

Agenda

PENSION FUND BOARD

Date: Wednesday 16 March 2016
Time: 10.00 am
Venue: COMT Board Room, Ireland Room, County Hall

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10	EXCLUSION OF THE PRESS AND PUBLIC To resolve to exclude the press and public as the following item is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)	
11	CONFIDENTIAL MINUTES OF PENSION FUND COMMITTEE From the meeting held on 25/11/2015.	47 - 50
12	MINUTES OF THE PENSION FUND BOARD To confirm the minutes from the 23/10/2015 meeting.	51 - 56
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15	DATE OF NEXT MEETING/AOB TBC	

If you would like to attend a meeting, but need extra help to do so, for example because of a disability, please contact us as early as possible, so that we can try to put the right support in place.

For further information please contact: James Batt on 01296 387541, email: jabatt@buckscc.gov.uk

Members

Ms B Black	Mr S Mason (C)
Mr R Bowman	Mr J McGovern
Mr P Dearden	Mr I Thompson
Ms R Ellis (VC)	

Minutes

PENSION FUND COMMITTEE

MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE HELD ON WEDNESDAY 25 NOVEMBER 2015, IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY, COMMENCING AT 2.00 PM AND CONCLUDING AT 5.12 PM.

MEMBERS PRESENT

Mr J Chilver (Chairman), Mr P Hardy, Mr D Martin, Mr R Scott (Vice-Chairman), Mr J Gladwin and Mr P McDonald

OFFICERS PRESENT

Carolyn Dobson, Independent Adviser
Julie Edwards, Pensions and Investments Manager
Mark Preston, Finance Director, Business Services Plus
James Batt, Committee Assistant
Nick Sykes, Investment Consultant, Mercer
Joshua Caughey, Mercer Investment Consulting

AGENDA ITEM

1. APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies had been received from David Carroll.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

A request was made for the Pension Fund Committee meetings to revert back to their 10:00AM start time.

The minutes of the previous meeting were agreed as an accurate record.

4. BUCKINGHAMSHIRE PENSION BOARD UPDATE



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The Chairman of the Pension Fund Board, Steve Mason, provided a summary of the actions from recent Pension Fund Board meetings:

Difficulties in the processing of annual benefit statements had been due to software development issues arising from the introduction of the Career Average Scheme. The majority of Pension Board statements would be sent in the New Year; although in the future the vast majority of these would be completed by 31st August. The Board would monitor this and notify the regulator if required.

A general training session would be arranged for the Board Members within the next 4 months; along with a briefing on regulatory requirements. Minutes of the Pension Fund Board would be provided for future Pension Fund Committee meetings.

The regulatory training would be provided by Julie Edwards' team and an introduction to the administration team would be included.

Steve Mason explained that employer training on Annual Allowances would be delivered before the Pension year ends.

5. PENSION FUND RISK REGISTER

The Committee noted the report provided and the Pensions & Investments Manager detailed the changes since the last review took place in February:

Two new risks had been added regarding pooled investments and the EU referendum for 2017.

It was agreed that the risk in relation to inflation would be expanded to include the impact of deflation.

Action: Pensions and Investment Manager

Another risk had been added in respect of the late issuing of Annual Benefit Statements and as a consequence a breach would be reported to the Pensions Regulator. It was hoped that a fine would not be issued due to this being the first year that the changes had been implemented.

The Pensions & Investments Manager commented that from April 2016 employees and employers will no longer pay reduced National Insurance contributions. It was noted that there was a risk to the Pension Fund regarding a major piece of work required to reconcile Guaranteed Minimum Pension (GMP) data held by the Fund and that a comparison with HMRC data would be required.

The Pensions & Investments Manager was unable to provide an estimated cost for the reconciliation exercise. The Chairman requested that this item be included on future agendas.

6. VERBAL FEEDBACK FROM LOCAL AUTHORITY PENSION FORUM

David Martin provided the Committee feedback from the Local Government Pensions Investment Forum. NN Investment Partners commented that there are potential advantages of LGPS Funds including convertible bonds within their portfolios.

Mercer agreed to confirm whether the Fund held convertible bonds and provide a view on their suitability for the Fund.

Action: Mercer

David Martin commented that he would provide feedback on the LAPF LGPS Collaborative Working Event at the next meeting.

Action: David Martin

John Gladwin explained that he had recently attended the Local Authority Pension Fund Forum and commented that the LGPS reform consultation period would last a period of just 12 weeks. Feedback from the attendees was that the LGPS would not have enough funds to act as a major infrastructure financier.

An announcement was to be made in July 2016 regarding draft legislation.

7. LGPS REFORM

The Committee Members noted the Pensions & Investments Manager report and the document provided by Mercer and the following points were raised:

Investment regulations were to be revised to allow for the percentage of assets for each class to be decided by the administering authority.

Mercer had drafted a paper on asset pooling and the LGPS. A number of authorities had been developing a report exploring options supported by Hymans Robertson with the results from this expected in January 2016.

In response to a question from the Chairman regarding whether different types of investments were required in order to qualify for the pooled fund, the Pensions & Investments Manager explained that each Fund would have a determined asset strategy, but that the management of this would be determined by the pools which could be either regional or asset class pools.

Carolan Dobson commented that the Government's objective is to pool Funds to reduce investment management fees and improve the manager selection processes. The fiduciary responsibility remains with the administering authorities.

The closing date for responses to the Government's consultation document was 19th February 2016.

The Pensions & Investments Manager would circulate a timetable to respond to the consultation document.

Action: Pensions & Investments Manager

8. **FORWARD PLAN**
9. **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED

That the press and public be excluded for the following item which is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

10. **CONFIDENTIAL MINUTES**
11. **BUCKINGHAMSHIRE PENSION BOARD**
12. **FUND MANAGERS' PERFORMANCE**
13. **MIRABAUD REVIEW**
14. **FUND MANAGERS' PRESENTATION**
15. **PRIVATE EQUITY UPDATE**
16. **INVESTMENT CONSULTANT UPDATE**
17. **DATE OF NEXT MEETING**

The next meeting will take place on 04/02/2016 in Mezzanine Room 3, NCO, Aylesbury.

CHAIRMAN

Buckinghamshire Pension Board

Title: BCC Pension Fund Member and Employer Communications
Date: 16 March 2016
Author: Finance Director, Business Services Plus
Contact officer: Cheryl Platts, 01296 383407
Electoral divisions affected: None

Summary

To present, for approval, the 2016 revision of the BCCPF Communications Policy Statement.

Recommendation

The Pension Board is asked to APPROVE the 2016 revision of the BCC Pension Fund Communications Policy Statement, for publication online.

Resource implications

1. There are none arising directly from this report.

Legal implications

2. There are none arising directly from this report.

Other implications/issues

3. Regulation 61 of the Local Government Pension Scheme Regulations 2013 (Statements of policy concerning communications with members and Scheme employers) states:

61. (1) An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with—

- (a) members;
- (b) representatives of members;
- (c) prospective members; and
- (d) Scheme employers.

(2) In particular the statement must set out its policy on—



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- (a) the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;
 - (b) the format, frequency and method of distributing such information or publicity; and
 - (c) the promotion of the Scheme to prospective members and their employers.
- (3) The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to in paragraph (2).
4. The Fund first published its Communication Policy Statement in 2006. The Communication Policy Statement is reviewed every three years in line with the triennial valuation and a revised version is republished following any material change.
5. The Communication Policy Statement has been updated to reflect:
- a. The implementation of our digital self-service facility for Scheme Members and Employers
 - b. The establishment of the Buckinghamshire Local Board
6. The April 2016 revision of the Communications Policy Statement is attached as Appendix 1.

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

7. Not Applicable

Background Papers

The current BCC Communication Policy Statement is available at <http://www.buckscc.gov.uk/about-your-council/local-government-pension-fund/policies/>



Buckinghamshire County Council Pension Fund Communication Policy Statement

April 2016



Introduction

With over 65,000 Scheme members, the Buckinghamshire County Council 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 their employing authorities.
- 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.

Communication with Scheme members

1.1 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.

1.2 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.

1.3 Telephone

The Pensions & Investments Team has a dedicated helpline number for member 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.

1.4 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
County Hall
Aylesbury
Bucks
HP20 1UD

Email: pensions@buckscc.gov.uk

Fax: 01296 383780

1.5 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.

1.6 Newsletters

A member newsletter detailing Scheme updates is compiled and distributed to all active Scheme members when required. 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.

1.7 Payslips/P60s

Pensioner members are sent a payslip every month where there is more than a £1.00 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.

1.8 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

1.9 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.

1.10 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.

1.11 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. Deferred and pensioner members should email MSSregistration@buckscc.gov.uk from an email address in their own name, with their National Insurance number and date of birth. Once we have completed our security checks, we email the member's login instructions.

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.

1.12 Miscellaneous

A birthday card is sent to all pensioners who reach the age of 100.

Communication with Scheme employers

Employing authorities in the Buckinghamshire County Council (BCC) 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 BCC to allow their employees to join the Scheme.

2.1 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.

2.2 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.

2.3 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
County Hall
Aylesbury
Bucks
HP20 1UD

Email: pensions@buckscc.gov.uk

Fax: 01296 383780

2.4 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@buckscc.gov.uk.

2.5 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.

2.6 Buckinghamshire Pension Fund 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>

2.7 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.

2.8 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.

2.9 Presentations and meetings

The BCC 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 BCC's Director of Assurance, Finance Director (Consultancy), Pensions & Investments Manager, Fund managers and the Scheme's Actuary.

2.10 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.

2.11 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

2.12 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 BCC 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.

3.1 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.

3.2 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.

3.3 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: Pensions & Investments Team
County Hall
Aylesbury
Bucks
HP20 1UD

Email: pensions@buckscc.gov.uk

Fax: 01296 383780

Communication with prospective members

4.1 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.

4.2 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 are available for download and guides 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.

4.3 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.

4.4 Fax, Post and Email

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

4.5 Induction presentations

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

4.6 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.

4.7 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	Web link to guides included with employment offer. 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	As needed	As required
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 £1 variance in net pay/if requested by pensioner member	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	Every three years	Every three years
Training/ Presentations	PowerPoint Presentation	Members, Scheme employers	On request	As required
Press Releases	Electronic	Scheme employers	When Scheme changes	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.

Buckinghamshire Pension Board

Title:	BCC Pension Fund Employer Newsletter – December 2015
Date:	16 March 2016
Author:	Finance Director, Business Services Plus
Contact officer:	Cheryl Platts, 01296 383407
Electoral divisions affected:	None

Summary

To present, for discussion, the December issue of the BCC Pension Fund Employer newsletter.

Recommendation

The Pension Board is asked to NOTE the December 2015 issue of the BCC Pension Fund Employer newsletter, and comment as appropriate.

Resource implications

1. There are none arising directly from this report.

Legal implications

2. There are none arising directly from this report.

Other implications/issues

3. The BCC Pension Fund issue a quarterly Employer newsletter to all Employing authorities in the Fund.
4. The Employer newsletter is the Fund's main communication with its Employing Authorities and it summarises relevant legislative changes and provides investment, administration and general updates for the quarter.



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5. The December 2015 issue is attached as Appendix 1. All back issues since December 2010 are available online from the Newsletter page within the Employer section of the Fund's website. <http://www.buckscc.gov.uk/about-your-council/local-government-pension-fund/employers/newsletter/>

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

6. Not applicable

Background Papers

BCC Pension Fund Employer newsletter – December 2015

<http://www.buckscc.gov.uk/media/3626275/53-Employers-Newsletter-December-2015.pdf>

Buckinghamshire County Council Pension Fund Employer's Newsletter – DECEMBER 2015



Welcome to our quarterly employer's newsletter.

Details of bulletins and circulars issued by the Local Government Association (LGA) since the last newsletter are detailed below. All previous circulars and bulletins are on the LGA website at: <http://www.local.gov.uk/web/workforcelibrary/lgpc-bulletins>

LGPC Bulletins

LGPC issue a bulletin every month to update scheme administrators on where we are with changes to the Local Government Pension Scheme (LGPS). The bulletin is quite detailed and is designed for scheme administrators. We highlight issues to Employers as necessary.

[Bulletin 135](#) – **September 2015** Items of relevance to Employers have been included in this Employer newsletter.

[Bulletin 136](#) – **October 2015** Items of relevance to Employers have been included in this Employer newsletter.

[Bulletin 137](#) – **November 2015** Items of relevance to Employers have been included in this Employer newsletter

LGPC Circulars

LGPC Circulars are used to notify all Employers of LGPC training events. Circular 294 (November 2015) advertised LGPS training on: CARE, Pay and Final Pay and Auto-enrolment and the LGPS. Course dates and locations follow. Please click on the date to book your place via the LGA Events website.

UNDERSTANDING...CARE, Pay and Final Pay

Workshop dates, locations & venues:

05 January	London	Local Government House
12 January	Birmingham	Jury's Hotel
19 January	Cardiff	Marriott Hotel
26 January	Leeds	Marriott Hotel

UNDERSTANDING...AUTO-ENROLMENT & THE LGPS

Workshop dates, locations & venues:

09 February	Cardiff	Marriott Hotel
16 February	London	Jury's Hotel
23 February	Birmingham	Local Government House
01 March	Liverpool	Marriott Hotel
08 March	Leeds	Marriott Hotel
15 March	Exeter	Rougemont Hotel

Pension Fund Investment Update

The Fund, excluding private equity investments, achieved a return of -3.4% for the quarter, outperforming its benchmark of -2.9% by 0.5%. The value of the whole Fund as at 30 September 2015 was £2.112bn. A return of 3.1%, representing underperformance of 0.7% compared to the 2.4% benchmark, for the twelve month period is reported. A return of 9.0%, representing annual outperformance of 1.1%, compared to the 7.9% benchmark for the three year period is reported.



Team Updates

P&I Team - Staffing Update

Principal Pensions Officer (Governance & Employer Liaison) – Welcome to Bhupendra Rajawat (Raj) who is managing the Employer Liaison Team while Claire Lewis-Smith is on maternity leave. Raj has worked in pensions for many years at a variety of different organisations administrating both DB and DC schemes.

Employer Liaison Team – Unfortunately Katrina Blakeman and Paula Oliver will be leaving the Employer Liaison Team at the end of December. We wish them both the very best of luck for the future. If Katrina or Paula were the named first point of contact for your organisation, please redirect your queries to employers@buckscc.gov.uk for the time being.

Benefit Administration Team – Megan Cawley has been appointed to the role of LGPS Training Officer with effect from 1 January 2016. We have strengthened our team, by making appointments to a few new posts in the Benefit Administration Team; to deal with our heavy workloads and steady increase in member queries. Thank you for continuing to bear with us while the new staff members are trained.

TUPE transfers out and Academy conversions

If your organisation is in the process of a TUPE transfer out, please get in contact with Marie Edwards, TUPE Liaison Officer, mpedwards@buckscc.gov.uk. Marie deals with admission agreements and bulk transfers. Marie also deals with the LGPS pension rights of support staff working for schools converting to Academy status.

Administration Update

The End of Contracting Out

Employer action required

HMT have issued employer packs via Directors of Finance about the ending of contracting out and the new State Pension. We also emailed a copy of the DWP materials to all our Employer contacts on 15 December. HMT are recommending that employers communicate the changes to NI to their staff.

There is a regulatory requirement for Schemes to inform their members they are no longer contracted out. We will send a brief Scheme notification to inform members that the LGPS will cease to be a contracted out scheme from April 2016. Details of our planned communications for 2016 are as follows:

- An article in our annual Pensioner newsletter (approx. 17,000 pensioners of the BCC Pension Fund)
- An item in our Deferred Member annual benefit statement mailing (approx. 18,500 ex-employees/optants out who have left their LGPS benefits in our Fund until retirement)
- An item in our Active Member annual benefit statement (approx. 25,000 current, contributing Scheme members)

Please communicate the changes to your staff using the materials provided. You may like to display the DWP posters, or add notes on your intranet signposting your staff to the DWP website. You should also add a note to your April payslips, as any member of a contracted out scheme will see an increase in their National Insurance contributions (and therefore a drop in their take home pay) in April 2016. Taking action now should lessen the queries your payroll teams get in April 2016.

Contracted-out Pension Equivalent (COPE)

From November 2015, DWP are including a Contracted-out Pension Equivalent (COPE) amount within State Pension statements. This estimated amount is being introduced to help customers, who've been contracted-out, see how National Insurance contributions paid before 6 April 2016 will contribute to their overall pension income.

Whilst contracted out members may not be entitled to the full amount of new State Pension, they will instead receive some of their pension income through a different route. In most cases, their workplace or personal pension scheme(s) should include an amount that is at least equivalent to the additional State Pension they would have got if they hadn't been contracted-out. This is known as the COPE amount. We await detailed guidance of how this will work in practice and will update you as necessary.

Lifetime Allowance

The lifetime allowance was introduced in 2006 and was reduced in 2012 and again in 2014. Each time the lifetime allowance reduced, people who had already planned their pension savings on the basis of the higher lifetime allowance could protect their pension savings by applying to HMRC and should have received a certificate to confirm their protection. However they may still be subject to the lifetime allowance charge if they lose this protection.

Employers are encouraged to make any members who may benefit from individual protection 2014 (protection from the reduction to the lifetime allowance to £1.25 million which became effective in April 2014) aware that they may still apply for this protection up until 5th April 2017. Members can find more information about how to do this, along with other information about the existing protections and when these may be lost at [Tax on your private pension contributions - GOV.UK](#) .

The lifetime allowance is further reducing to £1 million from 6 April 2016. HMRC have confirmed that Individual and Fixed protections will be available. Members will be able to apply for Fixed protection 2016 and Individual protection 2016 by using a new HMRC on-line self-service system which will be available from July 2016. The new self-service system is still being developed and we will provide you with more information on this in due course.

Tapered Annual Allowance

A tapered annual allowance is being introduced from 6 April 2016 for members who have a “threshold income” in excess of £110,000 and “adjusted income” in excess of £150,000. For every £2 that a member’s adjusted income exceeds £150,000, their annual allowance will be tapered down by £1 (to a minimum of £10,000).

Future pension input periods will be aligned with the tax year, for consistent measurement of pension accrual and earnings, the Government has split the 2015-16 tax year into two mini tax years – “pre-alignment” and “post alignment”.

We sent the HM Treasury technical guidance to all Employers on 24 July 2015 to cascade as appropriate, with a recommendation that members who may be affected by these changes take independent financial advice.

Explanatory note: Assumed Pensionable Pay and Final pay (2008 Scheme definition)

LGA have provided a broad overview of the principles that Employers and their payroll providers should be adopting in providing the two bits of information where most problems with annual returns were noted, assumed pensionable pay and full time equivalent pay (2008 definition).

The LGA have confirmed that on the Annual Return, we require Final Pay (2008 scheme definition) for the Scheme year, and not as at 31 March. Regulation 68 (4)(a) of the Admin Regulations 2008 requires that *“the illustration must be calculated, in the case of active members, on the member’s pay (or, as respects part-time employees, the whole-time equivalent) for the 12 month period ending with the relevant date;”*

As a result of our year-end training presentation in March 2015 (face to face presentation which was later emailed to all Employers), our Employers should already be familiar with the detail of the requirements. However, we are providing the explanatory note to assist any employers who have had data problems. The note is available from our website at <http://www.buckscc.gov.uk/about-your-council/local-government-pension-fund/employers/employers-guides-forms-and-booklets/>

Revision of year end return template

We have made a few changes to the year end return template and will circulate this to all Employers in January, so that our Employers and their payroll providers can familiarise themselves with the data requirements.

Automatic Enrolment

Our larger employers may reach the anniversary of their AE staging date and our smaller employers may reach their AE staging date soon. Please refer to the LGA’s Automatic enrolment guidance if you have any queries. The guide is available online from <http://www.lgpsregs.org/index.php/guides/administration-guides-to-the-2014-scheme>

New Clerical Medical AVC payment schedule

Clerical Medical in particular are receiving numerous AVC payments every month where no schedule has been provided and therefore payments cannot be allocated to individual employees' AVC funds. As a result of this, Clerical Medical have provided a new schedule to be used for members who pay into Clerical Medical AVC Funds. The revised Clerical Medical schedule was attached to the December 2015 newsletter notification email.

If a payment is received by Clerical Medical or Prudential without a schedule, the payment will be returned to the Employer. This will result in the member's contributions not being applied at the correct date and the Employer will be responsible for any shortfall.

Pensionable Remuneration calculation spreadsheet

Attached to the December 2015 newsletter notification email was an updated version of our Pensionable Remuneration calculation spreadsheet (PR calc). You should be very familiar with this spreadsheet – it is used for the calculation of the Final Pay (2008 scheme definition) for members who have pre-2014 LGPS membership. Please use the updated version (it has a light blue background) as it is more suited to scanning to the member's record. If you need any help in completing the spreadsheet, please email employers@buckscc.gov.uk

Submission of Spreadsheets

As per our SLA (page 1 and 2), please submit starters, changes, CARE election and opt out spreadsheets to pensions@buckscc.gov.uk by the 15th of every month, and the monthly contribution spreadsheets to lgpsreturns@buckscc.gov.uk by the 19th of every month. This is to make sure that all spreadsheets are processed within the regulatory time limits. If these deadlines are not met, fines may be imposed.

Contacting the Fund's Actuary

As a reminder, please note that there is **always** a cost implication when contacting the Fund's actuary for advice or information, whether the Employer contacts the Actuary directly or contacts them through us. We have asked the Fund's Actuary to refer back to us all direct requests from Employers. If your organisation requires any information from Barnett Waddingham e.g. FRS17, valuation queries, actuary's report when applying for admitted body status or cessation, etc. please send your request to employers@buckscc.gov.uk. We will make arrangements for the relevant report and we will recharge the actuary's fees back to the Employer.

Deferred Benefit Statements

We have begun to send out our 2014/15 deferred member's benefit statements, so you may see a rise in queries from members requesting their ex-Employers consent to their early release of pension benefits. These requests should be processed in accordance with your LGPS discretionary policy (see below for more guidance on this).

LGPS Employer Discretionary Policies

This is a standing item on our Employer newsletters. The 2014 Scheme contains a provision that Employer discretions policies under the 2014 Scheme must be prepared, published and copied to the Pension Fund administering authority within three months of 1st April 2014. Any subsequent revisions to the policies must be published and copied to the administering authority within one month of the change in policy.

Please be aware that all LGPS Employers **MUST** have a LGPS discretionary policy in place. Not only is this a regulatory requirement, but:

- Under revised CIPFA Guidance, we have to report on the number of Employers' LGPS discretionary policies we hold within our Pension Fund Annual Report
- We will not process any quotes for employers who have not submitted their LGPS discretionary policy.

The relevant discretions are:

- Whether to grant additional pension of up to £6,500 per annum (increased each April) to an active Scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.
- Whether, where an active Scheme member wishes to purchase extra annual pension of up to £6,500 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).
- Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of the

employer, reduce their working hours or grade.

- Whether, as the 85 year rule does not (other than on flexible retirement) automatically 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 for such members.
- Whether to waive any actuarial reduction on benefits paid early.

A guide is available from the national LGPS Regulations and Guidance page at:

<http://www.lgpsregs.org/index.php/guides/hr-guide-to-the-2014-scheme?showall=&start=20>.

If you haven't already done so, or if you are a new Employer in the BCC Pension Fund, please send your LGPS 2014 Employer discretionary Policies to employers@buckscc.gov.uk.

Distribution and feedback

Please ensure that relevant staff in your organisation, including your bursar / finance managers, HR managers **and your payroll provider(s)** receive this newsletter. We also welcome any feedback on the format and content of this newsletter so if you have any comments or suggestions, or would like to add or change any of the contact details on our distribution list, please email employers@buckscc.gov.uk



Thank you for your support and co-operation during 2015.

The Pensions & Investments Team wish all our Employers and members a safe, happy Christmas & all the best for 2016!

Buckinghamshire Pension Board

Title:	Annual Benefits Statements - Administration Year End Update
Date:	Wednesday 16 March 2016
Author:	Finance Director, Business Services Plus
Contact officer:	Julie Edwards, Pensions & Investments Manager 01296 383910
Local members affected:	No

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

The statutory deadline for issuing 31 March 2015 Annual Benefits Statements (ABSs) was brought forward to 31 August 2015. In 2014 ABSs were to be issued by 31 October and the deadline for issuing the 2013 ABSs was the following March. In common with many LGPS Funds, the Buckinghamshire Fund encountered difficulties meeting this deadline. The purpose of this report is to provide an update on the issuance of 31 March 2015 ABSs and the plan for issuing 31 March 2016 ABSs by 31 August 2016.

Recommendation

The Board is asked to NOTE the update on the issuance of Annual Benefits Statements.

Resource implications

Additional temporary resources have been recruited to support the issuance of Annual Benefits Statements, this will cost in the approximately £40,000.

Other implications/issues

- 4 The statutory deadline for issuing 31 March 2015 Annual Benefits Statements (ABSs) was brought forward to 31 August 2015. In 2014 ABSs were to be issued by 31 October and the deadline for issuing the 2013 ABSs was the following March. In common with many LGPS Funds, the Buckinghamshire Fund has encountered difficulties meeting this deadline. It was reported to the Board in October that as at 31



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August 2015, 73 employers had had their staff ABSs printed and sent. Although this is nearly 50% of the Fund's employers, they are the smaller employers and the 1,350 statements issued represented just over 5% of the Fund's active membership. As at 30 September 2015, 101 employers had had their staff ABSs printed and sent. This was in excess of 2,700 ABSs representing nearly 11% of the active membership.

- 5 The main reason for missing the deadline is that additional work was required to compare the 2008 definition of pensionable pay. This has to be extracted from the software system (Altair) and compared in Excel. We do the comparison in Excel because if we update the 2014/15 figures directly into Altair and subsequently identify that the pay provided by employers is incorrect, member records would have to be updated manually when the correct pay figures are received. Although the Team is not required to do this since it is the employer's responsibility to provide the correct pay, experience shows that many ABSs would have been sent with incorrect figures on them and this would have resulted in many queries. The other issue is that many year-end returns have been sent back to employers since they have either not provided the 2008 definition of pensionable pay, they have provided the part-time pay and not the full time equivalent or they have provided the actual rate of pay as at 31/03/15 and not the average 2008 definition of pay for the period 01/04/14-31/03/15. LGPS Funds across England and Wales faced the same difficulties and many were not able to provide annual benefit statements for all their members by the 31 August 2015 deadline. A breach of the law has been reported to the Pensions Regulator, due to Buckinghamshire County Council Pension Fund not issuing ABSs in accordance with the deadline stipulated in the Public Service Pensions Act 2013.
- 6 During December ABSs were issued to 7,500 deferred members. By the end of February 2016 170 employers had had their staff ABSs printed and sent. This was in excess of 9,700 ABSs representing nearly 39% of the active membership. In March over 6,000 ABSs will be dispatched to Buckinghamshire County Council active members. To complete the issuance of 2014/15 ABSs, by the end of March 3,000 ABSs will be dispatched to Milton Keynes Council and 8 other employers with active members.
- 7 This year we have an earlier deadline for the closure and audit of the Fund's accounts and all Annual Benefit Statements have to be issued by 31 August 2016. In addition, the Fund's triennial valuation is taking place this year and we have to provide our Fund's data to the Actuary by 31 July 2016. Due to this and the requirement to issue ABSs by 31 August 2016 we have had to make a significant change to our year end query process.
- 8 The revised process is summarised below:
 - Once we receive the Employer's correctly completed Annual Return for 2015/16, we will complete our financial reconciliation
 - We will upload the data provided by the Employer and run checks. These checks will return queries on some members' records

- The 2015/16 year end query process:
 1. Pay data as provided by the Employer is posted to members' records by our Systems Team
 2. Employer Liaison Officers (ELOs) use comparison spreadsheets to identify records with queries.
 3. An indicator is added to member records which show a query. The indicator prevents an inaccurate annual benefit statement (ABS) from being produced for that member.
 4. We submit Fund data to the Actuary for valuation purposes by 31 July 2016
 5. ABSs issued for members' records without any queries by 31 August 2016
 6. Once the first run of ABSs have been sent, ELOs will produce query spreadsheets and send these to the Employer for resolution
 7. We will periodically print further ABSs, by Employer, as their outstanding queries are cleared
- Step 6 and 7 will commence from 1 September 2016; exact timings will depend on the size of the Employer's membership. Employers must reply to outstanding queries promptly so that we can resolve outstanding queries and cleanse our member data.
- If outstanding queries are not resolved by 28 February 2017, the affected members will not be provided with printed Annual Benefit Statements by 31 March 2017.

- 9 Employers were notified of the revised process with the request for Annual Return at the end of February, we have not received any adverse feedback about the revised process from employers. We will closely monitor the year-end procedure and conduct a review in early 2017. Based on the outcome of that review, we may make the change to the year-end process, as detailed above for cleansing 2015/16 data, permanent.

Background Papers

None

Buckinghamshire Pension Board

Title:	Internal Dispute Resolution Procedure
Date:	16 th March 2016
Author:	Finance Director, Business Services Plus
Contact officer:	Sam Price, Principal Pensions Officer (Administration) 01296 383370
Electoral divisions affected:	N/A

Summary

The Local Government Pension Scheme (LGPS) operates a two stage dispute procedure under Regulation 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 that the member wishes to complain against. Each employer is asked to nominate a 'specified person' and any complaints against the employing authority will be directed to them. Where the complaint is against the administering authority, these complaints will be addressed by myself, as the 'specified person'.

If the member is not satisfied with the decision from stage 1, 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, then a member 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 employing authority, I will undertake the stage 2 review. Where the stage 1 complaint was against the administering authority, Bucks CC Legal team are responsible for this review.

If members are still unhappy following stage 1 & Stage 2 then they can take the case to the Pensions Ombudsman within 3 years of the original decision.

Recommendation

The Board is asked to NOTE the IDRPs appeals for the 2015/2016 year.



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The following IDRPs were received in 2015/2016

Description	Employing/ Admin Authority	Stage 1	Outcome	Progressed to Stage 2	Outcome
Ill Health	Employing	April 2015	Declined		
Ill Health	Employing	May 2015	Declined		
Ill Health	Employing			June 2015	Declined
Ill Health	Employing			October 2015	Declined
Ill Health	Employing	December 2015	Outstanding		
Ill Health	Employing	December 2015	Outstanding		
Early payment of benefits	Employing	January 2016	Outstanding		
Refund (pt 2)	Administering	February 2016	Declined		
Refund (pt 2)	Employing	February 2016	Outstanding		

I am not aware of any cases in the 2015/16 year that have been referred to the Pensions Ombudsman.

It is found that the majority of Stage 1 complaints under IDRPs are to appeal a decision to decline ill health retirement or to appeal the tier awarded.

Resource implications

N/A

Legal implications

N/A

Other implications/issues

N/A

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

N/A

Buckinghamshire Pension Board

Title:	Pensions Administration Performance
Date:	16 March 2016
Author:	Finance Director, Business Services Plus
Contact officer:	Chris Thompson, 01296 382833
Electoral divisions affected:	n/a

Summary

The Pensions & Investments Team have a customer charter <http://www.buckscc.gov.uk/about-your-council/local-government-pension-fund/customer-charter/> outlining their commitment to turning work around within certain timescales. All post and requests for information are logged daily and reported on monthly to monitor the percentage of work that is not completed within the prescribed time limits.

Details of the work performance statistics for the 12 months to February 2016 are presented overleaf. The Buckinghamshire Pension Board is required to monitor the performance of the Pensions Administration Team.

Recommendation

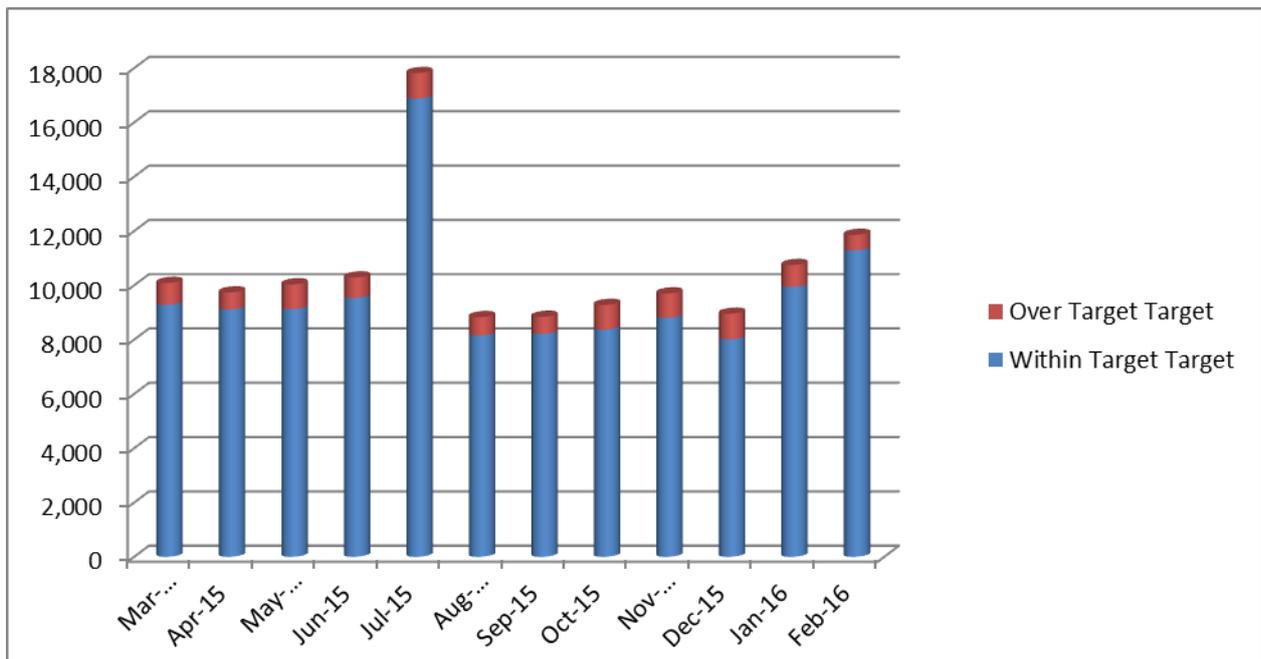
The Board is asked to NOTE the performance statistics of the team.



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Workload statistics for the year to February 2016 are presented below:

Month	Within Target	Over Target	Total	% Over Target
March 2015	9,287	799	10,086	7.92
April 2015	9,114	624	9,386	6.65
May 2015	9,124	910	9,124	9.97
June 2015	9,537	753	10,290	7.32
July 2015	16,879	937	17,816	5.26
August 2015	8,148	681	8,829	7.71
September 2015	8,214	625	8,839	7.07
October 2015	8,369	908	9,277	9.79
November 2015	8,803	897	9,700	9.25
December 2015	8,015	938	8,953	10.48
January 2016	9,945	802	10,741	7.46
February 2016	11,287	571	11,858	4.82



1. In October 2015, agreement was given to create new posts within the Benefit Administration team in order to work towards clearing the backlog of tasks, allow contingency in the event of absences & at a later stage to allow capacity to tackle projects that may arise. Recruitment was conducted in November & December 2015 with all posts recruited to. An LGPS Training Officer, three Member Liaison Officers & three Pensions Officers started in January 2016 with a further two Pensions Assistants starting in February 2016. We have also recruited a Pensions Officer on a temporary basis to help with our checking work.

The impact of this recruitment will likely be seen over the coming months & a full review will be given at the next Pension board meeting when the majority of training will be completed however since January success has already been gained from these additional resources as we have now been able to work through backlogs within our 'priority' tasks (retirements, deaths, refunds, annual allowance) and also continue on a daily basis to keep these workgroups up to date. We have also been able to work through our lower priority groups (Quote, divorce, query, AVC) to also get these up to date which means the majority of our backlogs are now related to transfers (interfund & external) and leavers. Training is planned to work through these groups within the coming months.

2. Under Regulation 62 of the Local Government Pension Scheme Regulations 2013 Buckinghamshire County Council is required to obtain an actuarial valuation of the pension fund from which future employer contribution rates are set. The data that Buckinghamshire County Council is required to supply to the Actuary in respect of each employee is derived from information supplied by each employer and it is vital that Pensions maintains accurate and up to date records.

A year-end return must be supplied to BCC detailing the following information **for each employment** as at 31 March-

- Surname
- Forename
- Gender
- Date of birth
- National Insurance number
- Payroll Ref: should be a unique ID for the employment
- Date member became active in the employment (if during the Scheme year)
- Date ceased active membership in the employment (if during the Scheme year)
- CPP1: cumulative pensionable pay received in the employment during the Scheme year while in the main section of the scheme (including APP)
- CEC1: cumulative employee contributions deducted from pensionable pay (CPP1)
- CPP2: cumulative pensionable pay received in the employment during the Scheme year while in the 50/50 section of the scheme (including APP)
- CEC2: cumulative employee contributions deducted from pensionable pay (CPP2)
- EE RATE: The employee's rate of contributions at the end of the Scheme year or at the date of cessation of membership (if this occurred during the Scheme year) either in the main or 50/50 section of the Scheme.
- The section of the Scheme the member was in at the end of the Scheme year (or at the date active membership ceased if during the Scheme year)
- CRC: Cumulative employer contributions deducted from pensionable pay in respect of the employment (including APP)
- EAPC CAC: Cumulative additional pension contributions (APCs) paid in respect of the employment by the member
- RAPC CAC: Cumulative additional pension contributions (APCs) paid in respect of the employment by the employer

- EAVC CAC: Cumulative additional voluntary contributions (AVCs) paid in respect of the employment by the employee
- RAVC CARC: Cumulative additional voluntary contributions (AVCs) paid in respect of the employment by the employer
- FTE final pay (2008 definition)¹ for the Scheme year (1 April to 31 March of the relevant year) **for members with LGPS membership prior to 1 April 2014** who are active at the end of the Scheme year

An e-mail has already been issued to employer's with the template for the year end return. This must be returned by 30 April 2016.

BCC pensions will then process year end returns and produce the valuation data for the actuary by 31 July 2016.

3. Other options available, and their pros and cons

N/A.

4. Resource implications

The Pensions Administration teams are funded by the Pension Fund.

Legal implications

5. It is a statutory obligation for the County Council to provide a Pensions Service on behalf of Scheme employers.

6. Other implications/issues

None

7. Feedback from consultation, Local Area Forums and Local Member views

Not applicable.

Background Papers

None

¹ The full definition of Final Pay under the 2008 Scheme regulations is available from <http://timeline.lge.gov.uk/LGPS2008Regs/SI20140044/20071166.htm#reg4>

Buckinghamshire Pension Board

Title:	Pension Fund Risk Register
Date:	Wednesday 16 March 2016
Author:	Finance Director, Business Services Plus
Contact officer:	Julie Edwards, Pensions & Investments Manager 01296 383910
Local members affected:	No

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

The Risk Register identifies the key risks to the Pension Fund and is reviewed periodically by the Pension Fund Committee and the Buckinghamshire Pension Board, the last Committee review took place on 25 November 2015.

Recommendation

The Board is asked to NOTE the Risk Assessment for the Pension Fund.

Resource implications

There are none arising directly from this report.

Other implications/issues

The Board is asked to review the attached register to ensure that:

- The descriptions of risks are still relevant;
- The scores attributed to the impact and probability of the untreated risks are appropriate, please see table overleaf;
- Risk treatment is adequate; and
- The scores attributed to the impact and the probability of the residual risks are appropriate.



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LIKELIHOOD

6	Extremely Likely	6	12	18	24
5	Very Likely	5	10	15	20
4	More Likely	4	8	12	16
3	Less Unlikely	3	6	9	12
2	Unlikely	2	4	6	8
1	Extremely Unlikely	1	2	3	4
		Negligible	Moderate	High	Extreme
		1	2	3	4

IMPACT

Risks relating to the Fund management are numbers P1-P17 and administration risks begin at P18. Following the review by Committee in November 2015 the impact of inflation / deflation in risk P11 has been expanded.

Background Papers

None

RISK ASSESSMENT

Service Area	PENSION FUND	Reviewed 16th March 2016
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User notes: This spreadsheet has automatic conditional formatting which changes the colour of the scoring column.

	High level risk
	Medium level risk
	Low level risk

Ref	Description of risk, i.e. what is the threat or opportunity to the achievement of a business/project objective, use format "If <event happens> then <consequence of event>"	Assessment of untreated risk				Risk Treatment, i.e. what are we going to do about this risk		Assessment of residual risk			Owner
		Impact	Probability	Untreated score (don't write in here)	Proximity, i.e. when will this risk impact	Action	By when	Impact	Probability	Residual score	
P1	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	6	3	18	ongoing	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.	ongoing	6	2	12	Pension Fund Committee and Finance Director, Business Services Plus
P2	If there is a significant downturn in a particular sector / geographical location then funds perform worse than expected, the deficit increases, employers contributions would need to be increased.	5	3	15	ongoing	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. Revised strategy implemented May 2014. 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.	ongoing	5	1	5	Pension Fund Committee and Finance Director, Business Services Plus
P3	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.	2	2	4	ongoing	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.	ongoing	2	1	2	Pension Fund Committee and Finance Director, Business Services Plus
P4	If there are natural or man made disasters / problems which impact on the markets long term then loss of confidence, worried customers, lower returns and increased liabilities	2	4	8	ongoing	Governance structures provide for horizon scanning. Current investment strategy has built in flexibility that enables some degree of tactical decision making.	ongoing	2	4	8	Pension Fund Committee and Finance Director, Business Services Plus
P5	If too many early retirements then the ratio of pensioners to contributors gets worse, less able to meet obligations and pressure on contributions	2	5	10	ongoing	Early retirement options were reduced in line with 2008 LGPS regulations. Administration team monitor. The Fund's employers are responsible for the pension strain costs, not the Fund.	ongoing	2	2	4	Pension Fund Committee and Finance Director, Business Services Plus
P6	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.	3	4	12	ongoing	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.	ongoing	3	3	9	Pension Fund Committee and Finance Director, Business Services Plus
P7	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.	1	2	2	ongoing	Not within the Pension Fund's control. No further action required.	ongoing	1	2	2	Pension Fund Committee and Finance Director, Business Services Plus
P8	If there is fraud at some point in the "chain" (within the Council or Fund Management House) then loss of assets, damage to credibility and reputation and potential litigation.	4	2	8	ongoing	Monitoring activity undertaken (SAS70, AAF01/06) Relationships with fund managers to include assurance and risk management consideration. Detailed and embedded assurance framework in place.	ongoing	4	1	4	Pension Fund Committee and Finance Director, Business Services Plus
P9	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.	3	4	12	ongoing	Fund managers' performance actively reviewed quarterly. New investment strategy implemented May 2014. Benchmarking undertaken and research undertaken.	ongoing	3	2	6	Pension Fund Committee and Finance Director, Business Services Plus
P10	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.	4	4	16	ongoing	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 next triennial valuation as at 31 March 2016 will be reported in Autumn 2016.	ongoing	4	3	12	Pension Fund Committee and Finance Director, Business Services Plus

Ref	Description of risk, i.e. what is the threat or opportunity to the achievement of a business/project objective, use format "If <event happens> then <consequence of event>"	Assessment of untreated risk				Risk Treatment, i.e. what are we going to do about this risk		Assessment of residual risk			Owner
		Impact	Probability	Untreated score (don't write in here)	Proximity, i.e. when will this risk impact	Action	By when	Impact	Probability	Residual score	
P11	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).	3	4	12	ongoing	Review bond performance regularly. Economic commentators suggest that inflation will fall back to target in the medium term and that the factors driving the current inflation levels are temporary.	ongoing	3	3	9	Pension Fund Committee and Finance Director, Business Services Plus
P12	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.	2	2	4	ongoing	Pensions Communications Officer role involves designing and delivering communications strategy. The Buckinghamshire Pension Board was established in 2015.	ongoing	2	1	2	Pension Fund Committee and Finance Director, Business Services Plus
P13	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.	3	5	15	ongoing	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.	ongoing	2	4	8	Pension Fund Committee and Finance Director, Business Services Plus
P14	If a failure of a fund management house or nominee company is caused by financial issues or a catastrophic event e.g. terrorism or company policy change e.g. leaving the UK then there will be a short term performance failure, time and cost implications and a potential loss of opportunity if at the wrong moment.	3	2	6	ongoing	Ongoing review using governance structures described previously.	ongoing	2	2	4	Pension Fund Committee and Finance Director, Business Services Plus
P15	If officers 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.	3	2	6	ongoing	Effective scrutiny of officer activity by line management, Pension Fund Committee and audit	ongoing	2	1	2	Pension Fund Committee and Finance Director, Business Services Plus
P16	The uncertainty due to the June 23 in/out referendum on Britain's membership of the European Union could impact on market volatility and the economy. If the outcome of the referendum is "out," then there could be further impact on market volatility and the economy.	3	4	12	ongoing	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.	ongoing	2	4	8	Pension Fund Committee and Finance Director, Business Services Plus
P17	The government's proposal to consult on pooling LGPS assets, could, if implemented badly have an impact on the value of the Fund's assets.	3	4	12	ongoing	Investment performance actively reviewed. Robust transition plan required.	ongoing	3	2	6	Pension Fund Committee and Finance Director, Business Services Plus
P18	LGPS 2014 introduced in April 2014. Although regulations have been issued there are still some areas where further clarification or guidance is required	4	4	16	ongoing	Not within the pensions sections control. Principal Pensions Officer to continually check for updated guidance and cascaded to the team. Where there is no guidance available then this will need to be communicated to members where they may be affected.	ongoing	3	3	9	Pensions & Investments Manager
P19	Lack of employer understanding of the new scheme and knowledge of the Service Level Agreement may cause incorrect information to be provided and additional queries from employers	3	4	12	ongoing	Training events have been provided to employers and the Employer Liaison Team provide ongoing support in addition to the Benefits Administration Team. Scheme information is also continually updated on the website	ongoing	3	3	9	Pensions & Investments Manager
P20	A lack of capacity due to staff losses or sickness could adversely affect the workload of the pensions section resulting in decreased productivity.	3	3	9	ongoing	The use of overtime and temporary staff where appropriate.	ongoing	2	2	4	Pensions & Investments Manager
P21	The risk that the pensions software (Altair) causes disruption due to system crashes etc. leading to calculation errors, delays and a loss of working time.	3	4	12	ongoing	Not within the Pensions and Investments Team control but errors can be recorded in order to notify supplier. Continuity arrangements in place. Regular client relationship management meetings.	ongoing	2	2	4	Pensions System Officer, Pensions & Investments Manager
P22	Software updates resulting from scheme changes may create errors in calculations thus resulting in more time spent checking and re-doing calculations.	4	5	20	ongoing	Not within the Pensions and Investments Team control but errors can be recorded in order to notify supplier. Continuity arrangements in place. Currently BAT are finding that a lot of manual intervention is needed. This is being dealt with by the systems team	ongoing	2	3	6	Pensions System Officer, Pensions & Investments Manager
P23	Staff retention. There is a risk of losing trained staff to other organisations due to a lack of flexibility in the career matrix.	2	4	8	ongoing	The Council has a Contribution Based Pay (CBP) system to reward high performance in a consistent and cost effective way. The Pensions Officer career matrix has recently been revised in line with CBP and also to make a smoother transition between ranges for Pensions Officers to progress	ongoing	1	3	3	Pensions & Investments Manager, Assistant Service Director - Finance Centre of Expertise
P24	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.	2	5	10	ongoing	The employer SLA's should help make employers provide the required information. The Pensions Administration Strategy includes a charging policy. 1-1 meetings with employers will be conducted to go over issues with information. Employer Liaison Team working on a risk basis,	ongoing	2	4	8	Pensions & Investments Manager, Assistant head of finance

Ref	Description of risk, i.e. what is the threat or opportunity to the achievement of a business/project objective, use format "If <event happens> then <consequence of event>"	Assessment of untreated risk				Risk Treatment, i.e. what are we going to do about this risk		Assessment of residual risk			Owner
		Impact	Probability	Untreated score (don't write in here)	Proximity, i.e. when will this risk impact	Action	By when	Impact	Probability	Residual score	
P25	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	2	5	10	ongoing	The employer SLA's should help make employers provide the required information. The Pensions Administration Strategy includes a charging policy. 1-1 meetings with employers being conducted to go over issues with information. Employer Liaison Team working on a risk basis, Responsibility on employers to manage their contractors.	ongoing	2	3	6	Principal Pensions Officer (Governance & Employer Liaison Officer)
P26	The increase of TUPE transfers / schools opting for academy status has resulted in an increased workload for pensions staff, mainly at a senior level. The Principal Pensions 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 1 employee to hundreds.	3	3	9	ongoing	These TUPE Transfers are currently being dealt with. A post was created in 2013 to deal specifically with TUPE transfers therefore reducing the risk impact on the team	ongoing	2	4	8	Pensions & Investments Manager/Principal Pensions Officers
P27	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.	4	3	12	ongoing	Currently Principal Pensions Officer (Systems) has registered with the HMRC in order to receive bulk GMPs. A plan will need to then be put into place to deal with this	ongoing	3	3	9	Principal Pensions Officer (Systems)
P28	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	2	2	4	ongoing	LGE has issued a leaflet setting out the implications of the tax changes for high-earners which has been forwarded to high-earners. Ongoing communications to scheme members highlighting the benefits of the Scheme	ongoing	2	2	4	Pensions & Investments Manager/Principal Pensions Officers
P29	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.	4	3	12	ongoing	Encouraging organisations against this route. Use of network groups to lobby for change in Regulations. DCLG admit that the issue needs looking at. Consultation paper prepared.	ongoing	3	2	6	Pensions & Investments Manager/Principal Pensions Officers
P30	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.	2	2	4	ongoing	Not within the Pension & Investments Team's control, but there are ongoing communications to Scheme members highlighting the benefits of the Scheme.	ongoing	2	2	4	Pensions & Investments Manager/Principal Pensions Officers
P31	The Public Sector Pensions Act 2013 requires that Annual Benefits Statements are issued to Scheme Members by 31 August. A breach of this requirement will be reported to the Pensions Regulator for the year ended 31 March 2015. There is a risk that the Regulator will issue a fine although this is the position for most local authorities and the Regulator is aware that there were teething issues with setting up systems and templates for the 2015 ABSs since this is the first year that ABSs have been issued with LGPS 2014 data.	3	4	12	ongoing	Robust timetable, employer training, provide employer support to submit correct returns and review process.	ongoing	3	3	9	Pensions & Investments Manager/Principal Pensions Officers

Pension Fund Board Forward Plan

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Updated	2-Mar-16
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16 March 2016, COMT Boardroom, 10am		Aylesbury, County Hall	
Agenda Item	Author	Cyclical Item?	
Apologies / Declarations of interest / Minutes	Chairman	Every meeting	
Minutes of Pension Fund Committee (25/11/2015 & 04/02/2016)	Pension Fund Committee Chairman	Every meeting	
Scheme member and employer communications	Cheryl Platts	Annually	
Annual Benefits Statements - Administration Year End Update	Julie Edwards	Annually	
Internal Dispute Resolution Procedure	Sam Price	Annually	
Administration performance statistics	Chris Thompson	Every meeting	
Risk Register	Julie Edwards	Annually	
Forward Plan	Julie Edwards	Every meeting	
Exclusion of Press and Public			
Minutes of Pension Fund Committee (25/11/2015 & 04/02/2016)	Pension Fund Committee Chairman	Every meeting	
Fund Managers Presentation	Royal London Asset Management	Annually	
Date of next meeting / AOB	--		

July 2016		Aylesbury, County Hall	
Agenda Item	Author	Cyclical Item?	
Apologies / Declarations of interest / Minutes	Chairman	Every meeting	
Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting	
Review of Pension Fund Board Policies	Julie Edwards	Annually	
Annual Review of Pension Board	Julie Edwards	Annually	
Governance Policy Statement & Governance Compliance Statement	Mark Preston	Annually	
Administration performance statistics	Chris Thompson	Every meeting	
Forward Plan	Julie Edwards	Every meeting	
Exclusion of Press and Public			
Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting	
Date of next meeting / AOB	--		

October 2016		Aylesbury, County Hall	
Agenda Item	Author	Cyclical Item?	
Apologies / Declarations of interest / Minutes	Chairman	Every meeting	
Buckinghamshire Pension Board Terms of Reference	Julie Edwards	Annually	
Minutes of Pension Fund Committee (03/08/2015 & 23/09/2015)	Pension Fund Committee Chairman	Every meeting	
Pension Fund Annual Report 2014/15	Cheryl Platts	Annually	
CIPFA Pensions Administration Benchmarking	Sam Price	Annually	

Pension Fund Board Forward Plan

Updated

2-Mar-16

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Administration performance statistics	Chris Thompson	Every meeting
Training Needs Analysis	Julie Edwards	Annually
Forward Plan	Julie Edwards	Every meeting
Exclusion of Press and Public		
Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
Date of next meeting / AOB	--	

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