

Agenda

PENSION FUND BOARD

Date: Wednesday 18 October 2017
Time: 10.00 am
Venue: Mezzanine Room 1, County Hall, Aylesbury

Agenda Item	Page No
1 APOLOGIES FOR ABSENCE/CHANGES IN MEMBERSHIP/DECLARATIONS OF INTEREST/MINUTES To note any apologies for absence, disclose any personal or disclosable pecuniary interests and agree the minutes of the Pension Fund Board held on 19 July 2017 as an accurate record.	5 - 12
2 MINUTES OF THE PENSION FUND COMMITTEE Minutes attached from the meeting held on 27 July 2017.	13 - 18
3 BCC PENSION FUND EMPLOYER NEWSLETTER - SEPTEMBER 2017 To be presented by Cheryl Platts.	19 - 20
4 PENSION FUND ANNUAL REPORT 2016/17 To be presented by Cheryl Platts.	21 - 46
5 PENSIONS ADMINISTRATION PERFORMANCE REPORT To be presented by Samantha Price.	47 - 50
6 TRAINING NEEDS ANALYSIS To be presented by Claire Lewis-Smith.	51 - 52
7 FORWARD PLAN To be presented by Claire Lewis-Smith.	53 - 54
8 ANNUAL BENEFIT STATEMENTS - ADMINISTRATION YEAR END UPDATE To be presented by Claire Lewis-Smith.	55 - 56
9 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).

- | | | |
|----|--|---------|
| 10 | ANNUAL BENEFITS STATEMENT - CONFIDENTIAL APPENDIX
To be presented by Claire Lewis-Smith | 57 - 60 |
| 11 | CONFIDENTIAL MINUTES
To agree the confidential minutes of the Pension Fund Board held on 19 July 2017 as an accurate record. | 61 - 64 |
| 12 | CONFIDENTIAL MINUTES OF THE PENSION FUND COMMITTEE
Confidential minutes attached from the meeting held on 27 July 2017. | 65 - 68 |
| 13 | BRUNEL PENSION PARTNERSHIP UPDATE
To be presented by Julie Edwards. | 69 - 72 |
| 14 | DATE OF NEXT AND FUTURE MEETINGS
The next meeting will be held on 14 March 2018 at 10am. | |

Future meeting dates:
18 July 2018 at 10am
10 October 2018 at 10am

****All meetings will be held at County Hall in Aylesbury****

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: Kristi Bhanja on 01296 531024, email: kbhanja@buckscc.gov.uk

Members

Ms B Black
Mr P Dearden
Ms R Ellis (VC)
Mr S Mason (C)

Mr J McGovern
Mr I Thompson
Ms L Wheaton

Minutes

PENSION FUND BOARD

MINUTES OF THE PENSION FUND BOARD HELD ON WEDNESDAY 19 JULY 2017, IN MEZZANINE ROOM 2, COUNTY HALL, AYLESBURY, COMMENCING AT 10.05 AM AND CONCLUDING AT 12.39 PM.

MEMBERS PRESENT

Ms B Black, Mr R Bowman, Mr P Dearden, Ms R Ellis (Vice-Chairman), Mr S Mason (Chairman), Mr J McGovern and Mr I Thompson

OFFICERS PRESENT

Ms J Edwards, Mr M Passey, Mr M Preston, Mrs C Platts, Mrs C Lewis-Smith and Mr C Thompson

1 APOLOGIES/DECLARATIONS OF INTEREST/MINUTES

Apologies had been received from Mr J Chilver, Mr S Lugg and Ms S Price.

There were no declarations of interest.

The minutes from 16 March 2017 were agreed as an accurate record and signed by the Chairman.

In relation to Item 9 (Risk Register), Ms J Edwards had updated the risk register to take into account the comments that had been made.

2 MINUTES OF PENSION FUND COMMITTEE

The minutes from the meetings held on 6 March, 22 March and 31 May 2017 were noted by the Board. The Chairman stated that the minutes from 31 May 2017 had not yet been approved by the Pension Fund Committee.

Mr M Barber, the representative from Thames Valley Police on the Pension Fund Committee had his name displayed as 'Barber' and needed to have his name displayed as 'Mr M Barber'.

ACTION: Mrs Bhanja

3 BCC PENSION FUND EMPLOYER NEWSLETTERS - MARCH 2017 AND JUNE 2017



Mrs C Platts presented the report to the Board and highlighted the following:

- There were two newsletters to view, from March and June 2017. The March newsletter had been the annual update.
- The annual return template was issued at the end of February 2017 and the new monthly notification spreadsheet allowed employers to complete just one document every month.
- LGPS member surgeries had been reinstated which would give employees the opportunity to speak to members of the Pension's team directly.
- The 2016 valuation report had been published and was available on the Pension's website.
- There had been an employer training session on 12 July 2017 and a further two sessions had been organised for 2 August 2017.
- The printing of the Annual Benefits Statements had started and the mailing would include a letter to inform members that 2017 would be the last year they would receive a paper copy of their statement. There would be an 'opt out' slip included with the statement for those members who did not want to view their information online and who would prefer a paper benefit statement instead.
- The Pension's website had been built using the County Council template so that it met the required standards for public sector information and to better meet the needs of mobile device users.

In response to questions, Mrs Platts stated the following:

- The My Pension Online team would encourage members to register and there would still be periodic reminders for employees which would be issued via Scheme employers.
- Schools had been contacted in relation to reminding employees to use the online system. As long as a user had a web enabled browser, they would be able to access the system.
- There would be no online access to pension records for members if they opted out of the paper free system.
- The statutory deadline for publishing statements is 31 August 2017 every year and statement would be published online or before that date.
- All of the member surgeries would be held in Aylesbury. Previous surgeries held in satellite offices had low take up and found not to be a good use of resource as many members did not attend their pre-booked appointments.

RESOLVED

The Board NOTED the March and June 2017 issues of the BCC Pension Fund Employer newsletter.

4 REVIEW OF BUCKINGHAMSHIRE PENSION BOARD POLICIES

Mrs Claire Lewis-Smith presented the report to the Board and highlighted the following:

- The Board's Terms of Reference, Code of Conduct, Conflicts Policy and Knowledge and Understanding Framework were adopted by the Board at its inaugural meeting on 21 July 2015. There was a requirement to review all Board policies periodically and this is undertaken annually.
- In relation to the Terms of Reference, the main changes related to the Shadow Advisory Board which had now become the Scheme Advisory Board, reference to the Management and Investment of Funds Regulations 2016 and reference to include connected schemes had also been updated. When vacancies on the Board became available, the recruited member would serve a three year term.
- In relation to the Code of Conduct and Conflicts Policy there were no material changes, just a change to the dates.
- In relation to the Knowledge and Understanding Framework, there had been some legislation updates.

In response to questions, Mrs Lewis-Smith stated the following:

- The Terms of Reference have to be reviewed periodically.
- Mr Bowman asked if the Board were happy with the core functions that would be discharged. For example the Board did not have sight of the draft accounts. The Chairman stated that he would take this up with officers outside of the meeting.

ACTION: Chairman

- Training had been offered throughout the two years of the Board and a number of members have been on courses. The Chairman asked that members highlighted any gaps in their knowledge so that the Board can organise training and members can feel confident in their role.
- Ms Ellis had attended training through Barnett-Waddingham which had additionally given the opportunity to meet and speak with other authority's Board members
- The Chairman stated that the three day course which focused on fundamentals would be helpful if members had not yet attended. Even attending just one or two days of the course would be helpful.

RESOLVED

The Board NOTED the Terms of Reference, Code of Conduct, Conflicts Policy and Knowledge and Understanding Framework.

5 ANNUAL REVIEW OF BUCKINGHAMSHIRE PENSION BOARD

Mrs C Lewis-Smith and the Chairman presented the report to the Board and highlighted the following:

- The Annual Review of the Buckinghamshire Pension Board would be incorporated into the Pension Fund Annual Report and as such would be a public document, the Board therefore needed to be happy with its content.

- This would be the second Annual Report of the Board and describes the items the Board has looked at during the last 12 month period and the training Board members have been offered.
- The Annual Report would be going to the Pension Fund Committee on 27 July 2017 and the Chairman would take the document away and create a narrative to circulate to Board members for their consideration.

ACTION: Chairman

RESOLVED

The Board NOTED the report.

6 ANNUAL BENEFITS STATEMENTS - ADMINISTRATION YEAR END UPDATE

Mrs C Lewis-Smith presented the report to the Board and highlighted the following:

- Regulation 89 of The Local Government Pension Scheme Regulations required an administering authority to issue an annual benefit statement no later than 5 months after the end of the Scheme year (31 August).
- Additional temporary resources had been recruited to support the issue of Annual Benefit Statements. Recruits had performed better than expected and resulted in cleaner and quicker data being produced.
- There had been 119 employers ready to print with no outstanding queries on their members' records.
- By the annual return deadline of 30 April 2017, 177 employers had submitted returns. 36 of these had to be returned to employers for revision and of these, 19 had been revised and returned by the deadline.
- 41 employers had sent their returns after the deadline of which 4 had to be returned for revision.
- In total, 218 returns had been received with no further returns outstanding.
- There were 69 employers who had received queries who were yet to either respond or provide sufficient details to resolve their member queries.
- The target to issue 80% of active Annual Benefit Statements by 31 August 2017 has been set, an increase from the 75% target last year.
- The team had met with both Buckinghamshire County Council and Milton Keynes Unitary Authority to raise the profile of the Pensions Administration Strategy.
- There had been some issues relating to schools and academies using third party payroll providers and the inability of the administering authority to charge additional administration costs directly to the providers.
- The Pension's Regulator would be increasing scrutiny and enforcement on employers so that they have awareness of their responsibilities in providing timely information.
- The Chairman asked that once the deadline of 31 August 2017 had passed, Mrs Lewis-Smith provide Board members with the figure of achievement in relation to the number of Annual Benefits Statements completed by the deadline.

ACTION: Mrs Lewis-Smith

RESOLVED

The Board NOTED the report.

7 PENSIONS 'ONLINE' UPDATE

Mr C Thompson presented the report to the Board and highlighted the following:

- The “my pension online” service for LGPS members had been launched in 2016 and was now standard practice for member users 7,644 active scheme members had registered to date, with 2,259 deferred members and 2,089 pensioner members.
- Although the system was marketed, take up had been variable with some employers doing better than others in getting members to sign up. One employer had asked for details on employees that had not registered.
- A new more user-friendly version was scheduled to be implemented during the last quarter of 2017.
- The i-Connect system used a web-based application / data exchange hub through which employers would submit data relating to their workforce to the Buckinghamshire Pension Fund.

RESOLVED

The Board NOTED the report.

8 ADMINISTRATION PERFORMANCE STATISTICS

Mr C Thompson presented the report to the Board and highlighted the following:

- The Pensions & Investments Team used the customer charter to outline their commitment to turning work around within certain timescales.
- All post and requests for information would be logged daily and reported on monthly to monitor the percentage of work that was not completed within the prescribed time limit.
- The Benefit Administration Team continued to work hard to keep daily tasks up to date in priority areas as well as working through backlogs of work.
- The number of leaver notifications received as a result of year end had seen a rise in the level of leaver tasks. This has decreased from approximately 2,100 tasks to 1,600 tasks between March 2017 and the end of June 2017.
- The Benefit Administration Team had not been at full staffing capacity over the past few months; however, following successful recruitment, the team would be back to full capacity by mid-August which would assist to clear any outstanding backlogs.

In response to questions, Mr Thompson stated the following:

- The percentage of the targets for workload statistic would be better displayed as to whether the target was met or not, rather than provide the percentage figure. Mr Thompson to action for future meeting reports.

ACTION: Mr Thompson

- In relation to the top ten cases dealt with by the team, the transfers show that only 47% were within timeframe and it was queried why these would not be completed within the given timeframe. Mr Thompson explained that it would be rare for these not to be completed between 21 and 30 days. The Board asked where the target figures came from and Mrs Lewis-Smith explained they were in-house targets we had set ourselves. Mr Preston suggested these be reviewed as some of the targets missed are outside of our control. There would be a need to work with Heywoods on system development and then set realistic targets for all the administration processes and see where delays can be driven out.
- Mr Bowman stated there needed to be focus on the customer experience as customers are not interested in where the delays are. Mr Bowman suggested there could be more work in relation to onboarding, specifically for the County Council so that pension information could be available when an offer of employment was made. Mrs Platts confirmed that all employers are asked to sign post new employees to the pensions web site where all the relevant information is available to them.
- Employees were not just retiring at the age of 65 and members could remain in the scheme past this age.
- Ms Black asked if any priority had been given to change projects where there may be redundancies as the result was often reliant on the pension figures. Mr Thompson would look into this.

ACTION: Mr Thompson

- The number of members signed up to the Member Self Service currently stood at 33.87%. Ringway Jacobs employees had signed up over 82% of their employees.
- Staff from the systems team would be working with Aylesbury Vale District Council to promote the Member Self Service system.

RESOLVED

The Board NOTED the report.

9 FORWARD PLAN

Mrs C Lewis-Smith presented the forward plan and highlighted the following:

- The benchmarking report had moved to the meeting in March 2018 due to the data gathering questionnaire being issued later, with the full report not expected until November.
- The Internal Dispute Resolution update would move from March to July 2018 so that figures could be provided for a full financial year.

RESOLVED

The Board NOTED the Forward plan.

10 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)

11 CONFIDENTIAL MINUTES PENSION FUND BOARD

The confidential minutes from 16 March 2017 were agreed as an accurate record and signed by the Chairman.

12 CONFIDENTIAL MINUTES OF THE PENSION FUND COMMITTEE

The confidential minutes from the meetings held on 6 March, 22 March and 31 May 2017 were noted by the Board.

13 BRUNEL PENSION PARTNERSHIP UPDATE

Mr M Preston presented a detailed report to the Board.

RESOLVED

The Board NOTED the report.

14 INVESTMENT STRATEGY STATEMENT

Mr M Passey provided a detailed report to the Board.

RESOLVED

The Board NOTED the report.

15 DATE OF NEXT MEETING/AOB

The next meeting will be on 18 October 2017 at 10am in Mezzanine room 1, NCO, Aylesbury.

CHAIRMAN

Minutes

PENSION FUND COMMITTEE

**MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE HELD ON THURSDAY
27 JULY 2017, IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY, COMMENCING AT
10.04 AM AND CONCLUDING AT 12.53 PM.**

MEMBERS PRESENT

Mr J Chilver (Chairman), Mr C Harriss, Mr D Martin and Mr J Gladwin

OTHERS PRESENT

Ms C Dobson, Independent Adviser
Ms J Edwards, Pensions and Investments Manager
Mr M Preston, Finance Director,
Mr M Passey, Mercer Investment Consulting
Mrs K Bhanja, Committee Assistant
Mr B O'Connor, Mercer Investment Consulting
Mr T Slaughter, Executive, Grant Thornton
Mrs C Platts, Pensions Communications Officer
Mr R Barr, Pantheon
Mr P Ward, Pantheon

AGENDA ITEM

1. APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies had been received from Mr M Barber, Mr T Butcher, Mr S Lambert, Mrs A Macpherson and Mr N Miles.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

Previous actions from the minutes had been completed and updated as follows:

- Ms J Edwards confirmed that the wording from the Draft Statement of Accounts for the Year Ended 31 March 2017 had been reviewed and were in line with



CIPFA guidance.

- Ms J Edwards stated that a query had been submitted regarding the change in the value of withholding tax from 2015/16, and a response had been awaited.
- Mr M Preston confirmed that Heywoods, who hosted the pension's administration system, had not been subject to the ransomware attack and had up to date security in place.
- Mr G Muir from Barnett Waddingham would be attending the Committee in September.

The minutes from the 31 May 2017 were deemed to be an accurate record and signed by the Chairman.

4. ANNUAL ACCOUNTS AUDIT

Ms J Edwards, Pensions and Investments Manager and Mr T Slaughter from Grant Thornton presented the report and highlighted the following:

- Grant Thornton had audited the Pension Fund Accounts recently and proposed to issue an unqualified audit opinion on the Pension Fund's financial statements. There were no significant concerns.
- As a consequence of the audit, changes to the fair value hierarchy disclosures (Note 12) and contractual commitments (Note 19) of the Accounts were agreed.
- Following the adoption of IFRS13 for Pension Fund Accounts this year, the Note 12 fair value hierarchy disclosure would be limited to investments. Dividend income receivable, current assets and current liabilities had been removed from the fair value hierarchy table and the 2015-16 comparator figures had been restated.
- The Audit Findings Report also recommended that the reconciliation of monthly returns from scheduled and admitted bodies in respect of their contributions to the scheme be updated on a regular basis and all significant reconciling differences appropriately resolved. Management had agreed this recommendation.
- Mr R Ambrose was employed by Buckinghamshire County Council, not the Pension Fund Committee.
- The Pensions Finance Officer role responsible for reconciling monthly contributions had been vacant for 3 months up to February 2017. The vacancy had been filled but the new post holder handed in their notice after 6 weeks in the role citing workload volumes as one of the reasons for leaving.
- As the number of employers within the Fund had increased the reconciliation of employer contributions had become increasingly onerous. An additional post had been created and two Pensions Finance Officers had been appointed from the beginning of July 2017 which would assist with the backlog.
- It had been estimated that the contributions monitoring backlog would be up to date by the end of September 2017.

Following discussion by the Committee the following points were made:

- The Chairman wished to thank the Pensions & Investments Team for all their hard work resulting in a successful accounts audit.
- The use of i-connect would help in reducing the resource required for reconciliation; however; manual checking would still be required. Work had already started on the 2017/18 accounts.
- Administration fees had increased due to the increase in staffing levels. The £1.9m reimbursed to the County Council for administration costs (Note 14) included the £1.8m administration costs and £0.1m oversight and governance costs within management expenses (Note 7).
- Under the market price (sensitivity analysis) the latest review in March 2017 had shown that the overall risk factor of the fund was 13.4%, there had not been any comparatives from the previous year to benchmark against but had come from the Investment Strategy Review. The 13.4% was in line with the expected return.
- The Fund liability referred to the methodology used which is in line with accepted guidelines and in accordance with IAS19. The triennial valuation had not been based on the IAS19 but IAS26.. Mr Slaughter considered that they had used IAS26 rather than IAS19.. There would need to be an amendment to the Funds' Statement of Accounts that would require sign off by the Chairman of the Regulatory and Audit Committee. Mr M Preston would take this forward with Ms R Martinig.
- Ms Edwards stated that there had been instances of figures being incorrectly reported as admitted bodies instead of scheduled bodies in 2015/16 accounts.

ACTION: Mr Preston

There were a number of questions that the Committee wished to raise with Mr G Muir from Barnett-Waddingham at the meeting in September, including:

- The reconciliation completed in relation to assets and liabilities of employer sub Pension Funds (which would feed into the main Pension Fund) – what would be included as there had been an instance of an employer adding an additional contribution that had not been included until it had been queried.
- The justification on actuary assumptions – what was the methodology used. Was the rate of 4.2% on salary increases realistic?

RESOLVED

The Committee NOTED the Accounts for the financial year ended 31 March 2017, NOTED Grant Thornton's Audit Findings Report and NOTED the Letter of Representation.

5. ANNUAL REPORT 2016/17

Mrs C Platts, Pensions Communications Officer presented the report and highlighted the following:

- The Annual Review of the Buckinghamshire Pension Board had been to the Pension Fund Board on 19 July 2017. There were some amendments to the paper relating to the review of the Buckinghamshire Pension Board and to the Pension Fund Annual Report to explain, in more detail, the work the Pension Fund Board had undertaken in the year up to 31 March 2017. This would be included with the final report.
- There had been an error relating to the attendance of Members at the Pension Fund Committee. Mr D Martin had 100% attendance record. Ms Edwards would amend the report to reflect this.

ACTION: Ms Edwards

Following discussion by the Committee the following points were made:

- A company had been requested to run initial analysis data on the Guaranteed Minimum Pension reconciliation. The HMRC is scheduled to close its data reconciliation service in December 2018, the level of risk associated with this was queried. There would be a follow up meeting next week to discuss the report and decide on the next steps. The risk register score may need to be amended following the meeting.
- In relation to risk A11, concerning admitted bodies who joined the Fund prior to 1997 and the likelihood of their active members becoming zero and the Fund having no powers to make good any deficit, members wished to know the level of risk this posed. Mr Preston was aware of an incident with a charitable organisation although this had not had any big financial impact on the Fund concerned. Ms C Dobson stated that any bodies admitted to the Fund would have their bonds checked.
- In relation to satisfaction levels and the trends and performance against targets, the report did not explain how the data performed against targets. It had been suggested that the heading needed to be changed in the report to reflect that the data had been against the same criteria. Mrs C Platts would make amendments to the heading and would check CIPFA guidance to ensure we remained compliant.

ACTION: Mrs Platts

- All employees of the County Council were entitled to join the pension scheme regardless of their contract; this would be in line with LGPS Regulations. It had been appreciated that short term employees to the scheme caused additional work for the Administration Team but the Fund had to comply with the law.
- There needed to be a review of the Key Performance Indicators (KPI's) as some of the targets have been unrealistic. There would be a particular focus on customer experience.

RESOLVED

The Committee NOTED and APPROVED the annual report subject to the amendments being made in relation to the heading on satisfaction levels and the section of the review of the Buckinghamshire Pension Board being updated.

6. FORWARD PLAN

Ms J Edwards, Pensions and Investments Manager presented the report and highlighted the following:

- Mr G Muir from Barnett Waddingham would be attending the Committee in September.
- The Administering Authority Discretionary Policy and Governance update would be presented at the September meeting.
- Standard Life had been invited to present at the next meeting.

RESOLVED

The Committee NOTED the forward plan.

7. 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).

8. CONFIDENTIAL MINUTES

The confidential minutes from the 31 May 2017 were deemed to be an accurate record and signed by the Chairman.

9. PRIVATE EQUITY UPDATE

The Committee received detailed presentations from Mercers' and Pantheon.

RESOLVED

The Committee NOTED the contents of the presentations.

10. BRUNEL PENSION PARTNERSHIP UPDATE

Mr M Preston, Finance Director presented a detailed report to the Committee.

RESOLVED

The Committee NOTED the report.

11. DATE OF NEXT MEETING

The next meeting will be held on 20 September 2017 at 10am in Mezzanine 2, County Hall, Aylesbury.

CHAIRMAN

Buckinghamshire Pension Board

Title:	BCC Pension Fund Employer Newsletter – September 2017
Date:	18 October 2017
Author:	Finance Director, Resources, Finance & Assets
Contact officer:	Cheryl Platts, 01296 383407
Electoral divisions affected:	None

Summary

To present, for discussion, the September 2017 BCC Pension Fund Employer newsletter.

Recommendation

The Pension Board is asked to NOTE the September 2017 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.

5. A web link to the September 2017 issue is provided below. 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/services/council-and-democracy/local-government-pension-scheme/employers/newsletter/>

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

6. Not applicable

Background Papers

BCC Pension Fund Employer newsletter – September 2017

<http://www.buckscc.gov.uk/media/4509587/60-employers-newsletter-sept-2017.pdf>

Buckinghamshire Pension Board

Title:	BCC Pension Fund Annual Report 2016/17
Date:	18 October 2017
Author:	Finance Director, Resources, Finance & Assets
Contact officer:	Cheryl Platts, 01296 383407
Electoral divisions affected:	None

Summary

To present, for discussion, the Pension Fund Annual Report for 2016/17 which includes the Pension Fund Accounts.

Recommendation

The Pension Board is asked to NOTE the BCCPF annual report for 2016/17, 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 Pension Fund's Annual Report 2016/17 is attached as appendix 1. The Annual Report has been prepared in accordance with Chartered Institute of Public Finance and Accounts (CIPFA) statutory Guidance for Local Government Pension Scheme Funds: Preparing the Annual Report.
4. The report was presented to the Pension Fund Committee for approval on 27 July and published on the Pension Fund website on 31 July 2017. The report includes the Pension Fund Accounts 2016/17.
5. The Audit Findings Report from Grant Thornton, the Fund's auditors, is attached as Appendix 2.

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

6. Not applicable

Background Papers

Appendix 1 BCC Pension Fund Annual Report and Accounts 2016/17

http://www.buckscc.gov.uk/media/4509299/bcc_pf_annual_report_2016_17.pdf

Appendix 2 The audit findings for BCCPF, Grant Thornton

(see attachment)

The Audit Findings for Buckinghamshire Pension Fund

Year ended 31 March 2017

26 July 2017

Ciaran McLaughlin

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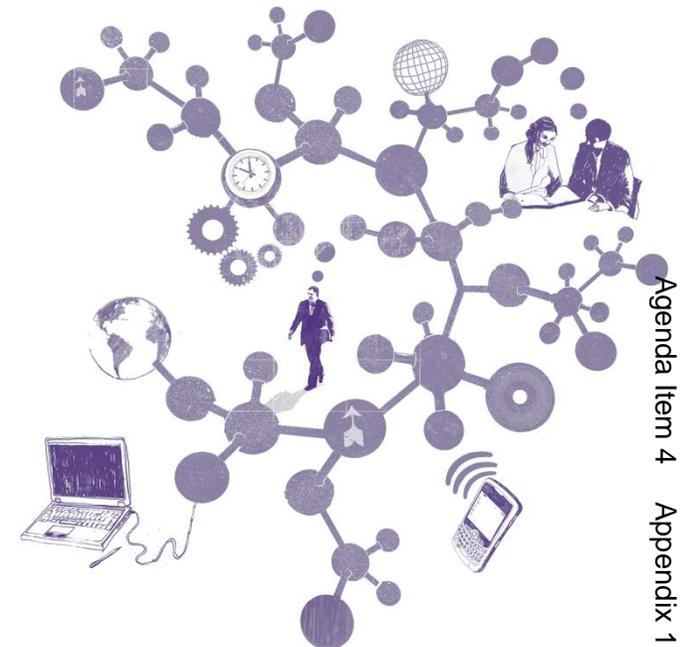
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Buckinghamshire Pension Fund
County Hall
Walton Street
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Buckinghamshire
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26 July 2017

Dear Members of the Regulatory and Audit Committee

Audit Findings for Buckinghamshire Pension Fund for the year ending 31 March 2017

This Audit Findings report highlights the key findings arising from the audit that are significant to the responsibility of those charged with governance (in the case of Buckinghamshire Pension Fund, the Regulatory and Audit Committee), to oversee the financial reporting process, as required by International Standard on Auditing (UK & Ireland) 260, the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice. Its contents have been discussed with the Director of Finance and Assets.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland) ('ISA (UK&I)'), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or to be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit. ,

Yours sincerely

Ciaran McLaughlin

Engagement lead

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Chartered Accountants

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Appendices

- A Action plan
- B Audit opinion

Section 1: Executive summary

01. Executive summary

02. Audit findings

03. Fees, non audit services and independence

04. Communication of audit matters

Purpose of this report

This report highlights the key issues affecting the results of Buckinghamshire Pension Fund ('the Fund') and the preparation of the Fund's financial statements for the year ended 31 March 2017. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of ISA (UK&I) 260, and the Local Audit and Accountability Act 2014 ('the Act').

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Fund's financial statements give a true and fair view of the financial position of the Fund.

Introduction

In the conduct of our audit we have not had to alter or change our audit approach, which we communicated to you in our Audit Plan dated 24 May 2017.

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Our audit is substantially complete although we are finalising our procedures in the following areas:

- completing work on the scheme contributions reconciliation and the cut-off testing for benefit payments
- completion of testing around valuation of Level 3 investments
- obtaining third party confirmation of investments held with Pantheon
- review of the final version of the financial statements
- obtaining and reviewing the management letter of representation and
- updating our post balance sheet events review, to the date of signing the opinion.

We received draft financial statements and accompanying working papers at the commencement of our work, in accordance with the agreed timetable. Our audit has taken longer than planned to complete due to some delays experienced around the provision of evidence, primarily around scheme contributions. We remain on track to complete all audit work by the end of July, but looking forward to next year we recommend that the audit commence at an earlier stage than in 2016/17.

Key audit and financial reporting issues

Financial statements opinion

We have identified no adjustments affecting the Fund's reported financial position. The draft and final financial statements for the year ended 31 March 2017 both show net assets of £2,695,584k. We have recommended a small number of minor adjustments to improve the overall presentation of the financial statements. Further details are set out in section two of this report.

We anticipate providing a unqualified audit opinion in respect of the financial statements (see Appendix B).

Controls

Roles and responsibilities

The Fund's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Fund.

Findings

We draw your attention to the one control issue identified during the course of our work:

- The reconciliation of monthly returns for scheme contributions from scheduled and admitted bodies was not maintained on a regular basis during the year and a number of significant reconciling differences were not followed up and resolved in a timely manner.

Further details are provided within section two of this report.

The way forward

Matters arising from the financial statements audit of the Fund have been discussed with the Director of Finance and Assets.

We have made a number of recommendations, which are set out in the action plan at Appendix A. Recommendations have been discussed and agreed with the Director of Finance and Assets and the finance team.

Acknowledgement

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Grant Thornton UK LLP
July 2017

Section 2: Audit findings

01. Executive summary

02. Audit findings

03. Fees, non audit services and independence

04. Communication of audit matters

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of ISA (UK&I) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As we reported in our audit plan, we determined overall materiality to be £22,213k (being 1% of net assets as at 31 March 2016). We have considered whether this level remained appropriate during the course of the audit and have made no changes to our overall materiality.

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We have defined the amount below which misstatements would be clearly trivial to be £1,111k. This remains the same as reported in our audit plan.

As we reported in our audit plan, we have identified no areas where we would consider separate materiality levels to be required.

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK&I) 320)

Audit findings against significant risks

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan, presented to the Regulatory & Audit Committee in May 2017. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK&I) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Buckinghamshire Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including Buckinghamshire County Council as the administering body, mean that all forms of fraud are seen as unacceptable. 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
<p>Management over-ride of controls</p> <p>Under ISA (UK&I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Review of journal entry process and selection of unusual journal entries for testing back to supporting documentation • Review of unusual significant transactions 	<p>Our audit work has not identified any evidence of management over-ride of controls. In particular the findings of our review of journal controls and testing of journal controls and testing of journal entries has not identified any significant issues.</p>
<p>Level 3 Investments Valuation is incorrect</p> <p>Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p>	<ul style="list-style-type: none"> • We have updated our understanding of your process for valuing Level 3 investment through discussions with relevant personnel from the Pension Fund. • For a sample of private equity investments, we have tested valuations by obtaining and reviewing the audited accounts at latest date for individual investments and agreeing these to the fund manager reports at that date. We then completed a reconciliation of those values to the values at 31st March with reference to known movements in the intervening period. • Review of the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments. 	<p>Our audit work has not identified any issues in respect of valuation of Level 3 investments.</p>

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK&I) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK&I) 550)

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses are attached at appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Investment purchases and sales	Investment activity not valid. Investment valuation not correct (Valuation gross and valuation net)	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> Reconciliation of information provided by the fund managers, the custodian and the Pension Fund's own records and obtaining explanations for variances identified Completed a predictive analytical review for different types of investments 	Our audit work has not noted any issues in respect of the risk identified.
Investment values – Level 2 investments	Valuation is incorrect. (Valuation gross and valuation net)	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> We will review the reconciliation of information provided by the fund managers, the custodian and the Pension Fund's own records and seek explanations for variances 	Our audit work has not noted any issues in respect of the risk identified.
Contributions	Recorded contributions not correct (Occurrence)	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> Controls testing over occurrence, completeness and accuracy of contributions to the scheme from employees of Buckinghamshire County Council Testing of a sample of contributions from Scheduled and Admitted bodies to source evidence to gain assurance over their accuracy and occurrence Trend analysis of scheme contributions across the year to assess the completeness of scheme contributions Rationalisation of contributions received with reference to changes in member body payrolls and numbers of contributing pensioners to ensure that any unexpected trends are satisfactorily explained 	<p>We have noted that the reconciliation of monthly contributions from each scheduled and admitted body to total contributions as per the general ledger has not been maintained on a regular basis throughout the year. We have raised an internal control recommendation in respect of this matter, which is set out on page 15 of our report.</p> <p>Our audit work has not noted any other issues in respect of the risk identified.</p>

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"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK&I) 315)

Audit findings against other risks continued

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Benefits payable	Benefits improperly computed/claims liability understated (Completeness, accuracy and occurrence)	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • Controls testing over completeness, accuracy and occurrence of benefit payments • Trend analysis of benefit payments across the year to assess the completeness of benefit payments • Rationalisation of pensions paid with reference to changes in pensioner numbers and increases applied in the year to ensure that any unusual trends are satisfactorily explained 	Our audit work has not noted any issues in respect of the risk identified.
Member data	Member data not correct. (Rights and Obligations)	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • Controls testing over reconciliations and verifications with individual members • Sample testing of changes to member data made during the year to source documentation 	Our audit work has not noted any issues in respect of the risk identified.

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Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK&I) 570).

We reviewed the management's assessment of the going concern assumption and the disclosures in the financial statements and concluded that there is no material uncertainty in respect of management's user of the going concern assumption for Buckinghamshire Pension Fund.

Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Fund's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	<ul style="list-style-type: none"> Contributions 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. Gains/losses in the market value of investments is determined by the bid market price ruling on the final day of the accounting period. 	<p>The revenue recognition policies are appropriate and in accordance with the CIPFA Code of Practice and International Financial Reporting Standards (IFRS).</p>	 Green
Judgements and estimates	<p>Key estimates and judgements include:</p> <ul style="list-style-type: none"> Valuation of level 3 investments IAS 19 and IAS 26 actuarial estimate disclosures 	<p>In assessing the appropriateness of the assumptions made by the scheme actuary Barnett Waddingham when reviewing appropriateness of the disclosure of the IAS 19 net pension liability as at 31 March 2017, we placed reliance on a central review of the methodologies adopted by LGPS actuaries that was commissioned by the National Audit Office from PwC on behalf of LGPS auditors.</p> <p>For 2016/17, PwC have flagged concerns that they do not consider the methodology adopted by Barnett Waddingham for determining the appropriate discount rate to apply to be sufficiently sophisticated and that the discount rates used by Barnett Waddingham are higher than the range that PwC regard as reasonable. Had Barnett Waddingham used a lower discount rate as PwC suggest then this would have resulted in a higher IAS 19 net pension liability as at 31 March 2017. We have however gained satisfaction that overall, to a material extent, the net pension liability estimate reported in the accounts as at 31 March 2017 is fairly stated.</p> <p>In all other significant respects judgements and estimates have been disclosed appropriately and adequately in accordance with appropriate accounting policies.</p>	 Amber

Assessment

-  Marginal accounting policy or management judgement which could potentially attract attention from regulators
-  Accounting policy or management judgement appropriate but scope for improved disclosure
-  Accounting policy or management judgement appropriate and disclosures sufficient

Accounting policies, estimates and judgements continued

Accounting area	Summary of policy	Comments	Assessment
Going concern	The Director of Assurance has a reasonable expectation that the services provided by the Fund will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.	We have reviewed officers' assessment and are satisfied with management's assessment that the going concern basis is appropriate for the 2016/17 financial statements.	 Green
Other accounting policies	We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards.	We have reviewed the Fund's policies against the requirements of the CIPFA Code of Practice. We consider the Fund's accounting policies are appropriate and consistent with previous years.	 Green

Assessment

-  Marginal accounting policy which could potentially attract attention from regulators
-  Accounting policy appropriate but scope for improved disclosure
-  Accounting policy appropriate and disclosures sufficient

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Regulatory and Audit Committee and been made aware of low-level frauds identified and investigated by internal audit. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
2.	Matters in relation to related parties	<ul style="list-style-type: none"> From the work we carried out, we have not identified any related party transactions which have not been disclosed.
3.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4.	Written representations	<ul style="list-style-type: none"> A standard letter of representation has been requested from the Fund.
5.	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests to the fund custodian BNY Mellon, to fund managers and to Lloyds Bank. This permission was granted and the requests were sent. All of our requests other than our request to Pantheon were returned with positive confirmation. We are in correspondence with Pantheon around the provision to us of the requested confirmation and expect it to be returned in time to issue the audit opinion.
6.	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements.
7.	Matters on which we report by exception	<ul style="list-style-type: none"> We are required to report by exception where the Narrative Report and Pension Fund Annual Report is inconsistent with the financial statements. We have not identified any issues we wish to report.

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. We considered and walked through the internal controls for Investments, Contributions, Benefits Payable, and Member Data as set out on pages 9 to 12 above.

The one internal control matter that we identified during the course of our audit is set out in the table below. This, together with management responses, is included in the action plan attached at Appendix A.

	Assessment	Issue and risk	Recommendations
37	 Deficiency	<ul style="list-style-type: none"> The reconciliation of monthly returns for scheme contributions from scheduled and admitted bodies was not maintained on a regular basis during the year and a number of significant reconciling differences were not followed up and resolved in a timely manner. If this reconciliation is not kept up to date, then there is a risk that any misstatements of contributions recorded on the general ledger could go unidentified. 	<ul style="list-style-type: none"> Ensure that the reconciliation of monthly returns from scheduled and admitted bodies in respect of their contributions to the scheme is updated on a regular basis and all significant reconciling differences appropriately resolved.

Assessment

-  Significant deficiency – risk of significant misstatement
-  Deficiency – risk of inconsequential misstatement

The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

"The purpose of an audit is for the auditor to express an opinion on the financial statements. Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance." (ISA (UK&I) 265)

Misclassifications and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type	Value £'000	Account balance	Impact on the financial statements
1 Disclosure	–	Various	A small number of minor disclosure adjustments have been agreed

Section 3: Fees, non-audit services and independence

01. Executive summary

02. Audit findings

03. Fees, non audit services and independence

04. Communication of audit matters

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

	Proposed fee £	Final fee £
Pension fund audit	25,033	25,033
Total audit fees (excluding VAT)	25,033	25,033

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA).

Fees relating to the audit of the financial statements of Buckinghamshire County Council and its subsidiary undertakings are disclosed within our Audit Findings Report for Buckinghamshire County Council.

Fees for other services

Service	Fees £
No other services have been provided.	

Independence and ethics

- We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and confirm that we are independent and are able to express an objective opinion on the financial statements.
- We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Section 4: Communication of audit matters

01. Executive summary

02. Audit findings

03. Fees, non audit services and independence

04. Communication of audit matters

Communication to those charged with governance

ISA (UK&I) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Findings, outlines those key issues and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Fund's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Fund's key risks when reaching our conclusions under the Code.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to auditor's report, or emphasis of matter		✓
Unadjusted misstatements and material disclosure omissions		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓

Appendices

- A. Action Plan
- B. Audit Opinion

A. Action plan

Priority

Rec no.	Recommendation	Priority	Management response	Implementation date and responsibility
1.	Ensure that the reconciliation of monthly returns from scheduled and admitted bodies in respect of their contributions to the scheme is updated on a regular basis and all significant reconciling differences appropriately resolved.	Medium	The Pensions Finance Officer role responsible for reconciling monthly contributions was vacant for 3 months from December 2016 to February 2017. The vacancy was filled but the new post holder handed in their notice after 6 weeks in the role citing workload volumes as one of the reasons for leaving. As the number of employers within the Fund has increased the reconciliation of employer contributions has become increasingly onerous. An additional post has been created and two Pensions Finance Officers were appointed with effect from 3 July 2017. It is envisaged that they will quality check each other's work in addition to providing cover for each other during short term absences. It is estimated that the contributions monitoring backlog will be up to date by the end of September.	Julie Edwards, Pensions and Investments Manager July 2017

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Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

B: Audit opinion

We anticipate we will provide the Fund with an unmodified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUCKINGHAMSHIRE COUNTY COUNCIL

We have audited the pension fund financial statements of Buckinghamshire County Council (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The pension fund financial statements comprise the Pension Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act 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 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 the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance and Assets and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance and Assets is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the pension fund financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the pension fund financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the pension fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by

the Director of Finance and Assets; and the overall presentation of the pension fund financial statements. In addition, we read all the financial and non-financial information in the Authority's Statement of Accounts to identify material inconsistencies with the audited pension fund financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the pension fund financial statements

In our opinion:

- the pension fund financial statements present a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2017 and of the amount and disposition at that date of the fund's assets and liabilities; and
- the pension fund financial statements have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited pension fund financial statements in the Authority's Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the audited pension fund financial statements.

[Signature]

Ciaran McLaughlin
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

30 Finsbury Square
London
EC2A 1AG

[Date]



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Pension Fund Board

Title: Pensions Administration Performance Report

Date: Wednesday 18 October 2017

Author: Finance Director, Finance & Assets Service

Contact officer: Sam Price, 01296 383370

Local members affected:

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

Summary

The Buckinghamshire Pension Board is required to monitor the Pensions Administration Team. The purpose of this report is to provide the Board with a review of the Administration Teams performance since the last Board meeting.

Recommendation

The Board is asked to NOTE the content of this report.

The Benefit Administration team are continuing to successfully maintain the priority areas of work on a daily basis along with working through the backlogs. The following table shows the average number of individual communications received into the team on a daily basis, over the first 3 quarters of 2017.

	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Post	2576*	2576*	2576	
Emails	4987	5143	5589	
Telephone calls – Members	2074	2106	2078	
Telephone calls – Employers	255	294	216	
Telephone calls - Other	804	683	753	
TOTAL Communications	10696	10802	11212	
Total Communications per day (average)	167	177	175	

*data not available for Q1 or Q2 so have replicated Q3 on this occasion

The following table illustrates the completed work by the Benefit Administration Team over the first 3 quarters of 2017. This identifies the main areas of work within the team.

This show's completed areas of work only & not each individual stage of the procedure completed.

	Q1 2017	Q2 2017	Q3 2017	Q4 2017
New starter creation	989	1197	1280	
Calculation of deferred benefits	1012	712	899	
Calculation of frozen refund	376	280	387	
Processing actual refund calculation	221	128	189	
Member opt-outs	105	181	119	
Retirement packs sent to member	451	429	436	
Processing actual retirement calculation	292	303	290	
Deaths notified	150	106	111	
Transfer out quotation calculated	75	59	89	
Transfer out actual processed	29	25	26	
Transfer in actuals processed (where earned pension purchased only)	57	36	41	
Inter-fund transfer out quotation calculated	80	68	84	
Inter-fund transfer out actual processed	72	72	79	
Inter-fund transfers in complete	257	370	246	
General queries responded to	996	918	1360	
Response sent to financial advisor query	49	55	51	
Retirement estimates provided to employer	58	81	78	
Retirement estimates provided to member	224	240	217	
Divorce pack provided	41	42	52	
Additional Pension Contract set-up	45	41	30	
AVC set-up/change/cease	15	11	8	
Personal details change/nomination	499	457	1290	
TOTAL's	6093	5811	7362	

In most cases, the team aim to complete each area of work within 10 working days from receipt of all the necessary information (whether from the employer or member). The table below highlights a few areas of work to demonstrate that the team are keeping up to date with priority areas of work, within the expected timeframe. It is not possible to obtain accurate reports from Altair, the pensions administration software, regarding these targets therefore the data below is taken from a sample of 5% of the completed tasks in the 3rd quarter of 2017.

Q3 2017	Target	%age within target
Frozen Refunds	Within 10 working days	100%
Retirement Packs	Within 10 working days	95%
Retirement Actuals (from receipt of all forms until passed to payroll)	Within 10 working days	100%
Calls answered	Within 4 rings (up to 59 secs)	65%

Annual Allowance

Over 150 scheme members were identified as possibly exceeding the Annual Allowance limit for the 2016/2017 scheme year which is significantly higher than previous years. A manual Annual Allowance check was completed on each of these members with 87 actually exceeding. A Pensions Saving Statement was sent to each individual member prior to the 6th October 2017.

2017/2018 focus

Whilst we continue to keep up to date with current work & clear any backlogs, the team have a plan to focus on improving customer service over the next year. This includes reviewing all internal processes to ensure we are working in the most efficient way for the member, implementing new procedures specifically with regards to keeping members informed and revising all member communications to make them more customer friendly. We implemented a Pensions Service Desk in January 2016, have re-introduced two member surgeries a month from April 2017 & will continue to look at ways to engage further with scheme members in order to increase satisfaction and reduce complaints.

The Employer Liaison Team have planned regular meetings with employers and employer training which will also help the Benefit Administration Team move forward with this focus as we are heavily reliant on the information provided by employers.

Backlogs

Currently the leaver checking tasks are still in backlog. This is where the team have calculated the preserved benefits for a member who has left the scheme (not retiring) and these are waiting to be checked. At the previous Board meeting in July 2017, I reported that there were 1,600 tasks to be completed which had decreased from 2,100 in March 2017. These tasks now stand at just over 1,400 with over 750 being completed over the last 3 months. Additional members of the team have now been trained to check these tasks and we are now in a position to work on these on an almost daily basis rather than just using overtime so it is expected that this backlog will continue to decrease.

The Pensions Regulator statutory requirement is that members must be advised of their options within 2 months from the date they leave employment. Although these calculations are yet to be checked we have a process in place to send members a letter advising them of their options, although no pension figures are included, as soon as we are made aware that they have left thereby meeting this requirement.

We have recently been advised by Milton Keynes Council that they have not notified us about a significant number of scheme members who left employment during 2016/17 and 2017/18, therefore it is expected that we will begin receiving these notifications in bulk. In view of this, we have recruited a one year fixed term Pensions Officer to work on this as a project so that there is no ensuing backlog created in the Benefit Administration team's workload. This Pensions Officer commenced in August 2017 so that training can be completed before we start receiving these notifications.

Supporting information to include the following if a decision is being requested:

Resource implications

N/A

Legal implications

None

Other implications/issues

N/A

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

N/A

Background Papers

N/A

Pension Fund Board

Title: Training Needs Analysis

Date: Wednesday 18 October 2017

Author: Finance Director, Finance & Assets Service

Contact officer: Claire Lewis-Smith, 01296 383424

Local members affected:

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

Summary

Buckinghamshire Local Pension Board (BLPB) Members must have the required knowledge and understanding of scheme rules, documents recording scheme administration policies and pensions law. They should have adequate training to meet the knowledge and understanding requirements.

Recommendation

The Board is asked to REVIEW training opportunities and DISCUSS future training needs.

BLPB Members are required to undertake training to meet the responsibilities place upon them by the:

- BLPB's Terms of Reference
- Pensions Regulations and The Pensions Regulator
- CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills
- BLPB's Knowledge and Understanding Policy and Framework

BLPB Members are expected to complete The Pensions Regulator's Public Sector Toolkit prior to their first meeting which consists of seven modules; conflicts of interest, managing internal risks and controls, maintaining accurate member data, maintaining member contributions, providing information to members and others, resolving internal disputes and reporting breaches of the law. Within six months of their appointment, new Members are expected to complete induction training which includes training sessions provided by the administering

authority. Existing BLPB Members have been offered the following training/knowledge opportunities over the past year:

- LGA Trustees Fundamentals Training – October-December 2016 (three days) (attended by the Chairman and Vice-Chairman)
- Annual LGPS Trustee Conference – June 2017 (two days) (attended by the Chairman and Vice-Chairman)
- Barnett Waddingham Local Pension Boards Two Years On – June 2017 (attended by the Chairman and Vice-Chairman)
- Employer Training Event (In-house) – June-July 2017 (three sessions) (attended by the Chairman, Vice-Chairman and Lisa Wheaton)
- Barnett Waddingham Autumn LGPS LPB Members Seminar – November 2017 (place booked for Chairman)
- LGA Trustees Fundamentals Training – October-December 2017 (three days) (place booked for Joe McGovern)

The LGA Trustees Fundamental Training was recommended to all BLPB Members by the Chairman and Vice-Chairman.

Induction training will be arranged for new Members once the employee representative vacancy has been filled.

Resource implications

Training will be charged on a per session basis.

Legal implications

The BLPB will act in accordance with legislation outlined in the Terms of Reference.

Other implications/issues

None

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

N/A

Background Papers

None

Pension Fund Board Forward Plan

Updated	2-Oct-17
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18 October 2017	Agenda Item	Aylesbury, County Hall Author	Cyclical Item?
	Apologies / Declarations of interest / Minutes	Chairman	Every meeting
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	BCC Pension Fund Employer Newsletter - September 2017	Cheryl Platts	Every meeting
	Pension Fund Annual Report 2016/17	Cheryl Platts	Annually
	Annual Benefit Statements - Administration Year End Update	Claire Lewis-Smith	Ad hoc
	Administration performance statistics	Sam Price	Every meeting
	Training Needs Analysis	Claire Lewis-Smith	Annually
	Forward Plan	Claire Lewis-Smith	Every meeting
	Exclusion of Press and Public		
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	Brunel Pension Partnership Update	Julie Edwards	Every meeting
	Date of next meeting / AOB	--	

14 March 2018	Agenda Item	Aylesbury, County Hall Author	Cyclical Item?
	Apologies / Declarations of interest / Minutes	Chairman	Every meeting
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	BCC Pension Fund Employer Newsletter - December 2017	Cheryl Platts	Every meeting
	Scheme member and employer communications	Cheryl Platts	Annually
	Administration performance statistics	Sam Price	Every meeting
	CIPFA Pensions Administration Benchmarking	Sam Price	Annually
	Risk Register	Julie Edwards	Annually
	Forward Plan	Claire Lewis-Smith	Every meeting
	Exclusion of Press and Public		
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	Brunel Pension Partnership Update	Julie Edwards	Every meeting
	Date of next meeting / AOB	--	

July 2018	Agenda Item	Aylesbury, County Hall Author	Cyclical Item?
	Apologies / Declarations of interest / Minutes	Chairman	Every meeting
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	BCC Pension Fund Employer Newsletters - March 2017 and June 2017	Cheryl Platts	Every meeting
	Review of Buckinghamshire Pension Board Policies	Claire Lewis-Smith	Annually
	Annual Review of Buckinghamshire Pension Board	Claire Lewis-Smith	Annually
	Annual Benefits Statements - Administration Year End Update	Claire Lewis-Smith	Ad hoc

Pension Fund Board Forward Plan

Updated	2-Oct-17
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18 October 2017	Agenda Item	Aylesbury, County Hall Author	Cyclical Item?
	Apologies / Declarations of interest / Minutes	Chairman	Every meeting
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	BCC Pension Fund Employer Newsletter - September 2017	Cheryl Platts	Every meeting
	Pension Fund Annual Report 2016/17	Cheryl Platts	Annually
	Annual Benefit Statements - Administration Year End Update	Claire Lewis-Smith	Ad hoc
	Administration performance statistics	Sam Price	Every meeting
	Training Needs Analysis	Claire Lewis-Smith	Annually
	Forward Plan	Claire Lewis-Smith	Every meeting
	Exclusion of Press and Public		
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	Brunel Pension Partnership Update	Julie Edwards	Every meeting
	Date of next meeting / AOB	--	

14 March 2018	Agenda Item	Aylesbury, County Hall Author	Cyclical Item?
	Apologies / Declarations of interest / Minutes	Chairman	Every meeting
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	BCC Pension Fund Employer Newsletter - December 2017	Cheryl Platts	Every meeting
	Scheme member and employer communications	Cheryl Platts	Annually
	Administration performance statistics	Sam Price	Every meeting
	CIPFA Pensions Administration Benchmarking	Sam Price	Annually
	Risk Register	Julie Edwards	Annually
	Forward Plan	Claire Lewis-Smith	Every meeting
	Exclusion of Press and Public		
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	Brunel Pension Partnership Update	Julie Edwards	Every meeting
	Date of next meeting / AOB	--	

	Internal Dispute Resolution Procedure	Sam Price	Annually
	Administration performance statistics	Sam Price	Every meeting
	Forward Plan	Claire Lewis-Smith	Every meeting
	Exclusion of Press and Public		
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	Brunel Pension Partnership Update	Julie Edwards	Every meeting
	Date of next meeting / AOB	--	

Pension Fund Board

Title: Annual Benefit Statements - Administration Year End Update
Date: Wednesday 18 October 2017
Author: Finance Director, Finance & Assets Service
Contact officer: Claire Lewis-Smith, 01296 383424

Local members affected:

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

Summary

Regulation 89 of the Local Government Pension Scheme Regulations 2013 require an administering authority to issue an annual benefit statement no later than 5 months after the end of the Scheme year to which it relates (31 August). The purpose of this report is to inform the Board of the position at 31 August 2017.

Recommendation

The Board is asked to NOTE the content of this report.

All 218 employers who submitted an annual return for 2016/17 received annual benefit statements for their active members by 31 August 2017. The total active membership as at 31 March 2017 was 22,263. Of this, 19,710 active members received an annual benefit statement, equating to 88.5% of the total active membership. This is an increase of 13.5% when compared to 2016 and exceeds the target set for 2017 of 80%.

Of the 218 employers, 139 received annual benefit statements for 100% of their active membership by the 31 August deadline. There are 2,400 outstanding member data queries across the remaining 79 employers as at 27 September 2017. These relate to active members and those that have left and are waiting to be processed as deferred members. Totals relating to each individual employer can be found in the appendix to this report.

Supporting information to include the following if a decision is being requested:

Resource implications



Additional temporary resources were recruited to support the issue of annual benefit statements.

Legal implications

None

Other implications/issues

None

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

N/A

Background Papers

Appendix 1

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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