstreet, identifying guarantees that are in place and combining this with each Scheme employer's share of the overall deficit. Scheme employers deemed high risk were highlighted and a funding approach agreed.

i-Connect - an automated data exchange solution, designed to assist Scheme employers in meeting their obligations under pensions legislation, whilst minimising the effort required from their payroll team. 26 Scheme employers were on-boarded onto the i-Connect system during 2019/2020 with a further 29 Scheme employers testing data files in preparation for on-boarding.

GMP reconciliation –the Fund appointed ITM to assist with reconciling Guaranteed Minimum Pension values for which the Fund is liable. In April 2019, 55,892 scheme member records were reconciled. By 31 March 2020, 59,025 scheme member records were reconciled, an increase of 5.6%.

Data quality – an annual review was undertaken of the data quality report and a detailed Data Improvement Plan of Action was developed to support the continuous improvement of our TPR common data and scheme specific data scores. The pension administration team worked through areas which required improvement and increased the common data score by 2% to 93% compared to the previous year and increased the scheme specific data score by 9.1% to 95.1% compared to the previous year.

Key Performance Data

Table 1: Case completion totals

Process	Cases total	Total Cases complete	Percentage	Fund KPI target (Working days)	Percentage completed within fund KPI target
Retirements (actual)	3416	2862	84%	10	89%
Retirement (Estimates)	1556	1500	96%	10	94%
Deaths (initial notification)	628	628	100%	1	100%
Deaths (actual)	733	657	90%	10	72%
Leavers	3328	2380	72%	10	87%
Refund (actual)	840	827	98%	10	98%
Refund (estimates)	2109	1820	86%	10	96%
Divorce (actual)*	7	3	43%	10	43%
Divorce (estimates)	208	205	99%	10	98%

Data Notes

The Legal requirement regarding the turnaround for the processing of the above administrative practices is **2 months**. 'Cases total' includes those outstanding at 31/3/2019 from the preceding year and those set up. 'Total complete cases' represents those of the 'Cases total' finished between 1/4/2019 - 31/3/2020.

*Actual divorce cases commence when a Pension Sharing Order (PSO) is received. However, the PSO cannot be legally carried out by the Administering Authority until a Decree Absolute is issued by the Court which can cause considerable delay.

Methodology

The figures above are extracted from the pensions administration system (Altair). During the year 2019/2020 there were significant changes made to task workflow practices, and there have also been further changes made to reporting practices on 1 April 2020. Therefore, we are unable to obtain a full suite of reporting against monthly workflow targets. This will be available in the 2020/2021 annual report.

Staffing indicators

Table 2: LGPS administrative staff

Staffing (Full Time Equivalent)	As at 31 March 2018	As at 31 March 2019	As at 31 March 2020
Benefit Administration	23.2	21	23.6
Employer Liaison	7	7.2	7.6
IT/Systems	3	4	6
Pensioner Payroll	3	3	3
Subtotal	36.2	35.2	40.2
Non-LGPS admin. staff	2.5	2.5	0.9
Temporary agency staff	1	0	0
Total staff (FTE)*	39.7	37.7	41.1

*Part time staff reflected in decimals. Figures recorded for 2018 and 2019 are based on actual number of staff employed in posts rather than posts available. Earlier figures will be revised on table 2 and table 3 according to this new measure in future reports.

Table 3: Staff : fund members ratio (based on total LGPS administration staff)

Membership type	As at 31 March 2018	As at 31 March 2019	As at 31 March 2020
Active	1 : 606	1 : 624	1:596
Deferred	1 : 813	1 : 905	1:728
Pensioner	1 : 467	1 : 515	1:494
Total	1: 1886	1 : 2060	1:1818

Table 4: Caseload analysis for 2019/2020

Cases outstanding at beginning of year	3,485
New cases during year	36,929
Cases completed during year	34,933
Cases outstanding at end of year	5,481
Average no. of workflow cases per FTE member of staff	940

Table 5: Satisfaction levels of Employers

We hosted three employer training events in 2019/2020 to which all our employers were invited. The total number of employers that attended training in 2019/2020 was 47. The combined total feedback received from the training events are shown below in percentages rounded to the nearest 0.0%

	Relevance of training	Pace of training	Presenter's knowledge	Training material
1-Very Poor	0	0	0	0
2- Poor	0	0	0	0
3-Acceptable	5.3%	23.7%	0	7.9%
4-Good	39.5%	34.2%	26.3%	39.5%
5- Excellent	55.3%	44.8%	73.7%	52.6%

Table 6: Satisfaction level of members

Previous efforts to assess member satisfaction through annual surveys has historically resulted in low participation levels. We recognise this may be because the majority of members may not have experienced a trigger event (transfer/retirement) to bring them into direct contact with our service. Therefore, in order to gather member satisfaction levels, a more targeted approach was employed. A sample of 42 recently retired members were surveyed on certain aspects of the service they received. The results of the survey are shown below. The members were asked to rank their experiences from 1-5 under the scale below:

- 1- Very poor
- 2- Slightly poor
- 3- Neutral
- 4- Good
- 5- Excellent
- NA- Did not apply

Experience	NA	1	2	3	4	5
Ease of use of retirement forms			4	6	19	13
Helpfulness of staff*	10			2	6	24
Length of process			1	2	12	27

*Of the 42 members, 32 contacted the team directly about their pension. 72% of those members gave an 'excellent' rating for helpfulness.

Internal Dispute Resolution Procedure (IDRP) Report

The Local Government Pension Scheme (LGPS) operates a two-stage dispute procedure under Regulations 72 to 79 of the Local Government Pension Scheme Regulations 2013.

Within the first stage of this procedure, the complaint will be considered by a person nominated by the body that took the decision the member wishes to complain against. Each employer is asked to nominate a 'specified person' and any complaints against the Scheme employer will be directed to them. Where the complaint is against the administering authority, these complaints will be addressed by the specified person within the administering authority.

If the member is not satisfied with the stage 1 decision, they have not received a decision or an interim letter more than 3 months after the date the initial complaint is lodged, or it is more than 1 month from the date they were informed a decision would be made, they can progress their complaint to stage 2. At this stage, the Administering Authority can take a fresh look at the complaint, which would be undertaken by a person not involved in the first stage decision. Where the stage 1 complaint was against the Scheme employer, the specified person within the Administering Authority or the Fund's legal advisor will undertake the stage 2 review. Where the stage 1 complaint was against the administering authority, the Fund's legal advisor is responsible for the review.

If members are still dissatisfied following stage 1 and stage 2, they can take their case to The Pensions Ombudsman within 3 years of the original decision being made.

Table 7: Details of IDRP cases 2019/2020

Area of complaint	Authority	Stage and Case description	Date of decision	Decision
AVC	Admin Authority	Stage 1 - Member appealed decision not to award compensation for financial loss due to delay in payment of AVC fund	Aug-19	Declined
Death Benefits	Admin Authority	Stage 1 - Appeal against the award of a co-habiting partners pension.	Aug-19	Upheld
Retirement Benefits	Admin Authority	Stage 1 - Appeal against not having the option to trivially commute pension benefit	Oct-19	Declined
Ill Health	Scheme employer	Stage 1 - Appeal against decision by previous employer to not agree to the release of deferred benefit on grounds of ill health	Dec-19	In progress

Table 8: Exercise of Employer discretions in 2019/2020

Scheme employers participating in the LGPS in England and Wales must formulate, publish and keep under review a statement of policy on all mandatory discretions (or where the discretion is non-mandatory, are recommended to), which they have the power to exercise in relation to members of the CARE Scheme and earlier schemes.

The six specific mandatory discretions stipulated in the LGPS regulations are:

1. Whether to waive upon the voluntary early payment of benefits, any actuarial reduction on compassionate grounds or otherwise
2. Whether, as the 85-year rule does not (other than on flexible retirement) automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60, to switch the 85-year rule back on in full for such members
3. Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of the Scheme employer, reduce their working hours or grade.
4. Whether to waive all, or part of any actuarial reductions for members retiring before Normal Pension Age at full cost to the Scheme employer.
5. Whether, where an active member wishes to purchase extra annual pension of up to £7,194 (figure at 1 April 2019) by making additional pension contributions (APCs), to voluntarily contribute towards the cost of purchasing that extra pension via a shared cost additional pension contribution (SCAPC)
6. Whether, at full cost to the Scheme employer, to grant extra annual pension of up to £7,194 (figure at 1 April 2019) to an active member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency

The following table summarises how the above discretions have been exercised for employer consent retirements in 2019/2020. The numbers in boxes correspond to the above discretions.

Employer discretion	Number
Early retirement with Employer's consent	0
Flexible retirement	33
Redundancy retirement	90
Contribute to shared cost APC	0
Grant additional pension	0
Waive any actuarial reductions	0

Table 9: Five-year analysis of the Fund's membership data

Composition of Membership	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Active	24,552	22,754	24,042	24,141	24,489
Deferred	24,362	26,699	27,313	28,991	29,936
Pensioner	14,573	15,420	16,297	17,117	17,920
Dependant	2,155	2,146	2,251	2,294	2,370
Frozen Refund status	2,404	2,852	3,381	3,877	4,330
Undecided Leaver	236	1,317	1,593	1,258	1,729
Total	68,282	71,188	74,877	77,678	80,774

Table 10: Five-year analysis of retirement type for new pensioners.

Type of retirement	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Early retirement	805	878	910	853	815
Normal retirement	67	81	93	78	187
Late retirement	141	137	152	134	91
Ill health retirement	28	24	24	24	25
Total	1,041	1,120	1,179	1,089	1,118

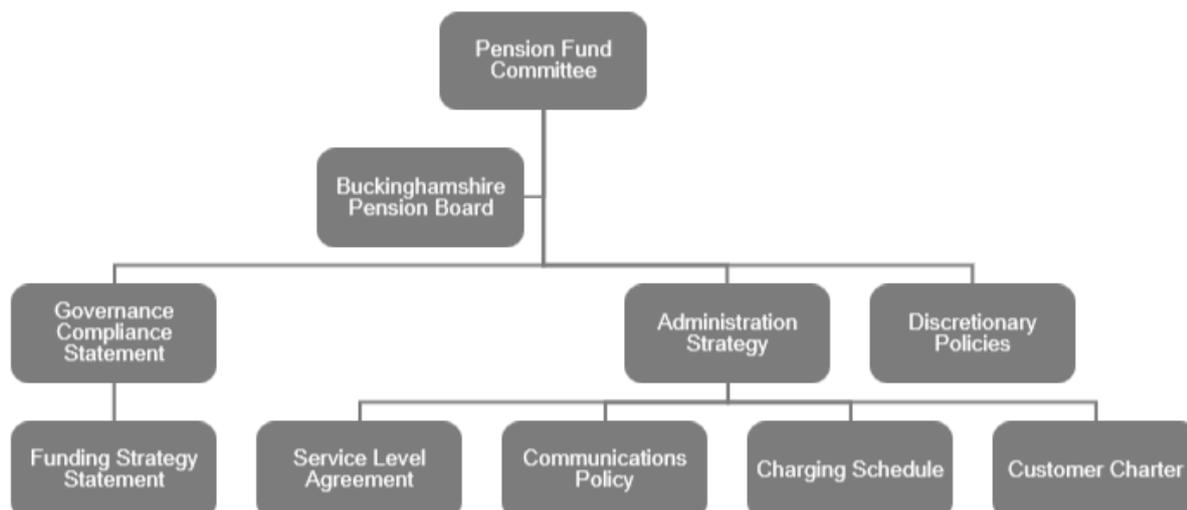
Table 11: Summary of the number of employers in the Fund as at 31 March 2020

	Active	Ceased	Total
Scheduled Body	201	54	255
Admitted Body	58	77	135
Total	259	131	390

Governance Statements

The Local Government Pension Scheme (England and Wales) Regulations provide the statutory framework within which LGPS administering authorities are required to publish governance policy and governance compliance statements.

The Pension Administration Strategy and Charging Schedule establish levels of performance for both the Administering Authority and Scheme employers, detailing actions to be taken if targets are not met. The following diagram demonstrates the relationship between the statutory requirements of the Buckinghamshire Pension Fund and its associated policies:



The BC Pension Fund Governance Statements and Pension Administration Strategy are available for download at <http://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/policies/>

Governance Compliance Statement

Introduction

This is the governance compliance statement which sets out the Council's arrangements (in its capacity as Administering Authority of the Buckinghamshire Pension Fund), for discharging its responsibilities in accordance with the Local Government Pension Scheme (LGPS) Regulations 2013.

Regulation 55 of the LGPS Regulations 2013 requires an Administering Authority to prepare and publish a governance compliance statement. It should cover whether the Administering Authority delegates its functions in relation to the pension fund to a committee, a sub-committee or an officer of the council; and where this is the case, details of:

- the terms, structure and operational procedures of the delegation
- the frequency of any committee or sub-committee meetings
- whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;
- the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and
- details of the terms, structure and operational procedures relating to the local pension board.

Pension Fund Committee

Governance Arrangements

Under the terms of the Council's Constitution, the functions of the Council as Administering Authority of the Pension Fund are delegated to the Pension Fund Committee and are excluded from the delegation of authority to the Cabinet and other Committees.

The Pension Fund Committee consults within their advisory framework and with the Head of Projects & Pensions before making decisions within the scope of their delegated powers. The Committee receives professional advice from an investment consultant and an independent adviser on investment strategy and other investment matters.

The Pension Fund Committee are responsible for administering, investing and managing the Fund. The Terms of Reference for the Pension Fund Committee are to agree:

- the overall investment objective for the Fund;
- the Fund's Investment Strategy Statement;
- the Fund's asset allocation policy;
- the appointment of firms to provide investment and actuarial advice to the Fund; and,
- any other matters relating to the management and investment of the Pension Fund, as requested.

Terms of reference are available on the Council's website at:

<https://www.buckscc.gov.uk/media/4510769/council-constitution.pdf>

The Chairman reports annually to the Cabinet and the Council on the discharge of the Committee's delegated responsibility and the performance of the Fund.

The Pension Fund Committee meets five times a year. At four of the meetings the Committee receives a report on the investment performance of the Fund in the quarter, the Fund's longer-term performance. Its members act in a quasi-trustee capacity and consequently, no substitutions are permitted.

The membership of the Pension Fund Committee is:

- Seven elected members from Buckinghamshire Council
- One elected member from Milton Keynes Council
- One elected Police and Crime Commissioner (PCC) or Deputy PCC member from Thames Valley Police

Functions and Responsibilities

The Pension Fund Committee approves the Pension Fund's Funding Strategy, the Investment Strategy Statement, the Governance Compliance Statement, Pension Administration Strategy, and the Communications Policy. Other key responsibilities of the Committee include:

- Policy approval
- Appointing Advisers and monitoring Fund performance
- Monitoring Scheme Governance

The Funding Strategy sets out the aims and purpose of the Fund and the responsibilities of the Administering Authority as regards funding the scheme. Regulation 7 of The Local Government Pension

Scheme (Management and Investment of Funds) Regulations 2016 requires an authority to formulate, publish and maintain an Investment Strategy Statement.

The Investment Strategy Statement required by Regulation 7 must include: -

- a requirement to invest money in a wide variety of investments
- the authority's assessment of the suitability of particular investments and types of investments;
- the authority's approach to risk, including the ways in which risks are to be measured and managed;
- the authority's approach to pooling investments, including the use of collective investment vehicles and shared services;
- the authority's policy on how social, environmental or corporate governance considerations are considered in the selection, non-selection, retention and realisation of investments; and
- the authority's policy on the exercise of rights (including voting rights) attaching to investments.

The Investment Strategy Statement must also set out the maximum percentage of the total value of all investments of fund money that it will invest in particular investments or classes of investment. The Communications Policy details the overall strategy for involving stakeholders in the Pension Fund. The Pension Fund also has a Breaches of Law Policy. Additionally, an Administration Authority directions document has been developed stating those discretions found within the scheme that it has adopted. All documentation is published at: www.buckscc.gov.uk/pensions

The Pension Administration Strategy is an important tool in managing and improving the administrative performance of the Fund. It formally sets out the requirements of both Buckinghamshire Council as the Administering Authority and participating employers/third party payroll providers in the Fund in a single document within one framework. A formal review is undertaken every three years.

Local Pension Board

Governance Arrangements

The purpose of the Local Pension Board is to assist the Administering Authority in its role as a scheme manager of the Scheme. This covers all aspects of governance and administration of the LGPS, including funding and investments. Such assistance is to secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme and any requirements imposed by the Pensions Regulator in relation to the Scheme. The Board must also ensure the effective and efficient governance and administration of the Scheme and help the administering authority, including undertaking work requested by the administering authority.

The Local Pension Board meet four times a year. Substitutions are not permitted.

The membership of the Local Pension Board is:

- Four Scheme employer representatives
- Four Scheme member representatives

Details of the Local Pension Board's membership, Terms of Reference, Code of Conduct Policy, Conflicts Policy and Knowledge and Understanding Framework are available on the Council's website at:

<https://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/buckinghamshire-pension-board/>

Stakeholder Engagement

A triennial meeting of the Pension Fund, called the 'Pensions General Meeting', is held in December in the year of the Fund valuation (the year prior to when the revised contribution rates from the valuation are due to come into effect), to which all employer representatives and scheme members are welcome. The purpose of the meeting is to report on investment performance and current issues of concern to the Fund stakeholders.

Mechanisms used to involve stakeholders include:

- Communication with Scheme employers
- Dedicated Employer Liaison Officers and LGPS Technical Officer
- Training Events
- Meetings with the Actuary and the Auditors
- Meetings with Advisors
- Meetings with Brunel Pension Partnership
- Buckinghamshire Finance Officers meetings
- The annual report for the Pension Fund
- Scheme member newsletters/updates

Review and Compliance with Best Practice

This statement will be kept under review and will be revised and published annually or following any material change in the Governance Policy Statement of the Pension Fund.

The Pension Fund is regularly audited, and no material findings have arisen from either our internal or external auditors.

The Council recognises the importance of ensuring that all staff and members charged with the financial administration and decision-making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

It therefore seeks to utilise individuals who are both capable and experienced and it will provide/arrange training for staff and members of the pension fund's decision-making bodies to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

The Regulations require a statement as to the extent to which the governance arrangements comply with guidance issued by the Secretary of State. This statement is confirming that all the above-mentioned mechanisms are in place and are effective and embedded. Any breach will be reported to the Chairman of the Pension Fund Committee. A summary of our compliance with recommended good practice is outlined below.

Responsible Officer: Claire Lewis-Smith, Pensions Administration Manager

Good Practice Requirement Structure	Met/Not Met	Evidence
1.Structure		
The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.	Met	Pension Fund Committee (PFC) Terms of Reference
That representatives of LGPS Scheme employers and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Met	PFC Terms of Reference and Buckinghamshire Pension Fund (BPB) Terms of Reference
That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Met	PFC meets five times per year and BPB meets four times per year. BPB minutes are on the PFC agenda and vice-versa
2.Representation		
That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: - i) Scheme employers (including non-local government employers, e.g. admitted bodies); ii) Scheme members (including deferred and pensioner scheme members), iii) Independent professional observers, and iv) Expert advisors (on an ad-hoc basis).	Met	Key stakeholders on PFC or BPB as per Terms of Reference i) PFC and BPB ii) BPB iii) PFC and BPB iv) PFC and BPB
That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.	Met	All PFC members and advisers get all papers except where it concerns them. BPB members are provided with relevant training as required under The Pensions Regulator's Code of Practice 14.
3.Selection and role of lay members		
That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	Met	This is set out in the Committee's terms of reference.
4.Voting		

<p>The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.</p>	<p>Met</p>	<p>Voting rights are not specifically noted in the PFC Terms of Reference. However, under section 4 (Membership) there are 9 members and under section 4.5 it is noted that members have Quasi-Trustee status and therefore no substitutions are permitted. Section 4.6 confirms the Quorum is 4 members. BPB has 4 employer representatives and 4 scheme member representatives. The Terms of Reference confirms the Quorum is 4 Board members, comprising of at least 2 employer and 2 scheme member representatives. Substitutions are not permitted.</p>
<p>5. Training/facility time/expenses</p>		
<p>That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.</p>	<p>Met</p>	<p>Training for PFC members is undertaken annually as detailed by the PFC training plan. This organisation has adopted the key recommendations of the <i>Code of Practice on Public Sector Pensions Finance Knowledge and Skills</i>. Reimbursement of Expenses is defined in BC constitution.</p> <p>Training for BPB members is undertaken in accordance with The Pensions Regulator’s Code of Practice 14.</p>
<p>That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.</p>	<p>Met</p>	<p>Reimbursement of expenses is defined in BC Constitution.</p>
<p>6.Meetings (frequency/quorum)</p>		
<p>That an administering authority’s main committee or committees meet at least quarterly.</p>	<p>Met</p>	<p>PFC Terms of Reference.</p>
<p>That an administering authority’s secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.</p>	<p>Met</p>	<p>BPB Terms of Reference.</p>

7.Access		
That subject to any rules in the council constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Met	Confirmed that this applies by Member Services.
8.Scope		
That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Met	PFC forward plan requires Senior Pension officers to attend meetings to discuss and raise issues outside the usual scope of Pension Fund Investment.
9.Publicity		
That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Met	All non-confidential agendas, papers and minutes are on Buckinghamshire Council's external website. There is a separate policies section on the website where all governance policies are available.

The Pension Fund Committee

The membership of the Pension Fund Committee throughout 2019/2020 is detailed below:

Cllr John Chilver	Chairman
Cllr David Martin	Vice-Chairman
Cllr Arif Hussain	To 30 June 2019
Cllr Ralph Bagge	From 1 July 2019
Cllr Timothy Butcher	
Cllr Clive Harriss	
Cllr Niknam Hussain	
Cllr John Gladwin	District Councils
Cllr Norman Miles	Milton Keynes Council
Cllr Matthew Barber	Thames Valley Police

PFC Meeting attendance Matrix 2019/2020

	Chair (JC)	Vice (DM)	BCC Cllr Rep (RB)	BCC Cllr Rep (TB)	BCC Cllr Rep (CH)	BCC Cllr Rep (AH)	BCC Cllr Rep (NH)	DC Cllr Rep (JG)	MKC Cllr Rep (NM)	TVP Cllr Rep (MB)
30 May 2019		✓			✓			✓	✓	✓
26 July 2019	✓	✓		✓						✓
13 Sept 2019	✓	✓			✓				✓	
26 Nov 2019	✓	✓	✓					✓	✓	✓
28 Feb 2020	✓	✓		✓				✓		

All members of the Committee have voting rights. PFC Members are required to disclose any declarations of interest at the beginning of each Pension Fund Committee meeting.

The training offered to Pension Fund Committee members included:

- Brunel's Responsible Investment Policy
- Brunel Private Markets
- Brunel Annual Engagement Day

Buckinghamshire Pension Board

Buckinghamshire Pension Board

The membership of the Buckinghamshire Pension Fund throughout 2019/2020 is detailed below:

Scheme member representatives

- Peter Dearden
- Steve Mason (Chairman)
- Joe McGovern
- Tina Pearce

Scheme employer representatives

- Bev Black
- Roona Ellis (Vice Chairman)
- Ian Thompson
- Lisa Wheaton

BPB meeting and training attendance matrix 2019/2020

	Chair	Vice	Emp Rep (BB)	Emp Rep (IT)	Emp Rep (LW)	Mem Rep (PD)	Mem Rep (JM)	Mem Rep (TP)
BPB meeting 18 July 2019	✓	✓	✓	✓	✓	✓	✓	✓
BPB meeting 2 Oct 2019		✓		✓	✓	✓	✓	
BPB meeting 18 Dec 2019	✓	✓	✓		✓	✓	✓	
CIPFA/BW Annual Event June 2019	✓	✓		✓				
In-house BW actuarial training-August 2019		✓	✓		✓	✓	✓	✓
In-house Employer training Aug 2019			✓		✓			
LGPC Fundamentals training Oct-Dec 2019								
CIPFA/BW Autumn member seminar Oct 2019								
Annual LGPS Trustee Conference 2020 York	✓							

The Buckinghamshire Pension Fund met three times this year. The meeting of 20 March 2020 was cancelled due to COVID-19.

Annual Review of the Buckinghamshire Pension Fund Board

The Public Service Pensions Act 2013 introduced the requirement to have a Local Pensions Board to assist in the good governance of the scheme.

The Board met three times in 2019/2020 as one meeting was cancelled due to the Covid-19 pandemic. The Board consists of 4 Employer and 4 Member representatives and all positions were filled during the year. An attendance rate of 79% has been achieved for this year.

All members of the Board have equal voting rights.

On 31 March 2020, the Board members were:

Scheme member representatives

- Peter Dearden
- Steve Mason (Chairman)
- Joe McGovern
- Tina Pearce

Scheme employer representatives

- Bev Black
- Roona Ellis (Vice Chairman)
- Ian Thompson
- Lisa Wheaton

Members of the Board are required to disclose any declarations of interest at the beginning of each Buckinghamshire Pension Fund meeting.

In accordance with Section 248a of the Pensions Act 2004, every member of the Buckinghamshire Council Local Pension Board must be conversant with the rules of the scheme (the Local Government Pension Scheme Regulations), and any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.

Pension Board members must also have knowledge and understanding of the law relating to pensions, and such other matters as may be prescribed.

Accordingly, all members of the Board are encouraged to take advantage of the many training opportunities notified to them by Pensions Officers and to maintain their core knowledge via self-study using the Pension Regulator's Public Services toolkit for online learning. This includes modules on conflicts of interest, managing risk and internal controls, maintaining accurate member data, maintaining member contributions, providing information to members and others, resolving internal disputes and reporting breaches of the law.

Other training opportunities offered to and undertaken by Board Members include:

- Barnett Waddingham Board Member Seminars
- Barnett Waddingham Administration and Investment Training
- LGPC Annual Trustee's Conference
- In-house Actuarial Training
- In-house Employer Training

At the end of its fifth year since inception, the Board looked back at a busy and varied 12 months. The Board undertook annual reviews of:

- their Terms of Reference, Code of Conduct Policy, Conflicts Policy and the Knowledge and Understanding Framework,
- the Pension Fund Pension Administration Strategy,
- the Pension Fund Annual Report and Accounts 2018/2019, and
- the Pension Fund Risk Register.

At each meeting of the Board, reports were presented and considered regarding:

- Pension Fund Administration Performance Statistics,
- Pension Fund Administration Year-end Updates,
- Pension Fund Committee agenda and minutes,
- Updates from Officers regarding the progress in implementing the Brunel Pension Partnership as part of the Government LGPS Investments reform agenda,
- The BPF Employer's Newsletter for each quarter.

Ad-hoc reports were presented and considered regarding:

- Breaches of the Law
- Communication Policy Statement
- Employer Risk Analysis,
- Governance Compliance Statement
- Guaranteed Minimum Pension Reconciliation/Rectification,
- I-Connect/My Pension Online,
- Internal Administration Benchmarking
- Internal Disputes Resolution Procedure
- Investment Strategy
- Scheme member and employer communications
- Training Opportunities

In addition, the Board Chairman attended meetings of the Pensions Committee in an 'observer' capacity and had regular meetings with senior Officers to review Administration and Investments.

The Board Chairman reported that, 2020 had promised to be a challenging year, with the continuing transfer of Fund assets to the Brunel pool and the transition from separate Buckinghamshire councils to a new Unitary Council from April 1st. In the midst of this the country was hit by the Covid-19 pandemic, with Board meetings and training cancelled or held virtually, offices closed and staff working from home. Despite this, the work of the Board and Officers continues, albeit at arms-length. The timetable of Board meetings continues through 2020 into 2021, with Board Members communicating via e-mail, until such time as face-to-face meetings resume.

The Board Chairman, Steve Mason, is confident that the Board will be able to fulfil its primary duties of supporting Officers in the administration of the scheme and fund and monitoring the Pensions Committee and Pension Fund's performance.

Pensions Administration Strategy

Introduction

With 5.6 million members, the Local Government Pension Scheme (LGPS) is one of the largest public sector pension schemes in the UK. Buckinghamshire Pension Fund has approximately 259 employers with over 69,000 scheme members in total.

<http://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/employers/contribution-rates/>

The LGPS is one national scheme, administered locally, and is a valuable part of the pay and reward package for employees working in local government or for other employers participating in the Scheme. Success in promoting the Scheme amongst members and ensuring a high-quality service delivery depends upon the relationship between the Administering Authority and Scheme employers, and Scheme employers and their employees. It should be noted that where a Scheme employer uses a third-party payroll provider, the Scheme employer remains the responsible party under The LGPS Regulations.

Good quality administration and communication assists in the overall promotion of the Scheme and reminds employees of the value of the LGPS, which in turn aids recruitment, retention and motivation of employees. Providing employees with confidence in the administration of their benefits, in a Scheme with ever increasing complexity, is a challenge facing both administering authorities and Scheme employers.

The Local Government Pension Scheme Regulations 2013 enable an Administering Authority to prepare a written statement to assist the Administering Authority and Scheme employers in working together to provide a high-quality service to all parties. This document sets out the pension administration strategy of Buckinghamshire Council as the Administering Authority of the Buckinghamshire Pension Fund, after consultation with Scheme employers and the Local Pension Board.

The aim of the strategy is to detail the procedures for liaison and communication, and to establish levels of performance for both the Administering Authority and Scheme employers. It endeavours to promote good working relationships, provide transparency and improve efficiency and quality. It specifies how performance levels will be monitored and action that can be taken if targets are not met.

The strategy is effective from 1 April 2019. Any enquiries in relation to this strategy should be sent to:

Pensions Administration Manager
Buckinghamshire Council
Pensions & Investments Team
Walton Street Offices
Aylesbury
HP20 1UD

Regulatory Framework

Regulation 59 of The Local Government Pension Scheme Regulations 2013 enables an Administering Authority to prepare a written statement of the authority's policies in relation to the following:

- Procedures for liaison and communication with its Scheme employers.
- The establishment of levels of performance which the Administering Authority and its Scheme employers are expected to achieve in carrying out their scheme functions by:
 1. the setting of performance targets

-
2. the making of agreements about levels of performance and associated matters, or
 3. such other means as the Administering Authority considers appropriate
- Procedures which aim to secure that the Administering Authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance.
 - Procedures for improving the communication by the Administering Authority and its Scheme employers to each other of information relating to those functions.
 - The circumstances in which the Administering Authority may consider giving notice to any of its Scheme employers under Regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance.
 - The publication by the Administering Authority of annual reports dealing with:
 1. the extent to which that authority and its Scheme employers have achieved the levels of performance established, and
 2. such other matters arising from its pension administration strategy as it considers appropriate; and
 3. such other matters as appear to the Administering Authority after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

Regulation 59(3) states that an Administering Authority must keep the strategy under review and make appropriate revisions following any material change in its policies in relation to any matters contained within the strategy.

When preparing, reviewing or making revisions to the strategy, an Administering Authority must consult its Scheme employers and any other persons it considers appropriate.

Under Regulation 59(6), where an Administering Authority publishes its pension administration strategy, or that strategy is revised, it must send a copy to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.

In preparing, reviewing or making revisions to the policy, an Administering Authority must consult its Scheme employers. This will be carried out via direct mailing, employer newsletters or via the Pension Board.

Full regard must be given to the strategy by both an Administering Authority and Scheme employers when performing their functions under the LGPS Regulations.

Regulation 70 of The Local Government Pension Scheme Regulations 2013 applies where, in the opinion of an administering authority, it has incurred additional costs which should be recovered from a Scheme employer, because of that Scheme employer's level of performance in carrying out its functions under the LGPS Regulations. Should the situation arise, an Administering Authority may give written notice to the Scheme employer stating the reasons why, in the administering authority's opinion, their performance is not satisfactory, the amount of additional costs to be recovered and the basis on which the specified amount has been calculated and the provisions of the strategy which are relevant to the decision to give notice.

Taking into account the regulatory framework, this strategy details the requirements in accordance with Regulations 59 and 70 of The Local Government Pension Scheme Regulations 2013 and lays the foundation

of the day to day relationship between Buckinghamshire Council as the Administering Authority and the Scheme employers of the Buckinghamshire Pension Fund.

Responsibilities and Procedures

Procedures for liaison and communication with Scheme employers

Delivery of a high-quality administration service does not rest solely with the Administering Authority but is highly dependent on effective partnership working with Scheme employers and other statutory and advisory bodies.

This strategy takes account of Scheme employers' current pension knowledge, perception of current administration standards and specific training needs to ensure the required standard can be met.

Procedures for liaison and communication between the Buckinghamshire Pension Fund and Scheme employers are contained within the Buckinghamshire Pension Fund's Communication Policy.

<http://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/policies/>

Procedures for improving communication between the Administering Authority and Scheme employers

Effective communication between all parties concerned reduces errors, improves efficiency and nurtures better working relationships. Where performance monitoring shows there is cause for concern, the Scheme employer's dedicated Employer Liaison Officer will work closely with them to improve any underperformance.

Training

Buckinghamshire Council as the Administering Authority will provide annual training sessions for all Scheme employers and additional training and support to Scheme employers where concerns are identified. All Scheme employers may request an ad-hoc training session.

Website

The Buckinghamshire Pension Fund website is reviewed and updated on a regular basis. The website has relevant information for Scheme employers regarding scheme changes and all relevant policies agreed by the Administering Authority are published on the site. All employer newsletters are also available. The website address is: www.buckinghamshire.gov.uk/pensions

Establishing levels of performance

Performance Standards

In relation to the entitlement of scheme members, the LGPS stipulates that certain decisions are to be made by either the Administering Authority or Scheme employer. In order to fulfil these requirements and also comply with disclosure legislation, Buckinghamshire Council as the Administering Authority has agreed levels of performance between itself and Scheme employers prescribed under a Service Level Agreement (SLA).

TUPE Transfers

Any existing Scheme employer planning a contract likely to involve a TUPE transfer of staff should contact the TUPE Liaison Officer at the earliest opportunity. The employer will be provided with a guide, detailing all of the options available to them, the process to be followed if Admitted Body status is required and the relevant charges that will apply including actuary and legal fees and bond requirements.

Overriding legislation

In discharging their roles and responsibilities under the LGPS Regulations, the Administering Authority and Scheme employers are required to comply with overriding legislation such as:

- Superannuation Act 1972;
- Pensions Act 1995 and associated disclosure legislation;
- Freedom of Information Act 2000;
- Finance Act 2004;
- Equality Act 2010;
- Public Service Pensions Act 2013;
- Data Protection Act 2018; and
- Health and Safety legislation.

The above are minimum requirements and in addition to these there are also local standards and best practice outlined below.

Internal Standards

These are standards detailed in the SLA and include:

- Compliance with all requirements in the SLA;
- Provision of information or notifications in the required format using i-Connect and/or using forms/spreadsheets as provided with the SLA;
- All information or notifications to be legible and accurate;
- Communications to be in plain language;
- Information provided to be checked for accuracy by another member of staff;
- A nominated pension contact within each Scheme employer; and
- Information provided or decisions made within the timescales contained within the SLA.

Timeliness

Overriding legislation dictates minimum standards required in relation to certain actions, decisions and information to be provided by an Administering Authority and Scheme employers. In addition to these minimum standards the Buckinghamshire Pension Fund has deadlines for the provision of data and local performance measures to be met and which are used for monitoring purposes. These measures are contained within the SLA.

Data quality

In order to meet targets set out in the SLA it is imperative that the data provided by Scheme employers is accurate. Data should be provided using i-Connect or the forms/spreadsheets provided with the SLA. This will ensure member records are correct and will enable the Administering Authority to submit accurate

data as part of the triennial valuation. The Administering Authority will apply data quality control and review processes.

Employer Liaison Officers

Each Scheme employer will be allocated a specific Employer Liaison Officer as their main point of contact regarding any aspect of administering the LGPS.

Procedures for ensuring compliance with statutory requirements and levels of performance

Ensuring compliance is the responsibility of the Administering Authority and Scheme employers. The Administering Authority will work with its Scheme employers to adhere to all the appropriate legislation and provide support to ensure quality and timeliness of provision of data is continually improved. Various methods will be used to ensure compliance and service improvement such as:

Audit

The Buckinghamshire Pension Fund will be subject to an annual audit of its processes and internal controls, with the Council's Regulatory and Audit Committee applying scrutiny to the Fund. Both the Administering Authority and Scheme employers will be expected to comply with requests for information from internal and external auditors in a timely manner. Any subsequent recommendations will be implemented into the appropriate document.

Performance monitoring

The Administering Authority will report on each Scheme employer periodically against specific tasks outlined in the SLA. The Administering Authority will monitor its own performance in accordance with the SLA, provide an internal benchmark comparison year on year and report outcomes to the Pension Board.

Employer liaison meetings

Meetings with Scheme employers and their Employer Liaison Officer will take place at the request of either the Administering Authority or the Scheme employer to review performance against targets and the quality of data exchange. Frequent meetings will be arranged for larger employers or where deemed necessary by either party.

Pension Board

The purpose of the Board is to assist the Administering Authority in its role as scheme manager of the Scheme. This covers all aspects of Governance and administration of the LGPS, including funding and investments. Regular reports on administration performance and other associated matters will be discussed at Pension Board meetings.

The Board's Terms of Reference can be found at:

<https://democracy.buckscc.gov.uk/documents/s71216/Pension%20Fund%20Board%20TOR.pdf>

Pension Fund Committee

The Pension Fund Committee (PFC) is responsible for setting overall investment strategy and investment principles. They appoint Advisors and monitor Fund performance. They are responsible for monitoring

scheme governance and policy approval. The PFC's Terms of Reference can be found in the Council's Constitution at: <https://www.buckscc.gov.uk/media/4510769/council-constitution.pdf>

Valuation

The Buckinghamshire Pension Fund is subject to a triennial full valuation of its assets in accordance with the LGPS Regulatory Framework. The Fund actuary sets employer contribution rates based on the data submitted. Interim mini valuations may also be undertaken at the discretion of the Pension Fund Committee. Both the Administering Authority and Scheme employers will be expected to comply with requests for information from the actuary in a timely manner.

Year End and Annual Benefit Statements.

Annual year end processes will be circulated to all Scheme employers in a timely manner. Outline details are within the SLA. Annual Benefit Statements will be made available to members online, by 31 August each year, unless they have elected for a hard copy. Further details on Annual Benefit Statements are outlined in the Communications Policy.

Treasury Management

A service level agreement exists between Buckinghamshire Council's Treasury Management Service and the Pensions & Investments Team which is approved by the Pension Fund Committee.

Circumstances where the Administering Authority may levy costs associated with a Scheme employer's poor performance

Routine and cyclical activity is not directly charged to a Scheme employer.

Any additional costs incurred by the Administering Authority as a direct result of poor performance will be recovered from the Scheme employer. The circumstances where additional costs will be recovered include:

- Constant failure to provide relevant information to the administering authority, scheme member or other relevant party in accordance with the SLA;
- Failure to pass relevant information to the scheme member or potential members due to poor quality or within the prescribed timescale;
- Failure to deduct and pay over correct employee and employer contributions to the Buckinghamshire Pension Fund within the prescribed timescales; and
- Payment of fines being levied on the Administering Authority due to a Scheme employer's under-performance by the Pensions Regulator, Pensions Ombudsman or any other regulatory body.

The Administering Authority may also charge for other services. Details of all the charges that apply are detailed at Appendix A.

Procedures to address unsatisfactory performance

The relevant Employer Liaison Officer will work with a Scheme employer at the earliest opportunity if they are failing to meet the requirements of the performance levels required under the SLA and ultimately this strategy. They will identify any underlying issues and assist with any necessary training and development required to address the performance.

Steps to recover additional administration costs will only be taken where persistent failure occurs after intervention and support has been offered and undertaken by the relevant Employer Liaison Officer. These steps will only be implemented once all opportunities to address performance issues are exhausted. The steps to be taken in these circumstances are:

- The Scheme employer will be written to setting out the areas of unsatisfactory performance
- A meeting will be arranged with the Scheme employer to discuss the unsatisfactory performance and to formulate a plan on how to address those areas
- Where a Scheme employer does not agree to a meeting or does not show improvement in line with action agreed during the meeting, a formal notice will be issued. This will detail the areas of unsatisfactory performance identified, the steps taken to resolve those areas and that the additional costs will be recovered;
- The costs to be recovered will be clearly set out taking into account the time taken by the Administering Authority to resolve the specific area of unsatisfactory performance; and
- Make the claim against the Scheme employer, giving reasons for doing so, in accordance with the Regulations.

Administering Authority unsatisfactory performance will be reported to the Pension Board and Pension Fund Committee if applicable. Performance is monitored against the SLA.

Review Process

The administration strategy will be reviewed every 3 years unless circumstances dictate more regular reviews are required. The current version of the administration strategy will be available on our website at the link below. Hard copies will be made available on request.

<http://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/policies/>

Buckinghamshire Pension Fund

Walton Street Offices

Aylesbury

Buckinghamshire

HP20 1UD

01296 383755

employers@buckinghamshire.gov.uk

www.buckinghamshire.gov.uk/pensions

Charging Schedule

1	Failure to notify BC of new starters by the 19 th of the month following the month payroll action was taken	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team
2	Failure to notify BC of a change in hours or a change in member's address by the 19 th of the month following the date where payroll action was taken	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team
3	Failure to notify BC of unpaid leave, parental leave or trade dispute breaks by the 19 th of the month following the month in which payroll action was taken	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team
4	Failure to notify BC of any member leaving by the 19 th of the month following the month in which the member left	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team
5	Failure to notify BC of any retirement within 3 weeks of the member's retirement date	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team
6	Whereas a result of the Employer's/Payroll Provider's failure to notify BC of a retirement interest becomes payable on any lump sum or death grant paid, BC will recharge the total amount of interest to the Scheme employer	Interest calculated in accordance with Regulation 81 of The LGPS Regulations 2013
7	Failure to notify BC of the death in service of a member within 10 working days of notification	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team
8	Failure to notify BC of the monthly contributions deducted by the 19 th of the month via the monthly notification spreadsheet (non i-Connect Scheme employers)	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team
9	Failure to pay over monthly contributions to BC by the 19 th of the month following deduction of the contributions	Interest calculated in accordance with Regulation 71 of The LGPS Regulations 2013
10	Failure to pay an additional administration cost	Interest calculated in accordance with Regulation 71 of The LGPS Regulations 2013
11	Failure to provide BC with the annual year end return by 30 April	£50 per working day from 1 May to date return is received
12	Failure to respond to requests for Year-end information to resolve queries within the prescribed time	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team
13	Estimate requests in excess of two required in a rolling year	£11.50 per estimate plus VAT per additional request
14	Other non-standard work	Charge dependent on the amount of time taken and P&I staff undertaking the work

Notes to the Charging Schedule

Please note the detail below applies to all Scheme employers whether they submit a monthly notification spreadsheet or use i-Connect.

- 1 Notifications of new starters must include all of the information detailed in the New Entrants to the Scheme section of the SLA.
- 2 Notifications of changes in hours and address must include all of the information detailed in the Changes section of the SLA.
- 3 Notification of any unpaid leave, parental leave or trade dispute breaks must include all of the information detailed in the Unpaid Leave section of the SLA.
- 4 Notifications of leavers must include all of the information required on the 'Notification of Employee Leaving' form, detailed in the Leavers section of the SLA. Where an overtime payment is still to be made and the employer is not able to submit the form before the 19th of the month following the month in which the member left, they should submit the form as soon as possible after the final payment and not wait until the following month's submission.
- 5 Notifications of retirements must include all of the information required on the 'Notification of Employee Leaving' form, detailed in the Retirements section of the SLA. Where an overtime payment is still to be made and the employer is not able to submit the form before the 19th of the month following the month in which the member left, they should submit the form as soon as possible after the final payment and not wait until the following month's submission.
- 6 Regulation 81 of The LGPS Regulations 2013 state that interest must be calculated at one per cent above base rate on a day to day basis from the due date to the date of payment and compounded with three-monthly rests. If late payment of a lump sum or death grant occurs as a result of a failure by the scheme member to provide information to the Pensions & Investments Team, the pension fund will be liable for the payment of any interest due.
- 7 Notification of a death in service must include all of the information required on the 'Notification of Employee Leaving' form, detailed in the Death in Service section of the SLA.
- 8 Notification of the contributions deducted should be sent (non i-Connect users only) on a monthly basis in order for the contributions to be reconciled and allocated correctly.
- 9 Requirements regarding payment of monthly contributions are set out in the Monthly Contributions section of the SLA. Regulation 71 of The LGPS Regulations 2013 states that for overdue payments, interest must be calculated at one per cent above base rate on a day to day basis from the due date to the date of payment and compounded with three-monthly rests.
- 10 Regulation 71 of The LGPS Regulations 2013 states that for overdue payments, interest must be calculated at one per cent above base rate on a day to day basis from the due date to the date of payment and compounded with three-monthly rests.
- 11 Requirements regarding submission of the annual return are set out in the Year-End Return section of the SLA.
- 12 Requirements regarding Year-End queries are set out in the Year-End section of the SLA.

Late notifications will only be reported where the standards set out in the SLA have not been met as a result of the Scheme employer's failure to meet the required standards.

Communications Policy Statement

Introduction

With over 67,000 Scheme members, the Buckinghamshire Pension Fund has a responsibility to provide timely and accurate information to all stakeholders.

Regulation 61 of the Local Government Pension Scheme Regulations 2013 requires Funds to prepare, maintain and publish a written statement setting out its policy concerning communications.

This policy statement outlines the Fund's position on:

- The provision of information and publicity about the Scheme to members, employers and representatives of members participating in the Fund.
- The promotion of the Scheme to prospective members and Scheme employers.
- The format, frequency and method of distributing such information or publicity.

To ensure the information reaches all interested parties, different media and methods of communication will be used.

Communications with Scheme Members

Printed Literature

The Fund provides brief and full Scheme guides, which give information on the key aspects of the Scheme, based on the guides produced by the Local Government Association (LGA). The Scheme guides serve as a reference point for Scheme members and are available on request from the member's Scheme employer or direct from the Pensions & Investments Team website.

The Fund also produces a guide for pensioner members, "Your Retirement", which provides information on the benefits payable and other factors for consideration after retirement. The retirement guide is updated annually.

All guides are updated and uploaded to the Fund's website when there are changes to the Regulations. Printed copies are available on request.

Internet

The Fund's website, <http://www.buckscc.gov.uk/pensions>, is the main medium for communicating with Scheme members and changes to the Scheme are regularly added to the website. The website is reviewed frequently and is updated as required.

The website provides a number of online Scheme guides, forms, and fact sheets along with links to other relevant websites. Details of Scheme benefits, pensioner pay dates and other frequently requested information, including contact details for the Pensions & Investments Team are available. Electronic copies of the Fund's forms and guides are available for download in PDF format.

Telephone

The Pensions & Investments Team has a dedicated helpline number for member enquiries. The helpline is staffed by Member Liaison Officer from 09:00 until 17:30 Monday to Thursday, 09:00 until 17:00 on

Friday and an answering service is in operation at all other times. All communications published include the helpline number, 01296 383755.

Fax, Post and Email

The Fund publishes central fax, postal and email contact details for member enquiries. The fax, post and email accounts are monitored daily. All correspondence is date stamped, logged on a workflow monitoring system and scanned directly to the member's record on receipt for appropriate action. Full contact details are:

Address: Pensions & Investments Team
Buckinghamshire Council
Walton Street Offices
Aylesbury
Bucks
HP20 1UD

Email: pensions@buckinghamshire.gov.uk

Fax: 01296 383780

Pensions Presentations

The Fund offers a variety of presentations, which are available to active scheme members or those wishing to join the Scheme.

Presentations include:

- Induction – For new employees
- Planning for the Future
- Pre-Retirement
- Scheme changes e.g. LGPS 2014 changes

These courses are available upon request by Scheme employers.

Newsletters

A member newsletter detailing Scheme updates is compiled and distributed to all active Scheme members annually. Where the newsletter also relates to deferred and pensioner members, they will receive a copy of the newsletter as well.

A pensioner newsletter, 'In Touch', is prepared and distributed annually detailing the annual pensions increase, pay dates for the year, contact details for the Pensions & Investments Team and other statutory information.

Payslips/P60s

Pensioner members are sent a payslip every month where there is more than a £5.00 variance in their net monthly payment, or where they have requested a monthly payslip to be sent.

All pensioner members receive an annual payslip in April and May to reflect the pensions increase. A payslip is issued to all pensioners in September/October. This was implemented to ensure we are aware of any pensioners who may have moved and not informed us of their new address. P60s are issued by the end of May each year.

Short messages can be printed onto payslips and these can be used to communicate personal changes or more general pension information.

Annual Benefit Statements

All active, deferred and pension credit members receive an annual benefit statement, delivered to their home address where known, otherwise via their employer.

The Fund is legally required to send an annual benefit statement to all active, deferred and pension credit (individuals awarded a pension credit on divorce) members, as per Regulation 89 of The Local Government Pension Scheme Regulations 2013.

The annual benefit statement provides Scheme members with:

- an estimate of the current value of Scheme benefits and death benefits
- a projection of benefits at retirement
- an opportunity to check that all details on their record are correct

Retirement information

When notification of a Scheme member's retirement is received, a benefit statement is prepared to show the pension benefits the member is entitled to. A website link to the retirement guide (with the option to request a printed copy) is included in our correspondence and this information is sent to the member's home address, or email address where known.

Letter of Condolence

When the Fund receives notification of the death of a Scheme member, a letter of condolence is sent to the dependents, beneficiaries or personal representatives, detailing the administrative procedure to be followed.

Member Self Service – 'my pension online'

The Fund has updated its pension administration system to enable members to access their pension details online. Registered members are able to safely and securely access their Annual Benefit Statements, check the accuracy of their pension records, calculate the pension benefits due at retirement and view and change who they have nominated to receive their lump sum Death Grant.

Active members will receive registration information via their work email address or can register online at <https://ms.buckinghamshire.gov.uk>. Deferred and pensioner members can register online at <https://ms.buckinghamshire.gov.uk>.

In future all our annual benefits statements will only be available online. If, however, members would prefer to continue receiving a paper statement, they are able to opt out of Member Self Service.

Communication with Scheme employers

Employing authorities in the Buckinghamshire Pension Fund include scheduled bodies and admitted bodies as defined in Regulation 3 of The Local Government Pension Scheme Regulations 2013.

Scheduled Bodies are required to offer Scheme membership to their employees. Some may have to pass a resolution and/or designate a specific class of employee eligible to be a member.

Admitted Authorities are employers who have entered into an "admission agreement" with BC to allow their employees to join the Scheme.

Internet

The Fund's website is accessible to all Scheme employers. The website includes a dedicated Employer area, and is regularly updated with changes to the Scheme, as well as providing access to Scheme guides and other relevant information.

Telephone

Each Scheme employer is allocated a dedicated Employer Liaison Officer and provided with this person's name & direct contact details so that they do not have to use the Pensions & Investments Team helpline number.

Fax and Post

The Fund publishes central fax, postal and email address details for employers' enquiries. These are monitored throughout the day.

Address: Pensions & Investments Team
Walton Street Offices
Aylesbury
Bucks
HP20 1UD
Email: pensions@buckinghamshire.gov.uk
Fax: 01296 383780

Email

Scheme employers are periodically advised, via email, of changes to Scheme legislation, policy and issues currently under debate. The dedicated email address for Scheme employers to submit any queries is employers@buckinghamshire.gov.uk.

Newsletter

A quarterly employer newsletter is sent to all Scheme employers, which summarises changes to Scheme legislation, policy, issues currently under debate and Scheme administration. These are also available from the Fund's website.

Buckinghamshire Pension Board

The Local Government Pension Scheme (Amendment) (Governance) Regulations 2014 set out the requirements for an Administering Authority to establish a Local Pension Board.

The purpose of the Board is to assist the Administering Authority in its role as a scheme manager. This covers all aspects of governance and administration of the LGPS, including funding and investments. Such assistance is to:

-
- secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme;
 - to ensure the effective and efficient governance and administration of the Scheme.
 - helping the Administering Authority, including doing work requested by the administering authority

Full details of the Board and minutes of all meetings can be found at:

<https://democracy.buckscc.gov.uk/mgCommitteeDetails.aspx?ID=869>

Year-End Financial Information

Scheme employers receive an annual email requesting year-end financial information. This request includes a covering email, spreadsheet attachments, accompanying guidance notes for the provision of year-end data and a timetable setting out the requirements of both the Administering Authority and Scheme employers.

Scheme employers are asked to certify the split between employer's contributions, employee's contributions and any additional contributions. This information is used to accurately reflect employers' and scheme members' contributions in the year-end Statement of Accounts.

Once the contributions have been uploaded to the pension software system (Altair), it is used to produce the Annual Benefit Statements that are provided to all active and deferred Scheme members each year.

Annual Reports and Accounts

Copies of the Fund's annual report and accounts are published on the website by the end of September each year. Hard copies are available on request.

Presentations and meetings

The BC Pensions & Investments Team invites representatives from all Scheme employers to attend the Pensions General Meeting, which takes place every 3 years in the year of the Fund valuation (the year prior to when the revised contribution rates from the valuation are due to come into effect).

Presenters vary depending on key topics of the day but in the past have included BC's Director of Assurance, Finance Director (Consultancy), Pensions & Investments Manager, Fund managers and the Scheme's Actuary.

Employer meetings and training sessions

Meetings with a member of the Employer Liaison Team and Scheme employers will take place at the request of either the Administering Authority or the Scheme employer to review performance against targets and the quality of data exchanged. Frequent meetings will be arranged for larger employers or where deemed necessary by either party.

Scheme employers can request training sessions for staff involved with the provision of Scheme information to the Fund, including correct completion of pension forms.

Presentations by the Pensions & Investments Team are also provided at induction, preparing for the future and pre-retirement. Scheme employers must provide the venue and notify employees concerned of its

availability. Due to the high demand for courses, the Pensions & Investments Team cannot offer this service to groups of fewer than 20 members.

Employer Services

In addition to Member Self Service, the Fund's Employer Services website will soon go live. The system enables Employers to view and amend data online for their staff, including:

- New starter creation
- Update of general information
- Update of part-time hours
- Notification of leavers
- Benefit projector
- Benefit calculations
- Documentation
- Reporting
- Work activities
- Submission of interface files

FRS17/IAS19 Reports

The FRS17 /IAS19 Reports are prepared annually and are provided to relevant Scheme employers in electronic format, via email.

Communication with members' representatives

Scheme members include prospective, active/contributing, deferred and pensioner members of the BC Pension Fund. Members' representatives include any individual or group enquiring or acting on behalf of a Scheme member, with the Scheme member's authority e.g. trade unions or solicitors.

Internet

The Fund's website is accessible to members' representatives and is regularly updated with changes to the Scheme, as well as providing access to Scheme guides and information.

The website provides a number of online Scheme guides, forms, and fact sheets along with links to other relevant websites. Details of Scheme benefits, pensioner pay dates and other frequently requested information, including contact details for the Pensions & Investments Team are available.

Telephone

The Pensions & Investments Team has a dedicated helpline number for general pension enquiries. The helpline is staffed by Member Liaison Officers from 09:00 until 17:30, Monday to Thursday, 09:00 until 17:00 on Friday and an answering service is in operation at all other times. All communications published include the helpline number, 01296 383755.

Fax, Post and Email

The Fund publishes central fax, postal and email contact details for general pension enquiries. The fax, post and email accounts are monitored daily.

Address: The Pensions & Investments Team
Walton Street Offices
Aylesbury
Buckinghamshire
HP20 1UD

Email: pensions@buckinghamshire.gov.uk Fax: 01296 383780

Communication with prospective members

Printed Literature

A link to the Fund's website, directing the prospective member to the Scheme guides, death grant expression of wish forms and forms for transferring in benefits, is included in the employment offer package sent by the relevant Scheme employer to all new employees. Printed copies are available on request.

Internet

The Fund's website provides a number of fact sheets and other frequently requested information, including contact details for the Pensions & Investments Team. Electronic copies of the Fund's forms and guides are available for download and printed versions are available on request. The website is reviewed regularly and updated with changes to the Scheme. A link to the national Local Government Pension Scheme website is provided which has a section for employees thinking of joining.

Telephone

The Pensions & Investments Team has a dedicated helpline number for employees' enquiries. The helpline is staffed by Member Liaison Officers from 09:00 until 17:30, Monday to Thursday, 09:00 until 17:00 on Friday and an answering service is in operation at all other times. All communications published include the helpline number, 01296 383755.

Fax, Post and Email

The Fund publishes central fax, postal and email contact details for general pension enquiries from any interested party.

Induction presentations

An overview of the Scheme is included in the induction programme for BC staff and other employers where Pensions & Investments Team representation is requested.

Press Releases

When there is a change to the Scheme, notification is issued by the Finance Director (Consultancy) or the Pensions & Investments Manager to all Scheme employers to cascade to all staff. Notifications will be sent via email.

Miscellaneous

Prospective members can request information, for illustration purposes, of the costs of joining the Scheme from their employer or from the national LGPS website.

The availability and format of Fund publications, frequency & review periods

Communication Material	Formats Available	Available To	When Published	When Reviewed
Scheme guides	Online, paper	All members, prospective members, members' representatives, Scheme employers	Given at start of emp & available on request	As required
Fact sheets	Online, paper	All members, prospective members, members' representatives, Scheme employers	Always available	As required
Member Self Service and Employer Services	Online	All registered members and employers, allowing them to access their/their staff online pension records	Always available	As required
Scheme update newsletter	Online, paper	All Active members. Deferred and Pensioner members where necessary	Annually	Annually
Pensioner newsletter	Online, paper	Pensioner members	Annually	Annually
Technical Employer newsletter	Sent via email	Scheme employers	Quarterly	Quarterly
Payslips	Paper, online	Pensioner members	Monthly if £5 variance in net pay or requested	As required
P60s	Paper, online	Pensioner members	Annually	Annually
Annual Benefit Statements	Paper, online	All Active, Deferred and Pension Credit members	Annually	Annually
Retirement guide	Online, paper	Pensioner members	At retirement	As required
Annual Report and Accounts	Online	Scheme employers	Annually	Annually
Fund Valuation Report	Online	Scheme employers	Triennial	Triennial
Training/ Presentations	PowerPoint Presentation	Members, Scheme employers	On request	As required
Press Releases	Electronic	Scheme employers	Scheme change	As required
FRS17/IAS19 Reports	Electronic	Relevant Scheme employers	Annually	Annually

Access to Communications

The Fund can provide large print and Braille versions of all its printed literature on request. The Fund's website is designed to work with assistive technologies e.g. screen readers for visually impaired users.

This communication policy statement is reviewed every three years in line with the triennial valuation and a revised version will be republished following any material change.

Funding Strategy Statement

Introduction

This is the Funding Strategy Statement for the Buckinghamshire Pension Fund (the Fund). It has been prepared in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 as amended (the Regulations) and describes Buckinghamshire Council's strategy, in its capacity as administering authority of the Fund. Buckinghamshire Council replaced Buckinghamshire County Council as administering authority of the Fund on 1 April 2020.

The Fund's employers and the Fund Actuary, Barnett Waddingham LLP, have been consulted on the contents of this statement.

This statement should be read in conjunction with the Fund's Investment Strategy Statement (ISS) and has been prepared with regard to the guidance (*Preparing and Maintaining a funding strategy statement in the LGPS 2016 edition*) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Purpose of the Funding Strategy Statement

The purpose of this Funding Strategy Statement (FSS) is to:

- Establish a clear and transparent fund-specific strategy that will identify how employers' pension liabilities are best met going forward;
- Support the desirability of maintaining as nearly constant a primary contribution rate as possible, as defined in
- Regulation 62(6) of the Regulations;
- Ensure that the regulatory requirements to set contributions to meet the future liability to provide Scheme
- member benefits in a way that ensures the solvency and long-term cost efficiency of the Fund are met; and
- Take a prudent longer-term view of funding those liabilities.

Aims and purpose of the Fund

The aims of the Fund are to:

- manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due;
- enable primary contribution rates to be kept as nearly constant as possible and (subject to the administering authority not taking undue risks) at reasonable cost to all relevant parties (such as the taxpayers, scheduled, resolution and admitted bodies), while achieving and maintaining Fund solvency and long-term cost efficiency, which should be assessed in light of the risk profile of the Fund and employers, and the risk appetite of the administering authority and employers alike; and
- Seek returns on investment within reasonable risk parameters.

The purpose of the Fund is to:

- Pay pensions, lump sums and other benefits to Scheme members as provided for under the regulations;
- Meet the costs associated in administering the Fund; and
- Receive and invest contributions, transfer values and investment income.

Funding objectives

Contributions are paid to the Fund by Scheme members and the employing bodies to provide for the benefits which will become payable to Scheme members when they fall due.

The funding objectives are to:

- Ensure that pension benefits can be met as and when they fall due over the lifetime of the Fund;
- Ensure the solvency of the Fund;
- Set levels of employer contribution rates to target a 100% funding level over an appropriate time period and using appropriate actuarial assumptions, while taking into account the different characteristics of participating employers;
- Build up the required assets in such a way that employer contribution rates are kept as stable as possible, with consideration of the long-term cost efficiency objective; and
- Adopt appropriate measures and approaches to reduce the risk, as far as possible, to the Fund, other employers and ultimately the taxpayer from an employer defaulting on its pension obligations.

In developing the funding strategy, the administering authority should also have regard to the likely outcomes of the review carried out under Section 13(4)(c) of the Public Service Pensions Act 2013. Section 13(4)(c) requires an independent review of the actuarial valuations of the LGPS funds; this involves reporting on whether the rate of employer contributions set as part of the actuarial valuations are set at an appropriate level to ensure the solvency of the Fund and the long-term cost efficiency of the Scheme so far as relating to the pension Fund. The review also looks at compliance and consistency of the actuarial valuations.

Key parties

The key parties involved in the funding process and their responsibilities are set out below.

The administering authority

The administering authority for the Fund is Buckinghamshire Council. The main responsibilities of the administering authority are to:

- Operate the Fund in accordance with the LGPS Regulations;
- Collect employee and employer contributions, investment income and other amounts due to the Fund as stipulated in the Regulations;
- Invest the Fund's assets in accordance with the Fund's Investment Strategy Statement;
- Pay the benefits due to Scheme members as stipulated in the Regulations;
- Ensure that cash is available to meet liabilities as and when they fall due;
- Take measures as set out in the Regulations to safeguard the Fund against the consequences of employer default;
- Manage the actuarial valuation process in conjunction with the Fund Actuary;
- Prepare and maintain this FSS and also the ISS after consultation with other interested parties;
- Monitor all aspects of the Fund's performance;
- Effectively manage any potential conflicts of interest arising from its dual role as both Fund administrator and Scheme employer; and
- Enable the Local Pension Board to review the valuation process as they see fit.

Scheme employers

In addition to the administering authority, a number of other Scheme employers participate in the Fund. The responsibilities of each employer that participates in the Fund, including the administering authority, are to:

- Collect employee contributions and pay these together with their own employer contributions, as certified by the Fund Actuary, to the administering authority within the statutory timescales;
- Notify the administering authority of any new Scheme members and any other membership changes promptly;
- Develop a policy on certain discretions and exercise those discretions as permitted under the Regulations;
- Meet the costs of any augmentations or other additional costs in accordance with agreed policies and procedures; and
- Pay any exit payments due on ceasing participation in the Fund.

Scheme members

Active Scheme members are required to make contributions into the Fund as set by the Ministry of Housing, Communities and Local Government (MHCLG).

Fund Actuary

The Fund Actuary for the Fund is Barnett Waddingham LLP. The main responsibilities of the Fund Actuary are to:

- Prepare valuations including the setting of employers' contribution rates at a level to ensure Fund solvency and long-term cost efficiency after agreeing assumptions with the administering authority and having regard to the FSS and the Regulations;
- Prepare advice and calculations in connection with bulk transfers and the funding aspects of individual benefit-related matters such as pension strain costs, ill-health retirement costs, compensatory added years costs, etc;
- Provide advice and valuations on the exiting of employers from the Fund;
- Provide advice and valuations relating to new employers, including recommending the level of bonds or other forms of security required to protect the Fund against the financial effect of employer default;
- Assist the administering authority in assessing whether employer contributions need to be revised between valuations as permitted or required by the Regulations;
- Ensure that the administering authority is aware of any professional guidance or other professional requirements which may be of relevance to their role in advising the Fund; and
- Advise on other actuarial matters affecting the financial position of the Fund.

Funding strategy

The factors affecting the Fund's finances are constantly changing, so it is necessary for its financial position and the contributions payable to be reviewed from time to time by means of an actuarial valuation to check that the funding objectives are being met.

The most recent actuarial valuation of the Fund was carried out as at 31 March 2019. The funding position is set out in the table below:

Surplus (Deficit) (£186m)

Funding Level (94%)

On a whole Fund level, the primary rate required to cover the employer cost of future benefit accrual was 18.2% of payroll p.a.

The individual employer contribution rates are set out in the Rates and Adjustments Certificate which forms part of the Fund's 2019 valuation report.

The actuarial valuation involves a projection of future cashflows to and from the Fund. The main purpose of the valuation is to determine the level of employers' contributions that should be paid to ensure that the existing assets and future contributions will be sufficient to meet all future benefit payments from the Fund. A summary of the methods and assumptions adopted is set out in the sections below.

Funding method

The key objective in determining employers' contribution rates is to establish a funding target and then set levels of employer contribution rates to meet that target over an agreed period.

The funding target is to have sufficient assets in the Fund to meet the accrued liabilities for each employer in the Fund.

For all employers, the method adopted is to consider separately the benefits accrued before the valuation date (past service) and benefits expected to be accrued after the valuation date (future service). These are evaluated as follows:

- The past service funding level of the Fund. This is the ratio of accumulated assets to liabilities in respect of past service. It makes allowance for future increases to members' pay and pensions. A funding level in excess of 100% indicates a surplus of assets over liabilities; while a funding level of less than 100% indicates a deficit; and
- The future service funding rate (also referred to as the primary rate as defined in Regulation 62(5) of the Regulations) is the level of contributions required from the individual employers which, in combination with employee contributions, is expected to cover the cost of benefits accruing in future.

The adjustment required to the primary rate to calculate an employer's total contribution rate is referred to as the secondary rate, as defined in Regulation 62(7). Further details of how the secondary rate is calculated for employers is given below in the Deficit recovery/surplus amortisation periods section.

The approach to the primary rate will depend on specific employer circumstances and in particular may depend on whether an employer is an "open" employer – one which allows new recruits access to the Fund, or a "closed" employer – one which no longer permits new staff access to the Fund. The expected period of participation by an employer in the Fund may also affect the total contribution rate.

For open employers, the actuarial funding method that is adopted is known as the Projected Unit Method. The key feature of this method is that, in assessing the future service cost, the primary rate represents the cost of one year's benefit accrual only.

For closed employers, the actuarial funding method adopted is known as the Attained Age Method. The key difference between this method and the Projected Unit Method is that the Attained Age Method assesses the average cost of the benefits that will accrue over a specific period, such as the length of a

contract or the remaining expected working lifetime of active members.

The approach by employer may vary to reflect an employer's specific circumstance, however, in general the closed employers in the Fund are admission bodies who have joined the Fund as part of an outsourcing contract and therefore the Attained Age Method is used in setting their contributions. All other employers (for example councils, higher education bodies and academies) are generally open employers and therefore the Projected Unit Method is used. The administering authority holds details of the open or closed status of each employer.

Valuation assumptions and funding model

In completing the actuarial valuation it is necessary to formulate assumptions about the factors affecting the Fund's future finances such as price inflation, pay increases, investment returns, rates of mortality, early retirement and staff turnover etc.

The assumptions adopted at the valuation can therefore be considered as:

- The demographic (or statistical) assumptions which are essentially estimates of the likelihood or timing of benefits and contributions being paid, and
- The financial assumptions which will determine the estimates of the amount of benefits and contributions payable and their current (or present) value.

Future price inflation

The base assumption in any valuation is the future level of price inflation over a period commensurate with the duration of the liabilities, as measured by the Retail Price Index (RPI). This is derived using the 20-year point on the Bank of England implied Retail Price Index (RPI) inflation curve, with consideration of the market conditions over the six months straddling the valuation date. The 20-year point on the curve is taken to be consistent with the average duration of an LGPS Fund.

Future pension increases

Pension increases are linked to changes in the level of the Consumer Price Index (CPI). Inflation as measured by the CPI has historically been less than RPI due mainly to different calculation methods. A deduction of 1.0% p.a. is therefore made to the RPI inflation assumption to derive the CPI inflation assumption.

Future pay increases

As some of the benefits are linked to pay levels at retirement, it is necessary to make an assumption as to future levels of pay increases. Historically, there has been a close link between price inflation and pay increases with pay increases exceeding price inflation in the longer term. The long-term pay increase assumption adopted as at 31 March 2019 was CPI inflation plus 1.0% p.a. which includes allowance for promotional increases.

Future investment returns/discount rate

To determine the value of accrued liabilities and derive future contribution requirements it is necessary to discount future payments to and from the Fund to present day values.

The discount rate that is applied to all projected liabilities reflects a prudent estimate of the rate of investment return that is expected to be earned from the Fund's long-term investment strategy by

considering average market yields in the six months straddling the valuation date. The discount rate so determined may be referred to as the “ongoing” discount rate.

It may be appropriate for an alternative discount rate approach to be taken to reflect an individual employer’s situation. This may be, for example, to reflect an employer targeting a cessation event or to reflect the administering authority’s views on the level of risk that an employer poses to the Fund. The Fund Actuary will incorporate any such adjustments after consultation with the administering authority.

A summary of the financial assumptions adopted for the 2019 valuation is set out in the table below:

Financial assumptions as at 31 March 2019	
RPI inflation	3.6%
CPI inflation	2.6%
Pension/deferred pension increases and CARE revaluation	In line with CPI inflation
Pay increase	CPI inflation + 1.0% p a
Discount rate	4.8% p a

Asset valuation

For the purpose of the valuation, the asset value used is the market value of the accumulated fund at the valuation date, adjusted to reflect average market conditions during the six months straddling the valuation date. This is referred to as the smoothed asset value and is calculated as a consistent approach to the valuation of the liabilities.

The Fund’s assets are notionally allocated to employers at an individual level by allowing for actual Fund returns achieved on the assets and cashflows paid into and out of the Fund in respect of each employer (e.g. contributions received, and benefits paid).

Demographic assumptions

The demographic assumptions incorporated into the valuation are based on Fund-specific experience and national statistics, adjusted as appropriate to reflect the individual circumstances of the Fund and/or individual employers.

Further details of the assumptions adopted are included in the Fund’s 2019 valuation report.

McCloud/Sargeant judgements

The McCloud/Sargeant judgements were in relation to two employment tribunal cases which were brought against the Government in relation to possible age and gender discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. These judgements were not directly in relation to the LGPS, however, do have implications for the LGPS.

In December 2018, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounted to unlawful discrimination. On 27 June 2019 the Supreme Court denied the Government’s request for an appeal in the case. A remedy is still to be either imposed by the Employment Tribunal or negotiated and applied to all public service schemes, so it is not yet clear how this judgement may affect LGPS members’ past or future service benefits. It has, however, been noted by Government in its 15 July 2019 statement that it expects to have to amend all public service schemes, including the LGPS.

Further details of this can be found below in the Regulatory risks section.

At the time of drafting this FSS, it is still unclear how this will affect current and future LGPS benefits. As part of the Fund's 2019 valuation, in order to mitigate the risk of member benefits being uplifted and becoming more expensive, the potential impact of McCloud was covered by the prudence allowance in the discount rate assumption. As the remedy is still to be agreed the cost cannot be calculated with certainty, however, the Fund Actuary expects it is likely to be less than 0.05% of the discount rate assumption.

Guaranteed Minimum Pension (GMP) indexation and equalisation

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

On 22 January 2018, the Government published the outcome to its *Indexation and equalisation of GMP in public service pension schemes* consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals' public service pension would be extended to those individuals reaching SPA before 6 April 2021. HMT published a Ministerial Direction on 4 December 2018 to implement this outcome, with effect from 6 April 2016. Details of this outcome and the Ministerial Direction can be found [online](#).

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

Deficit recovery/surplus amortisation periods

Whilst one of the funding objectives is to build up sufficient assets to meet the cost of benefits as they accrue, it is recognised that at any particular point in time, the value of the accumulated assets will be different to the value of accrued liabilities, depending on how the actual experience of the Fund differs to the actuarial assumptions. This theory applies down to an individual employer level; each employer in the Fund has their own share of deficit or surplus attributable to their section of the Fund.

Where the valuation for an employer discloses a deficit then the level of required employer contributions includes an adjustment to fund the deficit over a maximum period of 15 years. Shorter recovery periods have been used for the majority of employers. The adjustment may be set either as a percentage of payroll or as a fixed monetary amount.

Where the valuation for an employer discloses a surplus then the level of required employer contribution may include an adjustment to amortise the surplus over a minimum period of 11 years.

Where an employer's contribution has to increase significantly then, if appropriate, the increase may be phased in over a period not exceeding 3 years.

The deficit recovery period or amortisation period that is adopted for any particular employer will depend on:

- The significance of the surplus or deficit relative to that employer's liabilities;
- The covenant of the individual employer (including any security in place) and any limited period of participation in the Fund;

- The remaining contract length of an employer in the Fund (if applicable); and
- The implications in terms of stability of future levels of employers' contribution.

Pooling of individual employers

The policy of the Fund is that each individual employer should be responsible for the costs of providing pensions for its own employees who participate in the Fund. Accordingly, contribution rates are set for individual employers to reflect their own particular circumstances.

However, certain groups of individual employers are pooled for the purposes of determining contribution rates to recognise common characteristics or where the number of Scheme members is small.

The funding pools adopted for the Fund at the 2019 valuation are summarised in the table below:

Buckinghamshire Council	Past and future service pooling	All employers in the pool pay the same total contributions rate and have the same funding level
Milton Keynes Council	Past and future service pooling	All employers in the pool pay the same total contributions rate and have the same funding level
Thames Valley Police	Past and future service pooling	All employers in the pool pay the same total contributions rate and have the same funding level
Academies	Past and future service pooling	All academies in the pool have the same funding level. Slightly different contribution rates are paid by Bucks and Milton Keynes academies over 2020-2022, converging to the same rate payable from 1 April 2022
Town and Parish Council Pool	Past and future service pooling	All employers in the pool have the same funding level and target the same total contribution rate. Some employers in the pool are stepping up to this target contribution rate over the valuation period

The main purpose of pooling is to produce more stable employer contribution levels, although recognising that ultimately there will be some level of cross-subsidy of pension cost amongst pooled employers.

Forming/disbanding a funding pool

Where the Fund identifies a group of employers with similar characteristics and potential merits for pooling, it is possible to form a pool for these employers. Advice should be sought from the Fund Actuary to consider the appropriateness and practicalities of forming the funding pool.

Conversely, the Fund may consider it no longer appropriate to pool a group of employers. This could be due to divergence of previously similar characteristics or an employer becoming a dominant party in the pool (such that the results of the pool are largely driven by that dominant employer). Where this scenario arises, advice should be sought from the Fund Actuary.

Funding pools should be monitored on a regular basis, at least at each actuarial valuation, in order to ensure the pooling arrangement remains appropriate.

New employers joining the Fund

When a new employer joins the Fund, the Fund Actuary is required to set the contribution rates payable by the new employer and allocate a share of Fund assets to the new employer as appropriate. The most common types of new employers joining the Fund are admission bodies and new academies. These are

considered in more detail below.

Admission bodies

New admission bodies in the Fund are commonly a result of a transfer of staff from an existing employer in the Fund to another body (for example as part of a transfer of services from a council or academy to an external provider under Schedule 2 Part 3 of the Regulations). Typically these transfers will be for a limited period (the contract length), over which the new admission body employer is required to pay contributions into the Fund in respect of the transferred members.

Funding at start of contract

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

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

Contribution rate

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

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

Security

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

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

Risk-sharing

Although a full risk transfer (as set out above) is most common, subject to agreement with the administering authority where required, new admission bodies and the relevant letting authority may make a commercial agreement to deal with the pensions risk differently. For example, it may be agreed that all or part of the pensions risk remains with the letting authority.

Although pensions risk may be shared, it is common for the new admission body to remain responsible for pensions costs that arise from:

- above average pay increases, including the effect on service accrued prior to contract commencement; and
- redundancy and early retirement decisions.

The administering authority may consider risk-sharing arrangements as long as the approach is clearly documented in the admission agreement, the transfer agreement or any other side agreement. The arrangement also should not lead to any undue risk to the other employers in the Fund.

Legal and actuarial advice in relation to risk-sharing arrangements should be sought where required.

New academies

When a school converts to academy status, the new academy (or the sponsoring multi-academy trust) becomes a Scheme employer in its own right.

Funding at start

On conversion to academy status, the new academy will become part of the Academies funding pool and will be allocated assets based on the funding level of the pool at the conversion date.

Contribution rate

The contribution rate payable when a new academy joins the Fund will be in line with the contribution rate certified for the relevant section of the Academies funding pool at the 2019 valuation.

Cessation valuations

When a Scheme employer exits the Fund and becomes an exiting employer, as required under the Regulations the Fund Actuary will be asked to carry out an actuarial valuation in order to determine the liabilities in respect of the benefits held by the exiting employer's current and former employees. The Fund Actuary is also required to determine the exit payment due from the exiting employer to the Fund or the exit credit payable from the Fund to the exiting employer.

Any deficit in the Fund in respect of the exiting employer will be due to the Fund as a single lump sum payment, unless it is agreed by the administering authority and the other parties involved that an alternative approach is permissible. For example:

- It may be agreed with the administering authority that the exit payment can be spread over some agreed period;
- the assets and liabilities relating to the employer may transfer within the Fund to another participating employer; or
- the employer's exit may be deferred subject to agreement with the administering authority, for example if it intends to offer Scheme membership to a new employee within the following three years.

Similarly, any surplus in the Fund in respect of the exiting employer may be treated differently to a payment of an exit credit, subject to the agreement between the relevant parties and any legal documentation.

In assessing the value of the liabilities attributable to the exiting employer, the Fund Actuary may adopt differing approaches depending on the employer and the specific details surrounding the employer's cessation scenario.

Regulatory factors

At the date of drafting this FSS, the Government is currently consulting on potential changes to the Regulations, some which may affect the regulations surrounding an employer's exit from the Fund. This is set out in the *Local government pension scheme: changes to the local valuation cycle and the management of employer risk* consultation document.

Further details of this can be found in the Regulatory risks section below.

Bulk transfers

Bulk transfers of staff into or out of the Fund can take place from other LGPS Funds or non-LGPS Funds. In either case, the Fund Actuary for both Funds will be required to negotiate the terms for the bulk transfer – specifically the terms by which the value of assets to be paid from one Fund to the other is calculated.

The agreement will be specific to the situation surrounding each bulk transfer but in general the Fund will look to receive the bulk transfer on no less than a fully funded transfer (i.e. the assets paid from the ceding Fund are sufficient to cover the value of the liabilities on the agreed basis).

A bulk transfer may be required by an issued Direction Order. This is generally in relation to an employer merger, where all the assets and liabilities attributable to the transferring employer in its original Fund are transferred to the receiving Fund.

Links with the Investment Strategy Statement (ISS)

The main link between the Funding Strategy Statement (FSS) and the ISS relates to the discount rate that underlies the funding strategy as set out in the FSS, and the expected rate of investment return which is expected to be achieved by the long-term investment strategy as set out in the ISS.

As explained above, the ongoing discount rate that is adopted in the actuarial valuation is derived by considering the expected return from the long-term investment strategy. This ensures consistency between the funding strategy and investment strategy.

Risks and counter measures

Whilst the funding strategy attempts to satisfy the funding objectives of ensuring sufficient assets to meet pension liabilities and stable levels of employer contributions, it is recognised that there are risks that may impact on the funding strategy and hence the ability of the strategy to meet the funding objectives.

The major risks to the funding strategy are financial, although there are other external factors including demographic risks, regulatory risks and governance risks.

Financial risks

The main financial risk is that the actual investment strategy fails to produce the expected rate of investment return (in real terms) that underlies the funding strategy. This could be due to a number of factors, including market returns being less than expected and/or the fund managers who are employed to implement the chosen investment strategy failing to achieve their performance targets.

The valuation results are most sensitive to the real discount rate (i.e. the difference between the discount rate assumption and the price inflation assumption). Broadly speaking an increase/decrease of 0.5% p.a. in the real discount rate will decrease/increase the valuation of the liabilities by 10%, and decrease/increase the required employer contribution by around 2.5% of payroll p.a.

However, the Investment and Pension Fund Committee regularly monitors the investment returns achieved by the fund managers and receives advice from the independent advisers and officers on investment strategy.

The Committee may also seek advice from the Fund Actuary on valuation related matters.

In addition, the Fund Actuary provides funding updates between valuations to check whether the funding strategy continues to meet the funding objectives.

Demographic risks

Allowance is made in the funding strategy via the actuarial assumptions for a continuing improvement in life expectancy. However, the main demographic risk to the funding strategy is that it might underestimate the continuing improvement in longevity. For example, an increase of one year to life expectancy of all members in the Fund will reduce the funding level by approximately 1%.

The actual mortality of pensioners in the Fund is monitored by the Fund Actuary at each actuarial valuation and assumptions are kept under review. For the past two funding valuations, the Fund has commissioned a bespoke longevity analysis by Barnett Waddingham's specialist longevity team in order to assess the mortality experience of the Fund and help set an appropriate mortality assumption for funding purposes.

The liabilities of the Fund can also increase by more than has been planned as a result of the additional financial costs of early retirements and ill-health retirements. However, the administering authority monitors the incidence of early retirements; and procedures are in place that require individual employers to pay additional amounts into the Fund to meet any additional costs arising from early retirements.

Maturity risk

The maturity of a Fund (or of an employer in the Fund) is an assessment of how close on average the members are to retirement (or already retired). The more mature the Fund or employer, the greater proportion of its membership that is near or in retirement. For a mature Fund or employer, the time available to generate investment returns is shorter and therefore the level of maturity needs to be considered as part of setting funding and investment strategies.

The cashflow profile of the Fund needs to be considered alongside the level of maturity: as a Fund matures, the ratio of active to pensioner members falls, meaning the ratio of contributions being paid into the Fund to the benefits being paid out of the Fund also falls. This therefore increases the risk of the Fund having to sell assets in order to meet its benefit payments.

The Government has published a consultation (*Local government pension scheme: changes to the local valuation cycle and management of employer risk*) which may affect the Fund's exposure to maturity risk. More information on this can be found in the Regulatory risks section below.

Regulatory risks

The benefits provided by the Scheme and employee contribution levels are set out in Regulations determined by central government. The tax status of the invested assets is also determined by the

Government.

The funding strategy is therefore exposed to the risks of changes in the Regulations governing the Scheme and changes to the tax regime which may affect the cost to individual employers participating in the Scheme.

However, the administering authority participates in any consultation process of any proposed changes in Regulations and seeks advice from the Fund Actuary on the financial implications of any proposed changes.

There are a number of general risks to the Fund and the LGPS, including:

- If the LGPS was to be discontinued in its current form it is not known what would happen to members' benefits.
- The potential effects of GMP equalisation between males and females, if implemented, are not yet known.
- More generally, as a statutory scheme the benefits provided by the LGPS or the structure of the scheme could be changed by the Government.
- The State Pension Age is due to be reviewed by the Government in the next few years.

At the time of preparing this FSS, specific regulatory risks of particular interest to the LGPS are in relation to the McCloud/Sargeant judgements, the cost cap mechanism and the timing of future funding valuations consultation. These are discussed in the sections below.

McCloud/Sargeant judgements and cost cap

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

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

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

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

At the time of drafting this FSS, it is not yet known what the effect on the current and future LGPS benefits will be.

Consultation: Local government pension scheme: changes to the local valuation cycle and management of employer risk

On 8 May 2019, the Government published a consultation seeking views on policy proposals to amend the rules of the LGPS in England and Wales. The consultation covered:

- Amendments to the local fund valuations from the current three-year (triennial) to a four year (quadrennial) cycle;
- A number of measures aimed at mitigating the risks of moving from a triennial to a quadrennial cycle;
- Proposals for flexibility on exit payments;
- Proposals for further policy changes to exit credits; and
- Proposals for changes to the employers required to offer LGPS membership.

The consultation is currently ongoing: the consultation was closed to responses on 31 July 2019 and an outcome is now awaited. This FSS will be revisited once the outcome is known and reviewed where appropriate.

Timing of future actuarial valuations

LGPS valuations currently take place on a triennial basis which results in employer contributions being reviewed every three years. In September 2018 it was announced by the Chief Secretary to HMT, Elizabeth Truss, that the national Scheme valuation would take place on a quadrennial basis (i.e. every four years) along with the other public sector pension schemes. This results of the national Scheme valuation are used to test the cost control cap mechanism and HMT believed that all public sector scheme should have the cost cap test happen at the same time with the next quadrennial valuation in 2020 and then 2024.

Managing employer exits from the Fund

The consultation covers:

Proposals for flexibility on exit payments. This includes:

- Formally introducing into the Regulations the ability for the administering authority to allow an exiting employer to spread the required exit payment over a fixed period.
- Allowing employers with no active employees to defer payment of an exit payment in return for an ongoing commitment to meeting their existing liabilities (deferred employer status).
- Proposals for further policy changes to exit credits. The proposed change would require the exiting

employer's exposure to risk to be taken into account in calculating any exit credit due (for example a pass-through employer who is not responsible for any pensions risk would likely not be due an exit credit if the amendments are made to the Regulations).

Changes to employers required to offer LGPS membership

At the time of drafting this FSS, under the current Regulations further education corporations, sixth form college corporations and higher education corporations in England and Wales are required to offer membership of the LGPS to their non-teaching staff.

With consideration of the nature of the LGPS and the changes in nature of the further education and higher education sectors, the Government has proposed to remove the requirement for further education corporations, sixth form college corporations and higher education corporations in England to offer new employees access to the LGPS. Given the significance of these types of employers in the Fund (5% of total liabilities) this could impact on the level of maturity of the Fund and the cashflow profile. For example, increased risk of contribution income being insufficient to meet benefit outgo, if not in the short term then in the long term as the payroll in respect of these types of employers decreases with fewer and fewer active members participating in the Fund.

This also brings an increased risk to the Fund in relation to these employers becoming exiting employers in the Fund. Should they decide not to admit new members to the Fund, the active membership attributable to the employers will gradually reduce to zero, triggering an exit under the Regulations and a potential significant exit payment. This has the associated risk of the employer not being able to meet the exit payment and thus the exit payment falling to the other employers in the Fund.

Employer risks

Many different employers participate in the Fund. Accordingly, it is recognised that a number of employer-specific events could impact on the funding strategy including:

- Structural changes in an individual employer's membership;
- An individual employer deciding to close the Scheme to new employees; and
- An employer ceasing to exist without having fully funded their pension liabilities.

However, the administering authority monitors the position of employers participating in the Fund, particularly those which may be susceptible to the events outlined and takes advice from the Fund Actuary when required.

In the case of admitted bodies, the Fund has a policy of requiring some form of security from the employer, in the form of a guarantee or a bond, in case of employer default where the risk falls to the Fund. Where the risk of default falls on the liabilities of an original letting authority, the Fund provides advice to the letting authority to enable them to make a decision on whether a guarantee, some other form of security or a bond should be required.

In addition, the administering authority keeps in close touch with all individual employers participating in the Fund to ensure that, as administering authority, it has the most up to date information available on individual employer situations. It also keeps individual employers briefed on funding and related issues.

Governance risks

Accurate data is necessary to ensure that members ultimately receive their correct benefits. The administering authority is responsible for keeping data up to date and results of the actuarial valuation

depend on accurate data. If incorrect data is valued, then there is a risk that the contributions paid are not adequate to cover the cost of the benefits accrued.

Monitoring and review

This FSS is reviewed formally, in consultation with the key parties, at least every three years to tie in with the triennial actuarial valuation process.

The most recent valuation was carried out as at 31 March 2019, certifying the contribution rates payable by each employer in the Fund for the period from 1 April 2020 to 31 March 2023.

The timing of the next funding valuation is due to be confirmed as part of the Government's *Local government pension scheme: changes to the local valuation cycle and management of employer risk* consultation which closed on 31 July 2019. At the time of drafting this FSS, it is anticipated that the next funding valuation will be due as at 31 March 2022 but the period for which contributions will be certified remains unconfirmed.

The administering authority also monitors the financial position of the Fund between actuarial valuations and may review the FSS more frequently if necessary.

Investment Strategy Statement

Introduction

The Buckinghamshire Pension Fund (the Fund) is administered by Buckinghamshire Council (the Administering Authority) which is legally responsible for the Fund. In that role the Administering Authority has responsibility to ensure the proper management of the Fund.

The Administering Authority delegates its responsibility for administering the Fund to the Pension Fund Committee (the Committee), which is its formal decision-making body. The Committee is responsible for setting strategic asset allocation and monitoring investment performance, having taken advice from professional advisers. Operational implementation of the investment strategy is delegated to Officers.

In addition, the Buckinghamshire Pension Fund has an oversight and scrutiny role to ensure good governance through monitoring of the Fund's performance, activity of the Committee and adherence to statutory duties.

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the Regulations) require administering authorities to formulate and to publish a statement of its investment strategy, in accordance with guidance issued from time to time by the Secretary of State.

This statement sets out the principles that will guide the Committee when making decisions about the investment of the Fund's assets. It also sets out the framework for investing the Fund's assets which is consistent with the Funding strategy, as set out in the Funding Strategy Statement.

The Investment Strategy Statement is an important governance tool for the Fund, as well as providing transparency in relation to how the Fund's investments are managed. This statement will be reviewed by the Committee at least triennially or more frequently should any significant change occur.

Investment Objectives

The primary objective of the Fund is to be efficient, reduce costs and minimise contributions for employers, in order to meet the cost of pension benefits as required by statute. A related objective is to minimise the volatility of employer contribution rates as investment returns vary from employee contributions are invested in accordance with the agreement between the Administering Authority and the Committee.

Investment strategy and the process for ensuring suitability of investments.

The rate of return assumed within the actuarial valuation together with the long-term nature of the liabilities means the Fund allocates a significant weighting to asset classes with higher expected returns. Such asset classes may introduce volatility in the short term but are ultimately expected to generate higher returns in the long term. The investment strategy considers the expected risk-return profile of each asset class.

A management agreement is in place for each fund manager, setting out the relevant benchmark, performance target, asset allocation ranges and any statutory restrictions or other restrictions determined by the Committee (where possible).

The Fund's investment strategy, along with an overview of the role each asset class plays is set out in the table below:

The investment objective of the Fund is to achieve a return that is sufficient to meet the primary funding objective, subject to an appropriate level of risk (implicit in the target) and liquidity. The investment strategy will be reviewed at least every three years to ensure it remains appropriate in light of market conditions and the above objectives.

It is the Administering Authority's current policy that external fund managers are employed to administer the Fund's assets. Cash balances arising from the receipt of employer and

Asset class	Allocation (%)	Role(s) within the strategy
Equities	49.0	Generate returns through capital gains and income through exposure to the shares of domestic and overseas companies; indirect links to inflation. The Fund invests in a range of actively and passively managed strategies with different investment styles to gain diversified exposure to global equity markets, using active managers where appropriate and in the expectation that these will add value.
Passive Developed Global	25.0	
Active Developed Global	14.0	
Low Volatility	5.0	
Emerging Markets	5.0	
Alternatives	26.0	
Diversified Growth	5.0	To deliver returns in excess of cash, with a reasonably low correlation to traditional equity markets and providing a degree of downside protection in periods of equity market stress. Can include allocations to equities, bonds, cash and other assets which are dynamically managed.
Fund of Hedge Funds	5.0	Operates in a range of niche markets, looking to generate returns from unconstrained active management and reduce the volatility of the total portfolio via increased diversification.
Property	8.0	Generate returns through income and capital appreciation via investment in UK property markets, whilst providing some diversification away from equities and bonds.
Private Equity	8.0	Generate returns through privately held assets that are not quoted on a stock market and capture the illiquidity premium available to long-term investors. Diversification of risk and return sources away from more traditional assets.
Private Debt		Generate returns through privately negotiated debt used to finance privately owned companies that are not quoted on a stock market. Captures the illiquidity premium available to long-term investors and provides strong capital protection and a high recovery ratio. Diversification of risk and return sources away from more traditional assets.

Infrastructure		Generate returns through capital growth and income and provide additional diversification and low correlation to traditional asset classes.
Bonds	25.0	
Index-Linked Gilts	10.0	Provide direct protection relative to inflation linked liabilities.
UK Corporate Bonds	15.0	Expected to generate returns above those available on domestic sovereign bonds (gilts) with only marginal increase in risk, whilst providing diversification relative to other asset classes.
Total	100.0	

External investment managers are appointed on the Fund’s behalf to deliver the investment strategy. This includes selecting active managers for asset classes where manager skill is expected to enhance the market return and manage risk, to a greater or lesser extent, or where passive options are not available. Passive approaches aim to deliver the market return by replicating the index in a cost and implementation efficient manner.

Asset allocation varies over time through the impact of market movements and cash flows. The overall balance between “growth” assets (equities and alternatives) and “defensive” assets (bonds) is monitored regularly, and if the allocations move away from the 75% growth/25% defensive target, assets will be switched between asset classes in order to maintain the asset distribution as close as possible to the central benchmark.

The Committee is responsible for the Fund’s asset allocation which is determined via strategy reviews undertaken as part of the actuarial valuation process. The last review of the investment strategy was in Q1 2020 and was both qualitative and quantitative in nature and was undertaken by the Committee in conjunction with Officers and independent advisers. The review considered:

- The required level of return that will mean the Fund can meet its future benefit obligations as they fall due
- An analysis of the order of magnitude of the various risks facing the Fund
- The desire for diversification across asset class, region, sector, and type of security.

Following the latest investment strategy review, the Committee are considering a number of revisions to the long-term investment strategy. These proposals include further increasing diversification within the equity and bond holdings and increasing the allocation to “alternative” assets, in particular private equity, private debt and infrastructure, in order to at least maintain total expected returns whilst reducing risk.

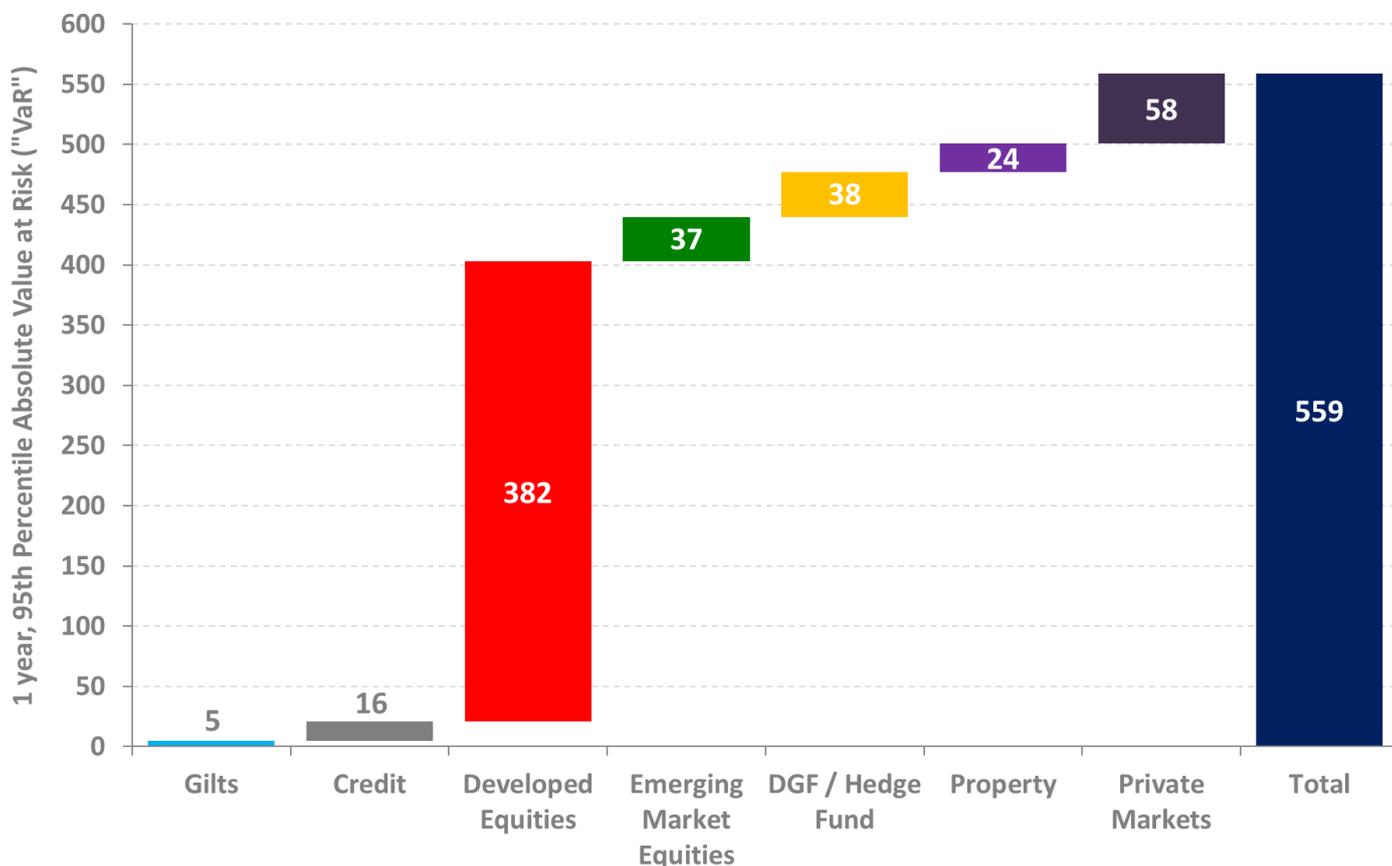
Risk measurement and management

The risk and return profile of the assets will be measured against the strategic objective and be considered in the Fund’s capacity as a long-term investor. The main risk to the Fund is the risk that the Fund’s assets do not produce the returns needed to meet the liabilities, as determined by the Funding Strategy Statement. The main risk to the employers is the volatility of the contribution rates, and their affordability.

The Committee recognises that, whilst investing in higher risk assets increases potential returns over the long-term, it also increases the risk of a shortfall in returns relative to that required to cover the Fund’s liabilities, as well as producing more short-term volatility in the Funding position. The Fund’s diverse range of asset classes and approaches is designed to help achieve returns in a variety of market environments. By

holding a range of assets across the portfolio that are not perfectly correlated, the Fund expects to reduce the level of risk it is exposed to, whilst increasing the potential to generate attractive risk-adjusted returns.

The graph below provides an indication of the main sources of investment risk (estimated by the Fund’s investment consultant) that contribute to the volatility of the Fund’s funding position, as measured by a one year “value at risk” measure at the 5% level. In other words, if we consider a downside scenario which has a 1 in 20 chance of occurring, this would be the minimum impact on the Fund’s assets relative to our “best estimate” of what the asset value would be in a years’ time.



The following risks are also considered by the Committee:

(i) Inflation Risk

The Fund’s liabilities are impacted by inflation both explicitly and implicitly. The Fund will seek to invest in a range of assets that provide returns in excess of inflation and in some cases provide an inflation-linked income, subject to a tolerable level of volatility. The Committee acknowledges that inflation risk relating to the Fund’s liabilities is managed by the underlying investment managers through a combination of strategies, such as diversification, and investing in assets that move in line with inflation, such as index-linked gilts and infrastructure.

(ii) Environmental, Social and Corporate Governance (ESG) Risk

The Committee believes that ESG (including climate change) risks should be taken into account on an ongoing basis. ESG considerations are an integral part of the Fund’s strategy and objective of being a long-term investor. Further details on the Committee’s social, environmental and corporate governance policy can be found further on in this statement.

(iii) Governance Risk

This is the risk that Committee members do not have sufficient expertise to evaluate and challenge the advice they receive, particularly given the potential for turnover within the Committee. The Fund

recognises the importance of maintaining an appropriate level of knowledge across the Committee. It has taken steps to ensure that Committee members possess an appropriate level of knowledge, skill and understanding to discharge their fiduciary duties by providing appropriate training as and when required. Officers ensure the Committee receives expert advice to support strategic and implementation decisions. In addition, the Committee maintains a Risk Register that is regularly updated and monitored by the Committee.

(iv) Exchange Rate Risk

The Fund is subject to exchange rate risk due to the Fund's investment in sterling priced portfolios which hold underlying investments denominated in foreign currency. There is no currency hedging in place at the strategic level.

(v) Liquidity Risk

The Committee recognises the inherent risk of holding illiquid assets that cannot be easily converted into cash. However, given the long-term investment horizon of the Fund it is appropriate to accept liquidity risk where such assets are considered to deliver attractive risk-adjusted returns within the context of the overall strategy. The majority of the Fund's assets are held in liquid instruments and realisable at short notice.

(vi) Cashflow Risk

The Fund is becoming more mature and is expected to become cashflow negative over time, meaning that income and disinvestments will be required from the Fund's investments to meet benefit payments. Monitoring cash flow is critical to the internal monitoring and rebalancing process and has been considered when setting investment strategy.

(vii) Valuation Risk

The actuarial valuation assumes that the Fund generates an expected return equal to or in excess of the Fund's discount rate. An important risk to which the Fund is exposed is that the return is not achieved if the assets do not deliver as expected. This risk is reduced by the diversified investment strategy the Fund employs, through the alignment of the investment strategy with funding requirements through regular reviews, and through regular monitoring.

(viii) Longevity Risk

This is the risk that the members of the Fund live longer than assumed in the actuarial valuation model. This risk is captured within the Funding strategy which is monitored by the Committee. Any increase in longevity will only be realised over the long term.

(ix) Employer Covenant Risk

There is a risk that employers within the Fund withdraw or lack the financial capacity to make good their outstanding liabilities. The financial capacity and willingness of the sponsoring employers to support the Fund is a key consideration of the Committee and is reviewed on a regular basis.

(x) Regulatory and Political Risk

Across all of the Fund's investments, there is the potential for adverse regulatory or political change. Regulatory risk arises from investing in a market environment where the regulatory regime may change. This may be compounded by political risk in those environments subject to political uncertainty. These risks are managed by diversifying across markets and are monitored by reviewing the investment strategy and specific investment mandates.

5. Approach to asset pooling

The Fund is working with nine other administering authorities to pool investment assets through the Brunel Pension Partnership Ltd. (Brunel). The Fund, through the Committee, retains the responsibility for

setting the detailed Strategic Asset Allocation for the Fund and allocating investment assets to the portfolios provided by Brunel.

The Brunel Pension Partnership Ltd is a company wholly owned by the Administering Authorities. The company received authorisation from the Financial Conduct Authority (FCA) to act as the operator of an unregulated Collective Investment Scheme in March 2018. It is responsible for implementing the detailed Strategic Asset Allocations of the participating Funds by investing Funds' assets within defined outcome focused investment portfolios. In particular it researches and selects the Manager Operated Funds needed to meet the requirements of the detailed Strategic Asset Allocations. These Manager Operated Funds are managed by professional external investment managers. The Fund is a client of Brunel and as a client has the right to expect certain standards and quality of service. A detailed service agreement is in place which sets out the duties and responsibilities of Brunel, and the rights of the Fund as a client. It includes a duty of care of Brunel to act in its clients' interests.

An Oversight Board has been established. This is comprised of representatives from each of the Administering Authorities. It was set up by them according to an agreed constitution and terms of reference. Acting for the Administering Authorities, it has ultimate responsibility for ensuring that Brunel delivers the services required to achieve investment pooling. It therefore has a monitoring and oversight function. As per the terms of reference, it is able to consider relevant matters on behalf of the Administering Authorities but does not have delegated powers to take decisions requiring shareholder approval. These are remitted back to each Administering Authority individually.

The Oversight Board is supported by the Client Group, comprised primarily of pension investment officers drawn from each of the Administering Authorities but also draws on Administering Authorities finance and legal officers from time to time. It has a primary role in reviewing the implementation of pooling by Brunel and provides a forum for discussing technical and practical matters, confirming priorities, and resolving differences. It is responsible for providing practical support to enable the Oversight Board to fulfil its monitoring and oversight function.

The arrangements for asset pooling for the Brunel pool were formulated to meet the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and Government guidance. Regular reports are made to Government on progress towards the pooling of investment assets.

Investment assets have been, and will continue to be, transitioned across from the Buckinghamshire Pension Fund's existing investment managers to the portfolios managed by Brunel over time. Until such time as transitions take place, the Fund will continue to maintain the relationship with its current investment managers and oversee their investment performance, working in partnership with Brunel where appropriate.

Over time, it is envisaged that all of the Fund's assets will be invested through Brunel however, the Fund has certain commitments to long term illiquid investment funds which will take longer to transition across to the new portfolios set up by Brunel. These assets will be managed in partnership with Brunel until such time as they are liquidated, and capital is returned.

Social, environmental and corporate governance policy

The Committee has a fiduciary duty to act in the best interest of the Fund's members and seek to obtain the best financial return that it can for members. This is a fundamental principle; however, the Fund is also mindful of its responsibilities as a long-term shareholder.

The Committee believes that environmental, social, and corporate governance (ESG) factors, including climate change, may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Committee recognises that long term sustainability issues present risks and opportunities that increasingly require explicit consideration.

The Committee has committed part of the Fund's assets to an infrastructure portfolio that has a skew towards renewable technologies and infrastructure. Assets have already been invested in a renewable energy company.

The Committee does not consider a top-down approach to divestment to be an appropriate strategy for reducing climate and carbon risk and contributing towards reducing carbon emissions. Instead, the Committee believes that decarbonising the Fund's portfolio over time by reducing its exposure to carbon intensive companies and assets and seeking to influence the behaviour of companies through engagement, will have a more beneficial impact.

The Fund's assets are in the process of being transitioned to Brunel. Brunel's Investment Principles clearly articulate its commitment to be responsible investors, and as such recognises that ESG considerations and climate change are part of the processes in the selection, non-selection, retention and realisation of assets. Brunel is committed to industry and corporate engagement, decarbonising its listed investment portfolios, and being transparent about their carbon intensity.

The Committee will continue to develop its beliefs and approach to ESG integration and climate change, and its strategy for decarbonising the Fund's investment portfolio. The Committee will work with Brunel to ensure that these are implemented, noting that Brunel published a comprehensive Climate Change Policy in January 2020.

Each portfolio, in every asset class, under Brunel, explicitly includes responsible investment which includes an assessment of how social, environmental and corporate governance considerations may present financial risks to the delivery of the portfolio objectives. These considerations will therefore be taken into account in the selection, non-selection, retention and realisation of assets. The approach undertaken will vary in order to be the most effective in mitigating risks and enhancing investor value in relation to each portfolio and its objectives.

Policy of the exercise of rights (including voting rights) attaching to investments

The policy of the Committee is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the Fund managers although the Committee has retained rights to scrutinise any voting intention. In respect of voting rights, fund managers are asked to take into account the extent to which the company concerned complies with best practice in corporate governance.

Forward guidance on stewardship under pooling

Brunel will deliver best practice standards in responsible investment and stewardship as outlined in the Brunel Investment Principles.

Advice Taken

In preparing this statement, the Committee has taken advice from Fund Officers, the Fund's appointed investment consultant, Mercer, and the Client Group at the Brunel Pension Partnership Ltd.

History of the Fund

Table 1: Active membership

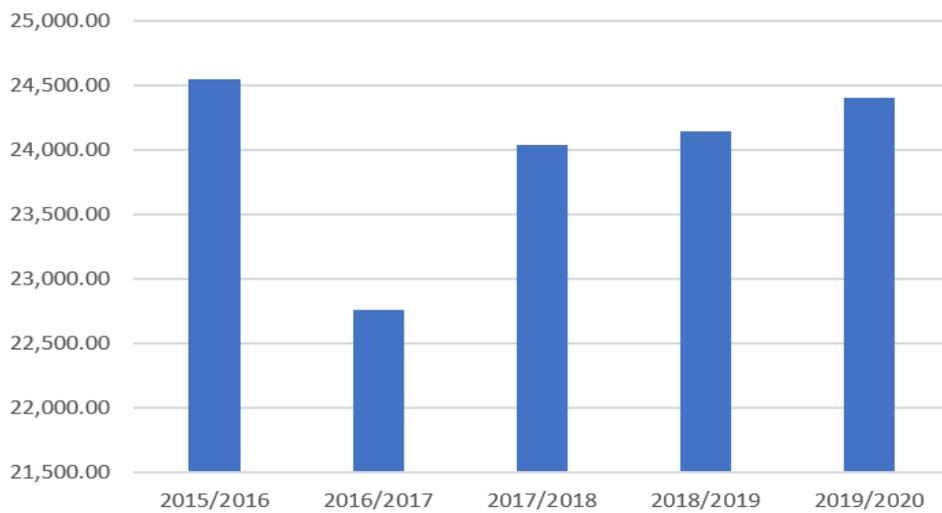


Table 2: Deferred membership

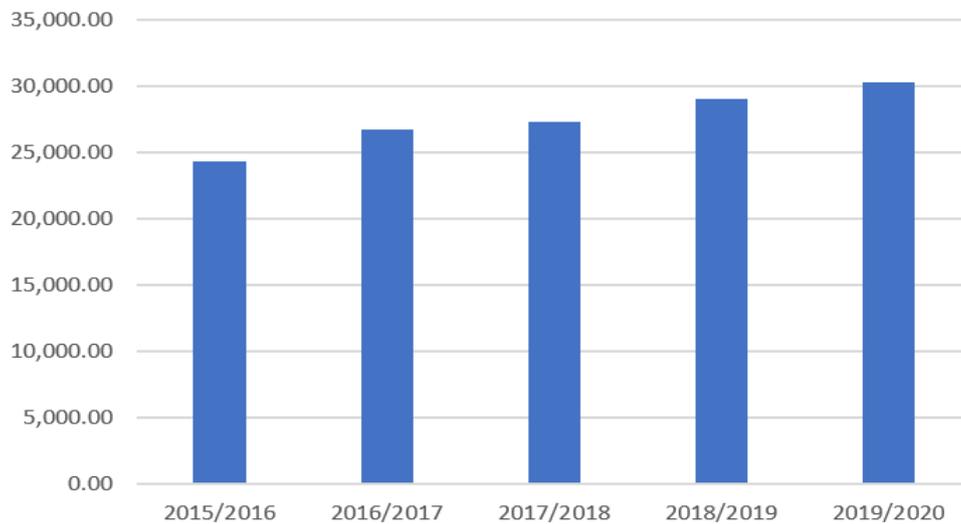


Table 3: Pensioner membership

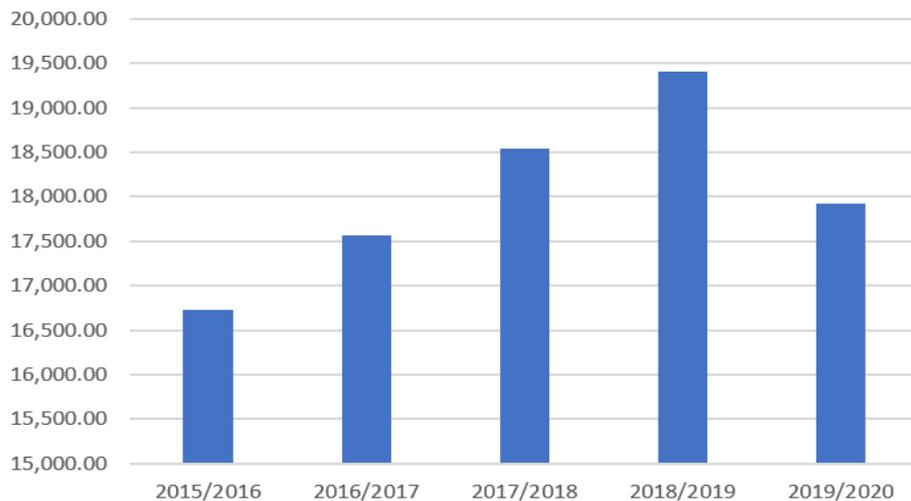


Table 4: Contributions received (£millions)

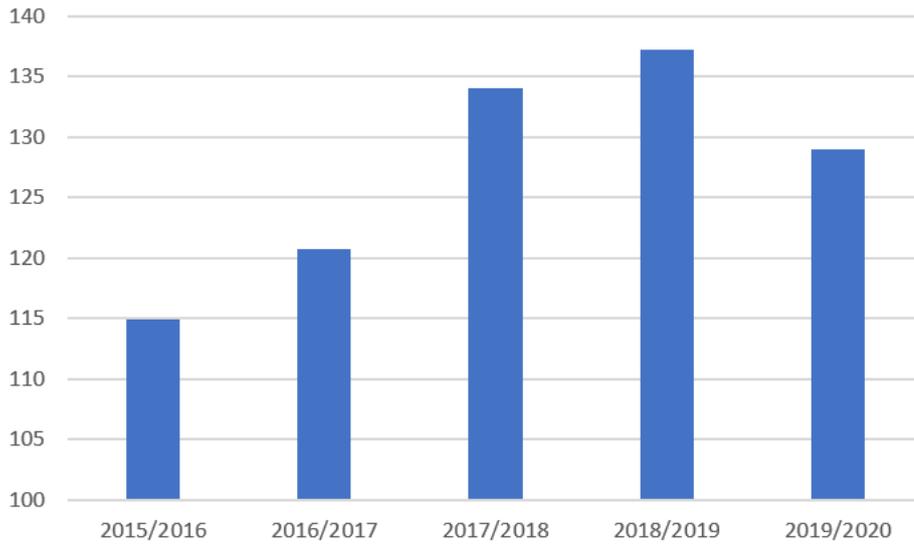


Table 5: Benefits paid (£millions)

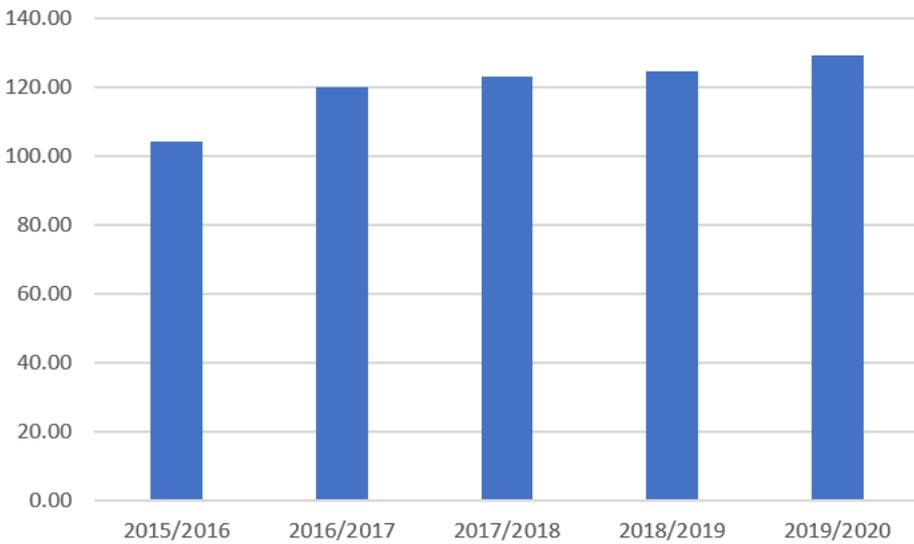
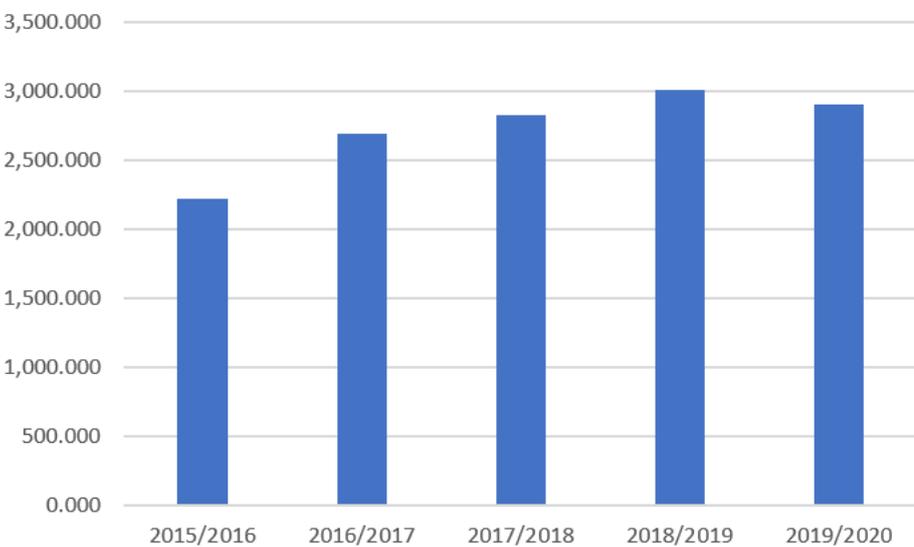


Table 6: Fund Value (£millions)



Actuary's Statement as at 31st March 2020

Introduction

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

Asset value and funding level

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

- The value of the Fund's assets as at 31 March 2019 for valuation purposes was £2,989m
- The Fund had a funding level of 94% i.e. the assets were 94% of the value that they would have needed to be for the benefits accrued to that date, based on the assumptions used. This corresponded to a deficit of £186m.

Contribution rates

The employer contribution rates in addition to those paid by the member of the Fund, are set to be sufficient to meet:

- The annual accrual of benefits allowing for future pay increases and increases to pensions in payment these fall due;
- Plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

The primary rate of contribution on a whole Fund level was 18.2% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing in each of the three years beginning 1 April 2020.

In addition, further 'secondary' contributions were required in order to pay off the Fund's deficit by no more than 15 years with effect from the 2019 valuation. This secondary rate is based on the particular circumstances and so individual adjustments are made for each employer. The total secondary contributions payable by all employers, present in the Fund as at 31 March 2019, over the three years to 31 March 2023 was estimated to be as follows:

Secondary Contributions	2020/2021	2021/2022	2022/2023
Total as a % of payroll	3.9%	4.0%	4.1%
Equivalent to total monetary amounts of	£18.2m	£19.4m	£20.6m

In practice, each employer was assessed individually in setting the minimum contributions due from them over the inter-valuation period. Details of each employer's contribution rate are contained in the Rates and Adjustments Certificate in the triennial valuation report.

Assumptions

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

Assumptions	Assumptions used for the 2019 valuation
Financial assumptions	
Market date	31 March 2019
CPI inflation	2.6% p.a.
Long-term salary increases	3.6% p.a.
Discount rate	4.8% p.a.
Demographic assumptions	
Post-retirement mortality	
Member base tables	Male/Female S3PA
Member mortality multiplier	110%/95%
Dependent base tables	S3DA
Dependent mortality multiplier	95%/80%
Projection model	CMI 2018
Long-term rate of improvement	1.25% pa
Smoothing parameter	7.5
Initial addition to improvements	0.5% pa

The mortality assumptions translate to life expectancies as follows:

Assumed life expectancies at age 65:	
Average life expectancy for current pensioners- men currently age 65	21.7 years
Average life expectancy for current pensioners- women currently age 65	25.0 years
Average life expectancy for future pensioners – men currently age 45	23.1 years
Average life expectancy for future pensioners- women currently age 45	26.5 years

Full details of the demographic and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the 2019 valuation report.

Updated position since the 2019 valuation

In terms of investment performance, returns were strong for the first three quarters following the valuation date, however, recent market movements have seen significant falls in equity values. As a 31 March 2020, in market value terms, the Fund assets were significantly less than where they were projected to be based on the previous valuation.

The projected liabilities will have increased due to the accrual of new benefits net of benefits paid but offset by lower levels of projected future inflation. However, the potential reduction in the value of liabilities will be offset by lower expected future investment returns reflected in the discount rate underlying the valuation model.

On balance, we estimate that the funding position is likely to have fallen slightly when compared on a consistent basis to 31 March 2019. The change in inflation and discount rates is likely to place a lower value on the cost of the future accrual but due to the worsening in funding position, this is likely to be offset by an increase in deficit contributions.

Further investment returns that will be achieved by the Fund in the short term are more uncertain than usual, in particular the return from equities due to actual and potential reductions and suspensions of dividends. There are also the other uncertainties around future benefits, relating to the McCloud and Sargeant cases and the ongoing cost cap management process.

We will continue to monitor the impact on the Fund and review the appropriateness of the assumptions used in our funding model.

Graeme D Muir, FFA
Partner, Barnett Waddingham

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance & Procurement;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts, delegated to the Regulatory and Audit Committee.

The Director of Finance & Procurement Responsibilities

The Director of Finance & Procurement is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020 (the Code).

In preparing this Statement of Accounts, the Director of Finance & Procurement has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Director of Finance & Procurement

I certify that this Statement of Accounts for the year ended 31 March 2020 gives a true and fair view of the financial position of the Council as at 31 March 2020 and its income and expenditure for the year ending 31 March 2020



Richard Ambrose
Director of Finance & Procurement
Buckinghamshire Council
17 December 2020

Independent Auditor's Report to the Members of BPF

Opinion

The Pension Fund financial statements of Buckinghamshire Pension Fund (the 'Pension Fund') administered by Buckinghamshire County Council (the "Authority") for the year ended 31 March 2020 which comprise the Fund Account, the Net Assets Statement and the notes to the Pension Fund financial statements, including a summary of significant accounting policies are derived from the audited pension Fund financial statements for the year ended 31 March 2020 included in the Authority's Statement of Accounts (the "Statement of Accounts").

In our opinion, the accompanying pension fund financial statements are consistent, in all material respects, with the audited financial statements in accordance with proper practices as defined in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 and applicable law.

Pension Fund Annual Report – Pension Fund financial statements

The Pension Fund Annual Report and the Pension Fund financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the Statement of Accounts. Reading the pension fund financial statements and the auditor's report thereon is not a substitute for reading the audited Statement of Accounts and the auditor's report thereon.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the pension fund financial statements in the Statement of Accounts in our report dated date 18 December 2020.

That report also includes an Emphasis of Matter - effects of Covid-19 on the valuation of property investments section that draws attention to Note 'Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty' in the audited pension fund financial statements, which is replicated in Note 'Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty' of the pension fund financial statements. Note 'Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty' describes the effects of the Covid-19 pandemic on the valuation of the pension fund's property investments as at 31 March 2020. Note 'Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty' indicates that the outbreak of the Novel Coronavirus (COVID-19) has impacted global financial markets and market activity is being impacted. As at the valuation date, La Salle and Brunel consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Valuations are therefore reported on the basis of, or subject to, 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuations Global Standards. Consequently, less certainty can be attached to a valuation.

As stated in our report dated 18 December 2020, our opinion is not modified in respect of this matter.

Service Director- Corporate finance responsibilities for the Pension Fund financial statements in the Pension Fund Annual Report

Under the Local Government Pension Scheme Regulations 2013, the Service Director - Corporate Finance of the Authority is responsible for the preparation of the pension fund financial statements, which must include the Fund Account, the Net Asset Statement and supporting notes and disclosures prepared in accordance with proper practices. Proper practices for the pension fund financial statements in both the Statement of Accounts and the Pension Fund Annual Report are set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

Auditor's responsibility

Our responsibility is to express an opinion on whether the Pension Fund financial statements in the Pension Fund Annual Report are consistent, in all material respects, with the audited Pension Fund financial statements in the Statement of Accounts based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.

Use of our report

This report is made solely to the members of Buckinghamshire Council, as a body, in respect of the Pension Fund, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of Buckinghamshire Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Buckinghamshire Council and Buckinghamshire County Council and the members of Buckinghamshire Council and Buckinghamshire County Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Iain Murray

Iain Murray, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

18 December 2020

Pension Fund Accounts

The Pension Fund Accounts contain two core statements, the Pension Fund Account and the Net Assets Statement. Each of the statements is accompanied by supplementary notes providing additional detail to the figures presented.

31 March 2019 £000	Pension Fund Account	Note	31 March 2020 £000
	Dealings with Members, Employers and Others directly Involved in the Fund		
	Income		
(137,260)	Contributions	3	(116,621)
(11,349)	Transfers in from other pension funds	4	(12,403)
(163)	Other income		(152)
(148,772)			(129,176)
	Benefits	5	
90,860	Pensions		95,975
21,210	Commutation of pensions and lump sums		23,045
	Payments to and on Account of Leavers	6	
804	Refunds of contributions		878
11,736	Transfers out to other pension funds		9,311
124,610			129,209
(24,162)	Net (Additions)/Withdrawals from Dealings with Members		33
16,237	Management expenses	7	16,474
(7,925)	Net (Additions)/Withdrawals including Fund Management Expenses		16,507
	Returns on Investments		
(47,693)	Investment income	8	(40,527)
(129,727)	Profits and losses on disposal of investments and changes in the market value of investments	9	116,993
471	Taxes on income	16	351
(176,949)	Net Returns on Investments		76,817
(184,874)	Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		93,324

Net assets statement

31 March 2019	Net Assets Statement	Note	31 March 2020
£000			£000
	Investments		
840	Long term investments		840
573,933	Equities - quoted		36,849
428,687	Bonds		421,714
1,690,849	Pooled investment vehicles		2,160,297
214,243	Unit trusts - property		213,484
80,693	Cash deposits		61,856
(34)	Derivative contracts		
10,489	Investment income receivable		7,873
2,999,700	Net Investments	11	2,902,913
21,694	Current assets	15	15,495
(14,370)	Current liabilities	15	(4,708)
3,007,024	Net Assets of the Fund Available to Fund Benefits at 31 March		2,913,700

Note: The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 18.

Description of the Fund

Buckinghamshire Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Buckinghamshire Council. Organisations participating in the Fund include the Council, Milton Keynes Council, the district and parish Councils of Buckinghamshire, Thames Valley Police, Buckinghamshire Fire and Rescue Service, and other scheduled and admitted bodies. These are listed in Note 21 to these Financial Statements. Teachers, fire fighters and police officers, for whom separate pension schemes apply, are excluded from the Pension Fund. On the 1st April 2020 the Administering Authority Buckinghamshire Council ceased to exist due to the Council and all four District Councils becoming one Unitary Authority, Buckinghamshire Council. Therefore, going forward the Administering Authority is Buckinghamshire Council.

The purpose of the Pension Fund is to provide defined benefits for employees and their widows, widowers and children, based on pay and past service. The scheme is a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Employee contribution bands range from 5.5% to 12.5% of pensionable pay. In April 2014 a 50/50 option was introduced which means members can pay half their contribution rate and build up half the pension benefit whilst retaining full value of other scheme benefits such as death in service lump sum and ill health cover. Accrued pension is revised annually in line with the Consumer Prices Index. Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. More details of benefits provided under the scheme are available on the Council's pension website.

<https://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/scheme-members>

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

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

In 2015 the government announced that they wanted the 91 Local Government Pension Scheme funds to pool their investments into larger pools in order to achieve savings in investment management costs. Brunel Pension Partnership Ltd was formed to implement the investment strategies for ten Funds. The founding Funds include The Environment Agency Pension Fund, and the Local Government Funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Gloucestershire, Oxfordshire, Somerset and Wiltshire. The company Brunel Pension Partnership Ltd was formed on 14 October 2016. By 31 March 2020 the collective assets transitioned to Brunel portfolios were circa £12 billion.

The objective of pooling assets is to achieve savings over the longer term from both lower investment management costs and more effective management of the investment assets. The pool will look to deliver the savings based upon the collective buying power the collaboration initiative will produce. Local accountability will be maintained as each individual fund will remain responsible for strategic decisions including asset allocation. The pooling of assets will only affect the implementation of the investment strategy in terms of manager appointments. The transition of assets began in July 2018 and by the end of 2021 the majority of the assets will have transitioned, although illiquid alternative assets such as private equity may need a longer transition timetable. More information and updates can be found on the Brunel Pension Partnership website at: www.brunelpensionpartnership.org

The following summarises the membership of the Fund:

Membership of the Fund	31 March 2019	31 March 2020
Contributors	24,141	24,489
Pensioners	19,411	20,290
Deferred pensioners	28,991	29,936
Total Membership of the Fund	72,543	74,715

Investment strategy statement

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require administering authorities to formulate and to publish a statement of its investment strategy, in accordance with guidance issued from time to time by the Secretary of State. The Investment Strategy Statement can be viewed on the Council's website.

https://www.bucksc.gov.uk/media/4515323/2020_04_01-investment-strategy-statement-final.pdf

Further information

The Council publishes a separate Annual Report on the Pension Fund, which gives more detailed information, a copy can be viewed on the Council's pension website.

<https://www.bucksc.gov.uk/services/council-and-democracy/local-government-pension-scheme/investment/pension-fund-annual-reports/>

Basis of Preparation

The accounts summarise the Fund's transactions for the 2019/2020 financial year and its position at year end as at 31 March 2020. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code), which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed at Note 18 of these accounts. The Pension Fund is administered by Buckinghamshire Council, but the Fund balances are not included in Buckinghamshire Council's Balance Sheet. Buckinghamshire Council replaced Buckinghamshire Council as Administering Authority of the Fund on 1 April 2020.

Accounting Policies and Critical Judgement in Applying Accounting Policies

Accounting Policies

Accruals of Income and Expenditure

The financial statements are prepared on an accruals basis, unless otherwise stated. That is, income and expenditure are recognised as they are earned or incurred, not as they are received or paid.

Contributions, benefits and investment income are included on an accruals basis. All settlements for buying and selling investments are accrued on the day of trading. Interest on deposits is accrued if not received by the end of the financial year. Investment management expenses are accounted for on an accruals basis. Administrative expenses are accounted for on an accruals basis, staff costs are paid by Buckinghamshire Council then recharged to the Pension Fund at the year end and group transfers to and from the Fund are accounted for on an accruals basis unless it is too early in the negotiations for an estimate of the value to be available. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Net Assets Statement. Some additional payments are made to beneficiaries on behalf of certain employers. These payments are subsequently reimbursed by those employers. The figures contained in the accounts are shown exclusive of both payments and reimbursements.

Employers' augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Investment Income

Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis. Investment income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as investment income. Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset. Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Benefits Payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Management Expenses

All management expenses are accounted for on an accruals basis. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. These are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition, the Fund has negotiated with the following managers that an element of their fee be performance related:

- Investec Asset Management – global equities
- Royal London Asset Management – bonds
- Aberdeen Standard – UK equities

Financial Instruments

Financial Instruments that are “held for trading” are classified as financial assets and liabilities at fair value through profit or loss when the financial instrument is:

- Acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or
- Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or
- A derivative.

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value excluding transaction costs and carried at fair value without any deduction for transaction costs that would be incurred on sale or disposal.

Financial instruments have been classified as Loans and Receivables when they have fixed or determinable payments and are not quoted in an active market. Loans and receivables are initially recognised at Fair Value and carried at historic cost as they are all short term.

The value of market quoted investments is determined by the bid market price ruling on the final day of the accounting period. Fixed interest securities are recorded at net market value based on their current yields. Pooled investments in property funds, equity funds, fixed interest funds, private equity funds and hedge fund of funds are valued by the Fund manager in accordance with industry guidelines. Note 12 includes commentary on the valuation methods that the Fund’s fund managers use.

Foreign Currency Transactions

Foreign currency transactions are translated into sterling at the exchange rate ruling at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

Derivatives

The Fund uses derivative financial instruments to manage its exposure to certain risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes. Currently the Fund only holds forward currency contracts. The future value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year end with an equal and opposite contract.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Contingent Assets & Liabilities and Commitments

Contingent liabilities are disclosed by way of a note when there is a possible obligation which may require a payment or a transfer of economic benefits. The timing of the economic transfer and the level of certainty attaching to the event are such that it would be inappropriate to make a provision.

Contingent assets are disclosed by way of a note where inflow or a receipt or an economic benefit is possible and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Pension Fund.

Commitments are disclosed by way of a note when there is a contractual commitment which may require a payment. The timing of the payment is such that it would be inappropriate to make a provision. Commitments are accounted for at the best estimate of the obligation.

Critical Judgements in Applying Accounting Policies

Pension Fund Liability

The Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The last such valuation took place as at 31 March 2019, the Funding level of the Fund as a whole increased from 87% to 94% between 31 March 2016 and 31 March 2019. All employers are projected to be fully funded by no later than 31 March 2035. The next valuation will take place as at 31 March 2022.

Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end date and the amounts reported for assets and liabilities at the year-end date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the net assets statement at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 18)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance: A 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £95m A 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £7m a one-year increase in assumed life expectancy would increase the liability by approximately £185m.
Private equity fund of funds (Note 12)	Private equity investments are valued at fair value in accordance with 'International Private Equity and Venture Capital Valuation Guidelines (2012)'. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Private equity investments are valued at £143m in the financial statements. There is a risk that this investment may be under or overstated in the accounts by £38m.

Investments (Property Portfolio) Note 9

There has been estimation uncertainties reported by La Salle and Brunel regarding the valuation of our property portfolios, as reported below.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, impacted global financial markets. Travel restrictions have been implemented by many countries. Observable market activity – that provides the empirical data for us to have an adequate level of certainty in the valuation – is being impacted. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

Events After the Reporting Date

Since 31 March 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, organisations are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of Non-essentials services have triggered significant disruptions to organisations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

There is potential for a reduction in the Council’s income, in all forms (Business Rates, Council Tax, Service Income from fees, charges and investment returns of all types) and an increase in expenditure in the form of additional costs in response to the pandemic, growth in demand, increases in the price from suppliers, as well as less tangible items such as delays to proposed savings plans as a result of staff being diverted to responding to immediate needs. The Council has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and performance of operations as of and for the year ended 31 March 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and performance of the Council for future periods.

Accounting Standards that have been issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. Potentially relevant standards include annual improvements to IFRS standards 2014/2016, IFRIC 22 foreign currency transactions and advance considerations and amendments to IFRS9 financial instruments: prepayment features with negative compensation

Contributions

Contributions relating to wages and salaries paid up to 31 March 2020 have been included in these accounts, there were no augmented employers' contributions received during 2018/2019 or 2019/2020.

2018/2019 £000	Contributions by Category	2019/2020 £000
	Employers' Contributions	
(87,302)	Normal Contributions	(64,063)
(19,829)	Deficit Recovery Contributions	(20,524)
(107,131)	Total Employers' Contributions	(84,587)
(30,129)	Members' Contributions	(32,034)
(137,260)	Total Contributions	(116,621)

2018/2019 £000	Contributions by Authority	2019/2020 £000
(40,308)	Administering authority	(42,780)
(92,413)	Scheduled bodies	(69,752)
(4,539)	Admitted bodies	(4,089)
(137,260)	Total Contributions	(116,621)

Transfer Values

2018/2019 £000	Transfers in from other pension funds	2019/2020 £000
(2,159)	Group transfers	(2,059)
(9,190)	Individual transfers	(10,344)
(11,349)	Total Transfers in from other pension funds	(12,403)

The individual transfer values relate to transfers, which have been received during the financial year i.e. included on a cash basis. On 31 March 2020 there were 7 outstanding transfer values receivable greater than £50k, for which £1,211k had not been received. (On 31 March 2019 there were two outstanding transfer values receivable greater than £50k, for which £196k had not been received.)

On 31 March 2020 there were 3 group transfers to the Fund being negotiated with other Funds (one on the 31 March 2019), the value of the transfers to the Fund is £2,059k and has been accrued.

Benefit include all valid benefit claims notified during the financial year.

2018/2019 £000	Benefits Payable by Category	2019/2020 £000
90,860	Pensions	95,975
19,321	Commutations of pensions and lump sum retirement benefits	20,532
1,889	Lump sum death benefits	2,513
112,070	Total Benefits	119,020

2018/2019 £000	Benefits Payable by Authority	2019/2020 £000
40,227	Administering authority	41,916
63,044	Scheduled bodies	67,587
8,799	Admitted bodies	9,517
112,070	Total Benefits	119,020

Payments to and on Account of Leavers

2018/2019 £000	Payments to and on Account of Leavers	2019/2020 £000
761	Refunds to members leaving service	903
43	Payments for members joining the state scheme	(24)
0	Group transfers to other pension funds	0
11,736	Individual transfers to other pension funds	9,311
12,540	Total Payments to and on Account of Leavers	10,190

The individual transfer values relate to transfers, which have been paid during the financial year i.e. included on a cash basis. On 31 March 2020 there were 0 outstanding individual transfer values payable greater than £50k. On 31 March 2019 there were four outstanding individual transfer values payable greater than £50k, for which £528k had not been paid.

On 31 March 2020 there was 1 group transfer from the Fund being negotiated with other Funds (one on the 31 March 2019); the value of the transfer from the Fund is being negotiated between the Funds' actuaries. The expenditure in respect of the transfer has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

Management Expenses

2018/2019 £000	Management Expenses	2019/2020 £000
2,177	Administrative costs	2,203
13,501	Investment management expenses	13,538
559	Oversight and governance costs	733
16,237	Total Management Expenses	16,474

The analysis of the cost of managing the Pension Fund during the period has been prepared in accordance with CIPFA guidance. Management expenses have been categorised as administrative costs, investment management expenses and oversight/governance costs. Included in the oversight and governance costs are the external audit fees, £19k in 2019/2020 (£19k in 2018/2019).

Management fees for pooled funds and transaction costs have been included in the investment management expenses. The investment management expenses include £0.89m (£3.03m in the 2018/2019 financial year) in respect of performance related fees payable to the Fund's investment managers. It also includes £4.030m in respect of transaction costs (£2.621m in the 2018/2019 financial year).

Investment Income

2018/2019 £000	Investment Income	2019/2020 £000
(23,026)	Dividends from equities	(15,072)
(14,315)	Income from bonds	(16,137)
(162)	Income from pooled investments	(541)
(7,420)	Income from property unit trusts	(7,262)
(903)	Interest on cash deposits	(770)
(1,867)	Other	(744)
(47,693)	Total Investment Income	(40,527)

Investments

All investments are valued on a fair value basis and where there is an active market the bid price is the appropriate quoted market price. The investment accounting information is provided by State Street, the Fund's custodian. During 2019/2020 realised profit of £87,619m and unrealised loss of £204,613m combined to report a decrease in the market value of investments of £116,993m.

Investments (All values are shown £000)	Value at 31 March 2019 £000	Reclassific ation of Assets £000	Purchases at Cost £000	Sales Proceeds £000	Realised Profit/ (Loss) £000	Unrealised Profit/ (Loss) £000	Value at 31 March 2020 £000
Long term investments	840	-	-	-	-	-	840
Equities - quoted	573,933	-	347,507	(870,319)	22,920	(37,191)	36,850
Bonds	428,687	-	110,978	(110,343)	4,595	(12,204)	421,713
Pooled investment vehicles	1,690,849	-	737,308	(170,102)	58,630	(156,387)	2,160,298
Unit Trusts - property funds	214,243	-	11,057	(6,381)	1,424	(6,859)	213,484
Derivative contracts	(34)	-	326	(376)	50	34	
Cash deposits	80,693	-	-	719,760	44,356	(25,486)	61,855
	2,989,211	-	1,207,176	1,184,354	87,619	(204,613)	2,895,040
Investment income due	10,489						7,873
	2,999,700						2,902,913

During 2018/2019 realised profit of £324m and unrealised loss of £195m are combined to report an increase in the market value of investments of £129m.

Investments (All values are shown £000)	Value at 31 March 2018 £000	Reclassific ation of Assets £000	Purchases at Cost £000	Sales Proceeds £000	Realised Profit/ (Loss) £000	Unrealised Profit/ (Loss) £000	Value at 31 March 2019 £000
Long term investments	840	-	-	-	-	-	840
Equities - quoted	883,946	-	458,840	(822,441)	79,231	(25,643)	573,933
Bonds	352,726	-	194,371	(123,385)	2,349	2,626	428,687
Pooled investment vehicles	1,239,939	-	1,308,442	(922,451)	238,483	(173,564)	1,690,849
Unit trusts - property funds	204,534	-	26,351	(18,923)	4,227	(1,946)	214,243
Derivative contracts	102	-	485	(463)	(22)	(136)	(34)
Cash deposits	121,408	-	-	(44,837)	-	4,122	80,693
	2,803,495	-	1,988,489	(1,932,500)	324,268	(194,541)	2,989,211
Investment income due	9,504						10,489
	2,812,999						2,999,700

Pooled investment vehicles are funds where the Pension Fund is not the named owner of specific investments such as shares or bonds but owns a proportion of a pooled fund. The Code requires that pooled investments are analysed between unit trusts, unitised insurance policies and other managed funds. The pooled investment vehicles in the tables above are other managed funds. These funds include the following types of investments:

- Equities
- Fixed interest securities
- Index linked securities
- Hedge fund of funds
- Diversified growth funds
- Private equity fund of funds

The change in the fair value of investments during the year comprises all increases and decreases in the fair value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. The Fund's investments in derivatives are not material and therefore further disclosures are not included in the accounts. Indirect costs are incurred through the bid-offer spread on investments within pooled investments.

The Fund does not participate directly in a stock lending programme.

Assets which exceed 5% of the total value of the net assets of the Fund are shown in the table below:

Fund Manager/Mandate	Proportion of Fund 31 March 2019		Proportion of Fund 31 March 2020	
	£000	%	£000	%
Investments managed by Brunel Pension Partnership Ltd				
World Developed Equities	767,145	26	725,922	25
Global Equities			401,912	14
Investments managed by the Fund				
LaSalle- Property	221,066	7	222,898	8
Legal & General Investment Management - Passive index-tracker	444,420	15	362,721	12
Royal London Asset Management - Core plus bonds	464,444	15	469,468	16

IFRS accounting requires that the Fund discloses information on fair value hedges, cash flow hedges and hedges of net investments in foreign operations. The Fund has exposure to hedges through its investments in a hedge fund of funds pooled investment vehicle, and so the hedge disclosure is not applicable to this type of investment.

Investment Management Arrangements

Fund manager fees have been calculated according to the specific mandate and the associated contract agreement as shown in the following table:

Fund Manager/Mandate	Proportion of Fund 31 March 2019 £000	%	Proportion of Fund 31 March 2020 £000	%
Investments managed by Brunel Pension Partnership Ltd				
Low Volatility Equities			110,593	4
Passive Developed Equities	767,145	26	725,922	25
Emerging Markets Equities			123,402	4
Global Equities			401,912	14
Infrastructure	5,883	0	11,451	0
Private Equity	1,565	0	14,105	1
Investments managed by the Fund				
LaSalle - Property	221,066	7	222,898	8
BlackRock -Cash/inflation plus	139,122	5	135,425	5
Blackstone Alternative Asset Management - Hedge fund of funds	156,310	5	146,881	5
Investec Asset Management- Less constrained global equities	258,633	9	1,122	0
Legal & General Investment Management – Passive index-tracker	444,420	15	362,721	12
Mirabaud Investment Management Limited- UK equities	218	0	217	0
Pantheon Private Equity- Private equity	119,040	4	106,965	4
Partners Group- Private equity	24,867	1	21,042	1
Royal London Asset Management- Core plus bonds	464,444	15	469,468	16
Schroders- Less constrained global equities	219,222	7	3,180	0
Aberdeen Standard Investments – Less constrained UK equities	121,985	4	964	0
GTP	884		908	0
Fidelity	588		600	0
Total	2,945,392	98	2,859,776	100

Analysis of the Value of Investments

31 March 2019 £000	Analysis of the Value of Investments	31 March 2020 £000
840	Long Term Investments	840
	Bonds	
	Fixed Interest Securities	
0	Overseas public sector	0
279,600	UK other	286,003
86,759	Overseas other	73,474
366,359	Total Fixed Interest Securities	359,477
	Index-Linked Securities	
51,742	UK Index-linked securities public sector	51,806
10,586	UK Index-linked securities other	10,431
62,328	Total Index-Linked Securities	62,237
428,687	Total Bonds	421,714
	Equities	
144,069	UK quoted	129
429,864	Overseas quoted	36,720
573,933	Total Equities	36,849
	Pooled Investment Vehicles	
0	UK Equities	0
379,310	UK Bonds	362,721
864,319	Overseas Equities	1,361,829
139,122	Overseas Diversified Growth Fund	135,421
156,310	Overseas Hedge Fund of Funds	146,881
5,883	Overseas Infrastructure	22,828
145,909	Overseas Private Equities	130,617
1,690,849	Total Pooled Investment vehicles	2,160,297
	Other	
214,243	Unit Trusts - property funds	213,484
(34)	Derivatives	0
80,693	Cash deposits – sterling and foreign cash	61,856
10,489	Investment Income receivable	7,873
305,391	Total Other	283,213
2,999,700	Total Value of Investments	2,902,913

Financial Instruments

The Net Assets of the Fund disclosed in the Net Assets Statement are made up of the following categories of financial instruments:

31 March 2019				31 March 2020		
Fair value through profit and loss	Loans and Receivables	Financial Liabilities at Amortised Cost		Fair value through profit and loss	Loans and Receivables	Financial Liabilities at amortised cost
£000	£000	£000		£000	£000	£000
			Financial Assets			
840	-	-	Long Term Investments	840	-	-
366,359	-	-	Fixed Interest Securities	359,477	-	-
573,931	-	-	Equities	36,849	-	-
62,329	-	-	Index Linked Securities	62,237	-	-
214,243	-	-	Property – unit trusts	213,484	-	-
-	-	-	Diversified Growth Fund	135,421	-	-
-	-	-	Pooled Fixed Interest Securities	362,721	-	-
-	-	-	Pooled Equities	1,361,829	-	-
1,690,849	-	-	Pooled Investments	-	-	-
-	-	-	Pooled Infrastructure	22,828	-	-
-	-	-	Pooled Hedge Funds of Funds	146,881	-	-
-	-	-	Pooled Private Equity	130,618	-	-
10,489	-	-	Investment Income receivable	7,873	-	-
-	80,693	-	Cash deposits	-	61,856	-
-	11,585	-	Current assets	-	5,182	-
2,919,041	92,278	-		2,841,057	67,038	-
			Financial Liabilities			
(34)	-	-	Derivatives	-	-	-
-	-	(13,367)	Current liabilities	-	-	(3,721)
-	-	(13,367)		-	-	(3,721)
2,919,007	92,278	(13,367)	Total	2,841,057	67,038	(3,721)
		2,997,918				2,904,373

31 March 2019 £000	Reconciliation to Net Investments in the Net Assets Statement	31 March 2020 £000
3,007,024	Net Investments	2,913,700
(10,109)	Less contributions due current assets	(10,313)
1,003	Add HMRC current liabilities	986
2,997,918	Valuation of Financial Instruments carried at fair value	2,904,373

The net gains and losses on financial instruments are shown in the table below.

31 March 2019 £000		31 March 2020 £000
	Financial Assets	
175,424	Fair value through profit and loss	116,993
2,227	Loans and receivables	-
-	Financial liabilities measured at amortised cost	-
	Financial Liabilities	
-	Fair value through profit and loss	-
(9,177)	Loans and receivables	-
-	Financial liabilities measured at amortised cost	-
168,474	Total	116,993

The code requires that for each class of financial assets and financial liabilities an authority shall disclose the fair value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount. As all investments are disclosed at fair value, carrying value and fair value are therefore the same.

Valuation of Financial Instruments Carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1: Financial instruments where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities, quoted equities are classified as level 1. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2: Financial instruments where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. Fixed interest securities are traded in an active market and evaluated prices sourced from a valid pricing vendor.

Level 3: Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. The values of the investment in private equity are based on valuations provided by the general partners to the private equity fund of funds in which the Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS. Valuations are audited annually as at 31 December, and the valuations as at 31 March reflect cash flow transactions since 31 December.

The values of the hedge fund of funds are based on the net asset value provided by the Fund manager. Assurances over the valuation are gained from the independent audit of the value.

The following table analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Value at 31 March 2020	Quoted Market Price Level 1 £000	Using Observable Inputs Level 2 £000	With Significant Unobservable Outputs Level 3 £000	Total £000
Long term investments	-	-	840	840
Equities	129	36,720	-	36,849
Bonds	-	421,714	-	421,714
Diversified Growth Fun	-	135,421	-	135,421
Hedge Fund	-	146,881	-	146,881
Infrastructure	-	-	22,828	22,828
Pooled Bonds	-	362,721	-	362,721
Pooled Equities	-	1,361,829	-	1,361,829
Private Equities	-	-	130,618	130,618
Property – unit trusts	-	213,484	-	213,484
Total	129	2,678,770	154,286	2,833,182

Cash is not included in the analysis of assets held at fair value since it is held at amortised cost, not fair value.

Reconciliation to Net Investments in the 31 March 2020 Net Assets Statement	£000
Net Investments	2,902,913
Less Cash deposits	(61,856)
Less investment income receivable	(7,873)
Valuation of Financial Instruments carried at fair value	2,833,182

Value at 31 March 2019	Quoted Market Price Level 1 £000	Using Observable Inputs Level 2 £000	With Significant Unobservable Outputs Level 3 £000	Total £000
Long term investments	-	-	840	840
Equities - quoted	573,933	-	-	573,933
Bonds	-	428,687	-	428,687
Pooled investment vehicles	-	1,539,057	151,792	1,690,849
Property – unit trusts	-	214,243	-	214,243
Derivatives	-	(34)	-	(34)
Total	573,933	2,181,953	152,632	2,908,518

Reconciliation to Net Investments in the 31 March 2019 Net Assets Statement	£000
Net Investments	2,999,700
Less Cash deposits	(80,693)
Less investment income receivable	(10,489)
Valuation of Financial Instruments carried at fair value	2,908,518

Sensitivity Analysis of Assets Valued at Level 3

Having analysed historical data and current market trends, the Fund has determined that the valuation methods described above are likely to be accurate within the following ranges and has set out below the potential impact on the closing value of investments held at 31 March 2020 and 31 March 2019.

	Assessed valuation range (+/-)	Value at 31 March 2020 £000	Value on increase £000	Value on decrease £000
Pooled investment vehicles - infrastructure	16.4%	22,828	26,572	19,084
Pooled investment vehicles – private equity	26.4%	130,617	165,100	96,134
Total		153,445	191,672	115,218

	Assessed valuation range (+/-)	Value at 31 March 2019 £000	Value on increase £000	Value on decrease £000
Pooled investment vehicles - infrastructure	15%	5,883	6,765	5,001
Pooled investment vehicles – private equity	15%	145,909	167,795	124,023
Total		151,792	174,560	129,024

Reconciliation of Fair Value Measurements Within Level 3

	Value at 31 March 2019 £000	Purchases £000	Sales £000	Realised profit/(loss) £000	Unrealised profit/loss £000	Value at 31 March 2020 £000
Pooled investment vehicles – private equity	135,939	15,974	(35,441)	28,443	(14,297)	130,617
Pooled investment vehicles – infrastructure	15,853	8,861	(2,974)	1,116	(27)	22,828
Total	151,792	24,834	(38,415)	29,559	(14,324)	153,445

Restated	Value at 31 March 2018 £000	Purchases £000	Sales £000	Realised profit/(loss) £000	Unrealised profit/loss £000	Value at 31 March 2019 £000
Pooled investment vehicles – private equity	154,809	8,853	(36,719)	30,912	(21,916)	135,939
Pooled investment vehicles – infrastructure	10,775	6,154	(833)	833	(1,077)	15,853
Total	165,584	15,007	(37,552)	31,745	(22,992)	151,792

The Fund's fund managers provided the following commentary on the valuation methods they use:

Blackstone – Fund of Hedge Funds

Blackstone's direct securities and derivative investments made through Blackstone's fund of hedge fund vehicles, such as Securities, Options, Futures are valued using prices quoted on the relevant exchanges. Forward currency contracts are valued at the current forward market prices obtained from brokers. Total return swaps are valued using the last reported public closing price of the underlying index.

Partners Group – Private Equity

Partners Group performs independent valuations of its underlying investments through a fair market valuation process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (US GAAP).

Partners Group gathers the valuation-relevant information by systematically screening a broad set of sources for valuation-relevant information about portfolio companies which are held directly or indirectly by Partners Group's programs and mandates. This includes information supplied by the firm's due diligence and monitoring professionals, underlying fund managers and information published in industry journals and/or other publications.

LGIM – Passive Tracker Fund

The method used to value units is the same at every valuation date throughout the year. All holdings of the appropriate Pooled Fund Sections are valued at the close of business valuation point using a recognised pricing service. These values are then adjusted to allow for outstanding dividends, tax payable or recoverable and any relevant expenses (this creates the "Mid Value").

Brunel – Global Equity, High Alpha Equity, Emerging Markets Equity, Low Volatility Equity ACS Funds

Weekly prices each Wednesday valued at close of business valuation point. These values are then adjusted to allow for outstanding dividends, tax payable or recoverable and any relevant expenses (this creates "Mid Value").

Brunel – Private Equity

Brunel selects managers who apply a fair value process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounts Principals (US GAAP). Systematically Brunel ensures valuations are driven by IPEV guidelines and that this process is annually appraised by 3rd parties for appropriateness.

Brunel – Infrastructure

Brunel selects managers who apply a fair value process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounts Principals (US GAAP). Systematically Brunel ensures valuations are driven by IPEV guidelines and that this process is annually appraised by 3rd parties for appropriateness.

LaSalle – Property Fund

LaSalle rely on the NAV provided by each fund manager, computed in accordance with appropriate local standards, incorporating independent valuations conducted from suitably qualified external providers. These external NAVs are subject to review by LaSalle’s Real Estate Multi Manager (REMM) team.

Pantheon – Private Equity

Investments are valued using the most relevant of methods listed below:

- Cost/recent round of financing/price of recent investment where recent transactions may be the most reflective of fair value.
- Comparable Private Company Transactions used for companies with low enterprise value or low EBITDA which means it is not appropriate to use earnings multiples of similar publicly listed companies.
- Earnings/Earnings Multiples/Performance Multiples valuations involve applying a multiple, appropriate to the company being valued, to the earnings of a company. The valuation is described as a function of two variables, price and earnings (The most widely used of the valuation methodologies, especially for buyout or other businesses that have comparable characteristics to companies in the public markets).
- Underlying value of Net Assets.
- Discounted Cash flows (DCF) where there are predictable cash flows visible over a given time horizon.
- Industry Benchmarks are normally based on the assumption that investors are willing to pay for market share, and that profitability of the business in the does not vary greatly.
- Unrestricted Publicly traded securities are valued at the closing public market price on the valuation date.

These methods are consistently applied across all investment types.

BlackRock Institutional Jersey Dynamic Diversified Growth Fund

The above Fund is a sub-fund of the BlackRock Institutional Jersey Funds umbrella which reports under UK SORP and is not exchange-traded. The price is determined daily by the Funds Administrator and will be representative of the Fund’s net asset value (“NAV”) at each dealing point subject to any spreads applied, where appropriate. The Fund is not subject to any redemption notice periods and can be redeemed at each dealing point, currently on a daily basis.

Additional Financial Risk Management Disclosures

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

Responsibility for the Fund’s risk management strategy rests with the Pension Fund Committee. The Pension Fund Risk Assessment analyses the risks faced by the Council’s pensions operations, it is reviewed

regularly by the Pension Fund Committee to reflect changes in activity and in market conditions. The analysis below is designed to meet the disclosure requirements of IFRS 7.

Market Risk

Market risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices of equities, commodities, interest rates, foreign exchange rates and credit spreads. This could be as a result of changes in market price, interest rates or currencies. The objective of the Fund's Investment strategy is to manage and control market risk exposure within acceptable parameters, while optimising the return.

In general, excessive volatility in market risk is managed through diversification across asset class, investment manager, country, industry sector and individual securities. Each manager is expected to maintain a diversified portfolio within their allocation.

Market Price Risk

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

By diversifying investments across asset classes and managers, the Fund aims to reduce the exposure to price risk. Diversification of asset classes seeks to reduce correlation of price movements, whilst the appointment of specialist managers enables the Fund to gain from their investment expertise.

Market Price - Sensitivity Analysis

Whilst the value of the Fund's assets is sensitive to changes in market conditions and the Fund's assets are diversified across fund managers and asset classes to mitigate the risks. The Fund's liability to pay future benefits is equally sensitive, particularly to interest rate changes. In consultation with Mercer, the Fund's investment consultant, the Fund has determined that the following movements in market price risk are reasonably possible for 2020/2021. Assuming that all other variables, in particular foreign exchange rates and interest rates, remain constant. If the market price of the Fund's investments does increase/decrease in line with the table below, the change in the market price of net assets available to pay benefits would be as follows.

Asset Type	31 March 2020 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Long term investments	840	20.6	1,013	667
Equities – quoted	36,849	20.6	44,440	29,258
Bonds	421,714	4.84	442,117	401,311
Pooled investment vehicles	2,160,297	16.93	2,526,137	1,794,457
Property - unit trusts	213,484	15.6	246,788	180,180
Derivative contracts	0	12.2	0	0
Cash deposits	61,856	1.0	62,475	61,237
Investment income receivable	7,873	20.6	9,495	6,251
Total	2,902,913		3,332,465	2,473,361

In consultation with Mercer, the Fund's investment consultant, the Fund determined that the following movements in market price risk were reasonably possible for 2019/2020. Assuming that all other variables, in particular foreign exchange rates and interest rates, remain constant. If the market price of the Fund's investments did increase/decrease in line with the table below, the change in the market price of net assets available to pay benefits would be as follows.

Asset Type	31 March 2019 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Long term investments	840	20.0	1,008	672
Equities – quoted	573,933	20.0	688,720	459,146
Bonds	428,687	4.2	446,621	410,753
Pooled investment vehicles	1,690,849	17.0	1,940,104	1,441,594
Property - unit trusts	214,243	14.8	245,951	182,535
Derivative contracts	(34)	12.2	(30)	(38)
Cash deposits	80,693	1.0	81,500	79,886
Investment income receivable	10,489	20.0	12,587	8,391
Total	2,999,700		3,416,461	2,582,939

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest Rate – Sensitivity Analysis

The Pension Fund recognises that interest rates vary and can impact income to the Fund and the fair value of the assets, both of which affect the value of the net assets available to pay benefits. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the impact of a 1% change, long term average interest rates are expected to move less than 1% from one year to the next. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

31 March 2020 Exposure to interest rate risk	Asset Value £000	Impact of 1% increase £000	Impact of 1% decrease £000
Cash and cash equivalents	64,862	64,862	64,862
Fixed interest bonds	359,477	363,072	355,882
Variable rate bonds	62,237	62,237	62,237
Total	486,576	490,171	482,981

31 March 2019 Exposure to interest rate risk	Asset Value £000	Impact of 1% increase £000	Impact of 1% decrease £000
Cash and cash equivalents	90,575	90,575	90,575
Fixed interest bonds	366,359	370,023	362,695
Variable rate bonds	62,328	62,328	62,328
Total	519,262	522,926	515,598

2019/2020 Exposure to interest rate risk	Interest receivable £000	Impact of 1% increase	Impact of 1% decrease
Cash and cash equivalents	770	778	762
Fixed interest bonds	9,830	9,928	9,732
Variable rate bonds	6,307	6,370	6,244
Total	16,907	17,076	16,738

2018/2019 Exposure to interest rate risk	Interest receivable £000	Impact of 1% increase £000	Impact of 1% decrease £000
Cash and cash equivalents	903	912	894
Fixed interest bonds	8,721	8,721	8,721
Variable rate bonds	5,595	5,651	5,539
Total	15,219	15,284	15,154

Changes in interest rates do not impact on the value of cash/cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

Currency Risk

Currency risk represents the risk that the fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than sterling. When sterling depreciates the sterling value of foreign currency denominated investments will rise and when sterling appreciates the sterling value of foreign currency denominated investments will fall. Over the long term the differences in currencies are likely to balance out and the Fund has chosen not to hedge its currencies.

Currency Risk – Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 7.64% movement in exchange rates in either direction for 31 March 2020. This analysis assumes that all variables, in particular interest rates, remain constant. Based on the composition of the Fund's currency exposure a 7.64% fluctuation in the currency is considered reasonable. A 7.64% weakening or strengthening of Sterling against the various currencies at 31 March 2020 would have increased or decreased the net assets by the amount shown below.

Currency Exposure by Asset Type	31 March 2020 £000	Value on increase £000	Value on decrease £000
		+7.64%	-7.64%
Equities – quoted	1,276,253	1,373,759	1,178,747
Infrastructure	19,227	20,696	17,758
Private Equities	130,617	140,596	120,638
Property - unit trusts	29	31	27
Cash deposits	43,923	47,279	40,567
Total	1,470,049	1,582,361	1,357,737

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 9.36% movement in exchange rates in either direction for 31 March 2019. This analysis assumes that all

variables, in particular interest rates, remain constant. Based on the composition of the Fund's currency exposure a 9.36% fluctuation in the currency is considered reasonable. A 9.36% weakening or strengthening of Sterling against the various currencies at 31 March 2019 would have increased or decreased the net assets by the amount shown below.

Currency Exposure by Asset Type	31 March 2019 £000	Value on increase £000	Value on decrease £000
		+9.36%	-9.36%
Equities – quoted	439,638	480,788	398,488
Pooled investment vehicles	151,787	165,994	137,580
Property - unit trusts	163	178	148
Cash deposits	40,181	43,942	36,420
Total	631,769	690,902	572,636

One important point to note is that currency movements are not independent of each other. If sterling strengthened generally it may rise against all the above currencies producing losses across all the currencies.

Currency Exposure by Significant Currency

The Fund's most significant currency exposures are to US Dollars and EUROS, using data on currency risk of 7.73% for the US Dollar and 6.72% for the EURO. Weakening or strengthening of Sterling against US Dollars and EUROS at 31 March 2020 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2020 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	869,526	7.73	936,740	802,312
EUROS	196,309	6.72	209,501	183,117
Total	1,065,835		1,146,241	985,429

Weakening or strengthening of Sterling against US Dollars and EUROS at 31 March 2019 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2019 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	388,278	9.40	424,776	351,780
EUROS	113,438	7.99	122,502	104,374
Total	501,716		547,278	456,154

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market value of investments generally reflects an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. In essence the Fund's entire investment portfolio is exposed to some sort of credit risk. The Fund is exposed to credit risk through its investment managers, custodian and its daily treasury management activities. Credit risk is minimised through the careful selection and monitoring of financial institutions and counterparties. Contractual credit risk is represented by the net payment or receipt that remains outstanding.

A source of credit risk is the cash balances held internally or by managers. The Pension Fund's bank account is held at Lloyds, which holds an "A+" long term credit rating. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Council's Treasury Management Strategy which sets out the permitted counterparties and limits. The value of the Fund invested by the Treasury Management Team at 31 March 2020 was £1.109m in an instant access Lloyds account and £2.000m invested in Federated's money market fund. (On 31 March 2019 £0.691m was invested in an instant access Lloyds account.) Cash held by investment managers is invested with the global custodian, State Street, in a diversified money market fund rated AAAm.

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The main liabilities of the Fund relate to the benefits payable which fall due over a long period of time. The investment strategy reflects this and sets out the strategic asset allocation of the Fund. Liquidity risk is mitigated by investing a proportion of the Fund in actively traded instruments in particular equities and fixed income investments. The Fund maintains a cash balance to meet operational requirements.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer to convert into cash. The following table summarises the Fund's illiquid assets by fund manager.

31 March 2019 £000		31 March 2020 £000
156,310	Blackstone	146,881
5,883	Brunel Infrastructure	11,451
1,565	Brunel Private Equity	14,105
221,066	LaSalle	222,898
119,040	Pantheon Private Equity	106,965
24,867	Partners Group	21,042
588	Hg Capital	600
529,319		523,942

Related Parties

The Buckinghamshire Pension Fund is administered by Buckinghamshire Council and therefore there is a strong relationship between the Council and the Pension Fund.

The Council was reimbursed £2.35m (£2.2m in the 2018/2019 year) for oversight & governance costs and administration costs incurred by the Council on behalf of the Pension Fund. The Council is also the single largest employer of members of the Pension Fund and contributed £45.3m to the Fund in 2019/2020 (£45.1m in the 2018/2019 year).

The Pension Fund's surplus cash held for day to day cash flow purposes is invested on the money markets by Buckinghamshire Council's treasury management team, through a service level agreement. During the year to 31 March 2020, the Fund had an average investment balance of £8.1m (£7.7m in the 2018/2019 year), earning interest of £53k (£55k in the 2018/2019 year).

Membership of the Local Government Pension Scheme (LGPS) for Councillors closed to new members on 31 March 2014, councillors who were active members ceased to be a member at the next end of term of office. There is one member of the Pension Fund Committee who is a deferred member of the Fund. There are no members of the Pension Fund Committee who were pensioner members of the Fund on 31 March

2020 (on 31 March 2019 no pensioner members and one deferred member). The Service Director – Corporate Finance (s151 Officer), holds a key position in the financial management of the Fund and is an active member. He is an employee of Buckinghamshire Council for whom a portion of his costs of employment are re-charged to the Fund. Disclosure of his pay costs can be found within the officer remuneration note in the main Buckinghamshire Council accounts.

The Pension Fund has transactions with Brunel Pension Partnership Ltd (Brunel) (Company number 10429110) which was formed on 14 October 2016 and will oversee the investment of pension fund assets for ten Funds. The founding Funds include The Environment Agency Pension Fund, and the Local Government Funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Gloucestershire, Oxfordshire, Somerset and Wiltshire. Each of the 10 organisations, including Buckinghamshire Council own 10% of Brunel. During the year to 31 March 2020 Brunel provided services costing £1,144k (£835k in the year to 31 March 2019).

Current Assets and Liabilities

31 March 2019 £000	Current Assets and Liabilities	31 March 2020 £000
	Current Assets	
10,109	Contributions due from employers 31 March	10,313
9,882	Cash balances (not forming part of the investment assets)	3,006
1,703	Other current assets	2,176
21,694	Total Current Assets	15,495

	Current Liabilities	
(1,170)	Management charges	(727)
(1,003)	HM Revenue and Customs	(986)
(692)	Unpaid benefits	(673)
(11,505)	Other current liabilities	(2,322)
(14,370)	Total Current Liabilities	(4,708)
7,324	Net Current Assets	10,787

Taxes on Income

2018/2019 £000	Taxes on Income	2019/2020 £000
-	Withholding tax - fixed interest securities	-
471	Withholding tax - equities	351
471	Total Taxes on Income	351

The Fund retains the following taxation status:

- VAT input tax is recoverable on all fund activities by virtue of Buckinghamshire Council being the administering authority.
- The Fund is an exempt approved fund under the Finance Act 2004 and is therefore not liable to UK income tax or capital gains tax.
- Income earned from investments overseas in certain countries is subject to withholding tax, unless an exemption is available.

Actuarial Position of the Fund

In accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013 (as amended), the Fund's actuary, Barnett Waddingham LLP, undertakes a funding valuation every three years to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund for the forthcoming triennial period. The last such valuation took place as at 31 March 2019. The next valuation will take place as at 31 March 2022.

On 31 March 2019, the market value of the assets held were £3,007.020m, sufficient to cover 94% of the accrued liabilities assessed on an ongoing basis. All employers are projected to be fully funded by no later than 31 March 2035. The primary rate of contribution is the employers' share of the cost of benefits accruing in each of the three years beginning 1 April 2020 and is 18.2% of payroll. In addition, each employer pays a secondary contribution rate based on their particular circumstances, the secondary contribution rate across the whole Fund averages 3.9% in 2020/2021, 4.0% in 2021/22 and 4.1% in 2021/22.

The results of the valuation are that the past service funding level of the Fund as a whole has increased from 87% to 94% between 31 March 2016 and 31 March 2019. The improvement of the Funding position since the previous valuation is mainly due to good investment returns and employer contributions. To produce the future cashflows or liabilities and their present value Barnett-Waddingham formulate assumptions about the factors affecting the Fund's future finances such as inflation, salary increases, investment returns, rates of mortality, early retirement and staff turnover etc.

The main assumptions used in the valuation were:

Financial assumptions

- Discount rate 2.35%
- Pension increases 1.85%
- CPI inflation 1.85%
- Salary increases 2.85%

Demographic assumptions

Male Female

Post retirement mortality

- Member base tables S3PA
- Member mortality multiplier 110%/95%
- Dependant base tables S3DA
- Dependant mortality multiplier 95%/80%
- Projection model CMI 2018
- Long-term rate of improvement 1.25% per annum
- Smoothing parameter 7.5
- In addition to improvements 0.5% per annum

Retirement assumption

Weighted average of each tranche retirement

Pre-retirement decrement ill-

GAD 2016 scheme valuation with no salary scale, 50%
health decrement, 105% pre-retirement

50:50 assumption	Member data
Commutation	50% of maximum
<ul style="list-style-type: none">• % members with qualifying dependant	75%/70%
Age difference	Males are 3 years older

Actuarial Present Value of Promised Retirement Benefits

International Financial Reporting Standards (IFRS) requires the disclosure of the actuarial present value of promised retirement benefits. The Fund's Actuary has prepared a report which rolls forward the value of the Employers' liabilities calculated for the Triennial valuation as at 31 March 2019. On an IAS 19 basis the Actuary estimates that the net liability as at 31 March 2020 is £1,647m (31 March 2019 £1,792m), but figures calculated on an IAS 19 basis are not relevant for calculations undertaken for funding purposes or for other statutory purposes undertaken under UK pensions legislation. The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

For the Triennial Valuation the actuary asks the question – what is the value of the assets required based on existing investment strategy to be sufficient to meet future liabilities? For IAS 19 valuations, however, the actuary asks the question – how much would need to be borrowed on the corporate bond market to meet future liabilities?

The expected returns on the assets actually held will be different from borrowing costs, and so different amounts are required. This manifests itself in different discount rates being used in each type of valuation, and so different values are placed on the same liabilities.

31 March 2019		31 March 2020
£000		£000
4,791,251	Present value of funded obligation	4,549,742
(2,998,856)	Fair value of scheme assets	(2,902,913)
1,792,395	Net Liability	1,646,829

The Present Value of Funded Obligation consists of £4,446m (£4,628m at 31 March 2019) in respect of Vested Obligation and £104m (£163m at 31 March 2019) in respect of Non-Vested Obligation. Vested benefits are the benefits that employees have a right to receive even if they do not render services to the employer. In other words, the employees will receive their vested benefits even if they stop working for the employer. Thus, non-vested benefits are the benefits an employee can receive in the future if he or she continues providing services to the employer. The liabilities above are calculated on an IAS19 basis and therefore differ from the results of the triennial funding valuation (see Note 17) because IAS19 stipulates a discount rate rather than a rate that reflects market rates. The main assumptions used were:

31 March 2019		31 March 2020
3.4%	RPI increases	2.65%
2.4%	CPI increases	1.85%
3.9%	Salary increases	2.85%
2.4%	Pension increases	1.85%
2.4%	Discount rate	2.35%

These assumptions are set with reference to market conditions at 31 March. The Actuary's estimate of the duration of the Fund's past service liabilities is 22 years. An estimate of the Fund's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date.

Similarly, to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30-year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40-year point. This is consistent with the approach used at the previous accounting date. As future pension increases are expected to be based on CPI rather than RPI, the Actuary has made a further assumption about CPI which is that it will be 0.8% below RPI i.e. 1.85%.

Salaries are assumed to increase at 1.0% above CPI. This differs from the salary increase assumption at the previous accounting date and has been updated in line with the most recent funding valuation. The liabilities include an allowance for the Court of Appeal judgement in relation to the McCloud & Sargeant cases which related to age discrimination within the Judicial & Fire Pension schemes respectively.

Demographic/Statistical assumptions

The actuary has adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2019. The post retirement mortality tables adopted are the S3PA tables with a multiplier of 110% for males and 95% 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., smoothing parameter of 7.5 and an initial addition to improvements of 0.5% pa. The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)	31 March 2019	31 March 2020
Retiring today		
Males	22.9	21.8
Females	24.8	25.1
Retiring in 20 years		
Males	24.6	23.2
Females	26.6	26.5

The actuary also assumed that:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

Contingent Liabilities and Contractual Commitments

Outstanding contractual commitments at 31 March 2020 relate to outstanding call payments due on unquoted limited partnership funds held in the private equity, resources, global real estate and infrastructure parts of the portfolio. The amounts “called” by the Funds are irregular in both size and timing over several years from the date of each original commitment. The undrawn amount, the outstanding commitment, for each of these contracts is shown in the table below:

Outstanding Capital Commitments	31 March 2019	31 March 2020
	£000	£000
Brunel Infrastructure Cycle 2	0	250,000
Brunel Private Debt Cycle 2	0	130,000
Brunel Private Equity Cycle 2	0	120,000
Brunel Infrastructure Cycle 1	68,846	61,095
Brunel Private Equity Cycle 1	73,570	64,240
Pantheon Asia Fund V LP	715	1,587
Pantheon Asia Fund VI LP	6,369	18,506
Pantheon USA Fund VII Limited	1,244	1,168
Pantheon USA Fund VIII Feeder LP	5,803	4,517
Pantheon Global Secondary Fund IV Feeder LP	3,465	4,063
Partners Group Global Resources 2009, LP	3,271	3,435
Pantheon Europe Fund V “A” LP	982	854
Pantheon Europe Fund VI LP	3,578	3,061
Partners Group Global Real Estate 2008 SICAR	1,722	1,781
Partners Group Global Infrastructure 2009 SICAR	2,715	2,806
	172,280	667,114

On 31 March 2020 there were 3 group transfers to the Fund being negotiated with other Funds (one on the 31 March 2019), the value of the transfers to the Fund is £2,059k and has been accrued. On 31 March 2020 there was one group transfer from the Fund being negotiated with other Funds (one on the 31 March 2019), the value of the transfers from the Fund are being negotiated between the Funds’ actuaries. The expenditure in respect of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

Additional Voluntary Contributions (AVCs)

AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. The AVC providers to the Fund are Prudential and Scottish Widows. Prudential invests in several funds including with profits accumulation, deposit and discretionary funds. Scottish Widows invests in a range of funds to suit Scheme members' changing lifestyles. These amounts are not included in the pension fund accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016.

2018/2019 £000	Prudential	2019/2020 £000
3,869	Value of AVC fund at beginning of year	4,740
860	Correction opening value	0
543	Employees' contributions and transfers in	622
79	Investment income and change in market value	160
(611)	Benefits paid and transfers out	(795)
4,740	Value of AVC fund at year end	4,727

2018/2019 £000	Scottish Widows	2019/2020 £000
3,321	Value of AVC fund at beginning of year	2,838
(437)	Correction opening value	0
119	Employees' contributions	44
(46)	Investment income and change in market value	(2,066)
(119)	Benefits paid and transfers out	(69)
2,838	Value of AVC fund at year end	747

List of Scheduled and Admitted Bodies

Scheduled Bodies

Aylesbury Vale District Council
Amersham Town Council
Aston Clinton Parish Council
Aylesbury Town Council
Aylesbury College
Aylesbury Grammar School
Aylesbury High School
Aylesbury Vale Academy
Abbey View Primary School
Alfriston School
Amersham School
Ashbrook School
Aspire Schools
Beaconsfield High School
Bearbrook Combined & Pre-school
Bedgrove Infant School
Bedgrove Junior School
Beechview Academy
Bourne End Academy
Bourton Meadow Academy
Bridge Academy
Brooksward School
Brushwood Junior School
Brill CofE Combined School
Beaconsfield Town Council
Bletchley & Fenny Stratford Town Council
Bradwell Parish Council
Broughton & Milton Keynes Parish Council
Brookmead School
Buckingham Town Council
Burnham Parish Council
Buckinghamshire County Council
Buckinghamshire Fire and Rescue Service
Buckinghamshire New University
Buckinghamshire University Technical College
Burnham Grammar School
Bushfield School
Castlefield School
Campbell Park Parish Council
Chalfont St Giles Parish Council
Chalfont St Peter Parish Council
Chepping Wycombe Parish Council
Chesham Bois Parish Council
Chesham Town Council
Chiltern Crematorium
Chiltern District Council
Hambleton Parish Council
Hazlemere Parish Council
Chalfonts Community College
Chalfont St Peter CE Academy
Charles Warren Academy
Chepping View Primary Academy
Chesham Bois CofE Combined School
Chesham Grammar School
Chestnuts Academy
Chiltern Hills Academy
Chiltern Way Academy
Christ the Sower Ecumenical Primary School
Chalfont Valley E-Act Academy
Chepping Wycombe Parish Council
Chesham Bois Parish Council
Chesham Town Council
Chiltern Crematorium
Chilterns Conservation Board
Coldharbour Parish Council
Coleshill Parish Council
Cottesloe School
Denbigh School
Denham Green E-Act Academy
Dorney School
Dr Challoner's Grammar School
Dr Challoner's High School
Danesfield School
E-Act Burnham Park Academy
Elmhurst School (Academy)
EMLC Academy Trust
Fairfields Primary School
Gerrards Cross Parish Council
Great Missenden Parish Council
Germander Park School
Gerrards Cross CoE School
Glastonbury Thorn First School
Great Horwood CofE Combined School
Great Kimble CoE School
Great Kingshill CoE Combined School
Great Marlow School
Great Missenden CoE Combined School
Green Park School
Green Ridge Academy
George Grenville Academy
Hamilton Academy
Heronsgate School
Heronshaw School
Holmer Green Senior School
Oxford Diocesan Bucks School Trust (MAT)
Oxley Park Academy

Holmwood School
Iver Parish Council
Ivinghoe Parish Council
Inspiring Futures Through Learning
Ivingswood Academy
Ickford School
John Colet School
John Hampden Grammar School
Jubilee Wood Primary School
Kents Hill Park School
Kents Hill School
Kents Hill & Monkston Parish Council
Khalsa Secondary Academy
Kingsbridge Education Trust (MAT)
Knowles Primary School
Lacey Green Parish Council
Lane End Parish Council
Lace Hill Academy
Lent Rise Combined School
Longwick CofE Combined School
Lord Grey Academy
Loudwater Combined School
Loughton School
Longwick-cum-Ilmer Parish Council
Little Marlow Parish Council
Marlow Town Council
Mentmore Parish Council
Milton Keynes Council
Middleton Primary School
Milton Keynes Academy
Milton Keynes College
Milton Keynes Development Partnership
Milton Keynes Education Trust
Monkston Primary Academy
Moorland Primary School
Newport Pagnell Town Council
Newton Longville Parish Council
New Bradwell Parish Council
New Bradwell School
New Chapter Primary School
Olney Town Council
Oakgrove School
Olney Infant School
Olney Middle Academy
Orchard Academy
Ousedale School
Overstone Combined School
Walton High
Water Hall Primary School
Whitehouse Primary School
Wendover Parish Council

PCC for Thames Valley
Penn Parish Council
Piddington & Wheeler End Parish Council
Princes Risborough Town Council
Padbury CofE School
Portfields Combined School
Princes Risborough Primary School
Princes Risborough School
Sir Henry Floyd Grammar School
Sir Herbert Leon Academy
Sir Thomas Fremantle Academy
Shenley Brook End and Tattenhoe Parish Council
Shenley Church End Parish Council
Shenley Church End Parish Council
Shenley Brook End School
Shepherdswell School
Sir William Borlase's Grammar School
Sir William Ramsay School
Seer Green CofE School
Southwood Middle School
South Bucks District Council
Stanton School
Stantonbury Campus
Stephenson Academy
Stantonbury Parish Council
Stony Stratford Town Council
St Mary Magdelene Catholic Primary
St Nicolas' CE Combined School Taplow
St Paul's RC School
St John's CofE Combined School
Rickley Park Primary School
Royal Grammar School
Royal Latin School
Taplow Parish Council
The Beaconsfield School
The Bridge Academy
The Hazeley Academy
Thames Valley Police
The Highcrest Academy
The Misbourne School
The Premier Academy
The Radcliffe School
Thomas Harding Junior School
Two Mile Ash School
Waddesdon Parish Council
Waddesdon CoE School
Waterside Combined School
Wolverton & Greenleys Town Council
Wooburn & Bourne End Parish Council
Woughton Community Council
Wooburn Green Primary Academy

West Blechley Town Council
West Wycombe Parish Council
Weston Turville Parish Council
Winslow Town Council
Woburn Sands Town Council

Woodside Junior School
Wycombe District Council
Wycombe High School
Wyvern School

Election Fees

Aylesbury Vale Local

South Bucks Local

Admitted Bodies

Acorn Childcare
Action for Children
Action for Children (Children's Centres)
Adventure Learning Foundation (BC)
Ambassador Theatre Group
Ashridge Security Management
Aspens Services Ltd
Avalon Cleaning Services (Langland School)
Buckinghamshire Music Trust
Bucks Association of Local Councils
Bucks County Museum Trust
Busy Bee Cleaning Services Ltd (WDC)
C-SALT (Woughton Leisure Centre)
Capita (WDC)
Caterlink Ltd (Buckingham Primary)
Caterlink Ltd (Chiltern Hills Academy)
Chartwells Ltd (Oakgrove School)
Chiltern Rangers CIC
Cleantec Services Limited (MK Academy)
Cleantec Services Limited (Oakgrove School)
Connexions Buckinghamshire
Cucina Restaurants Ltd (Denbigh School)
Cucina Restaurants Ltd (Walton High)
Derwent Facilities Management Ltd
Excelcare
Fujitsu Services Limited
Hayward Services Ltd (Downley School)
Hayward Services Ltd (John Colet)

Heritage Care
Hightown Housing Association Ltd
Innovate Ltd
Kids Play Ltd
Manpower Direct Ltd
Mears Group plc
Mercury Infrastructure Limited
NSL Services Group
Nurture Landscapes (MKC)
Oxfordshire Health NHS Foundation Trust
Paradigm Housing Association
Places for People Leisure (Newport Pagnell TC)
Places for People Leisure (WDC)
Police Superintendents Association Limited
Ringway Infrastructure Services
Ringway Jacobs
Red Kite Community Housing Ltd
Ridge Crest Cleaning Ltd (Shenley Brook End)
Ridge Crest Cleaning Ltd (Walton High)
Serco (MKC)
Serco (MKC Recreation & Maintenance)
Sports Leisure Management
Spurgeons
The Fremantle Trust
Vale of Aylesbury Housing Trust
Wolverton & Watling Way Pools Trust
Wycombe Heritage and Arts Trust

Investment Pooling

Investment Pooling – Brunel Pension Partnership

In 2015 the Government issued LGPS: Investment Reform Criteria and Guidance which set out the criteria the local government pension scheme should meet when developing proposals for pooling assets.

- Benefits of scale
- Strong governance and decision making.
- Reduced costs and excellent value for money, and
- An improved capacity and capability to invest in infrastructure.

It should be noted that the responsibility for determining asset allocations and the investment strategy remains with the individual pension funds.

As a result of the investment pooling agenda, the Buckinghamshire Fund joined with nine other LGPS administering authorities to set up the Brunel Pension Partnership. Buckinghamshire Council, the Administering Authority at the time, approved the business case in February 2017, based on an estimated potential fee savings of £550 million over a 20-year period across the ten funds. From 1 April 2020, the five districts and Councils serving Buckinghamshire residents were replaced by the new Buckinghamshire Council.

The financial model estimated that net cumulative savings of £122.3m could be achieved by 2035/36 for the Buckinghamshire Pension Fund, with a breakeven point during the 2020/2021 financial year.

The expected cost and savings for the Buckinghamshire Pension Fund, as per the original business case approved in February 2017, and then submitted to Government, are set out in the following table.

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26 to 2035/36	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Set up costs	117	1,060										1,177
Ongoing Brunel Costs			473	617	637	657	679	701	724	747	8,952	14,185
Clients Savings			(385)	(397)	(409)	(421)	(433)	(446)	(460)	(474)	(5,593)	(9,017)
Transition costs			1,152	1,945	10							3,108
Fee savings			(137)	(1,723)	(3,173)	(3,995)	(4,914)	(5,900)	(6,316)	(6,754)	(98,820)	(131,732)
Net costs / (realised savings)	117	1,060	1,102	443	(2,935)	(3,758)	(4,668)	(5,646)	(6,053)	(6,481)	(95,461)	(122,279)

Following approval of the business case, the Brunel Pension Partnership Ltd (Brunel) was established in July 2017, as a company wholly owned by the Administering Authorities (in equal shares) that participate in the pool. The company is authorised by the Financial Conduct Authority (FCA). It is responsible for implementing the detailed Strategic Asset Allocations of the participating funds by investing Funds' assets within defined outcome focussed investment portfolios. In particular, it researches and selects the external managers or pooled funds needed to meet the investment objective of each portfolio.

Now that Brunel is operational, the financial performance of the pool will be monitored to ensure that Brunel is delivering on the key objectives of investment pooling. This includes reporting of the costs associated with the appointment and management of the pool company including set up costs, investment management expenses and the oversight and monitoring of Brunel by the client funds. The set up and transition costs incurred to date are set out in the following table.

Buckinghamshire's Share of the Brunel Pool Set Up Costs	Direct £000	Indirect £000	Total £000	Cumulative To Date £000
Set up costs				
Recruitment	-	-	-	18
Legal	-	-	-	133
Consulting, Advisory & Procurement	-	-	-	82
Other support costs e.g. IT, accommodation	-	-	-	0
Share Purchase/Subscription Costs	-	-	-	840
Staff Costs	-	-	-	-
Other Costs	-	-	-	184
Total Set Up Costs	-	-	-	1,256
Transition Costs	-	-	-	-
Transition Fee	-	119	119	119
Tax	-	471	471	498
Other Transition Costs	-	1,938	1,938	2,325
Total Transition Costs	-	2,528	2,528	2,942

The Buckinghamshire Fund transitioned assets to Brunel's Global Developed Passive Equity Portfolio in July 2018. During 2019/2020 assets were transitioned to Emerging Markets, Global High Alpha and Low Volatility Equity portfolios. The Fund also committed £75m to the Brunel infrastructure portfolio and a further £75m to the Brunel private equity portfolio. The savings achieved during 2019/2020 and the cumulative savings/(costs) are set out in the following tables.

2019/2020 Investment Fee Savings from Pooling

Portfolio	Value in Original Business Case (31 March 2016) £000	Value at 31 March 2020 £000	Price Variance £000	Quantity Variance £000	Total Saving /(Cost) £000
Global Developed Passive Equity (Unhedged)	370,549	725,922	133	(116)	17
UK Equity	217,240	0	0	1,138	1,138
Low Volatility Equity	0	110,593	5	(29)	(24)
Emerging Markets Equity	0	123,402	73	(415)	(342)
High Alpha Global Equity	460,215	401,912	434	48	482
Private Equity	172,370	70,331	168	(208)	(40)
Infrastructure	18,198	75,759	92	1,416	1,508
Total	1,238,572	1,507,919	905	1,834	2,739

Cumulative Investment Fee Savings from Pooling

Portfolio	Value in Original Business Case 31 March 2016 £000	Value at 31 March 2020 £000	Price Variance £000	Quantity Variance £000	Total Saving /(Cost) £000
Global Developed Passive Equity (Unhedged)	370,549	725,922	220	(194)	26
UK Equity	217,240	0	0	1,546	1,546
Low Volatility Equity	0	110,593	5	(29)	(24)
Emerging Markets Equity	0	123,402	73	(415)	(342)
High Alpha Global Equity	460,215	401,912	434	48	482
Private Equity	172,370	70,331	168	(208)	(40)
Infrastructure	18,198	75,759	92	1,416	1,508
Total	1,238,572	1,507,919	992	2,164	3,156

The price variance shows the savings/(costs) on the fee rate achieved through pooling. The quantity variance reflects the savings/(costs) due to changes in allocations compared to the business case. Therefore, when comparing the fee savings against the business case the price variance reflects the actual saving in fees. The analysis shows the fee savings achieved for the assets that have transitioned to Brunel portfolios against the fees charged at the time the business case for pooling was prepared in 2016.

At the time of the business case in 2016, the Fund was invested in UK equities. The Fund has reduced investments in UK equities, resulting in a quantity variance saving offset by additional costs in new allocations to emerging market equity and low volatility equity.

A summary of the costs and savings to date compared to the original business case is provided in the following table.

Expected Costs compared to Actual Costs/Savings to Date

2018/19	Budget in year £000	Budget Cumulative £000	Actual in year £000	Actual Cumulative £000
Set Up Costs	-	1,177	-	1,256
Ongoing Brunel Costs	473	473	868	868
Buckinghamshire Fund Savings	(385)	(385)	(300)	(300)
Transition Costs	1,152	1,152	414	414
Fee Savings	(137)	(137)	(87)	(87)
Net costs / (Realised Savings)	1,103	2,280	895	2,151

2019/2020	Budget in year £000	Budget Cumulative £000	Actual in year £000	Actual Cumulative £000
Set Up Costs	-	1,177	-	1,256
Ongoing Brunel Costs	617	1,090	1,244	2,112
Buckinghamshire Fund Savings	(397)	(782)	(319)	(619)
Transition Costs	1,945	3,097	2,528	2,942
Fee Savings	(1,723)	(1,860)	(905)	(992)
Net costs / (Realised Savings)	442	2,722	2,548	4,699

The above tables include custodian, performance measurement and reporting costs as ongoing Brunel costs, although they are separate costs incurred by the Fund in Note 7 of the Statement of Accounts. The Buckinghamshire Fund savings included in the original business case comprised custodian costs, based on the custodian costs in 2016/17, as it was envisaged these would be met via Brunel post pooling. The realised saving shown under Buckinghamshire Fund Savings therefore comprise the custodian costs saved as a result of including them within the Brunel ongoing costs line, based on the original business case.

The most significant variances from the original business case can be summarised as follows:

- Fee savings in 2018/2019 and 2019/2020 are lower since the passive listed fixed interest assets will be transitioned later than anticipated in the original business case.
- Transition costs were lower in 2018/2019, partly due to the transition costs for the passive mandates being lower than expected.
- Transition costs for active equity portfolios were included in 2018/2019 in the original business case, whereas these assets were transitioned in 2019/2020.
- Additional resources have been required by Brunel over and above those envisaged by the original business case, in order to deliver the service required by their clients. As a result, the ongoing overhead costs of the Brunel company are higher than originally estimated.
- Transition costs for fixed income portfolios were included in 2019/2020 in the original business case, whereas these assets will be transitioned in 2021/22; in part due to the revised transition timetable agreed between clients and Brunel and the impact of the coronavirus pandemic.

Brunel Pension Partnership and Responsible Investment

The Fund sets its asset allocation and investment strategy. Since the introduction of pooling, Brunel is responsible for fund manager selection. The Brunel Pension Partnership Investment Principles and its supporting investment policies clearly articulate Brunel's commitment, and that of each Fund in the Partnership and its operator Brunel Ltd, to be responsible investors and as such recognise that ESG considerations are part of the process in the selection, non-selection, retention and realisation of assets. One of the potential principal benefits, outlined in the Brunel Pension Partnership business case, achieved through scale and resources arising from pooling, is the improved implementation of responsible investment and stewardship. Brunel has published its Responsible Investment (RI) Policy Statement and other related policies, which set out its approach in more detail. More information is on the Brunel website: <https://www.brunelpensionpartnership.org/responsible-investment/>

In January 2020, Brunel published the most ambitious **climate policy** of any major UK asset owner, detailing a five-point plan to build a financial system fit for a carbon-zero future. The policy was the culmination of months of collaboration and engagement by the Brunel team, strongly supported and shaped by their Clients. The next significant review will take place in 2022 – following Brunel's **Climate Stocktake**. The stocktake provides a clear focus for the Brunel team, managers and underlying companies to deliver real change and support for their Clients in fulfilling our mutual commitment to building a

financial system which is fit for a low carbon future. More information is available on the Brunel website: <https://www.brunelpensionpartnership.org/climate-change/>

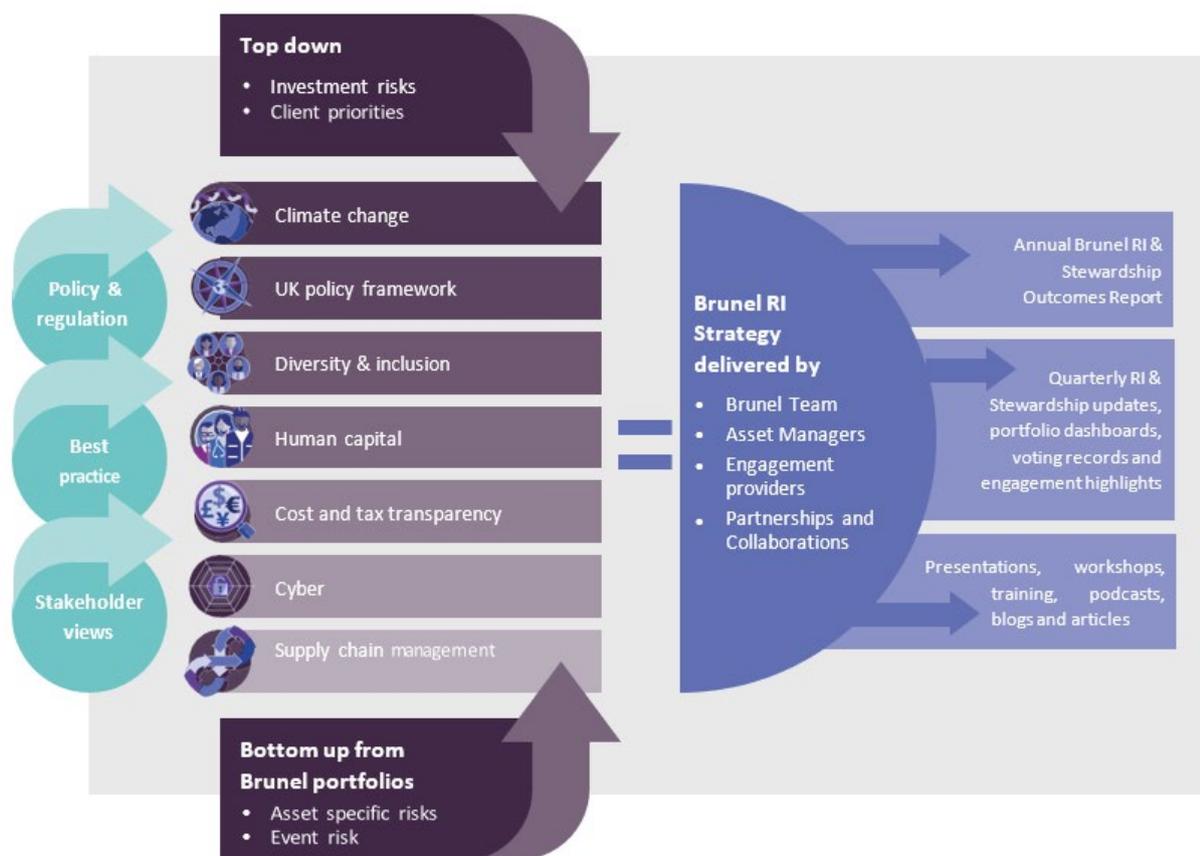
Brunel recently published their first Responsible Investment and Stewardship Outcomes report. The report details the progress the Brunel Pool has made during the year with regards to Responsible Investment. The full report is available on the Brunel website: <https://www.brunelpensionpartnership.org/wp-content/uploads/2020/06/Brunel-2020-Responsible-Investment-and-Stewardship-Outcomes-Report.pdf>

The following are some highlights from the report.

Brunel RI and Stewardship Priorities

Responsible investment is central to how Brunel fulfils its fiduciary duty. As responsible investors, Brunel recognises that every company or asset they invest in operates interdependently with the economy, civil society and the physical environment. Brunel has identified seven priority themes which are informed by their investment beliefs, their Clients’ policies and priorities together with stakeholder views, regulatory and statutory guidance and are aligned with best practice. Brunel’s seven priority themes as part of an integrated responsible investment process are illustrated in the diagram below:

Brunel RI and Stewardship Priorities



Carbon Metrics Reporting

Brunel measure the Weighted Average Carbon Intensity (WACI) of each of the Brunel portfolios. The WACI shows a portfolio's exposure to carbon intensive companies. Because carbon intensive companies are more likely to be exposed to potential carbon regulations and carbon pricing, this is a useful indicator of **potential exposure to transition risks** such as policy intervention and changing consumer behaviour. **Each of the Brunel Sub-Portfolios have a WACI below their respective benchmarks. Passive Smart Beta, Passive UK and Passive World Developed track their respective benchmarks.**

Weighted Average Carbon Intensity (tCO₂ e/mGBP) Relative to Benchmark

Portfolio Name	Portfolio WACI	Benchmark WACI	Portfolio WACI Relative to Benchmark
Brunel Active UK Equity	259	282	-8.2%
Brunel Active Global High Alpha	158	301	-47.5%
Brunel Active Emerging Markets	524	570	-8.2%
Brunel Active Low Volatility	259	334	-22.5%
Brunel Passive Low Carbon	150	301	-50.1%
Brunel Passive Smart Beta	554	554	In line
Brunel Passive UK	281	281	In line
Brunel Passive World Developed	303	303	In line

Brunel aims to reduce the carbon intensity of their portfolios by 7% each year until 2022 (relative to the benchmark).

Contact us

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Glossary of Terms and Acronyms Used

Active Management	A style of investment management where the Fund manager aims to out-perform a benchmark by superior asset allocation, market timing or stock selection (or a combination of these). Compare with passive management.
Actuary	A person or firm that analyses the assets and future liabilities of a pension fund and calculates the level of employers' contributions needed to keep the Fund solvent.
Additional Voluntary Contributions (AVCs)	AVCs are paid by a contributor who decides to supplement their pension by paying extra contributions to the Fund's AVC providers.
Admitted Bodies	These are employers who have been allowed into the Fund at the Council's discretion.
Alternative Investments	These are less traditional investments where risks can be greater but potential returns higher over the long term, e.g. investments in private equity partnerships, hedge funds, commodities, foreign currency and futures.
Asset Allocation	The appointment of a fund's assets between asset classes and/or world markets. The long-term strategic asset allocation of a fund will reflect the Fund's investment objectives. In the short term, the Fund manager can aim to add value through tactical asset allocation decisions.
Benchmark	A yardstick against which the investment policy or performance of a fund manager can be compared. Asset allocation benchmarks vary from the average fund distribution (as measured by one of the performance surveys) to customised benchmarks tailored to a particular fund's requirements.
Commutation	The conversion of an annual pension entitlement into lump sum on retirement.
Contingent Liability	A possible loss, subject to confirmation by an event after the balance sheet date, where the outcome is uncertain in terms of cost.
Corporate Bonds	Corporate Bonds are debt obligations issued by private corporations to finance a variety of purposes, e.g. business expansion. When a bond is issued, the corporation promises to return the money on a specified date, paying a stated rate of interest. Bonds do not provide ownership interest in the corporation.
Corporate Governance	Issues relating to the way in which a company ensures that it is attaching maximum importance to the interest of its shareholders and how shareholders can influence management. Issues such as executive pay levels and how institutional investors use their votes have been the subject of much debate.

Custody, Custodian	Safekeeping of securities by a financial institution. The custodian keeps a record of client investments and may also collect income, process tax reclaims and provide various other services according to client instructions.
Dividend	The part of a company's after-tax earnings, which is distributed to the shareholders in the form of cash or shares. The directors of the company decide how much dividend is to be paid and when. The dividend is neither automatic nor guaranteed for ordinary shareholders.
Emerging Markets	The financial markets of developing countries.
Equities	Shares in UK and overseas companies.
Fixed Interest	Income that remains constant during the life of the asset, such as income derived from bonds, annuities and preference shares.
FTSE All-Share Index	An arithmetically weighted index of leading UK shares (by market capitalisation) listed on the London Stock Exchange. Updated daily, the FTSE 100 Index ("Footsie") covers only the largest 100 companies.
Gilts, Gilt-edged Securities	The familiar name given to sterling, marketable, fixed interest securities (or bonds) issued by the British Government.
Hedge Fund	A specialist fund that seeks to generate consistent returns in all market conditions by exploiting opportunities resulting from inefficient markets.
Index-linked Gilts	Both the interest payments (coupons) and the value of the eventual capital repayment for index-linked gilts are adjusted in line with the change in inflation, as measured by the retail prices index (RPI). Investors are thus protected against the value of their investments being eroded by inflation.
Mature Scheme	A pension scheme with a high proportion of pensioners and a low proportion of current members. In a mature scheme, contributions are normally less than benefits paid out.
Ministry of Housing, Communities and Local Government (MHCLG)	Formerly the Department for Communities and Local Government (DCLG), MHCLG is the government department responsible for the Local Government Pension Scheme.
Passive Management	A style of investment management that seeks to attain performance equal to market or index returns.
Risk	In its simplest sense, risk is the variability of returns. Investments with greater inherent risk must promise higher expected returns if investors are to invest in them.
Scheduled Bodies	These are organisations that have a right to be in the Fund.
Specialist Management	A fund management arrangement whereby several managers each concentrate on a different asset class. A specialist fund manager is

concerned primarily with stock selection within the specialist asset class. Asset allocation decisions are taken by the trustees, their consultant or a specialist tactical asset allocation manager.

Stock Selection	The process of deciding which stocks to buy within an asset class.
Style	The philosophy behind the way in which a manager manages the Fund.
Tracker Fund	A fund which matches investment performance to a particular stock market index.
Transfer Value	A cash sum representing the value of a member's pension rights.
Unit Trust	A pooled fund in which investors can buy and sell units on an ongoing basis. Known as mutual funds in the US and some other countries.
Unquoted Securities	Shares which are dealt in the market, but which are not subject to any listing requirements and are given no official status.
Value Manager	A fund manager who aims to select stocks that he believes to have potential not reflected in the current share price.