

# Agenda

## *PENSION FUND BOARD*

**Date:** Wednesday 10 October 2018  
**Time:** 10.00 am  
**Venue:** Mezzanine Room 3 - County Hall, Aylesbury

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*For further information please contact: Fazeelat Bashir on 01296 382236, email: [akenward@buckscc.gov.uk](mailto:akenward@buckscc.gov.uk)*

### **Members**

Ms B Black	Mr J McGovern
Mr P Dearden	Ms T Pearce
Ms R Ellis (VC)	Mr I Thompson
Mr S Mason (C)	Ms L Wheaton

# Minutes

## *PENSION FUND BOARD*

**MINUTES OF THE PENSION FUND BOARD HELD ON WEDNESDAY 18 JULY 2018, IN MEZZANINE ROOM 1 - COUNTY HALL, AYLESBURY, COMMENCING AT 10.10 AM AND CONCLUDING AT 12.30 PM.**

### **MEMBERS PRESENT**

Ms B Black, Mr P Dearden, Ms R Ellis (Vice-Chairman), Mr S Mason (Chairman), Mr J McGovern and Ms T Pearce

### **OFFICERS PRESENT**

Ms J Edwards, Mrs C Lewis-Smith, Mr S Lugg, Ms C Platts, Mr M Preston and Ms S Price

#### **1 ELECTION OF CHAIRMAN**

**RESOVLED: Mr S Mason was elected as Chairman.**

#### **2 APPOINTMENT OF VICE CHAIRMAN**

Discussion was held around the Board's terms of reference (TOR) which currently stated the vice chairman was to be appointed by the Chairman. The Board agreed that they wished for the Vice Chairman to be an elected post going forward. Ms Kenward would take this back to the democratic services team for action.

**ACTION: Ms Kenward**

**RESOVLED: Ms R Ellis was elected as vice chairman.**

#### **3 APOLOGIES/DECLARATIONS OF INTEREST/MINUTES**

Apologies were received from:

- Ian Thompson
- Lisa Wheaton

There were no declarations of interest.

#### **4 MINUTES OF PENSION FUND COMMITTEE**



**RESOLVED: The minutes from the Pension Fund COMMITTEE meeting held on 24 May 2018 were agreed as an accurate record.**

**RESOLVED: the minutes from the Pension Fund BOARD held on 14 March 2018 were agreed as an accurate record.**

## **5 BCC PENSION FUND EMPLOYER NEWSLETTERS - MARCH 2018 AND JUNE 2018**

Mrs C Platt gave an overview of the report circulated with the agenda including copies of the newsletters in question.

Mrs Platt stated that an employer training event held by the Pensions team on 2 July 2018 was disappointing, with only 8 of the 18 registered parties attending, but the team had received positive feedback. The final training session of the year would be on 1 August. 2018.

The Chairman noted many employers appeared to be struggling with discretionary policies. He asked what could be done to support them. Ms Lewis-Smith confirmed the Pensions team initially contacted the employer to explain the problem before resorting to more formal measures. The issue was included as an item on each newsletter to raise awareness.

## **6 PENSION FUND ANNUAL REPORT 2017/18**

Mr M Preston and Ms J Edwards were present to answer questions on report circulated with the agenda.

Ms Edwards explained the report was still in draft format and did not address all of the comments previously raised. The final draft report would be ready before the Pension Fund Committee meet on 20 July 2018 and would be shared with the Board once complete. The Chairman noted that the Board had previously explained their desire to see final report before publication.

**ACTION: Mrs Platt**

Officers highlighted the following issues:

- Delays in preparing the report had come partly from requested changes to the way figures were displayed. These included improving accessibility for those with colour blindness.
- Auditors Grant Thornton had also been carrying out tri-annual audit tasks.
- There had been lower response rates from employers so this information had not been included. There was a plan to review customer feedback mechanisms to improve response rates.

Members of the Board gave the following feedback:

- Page 34 of the report gave details of exceptions made when reporting fund performance. Ms Ellis recommended including these details on page 3 where fund performance was also discussed.
- The quotation on page 47 was missing its closing quotation marks.

- On page 23 Ms Ellis questioned whether “aging” or “aged” was the correct terminology when referring the overdue contributions.

Regarding overdue contributions Ms Ellis asked if there was the option to impose levies. Ms Edwards confirmed there were a number of repeat offenders and the approach to them may need to be changed for example by imposed fees of late payments.

The Chairman thanked officers for their work.

## **7 REVIEW OF BUCKINGHAMSHIRE PENSION BOARD POLICIES**

The Board discussed the report circulated with the agenda.

The following questions were asked:

- The Chairman asked that feedback from Brunel Oversight Board was shared with this Board.

**ACTION: MS Edwards**

- The Chairman asked the Board to consider meeting four times a year in line with a new recommendation from The Pension Regulator (TPR). This would potential reduce the length of individual meetings, spread workloads across the year and allow matters arising to be discussed in a more timely matter. It was agreed that the Chairman would work with officers to outline work plans for both three and four meetings for comparison.

**ACTION: The Chairman**

- Ms Ellis asked that the TOR formally define the duties of the Vice Chairman role

**ACTION: MS Kenward**

- Ms S Pearce asked what the process was for maintaining training records. Mrs Lewis-Smith confirmed that e-learning packages recorded completion details. Any outside training not booking through officers should be reported to her.

## **8 ANNUAL BENEFIT STATEMENTS - ADMINISTRATION YEAR END UPDATE**

Mrs Lewis-Smith gave an overview of the report circulated with the agenda.

Mrs Lewis-Smith highlighted:

- Her team was back to full capacity following an officer returning from maternity
- Of 234 returns received 127 were returned to employers for revision.
- 12 employers had yet to send any information, these were smaller employers. These employers had been advised of the obligations and informed that they would be liable for an administration charge of £50 per day.

The Chairman asked about the employers who had not given full information for pay scales and whether 2014 data was needed for the 28 employers who had joined this year. Mrs Lewis-Smith confirmed they did need to include this data only if they had any employees with pre 2014 data. This may change going forward once pre 2014 data was no-longer relevant.

## 9 GDPR UPDATE FOR PENSION FUND BOARD

Mrs Lewis-Smith gave an overview of the report circulated with the agenda.

Mrs Lewis-Smith highlighted the following:

- There had been small tweaks to the GDPR Privacy Notice since its publication. It had been confirmed these could wait to be addressed at the next policy refresh.
- Active and deferred annual statements to all members would include a GDPR update statement
- Buckinghamshire County Council (BCC) had rolled out the Egress email encryption system to allow end to end encryption of data
  - This was free for both employers and scheme members to use.
  - Users would receive an email asking them to register for the system and there had been testing to ensure it worked with all major email services.
  - Two parish councils had elected not to use Egress and would use a system of agreed passwords instead.
  - Licences were £60 per team member and were transferable.

Ms Ellis asked if current insurance arrangements would still be viable now the changes had come into effect. Mrs Lewis-Smith would check this.

**ACTION: Mrs Lewis-Smith**

## 10 INTERNAL DISPUTE RESOLUTION PROCEDURE

Ms Price gave an overview of the report circulated with the agenda.

Ms Price highlighted that the Scheme Advisory Board are reviewing the structure of the LGPS three tier ill health system. This area accounted for the smallest number of applications but resulted in the largest number of appeals.

## 11 ADMINISTRATION PERFORMANCE STATISTICS

Ms Price gave an overview of the report circulated with the agenda.

Ms Price highlighted the following points:

- Incoming communications remained consistently high. There was a questionnaire to be completed at the end of the call to identify who called in. It was agreed that Ms Price would include details of the largest categories of people making contact going forward.  
**ACTION: Ms Price**
- The system used was still unable to report accurate turnaround times so the report used data based on a 5% sample of work.
- While the team continued to work through a back log caused by an 18 month delay of leavers data from Milton Keynes Council (MKC) ongoing work was being completed with timescales.
- There was a work plan in place to address the MKC backlog which was no longer an ongoing issue following their transfer to LGSS. There should not be a financial impact

for employees as the backlog was with reporting leavers only and those nearing retirement had been prioritised.

Recent retirees would be contacted to provide feedback on the service they have received from the Pensions & Investments Team.

## **12 I-CONNECT/PENSIONS 'ONLINE' UPDATE**

Mr Lugg gave an overview of the report circulated with the agenda.

Mr Lugg confirmed the following points based on questions from the Board:

- It would be standard practice for new employers to use i-Connect from April 2019. However its use could be encouraged and incentivised but not required.
- There was reasonable confidence in meeting the goal of 100% registration with two years. However while many employers were keen in practise in reality they had different priorities.
- The best savings would come from large employers such as BCC and Aylesbury Vale District Council (AVDC), both of whom were being worked with to implement i-Connect.
- Employer testimonials could be used in newsletters.
- The biggest obstacle appeared to be the time commitments. Converting to the online system was time consuming on both sides.

## **13 GMP RECONCILIATION**

Ms Edwards gave an overview of the report circulated with the agenda.

Ms Edwards highlighted the following:

- ITM had been engaged to carry out the reconciliations and were on track to complete by November 2018.
- HMRC were currently taking 3-4 months to respond to queries and this could affect the November deadline.

## **14 RISK REGISTER UPDATE**

Ms Edwards gave an overview of the report circulated with the agenda.

Ms Edwards highlighted the following:

- This report was produced using Pentana, the councils new risk management system, so took on a different format to previous reports.
- The new system now gave a current level and a potential target level of risk.

In response to questions from the Board officers confirmed:

- Regarding the comment about potential significant downturn in the event of human made natural disaster Ms Edwards confirmed more weight would be given to this risk if requested.

- The Pensions team were meeting with Brunel for a monthly meetings with weekly phone calls in-between.
- Brunel had their own risk register and Ms Edwards would look into whether this could be included as an appendix.

**ACTION: Ms Edwards**

## **15 FORWARD PLAN FOR PENSION FUND BOARD**

Discussion was held around future items for the Forward Plan.

The Chairman asked for suggestions for future items to go to Mrs Lewis-Smith.

## **16 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)**

## **17 CONFIDENTIAL MINUTES PENSION FUND BOARD**

## **18 CONFIDENTIAL MINUTES OF THE PENSION FUND COMMITTEE**

## **19 BRUNEL PENSION PARTNERSHIP UPDATE**

## **20 DATE OF NEXT MEETING/AOB**

### **Any other business**

Ms Ellis had attended the Barnett Waddingham event – “Local Pension Boards 3 years On” on 26 June 2018. Her conclusion from the event was that BCC were managing well compared to others and the BCC Administration Team had a very good working relationship with the LPB.

### **Date of the next meeting**

10 October 2018, 10am

**CHAIRMAN**



# Minutes

## *PENSION FUND COMMITTEE*

**MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE HELD ON FRIDAY 20 JULY 2018, IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY, COMMENCING AT 10.00 AM AND CONCLUDING AT 12.25 PM.**

### **MEMBERS PRESENT**

Mr J Chilver (Chairman), Mr C Harriss, Mr N Hussain and Mr D Martin (Vice-Chairman)

### **OTHERS PRESENT**

Carolan Dobson, Independent Adviser  
Julie Edwards, Pensions and Investments Manager  
Mark Preston, Finance Director, Business Services Plus  
Matthew Passey, Mercer Investment Consulting  
Cheryl Platts, Pensions Communications Officer  
Anne-Marie Kenward, Committee Assistant

### **AGENDA ITEM**

#### **1. APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP**

There were no apologies.

#### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **3. MINUTES**

It was agreed that actions arising from the 24 May 2018 meeting would be addressed under item six - Annual Accounts Audit, of this meeting.

With regard to the statement on page three, paragraph two of the minutes Ms C Dobson asked for this to reflect that there had only been a discussion around tax exemption on USA income. There had been no advice or confirmation given around this matter. The minutes would be amended accordingly.

**ACTION: Ms Kenward**



Minutes from the Pension Fund Committee meeting held on 24 May 2018 were otherwise agreed as a true record.

#### 4. VERBAL UPDATE ON PENSIONS ADMINISTRATION TASKS

Ms J Edwards gave an update on the Pensions Administrations team.

Ms Edwards confirmed the team continued to work through a backlog of data received from Milton Keynes Council (MKC), which consisted of approximately 18 months' worth of leavers' data. However all of the team's business as usual work was up to date.

#### 5. ANNUAL ACCOUNTS AUDIT

Ms Edwards reviewed the actions from the 24 May meeting as they appeared in those minutes. There were no actions to carry forward.

Mr T Slaughter gave an overview of the reports circulated with the agenda.

Mr Slaughter highlighted:

- The sign off of the report would be undertaken by the Regulatory and Audit Committee who would meet on 25 July 2018.
- Buckinghamshire County Council (BCC) had been signing off their reports by 31 July for 3 years. However this was the first year it had been a statutory requirement to do so.

Discussions were held around:

- The discrepancies between the rates of funding. Ms Edwards and Mr Slaughter would look into this

**ACTION: Ms Edwards and Mr Slaughter**

- The definition of assets. There appeared to be two different ones used - £2.813bn on p 21 vs £2.682bn on p23. Mr Slaughter confirmed the figures had been taken at two different dates, the first one was from November 2017 when the actuary requested information, and that small differences were common and expected.
- The increase in BCC contributions from £34m to £43m (p 32). Ms Edwards confirmed this was largely due to the increase in the contribution rate. There had also been people transferring into the Fund. A Member of the Committee believed that the net increase of contributors versus the net increase to contributions would mean an average of approximately £11,000 per person. Ms Edwards would review this.

**ACTION: Ms Edwards**

- Regarding the additional questions posed by Grant Thornton during the audit process, it was asked whether these could have been asked in a more timely manner as they had led to delays in publishing this report. Mr Slaughter confirmed that they could not be posed before the first draft had been received and had been sent on as soon as possible. Mr Slaughter explained there was a

requirement to carry out a more thorough audit every three years.

Ms Edwards confirmed the figures highlighted in blue had been made since the last audit review and would be confirmed as final ahead of report sign off. The deadline for signing was 31 July, however it was hoped this could be done at the Regulatory and Audit Committee meeting on 25 July.

## **6. ANNUAL REPORT 2017/18**

Mrs C Platts gave an overview of the report circulated with the agenda. Mrs Platts confirmed that the report had not yet incorporated the changes highlighted in Ms Edwards' audit report.

Discussions were held around:

- The percentages of preferred benefits and transfers, page 24 of the report. Ms Edwards confirmed these figures referred to the backlog from Milton Keynes Council which was in the process of being cleared. There had been minimal financial impact for Fund members as those nearing retirement had been prioritised.
- It was asked why the administration costs were higher than comparative figures. Ms Edwards confirmed the team had needed to grow in size in order to deal with backlogs of work. Ms Edwards believed the team was now the correct size to manage workloads going forward.
- In relation to the key indicators, page 37 of the report, the Committee felt it would be useful to have previous figures presented for comparison. Ms Edwards would follow this up.

**ACTION: Ms Edwards**

- Members questioned the Member satisfaction response rates, there had only been 5 responses. Mrs Platts confirmed that the survey had to be completed online for a number of years and the response rate had always been very low. Previously it had been sent as a paper copy. Next year there would be a telephone based survey that targeted recent retirees. The team would also continue to use their training sessions to get feedback from employers.

**RESOLVED: The Committee approved the report.**

## **7. FORWARD PLAN**

There were no comments or questions for this item.

## **8. 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)**

**9. CONFIDENTIAL MINUTES**

The confidential minutes from the Pension Fund Committee meeting held on 24 May 2018 were agreed as a true record.

**10. BRUNEL PENSION PARTNERSHIP UPDATE**

**11. DATE OF NEXT MEETING**

Monday 24th September 2018, 2.30pm in Mezzanine Room 1, County Hall.

**CHAIRMAN**

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

Document is Restricted



# Buckinghamshire Pension Board

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<b>Title:</b>	<b>BCC Pension Fund Employer Newsletter – September 2018</b>
<b>Date:</b>	10 October 2018
<b>Author:</b>	Head of Finance - Resources & Pensions
<b>Contact officer:</b>	Cheryl Platts, 01296 383407
<b>Electoral divisions affected:</b>	None

## Summary

To present, for discussion, the September 2018 issue of the BCC Pension Fund Employer newsletter.

## Recommendation

The Pension Board is asked to **NOTE** the September 2018 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 issue is provided overleaf. All back issues since December 2010 are available online from the Newsletter page within the Employer section of the Fund's website. <https://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

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**Background Papers**

BCC Pension Fund Employer newsletter – September 2018

<https://www.bucksc.gov.uk/media/4512114/64-employers-newsletter-sept-2018.pdf>

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# Pension Fund Board

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**Title:** i-Connect/Pensions 'Online' Update

**Date:** Wednesday 10 October 2018

**Author:** [Normally Head of Service]

**Contact officer:** [Name and telephone number of officer directly involved]

**Local members affected:**

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

## Summary

The “my pension online” service for LGPS members was launched in 2016 and is now standard practice for member users. i-Connect is a web-based application / data exchange hub through which employers submit data relating to their workforce to the Buckinghamshire Pension Fund.

## Recommendation

The Board is asked to note the Report.

The 'my pension online' service for LGPS members was launched in 2016 and is now standard practice for member users. As at 26h September 2018, 36.7% of active scheme members, 12.8% of deferred members and 16.4% of pensioner members have registered. Hard copy Annual Benefit Statements were issued for the final time in August 2018 and it is anticipated that this will lead to an increased take up of the online service.

i-Connect is a web-based system through which employers and/or payroll providers submit data relating to their workforce to the Buckinghamshire Pension Fund. i-Connect is marketed to the 80 LGPS funds who use Altair as their pension administration platform by third party provider Aquila Heywood via their subsidiary i-Connect Services Limited. It replaces the existing requirement for employers to submit spreadsheets or undertake an action with regard to new entrants, leavers, opt-outs and other changes and in particular removes the need to undertake the lengthy year-end return procedure.

## **Progress to date**

**14 employers including Thames Valley Police are currently submitting monthly data via the live i-Connect system and several more are testing. There is a plan to roll out i-Connect to all other employers and payroll providers over the course of the next 2 years and it is standard practice for new employers who join the Fund.**

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

### **Resource implications**

**Additional resources from within the Pensions & Investments Team are being made available from October 2018 in order to accelerate the roll out to employers of the Fund.**

### **Legal implications**

[This should outline the legal implications, if any, of the decisions and should indicate that advice has been sought from Legal Services.]

### **Other implications/issues**

[Explain any implications of the decision, for example equality, sustainability, biodiversity, Human Rights Act etc. Include implications on users, partners or stakeholders, or on other parts of the organisation. This might also include statutory considerations (for example Section 17 of the Crime and Disorder Act, which requires all authorities to take account of crime and disorder issues in everything they do), equal opportunities and diversity (in the light of the Race Relations Amendment Act and of existing Council policy that reports should comment on equal opportunity issues) and sustainability.]

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

[If consultation has been carried out this is an important section to complete.

Local Members must be given advance notification of a forthcoming decision that affects their local division. In addition, they must be consulted on the detail of the decision in question.]

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## **Background Papers**

[This section should include unpublished documents on which the report has been based and documents which have been relied upon to a material extent in preparing the report. Exempt or confidential information should not be listed, as any background papers must be made available for public inspection if requested.

It is good practice also to include published papers. However if you do so, please indicate where they can be obtained, e.g. Internet, Library.]

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# Pension Fund Board

**Title:** Administration Performance Statistics

**Date:** Wednesday 10 October 2018

**Author:** Finance Director, Finance & Assets Service

**Contact officer:** Sam Price, 01293 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. The following table shows the average number of individual communications received into the team on a daily basis, over the first 3 quarters of 2018.

	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Post	2874	2914	2489	
Emails	5519	5760	5748	
Telephone calls – Members	2306	2202	2465	
Telephone calls – Employers	314	267	258	
Telephone calls – Other*	652	763	873	
<b>TOTAL Communications</b>	<b>11665</b>	<b>11906</b>	<b>11833</b>	
Total Communications per day (average)	185	165	185	

Other includes; NOK, AVC Providers, Investment companies, Tracing Services & any non-scheme related callers.

48% of active & deferred member calls are regarding retirement.

The following table illustrates the completed work by the Benefit Administration Team over the first 3 quarters of 2018. 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 2018	Q2 2018	Q3 2018	Q4 2018
New starter creation	1570	872	983	
Calculation of deferred benefits	1268	1004	1202	
Calculation of frozen refund	560	550	604	
Processing actual refund calculation	215	219	214	
Member opt-outs	203	115	136	
Retirement packs sent to member	453	428	537	
Processing actual retirement calculation	324	294	351	
Deaths notified	143	137	107	
Transfer out quotation calculated	80	47	49	
Transfer out actual processed	23	18	16	
Transfer in actuals processed (where earned pension purchased only)	60	35	39	
Inter-fund transfer out quotation calculated	48	49	37	
Inter-fund transfer out actual processed	53	50	43	
Inter-fund transfers in complete	395	314	206	
General queries responded to	941	947	957	
Response sent to financial advisor query	45	57	68	
Retirement estimates provided to employer	60	55	40	
Retirement estimates provided to member	177	153	211	
Divorce pack provided	41	33	28	
Additional Pension Contract set-up	21	29	16	
AVC set-up/change/cease	3	4	2	
Personal details change/nomination	1469	1486	1364	
<b>TOTAL's</b>	<b>8132</b>	<b>6896</b>	<b>7210</b>	

The benefit administration team have a 90% daily completion target on all priority tasks (retirements, deaths, refunds & annual allowance). For the period 1<sup>st</sup> July 2018 to 30<sup>th</sup> September 2018, a 92% completion rate was achieved.

In July 2018, new workflow tasks for retirement were introduced. These tasks now allow us to accurately report on the retirement procedure. The following targets have been set for retirements.

Stage	Target	%age within target
Retirement pack issued	10 working days	<b>100%</b>
Retirement process complete	30 working days	<b>92%</b>

We have then also set targets for 'in department' days through this procedure. The following table shows these targets and the percentage achieved within target.

Stage	Target	%age within target
Retirement pack issued	10 working days	<b>100%</b>
Retirement process complete	20 working days	<b>68%</b>

The above statistics are based on 50 completed retirement cases in the quarter to the end of September 2018.

### Annual Allowance

Over 190 scheme members were identified as possibly exceeding the Annual Allowance limit for the 2017/2018. A manual Annual Allowance check was completed on each of these members with 62 actually exceeding. A Pensions Saving Statement was sent to each individual member prior to the 6<sup>th</sup> October 2018 deadline.

### Member self-service

The Benefit Administration team have continued to increase the documents published to MSS to now include retirement packs (unless members have previously opted out). We are hoping that this will help improve the sign up of new members. July & August 2018 saw an additional 656 users register for MSS. This was prior to the Annual Benefit Statements being issued after which it is expected that the number registering will increase.

### Workflow

As raised at the previous board, the Benefit Administration Team have now set up new retirement workflow on Altair which has been live July 2018 which means we have been able to obtain accurate reporting on our retirement workflow. The next stage of tasks is due to be live from 8<sup>th</sup> October 2018 for areas including deaths, refunds & additional contributions. The remaining areas will be worked on with another set due to be live from January 2019.

### **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

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### **Background Papers**

N/A

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# Pension Fund Board

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**Title:** Training Opportunities

**Date:** Wednesday 10 October 2018

**Author:** Head of Finance, Resources & Pensions

**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 adequate training to meet the responsibilities placed upon them by the:

- BLPB's Terms of Reference
- LGPS Regulations and associated legislation
- 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 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. New Members are expected to complete induction training which includes training sessions

provided by the administering authority. Members have been offered the following training/knowledge opportunities over the past year:

<b>Training Opportunity</b>	<b>Attendee(s)</b>
Barnett Waddingham Spring LPB Members Seminar – February 2018	Roona Ellis Steve Mason
Investec/Pentag In-House event – March 2018	Bev Black, Pete Dearden, Roona Ellis, Steve Mason, Joe McGovern, Tina Pearce, Ian Thompson, Lisa Wheaton
LGA Cross Pool Open Forum – March 2018	Roona Ellis
Barnett Waddingham LPB Three Years On – June 2018	Roona Ellis Tina Pearce
In-House Employer Training Event – July/August 2018	Roona Ellis Steve Mason
Barnett Waddingham Autumn LPB Members Seminar – October 2018	
LGA Fundamentals – October - December 2018	Roona Ellis (Days 2&3) Tina Pearce (All 3 days)
Annual LGPS Trustee Conference – January 2019	

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

**Resource implications**

All training costs are met by the Pension Fund.

**Legal implications**

N/A

**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 Forward Plan

Updated	20-Sep-18
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10 October 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 - September 2018	Cheryl Platts	Every meeting
	i-Connect/Pensions 'Online' Update	Steve Lugg	Ad hoc
	GMP Reconciliation	Julie Edwards	Ad hoc
	Administration performance statistics	Sam Price	Every meeting
	Procedure for Reporting Breaches of the Law	Claire Lewis-Smith	Ad hoc
	Training Opportunities	Claire Lewis-Smith	Annually
	Forward Plan	Claire Lewis-Smith	Every meeting
	Annual Benefit Statements - Administration Year End Update	Claire Lewis-Smith	Every meeting
	Exclusion of Press and Public		
	Annual Benefit Statements - Confidential Appendix	Claire Lewis-Smith	Ad-hoc
	Confidential Minutes	Chairman	Every meeting
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	Brunel Pension Partnership Update	Julie Edwards	Every meeting
	Date of next meeting / AOB	--	

March 2019	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 2018	Cheryl Platts	Every meeting
	Scheme member and employer communications	Cheryl Platts	Annually
	i-Connect/Pensions 'Online' Update	Steve Lugg	Ad hoc
	Annual Review of Buckinghamshire Pension Board	Claire Lewis-Smith	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
	Annual Benefit Statements - Administration Year End Update	Claire Lewis-Smith	Every meeting
	Exclusion of Press and Public		
	Annual Benefit Statements - Confidential Appendix	Claire Lewis-Smith	Ad-hoc
	Confidential Minutes	Chairman	Every meeting

# Pension Fund Board Forward Plan

Updated	20-Sep-18
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Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
Brunel Pension Partnership Update	Julie Edwards	Every meeting
Local Pension Board Insurance	Claire Lewis-Smith	Ad hoc
Date of next meeting / AOB	--	

July 2019	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 2019 and June 2019	Cheryl Platts	Every meeting
	Pension Fund Annual Report 2018/19	Cheryl Platts	Annually
	Review of Buckinghamshire Pension Board Policies	Claire Lewis-Smith	Annually
	Annual Benefit Statements - Administration Year End Update	Claire Lewis-Smith	Every meeting
	Internal Dispute Resolution Procedure	Sam Price	Annually
	Administration performance statistics	Sam Price	Every meeting
	i-Connect/Pensions 'Online' Update	Steve Lugg	Ad hoc
	GMP Reconciliation	Julie Edwards	Ad hoc
	Risk Register	Julie Edwards	Annually
	Forward Plan	Claire Lewis-Smith	Every meeting
	Exclusion of Press and Public		
	Confidential Minutes	Chairman	Every meeting
	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

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<b>Title:</b>	Annual Benefit Statements - Administration Year End Update
<b>Date:</b>	Wednesday 10 October 2018
<b>Author:</b>	Head of Finance, Resources & Pensions
<b>Contact officer:</b>	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 2018.

## Recommendation

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

As at 30 September 2018 1 employer was yet to submit their annual return and 3 employers had revised returns outstanding.

In total, 246 returns were due from employers. 239 employers who submitted an accurate annual return for 2017/18 had annual benefit statements published/printed for their active members, where there were no data queries, by 31 August 2018. Of the 239, 196 of the employers processed had 100% accurate data. This compares with 139 employers who were 100% accurate at this point in the 2016/17 exercise, an increase of 57.

60 employers have outstanding year end queries, totalling 2,400, on their member's records. This compares to 79 employers with 2,400 queries at this point in the 2016/17 exercise.

Of the 2,400 queries remaining, 665 relate to members who have left the LGPS, leaving 1,735 in relation to active members. Totals relating to each individual employer can be found in the confidential appendix to this report.

There were 23,414 active members as at 31 March 2018 and 18,511 annual benefit statements were issued by the statutory deadline, equating to 79.06% of the active membership. This is less than the percentage issued by this point in 2017 of 88.5%.

Two of the employers where revised returns are awaited have a total of 818 active members which would provide an additional 3.5%. Another employer had 801 final pay queries which had they not occurred, would have provided an additional 3.4%

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

**Resource implications**

None

**Legal implications**

None

**Other implications/issues**

None

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

N/A

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**Background Papers**

Appendix 1

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# Pension Fund Board

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**Title:** Procedure for Reporting Breaches of the Law

**Date:** Monday 10 October 2018

**Author:** Head of Finance (Resources)

**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

The Procedure for Reporting Breaches of the Law (Appendix 1 to this report), has been formulated to comply with the requirements of the Pensions Act 2004 and The Pensions Regulator's Code of Practice.

## Recommendation

**The Board are asked to NOTE the content of this report.**

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

### Resource implications

N/A

### Legal implications

The Procedure ensures compliance with the Pensions Act 2004 and the Pension Regulator's Code of Practice. Section 70 of the Pensions Act 2004 imposes a reporting requirement on

- a trustee or manager of an occupational or personal pension scheme
- a person who is otherwise involved in the administration of such a scheme
- the employer in relation to an occupational pension scheme
- a professional adviser in relation to such a scheme

- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.

Where the person has reasonable cause to believe that

- a duty which is relevant to the administration of the scheme, and is imposed by or by virtue of an enactment of law, has not been or is not being complied with, and
- the failure to comply is likely to be of material significance to the Regulator in the exercise of its functions,

they must give a written report of the matter to the Regulator as soon as reasonably practicable.

The Procedure details how individuals responsible for reporting and whistleblowing can identify, assess and report (or record if not reported) a breach of law relating to the Buckinghamshire County Council Pension Fund. It aims to ensure individuals responsible are able to meet their legal obligations and avoid placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk.

### **Other implications/issues**

A decision tree is provided within the Procedure to enable the relevant individuals to decide whether or not a breach has taken place and whether it is materially significant and therefore needs to be reported.

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

N/A

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### **Background Papers**

<http://www.legislation.gov.uk/ukpga/2004/35/contents>

<http://www.legislation.gov.uk/ukpga/2013/25/contents>

<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

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# **Buckinghamshire County Council Pension Fund Procedure for Reporting Breaches of the Law**

**September 2018**



# Reporting Breaches Procedure

## Introduction

This document sets out the procedures to be followed by certain persons involved with the Buckinghamshire County Council Pension Fund (the Local Government Pension Scheme Fund managed and administered by Buckinghamshire County Council), in relation to reporting breaches of the law to the Pensions Regulator (“the Regulator”).

Buckinghamshire County Council, as Administering Authority, has delegated responsibility for the implementation of these procedures to the Head of Finance - Resources & Pensions.

Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.

In the main, this document applies to:

- members of the Pension Fund Committee (“PFC”) and Buckinghamshire Local Pension Board (“the Board”);
- all officers involved in the management of the Pension Fund including members of the Buckinghamshire County Council Pensions and Investments Team, the Head of Finance - Resources & Pensions and the Director of Finance (who is also the Section 151 Officer);
- any professional advisers including auditors, actuaries, legal advisers and fund managers; and
- officers of employers participating in the Buckinghamshire County Council Pension Fund who are responsible for LGPS pension matters.

The next section clarifies the full extent of the legal requirements and to whom they apply.

## Requirements

### Pensions Act 2004

Section 70 of the Pensions Act 2004 (“the Act”) imposes a reporting requirement on the following persons

- a trustee or manager of an occupational or personal pension scheme
- a person who is otherwise involved in the administration of such a scheme
- the employer in relation to an occupational pension scheme
- a professional adviser in relation to such a scheme
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.

Where the person has reasonable cause to believe that:



- a duty which is relevant to the administration of the scheme, and is imposed by or by virtue of an enactment of law, has not been or is not being complied with, and
- the failure to comply is likely to be of material significance to the Regulator in the exercise of its functions,

they must give a written report of the matter to the Regulator as soon as reasonably practicable.

The Act states that a person can be subject to a civil penalty if he or she fails to comply with this obligation without a reasonable excuse.

The duty to report breaches under the Act overrides any other duties the individuals listed above may have. However the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal adviser and his/her client, or a person representing his/her client, in connection with legal advice being given to the client, do not have to be disclosed.

### **The Pension Regulator's Code of Practice**

Practical guidance in relation to this legal requirement is included in The Pension Regulator's Code of Practice including in the following areas:

- implementing adequate procedures;
- judging whether a breach must be reported;
- submitting a report to the Regulator; and
- whistleblowing protection and confidentiality.

### **Application to the Buckinghamshire County Council Pension Fund**

Buckinghamshire County Council has developed this procedure which reflects the guidance contained in The Pension Regulator's Code of Practice in relation to the Buckinghamshire County Council Pension Fund and this document sets out how the Council will strive to achieve best practice through use of a formal reporting procedure.

Training on reporting breaches and related statutory duties, and the use of this procedure is provided to Pension Fund Committee members, Pension Board members and key officers involved with the management of the Buckinghamshire County Council Pension Fund on a regular basis. Further training can be provided on request to the Pensions & Investments Manager.

### **The Buckinghamshire County Council Pension Fund Reporting Breaches Procedure**

The following Procedure details how individuals responsible for reporting and whistleblowing can identify, assess and report (or record if not reported) a breach of law relating to the Buckinghamshire County Council Pension Fund.

It aims to ensure individuals responsible are able to meet their legal obligations and avoid placing any reliance on others to report. The Procedure will also assist in providing an early warning of possible malpractice and reduce risk.

## **1. Clarification of the law**

Individuals may need to refer to regulations and guidance when considering whether or not to report a possible breach. Some of the key provisions are shown below:

- Section 70(1) and 70(2) of the Pensions Act 2004:  
[www.legislation.gov.uk/ukpga/2004/35/contents](http://www.legislation.gov.uk/ukpga/2004/35/contents)
- Employment Rights Act 1996:  
[www.legislation.gov.uk/ukpga/1996/18/contents](http://www.legislation.gov.uk/ukpga/1996/18/contents)
- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (Disclosure Regulations):  
[www.legislation.gov.uk/uksi/2013/2734/contents/made](http://www.legislation.gov.uk/uksi/2013/2734/contents/made)
- Public Service Pension Schemes Act 2013:  
[www.legislation.gov.uk/ukpga/2013/25/contents](http://www.legislation.gov.uk/ukpga/2013/25/contents)
- Local Government Pension Scheme Regulations (various):  
<http://www.lgpsregs.org/timelineregs/Default.html> (pre 2014 schemes)  
<http://www.lgpsregs.org/index.php/regs-legislation> (2014 scheme)
- The Pensions Regulator's Code of Practice:  
<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>  
In particular, individuals should refer to the section on 'Reporting breaches of the law', and for information about reporting late payments of employee or employer contributions, the section of the code on 'Maintaining contributions'.

Further guidance and assistance can be provided by the Head of Finance - Resources & Pensions, provided that requesting this assistance will not result in alerting those responsible for any serious offence (where the breach is in relation to such an offence).

## **2. Clarification when a breach is suspected**

Individuals need to have reasonable cause to believe that a breach has occurred, not just a suspicion. Where a breach is suspected the individual should carry out further checks to confirm the breach has occurred.

Where the individual does not know the facts or events, it will usually be appropriate to check with the Head of Finance - Resources & Pensions at Buckinghamshire County Council, a member of the Pension Fund Committee or Pension Board or others who are able to explain what has happened. However, there are some instances where it would not be appropriate to make further checks, for example, if the individual has become aware of theft, suspected fraud or another serious offence and he/she is also aware that by making further checks there is a risk of either alerting those involved or hampering the actions of the police or a regulatory authority. In these cases, the Regulator should be contacted without delay.

### 3. Determining whether the breach is likely to be of material significance

To decide whether a breach is likely to be of material significance, an individual should consider the following, both separately and collectively:

- cause of the breach (what made it happen);
- effect of the breach (the consequences of the breach);
- reaction to the breach; and
- wider implications of the breach.

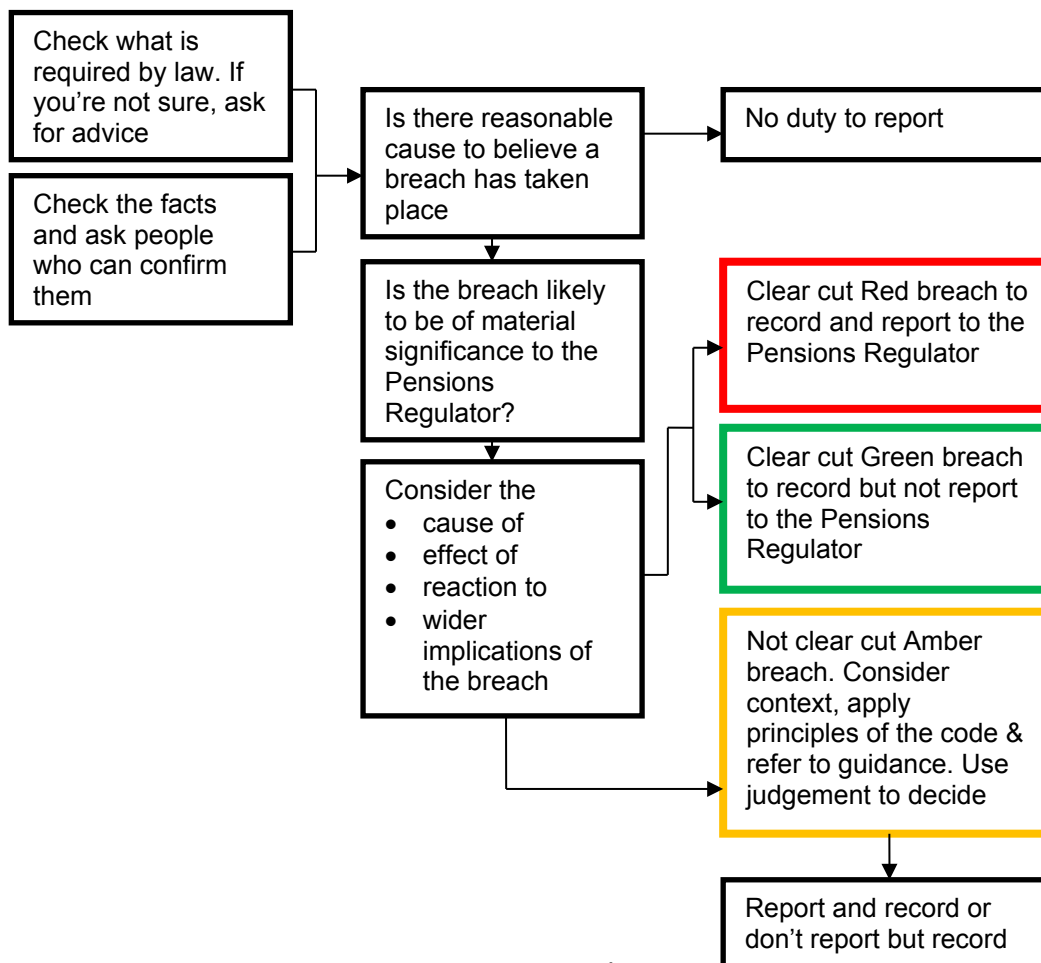
Individuals may also request the most recent breaches report from the Head of Finance - Resources & Pensions, as there may be details on other breaches which may provide a useful precedent on the appropriate action to take.

Further details on the above four considerations are provided in **Appendix A** to this procedure.

The individual should use the traffic light framework described in **Appendix B** to help assess the material significance of each breach and to formally support and document his/her decision.

A decision tree is provided below to show the process for deciding whether or not a breach has taken place and whether it is materially significant and therefore needs to be reported.

#### Decision tree – deciding whether to report



#### **4. Referral to a level of seniority for a decision to be made on whether to report**

Buckinghamshire County Council has designated an officer (Head of Finance - Resources & Pensions) to ensure this procedure is appropriately followed. They are considered to have appropriate experience to help investigate whether there is reasonable cause to believe a breach has occurred, to check the law and facts of the case, to maintain records of all breaches and to assist, where appropriate, in any reporting to the Regulator.

If breaches relate to late or incorrect payment of contributions or pension benefits, information on the matter should be highlighted to the Head of Finance - Resources & Pensions, at the earliest opportunity to ensure the matter is resolved as a matter of urgency.

Individuals must bear in mind, however, that the involvement of the Head of Finance - Resources & Pensions is to help clarify the potential reporter's thought process and to ensure this procedure is followed. The reporter remains responsible for the final decision as to whether a matter should be reported to the Regulator.

The matter should not be referred to the Head of Finance - Resources & Pensions if doing so would alert any person responsible for a possible serious offence to the investigation (as highlighted in section 2). If that is the case, the individual should report the matter to the Regulator setting out the reasons for reporting, including any uncertainty; a telephone call to the Regulator before the submission may be appropriate, particularly in more serious breaches.

#### **5. Dealing with complex cases**

The Head of Finance - Resources & Pensions may be able to provide guidance on particularly complex cases. Guidance may also be obtained by reference to previous cases, information on which will be retained by Buckinghamshire County Council, or via discussions with those responsible for maintaining the records. Information may also be available from national resources such as the Scheme Advisory Board or the LGPC Secretariat (part of the LGA: <http://www.lgpsregs.org/>).

If timescales allow, legal advice or other professional advice can be sought and the case can be discussed at the next Pension Fund Committee or Board meeting.

#### **6. Timescales for reporting**

The Pensions Act and the Pensions Regulator's Code of Practice requires that, if an individual decides to report a breach, the report must be made in writing as soon as reasonably practicable. Individuals should not rely on waiting for others to report and nor is it necessary for a reporter to gather all the evidence which the Regulator may require before taking action. A delay in reporting may exacerbate or increase the risk of the breach. The time taken to reach the judgements on 'reasonable cause to believe' and on 'material significance' should be consistent

with the speed implied by 'as soon as reasonably practicable'. In particular, the time taken should reflect the seriousness of the suspected breach.

## **7. Early identification of very serious breaches**

In cases of immediate risk to the scheme, for instance, where there is any indication of dishonesty, the Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. Reporters should only make such immediate checks as are necessary.

The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert the Regulator to the breach.

## **8. Recording all breaches even if they are not reported**

The record of past breaches may be relevant in deciding whether to report a breach (for example it may reveal a systemic issue). Buckinghamshire County Council will maintain a record of all breaches identified by individuals and reporters should therefore provide copies of reports submitted to the Regulator to the Head of Finance - Resources & Pensions. Records of unreported breaches should also be provided to the Head of Finance - Resources & Pensions as soon as reasonably practicable and certainly no later than within 20 working days of the decision made not to report. These will be recorded alongside all reported breaches. The record of all breaches (reported or otherwise) will be included in a Monitoring Report to Pension Fund Committee meeting, and this will also be shared with the Board.

### **Reporting a breach**

Reports must be submitted in writing via the Regulator's online system at [www.tpr.gov.uk/exchange](http://www.tpr.gov.uk/exchange), or by post, email or fax, and should be marked urgent if appropriate. If necessary, a written report can be preceded by a telephone call.

Reporters should ensure they receive an acknowledgement for any report they send to the Regulator. The Regulator will acknowledge receipt of all reports within five working days and may contact reporters to request further information. Reporters will not usually be informed of any actions taken by the Regulator due to restrictions on the disclosure of information.

As a minimum, individuals reporting should provide:

- full scheme name (LGPS: Buckinghamshire County Council Pension Fund);
- description of breach/breaches;
- any relevant dates;
- name, position and contact details;
- role in connection to the scheme; and
- employer name or name of scheme manager (the latter is Buckinghamshire County Council).

If possible, reporters should also indicate:

- the reason why the breach is thought to be of material significance to The Pensions Regulator;
- scheme address (provided at the end of this document);
- scheme manager contact details (provided at the end of this document);
- pension scheme registry number (PSR **10123049**); and
- whether the breach has been reported before.

The reporter should provide further information or reports of further breaches if this may help the Regulator in the exercise of its functions. The Regulator may make contact to request further information.

### **Confidentiality**

If requested, the Regulator will do its best to protect a reporter's identity and will not disclose information except where it is lawfully required to do so.

If an individual's employer decides not to report and the individual employed by them disagrees with this and decides to report a breach themselves, they may have protection under the Employment Rights Act 1996 if they make an individual report in good faith.

### **Reporting to Pension Fund Committee**

A Monitoring Report will be taken to Pension Fund Committee and the Pension Board annually. This will set out:

- all breaches, including those reported to the Regulator and those unreported, and for each breach
  - the associated dates;
  - the action(s) taken, result of any action(s) (where not confidential) and any future actions for the prevention of the breach in question being repeated.

If any Red breaches occur, these will be reported separately to the next available Pension Fund Committee and Pension Board meeting.

This information will also be provided upon request to any other individual or organisation (excluding sensitive/confidential cases or ongoing cases where discussion may influence the proceedings).

An example of the information to be included in the reports is provided in **Appendix C** to this procedure.

### **Review**

This procedure for Reporting Breaches of the Law was by the Pension Fund Committee on 24 September 2018. It will be kept under review and updated as considered appropriate by the Head of Finance - Resources & Pensions. It may be

changed as a result of legal or regulatory changes, evolving best practice and ongoing review of the effectiveness of the procedure.

### **Further Information**

If you require further information about reporting breaches or this procedure, please contact:

Claire Lewis-Smith, Principal Pensions Officer (Governance & Employer Liaison)  
**or**  
Julie Edwards, Pensions & Investments Manager

Buckinghamshire County Council Pension Fund  
County Hall  
Aylesbury  
HP20 1UD

Email - [clewissmith@buckscc.gov.uk](mailto:clewissmith@buckscc.gov.uk)  
Telephone – 01296 383424

Email - [jedwards@buckscc.gov.uk](mailto:jedwards@buckscc.gov.uk)  
Telephone – 01296 383910

### **Designated officer (scheme manager) contact details:**

Head of Finance - Resources & Pensions: Mark Preston  
Email: [mpreston@buckscc.gov.uk](mailto:mpreston@buckscc.gov.uk)  
Telephone – 01296 383107

Further information on the Buckinghamshire County Council Pension Fund can be found at:

Telephone – 01296 383755  
Email - [pensions@buckscc.gov.uk](mailto:pensions@buckscc.gov.uk)  
Buckinghamshire County Council website – [www.buckscc.gov.uk/pensions](http://www.buckscc.gov.uk/pensions)

## **Appendix A – Determining whether a breach is likely to be of material significance**

To decide whether a breach is likely to be of material significance individuals should consider the following elements, both separately and collectively:

- cause of the breach (what made it happen)
- effect of the breach (the consequence(s) of the breach)
- reaction to the breach
- wider implications of the breach.

### **The cause of the breach**

Examples of causes which are likely to be of concern to the Regulator are provided below:

- acting, or failing to act, in deliberate contravention of the law
- dishonesty
- incomplete or inaccurate advice
- poor administration, i.e. failure to implement adequate administration procedures
- poor governance
- slow or inappropriate decision-making practices.

When deciding whether a cause is likely to be of material significance individuals should also consider:

- whether the breach has been caused by an isolated incident such as a power outage, fire, flood or a genuine one-off mistake
- whether there have been any other breaches (reported to the Regulator or not) which when taken together may become materially significant.

### **The effect of the breach**

Examples of the possible effects (with possible causes) of breaches which are considered likely to be of material significance to the Regulator in the context of the LGPS are given below:

- Committee/Board members not having sufficient knowledge and understanding resulting in the Committee/Board failing to fulfil its role, the scheme not being properly governed and administered and/or the scheme manager breaching other legal requirements;
- conflicts of interest of Committee/Board members resulting in the members being prejudiced in the way in which they carry out their roles and/or the ineffective governance and administration of the scheme and/or the scheme manager breaching legal requirements;
- poor internal controls, leading to the scheme not being run in accordance with scheme regulations and other legal requirements, and risks not being properly identified;
- inaccurate or incomplete information about benefits and scheme information provided to members, resulting in members not being able to effectively plan or make decisions about their retirement;



- poor member records held resulting in member benefits being calculated incorrectly and/or not being paid to the right person at the right time;
- misappropriation of assets, resulting in scheme assets not being safeguarded;
- other breaches which result in the scheme being poorly governed, managed or administered.

### **The reaction to the breach**

A breach is likely to be of concern and material significance to the Regulator where a breach has been identified and those involved:

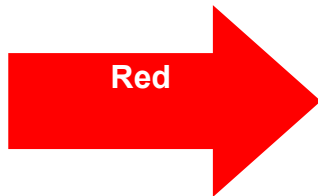
- do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence;
- are not pursuing corrective action to a proper conclusion; or
- fail to notify affected scheme members where it would have been appropriate to do so.

### **The wider implications of the breach**

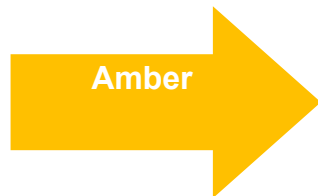
Reporters should also consider the wider implications when deciding whether a breach must be reported. The breach is likely to be of material significance to the Regulator where the fact that a breach has occurred makes it more likely that further breaches will occur within the Fund or, if due to maladministration by a third party, further breaches will occur in other pension schemes.

## Appendix B - Traffic light framework for deciding whether or not to report

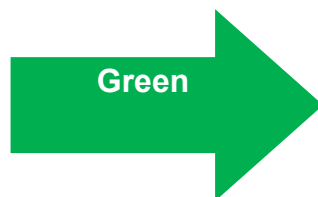
Buckinghamshire County Council recommends those responsible for reporting to use the traffic light framework when deciding whether to report to the Regulator. This is illustrated below:



Where the cause, effect, reaction and wider implications of a breach, when considered together, are likely to be of material significance. These must be reported to the Regulator.  
Example: Several members' benefits have been calculated incorrectly. The errors have not been recognised and no action has been taken to identify and tackle the cause or to correct the errors.



Where the cause, effect, reaction and wider implications of a breach, when considered together, may be of material significance. They might consist of several failures of administration that, although not significant in themselves, have a cumulative significance because steps have not been taken to put things right. You will need to exercise your own judgement to determine whether the breach is likely to be of material significance and should be reported.  
Example: Several members' benefits have been calculated incorrectly. The errors have been corrected, with no financial detriment to the members. However the breach was caused by a system error which may have wider implications for other public service schemes using the same system.



Where the cause, effect, reaction and wider implications of a breach, when considered together, are not likely to be of material significance.  
These should be recorded but do not need to be reported.  
Example: A member's benefits have been calculated incorrectly. This was an isolated incident, which has been promptly identified and corrected, with no financial detriment to the member. Procedures have been put in place to mitigate against this happening again.

All breaches should be recorded even if the decision is not to report.

When using the traffic light framework individuals should consider the content of the red, amber and green sections for each of the cause, effect, reaction and wider implications of the breach, before considering the four together. Some useful examples of this framework are provided by the Regulator at the following link:

[http:// www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx](http://www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx)





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

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of the Local Government Act 1972.

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