

Agenda

PENSION FUND COMMITTEE

Date: Thursday 27 July 2017
Time: 10.00 am
Venue: Mezzanine Room 1, County Hall, Aylesbury

Agenda Item	Page No
1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP	
2 DECLARATIONS OF INTEREST To disclose any Personal or Disclosable Pecuniary Interests.	
3 MINUTES For the minutes of 31 May 2017 to be agreed as an accurate record and signed by the Chairman.	3 - 8
4 ANNUAL ACCOUNTS AUDIT To be presented by Julie Edwards, Pensions and Investments Manager and Grant Thornton.	9 - 72
5 ANNUAL REPORT 2016/17 To be presented by Cheryl Platts, Communications Officer.	73 - 180
6 FORWARD PLAN To be presented by Julie Edwards, Pensions and Investments Manager.	181 - 184
7 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).	
8 CONFIDENTIAL MINUTES For the confidential minutes of 31 May 2017 to be agreed as an accurate record and signed by the Chairman.	185 - 188

- 9 PRIVATE EQUITY UPDATE** **189 - 210**
To be presented by Mercers and Pantheon.
- 10 BRUNEL PENSION PARTNERSHIP UPDATE** **211 - 238**
To be presented by Mark Preston, Finance Director.
- 11 DATE OF NEXT MEETING**
The next meeting will be held on 20 September 2017 at 10am in Mezzanine Room 2, County Hall, Aylesbury.
- Future meeting date:
30 November 2017 at 10am.

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

Mr T Butcher
Mr J Chilver (C)
Mr C Harriss
Mr S Lambert
Ms A Macpherson (VC)
Mr D Martin
Mr J Gladwin, District Council representative
Mr N Miles, Milton Keynes Council
Mr M Barber, Thames Valley Police

Minutes

PENSION FUND COMMITTEE

MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE HELD ON WEDNESDAY 31 MAY 2017, IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY, COMMENCING AT 10.04 AM AND CONCLUDING AT 12.07 PM.

MEMBERS PRESENT

Mr J Chilver, Ms A Macpherson, Mr D Martin, Mr J Gladwin and Barber

OTHERS PRESENT

Ms Carolan Dobson, Independent Adviser
Ms Edwards, Pensions and Investments Manager
Mr Mark Preston, Finance Director, Business Services Plus
Mr Matthew Passey, Mercer Investment Consulting
Mr Nick Sykes, Investment Consultant, Mercer Investment Consulting
Mrs Kristi Bhanja, Committee Assistant
Mr Thomas Slaughter, Executive, Grant Thornton Auditors

AGENDA ITEM

1. ELECTION OF CHAIRMAN

It was proposed and duly seconded that Mr J Chilver be elected Chairman of the Committee for the ensuing year.

2. APPOINTMENT OF VICE CHAIRMAN

It was proposed and duly seconded that Mrs A Macpherson be appointed Vice-Chairman of the Committee for the ensuing year.

3. APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies had been received from Mr T Butcher and Mr S Lambert.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.



5. MINUTES

The minutes of the meeting held on 22 March 2016 were agreed as an accurate record and signed by the Chairman.

The three action points from the minutes were confirmed as completed.

6. MINUTES OF THE BUCKINGHAMSHIRE PENSION BOARD

The Committee noted the minutes from the Buckinghamshire Pension Board on the 16 March 2017.

Mr Steve Mason stated that the minutes remained unapproved as they have not been approved by the Pension Fund Board. This would happen at the next meeting of the Pension Fund Board in July 2017.

7. EXTERNAL AUDIT PLAN

The Chairman welcomed Mr T Slaughter from Grant Thornton to the meeting. Mr Slaughter presented the report and highlighted the following:

- The external audit plan had been to the County Council's Regulatory and Audit Committee meeting on 24 May 2017.
- Planning materiality had been determined based upon professional judgement in the context of Grant Thornton's knowledge of the Fund and in line with previous years. For purposes of planning the audit overall materiality was determined to be £22,213k, being 1% of net assets as of 31 March 2016 (£2.2m). Mr Slaughter confirmed that additional risk was not perceived. All misstatements over £1.1m would be reported to the Committee along with the circumstance details
- The report set out the significant risks identified, which was where the bulk of work for Grant Thornton had been identified. This included the revenue cycle, management override of controls and level 3 investment valuations not being correct.
- The significant risk evaluation on level 3 investments had been based on the judgement that private equity investments were hard to value. Problems had not been encountered previously, but had to be flagged as a significant risk.
- Further risks were identified which were not considered to be areas that were highly judgmental, or unusual in relation to the day to day activities of the business.
- The report highlighted the timeline of the audit with the final audit visit on 19 June 2017. Following this there would be a two week timescale to complete work. A report would then be presented to the Pension Fund Committee in July 2017, followed by County Council.

RESOLVED

The Committee NOTED the report.

8. DRAFT STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

Ms Julie Edwards presented the report and highlighted the following:

- The draft accounts had been presented to the Regulatory and Audit Committee for information on 24 May 2017.
- The audit of the Pension Fund Accounts would commence on 19 June 2017.
- The Pension Fund Account and Net Asset Statement showed that the value of the Pension Fund had increased by £474m to £2.696 billion in the year up to 31 March 2017.
- The increase had been the result of contributions, transfers in from pensions and investment returns. Benefits including pensions, lump sum retirement benefits and death benefits of £120m had been paid out in the year up to 31 March 2017.
- Net assets of the fund available to fund benefits at 31 March 2017 were just under £2.7bn.
- The report showed that membership had reduced by 2,000 to 22,754. The documented decline in figures had been due to a backlog with administration and some leavers or deferred pensioners that had not been processed or their status not being amended. The pension administration system was a live database and therefore the figures continue to change after the end of the financial year.
- There remained a backlog of 1,700 leavers and some transfers between funds, which had resulted in a correspondence increase. The transfer of Buckinghamshire Care Ltd had also had an impact on resource.
- It would be possible to gauge if there would be enough resource in the pension team once the workloads establish a steady state pattern.
- The report noted the interest rate sensitivity analysis and stated *'the sensitivity of the Fund's investments to change in interest rates has been analysed by showing the impact of a 1% change in value'*. Ms J Edwards would confirm the context of this wording against CIPFA example accounts.

Action: Ms J Edwards

- There would be an expectation that the value of withholding tax would remain broadly consistent from one year to the next (assuming the investment strategy remains unchanged) but the report showed a significant decrease in value. Ms J Edwards would check this and report back to the next Committee.

Action: Ms J Edwards

RESOLVED

The Committee NOTED the report.

9. PENSIONS ADMINISTRATION STRATEGY

Ms J Edwards presented the report and highlighted the following:

- The strategy would be reviewed every three years.
- There had been an increase in the charge for estimates where a member had asked for two estimates within a year. The charge had increased from £10.00 to £11.50.
- iConnect would continue developing which employers will use for data submission.
- The Administration Strategy and Service Level Agreement documentation had been sent out for consultation.
- There had been a change in one of the Additional Voluntary Contribution providers to Scottish Widows.
- There had not been any levied charges to employers and the focus remained on education. There were three training sessions planned for this year as well as visits.
- The pensions administration was hosted through Heywoods and Mr M Preston would contact the company for confirmation that its security systems have been tested in light of the recent cyber-attacks that resulted in disruption to the NHS.

Action: Mr M Preston

- This year would be the last that members would receive paper annual benefit statements (unless they had opted out) and encouragement had been given to self-service.
- There had been positive feedback to the member self-service system.

RESOLVED

The Committee NOTED the report.

10. FORWARD PLAN

Ms J Edwards presented the forward plan to the Committee and highlighted the following:

- The next meeting would be 27 July 2017 and there was a slot for a Fund Manager presentation, along with a training session. There would also be a further update on the Brunel Pension Partnership.

Following a discussion the Committee requested the following:

- All Pension Fund Committee Members to be emailed the dates of future Pension Fund Board dates, so that they could attend if available.

Action: Mrs K Bhanja

- Mr G Muir from Barnett-Waddingham was to be invited to the meeting on 27 July 2017 to update the Committee in relation to the impact of using different salary increase assumptions for the triennial and IAS19 valuations, and

provide a funding update. Additionally, Mr Muir would be asked to talk about long term cashflows.

Action: Ms J Edwards

RESOLVED

The Committee NOTED the forward plan

11. 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).

12. CONFIDENTIAL MINUTES

The confidential minutes of the meeting held on 22 March 2016 were agreed as an accurate record and signed by the Chairman.

13. CONFIDENTIAL MINUTES OF THE BUCKINGHAMSHIRE PENSION BOARD

The Committee noted the minutes from the Buckinghamshire Pension Board on the 16 March 2017.

14. FUND MANAGER PERFORMANCE

The Committee received a detailed report in relation to the Fund Manager's Performance.

RESOLVED

The Committee NOTED the report.

15. BRUNEL PENSION PARTNERSHIP UPDATE

The Committee received a detailed report from Mr M Preston in relation to the Brunel Pension Partnership.

RESOLVED

The Committee NOTED the report.

16. PRIVATE EQUITY UPDATE

The Committee received a detailed report in relation to Private Equity.

RESOLVED

The Committee NOTED the report.

17. DATE OF NEXT MEETING

The next meeting will be held on 27 July 2017 at 10am.

CHAIRMAN

Pension Fund Committee

Title: Audit of the Pension Fund Accounts for 2016/17

Date: 27 July 2017

Author: Director of Finance and Assets

Contact officer: Julie Edwards 01296 383910

Electoral divisions affected: N/A

Summary

To present Grant Thornton's report on any significant findings from its audit of the Pension Fund Accounts.

Recommendation

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

Resource implications

- 1 There are none arising directly from this report.

Other implications/issues

- 2 The Pension Fund's Unaudited Statement of Accounts were presented to the Pension Fund Committee at its meeting on 31 May 2017 and the Regulatory and Audit Committee as part of the Council's overall unaudited Statement of Accounts on 24 May 2017. They were signed by the Director of Finance and Assets, the Council's appointed S151 officer. Grant Thornton audited the Pension Fund Accounts during June and we anticipate that Grant Thornton will issue an unqualified audit opinion on the pension fund's financial statements. There were no changes to the Net Assets Statements. The Accounts are attached as Appendix 1, the changes are highlighted in the document.
- 3 Representatives from Grant Thornton will attend this meeting to present their Audit Findings Report, see Appendix 2. The Letter of Representation from the administering authority is also attached as Appendix 3.

- 4 As a consequence of the audit, changes to the accounting standards issued but not adopted were agreed (2 Accounting policies), fair value hierarchy disclosures (Note 12) of the accounts were agreed and the text for related parties (Note 14) was amended to provide a clearer explanation.
- 5 Following the adoption of IRFS13 for Pension Fund accounts this year the Note 12 fair value hierarchy disclosure should be limited to investments. Dividend income receivable, current assets and current liabilities have been removed from the fair value hierarchy table and the 2015/16 comparator figures have been restated. For Note 19 there were some small changes to the amount paid as at 31 March 2017 for Partners Group contractual commitments. The Audit Findings Report also recommends 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. Management has agreed this recommendation. 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.
- 6 The Accounts, Grant Thornton's Audit Findings Report for the Pension Fund was reported to the Regulatory & Audit Committee on 26 July 2017. Members of this Committee are requested to comment on the Statement of Accounts, the Audit Findings Report and the Letter of Representation.

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

- 7 Not applicable

Background Papers

Statement of Accounts for the Year Ended 31 March 2017

<http://www.buckscc.gov.uk/media/4508957/draft-statement-of-accounts-2016-17-reg-audit.pdf>



Buckinghamshire County Council Pension Fund

Statement of Accounts

For the year ended 31 March 2017

Pension Fund Accounts

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DRAFT - 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]

Description of the Fund

Buckinghamshire County Council Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Buckinghamshire County Council. Organisations participating in the Fund include the County Council, Milton Keynes Council, the district and parish Councils of Buckinghamshire, Thames Valley Police, Buckinghamshire Fire and Rescue Service, and other scheduled and admitted bodies. These are listed in Note 21 to these Financial Statements. Teachers, fire fighters and police officers, for whom separate pension schemes apply, are excluded from the Pension Fund.

The purpose of the Pension Fund is to provide defined benefits for employees and their widows, widowers and children, based on pay and past service. The scheme is a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Employee contribution bands range from 5.5% to 12.5% of pensionable pay for the year ending 31 March 2017. In April 2014 a 50/50 option was introduced which means members can pay half their contribution rate and build up half the pension benefit whilst retaining full value of other scheme benefits such as death in service lump sum and ill health cover. Accrued pension is revised annually in line with the Consumer Prices Index. Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. More details of benefits provided under the scheme are available on the Council's pension website.

<http://www.bucksc.gov.uk/about-your-council/local-government-pension-fund/scheme-members/>

In 2015 the government announced that they wanted the 91 Local Government Pension Scheme funds to pool their investments into larger pools in order to achieve savings in investment management costs. In response to the government agenda, Project Brunel was set up to explore the options for pooling investment assets across ten Funds. The founding Funds include The Environment Agency Pension Fund, and the Local Government Funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Gloucestershire, Oxfordshire, Somerset and Wiltshire. The collective assets of the pool are approximately £23 billion.

The objective of pooling the assets is to achieve savings over the longer term from both lower investment management costs and more effective management of the investment assets. The pool will look to deliver the savings based upon the collective buying power the collaboration initiative will produce. Local accountability will be maintained as each individual fund will remain responsible for strategic decisions including asset allocation. The pooling of assets will only affect the implementation of the investment strategy in terms of manager appointments. The transition of assets is expected to begin April 2018 through to 2020 for the majority of the assets, although illiquid alternative assets such as private equity may need a longer transition timetable. More information and updates about the project can be found on the Project Brunel website at: www.brunelpensionpartnership.org

Membership of the Fund

The following summarises the membership of the Fund:

31 March 2016	Membership of the Fund	31 March 2017
24,552	Contributors	22,754
16,728	Pensioners	17,566
24,362	Deferred pensioners	26,699
65,642	Total Membership of the Fund	67,019

Pension Fund Accounts

Investment Strategy Statement

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

<https://democracy.buckscc.gov.uk/documents/b27818/Supplement%20Item%205%20-%20Investment%20Strategy%20Statement%20and%20Item%209%20Currency%20Hedging%2022nd-Mar-2017%2010.00%20.pdf?T=9>

Further Information

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

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

Pension Fund Account for the Year Ended 31 March 2017

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

31 March 2016 £000	Pension Fund Account	Note	31 March 2017 £000
	Dealings with Members, Employers and Others directly Involved in the Fund		
	Income		
(114,867)	Contributions	3	(120,799)
(5,822)	Transfers in from other pension funds	4	(14,985)
(118)	Other income		(78)
(120,807)			(135,862)
	Benefits	5	
78,605	Pensions		81,960
22,302	Commutation of pensions and lump sums		24,368
	Payments to and on Account of Leavers	6	
345	Refunds of contributions		1,172
3,033	Transfers out to other pension funds		12,658
104,285			120,158
(16,522)	Net Additions from Dealings with Members		(15,704)
15,807	Management expenses	7	17,194
	Returns on Investments		
(43,057)	Investment income	8	(46,777)
27,018	Profits and losses on disposal of investments and changes in the market value of investments	9	(429,377)
1,259	Taxes on income	16	333
(14,780)	Net Returns on Investments		(475,821)
(15,495)	Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		(474,331)

Net Assets Statement

31 March 2016 £000	Net Assets Statement	Note	31 March 2017 £000
	Investments		
	Fixed interest securities		
32,425	▪ Public sector		29,269
187,358	▪ Other		234,902
647,352	Equities - quoted		852,632
88,460	Index-linked securities		74,834
995,693	Pooled investment vehicles		1,204,325
186,330	Unit trusts - property		183,581
69,072	Cash deposits		87,736

Pension Fund Accounts

(298)	Derivative contracts		385
7,157	Dividend income receivable		7,848
2,213,549	Net Investments	11	2,675,512
-	Borrowings - sterling		-
12,468	Current assets	15	24,372
(4,764)	Current liabilities	15	(4,300)
2,221,253	Net Assets of the Fund Available to Fund Benefits at 31 March		2,695,584

1. Basis of Preparation

The accounts summarise the fund's transactions for the 2016/17 financial year and its position at year end as at 31 March 2017. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code), which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed at Note 18 of these accounts.

The Pension Fund is administered by Buckinghamshire County Council, but the Fund balances are not included in Buckinghamshire County Council's Consolidated Balance Sheet.

2. Accounting Policies and Critical Judgements in Applying Accounting Policies

Accounting Policies

Accruals of Income and Expenditure

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

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

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

Investment Income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as dividend income receivable. Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits / losses during the year.

Benefits Payable

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

Management Expenses

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

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

- Global Thematic Partners – global equities
- Investec Asset Management – global equities
- Mirabaud – UK equities
- Royal London Asset Management – bonds
- Schroders – global equities
- Standard Life – UK equities

Financial Instruments

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

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

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

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

The value of market quoted investments is determined by the bid market price ruling on the final day of the accounting period. Fixed interest securities are recorded at net market value based on their current yields. Pooled investments in property funds, equity funds, fixed interest funds, private equity funds and hedge fund of funds are valued by the fund manager in accordance with industry guidelines.

Foreign Currency Transactions

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

Derivatives

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

Cash and Cash Equivalents

Pension Fund Accounts

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

Contingent Assets and Liabilities

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

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

Critical Judgements in Applying Accounting Policies

Unquoted private equity investments

It is important to recognise the highly subjective nature of determining the fair value of private equity investments. They are inherently based on forward looking estimates and judgements involving many factors. Private equities are valued by the investment managers using guidelines set out by the British Venture Capital Association.

Pension Fund Liability

The Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The last such valuation took place as at 31 March 2016, the past service funding level of the Fund as a whole increased from 82% to 87% between 31 March 2013 and 31 March 2016. The next valuation will take place as at 31 March 2019. The methodology used is in line with accepted guidelines and in accordance with IAS19.

Events After The Reporting Date

Since 31 March 2017, there has been some volatility in the financial markets, there would be an impact on the market value of the fund's investments were they to be valued as at the date these accounts were authorised. These changes are deemed to be non-adjusting post balance sheet events. There have been no events since 31 March 2017, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

Accounting Standards that have been issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The Accounting changes introduced in the 2018/19 Code relate to the reporting of IFRS9 Financial Instruments requiring new classification categories for financial instruments and additional disclosures. IFRS15 Revenue from contracts with customers sets out the requirements for recognising revenue that apply to contracts with customers.

3. Contributions

Contributions relating to wages and salaries paid up to 31 March 2017 have been included in these accounts.

2015/16 £000	Contributions	2016/17 £000
	Employers	
(25,997)	Administering authority	(26,450)
(49,236)	Scheduled bodies	(58,628)
(11,026)	Admitted bodies	(7,276)
	Employers' Augmentation Costs	
-	Administering authority	-
(400)	Scheduled bodies	-
-	Admitted bodies	-
	Members	
(7,199)	Administering authority	(7,549)
(18,098)	Scheduled bodies	(19,576)
(2,911)	Admitted bodies	(1,320)
(114,867)	Total Contributions	(120,799)

4. Transfer Values

2015/16 £000	Transfers in from other pension funds	2016/17 £000
-	Group transfers	(6,061)
(5,822)	Individual transfers	(8,924)
(5,822)	Total Transfers in from other pension funds	(14,985)

The individual transfer values relate to transfers, which have been received during the financial year i.e. included on a cash basis. On 31 March 2017 there were 5 outstanding transfer values receivable greater than £50k, for which £785k had not been received. (no outstanding transfer values receivable on 31 March 2016).

On 31 March 2017 there were 7 group transfers to the Fund being negotiated with other Funds (3 on the 31 March 2016), the value of the transfers to the Fund is being negotiated between the Funds' actuaries. The income due to the Fund for 5 of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

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5. Benefits

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

2015/16	Benefits	2016/17
£000		£000
	Pensions	
30,610	Administering authority	31,350
42,010	Scheduled bodies	44,077
5,985	Admitted bodies	6,533
20,411	Commutations of pensions and lump sum retirement benefits	21,515
1,891	Lump sum death benefits	2,853
100,907	Total Benefits	106,328

6. Payments to and on Account of Leavers

2015/16	Payments to and on Account of Leavers	2016/17
£000		£000
236	Refunds to members leaving service	671
109	Payments for members joining the state scheme	501
267	Group transfers to other pension funds	1,615
2,766	Individual transfers to other pension funds	11,043
3,378	Total Payments to and on Account of Leavers	13,830

The individual transfer values relate to transfers, which have been paid during the financial year i.e. included on a cash basis. On 31 March 2017 there were no outstanding individual transfer values payable greater than £50k. On 31 March 2016 there were 5 outstanding individual transfer values payable greater than £50k, for which £513k had not been paid.

On 31 March 2017 there were 3 group transfers from the Fund being negotiated with other Funds (2 on the 31 March 2016); the value of the transfers from the Fund is being negotiated between the Funds' actuaries. The expenditure in respect of 2 of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

7. Management Expenses

2015/16	Management Expenses	2016/17
£000		£000
1,382	Administrative costs	1,779
13,900	Investment management expenses	14,808
500	Oversight and governance costs	583
25	External Audit Fee	24
15,807	Total Management Expenses	17,194

The analysis of the cost of managing the Pension Fund during the period has been prepared in accordance with CIPFA guidance. Management expenses have been categorised as administrative costs, investment management

expenses and oversight / governance costs. Management fees for pooled funds and transaction costs have been included in the investment management expenses.

The investment management expenses include £1.562m (£2.038m in the 2015/16 financial year) in respect of performance related fees payable to the fund's investment managers. It also includes £1.566m in respect of transaction costs (£1.601m in the 2015/16 financial year).

8. Investment Income

2015/16	Investment Income	2016/17
£000		£000
(10,349)	Interest from fixed interest securities	(10,897)
(20,305)	Dividends from equities	(22,970)
(692)	Income from index-linked securities	(498)
(32)	Interest on cash deposits	18
(6,564)	Income from property unit trusts	(7,858)
(5,115)	Other	(4,572)
(43,057)	Total Investment Income	(46,777)

9. Investments

All investments are valued on a fair value basis and where there is an active market the bid price is the appropriate quoted market price. The investment accounting information is provided by BNY Mellon, the Fund's custodian bank.

Investments (All values are shown £000)	Value at 31 March 2016	Reclassification of Assets	Purchases at Cost	Sales Proceeds	Realised Profit / (Loss)	Unrealised Profit / (Loss)	Value at 31 March 2017
	£000	£000	£000	£000	£000	£000	£000
Fixed interest securities	219,783	-	101,284	(70,353)	3,497	9,960	264,171
Equities - quoted	647,353	-	576,778	(561,042)	82,313	107,230	852,632
Index-linked securities	88,460	-	401,210	(427,762)	10,690	2,236	74,834
Pooled investment vehicles	995,692	-	45,266	(50,431)	8,044	205,754	1,204,325
Unit Trusts - property funds	186,330	-	25,654	(27,096)	(6,378)	5,071	183,581
Derivative contracts	(298)	-	3,525	(1,549)	(1,976)	683	385
Cash deposits	69,072	-	-	16,411	-	2,253	87,736
	2,206,392	-	1,153,717	(1,121,822)	96,190	333,187	2,667,664
Investment income due	7,157						7,848
	2,213,549						2,675,512

Pension Fund Accounts

Investments (All values are shown £000)	Value at 31 March 2015 £000	Reclassification of Assets £000	Purchases at Cost £000	Sales Proceeds £000	Realised Profit / (Loss) £000	Unrealised Profit / (Loss) £000	Value at 31 March 2016 £000
Fixed interest securities	217,693	-	86,476	(76,217)	2,744	(10,913)	219,783
Equities - quoted	683,237	-	527,655	(518,742)	17,421	(62,218)	647,353
Index-linked securities	87,050	-	449,030	(448,114)	1,914	(1,420)	88,460
Pooled investment vehicles	983,239	-	73,015	(72,750)	6,835	5,353	995,692
Unit Trusts - property funds	160,074	-	53,492	(40,326)	(872)	13,962	186,330
Derivative contracts	606	-	2,868	(3,287)	419	(904)	(298)
Cash deposits	50,197	-	-	18,214	-	661	69,072
	2,182,096	-	1,192,536	(1,141,222)	28,461	(55,479)	2,206,392
Investment income due	6,453						7,157
	2,188,549						2,213,549

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

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

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

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

On 31 March 2017 assets which exceed 5% of the total value of the net assets of the Fund are a £166.2m, 6.2%, investment in Legal & General's All Stocks Index-Linked Gilt Fund (£138.7m as at 31 March 2016) and a £172.6m, 6.4%, investment in Legal & General's Europe (ex UK) Equity Index Fund (£134.9m as at 31 March 2016).

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

10. Investment Management Arrangements

The value of the Fund with the fund managers as at 31 March 2017 was £2,670m (£2,168m at 31 March 2016). Fund manager fees have been calculated according to the specific mandate and the associated contract agreement as shown in the following table:

Fund Manager	Mandate	Negotiated Fee Basis	Proportion of Fund 31 March 2016	Proportion of Fund 31 March 2017
Aviva Investors	Property	Percentage of fund	9%	7%
BlackRock	Cash / inflation plus	Percentage of fund	4%	5%
Blackstone Alternative Asset Management	Hedge fund of funds	Percentage of fund	4%	5%
Global Thematic Partners	Less constrained global equities	Performance related fee	6%	7%
Investec Asset Management	Less constrained global equities	Performance related fee	8%	8%
Legal & General Investment Management	Passive index-tracker	Percentage of fund	27%	28%
Mirabaud Investment Management Limited	UK equities	Performance related fee	5%	5%
Pantheon Private Equity	Private equity	Percentage of Funds Committed & Incentive Fee	6%	6%
Partners Group	Private equity	Percentage of fund	2%	2%
Royal London Asset Management	Core plus bonds	Performance related fee	15%	14%
Schroders	Less constrained UK equities	Performance related fee	7%	8%
Standard Life Investments	Less constrained UK equities	Performance related fee	5%	5%

11. Analysis of the Value of Investments

31 March 2016 £000	Analysis of the Value of Investments	31 March 2017 £000
	Fixed Interest Securities	
30,092	UK public sector	27,906
2,333	Overseas public sector	1,363
187,358	UK other	234,902
-	Overseas other	-
219,783	Total Fixed Interest Securities	264,171
	Equities	
201,877	UK quoted	251,374
445,475	Overseas quoted	601,258
647,352	Total Equities	852,632
	Other	
88,460	Index-linked securities public sector	74,834
-	Index-linked securities other	-
995,693	Pooled Investment vehicles	1,204,325
186,330	Unit Trusts - property funds	183,581
(298)	Derivatives	385
69,072	Cash deposits – sterling and foreign cash	87,736
7,157	Dividend income receivable	7,848
1,346,414	Total Other	1,558,709
2,213,549	Total Value of Investments	2,675,512

12. Financial Instruments

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

31 March 2016			31 March 2017		
Fair value through profit and loss £000	Loans And Receivables £000	Financial Liabilities At amortised cost £000	Fair value through profit and loss £000	Loans And Receivables £000	Financial Liabilities At amortised cost £000
Financial Assets					
219,783	-	-	264,171	-	-
647,352	-	-	852,632	-	-
88,460	-	-	74,834	-	-
995,693	-	-	1,204,325	-	-
186,330	-	-	183,581	-	-
-	-	-	385	-	-
7,157	-	-	7,848	-	-
-	69,072	-	-	87,736	-
-	4,158	-	-	14,925	-
2,144,775	73,230	-	2,587,776	102,661	-
Financial Liabilities					
(298)	-	-	-	-	-
-	-	-	-	-	-
-	-	(3,952)	-	-	(3,471)
-	-	(3,952)	-	-	(3,471)
2,144,477	73,230	(3,952)	2,587,776	102,661	(3,471)

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

31 March 2016 £000		31 March 2017 £000	
Financial Assets			
13,525	Fair value through profit and loss	475,729	
1,255	Loans and receivables	91	
-	Financial liabilities measured at amortised cost	-	
Financial Liabilities			
-	Fair value through profit and loss	-	
381	Loans and receivables	481	
-	Financial liabilities measured at amortised cost	-	
15,161	Total	476,301	

The code requires that for each class of financial assets and financial liabilities an authority shall disclose the fair

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value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount. As all investments are disclosed at fair value, carrying value and fair value are therefore the same.

Valuation of Financial Instruments Carried at Fair Value

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

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

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

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

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

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

Value at 31 March 2017	Quoted	Using	With	Total
	Market	Observable	Significant	
	Price	Inputs	Unobservable	
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Fixed interest securities	-	264,171	-	264,171
UK equities - quoted	251,374	-	-	251,374
Overseas equities - quoted	601,258	-	-	601,258
Index-linked securities	-	74,834	-	74,834
Pooled investment vehicles	772,344	-	431,981	1,204,325
Property – unit trusts	-	183,581	-	183,581
Derivatives	-	385	-	385
Cash deposits	-	87,736	-	87,736
Borrowings	-	-	-	-
Total	1,624,976	610,707	431,981	2,667,664

Following the adoption of IRFS13 for Pension Fund accounts the fair value hierarchy disclosure should be limited to investments. Dividend income receivable, current assets and current liabilities have been removed from the fair value hierarchy table and the 2015/16 comparator figures have been restated.

Restated Value at 31 March 2016	Quoted	Using	With	Total
	Market	Observable	Significant	
	Price	Inputs	Unobservable	
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Fixed interest securities	-	219,783	-	219,783
UK equities - quoted	201,877	-	-	201,877
Overseas equities - quoted	445,475	-	-	445,475
Index-linked securities	-	88,460	-	88,460
Pooled investment vehicles	612,221	-	383,472	995,693
Property – unit trusts	-	186,330	-	186,330
Derivatives	-	(298)	-	(298)
Cash deposits	-	69,072	-	69,072
Borrowings	-	-	-	-
Total	1,259,573	563,347	383,472	2,206,392

Original Value at 31 March 2016	Quoted	Using	With	Total
	Market	Observable	Significant	
	Price	Inputs	Unobservable	
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Fixed interest securities	-	219,783	-	219,783
UK equities - quoted	201,877	-	-	201,877
Overseas equities - quoted	445,475	-	-	445,475
Index-linked securities	-	88,460	-	88,460
Pooled investment vehicles	612,221	-	383,472	995,693
Property – unit trusts	-	186,330	-	186,330
Derivatives	-	(298)	-	(298)
Dividend income receivable	-	7,157	-	7,157
Cash deposits	-	69,072	-	69,072
Borrowings	-	-	-	-
Current assets	-	12,468	-	12,468
Current liabilities	-	(4,764)	-	(4,764)
Total	1,259,573	578,208	383,472	2,221,253

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

Blackstone – Fund of Hedge Funds

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

Partners Group – Private Equity

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

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

LGIM – Passive Tracker Fund

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

Aviva – Property Fund

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

They also employ an independent external accountant, Langham Hall, to undertake analysis of each fund's NAV when reported, in addition to that undertaken by the REMM team.

Wherever possible, and through the use of side letters if necessary, we seek to ensure consistency of reporting to an IFRS INREV NAV standard basis. Where this is not possible, managers are asked to provide the building blocks to create this analysis. They then work with Langham Hall, to reconcile back to the NAV provided in the fund's normal accounting standards.

Pantheon – Private Equity

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

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

These methods are consistently applied across all investment types.

BlackRock Institutional Jersey Dynamic Diversified Growth Fund

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

13. Additional Financial Risk Management Disclosures

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

Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. The Pension Fund Risk Assessment analyses the risks faced by the Council's pensions operations, it is reviewed regularly by the Pension Fund Committee to reflect changes in activity and in market conditions. The analysis below is designed to meet the disclosure requirements of IFRS 7.

Market Risk

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

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

Market Price Risk

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

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

Market Price - Sensitivity Analysis

Whilst the value of the Fund's assets is sensitive to changes in market conditions and the Fund's assets are diversified across fund managers and asset classes to mitigate the risks. The Fund's liability to pay future benefits is equally sensitive, particularly to interest rate changes. The Fund's investment consultant undertakes triennial strategy reviews following the triennial actuarial valuation to ensure that the asset allocation of the Fund remains appropriate to expectations for its liabilities both in the short term and in the long term. The latest review, carried out by Mercer in March 2017, showed that the overall risk factor (standard deviation) for the Fund is 13.4%. The next review is due in early 2020 following the triennial valuation, interim strategy reviews can be undertaken if required. Following analysis of historical data and expected investment return movement during the financial year, applying a 13.4% movement in market price risk which is reasonably possible for the 2016/17 reporting period, if the market price of the Fund's investments does increase/decrease in line with the table below, the change in the market price of net assets available to pay benefits would be as follows.

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Asset Type	31 March 2017 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Fixed interest securities	264,171	13.4	299,570	228,772
UK equities – quoted	251,374	13.4	285,058	217,690
Overseas equities – quoted	601,258	13.4	681,827	520,689
Index-linked securities	74,834	13.4	84,862	64,806
Pooled investment vehicles	738,264	13.4	837,192	639,337
Property - unit trusts	183,581	13.4	208,181	158,981
Alternatives	466,061	13.4	528,513	403,609
Derivative contracts	385	13.4	437	333
Cash deposits	87,736	13.4	99,493	75,979
Investment income due	7,848	13.4	8,900	6,796
Total	2,675,512		3,034,033	2,316,992

Following analysis of historical data and expected investment return movement during the financial year, State Street GS Performance Services has determined that the following movements in market price risk are reasonably possible for the 2015/16 reporting period and if the market price of the Fund's investments had increased/decreased in line with the table below, the change in the market price of net assets available to pay benefits would have been as follows.

Asset Type	31 March 2016 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Fixed interest securities	219,783	6.01	232,992	206,574
UK equities – quoted	201,877	10.69	223,458	180,296
Overseas equities – quoted	445,475	10.51	492,294	398,656
Index-linked securities	88,460	7.45	95,050	81,870
Pooled investment vehicles	620,506	11.46	691,616	549,396
Property - unit trusts	186,330	2.67	191,305	181,355
Alternatives	375,187	2.61	384,979	365,395
Derivative contracts	(298)	2.61	(290)	(306)
Cash deposits	69,072	0.01	69,079	69,065
Investment income due	7,157	11.46	7,977	6,337
Total	2,213,549		2,388,460	2,038,638

Interest Rate Risk

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

Interest Rate – Sensitivity Analysis

The Pension Fund recognises that interest rates vary and can impact income to the fund and the fair value of the assets. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the impact of a 1% change in value. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Asset Type	Value	Change for the year in net assets available to pay benefits	
		1%	-1%
As at 31 March 2017	£000	£000	£000
Cash deposits	87,736	-	-
Cash balances (not forming part of the investment assets)	4,176	-	-
Fixed interest securities	264,171	2,642	(2,642)
Total	356,083	2,642	(2,642)

Asset Type	Value	Change for the year in net assets available to pay benefits	
		1%	-1%
As at 31 March 2016	£000	£000	£000
Cash deposits	69,072	-	-
Cash balances (not forming part of the investment assets)	2,732	-	-
Fixed interest securities	219,783	2,198	(2,198)
Total	291,587	2,198	(2,198)

A 1% increase in interest rates will reduce the fair value of the relevant net assets and vice versa.

Income Source	Value	Change for the year on income values	
		1%	-1%
As at 31 March 2017	£000	£000	£000
Cash deposits / cash and cash equivalents	148	15	(15)
Fixed interest securities	10,897	-	-
Total	11,045	15	(15)

Income Source	Value	Change for the year on income values	
		1%	-1%
As at 31 March 2016	£000	£000	£000
Cash deposits / cash and cash equivalents	32	3	(3)
Fixed interest securities	10,349	-	-
Total	10,381	3	(3)

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

Currency Risk

Currency risk represents the risk that the fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than sterling. When sterling depreciates the sterling value of foreign currency denominated

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investments will rise and when sterling appreciates the sterling value of foreign currency denominated investments will fall. Over the long term the differences in currencies are likely to balance out and the Fund has chosen not to hedge its currencies, with the exception of the European element of the Aviva property mandate.

Currency Risk – Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 9.67% movement in exchange rates in either direction for 31 March 2017. This analysis assumes that all variables, in particular interest rates, remain constant. Based on the composition of the Fund's currency exposure a 9.67% fluctuation in the currency is considered reasonable. A 9.67% weakening or strengthening of Sterling against the various currencies at 31 March 2017 would have increased or decreased the net assets by the amount shown below.

Currency Exposure by Asset Type	31 March 2017	Value on increase	Value on decrease
	£000	£000	£000
		+9.67%	-9.67%
Fixed interest securities	-	-	-
Equities – quoted	563,439	617,924	508,954
Index-linked securities	7,669	8,411	6,927
Pooled investment vehicles	207,311	227,358	187,264
Property - unit trusts	4,142	4,543	3,741
Cash deposits	1,746	1,915	1,577
Total	784,307	860,151	708,463

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 6.39% movement in exchange rates in either direction for 31 March 2016. This analysis assumes that all variables, in particular interest rates, remain constant. State Street GS Performance Services provided data on currency risk for various currencies, based on the composition of the Fund's currency exposure a 6.39% fluctuation is considered reasonable. A 6.39% weakening or strengthening of Sterling against the various currencies at 31 March 2016 would have increased or decreased the net assets by the amount shown in the following table.

Currency Exposure by Asset Type	31 March 2016	Value on increase	Value on decrease
	£000	£000	£000
		+6.39%	-6.39%
Fixed interest securities	-	-	-
Equities – quoted	416,302	442,904	389,700
Index-linked securities	-	-	-
Pooled investment vehicles	191,321	203,546	179,096
Property - unit trusts	7,927	8,434	7,420
Cash deposits	14,599	15,532	13,666
Total	630,149	670,416	589,882

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

Currency Exposure by Significant Currency

The Fund's most significant currency exposures are to US Dollars and EUROS, using data on currency risk of 9.41% for the US Dollar and 9.18% for the EURO. Weakening or strengthening of Sterling against US Dollars and EUROS at 31 March 2017 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2017 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	466,964	9.41	510,905	423,023
EUROs	157,924	9.18	172,421	143,427
Total	624,888		683,326	566,450

Data on currency risk of 7.78% for the US Dollar and 6.77% for the EURO was provided by State Street GS Performance Services. Weakening or strengthening of Sterling against US Dollars and EUROs at 31 March 2016 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2016 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	391,472	7.78	421,929	361,015
EUROs	138,385	6.77	147,754	129,016
Total	529,857		569,683	490,031

Credit Risk

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

A source of credit risk is the cash balances held internally or by managers. The Pension Fund's bank account is held at Lloyds, which holds an "A" long term credit rating. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Council's Treasury Management Strategy which sets out the permitted counterparties and limits. The value of the Fund invested by the Treasury Management Team at 31 March 2017 was £4.535m in an instant access Lloyds account. (On 31 March 2016 £2.709m was invested in an instant access Lloyds account.) Cash held by investment managers is invested with the global custodian, BNY Mellon, in a diversified money market fund rated AAAM.

Liquidity Risk

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

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

Pension Fund Accounts

31 March 2016		31 March 2017
£000		£000
188,298	Aviva	193,323
88,852	Blackstone	128,372
145,916	Pantheon Private Equity	165,106
44,650	Partners Group	42,206
522	Hg Capital	581
468,238		529,588

14. Related Parties

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

The County Council was reimbursed £1.9m (£1.5m in the 2015/16 year) for administration costs incurred by the County Council on behalf of the Pension Fund. The County Council is also the single largest employer of members of the Pension Fund and contributed £34.0m to the Fund in 2016/17 (£33.2m in the 2015/16 year).

The Pension Fund's surplus cash held for day to day cash flow purposes is invested on the money markets by the treasury management function of Buckinghamshire County Council, through a service level agreement. During the year to 31 March 2017, the Fund had an average investment balance of £4.7m (£7.4m in the 2015/16 year), earning interest of £27k (£43k in the 2015/16 year).

There are no members (31 March 2016 no members) of the Pension Fund Committee who are active members of the Fund, no pensioner members (31 March 2016 one pensioner member) and no deferred members (31 March 2016 no deferred members). The Director of Finance and Assets (s151 Officer), holds a key position in the financial management of the Fund and is an active member. He is an employee of Buckinghamshire County Council for whom a portion of his costs of employment are re-charged to the Fund. Disclosure of his pay costs can be found within the officer remuneration note in the main Buckinghamshire County Council accounts.

15. Current Assets and Liabilities

31 March 2016	Current Assets and Liabilities	31 March 2017
£000		£000
	Current Assets	
8,310	Contributions due from employers 31 March	9,447
2,732	Cash balances (not forming part of the investment assets)	4,176
1,426	Other current assets	10,749
12,468	Total Current Assets	24,372
	Current Liabilities	
(1,009)	Management charges	(937)
(812)	HM Revenue and Customs	(829)
(1,261)	Unpaid benefits	(519)
(1,682)	Other current liabilities	(2,015)
(4,764)	Total Current Liabilities	(4,300)
7,704	Net Current Assets	20,072

31 March 2016	Current Assets and Liabilities	31 March 2017
£000		£000
	Current Assets	
2,444	Central government bodies	2,720
4,954	Other local authorities	12,296
5	NHS bodies	3
2,842	Public corporations and trading funds	4,300
2,223	All other bodies	5,053
12,468	Total Current Assets	24,372
	Current Liabilities	
(814)	Central government bodies	(828)
(14)	Other local authorities	(1,615)
-	NHS bodies	-
(2,459)	Public corporations and trading funds	(944)
(1,477)	All other bodies	(913)
(4,764)	Total Current Liabilities	(4,300)
7,704	Net Current Assets	20,072

16. Taxes on Income

2015/16	Taxes on Income	2016/17
£000		£000
-	Withholding tax - fixed interest securities	-
1,259	Withholding tax - equities	333
1,259	Total Taxes on Income	333

The Fund retains the following taxation status:

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

17. Actuarial Position of the Fund

In accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013 (as amended), the Fund's actuary, Barnett Waddingham LLP, undertakes a funding valuation every three years to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund for the forthcoming triennial period. The last such valuation took place as at 31 March 2016. The next valuation will take place as at 31 March 2019.

On 31 March 2016, the market value of the assets held were £2,221.253m, sufficient to cover 87% of the accrued liabilities assessed on an ongoing basis. All employers are projected to be fully funded after an average recovery period of 16 years. The primary rate of contribution is the employers' share of the cost of benefits accruing in each of the three years beginning 1 April 2017 and is 15.1% of payroll. In addition each employer pays a secondary contribution rate based on their particular circumstances, the secondary contribution rate across the whole Fund averages 6.2% in 2017/18, 6.3% in 2018/19 and 6.4% in 2019/20.

Pension Fund Accounts

The results of the valuation are that the past service funding level of the Fund as a whole has increased from 82% to 87% between 31 March 2013 and 31 March 2016. The improvement of the funding position since the previous valuation is mainly due to good investment returns and employer contributions.

The main assumptions used in the valuation were:

Future assumed returns

▪ Investment return - gilts	2.4%	per annum
▪ Investment return - other bonds	3.3%	per annum
▪ Investment return - cash / temporary investments	1.8%	per annum
▪ Investment return - equities	7.4%	per annum
▪ Investment return - property	5.9%	per annum
▪ Investment return - absolute return fund (LIBOR+)	5.8%	per annum
▪ Investment return - expense allowance	-0.2%	per annum

Financial assumptions

▪ Discount rate	5.4%	per annum
▪ Pension increases	2.4%	per annum
▪ Short term pay increases	in line with CPI from 31 March 2016 to 31 March 2020	
▪ Long term pay increases	3.9%	per annum

18. Actuarial Present Value of Promised Retirement Benefits

International Financial Reporting Standards (IFRS) requires the disclosure of the actuarial present value of promised retirement benefits. The Fund's Actuary has prepared a report which rolls forward the value of the Employers' liabilities calculated for the Triennial valuation as at 31 March 2016. On an IAS 19 basis the Actuary estimates that the net liability as at 31 March 2017 is £1,858m (31 March 2016 £1,440m), but figures calculated on an IAS 19 basis are not relevant for calculations undertaken for funding purposes or for other statutory purposes undertaken under UK pensions legislation. The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

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

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

31 March 2016		31 March 2017
£000		£000
3,653,503	Present value of funded obligation	4,503,310
(2,213,549)	Fair value of scheme assets	(2,645,301)
1,439,954	Net Liability	1,858,009

The Present Value of Funded Obligation consists of £4,351m (£3,508m at 31 March 2016) in respect of Vested Obligation and £152m (£145m at 31 March 2016) in respect of Non-Vested Obligation. Vested benefits are the benefits that employees have a right to receive even if they do not render services to the employer. In other words, the employees will receive their vested benefits even if they stop working for the employer. Thus, non-vested benefits are the benefits an employee can receive in the future if he or she continues providing services to the employer. The liabilities above are calculated on an IAS19 basis and therefore differ from the results of the triennial funding

valuation (see Note 17) because IAS19 stipulates a discount rate rather than a rate that reflects market rates. The main assumptions used were:

31 March 2016	31 March 2017
3.3% RPI increases	3.6%
2.4% CPI increases	2.7%
4.2% Salary increases	4.2%
2.4% Pension increases	2.7%
3.7% Discount rate	2.8%

These assumptions are set with reference to market conditions at 31 March. The Actuary's estimate of the duration of the Fund's liabilities is 20 years. The discount rate is the annualised yield at the 20 year point on the Merrill Lynch AA-rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Fund's liabilities. This is consistent with the approach used at the last accounting date.

The RPI increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England, specifically the 20 year point on the Bank of England market implied inflation curve. The RPI assumption is therefore 3.6% per annum. This is consistent with the approach used at the last accounting date. As future pension increases are expected to be based on CPI rather than RPI, the Actuary has made a further assumption about CPI which is that it will be 0.9% below RPI i.e. 2.7%.

Salaries are then assumed to increase at 1.5% above CPI in addition to a promotional scale.

19. Contingent Liabilities and Contractual Commitments

Contractual commitments that the Fund has entered into by 31 March 2017 are:

Contractual Commitments	Amount Paid as at 31 March 2016 \$000	Amount Paid as at 31 March 2017 \$000	Total Contractual Commitment \$000
Pantheon Asia Fund V LP	22,688	22,938	25,000
Pantheon Asia Fund VI LP	25,521	29,704	47,000
Pantheon USA Fund VII Limited	19,274	19,635	21,250
Pantheon USA Fund VIII Feeder LP	61,200	65,325	75,000
Pantheon Global Secondary Fund IV Feeder LP	9,975	9,975	15,000
Partners Group Global Resources 2009, LP	27,527	27,751	35,000
	166,185	175,328	218,250
	€000	€000	€000
Pantheon Europe Fund V "A" LP	16,548	16,548	18,125
Pantheon Europe Fund VI LP	53,560	57,980	65,000
Partners Group Global Real Estate 2008 SICAR	22,989	22,996	25,000
Partners Group Global Infrastructure 2009 SICAR	21,520	21,842	25,000
	114,617	119,366	133,125

These contractual commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity, resources, global real estate and infrastructure parts of the portfolio. The amounts "called" by the funds are irregular in both size and timing over several years from the date of each original commitment. The total contractual commitment at 31 March 2017 is the same as the total contractual commitment at 31 March 2016.

On 31 March 2017 there were 7 group transfers to the Fund being negotiated with other Funds (3 on the 31 March 2016), the value of the transfers to the Fund is being negotiated between the Funds' actuaries. The income due to the Fund for 5 of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available. On 31 March 2017 there were 3 group transfers from the Fund being negotiated with other Funds (2 on the 31 March 2016), the value of the transfers from the Fund is being negotiated between the Funds' actuaries. The expenditure in respect of 2 of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

20. Additional Voluntary Contributions (AVCs)

AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. The AVC providers to the Fund are Prudential and Clerical Medical. Prudential invests in several funds including with profits accumulation, deposit and discretionary funds. Clerical Medical invests in with profits and unit-linked funds, the financial year for this fund is 1 November to 31 October and the financial information included is for this period. These amounts are not included in the Pension Fund Net Assets Statement in accordance with regulation 5(2)c of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831).

2015/16	Prudential	2016/17
£000		£000
5,441	Value of AVC fund at beginning of year	4,085
(1,299)	Correction opening value	-
634	Employees' contributions and transfers in	650
151	Investment income	150
(842)	Benefits paid and transfers out	(850)
4,085	Value of AVC fund at year end	4,035
1.11.2014 - 31.10.2015	Clerical Medical	1.11.2015 - 31.10.2016
£000		£000
3,788	Value of AVC fund at beginning of year	3,581
149	Employees' contributions	142
235	Investment income	318
(591)	Benefits paid and transfers out	(807)
3,581	Value of AVC fund at year end	3,233

21. List of Scheduled and Admitted Bodies

Scheduled Bodies

Buckinghamshire County Council	Stony Stratford Town Council
Buckinghamshire Fire and Rescue Service	Taplow Parish Council
Thames Valley Police	Waddesdon Parish Council
Aylesbury Vale District Council	Wendover Parish Council
Chiltern District Council	West Bletchley Town Council
Milton Keynes Council	Weston Turville Parish Council
South Bucks District Council	West Wycombe Parish Council
Wycombe District Council	Winslow Town Council
	Woburn Sands Town Council
Amersham Town Council	Wolverton & Greenleys Town Council
Aston Clinton Parish Council	Wooburn & Bourne End Parish Council
Aylesbury Town Council	Woughton Community Council
Bletchley & Fenny Stratford Town Council	
Broughton & Milton Keynes Parish Council	Alfriston School
Buckingham Town Council	Amersham School
Burnham Parish Council	Amersham & Wycombe College
Campbell Park Parish Council	Aylesbury College
Chalfont St Giles Parish Council	Aylesbury Grammar School
Chalfont St Peter Parish Council	Aylesbury High School
Chepping Wycombe Parish Council	Aylesbury Vale Academy
Chesham Bois Parish Council	Beaconsfield High School
Chesham Town Council	Beechview Academy
Chiltern Crematorium	Bedgrove Infant School
Chilterns Conservation Board	Bedgrove Junior School
Coldharbour Parish Council	Bourne End Academy
Gerrards Cross Parish Council	Bourton Meadow Academy
Great Missenden Parish Council	Bridge Academy
Hambleden Parish Council	Brill CofE Combined School
Hazlemere Parish Council	Brookmead School
Iver Parish Council	Brooksward School
Ivinghoe Parish Council	Brushwood Middle School
Kents Hill and Monkston Parish Council	Buckinghamshire New University
Lacey Green Parish Council	Buckinghamshire University Technical College
Lane End Parish Council	Burnham Grammar School
Little Marlow Parish Council	Bushfield School
Longwick-cum-Ilmer Parish Council	Castlefield School
Marlow Town Council	Chalfonts Community College
New Bradwell Parish Council	Chalfont St Peter CE Academy
Newport Pagnell Town Council	Chalfont Valley E-Act Academy
Newton Longville Parish Council	Charles Warren Academy
Olney Town Council	Chepping View Primary Academy
Penn Parish Council	Chesham Grammar School
Piddington & Wheeler End Parish Council	Chestnuts Academy
Princes Risborough Town Council	Chiltern Hills Academy
Shenley Brook End and Tattenhoe Parish Council	Chiltern Way Academy
Shenley Church End Parish Council	Cottesloe School
Stantonbury Parish Council	Danesfield School

Denbigh School	PCC for Thames Valley
Denham Green E-Act Academy	Portfields Combined School
Dr Challoner's Grammar School	Princes Risborough Primary School
Dr Challoner's High School	Princes Risborough School
E-Act Burnham Park Academy	Rickley Park Primary School
George Grenville Academy	Royal Grammar School
Germander Park School	Royal Latin School
Gerrards Cross C E School	St Nicolas' CE Combined School Taplow
Glastonbury Thorn First School	St Paul's RC School
Great Marlow School	Seer Green CofE School
Great Missenden CoE Combined School	Shenley Brook End School
Green Park School	Shepherdswell School
Hamilton Academy	Sir Henry Floyd Grammar School
Hazeley Academy	Sir Herbert Leon Academy
Heronsgate School	Sir Thomas Fremantle Academy
Highcrest Academy	Sir William Borlase's Grammar School
Holmer Green Senior School	Sir William Ramsay School
Ickford School	Southwood Middle School
Ivingswood Academy	Stanton School
John Colet School	Stantonbury Campus
John Hampden Grammar School	Stephenson Academy
Kents Hill School	The Beaconsfield School
Khalsa Secondary Academy	The Premier Academy
Lace Hill Academy	The Radcliffe School
Lent Rise Combined School	Two Mile Ash School
Lord Grey School	Waddesdon C E School
Loudwater Combined School	Walton High
Loughton School	Water Hall Primary School
Middleton Primary	Wycombe High School
Milton Keynes Academy	Wyvern School
Milton Keynes College	
Milton Keynes Development Partnership	Election Fees:
NET Academies Trust	Aylesbury Vale Local
New Bradwell Combined School	Aylesbury Vale Parliamentary
New Chapter Primary School	Chiltern Local
Oakgrove School	Chiltern Parliamentary
Olney Infant School	Milton Keynes Local
Olney Middle Academy	Milton Keynes Parliamentary
Orchard Academy	Wycombe Local
Ousedale School	Wycombe Parliamentary
Overstone Combined School	South Bucks Local
Oxley Park Academy	South Bucks Parliamentary

Admitted Bodies

Acorn Childcare	Hertsmere Leisure Trust
Action for Children	Hightown Housing Association Ltd
Action for Children (Children's Centres)	Innovate Ltd
Adventure Learning Foundation (BCC)	Kids Play Ltd
Adventure Learning Foundation (WDC)	Mears Group plc
Alliance in Partnership	MK Dons
Ambassadors Theatre Group	Mouchel Business Services Ltd
Archgate Cleaning	NSL Services Group
Ashridge Security Management	Oxfordshire Health NHS Foundation Trust
Aspens Services	Oxon PCT (SALT)
Beacon Housing Association	Paradigm Housing Association
Birkin Cleaning (John Colet)	Places for People Leisure
Birkin Cleaning (Oakgrove School)	Police Superintendents Association
Bucks County Museum Trust	Red Kite Community Housing Ltd
Bucks Learning Trust	Ringway Infrastructure Services
C-SALT (Woughton Leisure Centre)	Ringway Jacobs
Capita (WDC)	SCS Wothorpe Ltd
Chiltern Rangers CIC	Serco (MKC)
Cleantec Services Limited	Serco MKC Recreation & Maintenance
Connection FS (BCC)	Servest Group Limited
Connexions Buckinghamshire	Sports Leisure Management
Cucina Restaurants Ltd	Spurgeons
Enterprise Support Services UK	Stantonbury Arts & Leisure
Excelcare	The Fremantle Trust
Frosts (MKC)	Vale of Aylesbury Housing Trust
Hayward Services	Wolverton & Watling Way Pools Trust
Heritage Care	Wycombe Heritage and Arts Trust

The Audit Findings for Buckinghamshire Pension Fund

Year ended 31 March 2017

26 July 2017

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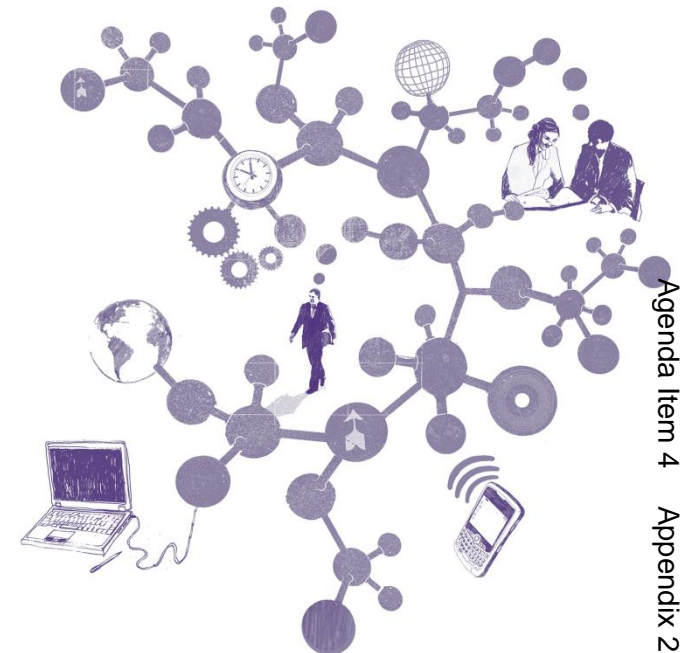
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26 July 2017

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

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- B Audit opinion

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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)	<p>We have undertaken the following work in relation to this risk:</p> <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)	<p>We have undertaken the following work in relation to this risk:</p> <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)	<p>We have undertaken the following work in relation to this risk:</p> <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
59 1.	 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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Director of Finance and Assets
Richard Ambrose

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Grant Thornton
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Dated: 26 July 2017

Dear Sirs

Buckinghamshire County Council Pension Fund – Financial Statements for the year ended 31 March 2017

This representation letter is provided in connection with your audit of the financial statements of Buckinghamshire County Council Pension Fund ('the Fund') for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the financial statements show a true and fair view of the financial transactions of the Fund during the year ended 31 March 2017, and of the amount and disposition at that date of its assets and liabilities, in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ('the Code').

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- 1 We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the Code; which give a true and fair view in accordance therewith, and for keeping records in respect of contributions received in respect of active members.
- 2 We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.
- 3 The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has

been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

- 4 We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- 5 Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 6 We acknowledge our responsibilities for making the accounting estimates included in the financial statements. Where it was necessary to choose between estimation techniques that comply with the Code, we selected the estimation technique considered to be the most appropriate to the Fund's particular circumstances for the purpose of giving a true and fair view. Those estimates reflect our judgement based on our knowledge and experience about past and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take.
- 7 We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- 8 Except as disclosed in the financial statements:
 - there are no unrecorded liabilities, actual or contingent
 - none of the assets of the Fund have been assigned, pledged or mortgaged
 - there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- 9 Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- 10 Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.
- 11 All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- 12 We have considered the disclosure changes schedule included in your Audit Findings Report. The financial statements have been amended for this disclosure change and are free of material misstatements, including omissions.
- 13 We believe that the Fund's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Fund's needs. We believe that no further disclosures relating to

the Fund's ability to continue as a going concern need to be made in the financial statements.

14 We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Information Provided

15 We have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that you have requested from us for the purpose of your audit; and
- unrestricted access to persons from whom you determined it necessary to obtain audit evidence.

16 We have communicated to you all deficiencies in internal control of which management is aware.

17 We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

18 All transactions have been recorded in the accounting records and are reflected in the financial statements.

19 We have disclosed to you all our knowledge of fraud or suspected fraud affecting the Fund involving:

- management;
- employees who have significant roles in internal control; or
- others where the fraud could have a material effect on the financial statements.

20 We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Fund's financial statements communicated by employees, former employees, analysts, regulators or others.

21 We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

22 We have drawn to your attention all correspondence and notes of meetings with regulators.

23 We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.

24 We have disclosed to you the identity of all the Fund's related parties and all the related party relationships and transactions of which we are aware.

25 We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Approval

The approval of this letter of representation was minuted by the Regulatory and Audit Committee at its meeting on 26 July 2017.

Yours faithfully

Signed

Signed

Name Richard Ambrose

Name David Martin

Position Director of Assurance

Position Chairman of Regulatory & Audit Committee

Date

Date

Signed on behalf of Buckinghamshire County Council as administering body of the Buckinghamshire County Council Pension Fund.

Pension Fund Committee

Title: Pension Fund Annual Report and Account 2016/17

Date: 27 July 2017

Author: Finance Director (Resources)

Contact officer: Cheryl Platts 01296 383407

Electoral divisions affected: N/A

Summary

To present, for approval, the Pension Fund Annual Report and Accounts for 2016/17.

Recommendation

The Committee is asked to **APPROVE** the annual report, subject to the accounts element being signed off by Regulatory and Audit Committee.

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

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 and Accounts 2016/17 are attached as an appendix. The report is being presented to the Pension Fund Committee for approval, subject to the accounts element being signed off by the Regulatory and Audit Committee. The findings of Grant Thornton, based on their recent audit, are being presented to this committee meeting.

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

4. Not applicable

Background Papers

BCC Pension Fund Annual Report and Accounts 2016/17



Pension Fund Annual Report

for the year ended 31 March 2017

PSTR No: 10123049

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Scheme Management and Advisers

Administering Authority:	Buckinghamshire County Council (BCC)
Pension Fund Committee: (BCC unless stated)	Cllr John Chilver (Chairman) Cllr Angela Macpherson Cllr Timothy Butcher Cllr Clive Harriss Cllr Steven Lambert Cllr David Martin Cllr John Gladwin (representing the District Councils in Buckinghamshire) Cllr Norman Miles (Milton Keynes Council) Cllr Matthew Barber (Thames Valley Police)
Advisers:	Mercer Investment Consulting Carolyn Dobson
Fund Managers:	Aviva Investors BlackRock Blackstone Alternative Asset Management DB Advisors Investec Asset Management Legal & General Investment Management Mirabaud Investment Management Pantheon Private Equity Partners Group Royal London Asset Management Schroders Standard Life Investments
Custodian:	BNY Mellon
AVC Providers:	Prudential Scottish Widows
Actuary:	Barnett Waddingham LLP
Fund Legal Advisors:	Buckinghamshire Law Plus (BCC)
Bankers to the Fund:	Lloyds TSB Bank plc
Fund Accountant:	Julie Edwards (BCC)
Finance Director, Resources:	Mark Preston (BCC)
Auditor:	Grant Thornton UK LLP
Scheme Administrators:	Pensions and Investments Team (BCC)

Introduction from the Finance Director (Resources)

Contained within this publication are the report and accounts of the Buckinghamshire County Council Pension Fund. The Fund is a part of the statutory Local Government Pension Scheme (LGPS) and is administered by Buckinghamshire County Council (BCC).

Drive to digital

The drive to digital is becoming more common amongst local authorities, who face difficult spending decisions every day. To drive forward our digital ambition, in 2016/17 we continued the roll out of “my pension” online, which allows members to securely access their pension records online. We have seen a steady increase in member registrations and from 2018 we will no longer send paper statements to our active and deferred scheme members (unless they have opted out of online access to their record). This will result in a significant saving to the Fund, whilst also reducing our environmental impact.

The Buckinghamshire Pension Board

The Buckinghamshire Pension Board was established in early 2015 and meets three times a year to assist in the good governance of the Scheme. In 2016/17 the Pension Board reviewed our quarterly employer newsletters, year-end administration, the minutes of the Pension Fund Committee, the Fund's 2015/16 annual report and accounts, pensions administration strategy, Scheme member and employer communications, complaints under IDRPs and the Fund's risk register. They have also been updated on the progress of the Brunel Pension Partnership. The Chairman of the Board provided an update at the Fund's general meeting which took place in December 2016. The 2016/17 annual review of the Board is included in the content of this annual report.

Brunel Pension Partnership

In 2015 the government announced that they wanted the 91 LGPS funds to pool their investments into larger pools in order to achieve savings in investment management costs. In response to the government agenda, Project Brunel was set up to explore the options for pooling investment assets across ten Funds. The founding Funds include The Environment Agency Pension Fund, and the Local Government Funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Gloucestershire, Oxfordshire, Somerset and Wiltshire. The collective assets of the pool are approximately £23 billion.

The objective of pooling the assets is to achieve savings over the longer term from both lower investment management costs and more effective management of the investment assets. The pool will look to deliver the savings based upon the collective buying power the collaboration initiative will produce. Local accountability will be maintained as each individual fund will remain responsible for strategic decisions including asset allocation. The pooling of assets will only affect the implementation of the investment strategy in terms of manager appointments. The transition of assets is expected to begin April 2018 through to 2020 for the majority of the assets, although illiquid alternative assets such as private equity may need a longer transition timetable. More information and updates about the project can be found on the Project Brunel website at www.brunelpensionpartnership.org.

Triennial Valuation

In 2016/17 Barnett Waddingham LLP undertook the triennial revaluation of the Buckinghamshire County Council Pension Fund as at 31 March 2016. The next valuation will take place as at 31 March 2019.

On 31 March 2016, the market value of the assets held were £2,221.253m, sufficient to cover 87% of the accrued liabilities assessed on an ongoing basis. All employers are projected to be fully funded after an average recovery period of 16 years. The primary rate of contribution is the employers' share of the cost of benefits accruing in each of the three years beginning 1 April 2017 and is 15.1% of payroll. In addition each employer pays a secondary contribution rate based on their particular circumstances. The secondary contribution rate across the whole Fund averages 6.2% in 2017/18, 6.3% in 2018/19 and 6.4% in 2019/20.

The results of the valuation are that the past service funding level of the Fund as a whole has increased from 82% to 87% between 31 March 2013 and 31 March 2016.

Pension Fund Management

The market value of the Pension Fund was £2.669bn at 31 March 2017. The Fund, excluding private equity investments, achieved a return net of fees of 20.8% outperforming its benchmark return of 19.4% by 1.4% in the year to 31 March 2017. In the three years to 31 March 2017, the Fund achieved a return of 10.4%, an underperformance of 0.1% compared to its benchmark for that period.

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

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



Mark Preston
Finance Director, Resources
Buckinghamshire County Council
14 June 2017

The Pensions and Investments Team

There are four teams within the Pensions and Investments Team; three teams which administer the Local Government Pension Scheme ("the scheme") - the Benefits Administration Team, the Governance and Employer Liaison Team and the Systems Team. The remaining team is the Treasury Team.

Benefits Administration Team

We deal with over 22,700 active employees, 26,700 ex-employees and 17,500 pensioners on behalf of the Buckinghamshire County Council Pension Fund. The Benefits Administration Team deals with all aspects of benefits work, from new entrants to the scheme, through to retirement and death. The team's work also includes the processing and issuing of refunds and pension estimates, responding to member and pensioner queries, issues relating to pension sharing on divorce and transfers of previous pension rights in and out of the scheme.

Governance and Employer Liaison Team

The Governance and Employer Liaison Team deal with enquiries from Employing Authorities. The team deals with the Fund's year-end procedures and supports the Benefits Administration team where possible. Our Employers include scheduled bodies (major and smaller), admitted bodies, LEA schools and academies in Buckinghamshire and Milton Keynes. The team also produce all Fund communications.

Systems Team

The Systems Team is responsible for the specialist computer systems within the Pensions and Investments Team, including the management of *ALTAIR* (our pensions administration system), document imaging, pensioner payroll, and workflow management. The team are also responsible for the roll-out and maintenance of our online member and employer self-serve system modules.

Treasury Team

The Treasury Team is responsible for implementing the Fund's investment strategy, and reviewing and monitoring the Pension Fund's investments. The team also provides the Council's treasury function.

Knowledge and Skills Policy Statement

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

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

Local Government Pension Scheme Benefits

The Local Government Pension Scheme (LGPS) is a statutory funded pension scheme. Its benefits are defined, guaranteed in law and provide significant benefits to its members. The scheme changed from a final salary scheme to a career average revalued earnings scheme on 1 April 2014 and the LGPS 2014 benefits are summarised below.

Feature	LGPS 2014
Basis of Pension	Career Average Revalued Earnings (CARE)
Accrual Rate	1/49 th (or 1/98 th in the 50/50 scheme)
Revaluation Rate	Consumer Prices Index (CPI)
Pensionable Pay	Pay including non-contractual overtime and additional hours
Contribution Flexibility	Yes, members can pay 50% contributions for 50% of the pension benefit
Normal Pension Age	Equal to the individual member's State Pension Age (minimum age 65)
Lump Sum Trade Off	Trade £1 of pension for £12 lump sum
Death in Service Lump Sum	3 x Pensionable Pay
Death in Service Survivor Benefits	1/160 th accrual based on Tier 1 ill health pension enhancement
Ill Health Provision	<ul style="list-style-type: none"> ▪ Tier 1 - Immediate payment with service enhanced to Normal Pension Age ▪ Tier 2 - Immediate payment with 25% service enhancement to Normal Pension Age ▪ Tier 3 - Temporary payment of pension for up to 3 years
Indexation of Pension in Payment	CPI
Vesting Period	2 years

Contributions

Employee contributions are based on their actual pensionable pay. From 1 April 2014 this pensionable pay also includes all overtime, both contractual and non-contractual.

Band	Pay Bands*: Actual Pensionable Pay	Contribution Rate Main Scheme	Contribution Rate 50/50 Scheme
1	Up to £13,600	5.5%	2.75%
2	£13,601 - £21,200	5.8%	2.95%
3	£21,201 - £34,400	6.5%	3.25%
4	£34,401 - £43,500	6.8%	3.4%
5	£43,501 - £60,700	8.5%	4.25%
6	£60,701 - £86,000	9.9%	4.95%
7	£86,001 - £101,200	10.5%	5.25%
8	£101,201 - £151,800	11.4%	5.7%
9	£151,801 or more	12.5%	6.25%

* The pay bands shown applied for the Scheme year ended 31 March 2017. Pay bands are adjusted on 1 April each year in line with any increase in the Consumer Price Index.

Local Government Pension Scheme Benefits

The Employer also contributes to the Fund, covering the full cost of providing the benefits. Membership of the scheme entitles the employee to receive tax relief on contributions and because the scheme was contracted out of the State Second Pension (S2P) until 5 April 2016, contributors paid slightly reduced National Insurance. However, due to changes in the State Pension, contracting-out ceased from 6 April 2016 resulting in the loss of the National Insurance rebate.

Retirement

The scheme is funded on the basis that the benefits will become available at the member's State Pension Age (minimum age 65), although members can remain in the scheme up to age 75. Employees can voluntarily retire from age 55.

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

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

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

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

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

Calculation of benefits for Scheme Members

Benefits on any membership up to 31 March 2008, in the Final Salary scheme, will be calculated as follows:

$$\text{Pension} = \frac{\text{Years Membership} \times \text{Final Salary}}{80}$$
$$\text{Lump Sum} = 3 \times \text{Pension}$$

Benefits on membership between 1 April 2008 and 31 March 2014, in the Final Salary scheme, will be calculated as follows:

$$\text{Pension} = \frac{\text{Years Membership} \times \text{Final Salary}}{60}$$

Benefits on membership after 1 April 2014, in the Career Average Revalued Earnings (CARE) scheme, will be calculated as follows:

$$\begin{aligned} &\text{Pension for year 1} \times \text{revaluation \%} && + \\ &\text{Pension for year 2} \times \text{revaluation \%} && + \\ &\text{Pension for year 3} \times \text{revaluation \%} && + \\ &\text{And so on... until } \underline{\text{final year's pension}} && + \\ &&& \underline{\text{Total CARE pension}} \end{aligned}$$

On all membership after 1 April 2008, members have the flexible option to take a lump sum by giving up some of their pension. For each £1 of pension given up, a lump sum of £12 will be paid, up to the point where the total lump sum is equal to 25% of the capital value of all their pension benefits.

III Health Retirement

If a member's employment is terminated because of permanent ill health and the member has at least 2 years membership, the pension payable is based on the member's accrued membership, plus:

First Tier

- 100% of prospective membership between leaving and Normal Pension Age, where the member has no reasonable prospect of being capable of obtaining gainful employment before age 65, or

Second Tier

- 25% of prospective membership between leaving and Normal Pension Age, where the member is unlikely to be capable of obtaining gainful employment within a reasonable period of time, but is likely to be able to be capable of obtaining gainful employment before Normal Pension Age.

Third Tier

- With no enhancement where the member is likely to be able to obtain gainful employment within three years of leaving and are payable for so long as he is not in gainful employment.

Death in Service

A lump sum death grant, which is equal to three times the member's actual pay, is issued regardless of length of membership. In addition to the lump sum death grant, pensions are payable to surviving spouses/civil partners/cohabiting partners and children up to the age of 18, or while still in full time education up to age 23, which is based on the deceased member's pension. The member may nominate who they wish to receive their death grant.

Death in Retirement

Surviving spouse's/civil partner's/cohabiting partner's and children's pensions will be paid in the same way as above, but it will be based on the former employee's pension. If the death occurs before ten years of the pension has been paid and before the member reached age 75, the balance will be paid as a lump sum.

Risk Management

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

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

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

Key to the risk / impact:

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

Risks relating to the Fund management are numbered P1-P17 and administration risks begin at A1.

Management and Financial Performance Report

Ref	Description of risk, i.e. what is the threat or opportunity to the achievement of a business/project objective, use format "If <event happens> then <consequence of event>"	Assessment of untreated risk				Risk Treatment, i.e. what are we going to do about this risk		Assessment of residual risk			Owner	Direction of Travel (movement of score)
		Impact	Probability	Untreated score	Proximity, i.e. when will this risk impact	Action	By when	Impact	Probability	Residual score		
P1	If the investment strategy does not produce the returns as envisaged / required then funds perform worse than expected, the deficit increases, pressure on employer contributions, pressure on Council Tax and reputational pressure on the Pension Fund	6	3	18	ongoing	Strategy reviewed formally every 3 years Review strategy more frequently - annual refresh Action Plan where issues arise Mini-valuation undertaken annually Appointment of Investment Consultant and Committee Advisor, Investment advice analysed. A long term view is taken with regards to the Fund's investment strategy.	ongoing	6	2	12	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged
P2	If there is a significant downturn in a particular sector / geographical location then funds perform worse than expected, the deficit increases, employers contributions would need to be increased.	5	3	15	ongoing	Strategy reviewed every 3 years Review strategy more frequently - annual refresh Action Plan where issues arise. Managers closely monitored. Economic issues are being monitored. Closer monitoring of managers' views on Eurozone. Revised strategy implemented May 2014, investment strategy reviewed in March 2017. The Fund investments are diversified across several asset classes. Annual mini-actuarial valuation reported. Governance structures require meeting every Fund Manager on average 3 times per annum. Holistic reporting to Members - not just performance based.	ongoing	5	1	5	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged
P3	If a new investment vehicle is not understood by the Pension Fund Committee then loss of control, limited governance exercised, poor controls / limited challenge and errors.	2	2	4	ongoing	Ensure adequate training. Periodic training needs analysis undertaken to support annual training plan. Committee Advisor supports the Committee members understanding of asset classes and investment issues.	ongoing	2	1	2	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged

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Management and Financial Performance Report

Ref	Description of risk, i.e. what is the threat or opportunity to the achievement of a business/project objective, use format "If <event happens> then <consequence of event>"	Assessment of untreated risk				Risk Treatment, i.e. what are we going to do about this risk		Assessment of residual risk			Owner	Direction of Travel (movement of score)
		Impact	Probability	Untreated score	Proximity, i.e. when will this risk impact	Action	By when	Impact	Probability	Residual score		
P4	If there are natural or man-made disasters / problems which impact on the markets long term then loss of confidence, worried customers, lower returns and increased liabilities	2	4	8	ongoing	Governance structures provide for horizon scanning. Current investment strategy has built in flexibility that enables some degree of tactical decision making.	ongoing	2	4	8	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged
P5	If too many early retirements then the ratio of pensioners to contributors gets worse, less able to meet obligations and pressure on contributions	2	5	10	ongoing	Early retirement options were reduced in line with 2008 LGPS regulations. Administration team monitor. The Fund's employers are responsible for the pension strain costs, not the Fund.	ongoing	2	2	4	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged
P6	Public sector cuts could increase the number of early retirements, increase in administration costs and impact on revenue. Public sector cuts, member opt outs, localism and outsourcing could reduce the number of active members reducing contributions income. Contributions income could bring forward the date when the Fund has to use investment income to meet benefit payments.	3	4	12	ongoing	Review in light of austerity measures and other large employer strategies. Periodic meetings held with larger employers. Factor maturity of the Fund into investment strategy decisions, review Funding Strategy Statement every three years following the actuarial valuation.	ongoing	3	3	9	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged
P7	If significant changes in government regulations occur, for example IAS19, then limited opportunities for innovation exist and resource is wasted supporting employers / members with non-value adding activities.	2	3	6	ongoing	The Investment Regulations 2016 removed some of the existing prescriptive means of securing a diversified investment strategy and placed the onus on authorities to determine the balance of their investments and take account of risk. The Secretary of State has the power to intervene to ensure the more flexible legislation is used and the	ongoing	2	2	4	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged

Management and Financial Performance Report

Ref	Description of risk, i.e. what is the threat or opportunity to the achievement of a business/project objective, use format "If <event happens> then <consequence of event>"	Assessment of untreated risk				Risk Treatment, i.e. what are we going to do about this risk		Assessment of residual risk			Owner	Direction of Travel (movement of score)
		Impact	Probability	Untreated score	Proximity, i.e. when will this risk impact	Action	By when	Impact	Probability	Residual score		
						guidance on pooling is adhered to.						
P8	If there is fraud at some point in the "chain" (within the Council or Fund Management House) then loss of assets, damage to credibility and reputation and potential litigation.	4	2	8	ongoing	Monitoring activity undertaken (SAS70, AAF01/06) Relationships with fund managers to include assurance and risk management consideration. Detailed and embedded assurance framework in place.	ongoing	4	1	4	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged
P9	If there is poor Fund management caused by poor selection, loss of key staff, change in process or not keeping up with the market then there will be poor performance, reduced assets, damage to reputation and increased deficit.	3	4	12	ongoing	Fund managers' performance actively reviewed quarterly. Investment strategy reviewed March 2017. Benchmarking undertaken and research undertaken.	ongoing	3	2	6	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged
P10	If there is an underestimation of pensioner longevity then there will be a failure to have high enough pension contributions and increased pressure on future contributions.	4	4	16	ongoing	Not within the Pension Fund's control Actuaries review projection of longevity regularly. The 2013 Actuarial Valuation mortality assumptions allowed for a long term rate of improvement in mortality rates. The 2016 mortality assumptions did not allow for a long term rate of improvement in mortality rates.	ongoing	4	3	12	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged

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Ref	Description of risk, i.e. what is the threat or opportunity to the achievement of a business/project objective, use format "If <event happens> then <consequence of event>"	Assessment of untreated risk				Risk Treatment, i.e. what are we going to do about this risk		Assessment of residual risk			Owner	Direction of Travel (movement of score)
		Impact	Probability	Untreated score	Proximity, i.e. when will this risk impact	Action	By when	Impact	Probability	Residual score		
P11	If inflation is significantly greater than currently forecast, then a combination of lower bond values and increasing pay levels will cause the deficit to widen (all else equal). If inflation is negative (deflation) for a prolonged period of time, the value of the inflation linked bonds will decrease. However, the value of the liabilities would not fall to the same extent as pay levels are unlikely to fall and pensions cannot be reduced, which will cause the deficit to widen (all else equal).	3	4	12	ongoing	The strategic allocation to inflation linked bonds within the investment strategy will increase in value if inflation expectations increase (all else equal), helping to offset some of the impact on the liabilities. The Pension Fund Committee will consider the Fund's exposure to inflation linked assets when reviewing the Fund's investment strategy. Part of the inflation linked bond allocation is managed actively, and the manager has discretion to increase or decrease the allocation in anticipation of increases or decreases in inflation expectations respectivel	ongoing	3	3	9	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged
P12	If there is loss of confidence by employees and employers in the Pension Fund management then political fallout, seen as a poor performer, criticism from external audit and Public Interest Reports.	2	2	4	ongoing	Pensions Communications Officer role involves designing and delivering communications strategy. The Buckinghamshire Pension Board was established in 2015.	ongoing	2	1	2	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged
P13	If stock market volatility exists at key points in the cycle e.g. at time of actuarial review then, deficit grows as does pressure on employer costs.	3	5	15	ongoing	Ongoing review more intense when markets are volatile. Key decision to be made in terms of timing of changes. Actuary using 'smoothing' effect which actively seeks to mitigate risks.	ongoing	2	4	8	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged

Management and Financial Performance Report

Ref	Description of risk, i.e. what is the threat or opportunity to the achievement of a business/project objective, use format "If <event happens> then <consequence of event>"	Assessment of untreated risk				Risk Treatment, i.e. what are we going to do about this risk		Assessment of residual risk			Owner	Direction of Travel (movement of score)
		Impact	Probability	Untreated score	Proximity, i.e. when will this risk impact	Action	By when	Impact	Probability	Residual score		
P14	If a failure of a fund management house or nominee company is caused by financial issues or a catastrophic event e.g. terrorism or company policy change e.g. leaving the UK then there will be a short term performance failure, time and cost implications and a potential loss of opportunity if at the wrong moment.	3	2	6	ongoing	Ongoing review using governance structures described previously.	ongoing	2	2	4	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged
P15	If officers do not follow policy decision or recommend inappropriate / radical policy decision then too great an exposure in certain areas will exist leading to greater volatility, break down of trust, policy decisions slowed, loss of opportunity and reputation damage.	3	2	6	ongoing	Effective scrutiny of officer activity by line management, Pension Fund Committee and audit	ongoing	2	1	2	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged
P16	Following the decision of the British people to leave the European Union the economy and markets are anticipated to be volatile as the government negotiates and implements the exit package.	3	4	12	ongoing	Ongoing review more intense when markets are volatile. Key decision to be made in terms of timing of changes. Actuary using 'smoothing' effect which actively seeks to mitigate risks.	ongoing	2	4	8	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged

Management and Financial Performance Report

Ref	Description of risk, i.e. what is the threat or opportunity to the achievement of a business/project objective, use format "If <event happens> then <consequence of event>"	Assessment of untreated risk				Risk Treatment, i.e. what are we going to do about this risk		Assessment of residual risk			Owner	Direction of Travel (movement of score)
		Impact	Probability	Untreated score	Proximity, i.e. when will this risk impact	Action	By when	Impact	Probability	Residual score		
P17	Proposals to pool the Fund's assets in the Brunel Pension Partnership are currently being developed. If the project is not managed and the transition is ineffective or excessive in cost, then the cost benefit ratio may not be achieved. If the guidance on pooling is not adhered to, then the Secretary of State may deem it necessary to intervene in the investment function of an administering authority.	3	4	12	ongoing	Project team, Shadow Oversight Board with representatives from the Pensions Committees, Client Operations Group with officer representatives and Finance and Legal Assurance Group established. Project plan regularly reviewed to help support workstreams and keep deliverables on track.	ongoing	3	2	6	Pension Fund Committee and Finance Director (Resources)	⇒ Unchanged
ADMINISTRATION RISKS												
A1	Lack of employer understanding of the 2014 Scheme and knowledge of the Service Level Agreement may cause incorrect information to be provided and additional queries from employers	4	4	16	ongoing	Training events are provided for employers and the Employer Liaison Team provide ongoing support in addition to the Benefits Administration Team. Scheme information is also continually updated on the website & through quarterly newsletters. Face to face meetings are arranged where data quality issues are identified. The complexity of the Scheme means that the residual risk remains high.	ongoing	4	3	12	Pensions & Investments Manager	⇒ Unchanged
A2	A lack of capacity due to staff losses or sickness could adversely affect the workload of the pensions section resulting in decreased productivity.	3	3	9	ongoing	The Pensions & Investment team has worked hard over the past year to increase capacity to take into account the level of workloads and also to build up a contingency. Use of overtime and temporary staff also continues	ongoing	2	2	4	Pensions & Investments Manager	⇒ Unchanged

Management and Financial Performance Report

Ref	Description of risk, i.e. what is the threat or opportunity to the achievement of a business/project objective, use format "If <event happens> then <consequence of event>"	Assessment of untreated risk				Risk Treatment, i.e. what are we going to do about this risk		Assessment of residual risk			Owner	Direction of Travel (movement of score)
		Impact	Probability	Untreated score	Proximity, i.e. when will this risk impact	Action	By when	Impact	Probability	Residual score		
A3	The risk that the pensions software (Altair) causes disruption due to system crashes etc. leading to calculation errors, delays and a loss of working time.	3	4	12	ongoing	Not within the Pensions and Investments Team control but errors can be recorded in order to notify supplier. Continuity arrangements in place. Regular client relationship management meetings.	ongoing	2	2	4	Pensions System Officer, Pensions & Investments Manager	⇒ Unchanged
A4	Software updates resulting from scheme changes may create errors in calculations thus resulting in more time spent checking and re-doing calculations.	4	3	12	ongoing	Not within the Pensions and Investments Team control but errors can be recorded in order to notify supplier. Continuity arrangements in place. The level of manual intervention has reduced significantly over the past year but BAT continue to advise where this is required so that this can be raised with Heywoods	ongoing	2	3	6	Pensions System Officer, Pensions & Investments Manager	⇒ Unchanged
A5	Staff retention. There is a risk of losing trained staff to other organisations due to a lack of flexibility in the career matrix.	2	4	8	ongoing	The Pensions Officer career matrix was reviewed in 2016 to make this more in line with current PO demands & responsibilities. This should result in staff retention & morale.	ongoing	1	3	3	Pensions & Investments Manager, Assistant Finance Director (Resources)	⇒ Unchanged
A6	Poorly performing employers/payroll providers can cause additional work for the Pensions team by not providing information which they have a statutory duty to provide. This results in wasted time chasing employers and creating a backlog of work.	2	5	10	ongoing	The employer SLA's should help make employers provide the required information. The Pensions Administration Strategy includes a charging policy. 1-1 meetings with employers will be conducted to go over issues with information. Employer Liaison Team working on a risk basis	ongoing	2	4	8	Pensions & Investments Manager, Finance Director (Resources)	⇒ Unchanged

Management and Financial Performance Report

Ref	Description of risk, i.e. what is the threat or opportunity to the achievement of a business/project objective, use format "If <event happens> then <consequence of event>"	Assessment of untreated risk				Risk Treatment, i.e. what are we going to do about this risk		Assessment of residual risk			Owner	Direction of Travel (movement of score)
		Impact	Probability	Untreated score	Proximity, i.e. when will this risk impact	Action	By when	Impact	Probability	Residual score		
A7	Additional work and disruption is caused due to outsourcing and changes in schools payroll providers creating losses of vital information. This results in a lot of extra work on pensions administration staff attempting to piece together information which should have been provided	3	5	15	ongoing	The employer SLAs should help make employers provide the required information. The Pensions Administration Strategy includes a charging policy. 1-1 meetings with employers being conducted to go over issues with information. Employer Liaison Team working on a risk basis. Responsibility on employers to manage their contractors.	ongoing	2	3	6	Principal Pensions Officer (Governance & Employer Liaison Officer)	⇒ Unchanged
A8	The increase of TUPE transfers / schools opting for academy status has resulted in an increased workload for pensions staff, mainly at a senior level. The TUPE officer must deal with the admission agreements as well as liaising with external contractors and the fund actuaries. The range of employees involved differ between employer but range from 1 employee to hundreds.	3	3	9	ongoing	These TUPE Transfers are currently being dealt with. A dedicated post exists to deal specifically with TUPE transfers therefore reducing the risk impact on the team.	ongoing	2	2	4	Pensions & Investments Manager / Principal Pensions Officers	⇒ Unchanged
A9	The end of contracting-out of the Additional State Pension from April 2016 means that a Guaranteed Minimum Pension reconciliation of the Fund's records with the HMRC's records will need to be completed by 2018. This reconciliation may result in identifying overpayments/	4	4	16	ongoing	Currently Principal Pensions Officer (Systems) has registered with the HMRC in order to receive bulk GMPs. A plan will need to then be put into place to deal with this. The Pensions & Investments Manager has agreed with ITM that they will undertake this project (March 17) but as yet this has not commenced.	ongoing	3	3	9	Principal Pensions Officer (Systems)	↓ Decreased

Management and Financial Performance Report

Ref	Description of risk, i.e. what is the threat or opportunity to the achievement of a business/project objective, use format "If <event happens> then <consequence of event>"	Assessment of untreated risk				Risk Treatment, i.e. what are we going to do about this risk		Assessment of residual risk			Owner	Direction of Travel (movement of score)
		Impact	Probability	Untreated score	Proximity, i.e. when will this risk impact	Action	By when	Impact	Probability	Residual score		
	underpayments. If the reconciliation is not complete before the closing of the office this could result in the Fund being liable for GMPs which we should not be responsible for.			4								
A10	Tax legislation in respect of high-earners pensions contributions could result in a departure of high-earners from the Fund. High-earners leaving the Scheme could be perceived as senior management not advocating the benefits of the LGPS	2	2	4	ongoing	LGE has issued a leaflet setting out the implications of the tax changes for high-earners which has been forwarded to high-earners. Ongoing communications to scheme members highlighting the benefits of the Scheme.	ongoing	2	2	4	Pensions & Investments Manager / Principal Pensions Officers	⇒ Unchanged
A11	If Admitted Bodies who joined the Fund prior to 1997 fail or if current Admitted Bodies reduce their active members to 0, then the Fund has no powers to ensure these organisation make good any deficit.	4	3	12	ongoing	Encouraging organisations against this route. Use of network groups to lobby for change in Regulations. DCLG admit that the issue needs looking at. Consultation paper prepared.	ongoing	3	2	6	Pensions & Investments Manager / Principal Pensions Officers	⇒ Unchanged
A12	The 3% on average increase employee pension contributions implemented, with effect from 1 April 2014, by increasing the tiers of contributions paid by mid/high earners could result in a departure of mid/high-earners from the Fund. Mid/High-earners leaving the Scheme	2	2	4	ongoing	Not within the Pension & Investments Team's control, but there are ongoing communications to Scheme members highlighting the benefits of the Scheme.	ongoing	2	2	4	Pensions & Investments Manager / Principal Pensions Officers	⇒ Unchanged

Management and Financial Performance Report

Ref	Description of risk, i.e. what is the threat or opportunity to the achievement of a business/project objective, use format "If <event happens> then <consequence of event>"	Assessment of untreated risk				Risk Treatment, i.e. what are we going to do about this risk		Assessment of residual risk			Owner	Direction of Travel (movement of score)
		Impact	Probability	Untreated score	Proximity, i.e. when will this risk impact	Action	By when	Impact	Probability	Residual score		
	could be perceived as senior management not advocating the benefits of the LGPS. During current period of low pay increases members may opt out due to pressures on household budgets.											
A13	The Public Sector Pensions Act 2013 requires that Annual Benefits Statements are issued to Scheme Members by 31 August. There is a risk that the Regulator will issue a fine although this is the position for most local authorities.	3	4	12	ongoing	Robust timetable, employer training, provide employer support to submit correct returns and review process. Additional temporary resources have been recruited.	ongoing	3	3	9	Pensions & Investments Manager / Principal Pensions Officers	⇒ Unchanged

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Financial Performance

Forecast vs Outturn report on the Fund Cash Flows

Fund Account	2015 /2016		2016 /2017	
	Forecast	Actual	Forecast	Actual
	£000	£000	£000	£000
Income				
Contributions receivable	(110,000)	(114,867)	(115,000)	(120,799)
Transfers in	(5,000)	(5,822)	(10,000)	(14,985)
Other income	(90)	(118)	(100)	(78)
Investment income	(35,000)	(41,798)	(45,000)	(46,777)
Total income to the Fund	(150,090)	(162,605)	(170,100)	(182,639)
Expenditure				
Benefits payable	98,000	100,907	102,000	106,328
Transfers out	6,000	3,033	10,000	12,658
Other payments		345	500	1,172
Administrative expenses	1,800	1,907	2,172	2,386
Investment Management expenses	14,000	13,900	15,000	14,808
Total expenditure of the Fund	119,800	120,092	129,672	137,352
Change in market value	(141,226)	27,018	(115,000)	(429,377)
Net increase in the Fund	(171,516)	(15,495)	(155,428)	(474,664)

Budget vs Outturn report on the Administrative costs to the Fund

	2015/16 Forecast	2015/16 Actual	2016/17 Forecast	2016/17 Actual
Administrative Costs	£000	£000	£000	£000
Staffing costs	820	895	995	1,150
Supplies and Services	320	389	450	516
Support Services	130	143	145	149
Income	-30	-45	-15	-12
	1,240	1,382	1,575	1,803
Investment Management Expenses	£000	£000	£000	£000
Supplies and Services	14,000	13,900	15,000	14,808
	14,000	13,900	15,000	14,808
Oversight and governance costs	£000	£000	£000	£000
Staffing costs	150	153	150	152
Transport	2	2	2	2
Supplies and Services	388	348	425	412
Support Services	20	22	20	17
	560	525	597	583
Total	15,800	15,807	17,172	17,194

Forecast vs Outturn report on the Fund Asset Values

Net Asset Statement	2015 /2016		2016 /2017	
	Forecast	Actual	Forecast	Actual
	£000	£000	£000	£000
Equities	688,386	647,352	735,884	852,632
Gilts	23,259	30,092	24,026	29,269
Bonds	270,242	278,152	280,781	309,736
Property	155,339	186,330	164,504	183,581
Pooled investment vehicles	973,840	995,692	1,050,323	1,204,325
Cash and Other	65,000	75,931	60,000	95,969
Net investment assets	2,176,065	2,213,549	2,315,518	2,675,512

Management and Financial Performance Report

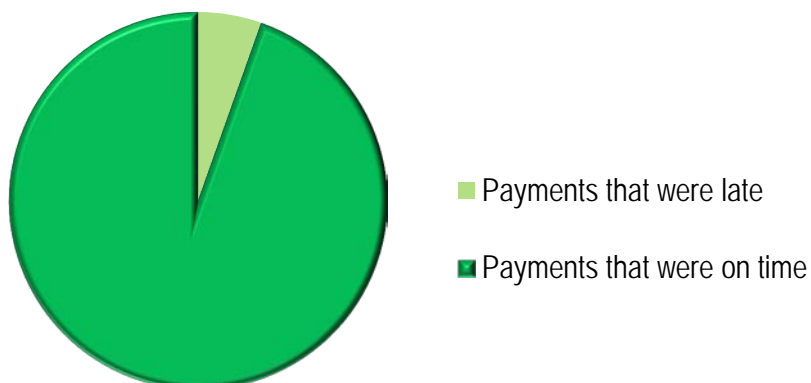
Future assumed returns	2013	2016
Equities	6.9% pa	7.4% pa
Gilts	3.3% pa	2.4% pa
Bonds	3.9% pa	3.3% pa
Absolute Return Fund	-	5.8% pa
Cash	-	1.8% pa
Property	6.0% pa	5.9% pa
Total assets	6.24% pa	5.98% pa

An analysis of amounts due to the Fund from Employers

Value of Employer and Employee contributions received 1 April 2016 to 31 March 2017

Total Employer contributions £000s	Total Employee contributions £000s
92,267.7	28,445.5

Analysis of the timeliness of receipt of contributions	Units
Total number of payments	2508
Payments that were late	136
	Percentage of the number of payments
% of payments received late	5.42%
% of payments received on time	94.58%



Ageing of overdue contributions

Analysis of late payments	
Payments 1-2 days late	38
Payments 3-10 days late	34
Payments 11-30 days late	8
Payments 1-2 months late	23
Payments 3-6 months late	32
Payments 6+ months late	1

In 2016/17 the Fund did not exercise the option to levy interest on overdue contributions.

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

Year	Cheque payments received in respect of overpayments made	Total money recovered from monthly pension payments	Total Overpayments recovered	Total Overpayments written off	Total Overpayments
2012/13	£13,631.71	£11,811.86	£25,443.57	£1,698.98	£27,142.55
2013/14	£13,745.13	£7,437.83	£21,182.96	£303.92	£21,486.88
2014/15	£28,159.49	£7,572.34	£35,731.83	£25,525.50	£61,257.33
2015/16	£75,381.83	£10,163.30	£85,545.13	£3,940.65	£89,485.78
2016/17	£59,347.82	£13,718.99	£73,066.81	£9,398.16	£82,464.97

The above figures include overpayments in respect of Teachers Enhanced and Teachers Proportion pensions and also Compensatory Added Years (CAY) awarded under Local Government Pension Scheme Regulations, but which are recharged to the relevant employer.

The Fund does not recover overpayments of less than £100.

Administrative Management Performance

Key Administration Performance Indicators

Number and trend of top 10 case types

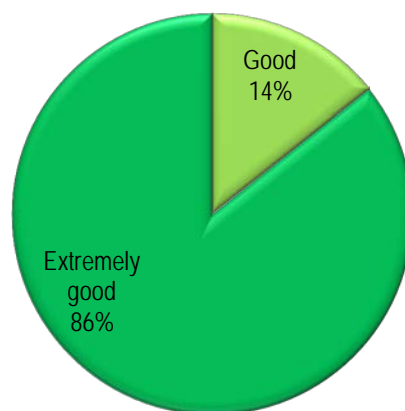
Case Type	Timeframe	Procedures Completed 2016/17	% Completed within target timeframe
1. New Starters set up	Within 20 working days	5696	98.19
2. Reply to general pension enquiry	Within 10 working days	5692	83.65
3. Preserved Benefit calculation	Within 20 working days	5519	18.86
4. Change of Address (pensioner and non-pensioner)	Within 10 working days	2114	99.48
5. Payroll record created	Within 1 working day	1495	97.39
6. Actual Retirements Processed	Within 10 working days	1455	21.24
7. Quotations of individual member benefits (both employee and employer requested)	Within 10 working days	1369	75.97
8. Refund of Pension Contributions	Within 10 working days	1087	92.55
9. Transfers (both LG and non LG)	Within 20 working days	1006	47.22
10. Process request to opt out of the LGPS	Within 10 working days	933	60.99

Trends and performance against targets for satisfaction levels of Employers and Members

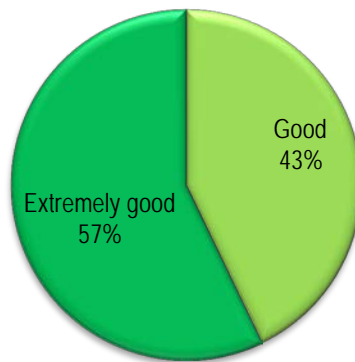
Satisfaction levels of Employers

Our Employer Liaison Officers offer face to face training, on request by an Employer, on any aspect of LGPS administration. All Employers who request training are asked to complete an "Employer visit feedback form". The results of the 2016/17 Employer satisfaction survey are shown below.

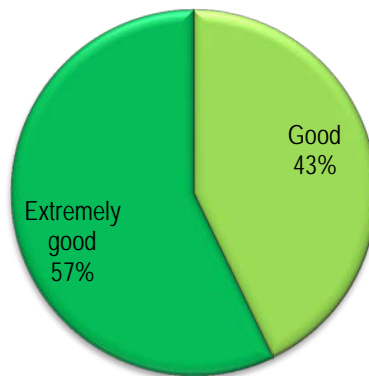
The person's knowledge of the subject matter



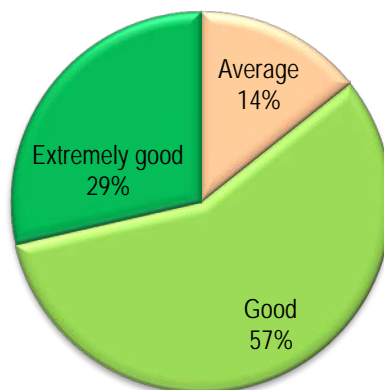
The person's ability to identify with you meaningfully about the subject



The person's ability to answer questions and provide meaningful answers



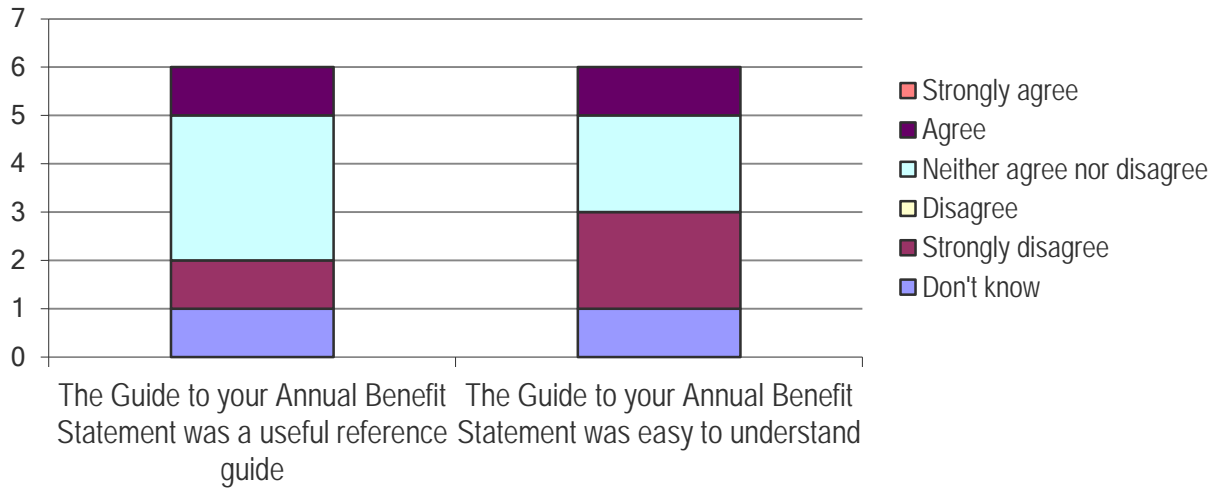
How able do you now feel to provide the required information to employees and resolve their queries?



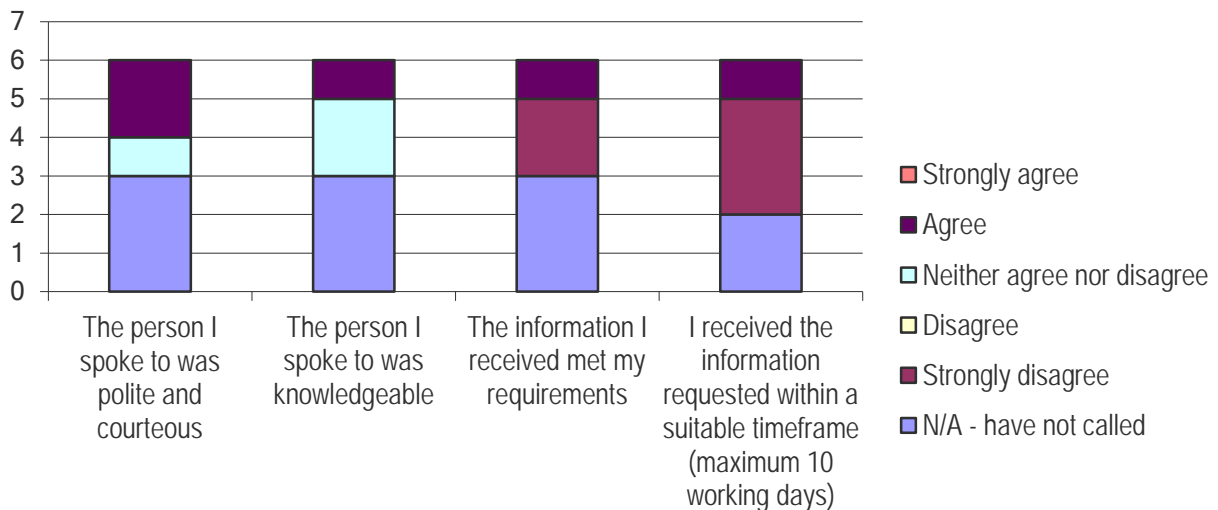
Satisfaction levels of Scheme Members

Each year the Fund runs an online Annual Benefit Statement Survey. The results for 2016/17 are shown below.

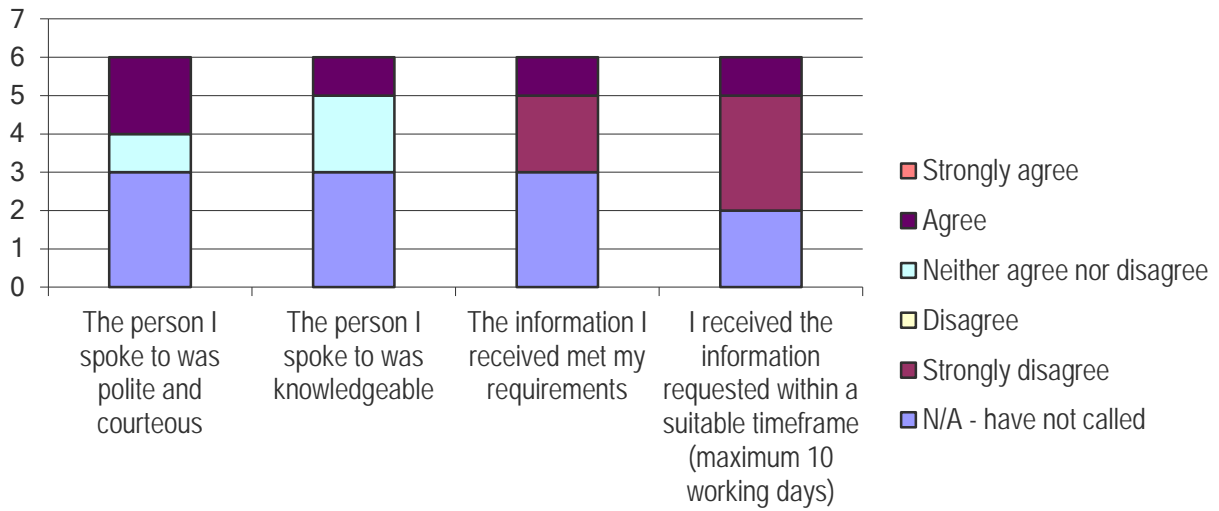
Do you agree or disagree with the following statements about the "Guide to your Annual Benefit Statement"?



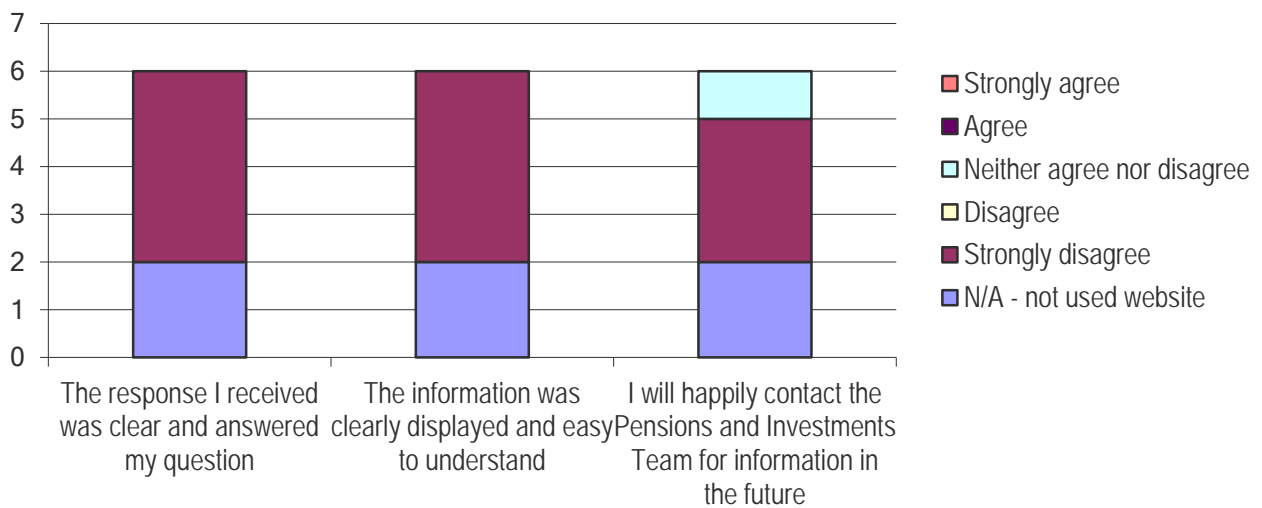
If you have been in contact with the Pensions and Investments Team within the last 12 months by telephone, please rate the service you received



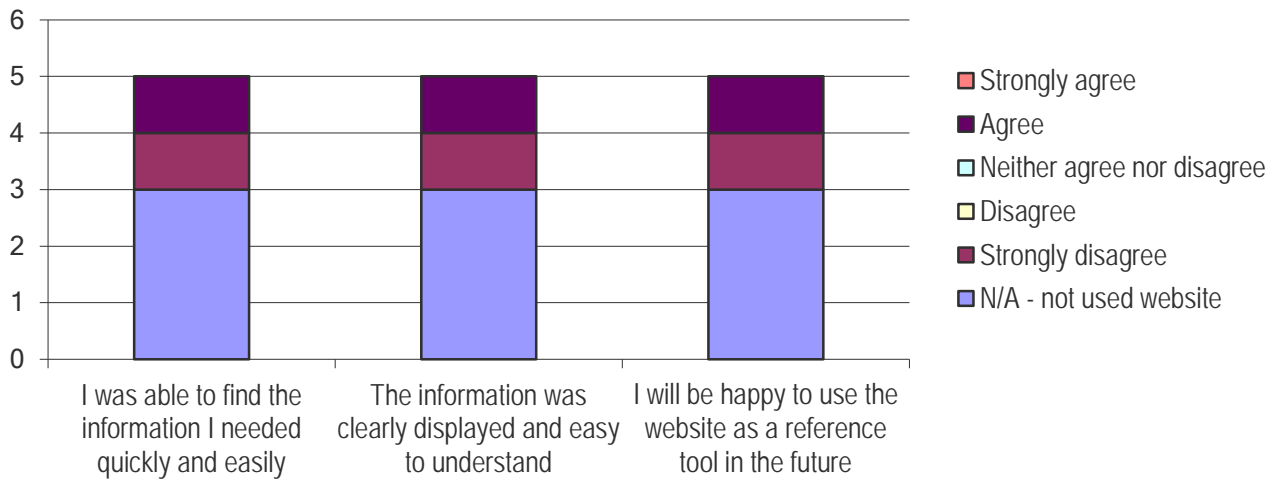
If you have been in contact with the Pensions and Investments Team within the last 12 months by telephone, please rate the service you received



If you have been in contact with the Pensions and Investments Team within the last 12 months by letter or e-mail, please rate the service you received



If you have used our website in the last 3 months, how useful did you find it as a reference tool?



Complaints

Measure	2016/17
Number of Complaints received	38
Number of Complaints upheld after IDRP 1 & 2	7 decisions upheld. 1 decision outstanding at IDRP 1.
Complaints as a percentage of workload	0.09%

Scheme Administration Data

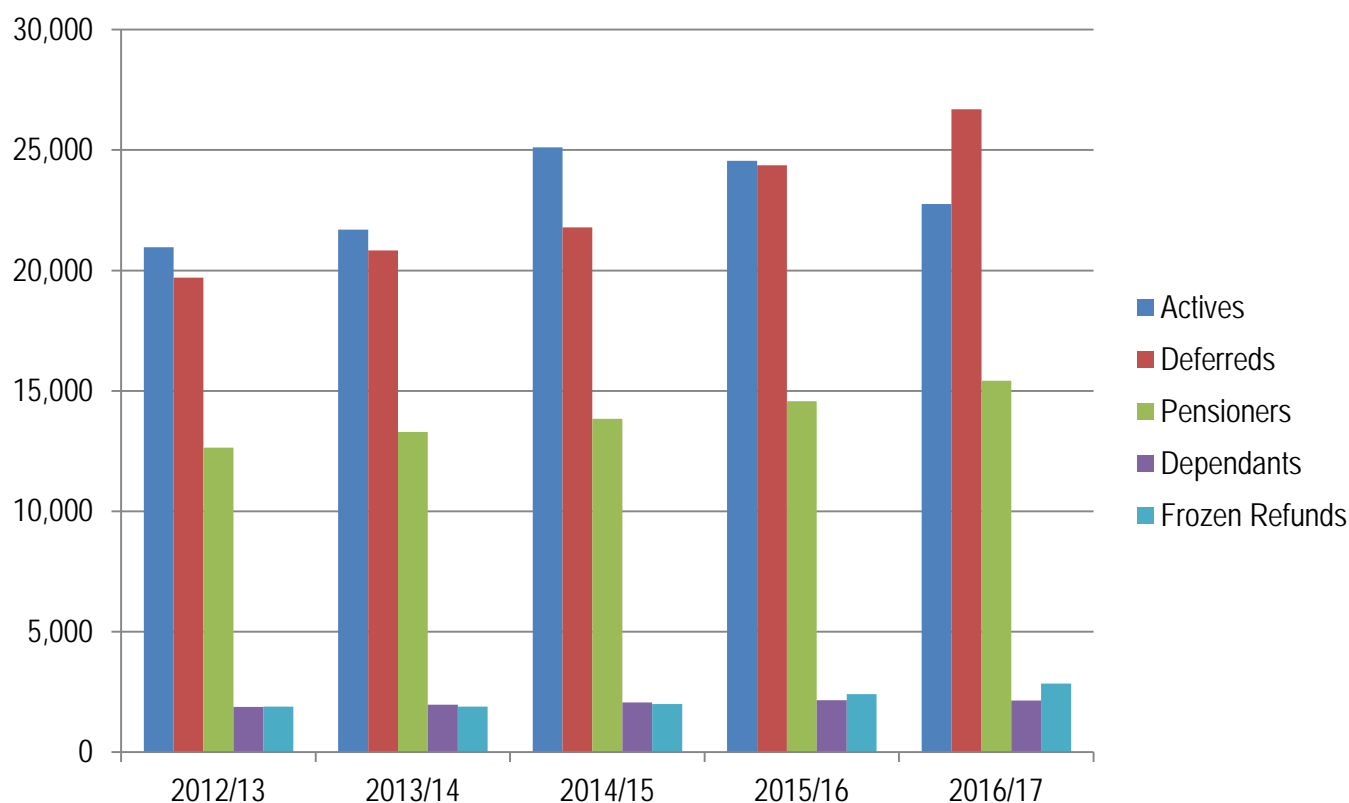
Buckinghamshire County Council LGPS Pensions Administration participates in the CIPFA Benchmarking Club. Data is submitted annually and the Council is measured against the other 37 Administering Authorities that participate.

Annually data is supplied on cost measures, workload measures, staff related measures and Industry Standard Performance Indicators. Data supplied includes the number of entrants to the scheme, early leavers, retirements and deaths; details of how calculations are processed and staffing experience such as salary and pensions experience.

Key findings from the 2015/16 report, which is the most recent data available for inclusion in this annual report, are as follows:

Measure	Buckinghamshire County Council	Club Average
Total cost per member	£20.31	£18.37
Total direct cost per member	£11.83	£11.97
Administration costs per member	£6.81	£8.62
Benefit Administration team members	19.9 FTE staff	N/A
Scheme members per Benefit Administration team member	3,498	4,060
Total number of LGPS Employers	273	259

Five-year analysis of the Fund's membership data



Composition of Membership	2012/13	2013/14	2014/15	2015/16	2016/17
Actives	20,965	21,693	25,112	24,552	22,754
Deferreds	19,708	20,832	21,791	24,362	26,699
Pensioners	12,644	13,296	13,840	14,573	15,420
Dependants	1,878	1,970	2,060	2,155	2,146
Frozen Refunds	1,885	1,892	1,992	2,404	2,852
Undecided Leavers	247	243	241	236	1,317

Management and Financial Performance Report

List of Contributing Employers and the amount of contributions received from each during the year

Employer Name	Employer Contributions £000	Employees Contributions £000
Acorn Childcare	5.4	1.6
Action for Children	132.3	61.2
Action for Children (Children Centres)	28.6	9.9
Adventure Learning Foundation (BCC)	5.4	1.1
Adventure Learning Foundation (WDC)	0.8	0.7
Alfriston School	117.0	31.7
Alliance in Partnership	6.5	2.0
Ambassadors Theatre Group	5.7	1.8
Amersham & Wycombe College	409.5	222.6
Amersham School	124.3	33.2
Amersham Town Council	54.0	16.4
Amey plc	0.8	0.2
Archgate Cleaning	0.3	0.1
Aspens Services Ltd	2.5	0.5
Aston Clinton Parish Council	5.7	1.6
Aylesbury College	425.4	159.9
Aylesbury Grammar School	192.4	51.8
Aylesbury High School	184.0	63.1
Aylesbury Town Council	82.4	31.6
Aylesbury Vale Academy	254.0	132.3
Aylesbury Vale District Council	8,551.9	786.7
Beacon Housing Association	134.2	40.6
Beaconsfield High School	215.3	57.3
Beaconsfield Town Council	10.3	4.1
Bedgrove Infant School	105.4	35.3

Employer Name	Employer Contributions £000	Employees Contributions £000
Birkin Cleaning Services (John Colet)	8.4	2.1
Birkin Cleaning Services (Oakgrove School)	-	5.5
Bletchley & Fenny Stratford Town Council	37.8	15.7
Bourne End Academy	133.7	41.8
Bourton Meadow Academy	174.8	44.2
Bridge Academy	144.0	59.9
Brill CofE Combined School	31.0	7.5
Brookmead Combined School	33.7	6.5
Brooksward School	60.9	18.9
Broughton & Milton Keynes Parish Council	4.1	1.6
Buckingham Town Council	32.1	9.2
Buckinghamshire Care	434.1	139.6
Buckinghamshire County Council	26,450.1	7,549.0
Buckinghamshire MK Fire & Rescue Authority	411.4	224.2
Buckinghamshire New University	1,387.9	869.4
Buckinghamshire Support	8.8	2.4
Buckinghamshire University Technical College	21.1	8.8
Bucks County Museum Trust	56.2	22.4
Bucks Learning Trust	678.6	268.3
Burnham Grammar School	101.9	27.4
Burnham Parish Council	19.9	4.1

Management and Financial Performance Report

Employer Name	Employer Contributions £000	Employees Contributions £000	Employer Name	Employer Contributions £000	Employees Contributions £000
Campbell Park Parish Council	42.2	14.3	Denham Green E-Act Primary Academy	42.4	9.6
Capita (WDC)	40.7	19.5	Dr Challoner's Grammar School	231.9	67.1
Castlefield School	186.7	39.5	Dr Challoner's High School	150.2	42.7
Chalfont St Giles Parish Council	8.6	3.2	E-Act Burnham Park Academy	92.2	24.0
Chalfont St Peter CofE School	60.4	16.1	Eaton Mill Day Nursery	41.7	12.2
Chalfont St Peter Parish Council	7.0	1.7	EMLC Academy Trust	4.1	1.2
Chalfont Valley E-Act Academy	22.1	5.4	Enterprise Support Services UK Limited	17.9	4.7
Chalfonts Community College	337.3	92.7	Excelcare	20.2	4.6
Charles Warren Academy	28.5	8.5	Frosts (MKC)	33.5	11.9
Chepping View Primary Academy	96.3	26.4	George Grenville Academy	37.9	12.8
Chepping Wycombe Parish Council	14.2	3.9	Gerrards Cross CE School	43.8	11.1
Chesham Bois Parish Council	3.0	0.8	Gerrards Cross Parish Council	5.7	1.6
Chesham Grammar School	181.4	50.8	Glastonbury Thorn First School	41.8	10.6
Chesham Town Council	84.8	36.5	Great Marlow School	270.8	72.7
Chestnuts Academy	46.8	10.6	Great Missenden CofE Combined School	85.8	20.6
Chiltern District Council	1,524.0	375.0	Great Missenden Parish Council	4.9	1.9
Chiltern Hills Academy	188.1	54.8	Green Park School	41.3	11.6
Chiltern Rangers CIC	10.3	4.8	Hambleden Parish Council	1.3	0.3
Chiltern Way Federation	178.2	51.5	Hamilton Academy	130.7	33.5
Chilterns Conservation Board	45.6	23.3	Hayward Services	1.1	0.2
Cleantec Services Ltd	1.3	0.4	Hazeley Academy	253.8	62.9
Connection FS (BCC/Red Kite)	6.2	2.5	Hazelmere Parish Council	10.6	4.6
Connexions	195.7	69.2	HBS	14.9	-
C-Salt (Woughton Leisure Centre)	53.9	23.1	Heritage Care	78.1	24.9
Cucina Restaurants Ltd	6.6	2.1	Heronsgate School	58.6	17.6
Denbigh School	236.1	74.7	Hertsmere Leisure Trust	6.3	2.0
			Highcrest Academy	168.1	37.0

Management and Financial Performance Report

Employer Name	Employer Contributions £000	Employees Contributions £000	Employer Name	Employer Contributions £000	Employees Contributions £000
Hightown Housing Association Ltd	6.7	2.2	Milton Keynes Council	15,832.5	5,152.3
Holmer Green Senior School	137.5	37.5	Milton Keynes Development Partnership	43.5	34.7
Ickford School	18.0	4.4	MK Dons	5.1	1.6
Innovate Ltd	6.4	2.1	National Federation for Educational Research	457.2	-
Iver Parish Council	27.1	8.8	NET Academies Trust	49.1	14.9
Ivinghoe Parish Council	0.9	0.3	New Bradwell Parish Council	2.1	0.6
Ivingswood Academy	71.4	17.3	New Bradwell School	85.0	25.7
John Colet School	162.5	43.7	New Chapter Primary School	45.9	13.9
John Hampden Grammar School	175.4	47.2	Newport Pagnell Town Council	28.1	6.6
Kents Hill & Monkston Parish Council	8.4	3.5	Newton Longville Parish Council	2.8	0.8
Kents Hill School	51.6	12.5	Northgate Arinso	5.8	-
Khalsa Secondary Academy	38.8	12.7	NSL Services Group	33.7	13.7
Kids Play Ltd	5.5	1.8	Oakgrove School	213.7	71.1
Lace Hill Academy	24.1	5.9	Olney Infant School	64.8	14.6
Lacey Green Parish Council	1.0	0.4	Olney Town Council	16.0	6.6
Lane End Parish Council	4.2	1.2	Orchard Academy	81.6	26.5
Lent Rise Combined School	69.6	17.9	Ousedale School	281.9	67.6
Little Marlow Parish Council	3.3	0.7	Overstone Combined School	59.9	18.8
Longwick-cum-Ilmer Parish Council	0.9	0.3	Oxfordshire Health NHS Foundation Trust	26.4	11.7
Lord Grey School	286.6	67.4	Oxley Park Academy	109.8	35.2
Loudwater Combined School	33.9	10.5	Oxon PCT (SALT)	2.5	1.0
Loughton Middle School	63.6	18.7	Paradigm Housing	51.9	22.6
Marlow Town Council	30.1	9.5	Park School	139.7	106.0
Mears Group Plc	144.5	33.7	PCC for Thames Valley	85.4	64.1
Middleton Primary School	108.3	33.7	Penn Parish Council	2.2	0.8
Milton Keynes Academy	296.5	98.0	Penn School	3,392.0	34.9
Milton Keynes College	1,244.7	553.5	Piddington & Wheeler End Parish Council	0.7	0.2

Management and Financial Performance Report

Employer Name	Employer Contributions £000	Employees Contributions £000	Employer Name	Employer Contributions £000	Employees Contributions £000
Places for People Leisure	9.0	3.6	Sir William Borlase's Grammar School	260.0	6.5
Places for People Leisure WDC	6.1	1.9	Sir William Ramsay School	229.7	71.4
Police Superintendents Association	8.1	5.0	South Bucks District Council	1,009.9	267.3
Portfields Combined School	69.1	18.5	Southwood Middle School	51.7	13.3
Princes Risborough School	278.7	22.6	Sports Leisure Management	3.9	1.0
Princes Risborough Town Council	18.3	5.6	Spurgeons	4.4	1.5
Radcliffe School	298.4	98.8	St Nicholas CofE Combined School Taplow	45.5	11.4
Red Kite Community Housing Ltd	188.8	64.5	St Paul's RC School	398.1	133.8
Rickley Park Primary School	86.6	22.0	Stanton School	40.0	-
Ringway Infrastructure Services Ltd	62.8	25.7	Stantonbury Arts & Leisure	42.3	23.8
Ringway Jacobs	225.7	79.3	Stantonbury Campus	276.7	117.3
Royal Grammar School	243.6	73.2	Stantonbury Parish Council	11.4	3.2
Royal Latin School	181.5	55.2	Stephenson Academy	174.5	59.2
SCS Wothorpe Ltd	0.9	0.2	Stony Stratford Town Council	10.6	3.2
Seer Green CofE School	26.1	6.2	Taplow Parish Council	0.3	0.1
Serco Ltd (MKC)	70.4	27.8	Thames Valley Police	12,353.8	6,073.0
SERCO MKC Recreation & Maintenance	24.5	8.0	The Beaconsfield School	141.4	44.9
Shenley Brook End & Tattenhoe Parish Council	29.1	11.4	The Fremantle Trust	703.2	266.8
Shenley Brook End School	292.9	47.4	The Premier Academy	146.5	49.1
Shenley Church End Parish Council	17.9	5.3	Two Mile Ash School	157.9	48.5
Shepherdswell School	45.8	13.6	Vale of Aylesbury Housing Trust	529.0	202.4
Sir Henry Floyd Grammar School	163.3	87.1	Waddesdon CofE School	188.3	44.7
Sir Herbert Leon Academy	212.2	44.8	Waddesdon Parish Council	1.9	0.7
Sir Thomas Fremantle Academy	28.0	52.7	Walton High	392.5	52.0
			Water Hall Primary School	44.5	8.7
			Wendover Parish Council	7.1	1.4

Management and Financial Performance Report

Employer Name	Employer Contributions £000	Employees Contributions £000
West Bletchley Town Council	51.9	19.4
West Wycombe Parish Council	1.7	0.4
Weston Turville Parish Council	1.7	0.6
Whitehouse Primary School	9.5	3.1
Winslow Town Council	6.4	1.9
Woburn Sands Parish Council	5.2	1.6
Wolverton & Greenleys Town Council	17.6	6.8
Wolverton & Watling Way Pools Trust	5.0	3.5
Wooburn & Bourne End Parish Council	16.7	7.2
Woughton Community Council	48.5	18.4
Wycombe District Council	1,152.2	651.2
Wycombe Heritage & Arts Trust	3.9	1.8
Wycombe High School	209.2	58.8

Investment Policy and Performance Report

The planned asset allocation and actual asset allocation at the beginning and end of the 2016/17 financial year are shown in the table below. A strategic review of asset allocation, in March 2017, showed that the overall risk factor (standard deviation) for the Fund is 13.4%. The next strategic review of asset allocation is due in 2020 following the outcome of the triennial valuation. Interim strategy reviews can be taken if required.

Table 1: Asset Allocation 2016/17

	Planned % 31 March 2016	Actual % 31 March 2016	Planned % 31 March 2017	Actual % 31 March 2017
UK Equities	13	13	13	13
Overseas Equities	36	35	36	38
Bonds	25	25	25	24
Alternatives	18	17	18	16
Property	8	7	8	6
Cash	0	3	0	3
Total	100	100	100	100

Investment Administration

The Fund's assets are managed by external fund managers. The Fund's equities and bonds within segregated mandates are held by our global custodian, Bank of New York Mellon. All Fund investments are accounted for by Bank of New York Mellon. The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS).

Investment Policy and Performance Report

In the year to 31 March 2017 the annual return was 20.8% compared to its benchmark return of 19.4%, an outperformance of 1.4%. Blackrock, Blackstone, GTP, Schroders, Mirabaud and Royal London outperformed for the year to 31 March. Aviva, Investec and Standard Life underperformed. Legal & General's performance in accordance with its passive mandate matched the benchmark.

All of the Fund's investment managers have been employed for a full three year period. Three years is a pension industry standard timescale for performance comparisons. In the three years to 31 March, the Fund achieved a return of 10.4%, an annual underperformance of 0.1% compared to its 10.5% benchmark for that period. Over the three years Blackrock, Blackstone, Mirabaud and RLAM have outperformed their benchmarks.

Legal & General, in accordance with their passive tracker mandate matched the benchmark. Aviva, GTP, Investec, Schroders and Standard Life underperformed their benchmarks for the three year period.

Table 3: Fund Managers' Annual & Three Year Performance

Fund Manager & Mandate	Annual Performance			Three Year Performance		
	Net Performance %	Benchmark	Net Relative Return %	Net Performance %	Benchmark	Net Relative Return %
Aviva Investors – Property Multi-Manager	2.5	3.7	-1.2	9.5	10.2	-0.7
Blackrock – Dynamic Diversified Growth Fund	3.2	0.5	2.7	1.4	0.5	0.9
Blackstone – Offshore Sterling Hedge Fund	6.8	0.5	6.3	4.1	0.5	3.6
GTP – Global Equity Thematic	40.2	32.2	8.0	14.6	15.6	-1.0
Investec – Global Equity Dynamic	30.4	32.2	-1.8	14.4	15.6	-1.2
Schroders - Global Equity Active Value	35.0	32.2	2.8	14.5	15.6	-1.1
Mirabaud – UK Equities	22.4	22.0	0.4	8.0	7.7	0.3
Standard Life – UK Equities	21.1	22.0	-0.9	6.7	7.7	-1.0
Legal & General – Passive Equities and Bonds	26.0	26.0	0.0	12.0	12.0	0.0
Royal London – Core Plus Bonds	12.3	11.2	1.1	9.2	9.0	0.2
Fund Total	20.8	19.4	1.4	10.4	10.5	-0.1

Investment Policy and Performance Report

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

The table below shows the Fund's investment performance over historical periods to 31 March 2017 compared to the Fund's investment benchmark.

Table 4: Investment Performance

	1 year %	3 years %	5 years %
BCC Fund	20.8	10.4	10.6
Strategic Benchmark	19.4	10.5	10.0
Relative	1.4	-0.1	0.6

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

Scheme Member and Pensioner Administration

Buckinghamshire County Council's Pensions and Investments Team administer the Local Government Pension Scheme on behalf of the Buckinghamshire County Council Pension Fund. This includes pensioner administration and the Fund runs its own in-house pensioner payroll.

Arrangements for gathering assurance of effective and efficient administration operations

The Pensions and Investments Team report to the Buckinghamshire Pension Board on year end administration performance and complaints under IDRP. The team are internally audited annually. The internal audit reports include an "action tracker" which details outstanding issues. Updates to outstanding BCC Pension Fund internal audit actions are reviewed at the County Council's Regulatory and Audit Committee meetings. The Regulatory and Audit Committee consists of eight elected members who meet to consider matters relating to the Council's Constitution, Accounts, Risk Management and Governance arrangements.

As previously mentioned, the Fund's LGPS Administration participates in the CIPFA Benchmarking Club. Data is submitted annually and the Council is measured against the other 37 Administering Authorities that participate.

Key areas of Technology

The Fund's records and administration system (i.e. *ALTAIR* by *Aquila Heywood*) are computerised. ALTAIR enables us to store our members' paperwork electronically by scanning all correspondence to the individual's record. All work is recorded and monitored on our workflow system. In 2016/17 we continued with the roll-out of our Member Self Service facility. This enables the Fund's members to access their pension records online via the Member Self Service portal at <https://ms.buckscc.gov.uk>.

The Fund maintains its own website which is available to scheme members, scheme employers, prospective members and all other stakeholders. The Fund's website content is comprehensive and includes links to the national LGPS websites. The Communications Officer provides LGPS presentations to Employers on request. The LGPS Induction presentation gives prospective members an overview of the LGPS. The Fund's active membership has been impacted upon by auto-enrolment legislation, the introduction of the LGPS 50/50 scheme and the accessibility of our online suite of LGPS documentation.

Internal Dispute Resolution Procedure (IDRP)

Part 6 of the Local Government Pension Scheme (Administration) Regulations 2008 provides the mechanism by which disputes are resolved within the LGPS.

The appeal process is a two stage process.

- In cases where the Stage 1 appeal is against the Employer, these appeals are sent to the nominated individual within the Employing Authority to deal with. Stage 2 appeals against the Employer go to the Principal Pensions Officer (Benefit Administration) for their determination.
- Where the Stage 1 appeal is against the Administering Authority, these appeals are dealt with by the Principal Pensions Officer (Benefit Administration), or the Principal Pensions Officer (Governance and Employer Liaison), where the Principal Pensions Officer (Benefit Administration) made the initial decision which caused the appeal. If the appeal is unresolved at stage 1, the member or their representatives can invoke stage 2. Stage 2 appeals are referred to the County Council's Legal department.

Summary of IDRP cases in 2016/17

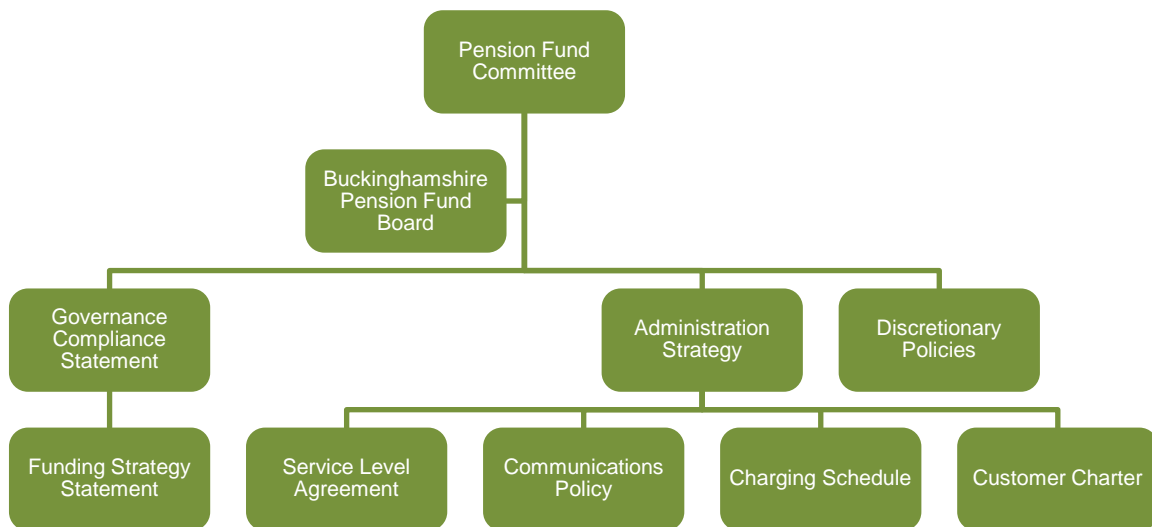
Description	Employing/ Administering Authority	Stage 1	Outcome	Progressed to Stage 2	Outcome
Request for further opportunity to transfer	Administering	May 2016	Declined	September 2016	Declined
Request to backdate benefits	Administering	July 2016	Declined		
Appeal against pensionable pay	Administering	August 2016	Declined		
Ill Health	Employing	October 2016	Declined	January 2017	Declined
Appeal against final pay	Administering	November 2016	Declined		
Ill Health	Employing	January 2017	Declined		
Early release of benefits	Employing	February 2017	In progress		
Appeal against administrative error	Administering	February 2017	Declined		

Governance Statements

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

The Pension Administration Strategy and Charging Schedule establish levels of performance for both the administering authority and participating employers, detailing actions to be taken if targets are not met.

The following diagram demonstrates the relationship between the statutory requirements of the Buckinghamshire County Council Pension Fund and its associated policies:



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

Governance Policy Statement

Background

1. With effect from April 2006, pension fund administering authorities were required to prepare and publish a governance policy statement under the LGPS (Amendment) (No.2) Regulations 2005 (Statutory Instrument 2005 No. 3199). Regulation 55 of the Local Government Pension Scheme Regulations 2013 states that an administering authority must prepare a written statement setting out:
 - whether the authority delegates its functions, or part of its functions to a committee, a sub-committee or an officer of the authority; and where this is the case, details of:
 - the terms, structure and operational procedures of the delegation,
 - the frequency of any committee or sub-committee meetings;
 - whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;
 - the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and
 - details of the terms, structure and operational procedures relating to the local pension board established under regulation 106 (local pension boards: establishment).
2. This policy statement sets out the County Council's arrangements for discharging its responsibilities for pension fund matters.

Governance Statements

Governance of Buckinghamshire Pension Fund

3. The current arrangements for the discharge of the County Council's responsibilities for pension fund matters are set out below.
4. Under the County Council's constitution, the County Council has delegated responsibility for decision-making on pension fund investments to the Pension Fund Committee. The Pension Fund Committee consults within the advisory framework and the Finance Director (Business Services Plus) before making decisions within the scope of their delegated powers. The Committee receives professional advice from an investment consultant and an independent adviser on investment strategy and other investment matters.
5. The terms of reference for the Pension Fund Committee are
 - to agree and ensure the continual review of:
 - the strategic asset allocation and objectives of the Pension Fund in terms of investment risk and exposure,
 - the Statement of Investment Principles,
 - the strategic benchmarks for the performance of the Pension Fund against which the actual performance is to be measured; and
 - the strategic targets against which the performance of Fund Managers is to be measured,
 - to agree the appointment and termination of:
 - Fund Managers
 - The Actuary
 - The Custodian
 - Firms or individuals to provide investment and actuarial advice for the Fund,
 - review, on a quarterly and annual basis the performance of the Pension Fund and the Fund Managers against the objectives, benchmarks and targets set and to consider if, and to what extent, any change may be necessary to ensure the efficient and effective performance of the Pension Fund,
 - to approve the Pension Fund Annual Accounts and Governance Compliance Statement,
 - review the Actuarial Valuation and to consider if, and to what extent, any change may be necessary to ensure the efficient and effective performance of the Pension Fund,
 - to consider the admission of employing organisations to the Fund where there is discretion to do so and as escalated by the Finance Director (Business Services Plus),
 - to have due regard to the advice of the Finance Director (Business Services Plus) and consultants appointed by the Committee,
 - to receive auditors reports as appropriate; and
 - to deal with any other matters arising in respect of Local Government Pensions.

Reporting

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

Membership

7. The membership of the Pension Fund Committee is:
 - Six elected members from Buckinghamshire County Council;
 - One elected Co-Opted Member from Milton Keynes Council;
 - One elected Police and Crime Commissioner (PCC) or deputy PCC;
 - One elected Co-Opted Member chosen by the four District Councils in Buckinghamshire;

Members have Quasi-Trustee status and consequently no substitutions are permitted.

Governance Statements

8. The Fund's investment consultants and independent adviser advise on investment strategy and other investment matters.

Operational Procedures

9. The Pension Fund Committee has six regular meetings scheduled each year. At four of the meetings the Committee receives a report on the investment performance of the fund in the quarter and meets the Fund's investment managers to review the manager's performance. The Committee receives an annual report from the Fund's independent performance measurement adviser, which reviews the long-term performance of the fund and of each of the investment managers in relation to their targets. The other two meetings consider other issues, for example an update on the Risk Assessment for the Pension Fund, Statement of Accounts and revision of policy statements.
10. Procedures for communicating with employers contributing to the Pension Fund are set out in the Communication Policy Statement.

Knowledge and Skills Policy Statement

11. This organisation recognises the importance of ensuring that all staff and members charged with the financial administration and decision-making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.
12. It therefore seeks to utilise individuals who are both capable and experienced and it will provide/arrange training for staff and members of the pension fund's decision-making bodies to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

Governance Compliance Statement

1. Introduction

- 1.1 This is the Governance Compliance Statement of the Buckinghamshire Pension Fund which operates as part of the Local Government Pension Scheme and is administered by Buckinghamshire County Council (the Council).
- 1.2 This statement has been prepared as required by Regulation 55 of the Local Government Pension Scheme Regulations 2013.

2. Governance Arrangements

- 2.1 Under the terms of the Council's Constitution, the functions of the Council as Administering Authority of the Pension Fund are delegated to the Pension Fund Committee and are excluded from the delegation of authority to the Cabinet and other Committees. The Pension Fund Committee is supported by officers of the Council, investment consultants and an independent adviser. Governance arrangements are outlined in the Governance Policy Statement.
- 2.2 The Pension Fund Committee meets six times a year and its members act in a quasi-trustee capacity. Under the Constitution, it is responsible for administering, investing and managing the Fund. A further two meetings are held for training purposes. Terms of reference are available on the Council's website at: <http://www.buckscc.gov.uk/media/1248/council-constitution.pdf>
- 2.3 The Local Pension Board is responsible for assisting the administering authority to secure compliance with the Amendment Regulations 2014, any other legislation relating to the governance and administration of the Scheme, or any connected Scheme and any requirements imposed by the Pensions Regulator in relation to the

Governance Statements

Scheme. The Board must also ensure the effective and efficient governance and administration of the Scheme. Meetings are held three times a year. The Terms of Reference are available on the Council's website at: <https://democracy.buckscc.gov.uk/documents/s71216/Pension%20Fund%20Board%20TOR.pdf>

3. Functions and Responsibilities

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

- Policy approval
- Appointing Investment Managers
- Appointing Advisers and Custodian
- Monitoring Fund performance
- Monitoring Scheme Governance

3.2 The Funding Strategy sets out the aims and purpose of the Fund and the responsibilities of the administering authority as regards funding the scheme. Regulation 7 of The Local Government Pension Scheme (Management and Investments of Funds) Regulations 2016, require an administering authority to formulate, publish and review an Investment Strategy.

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

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

3.3 The Investment Strategy Statement must also set out the maximum percentage of the total value of all investments of fund money that it will invest in particular investments or classes of investments.

3.4 The Communications Policy details the overall strategy for involving stakeholders in the Pension Fund. The Pension Fund also has a Governance Policy Statement which outlines many of the frameworks identified within this document. Additionally, a Discretions document has been developed stating those discretions found within the scheme that it has adopted. All documentation is published at www.buckscc.gov.uk/pensions

3.5 The Pension Administration Strategy was implemented on 1 June 2010 and is a key tool in managing and improving the administrative performance of the Fund. It formally sets out the requirements of both Buckinghamshire County Council as the administering authority and participating Scheme employers/third party payroll providers in the Fund in a single document within one framework.

4. Representation

4.1 The Pension Fund Committee has 9 members as follows:

- Six Elected Members from Buckinghamshire County Council
- One Elected Co-Opted Member from Milton Keynes Council
- One Elected Police and Crime Commissioner (PCC) or Deputy PCC from Thames Valley Police or a nominated member from the Police and Crime Panel
- One Elected Co-Opted Member chosen by the four District Councils in Buckinghamshire

Governance Statements

Members have Quasi-Trustee status and consequently substitutions are not permitted.

4.2 The Local Pension Board has 8 members comprising of 4 employer representatives and 4 scheme member representatives.

5. Stakeholder Engagement

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

5.2 Mechanisms used to involve stakeholders include:

- Communication with Scheme Employers
- Dedicated Employer Liaison Officers and Communications Officer
- Training Events
- Meetings with the Actuary and the Auditors
- Meetings with Advisors
- Meetings with Fund Managers
- Buckinghamshire Finance Officers meetings
- The annual report for the Pension Fund
- "In Touch" newsletter
- LGPS member updates

6. Review and Compliance with Best Practice

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

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

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

Responsible Officer:

Claire Lewis-Smith, Principal Pensions Officer (Governance & Employer Liaison)

Good Practice Requirement	Met/Not Met	Evidence
Structure		
The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.	Met	Pension Fund Committee (PFC) Terms of Reference
That representatives of LGPS Scheme employers and scheme members (including pensioner and	Met	PFC Terms of Reference and Buckinghamshire Pension Board (BPB) Terms of Reference

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Good Practice Requirement	Met/Not Met	Evidence
deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.		
That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Met	The BPB meet three times a year after two meetings of PFC. Board minutes go to PFC and vice-versa
Representation		
That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: - i) Scheme employers (including non-local government employers, e.g., admitted bodies); ii) Scheme members (including deferred and pensioner scheme members), iii) Independent professional observers, and iv) Expert advisors (on an ad-hoc basis).	Met	Key stakeholders on PFC or the BPB as from Terms of Reference i) PFC and BPB ii) BPB iii) PFC and BPB iv) PFC and BPB
That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.	Met	All PFC members and advisers get all papers except where it concerns them. BPB members are provided with relevant training as required under The Pensions Regulator's Code of Practice 14
Selection and role of lay members		
That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	Met	This is set out in the Committee's terms of reference.
Voting		
The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Met	Voting rights are not specifically noted in the PFC Terms of Reference. However under section 4 (Membership) there are 9 members and under section 4.5 it is noted that members have Quasi-Trustee status and therefore no substitutions are permitted. Section 4.6 confirms the Quorum is 4 members. The BPB has

Governance Statements

Good Practice Requirement	Met/Not Met	Evidence
		4 employer representatives and 4 scheme member representatives. The draft Terms of Reference confirms the Quorum is 4 Board members, comprising of at least 2 employer and 2 scheme member representatives. Substitutions are permitted.
Training/facility time/expenses		
That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	Met	Training for PFC members is undertaken annually as detailed by the PFC training plan. This organisation has adopted the key recommendations of the <i>Code of Practice on Public Sector Pensions Finance Knowledge and Skills</i> . Reimbursement of Expenses is defined in BCC constitution. Training for BPB members is undertaken in accordance with The Pensions Regulator's Code of Practice 14.
That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Met	Reimbursement of expenses is defined in BCC Constitution.
Meetings (frequency/quorum)		
That an administering authority's main committee or committees meet at least quarterly.	Met	PFC Terms of Reference.
That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Met	BPB draft Terms of Reference.
Access		
That subject to any rules in the council constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Met	Confirmed that this applies by Member Services.

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Good Practice Requirement	Met/Not Met	Evidence
Scope		
That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Met	PFC forward plan requires senior Pension officers to attend meetings to discuss and raise issues outside usual scope of Pension Fund Investment.
Publicity		
That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Met	All non-confidential agendas, papers and minutes are on BCC external website. This includes Terms of Reference, Customer Charter and Governance Compliance Statement.

The membership of the Pension Fund Committee throughout 2016/17 is detailed below:

Membership	Representing	Number of Pension Fund Committee meetings attended
Cllr John Chilver	Chairman	7 of 7
Cllr Richard Scott	Vice-Chairman	6 of 7
Cllr Matthew Barber	Thames Valley Police	1 of 1
Cllr David Carroll	Thames Valley Police	0 of 2
Cllr Trevor Egleton		0 of 3
Cllr John Gladwin	District Councils	5 of 7
Cllr Peter Hardy		0 of 7
Cllr Steven Lambert		4 of 7
Cllr David Martin		2 of 7
Cllr Norman Miles	Milton Keynes Council	2 of 4
Cllr Peter McDonald	Milton Keynes Council	0 of 1
Mr Anthony Stansfeld	Thames Valley Police	2 of 2

All members of the Committee have voting rights.

The training to Pension Fund Committee members included:

- Fixed Income Growth Opportunities
- Brunel Pension Seminar
- Infrastructure Training
- Investment Strategy Review Training
- Global Equity Training
- Brunel Workshop
- Actuarial Valuation Training
- Buckinghamshire Pensions General Meeting
- Introduction to Currency Hedging

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

Annual Review of the Buckinghamshire Pension Board

The Public Service Pensions Act 2013 introduced the requirement to have a Local Pensions Board to assist in the good governance of the scheme. The Buckinghamshire Pension Board meets three times per annum and consists of 4 Employer and 4 Member representatives. Attendance at the meetings has been good, with an overall attendance rate of 71%.

All members of the Board have voting rights.

On 31 March 2017, the Board members were:

Scheme member representatives

- Reece Bowman
- Peter Dearden
- Steve Mason (Chairman)
- Joe McGovern

Scheme employer representatives

- Bev Black
- Roona Ellis (Vice Chairman)
- Ian Thompson
- *Vacant post*

Members of the Board are required to disclose any declarations of interest at the beginning of each Buckinghamshire Pension Board meeting. All members of the Board are encouraged to undertake some hours of self-study by completing the Pension Regulator's Public Services toolkit for online learning which includes modules on conflicts of interest, managing risk and internal controls, maintaining accurate member data, maintaining member contributions, providing information to members and others, resolving internal disputes and reporting breaches of the law.

A training needs analysis was undertaken in autumn 2016 to identify further training needs. Whilst there were no key themes identified for further training, the Chairman and Vice Chairman both attended the "LGPS Fundamentals" training course, which is periodically run by the Local Government Pension Committee over three days. This is a comprehensive course based on the knowledge and understanding needs set out by the Scheme Advisory Board and attendance will enable Board members to consolidate their familiarity with the topics. It was therefore recommended that all Board members attend this training event.

During 2016/17 the Board reviewed the Fund's

- quarterly Employer newsletters,
- year-end administration updates,
- 2015/16 Annual Report and Accounts,
- updated Pensions Administration Strategy,
- 2017/18 Communications plan,
- complaints under the Internal Disputes Resolution Procedure (IDRP), and
- risk register.

Furthermore, at each of its meetings, the Board scrutinised the Pension Fund Committee agenda and minutes and received updates regarding the progress in implementing the Brunel Pension Partnership as part of the Government LGPS Investments reform agenda.

The Board's Chairman, Steve Mason, presented an update on the work of the Board at the Fund's general meeting which took place in December 2016.

The Buckinghamshire Pension Board continues to work closely with Members of the Pension Fund Committee and senior officers to help ensure the smooth operation of the administration of the LGPS in Buckinghamshire.

The aim of the Pensions Administration Strategy is to detail the procedures for liaison and communication and to establish levels of performance for both the administering authority and participating employers. It endeavours to promote good working relationships, provide transparency and improve efficiency and quality. It specifies how performance levels will be monitored and action that can be taken and the charges which apply if targets are not met.

Services to Employing Authorities

The main services that we provide to employers are:

- We provide each Employer with contact details for a named Employer Liaison Officer whose role it is to ensure efficient processing of the Employer's queries and maintain good communication with them.
- When deemed necessary we schedule face to face meetings to discuss issues related to pensions administration and regulatory changes. We also meet with our Employers, on request or when mutually agreed, to discuss all aspects of LGPS administration.
- Our Service Level Agreement (SLA) serves as an Employers' guide to the administration of the Fund. Links to the SLA are sent to our Employers by email. The full SLA is available from our website and is regularly updated in line with regulatory changes.
- We publish an Employer newsletter in March, June, September and December of each year to advise Employers of Fund and Scheme developments.
- We have requested that all Employers send us a copy of their LGPS Discretionary Policy. We issue reminders via our quarterly newsletter. If we do not hold a LGPS Discretionary Policy for an Employer, we will not process any quotes on their behalf, until such time as their policy is sent to us. This has been communicated to all Fund Employers.
- The following table reports on the volume of work undertaken and the percentage of work that was completed within prescribed time limits.

Workload statistics for the year to March 2017

Month	Within Target	Over Target	Total	% over target
April 2016	12,989	1,037	14,026	7.39
May 2016	11,528	1,826	13,354	13.67
June 2016	14,117	1,268	15,385	8.24
July 2016	16,196	906	17,102	5.30
August 2016	16,656	616	17,272	3.57
September 2016	13,203	1,056	14,259	7.41
October 2016	14,985	1,284	16,269	7.89
November 2016	15,481	1,374	16,855	8.15
December 2016	11,243	644	11,887	5.42
January 2017	12,164	1,089	13,253	8.22
February 2017	12,512	1,038	13,550	7.66
March 2017	12,488	943	13,431	7.02

Timeliness of data submissions by the Employer

The Fund's officers monitor the timeliness of data submissions by Employers. Where delays occur, we investigate the reason for the delay and contact the Employer concerned to offer guidance and support. We aim to work with and educate our Employers, rather than issue penalties. The Pension Administration Strategy does however contain a detailed charging schedule, which all Employers have been made aware of.

The Pension Administration Strategy, the associated Service Level Agreement (SLA) between participating employers and third party payroll providers and the administering authority, and Charging Schedule are available at: <http://www.bucksc.gov.uk/services/council-and-democracy/local-government-pension-scheme/policies/>.

Communications Policy Statement

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

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

The Communications Policy Statement is available online at <http://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/policies/> and outlines the Fund's position on:

- The provision of information and publicity about the Scheme to members, employers and representatives of members participating in the Fund.
- The promotion of the Scheme to prospective members and their employing authorities.

The format, frequency and methods of distributing Fund information and publicity are detailed below.

Communication Material	Formats Available	Available To	When Published	When Reviewed
Scheme guides	Online, paper	All members, prospective members, members' representatives, Scheme employers	Web link to guides included with employment offer. Available on request	As required
Fact sheets	Online, paper	All members, prospective members, members' representatives, Scheme employers	Always available	As required
Member Self Service and Employer Services	Online	All registered members and employers, allowing them to access their/their staff online pension records	Always available	As required
Scheme update newsletter	Online, paper	All Active members. (Deferred and Pensioner members where necessary)	Annually or more often as required	Annually or more often as required
Pensioner newsletter	Online, paper	Pensioner members	Annually	Annually
Technical Employer newsletter	Sent via email, also available online	Scheme employers	Quarterly	Quarterly
Payslips	Paper, online	Pensioner members	Monthly if £5 variance in net pay/if requested by pensioner member	As required
P60s	Paper, online	Pensioner members	Annually	Annually
Annual Benefit Statements	Paper, online	All Active, Deferred and Pension Credit members	Annually	Annually
Retirement guide	Online, paper	Pensioner members	At retirement	As required

Communications Policy Statement

Annual Report and Accounts	Online	Scheme employers	Annually	Annually
Fund Valuation Report	Online	Scheme employers	Every three years	Every three years
Training / Presentations	PowerPoint Presentation	Members, Scheme employers	On request	As required
Press Releases	Electronic	Scheme employers	When Scheme changes	As required
FRS17 / IAS19 Reports	Electronic	Relevant Scheme employers	Annually	Annually

Access to Communications

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

1. Purpose of the Funding Strategy Statement

- 1.1 The purpose of this Funding Strategy Statement is to explain the funding objectives of the Fund and in particular:
- How the costs of the benefits provided under the Local Government Pension Scheme (the "Scheme") are met through the Fund
 - The objectives in setting employer contribution rates; and
 - The funding strategy that is adopted to meet these objectives.

2. Purpose of the Fund

- 2.1 The purpose of the Fund is to:
- Pay pensions, lump sums and other benefits provided under the Regulations;
 - Meet the costs associated in administering the Fund; and
 - Receive contributions, transfer values and investment income.

3. Funding Objectives

- 3.1 Contributions are paid to the Fund by Scheme members and the employing bodies to provide for the benefits which will become payable to Scheme members when they fall due.
- 3.2 The funding objectives are to:
- Set levels of employer contribution that will build up a fund of assets that will be sufficient to meet all future benefit payments from the Fund.
 - Build up the required assets in such a way that employer contribution rates are kept as low and stable as possible.

4. Key Parties

- 4.1 The key parties involved in the funding process and their responsibilities are as follows:

The Administering Authority

- 4.2 The Administering Authority for the Pension Fund is Buckinghamshire County Council. The main responsibilities of the Administering Authority are to:
- Collect employee and employer contributions;
 - Invest the Fund's assets;
 - Pay the benefits due to Scheme members;
 - Manage the actuarial valuation process in conjunction with the Fund Actuary;
 - Prepare and maintain this FSS and also the SIP after consultation with other interested parties; and
 - Monitor all aspects of the Fund's performance.

Individual Employers

- 4.3 In addition to the Administering Authority, a number of scheduled and admitted bodies participate in the Fund. Those with active members are all currently open to new members, although it is anticipated that some may close to new and possibly existing members in the near future.
- 4.4 The responsibilities of each individual employer that participates in the Fund, including the Administering Authority, are to:
- Collect employee contributions and pay these together with their own employer contributions as certified by the Fund Actuary to the Administering Authority within the statutory timescales;
 - Notify the Administering Authority of any new Scheme members and any other membership changes promptly;
 - Exercise any discretions permitted under the Regulations; and
 - Meet the costs of any augmentations or other additional costs in accordance with agreed policies and procedures.

Fund Actuary

- 4.5 The Fund Actuary for the Pension Fund is Barnett Waddingham LLP. The main responsibilities of the Fund Actuary are to:
- Advise interested parties on funding strategy and completion of actuarial valuations in accordance with the FSS and the Regulations; and
 - Advise on other actuarial matters affecting the financial position of the Fund.

5 Funding Strategy

- 5.1 The factors affecting the Fund's finances are constantly changing, so it is necessary for its financial position and the contributions payable to be reviewed from time to time by means of an actuarial valuation to check that the funding objectives are being met.
- 5.2 The actuarial valuation involves a projection of future cash flows to and from the Fund. The main purpose of the valuation is to determine the level of employers' contributions that should be paid to ensure that the existing assets and future contributions will be sufficient to meet all future benefit payments from the Fund.

6 Funding Method

- 6.1 The key objective in determining employer's contribution rates is to establish a funding target and then set levels of employer contribution to meet that target over an agreed period.
- 6.2 The funding target is to have sufficient assets in the Fund to meet the accrued liabilities for each employer in the Fund. The funding target may, however, depend on certain employer circumstances and in particular, whether an employer is an "open" employer – one which allows new recruits access to the Fund, or a "closed" employer which no longer permits new staff access to the Fund. The expected period of participation by an employer in the Fund may also affect the chosen funding target.
- 6.3 For open employers, the actuarial funding method that is adopted is known as the Projected Unit Funding Method which considers separately the benefits in respect of service completed before the valuation date ("past service") and benefits in respect of service expected to be completed after the valuation date ("future service"). This approach focuses on:
- The past service funding level of the Fund. This is the ratio of accumulated assets to liabilities in respect of past service. It makes allowance for future increases to members' pay for pensions in payment. A funding level in excess of 100 per cent indicates a surplus of assets over liabilities; while a funding level of less than 100 per cent indicates a deficit; and
 - The future service funding rate which is the level of contributions required from the individual employers which, in combination with employee contributions is expected to support the cost of benefits accruing in future.
- 6.4 The key feature of this method is that, in assessing the future service cost, the contribution rate represents the cost of one year's benefit accrual.
- 6.5 For closed employers, the funding method adopted is known as the Attained Age Method. The key difference between this method and the Projected Unit Method is that the Attained Age Method assesses the average cost of the benefits that will accrue over the remaining expected working lifetime of active members.

7 Valuation Assumptions and Funding Model

- 7.1 In completing the actuarial valuation it is necessary to formulate assumptions about the factors affecting the Fund's future finances such as inflation, pay increases, investment returns, rates of mortality, early retirement and staff turnover etc.
- 7.2 The assumptions adopted at the valuation can therefore be considered as:
- The statistical assumptions which are essentially estimates of the likelihood of benefits and contributions being paid, and
 - The financial assumptions which will determine the estimates of the amount of benefits and contributions payable and their current or present value.

Future Price Inflation

7.3 The base assumption in any valuation is the future level of price inflation over a period commensurate with the duration of the liabilities. This is derived by considering the average difference in yields over the appropriate period from conventional and index linked gilts during the six months straddling the valuation date to provide an estimate of future price inflation as measured by the Retail Price Index (or "RPI").

Future Pay Inflation

7.4 As some of the benefits are linked to pay levels at retirement, it is necessary to make an assumption as to future levels of pay inflation. Historically, there has been a close link between price and pay inflation with pay increases exceeding price inflation in the longer term.

Future Pension Increases

7.5 Pension increases are linked to changes in the level of the Consumer Price Index (or "CPI"). Inflation as measured by the CPI has historically been less than RPI due mainly to different calculation methods. An adjustment is therefore made to the RPI assumption to derive the CPI assumption.

Future Investment Returns/Discount Rate

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

7.7 The discount rate that is adopted will depend on the funding target adopted for each employer.

7.8 For open employers, the discount rate that is applied to all projected liabilities reflects a prudent estimate of the rate of investment return that is expected to be earned from the underlying investment strategy by considering average market yields in the six months straddling the valuation date. The discount rate so determined may be referred to as the "ongoing" discount rate.

7.9 For closed employers, an adjustment may be made to the discount rate in relation to the remaining liabilities, once all active members are assumed to have retired if at that time (the projected "termination date"), the employer either wishes to leave the Fund, or the terms of their admission require it.

7.10 The Fund Actuary will incorporate such an adjustment after consultation with the Administering Authority.

7.11 The adjustment to the discount rate for closed employers is to set a higher funding target at the projected termination date, so that there are sufficient assets to fund the remaining liabilities on a "minimum risk" rather than on an ongoing basis. The aim is to minimise the risk of deficits arising after the termination date.

Asset Valuation

7.12 For the purposes of the valuation, the asset value used is the market value of the accumulated Fund at the valuation date adjusted to reflect average market conditions during the six months straddling the valuation date.

Statistical Assumptions

7.13 The statistical assumptions incorporated into the valuation, such as future mortality rates, are based on national statistics. These are adjusted as appropriate to reflect the individual circumstances of the Fund and/or individual employers.

8 Deficit Recovery/Surplus Amortisation Periods

8.1 Whilst one of the funding objectives is to build up sufficient assets to meet the cost of benefits as they accrue, it is recognised that at any particular point in time, the value of the accumulated assets will be different to the value of accrued liabilities, depending on how the actual experience of the Fund differs to the actuarial assumptions. Accordingly the Fund will normally either be in surplus or in deficit.

Funding Strategy Statement

- 8.2 Where the actuarial valuation discloses a significant surplus or deficit then the levels of required employers' contributions will include an adjustment to either amortise the surplus or fund the deficit over a period of years.
- 8.3 The period that is adopted for any particular employer will depend on:
- The significance of the surplus or deficit relative to that employer's liabilities;
 - The covenant of the individual employer and any limited period of participation in the Fund; and
 - The implications in terms of stability of future levels of employers' contribution.

9 Pooling of Individual Employers

- 9.1 The policy of the Fund is that each individual employer should be responsible for the costs of providing pensions for its own employees who participate in the Fund. Accordingly, contribution rates are set for individual employers to reflect their own particular circumstances.
- 9.2 However, certain groups of individual employers are pooled for the purposes of determining contribution rates to recognise common characteristics or where the number of Scheme members is small.
- 9.3 The main purpose of pooling is to produce more stable employer contribution levels in the longer term whilst, recognising that ultimately there will be some level of cross-subsidy of pension cost amongst pooled employers.

10 Cessation Valuations

- 10.1 On the cessation of an employer's participation in the Scheme, the Fund Actuary will be asked to make a termination assessment. Any deficit in the Fund in respect of the employer will be due to the Fund as a termination contribution, unless it is agreed by the Administering Authority and the other parties involved that the assets and liabilities relating to the employer will transfer within the Fund to another participating employer.
- 10.2 In assessing the deficit on termination, the Fund Actuary may adopt a discount rate based on gilt yields and adopt different assumptions to those used at the previous valuation in order to protect the other employers in the Fund from having to fund any future deficits which may arise from the liabilities that will remain in the Fund.

11 Links with the Statement of Investment Principles (SIP)

- 11.1 The main link between the Funding Strategy Statement (FSS) and the SIP relates to the discount rate that underlies the funding strategy as set out in the FSS, and the expected rate of investment return which is expected to be achieved by the underlying investment strategy as set out in the SIP.
- 11.2 As explained above, the ongoing discount rate that is adopted in the actuarial valuation is derived by considering the expected return from the underlying investment strategy. This ensures consistency between the funding strategy and investment strategy.

12 Risks and Counter Measures

- 12.1 Whilst the funding strategy attempts to satisfy the funding objectives of ensuring sufficient assets to meet pension liabilities and stable levels of employer contributions, it is recognised that there are risks that may impact on the funding strategy and hence the ability of the strategy to meet the funding objectives.
- 12.2 The major risks to the funding strategy are financial, although there are other external factors including demographic risks, regulatory risks and governance risks.

13 Financial Risks

- 13.1 The main financial risk is that the actual investment strategy fails to produce the expected rate of investment return (in real terms) that underlies the funding strategy. This could be due to a number of factors, including market returns being less than expected and/or the fund managers who are employed to implement the chosen investment strategy failing to achieve their performance targets.
- 13.2 The valuation results are most sensitive to the real discount rate. Broadly speaking an increase/decrease of 0.5 per cent per annum in the real discount rate will decrease/increase the liabilities by ten per cent, and decrease/increase the required employer contribution by around 2.5 per cent of payroll.

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- 13.3 However, the Pension Fund Committee regularly monitors the investment returns achieved by the fund managers and receives advice from the independent advisers and officers on investment strategy.
- 13.4 The Committee may also seek advice from the Fund Actuary on valuation related matters.
- 13.5 In addition, the Fund Actuary provides funding updates between valuations to check whether the funding strategy continues to meet the funding objectives.

14 Demographic Risks

- 14.1 Allowance is made in the funding strategy via the actuarial assumptions for a continuing improvement in life expectancy. However, the main demographic risk to the funding strategy is that it might underestimate the continuing improvement in longevity. For example, an increase of one year to life expectancy of all members in the Fund will reduce the funding level by between approximately 1%.
- 14.2 The actual mortality of pensioners in the Fund is monitored by the Fund Actuary at each actuarial valuation and assumptions are kept under review.
- 14.3 The liabilities of the Fund can also increase by more than has been planned as a result of early retirements.
- 14.4 However, the Administering Authority monitors the incidence of early retirements; and procedures are in place that require individual employers to pay additional amounts into the Fund to meet any additional costs arising from early retirements.

15 Regulatory Risks

- 15.1 The benefits provided by the Scheme and employee contribution levels are set out in Regulations determined by central government. The tax status of the invested assets is also determined by central government.
- 15.2 The funding strategy is therefore exposed to the risks of changes in the Regulations governing the Scheme and changes to the tax regime which may affect the cost to individual employers participating in the Scheme.
- 15.3 However, the Administering Authority participates in any consultation process of any proposed changes in Regulations and seeks advice from the Fund Actuary on the financial implications of any proposed changes.

16 Governance

- 16.1 Many different employers participate in the Fund. Accordingly, it is recognised that a number of employer-specific events could impact on the funding strategy including:
- Structural changes in an individual employer's membership;
 - An individual employer deciding to close the Scheme to new employees; and
 - An employer ceasing to exist without having fully funded their pension liabilities.
- 16.2 However, the Administering Authority monitors the position of employers participating in the Fund, particularly those which may be susceptible to the events outlined, and takes advice from the Fund Actuary when required.
- 16.3 In addition, the Administering Authority keeps in close touch with all individual employers participating in the Fund to ensure that, as Administering Authority, it has the most up to date information available on individual employer situations. It also keeps individual employers briefed on funding and related issues.

17 Monitoring and Review

- 17.1 This FSS is reviewed formally, in consultation with the key parties, at least every three years to tie in with the triennial actuarial valuation process.
- 17.2 The Administering Authority also monitors the financial position of the Fund between actuarial valuations and may review the FSS more frequently if necessary.

1. Introduction

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

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

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

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

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

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

Under the previous regulations the Fund was required to comment on how it complied with the Myners Principles. These were developed following a review of institutional investment by Lord Myners in 2000, and were updated following a review by the National Association of Pension Funds in 2008. While a statement on compliance with the Myners Principles is no longer required by regulation, the Committee considers the Myners Principles to be a standard for pension fund investment management. A statement on compliance is included in the Fund's Annual Report and Accounts for the year ended 31 March 2016.

2. Investment Objectives

The primary objective of the Fund is to be efficient, reduce costs and minimise contributions for employers, in order to meet the cost of pension benefits as required by statute. A related objective is to minimise the volatility of employer contribution rates as investment returns vary from year to year.

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

It is the Administering Authority's current policy that external fund managers are employed to administer the Fund's assets. Cash balances arising from the receipt of employer and employee contributions are invested in accordance with the agreement between the Administering Authority and the Committee.

3. Investment strategy and the process for ensuring suitability of investments

The rate of return assumed within the actuarial valuation together with the long term nature of the liabilities means the Fund allocates a significant weighting to asset classes with higher expected returns. Such asset classes may

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introduce volatility in the short term but are ultimately expected to generate higher returns in the long term. The investment strategy considers the expected risk-return profile of each asset class.

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

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

Asset class	Allocation (%)	Role(s) within the strategy
Equities	49.0	
Active UK	10.0	Generate returns through capital gains and income through exposure to the shares of domestic and overseas companies; indirect links to inflation. The Fund invests in a range of actively and passively managed strategies to gain diversified exposure to global equity markets, using active managers where appropriate and in the expectation that these will add value.
Passive Developed Global (incl UK)	14.2	
Active Developed Global	18.9	
Emerging Markets	5.9	
Alternatives	26.0	
Diversified Growth	5.0	To deliver returns in excess of cash, with a reasonably low correlation to traditional equity markets and providing a degree of downside protection in periods of equity market stress. Can include allocations to equities, bonds, cash and other assets which are dynamically managed.
Fund of Hedge Funds	5.0	Operates in a range of niche markets, looking to generate returns from unconstrained active management and reduce the volatility of the total portfolio via increased diversification.
Property	8.0	Generate returns through income and capital appreciation via investment in UK and European property markets, whilst providing some diversification away from equities and bonds.
Private Equity	8.0	Generate returns through privately held assets that are not quoted on a stock market and capture the illiquidity premium available to long-term investors. Diversification of risk and return sources away from more traditional assets.
Bonds	25.0	
Index-Linked Gilts	10.0	Provide direct protection relative to inflation linked liabilities.
UK Corporate Bonds	15.0	Expected to generate returns above those available on domestic sovereign bonds (gilts) with only marginal increase in risk, whilst providing diversification relative to other asset classes.
Total	100.0	

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

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Asset allocation varies over time through the impact of market movements and cash flows. The overall balance between “growth” assets (equities and alternatives) and “defensive” assets (bonds) is monitored regularly by one of the Fund’s investment managers, and if the allocations move more than 2.5% away from the 75% growth / 25% defensive target, the manager will switch assets between equities and bonds in order to maintain the asset distribution as close as possible to the central benchmark.

The Committee is responsible for the Fund’s asset allocation which is determined via strategy reviews undertaken as part of the actuarial valuation process. The last review of the investment strategy was in Q1 2017 and was both qualitative and quantitative in nature, and was undertaken by the Committee in conjunction with Officers and independent advisers. The review considered:

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

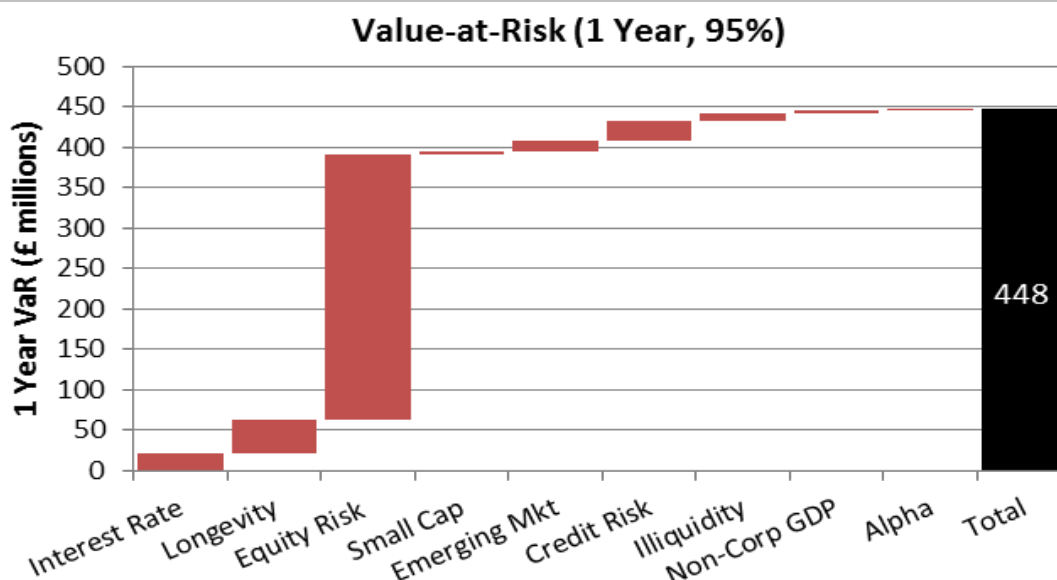
Following the latest investment strategy review, the Committee are considering a number of revisions to the long term investment strategy. These proposals include increasing diversification within the equity and bond holdings and increasing the allocation to “alternative” assets, in order to maintain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

4. Risk measurement and management

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

The Committee recognises that, whilst investing in higher risk assets increases potential returns over the long-term, it also increases the risk of a shortfall in returns relative to that required to cover the Fund’s liabilities, as well as producing more short-term volatility in the funding position. The Fund’s diverse range of asset classes and approaches is designed to help achieve returns in a variety of market environments. By holding a range of assets across the portfolio that are not perfectly correlated, the Fund expects to reduce the level of risk it is exposed to, whilst increasing the potential to generate attractive risk-adjusted returns.

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



Note: approximate analysis as at 31 December 2016, based on the Fund's strategic asset allocation.

Each investment style/manager is assessed quantitatively and qualitatively within a monitoring framework designed to address any underperformance, highlight any inappropriate risk taking behaviour from individual managers and address factors that may impact the manager's ability to achieve long term outperformance goals. The respective managers' investment performance is generally monitored against three year performance targets (or longer for certain asset classes / managers) consistent with a longer term investment approach. Such monitoring of performance relative to a performance target is intended to constrain fund managers from deviating significantly from the intended approach, whilst permitting flexibility to manage the Fund in such a way as to enhance returns. The appointment of more than one fund manager introduces a level of diversification of manager risk.

Fund managers are instructed to diversify between investment types and within each investment type so that the prospects of potential losses are reduced. Fund managers are also instructed to observe the Administering Authority's constraints in such areas as property, derivatives, stock lending, overseas investment, non-income producing investments and unquoted securities.

The following risks are also considered by the Committee:

(i) Governance Risk

This is the risk that Committee members do not have sufficient expertise to evaluate and challenge the advice they receive, particularly given the potential for turnover within the Committee. The Fund recognises the importance of maintaining an appropriate level of knowledge across the Committee. It has taken steps to ensure that Committee members possess an appropriate level of knowledge, skill and understanding to discharge their fiduciary duties by providing appropriate training as and when required. Officers ensure the Committee receives expert advice to support strategic and implementation decisions. In addition, the Committee maintains a Risk Register that is regularly updated and monitored by the Committee.

(ii) Exchange Rate Risk

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

(iii) Liquidity Risk

The Committee recognises the inherent risk of holding illiquid assets that cannot be easily converted into cash. However, given the long-term investment horizon of the Fund it is appropriate to accept liquidity risk where such

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assets are considered to deliver attractive risk-adjusted returns within the context of the overall strategy. The majority of the Fund's assets are held in liquid instruments and realisable at short-notice.

(iv) Cashflow Risk

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

(v) Valuation Risk

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

(vi) Longevity Risk

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

(vii) Employer Covenant Risk

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

(viii) Regulatory and Political Risk

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

5. Approach to asset pooling

The Fund is working with nine other administering authorities to pool investment assets through the Brunel Pension Partnership Ltd. (BPP Ltd). This is currently work in progress with the intention of meeting the Government's requirement for the pool to become operational and for the first assets to transition to the pool from April 2018.

Once the Brunel Pension Partnership Ltd. is established the Fund, through the Committee, will retain the responsibility for setting the detailed Strategic Asset Allocation for the Fund and allocating investment assets to the portfolios provided by BPP Ltd.

The Brunel Pension Partnership Ltd will be a new company which will be wholly owned by the Administering Authorities. The company will seek authorisation from the Financial Conduct Authority (FCA) to act as the operator of an unregulated Collective Investment Scheme. It will be responsible for implementing the detailed Strategic Asset Allocations of the participating Funds by investing Funds' assets within defined outcome focused investment portfolios. In particular it will research and select the Manager Operated Funds needed to meet the requirements of the detailed Strategic Asset Allocations. These Manager Operated Funds will be operated by professional external investment managers. The Fund will be a client of BPP Ltd and as a client will have the right to expect certain standards and quality of service. A detailed service agreement is being drafted which will set out the duties and

Investment Strategy Statement

responsibilities of BPP Ltd, and the rights of the Fund as a client. It includes a duty of care of BPP Ltd to act in its clients' interests.

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

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

The proposed arrangements for asset pooling for the Brunel pool have been formulated to meet the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and Government guidance. Regular reports have been made to Government on progress towards the pooling of investment assets, and the Minister for Local Government has confirmed that the pool should proceed as set out in the proposals made.

Buckinghamshire County Council has approved the full business case for the Brunel Pension Partnership. It is anticipated that investment assets will be transitioned across from the Buckinghamshire Pension Fund's existing investment managers to the portfolios managed by BPP Ltd between April 2018 and March 2020 in accordance with a timetable that will be agreed with BPP Ltd. Until such time as transitions take place, the Fund will continue to maintain the relationship with its current investment managers and oversee their investment performance, working in partnership with BPP Ltd. where appropriate.

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

6. Social, environmental and corporate governance policy

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

The extent to which social, environmental and ethical considerations are taken into account in these decisions is left to the discretion of the fund managers. However, the Committee expects that the extent to which social, environmental and ethical issues may have a financial impact on the portfolio will be taken into account by the fund managers in the exercise of their delegated duties and reviewed by the Committee from time to time.

Forward guidance on ESG under pooling

BPP Ltd's Investment Principles clearly articulate its commitment and that of each underlying Fund, to be responsible investors and as such recognises that social, environment and corporate governance considerations are part of the processes in the selection, non-selection, retention and realisation of assets. One of the principal benefits, outlined in the BPP Ltd business case, expected to be achieved through scale and resources arising from pooling, is the improved implementation of responsible investment and stewardship.

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

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

The policy of the Committee is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the fund managers although the Committee has retained rights to scrutinise any voting intention.

In respect of voting rights, fund managers are asked to take into account the extent to which the company concerned complies with best practice in corporate governance.

Forward guidance on stewardship under pooling

Once established and fully operational the BPP Ltd will deliver best practice standards in responsible investment and stewardship as outlined in the BPP Ltd Investment Principles.

Advice Taken

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

Additional Information for the Scheme Annual Report

To assist in the production of the scheme annual report compiled by the LGPS Scheme Advisory Board, the Fund has provided the following supplementary information.

Summary of the number of Employers in the Fund as at 31 March 2017

	Active	Ceased	Total
Scheduled Body	170	25	195
Admitted Body	54	34	88
Total	224	59	283

Analysis of Fund Assets as at 31 March 2017

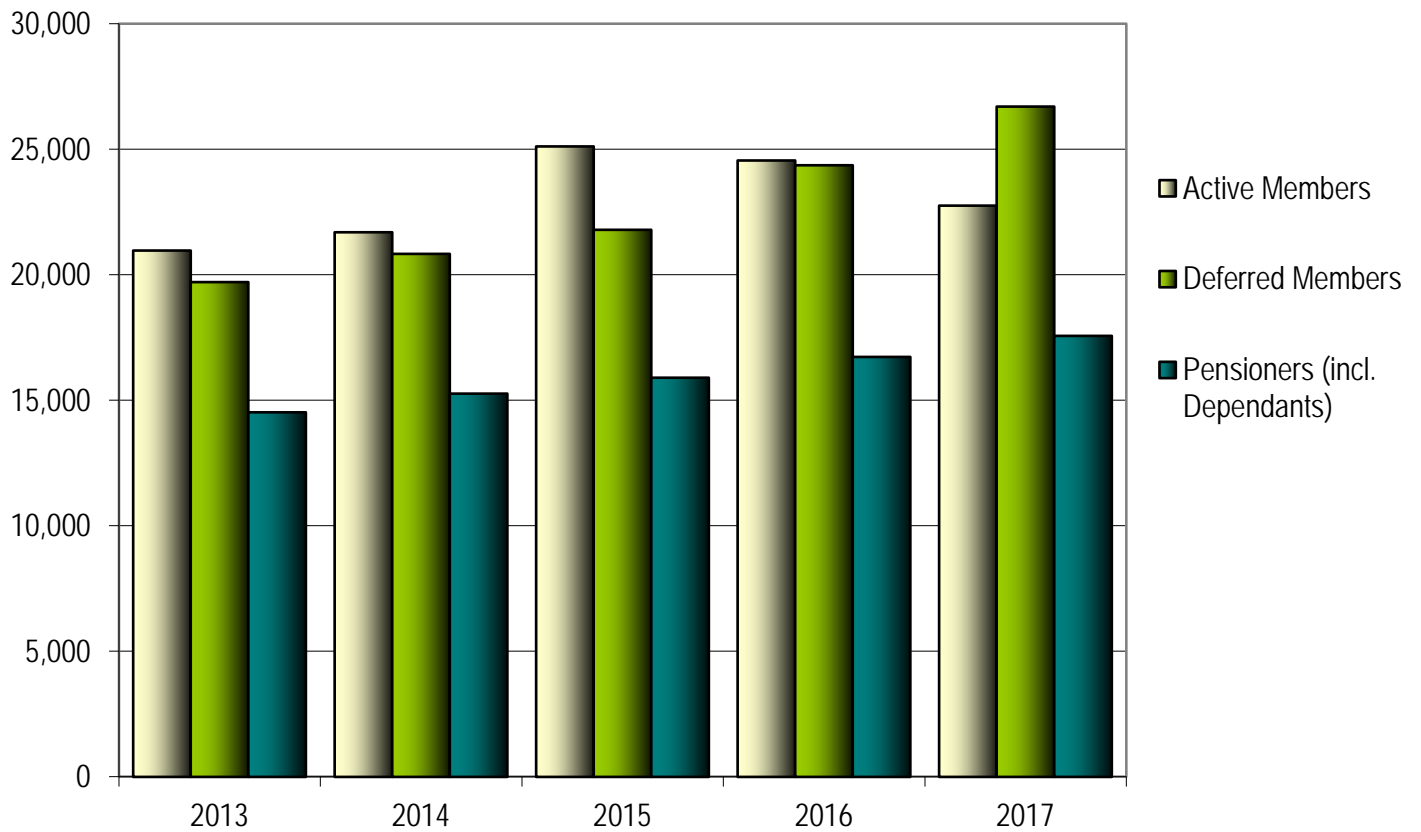
	UK £m	Non-UK £m	Global £m	Total £m
Equities	262.5	1,082.2	-	1,344.7
Bonds	617.9	1.4	-	619.3
Property (direct holdings)	-	-	-	-
Alternatives	-	282.5	177.0	459.5
Cash and cash equivalents	68.0	-	-	68.0
Other	174.2	9.4	0.4	184.0
Total	1,122.6	1,375.5	177.4	2,675.5

Analysis of Investment Income accrued for the year ended 31 March 2017

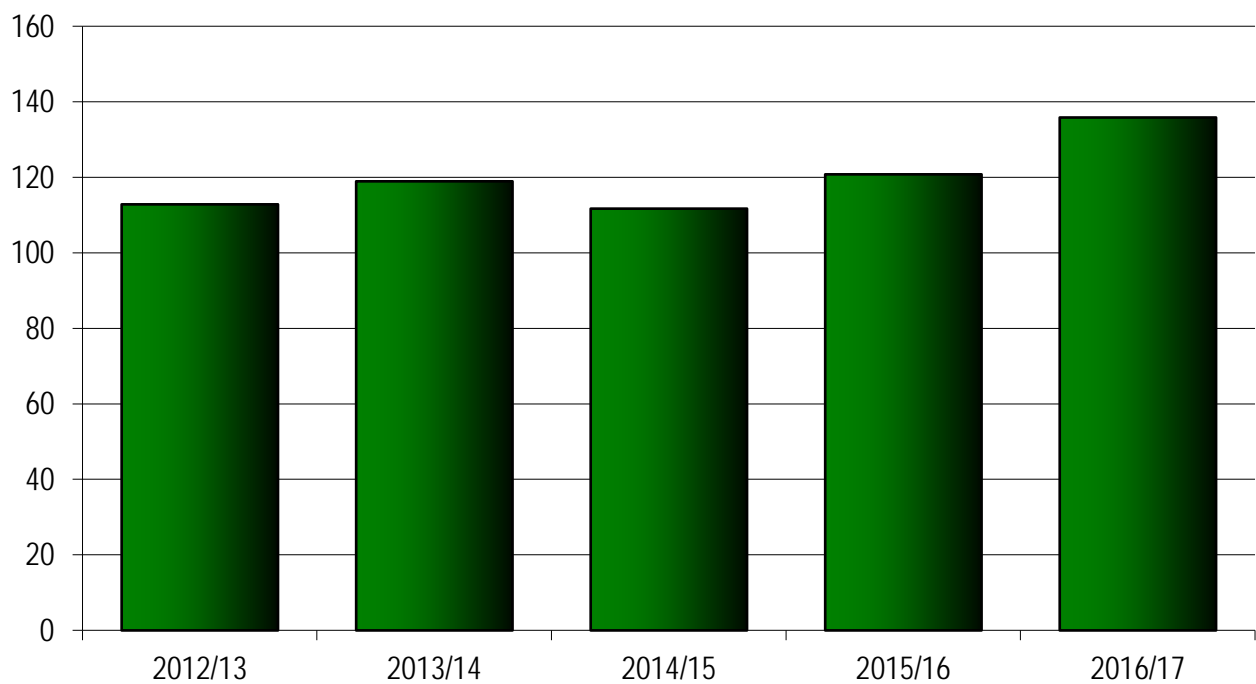
	UK £000	Non-UK £000	Global £000	Total £000
Equities	8,786.2	13,281.1	-	22,067.3
Bonds	11,278.5	116.1	-	11,394.6
Property (direct holdings)	-	-	-	-
Alternatives	1,118.4	50.7	-	1,169.1
Cash and cash equivalents	33.5	115.1	-	148.6
Other	6,802.6	1,036.0	-	7,838.6
Total	28,019.2	14,599.0	-	42,618.2

History of the Fund

Membership Profile

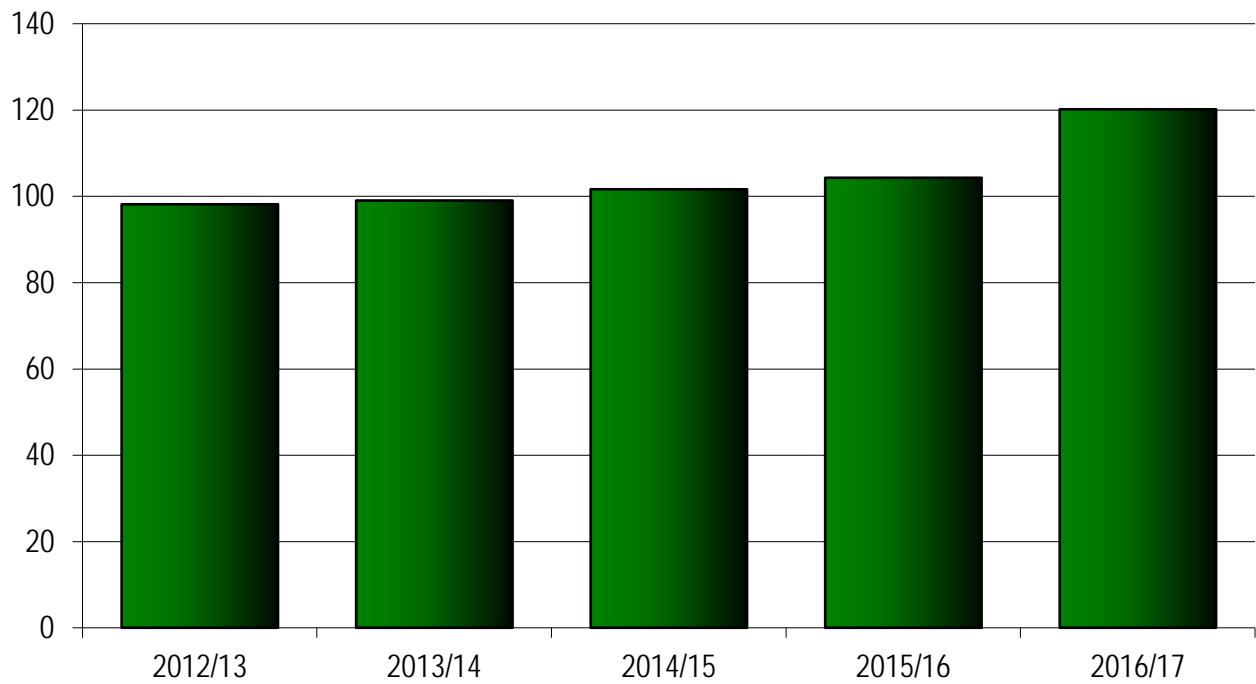


Contributions Received £m

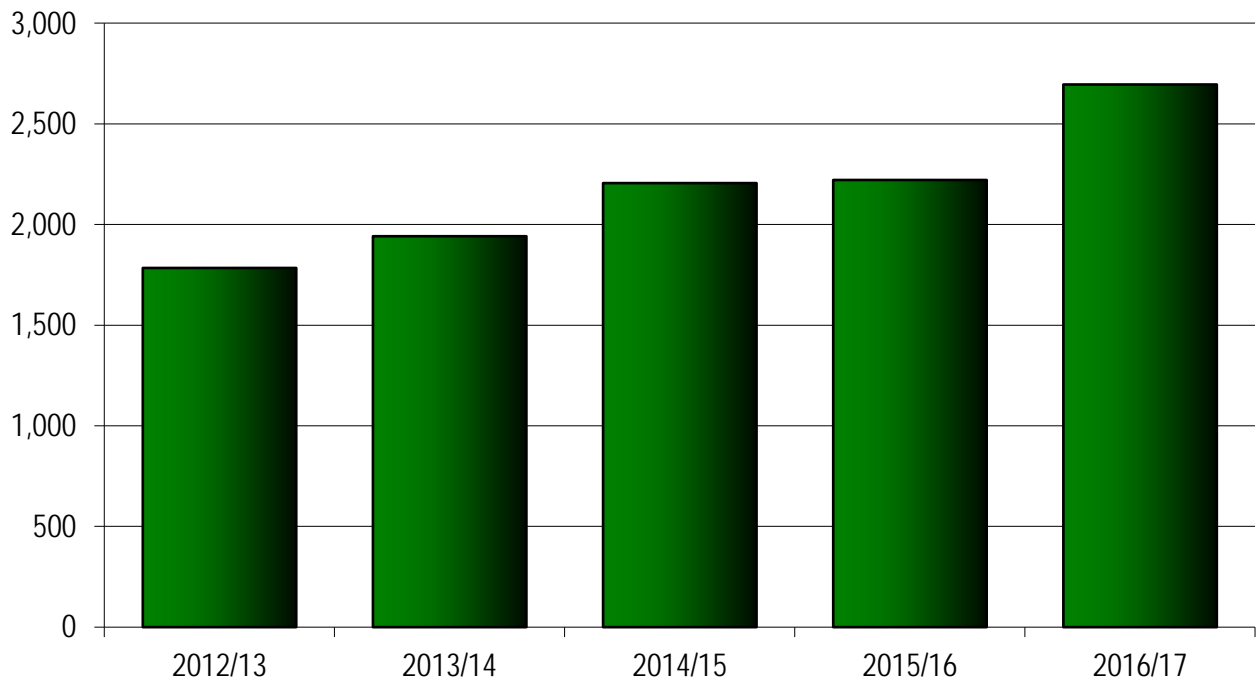


History of the Fund

Benefits Paid £m



Value of the Fund as at 31 March £m



Introduction

The most recent full actuarial valuation of the Buckinghamshire County Council Pension Fund was carried out by Barnett Waddingham as at 31 March 2016. The results were published in the triennial valuation report dated March 2017.

2016 valuation results

The results of the actuarial valuation of the Fund as at 31 March 2016 were as follows.

- The funding level was calculated to be 87% i.e. the value of the accumulated assets represented 82% of the value of the accrued liabilities of Fund as at the valuation date.
- The primary contribution rate was calculated to be 15.1% of payroll. This is the weighted average of each individual employer's share of the future service contribution rate.
- Each employing body pays contributions to reflect its own particular circumstances and funding position within the Fund. The required contribution is a percentage of payroll which is intended to cover the cost of new benefits plus a further amount (typically expressed as an annual lump sum payment) to pay for the employer's share of the deficit.

Details of each employer's contribution rate are contained in the Rates and Adjustment Certificate in the triennial valuation report. (The full report is available from www.buckscc.gov.uk/pensions)

Assumptions

The key assumptions used at whole Fund level to value the benefits at 31 March 2016 are summarised below:

Assumption	31 March 2016
Discount rate	5.4% p.a.
Pension increases	2.4% p.a.
Salary increases	In line with CPI for period from 31 March 2016 to 31 March 2020 and 3.9% p.a. thereafter.
Mortality	85% of S2PA tables with future improvements in line with the CMI 2015 Model with a long-term rate of improvement of 1.5% p.a.
Retirement	Each member retires at a single age, weighted based on when each part of their pension is payable unreduced
Commutation	Members will convert 50% of the maximum possible amount of pension into cash

Assets

The assumptions used to value the liabilities are smoothed based on market conditions around the valuation date, therefore the smoothed asset values are also measured in a consistent manner although the difference between the smoothed and market values at either date was not significant.

At 31 March 2016, the smoothed value of the assets used was £2,203m.

Updated position since the 2016 valuation

Since March 2016, the value of the assets will have increased by more than assumed at the 2016 valuation. However the value placed on the liabilities will also have increased due to the accrual of new benefits and a lower real discount rate underlying the valuation funding model.

Actuary's Statement as at 31 March 2017

Overall the funding position is likely to have improved since the 2016 valuation but the cost of new benefits to be earned in future will have also increased.

The next formal triennial valuation will be carried out as at 31 March 2019 with new contribution rates set from 1 April 2020.



Graeme Muir FFA
Partner, Barnett Waddingham LLP

The Council's Responsibilities

The Council is required to:

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

The Director of Finance & Assets Responsibilities

The Director of Finance & Assets is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2016-2017 (the Code).

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Director of Finance & Assets

I certify that this draft Statement of Accounts for the year ended 31 March 2017 gives a true and fair view of the financial position of the Council as at 31 March 2017 and its income and expenditure for the year ended 31 March 2017.



Richard Ambrose

Date: 24 May 2017

Director of Finance & Assets

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: xx July 2017

Pension Fund Accounts

Description of the Fund

Buckinghamshire County Council Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Buckinghamshire County Council. Organisations participating in the Fund include the County Council, Milton Keynes Council, the district and parish Councils of Buckinghamshire, Thames Valley Police, Buckinghamshire Fire and Rescue Service, and other scheduled and admitted bodies. These are listed in Note 21 to these Financial Statements. Teachers, fire fighters and police officers, for whom separate pension schemes apply, are excluded from the Pension Fund.

The purpose of the Pension Fund is to provide defined benefits for employees and their widows, widowers and children, based on pay and past service. The scheme is a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Employee contribution bands range from 5.5% to 12.5% of pensionable pay for the year ending 31 March 2017. In April 2014 a 50/50 option was introduced which means members can pay half their contribution rate and build up half the pension benefit whilst retaining full value of other scheme benefits such as death in service lump sum and ill health cover. Accrued pension is revised annually in line with the Consumer Prices Index. Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. More details of benefits provided under the scheme are available on the Council's pension website at <http://www.bucksgcc.gov.uk/pensions>

In 2015 the government announced that they wanted the 91 Local Government Pension Scheme funds to pool their investments into larger pools in order to achieve savings in investment management costs. In response to the government agenda, Project Brunel was set up to explore the options for pooling investment assets across ten Funds. The founding Funds include The Environment Agency Pension Fund, and the Local Government Funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Gloucestershire, Oxfordshire, Somerset and Wiltshire. The collective assets of the pool are approximately £23 billion.

The objective of pooling the assets is to achieve savings over the longer term from both lower investment management costs and more effective management of the investment assets. The pool will look to deliver the savings based upon the collective buying power the collaboration initiative will produce. Local accountability will be maintained as each individual fund will remain responsible for strategic decisions including asset allocation. The pooling of assets will only affect the implementation of the investment strategy in terms of manager appointments. The transition of assets is expected to begin April 2018 through to 2020 for the majority of the assets, although illiquid alternative assets such as private equity may need a longer transition timetable. More information and updates about the project can be found on the Project Brunel website at: www.brunelpensionpartnership.org

Membership of the Fund

The following summarises the membership of the Fund:

31 March 2016	Membership of the Fund	31 March 2017
24,552	Contributors	22,754
16,728	Pensioners	17,566
24,362	Deferred pensioners	26,699
65,642	Total Membership of the Fund	67,019

Pension Fund Accounts

Investment Strategy Statement

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require administering authorities to formulate and to publish a statement of its investment strategy, in accordance with guidance issued from time to time by the Secretary of State. The Investment Strategy Statement can be viewed on the Council's website at <http://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/investment/investment-strategy-statement/>

Pension Fund Account for the Year Ended 31 March 2017

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

31 March 2016 £000	Pension Fund Account	Note	31 March 2017 £000
	Dealings with Members, Employers and Others directly Involved in the Fund		
	Income		
(114,867)	Contributions	3	(120,799)
(5,822)	Transfers in from other pension funds	4	(14,985)
(118)	Other income		(78)
(120,807)			(135,862)
	Benefits	5	
78,605	Pensions		81,960
22,302	Commutation of pensions and lump sums		24,368
	Payments to and on Account of Leavers	6	
345	Refunds of contributions		1,172
3,033	Transfers out to other pension funds		12,658
104,285			120,158
(16,522)	Net Additions from Dealings with Members		(15,704)
15,807	Management expenses	7	17,194
	Returns on Investments		
(43,057)	Investment income	8	(46,777)
27,018	Profits and losses on disposal of investments and changes in the market value of investments	9	(429,377)
1,259	Taxes on income	16	333
(14,780)	Net Returns on Investments		(475,821)
(15,495)	Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		(474,331)

Pension Fund Accounts

Net Assets Statement

31 March 2016 £000	Net Assets Statement	Note	31 March 2017 £000
	Investments		
	Fixed interest securities		
32,425	▪ Public sector		29,269
187,358	▪ Other		234,902
647,352	Equities - quoted		852,632
88,460	Index-linked securities		74,834
995,693	Pooled investment vehicles		1,204,325
186,330	Unit trusts - property		183,581
69,072	Cash deposits		87,736
(298)	Derivative contracts		385
7,157	Dividend income receivable		7,848
2,213,549	Net Investments	11	2,675,512
-	Borrowings - sterling		-
12,468	Current assets	15	24,372
(4,764)	Current liabilities	15	(4,300)
2,221,253	Net Assets of the Fund Available to Fund Benefits at 31 March		2,695,584

1. Basis of Preparation

The accounts summarise the fund's transactions for the 2016/17 financial year and its position at year end as at 31 March 2017. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code), which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed at Note 18 of these accounts.

The Pension Fund is administered by Buckinghamshire County Council, but the Fund balances are not included in Buckinghamshire County Council's Consolidated Balance Sheet.

2. Accounting Policies and Critical Judgements in Applying Accounting Policies

Accounting Policies

Accruals of Income and Expenditure

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

Contributions, benefits and investment income are included on an accruals basis. All settlements for buying and selling investments are accrued on the day of trading. Interest on deposits is accrued if not received by the end of the financial year. Investment management expenses are accounted for on an accruals basis. Administrative expenses are accounted for on an accruals basis, staff costs are paid by Buckinghamshire County Council then recharged to the Pension Fund at the year end and group transfers to and from the Fund are accounted for on an accruals basis unless negotiations it is too early in the negotiations for an estimate of the value to be available. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for

Pension Fund Accounts

the relevant amount is recorded in the Net Assets Statement. Some additional payments are made to beneficiaries on behalf of certain employers. These payments are subsequently reimbursed by those employers. The figures contained in the accounts are shown exclusive of both payments and reimbursements.

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

Investment Income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as dividend income receivable. Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits / losses during the year.

Benefits Payable

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

Management Expenses

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

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

- Global Thematic Partners – global equities
- Investec Asset Management – global equities
- Mirabaud – UK equities
- Royal London Asset Management – bonds
- Schroders – global equities
- Standard Life – UK equities

Financial Instruments

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

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

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

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

The value of market quoted investments is determined by the bid market price ruling on the final day of the accounting period. Fixed interest securities are recorded at net market value based on their current yields. Pooled investments in property funds, equity funds, fixed interest funds, private equity funds and hedge fund of funds are valued by the fund manager in accordance with industry guidelines.

Pension Fund Accounts

Foreign Currency Transactions

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

Derivatives

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

Cash and Cash Equivalents

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

Contingent Assets and Liabilities

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

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

Critical Judgements in Applying Accounting Policies

Unquoted private equity investments

It is important to recognise the highly subjective nature of determining the fair value of private equity investments. They are inherently based on forward looking estimates and judgements involving many factors. Private equities are valued by the investment managers using guidelines set out by the British Venture Capital Association.

Pension Fund Liability

The Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The last such valuation took place as at 31 March 2016, the past service funding level of the Fund as a whole increased from 82% to 87% between 31 March 2013 and 31 March 2016. The next valuation will take place as at 31 March 2019. The methodology used is in line with accepted guidelines and in accordance with IAS19.

Events After The Reporting Date

Since 31 March 2017, there has been some volatility in the financial markets, there would be an impact on the market value of the fund's investments were they to be valued as at the date these accounts were authorised. These changes are deemed to be non-adjusting post balance sheet events. There have been no events since 31 March 2017, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

Accounting Standards that have been issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The Accounting changes introduced in the 2018/19 Code relate to the reporting of IFRS9 Financial Instruments requiring new classification categories for financial instruments and additional disclosures. IFRS15 Revenue from contracts with customers sets out the requirements for recognising revenue that apply to contracts with customers.

Pension Fund Accounts

3. Contributions

Contributions relating to wages and salaries paid up to 31 March 2017 have been included in these accounts.

2015/16 £000	Contributions	2016/17 £000
	Employers	
(25,997)	Administering authority	(26,450)
(49,236)	Scheduled bodies	(58,628)
(11,026)	Admitted bodies	(7,276)
	Employers' Augmentation Costs	
-	Administering authority	-
(400)	Scheduled bodies	-
-	Admitted bodies	-
	Members	
(7,199)	Administering authority	(7,549)
(18,098)	Scheduled bodies	(19,576)
(2,911)	Admitted bodies	(1,320)
<u>(114,867)</u>	Total Contributions	<u>(120,799)</u>

4. Transfer Values

2015/16 £000	Transfers in from other pension funds	2016/17 £000
-	Group transfers	(6,061)
(5,822)	Individual transfers	(8,924)
<u>(5,822)</u>	Total Transfers in from other pension funds	<u>(14,985)</u>

The individual transfer values relate to transfers, which have been received during the financial year i.e. included on a cash basis. On 31 March 2017 there were 5 outstanding transfer values receivable greater than £50k, for which £785k had not been received. (no outstanding transfer values receivable on 31 March 2016).

On 31 March 2017 there were 7 group transfers to the Fund being negotiated with other Funds (3 on the 31 March 2016), the value of the transfers to the Fund is being negotiated between the Funds' actuaries. The income due to the Fund for 5 of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

Pension Fund Accounts

5. Benefits

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

2015/16 £000	Benefits	2016/17 £000
	Pensions	
30,610	Administering authority	31,350
42,010	Scheduled bodies	44,077
5,985	Admitted bodies	6,533
20,411	Commutations of pensions and lump sum retirement benefits	21,515
1,891	Lump sum death benefits	2,853
100,907	Total Benefits	106,328

6. Payments to and on Account of Leavers

2015/16 £000	Payments to and on Account of Leavers	2016/17 £000
236	Refunds to members leaving service	671
109	Payments for members joining the state scheme	501
267	Group transfers to other pension funds	1,615
2,766	Individual transfers to other pension funds	11,043
3,378	Total Payments to and on Account of Leavers	13,830

The individual transfer values relate to transfers, which have been paid during the financial year i.e. included on a cash basis. On 31 March 2017 there were no outstanding individual transfer values payable greater than £50k. On 31 March 2016 there were 5 outstanding individual transfer values payable greater than £50k, for which £513k had not been paid.

On 31 March 2017 there were 3 group transfers from the Fund being negotiated with other Funds (2 on the 31 March 2016); the value of the transfers from the Fund is being negotiated between the Funds' actuaries. The expenditure in respect of 2 of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

7. Management Expenses

2015/16 £000	Management Expenses	2016/17 £000
1,382	Administrative costs	1,779
13,900	Investment management expenses	14,808
500	Oversight and governance costs	583
25	External Audit Fee	24
15,807	Total Management Expenses	17,194

The analysis of the cost of managing the Pension Fund during the period has been prepared in accordance with CIPFA guidance. Management expenses have been categorised as administrative costs, investment management expenses and oversight / governance costs. Management fees for pooled funds and transaction costs have been included in the investment management expenses.

Pension Fund Accounts

The investment management expenses include £1.562m (£2.038m in the 2015/16 financial year) in respect of performance related fees payable to the fund's investment managers. It also includes £1.566m in respect of transaction costs (£1.601m in the 2015/16 financial year).

8. Investment Income

2015/16 £000	Investment Income	2016/17 £000
(10,349)	Interest from fixed interest securities	(10,897)
(20,305)	Dividends from equities	(22,970)
(692)	Income from index-linked securities	(498)
(32)	Interest on cash deposits	18
(6,564)	Income from property unit trusts	(7,858)
(5,115)	Other	(4,572)
(43,057)	Total Investment Income	(46,777)

9. Investments

All investments are valued on a fair value basis and where there is an active market the bid price is the appropriate quoted market price. The investment accounting information is provided by BNY Mellon, the Fund's custodian bank.

Investments (All values are shown £000)	Value at 31 March 2016 £000	Reclassification of Assets £000	Purchases at Cost £000	Sales Proceeds £000	Realised Profit / (Loss) £000	Unrealised Profit / (Loss) £000	Value at 31 March 2017 £000
Fixed interest securities	219,783	-	101,284	(70,353)	3,497	9,960	264,171
Equities - quoted	647,353	-	576,778	(561,042)	82,313	107,230	852,632
Index-linked securities	88,460	-	401,210	(427,762)	10,690	2,236	74,834
Pooled investment vehicles	995,692	-	45,266	(50,431)	8,044	205,754	1,204,325
Unit Trusts - property funds	186,330	-	25,654	(27,096)	(6,378)	5,071	183,581
Derivative contracts	(298)	-	3,525	(1,549)	(1,976)	683	385
Cash deposits	69,072	-	-	16,411	-	2,253	87,736
	2,206,392	-	1,153,717	(1,121,822)	96,190	333,187	2,667,664
Investment income due	7,157						7,848
	2,213,549						2,675,512

Pension Fund Accounts

Investments (All values are shown £000)	Value at 31 March 2015 £000	Reclassification of Assets £000	Purchases at Cost £000	Sales Proceeds £000	Realised Profit / (Loss) £000	Unrealised Profit / (Loss) £000	Value at 31 March 2016 £000
Fixed interest securities	217,693	-	86,476	(76,217)	2,744	(10,913)	219,783
Equities - quoted	683,237	-	527,655	(518,742)	17,421	(62,218)	647,353
Index-linked securities	87,050	-	449,030	(448,114)	1,914	(1,420)	88,460
Pooled investment vehicles	983,239	-	73,015	(72,750)	6,835	5,353	995,692
Unit Trusts - property funds	160,074	-	53,492	(40,326)	(872)	13,962	186,330
Derivative contracts	606	-	2,868	(3,287)	419	(904)	(298)
Cash deposits	50,197	-	-	18,214	-	661	69,072
	2,182,096	-	1,192,536	(1,141,222)	28,461	(55,479)	2,206,392
Investment income due	6,453						7,157
	2,188,549						2,213,549

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

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

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

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

On 31 March 2017 assets which exceed 5% of the total value of the net assets of the Fund are a £166.2m, 6.2%, investment in Legal & General's All Stocks Index-Linked Gilt Fund (£138.7m as at 31 March 2016) and a £172.6m, 6.4%, investment in Legal & General's Europe (ex UK) Equity Index Fund (£134.9m as at 31 March 2016).

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

Pension Fund Accounts

10. Investment Management Arrangements

The value of the Fund with the fund managers as at 31 March 2017 was £2,670m (£2,168m at 31 March 2016). Fund manager fees have been calculated according to the specific mandate and the associated contract agreement as shown in the following table:

Fund Manager	Mandate	Negotiated Fee Basis	Proportion of Fund 31 March 2016	Proportion of Fund 31 March 2017
Aviva Investors	Property	Percentage of fund	9%	7%
BlackRock	Cash / inflation plus	Percentage of fund	4%	5%
Blackstone Alternative Asset Management	Hedge fund of funds	Percentage of fund	4%	5%
Global Thematic Partners	Less constrained global equities	Performance related fee	6%	7%
Investec Asset Management	Less constrained global equities	Performance related fee	8%	8%
Legal & General Investment Management	Passive index-tracker	Percentage of fund	27%	28%
Mirabaud Investment Management Limited	UK equities	Performance related fee	5%	5%
Pantheon Private Equity	Private equity	Percentage of Funds Committed & Incentive Fee	6%	6%
Partners Group	Private equity	Percentage of fund	2%	2%
Royal London Asset Management	Core plus bonds	Performance related fee	15%	14%
Schroders	Less constrained UK equities	Performance related fee	7%	8%
Standard Life Investments	Less constrained UK equities	Performance related fee	5%	5%

Pension Fund Accounts

11. Analysis of the Value of Investments

31 March 2016 £000	Analysis of the Value of Investments	31 March 2017 £000
	Fixed Interest Securities	
30,092	UK public sector	27,906
2,333	Overseas public sector	1,363
187,358	UK other	234,902
-	Overseas other	-
219,783	Total Fixed Interest Securities	264,171
	Equities	
201,877	UK quoted	251,374
445,475	Overseas quoted	601,258
647,352	Total Equities	852,632
	Other	
88,460	Index-linked securities public sector	74,834
-	Index-linked securities other	-
995,693	Pooled Investment vehicles	1,204,325
186,330	Unit Trusts - property funds	183,581
(298)	Derivatives	385
69,072	Cash deposits – sterling and foreign cash	87,736
7,157	Dividend income receivable	7,848
1,346,414	Total Other	1,558,709
2,213,549	Total Value of Investments	2,675,512

Pension Fund Accounts

12. Financial Instruments

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

31 March 2016			31 March 2017		
Fair value through profit and loss £000	Loans And Receivables £000	Financial Liabilities At amortised cost £000	Fair value through profit and loss £000	Loans And Receivables £000	Financial Liabilities At amortised cost £000
Financial Assets					
219,783	-	-	Fixed interest securities	264,171	-
647,352	-	-	Equities - quoted	852,632	-
88,460	-	-	Index-linked securities	74,834	-
995,693	-	-	Pooled investment vehicles	1,204,325	-
186,330	-	-	Property – unit trusts	183,581	-
-	-	-	Derivatives	385	-
7,157	-	-	Dividend income receivable	7,848	-
-	69,072	-	Cash deposits	-	87,736
-	4,158	-	Current assets	-	14,925
2,144,775	73,230	-		2,587,776	102,661
Financial Liabilities					
(298)	-	-	Derivatives	-	-
-	-	-	Borrowings	-	-
-	-	(3,952)	Current liabilities	-	(3,471)
-	-	(3,952)		-	(3,471)
2,144,477	73,230	(3,952)	Total	2,587,776	102,661

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

31 March 2016 £000		31 March 2017 £000	
Financial Assets			
13,525	Fair value through profit and loss	475,729	
1,255	Loans and receivables	91	
-	Financial liabilities measured at amortised cost	-	
Financial Liabilities			
-	Fair value through profit and loss	-	
381	Loans and receivables	481	
-	Financial liabilities measured at amortised cost	-	
15,161	Total	476,301	

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

Pension Fund Accounts

Valuation of Financial Instruments Carried at Fair Value

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

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

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

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

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

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

Value at 31 March 2017	Quoted	Using	With	Total
	Market Price	Observable Inputs	Significant Unobservable Outputs	
	Level 1 £000	Level 2 £000	Level 3 £000	£000
Fixed interest securities	-	264,171	-	264,171
UK equities - quoted	251,374	-	-	251,374
Overseas equities - quoted	601,258	-	-	601,258
Index-linked securities	-	74,834	-	74,834
Pooled investment vehicles	772,344	-	431,981	1,204,325
Property – unit trusts	-	183,581	-	183,581
Derivatives	-	385	-	385
Cash deposits	-	87,736	-	87,736
Borrowings	-	-	-	-
Total	1,624,976	610,707	431,981	2,667,664

Following the adoption of IFRS13 for Pension Fund accounts the fair value hierarchy disclosure should be limited to investments. Dividend income receivable, current assets and current liabilities have been removed from the fair value hierarchy table and the 2015/16 comparator figures have been restated.

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Restated Value at 31 March 2016	Quoted	Using	With	Total
	Market	Observable	Significant	
	Price	Inputs	Unobservable	
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Fixed interest securities	-	219,783	-	219,783
UK equities - quoted	201,877	-	-	201,877
Overseas equities - quoted	445,475	-	-	445,475
Index-linked securities	-	88,460	-	88,460
Pooled investment vehicles	612,221	-	383,472	995,693
Property – unit trusts	-	186,330	-	186,330
Derivatives	-	(298)	-	(298)
Cash deposits	-	69,072	-	69,072
Borrowings	-	-	-	-
Total	1,259,573	563,347	383,472	2,206,392

Original Value at 31 March 2016	Quoted	Using	With	Total
	Market	Observable	Significant	
	Price	Inputs	Unobservable	
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Fixed interest securities	-	219,783	-	219,783
UK equities - quoted	201,877	-	-	201,877
Overseas equities - quoted	445,475	-	-	445,475
Index-linked securities	-	88,460	-	88,460
Pooled investment vehicles	612,221	-	383,472	995,693
Property – unit trusts	-	186,330	-	186,330
Derivatives	-	(298)	-	(298)
Dividend income receivable	-	7,157	-	7,157
Cash deposits	-	69,072	-	69,072
Borrowings	-	-	-	-
Current assets	-	12,468	-	12,468
Current liabilities	-	(4,764)	-	(4,764)
Total	1,259,573	578,208	383,472	2,221,253

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

Blackstone – Fund of Hedge Funds

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

Partners Group – Private Equity

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

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

LGIM – Passive Tracker Fund

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

Aviva – Property Fund

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

They also employ an independent external accountant, Langham Hall, to undertake analysis of each fund's NAV when reported, in addition to that undertaken by the REMM team.

Wherever possible, and through the use of side letters if necessary, we seek to ensure consistency of reporting to an IFRS INREV NAV standard basis. Where this is not possible, managers are asked to provide the building blocks to create this analysis. They then work with Langham Hall, to reconcile back to the NAV provided in the fund's normal accounting standards.

Pantheon – Private Equity

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

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

These methods are consistently applied across all investment types.

BlackRock Institutional Jersey Dynamic Diversified Growth Fund

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

13. Additional Financial Risk Management Disclosures

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

Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. The Pension Fund Risk Assessment analyses the risks faced by the Council's pensions operations, it is reviewed regularly by the Pension Fund Committee to reflect changes in activity and in market conditions. The analysis below is designed to meet the disclosure requirements of IFRS 7.

Market Risk

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

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

Market Price Risk

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

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

Market Price - Sensitivity Analysis

Whilst the value of the Fund's assets is sensitive to changes in market conditions and the Fund's assets are diversified across fund managers and asset classes to mitigate the risks. The Fund's liability to pay future benefits is equally sensitive, particularly to interest rate changes. The Fund's investment consultant undertakes triennial strategy reviews following the triennial actuarial valuation to ensure that the asset allocation of the Fund remains appropriate to expectations for its liabilities both in the short term and in the long term. The latest review, carried out by Mercer in March 2017, showed that the overall risk factor (standard deviation) for the Fund is 13.4%. The next review is due in early 2020 following the triennial valuation, interim strategy reviews can be undertaken if required. Following analysis of historical data and expected investment return movement during the financial year, applying a 13.4% movement in market price risk which is reasonably possible for the 2016/17 reporting period, if the market price of the Fund's investments does increase/decrease in line with the table below, the change in the market price of net assets available to pay benefits would be as follows.

Pension Fund Accounts

Asset Type	31 March 2017 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Fixed interest securities	264,171	13.4	299,570	228,772
UK equities – quoted	251,374	13.4	285,058	217,690
Overseas equities – quoted	601,258	13.4	681,827	520,689
Index-linked securities	74,834	13.4	84,862	64,806
Pooled investment vehicles	738,264	13.4	837,192	639,337
Property - unit trusts	183,581	13.4	208,181	158,981
Alternatives	466,061	13.4	528,513	403,609
Derivative contracts	385	13.4	437	333
Cash deposits	87,736	13.4	99,493	75,979
Investment income due	7,848	13.4	8,900	6,796
Total	2,675,512		3,034,033	2,316,992

Following analysis of historical data and expected investment return movement during the financial year, State Street GS Performance Services has determined that the following movements in market price risk are reasonably possible for the 2015/16 reporting period and if the market price of the Fund's investments had increased/decreased in line with the table below, the change in the market price of net assets available to pay benefits would have been as follows.

Asset Type	31 March 2016 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Fixed interest securities	219,783	6.01	232,992	206,574
UK equities – quoted	201,877	10.69	223,458	180,296
Overseas equities – quoted	445,475	10.51	492,294	398,656
Index-linked securities	88,460	7.45	95,050	81,870
Pooled investment vehicles	620,506	11.46	691,616	549,396
Property - unit trusts	186,330	2.67	191,305	181,355
Alternatives	375,187	2.61	384,979	365,395
Derivative contracts	(298)	2.61	(290)	(306)
Cash deposits	69,072	0.01	69,079	69,065
Investment income due	7,157	11.46	7,977	6,337
Total	2,213,549		2,388,460	2,038,638

Interest Rate Risk

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

Interest Rate – Sensitivity Analysis

The Pension Fund recognises that interest rates vary and can impact income to the fund and the fair value of the assets. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the impact of a 1% change in value. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Pension Fund Accounts

Asset Type	Value	Change for the year in net assets available to pay benefits	
		1%	-1%
As at 31 March 2017	£000	£000	£000
Cash deposits	87,736	-	-
Cash balances (not forming part of the investment assets)	4,176	-	-
Fixed interest securities	264,171	2,642	(2,642)
Total	356,083	2,642	(2,642)

Asset Type	Value	Change for the year in net assets available to pay benefits	
		1%	-1%
As at 31 March 2016	£000	£000	£000
Cash deposits	69,072	-	-
Cash balances (not forming part of the investment assets)	2,732	-	-
Fixed interest securities	219,783	2,198	(2,198)
Total	291,587	2,198	(2,198)

A 1% increase in interest rates will reduce the fair value of the relevant net assets and vice versa.

Income Source	Value	Change for the year on income values	
		1%	-1%
As at 31 March 2017	£000	£000	£000
Cash deposits / cash and cash equivalents	148	15	(15)
Fixed interest securities	10,897	-	-
Total	11,045	15	(15)

Income Source	Value	Change for the year on income values	
		1%	-1%
As at 31 March 2016	£000	£000	£000
Cash deposits / cash and cash equivalents	32	3	(3)
Fixed interest securities	10,349	-	-
Total	10,381	3	(3)

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

Currency Risk

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

Currency Risk – Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 9.67% movement in exchange rates in either direction for 31 March 2017. This analysis assumes that all variables, in particular interest rates, remain constant. Based on the composition of the Fund's currency exposure a 9.67% fluctuation in the currency is considered reasonable. A 9.67% weakening or strengthening of Sterling against the various currencies at 31 March 2017 would have increased or decreased the net assets by the amount shown below.

Currency Exposure by Asset Type	31 March 2017	Value on increase	Value on decrease
	£000	£000	£000
		+9.67%	-9.67%
Fixed interest securities	-	-	-
Equities – quoted	563,439	617,924	508,954
Index-linked securities	7,669	8,411	6,927
Pooled investment vehicles	207,311	227,358	187,264
Property - unit trusts	4,142	4,543	3,741
Cash deposits	1,746	1,915	1,577
Total	784,307	860,151	708,463

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 6.39% movement in exchange rates in either direction for 31 March 2016. This analysis assumes that all variables, in particular interest rates, remain constant. State Street GS Performance Services provided data on currency risk for various currencies, based on the composition of the Fund's currency exposure a 6.39% fluctuation is considered reasonable. A 6.39% weakening or strengthening of Sterling against the various currencies at 31 March 2016 would have increased or decreased the net assets by the amount shown in the following table.

Currency Exposure by Asset Type	31 March 2016	Value on increase	Value on decrease
	£000	£000	£000
		+6.39%	-6.39%
Fixed interest securities	-	-	-
Equities – quoted	416,302	442,904	389,700
Index-linked securities	-	-	-
Pooled investment vehicles	191,321	203,546	179,096
Property - unit trusts	7,927	8,434	7,420
Cash deposits	14,599	15,532	13,666
Total	630,149	670,416	589,882

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

Currency Exposure by Significant Currency

The Fund's most significant currency exposures are to US Dollars and EUROS, using data on currency risk of 9.41% for the US Dollar and 9.18% for the EURO. Weakening or strengthening of Sterling against US Dollars and EUROS at 31 March 2017 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2017 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	466,964	9.41	510,905	423,023
EUROS	157,924	9.18	172,421	143,427
Total	624,888		683,326	566,450

Data on currency risk of 7.78% for the US Dollar and 6.77% for the EURO was provided by State Street GS Performance Services. Weakening or strengthening of Sterling against US Dollars and EUROS at 31 March 2016 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2016 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	391,472	7.78	421,929	361,015
EUROS	138,385	6.77	147,754	129,016
Total	529,857		569,683	490,031

Credit Risk

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

A source of credit risk is the cash balances held internally or by managers. The Pension Fund's bank account is held at Lloyds, which holds an "A" long term credit rating. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Council's Treasury Management Strategy which sets out the permitted counterparties and limits. The value of the Fund invested by the Treasury Management Team at 31 March 2017 was £4.535m in an instant access Lloyds account. (On 31 March 2016 £2.709m was invested in an instant access Lloyds account.) Cash held by investment managers is invested with the global custodian, BNY Mellon, in a diversified money market fund rated AAAM.

Liquidity Risk

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

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

Pension Fund Accounts

31 March 2016		31 March 2017
£000		£000
188,298	Aviva	193,323
88,852	Blackstone	128,372
145,916	Pantheon Private Equity	165,106
44,650	Partners Group	42,206
522	Hg Capital	581
468,238		529,588

14. Related Parties

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

The County Council was reimbursed £1.9m (£1.5m in the 2015/16 year) for administration costs incurred by the County Council on behalf of the Pension Fund. The County Council is also the single largest employer of members of the Pension Fund and contributed £34.0m to the Fund in 2016/17 (£33.2m in the 2015/16 year).

The Pension Fund's surplus cash held for day to day cash flow purposes is invested on the money markets by the treasury management function of Buckinghamshire County Council, through a service level agreement. During the year to 31 March 2017, the Fund had an average investment balance of £4.7m (£7.4m in the 2015/16 year), earning interest of £27k (£43k in the 2015/16 year).

There are no members (31 March 2016 no members) of the Pension Fund Committee who are active members of the Fund, no pensioner members (31 March 2016 one pensioner member) and no deferred members (31 March 2016 no deferred members). The Director of Finance and Assets (s151 Officer), holds a key position in the financial management of the Fund and is an active member. He is an employee of Buckinghamshire County Council for whom a portion of his costs of employment are re-charged to the Fund. Disclosure of his pay costs can be found within the officer remuneration note in the main Buckinghamshire County Council accounts.

15. Current Assets and Liabilities

31 March 2016	Current Assets and Liabilities	31 March 2017
£000		£000
	Current Assets	
8,310	Contributions due from employers 31 March	9,447
2,732	Cash balances (not forming part of the investment assets)	4,176
1,426	Other current assets	10,749
12,468	Total Current Assets	24,372
	Current Liabilities	
(1,009)	Management charges	(937)
(812)	HM Revenue and Customs	(829)
(1,261)	Unpaid benefits	(519)
(1,682)	Other current liabilities	(2,015)
(4,764)	Total Current Liabilities	(4,300)
7,704	Net Current Assets	20,072

Pension Fund Accounts

31 March 2016	Current Assets and Liabilities	31 March 2017
£000		£000
	Current Assets	
2,444	Central government bodies	2,720
4,954	Other local authorities	12,296
5	NHS bodies	3
2,842	Public corporations and trading funds	4,300
2,223	All other bodies	5,053
12,468	Total Current Assets	24,372
	Current Liabilities	
(814)	Central government bodies	(828)
(14)	Other local authorities	(1,615)
-	NHS bodies	-
(2,459)	Public corporations and trading funds	(944)
(1,477)	All other bodies	(913)
(4,764)	Total Current Liabilities	(4,300)
7,704	Net Current Assets	20,072

16. Taxes on Income

2015/16	Taxes on Income	2016/17
£000		£000
-	Withholding tax - fixed interest securities	-
1,259	Withholding tax - equities	333
1,259	Total Taxes on Income	333

The Fund retains the following taxation status:

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

17. Actuarial Position of the Fund

In accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013 (as amended), the Fund's actuary, Barnett Waddingham LLP, undertakes a funding valuation every three years to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund for the forthcoming triennial period. The last such valuation took place as at 31 March 2016. The next valuation will take place as at 31 March 2019.

On 31 March 2016, the market value of the assets held were £2,221.253m, sufficient to cover 87% of the accrued liabilities assessed on an ongoing basis. All employers are projected to be fully funded after an average recovery period of 16 years. The primary rate of contribution is the employers' share of the cost of benefits accruing in each of the three years beginning 1 April 2017 and is 15.1% of payroll. In addition each employer pays a secondary contribution rate based on their particular circumstances, the secondary contribution rate across the whole Fund averages 6.2% in 2017/18, 6.3% in 2018/19 and 6.4% in 2019/20.

Pension Fund Accounts

The results of the valuation are that the past service funding level of the Fund as a whole has increased from 82% to 87% between 31 March 2013 and 31 March 2016. The improvement of the funding position since the previous valuation is mainly due to good investment returns and employer contributions.

The main assumptions used in the valuation were:

Future assumed returns

▪ Investment return - gilts	2.4%	per annum
▪ Investment return - other bonds	3.3%	per annum
▪ Investment return - cash / temporary investments	1.8%	per annum
▪ Investment return - equities	7.4%	per annum
▪ Investment return - property	5.9%	per annum
▪ Investment return - absolute return fund (LIBOR+)	5.8%	per annum
▪ Investment return - expense allowance	-0.2%	per annum

Financial assumptions

▪ Discount rate	5.4%	per annum
▪ Pension increases	2.4%	per annum
▪ Short term pay increases	in line with CPI from 31 March 2016 to 31 March 2020	
▪ Long term pay increases	3.9%	per annum

18. Actuarial Present Value of Promised Retirement Benefits

International Financial Reporting Standards (IFRS) requires the disclosure of the actuarial present value of promised retirement benefits. The Fund's Actuary has prepared a report which rolls forward the value of the Employers' liabilities calculated for the Triennial valuation as at 31 March 2016. On an IAS 19 basis the Actuary estimates that the net liability as at 31 March 2017 is £1,858m (31 March 2016 £1,440m), but figures calculated on an IAS 19 basis are not relevant for calculations undertaken for funding purposes or for other statutory purposes undertaken under UK pensions legislation. The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

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

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

31 March 2016		31 March 2017
£000		£000
3,653,503	Present value of funded obligation	4,503,310
(2,213,549)	Fair value of scheme assets	(2,645,301)
1,439,954	Net Liability	1,858,009

The Present Value of Funded Obligation consists of £4,351m (£3,508m at 31 March 2016) in respect of Vested Obligation and £152m (£145m at 31 March 2016) in respect of Non-Vested Obligation. Vested benefits are the benefits that employees have a right to receive even if they do not render services to the employer. In other words, the employees will receive their vested benefits even if they stop working for the employer. Thus, non-vested benefits are the benefits an employee can receive in the future if he or she continues providing services to the employer. The liabilities above are calculated on an IAS19 basis and therefore differ from the results of the triennial funding

Pension Fund Accounts

valuation (see Note 17) because IAS19 stipulates a discount rate rather than a rate that reflects market rates. The main assumptions used were:

31 March 2016	31 March 2017
3.3% RPI increases	3.6%
2.4% CPI increases	2.7%
4.2% Salary increases	4.2%
2.4% Pension increases	2.7%
3.7% Discount rate	2.8%

These assumptions are set with reference to market conditions at 31 March. The Actuary's estimate of the duration of the Fund's liabilities is 20 years. The discount rate is the annualised yield at the 20 year point on the Merrill Lynch AA-rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Fund's liabilities. This is consistent with the approach used at the last accounting date.

The RPI increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England, specifically the 20 year point on the Bank of England market implied inflation curve. The RPI assumption is therefore 3.6% per annum. This is consistent with the approach used at the last accounting date. As future pension increases are expected to be based on CPI rather than RPI, the Actuary has made a further assumption about CPI which is that it will be 0.9% below RPI i.e. 2.7%.

Salaries are then assumed to increase at 1.5% above CPI in addition to a promotional scale.

19. Contingent Liabilities and Contractual Commitments

Contractual commitments that the Fund has entered into by 31 March 2017 are:

Contractual Commitments	Amount Paid as at 31 March 2016 \$000	Amount Paid as at 31 March 2017 \$000	Total Contractual Commitment \$000
Pantheon Asia Fund V LP	22,688	22,938	25,000
Pantheon Asia Fund VI LP	25,521	29,704	47,000
Pantheon USA Fund VII Limited	19,274	19,635	21,250
Pantheon USA Fund VIII Feeder LP	61,200	65,325	75,000
Pantheon Global Secondary Fund IV Feeder LP	9,975	9,975	15,000
Partners Group Global Resources 2009, LP	27,527	27,751	35,000
	166,185	175,328	218,250
	€000	€000	€000
Pantheon Europe Fund V "A" LP	16,548	16,548	18,125
Pantheon Europe Fund VI LP	53,560	57,980	65,000
Partners Group Global Real Estate 2008 SICAR	22,989	22,996	25,000
Partners Group Global Infrastructure 2009 SICAR	21,520	21,842	25,000
	114,617	119,366	133,125

Pension Fund Accounts

These contractual commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity, resources, global real estate and infrastructure parts of the portfolio. The amounts "called" by the funds are irregular in both size and timing over several years from the date of each original commitment. The total contractual commitment at 31 March 2017 is the same as the total contractual commitment at 31 March 2016.

On 31 March 2017 there were 7 group transfers to the Fund being negotiated with other Funds (3 on the 31 March 2016), the value of the transfers to the Fund is being negotiated between the Funds' actuaries. The income due to the Fund for 5 of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available. On 31 March 2017 there were 3 group transfers from the Fund being negotiated with other Funds (2 on the 31 March 2016), the value of the transfers from the Fund is being negotiated between the Funds' actuaries. The expenditure in respect of 2 of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

20. Additional Voluntary Contributions (AVCs)

AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. The AVC providers to the Fund are Prudential and Clerical Medical. Prudential invests in several funds including with profits accumulation, deposit and discretionary funds. Clerical Medical invests in with profits and unit-linked funds, the financial year for this fund is 1 November to 31 October and the financial information included is for this period. These amounts are not included in the Pension Fund Net Assets Statement in accordance with regulation 5(2)c of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831).

2015/16	Prudential	2016/17
£000		£000
5,441	Value of AVC fund at beginning of year	4,085
(1,299)	Correction opening value	-
634	Employees' contributions and transfers in	650
151	Investment income	150
(842)	Benefits paid and transfers out	(850)
<u>4,085</u>	Value of AVC fund at year end	<u>4,035</u>
1.11.2014 -		1.11.2015 -
31.10.2015	Clerical Medical	31.10.2016
£000		£000
3,788	Value of AVC fund at beginning of year	3,581
149	Employees' contributions	142
235	Investment income	318
(591)	Benefits paid and transfers out	(807)
<u>3,581</u>	Value of AVC fund at year end	<u>3,233</u>

21. List of Scheduled and Admitted Bodies

Scheduled Bodies

Buckinghamshire County Council
Buckinghamshire Fire and Rescue Service
Thames Valley Police
Aylesbury Vale District Council
Chiltern District Council
Milton Keynes Council
South Bucks District Council
Wycombe District Council

Amersham Town Council
Aston Clinton Parish Council
Aylesbury Town Council
Bletchley & Fenny Stratford Town Council
Broughton & Milton Keynes Parish Council
Buckingham Town Council

Burnham Parish Council
Campbell Park Parish Council
Chalfont St Giles Parish Council
Chalfont St Peter Parish Council
Chepping Wycombe Parish Council
Chesham Bois Parish Council
Chesham Town Council
Chiltern Crematorium
Chilterns Conservation Board
Coldharbour Parish Council
Gerrards Cross Parish Council
Great Missenden Parish Council
Hambleden Parish Council
Hazlemere Parish Council
Iver Parish Council
Ivinghoe Parish Council
Kents Hill and Monkston Parish Council
Lacey Green Parish Council
Lane End Parish Council
Little Marlow Parish Council
Longwick-cum-Ilmer Parish Council
Marlow Town Council
New Bradwell Parish Council
Newport Pagnell Town Council
Newton Longville Parish Council
Olney Town Council
Penn Parish Council
Piddington & Wheeler End Parish Council
Princes Risborough Town Council
Shenley Brook End and Tattenhoe Parish Council
Shenley Church End Parish Council

Stantonbury Parish Council
Stony Stratford Town Council
Taplow Parish Council
Waddesdon Parish Council
Wendover Parish Council
West Bletchley Town Council
Weston Turville Parish Council
West Wycombe Parish Council
Winslow Town Council
Woburn Sands Town Council
Wolverton & Greenleys Town Council
Wooburn & Bourne End Parish Council
Woughton Community Council

Alfriston School
Amersham School
Amersham & Wycombe College
Aylesbury College
Aylesbury Grammar School
Aylesbury High School
Aylesbury Vale Academy
Beaconsfield High School
Beechview Academy
Bedgrove Infant School
Bedgrove Junior School
Bourne End Academy
Bourton Meadow Academy
Bridge Academy
Brill CofE Combined School
Brookmead School
Brookward School
Brushwood Middle School
Buckinghamshire New University
Buckinghamshire University Technical College
Burnham Grammar School
Bushfield School
Castlefield School
Chalfonts Community College
Chalfont St Peter CE Academy
Chalfont Valley E-Act Academy
Charles Warren Academy
Chepping View Primary Academy
Chesham Grammar School
Chestnuts Academy
Chiltern Hills Academy
Chiltern Way Academy
Cottesloe School
Danesfield School
Denbigh School

Denham Green E-Act Academy	Sir Henry Floyd Grammar School
Dr Challoner's Grammar School	Sir Herbert Leon Academy
Dr Challoner's High School	Sir Thomas Fremantle Academy
E-Act Burnham Park Academy	Sir William Borlase's Grammar School
George Grenville Academy	Sir William Ramsay School
Germander Park School	Southwood Middle School
Gerrards Cross CE School	Stanton School
Glastonbury Thorn First School	Stantonbury Campus
Great Marlow School	Stephenson Academy
Great Missenden CoE Combined School	The Beaconsfield School
Green Park School	The Premier Academy
Hamilton Academy	The Radcliffe School
Hazeley Academy	Two Mile Ash School
Heronsgate School	Waddesdon CE School
Highcrest Academy	Walton High
Holmer Green Senior School	Water Hall Primary School
Ickford School	Whitehouse Primary School
Ivingswood Academy	Wycombe High School
Kents Hill School	Wyvern School
Khalsa Secondary Academy	
John Colet School	Election Fees:
John Hampden Grammar School	Aylesbury Vale Local
Lace Hill Academy	Aylesbury Vale Parliamentary
Lent Rise Combined School	Chiltern Local
Lord Grey School	Chiltern Parliamentary
Loudwater Combined School	Milton Keynes Local
Loughton School	Milton Keynes Parliamentary
Middleton Primary	Wycombe Local
Milton Keynes Academy	Wycombe Parliamentary
Milton Keynes Development Partnership	South Bucks Local
Milton Keynes College	South Bucks Parliamentary
NET Academies Trust	
New Bradwell Combined School	
New Chapter Primary School	
Oakgrove School	
Olney Infant School	
Olney Middle Academy	
Orchard Academy	
Ousedale School	
Overstone Combined School	
Oxley Park Academy	
PCC for Thames Valley	
Portfields Combined School	
Princes Risborough Primary School	
Princes Risborough School	
Rickley Park Primary School	
Royal Grammar School	
Royal Latin School	
St Nicolas' CE Combined School Taplow	
St Paul's RC School	
Seer Green CofE School	
Shenley Brook End School	
Shepherdswell School	

Admitted Bodies

Acorn Childcare
Action for Children
Action for Children (Children's Centres)
Adventure Learning Foundation (BCC)
Adventure Learning Foundation (WDC)
Alliance in Partnership
Ambassadors Theatre Group
Archgate Cleaning
Ashridge Security Management
Aspens Services
Beacon Housing Association
Birkin Cleaning (John Colet)
Birkin Cleaning (Oakgrove School)
Bucks County Museum Trust
Bucks Learning Trust
C-SALT (Woughton Leisure Centre)
Capita (WDC)
Chiltern Rangers CIC
Cleantec Services Limited
Connection FS (BCC)
Connexions Buckinghamshire
Cucina Restaurants Ltd
Enterprise Support Services UK
Excelcare
Frosts (MKC)
Hayward Services
Heritage Care
Hertsmere Leisure Trust
Hightown Housing Association Ltd
Innovate Ltd
Kids Play Ltd
Mears Group plc
MK Dons
NSL Services Group
Oxfordshire Health NHS Foundation Trust
Oxon PCT (SALT)
Paradigm Housing Association
Places for People Leisure
Police Superintendents Association
Red Kite Community Housing Ltd
Ringway Infrastructure Services
Ringway Jacobs
SCS Wothorpe Ltd
Serco (MKC)
Serco MKC Recreation & Maintenance
Servest Group Limited
Sports Leisure Management
Spurgeons
Stantonbury Arts & Leisure
The Fremantle Trust
Vale of Aylesbury Housing Trust
Wolverton & Watling Way Pools Trust
Wycombe Heritage and Arts Trust

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Active Management

A style of investment management where the fund manager aims to out-perform a benchmark by superior asset allocation, market timing or stock selection (or a combination of these). Compare with passive management.

Actuary

A person or firm that analyses the assets and future liabilities of a pension fund and calculates the level of employers' contributions needed to keep the Fund solvent.

Additional Voluntary Contributions (AVCs)

AVCs are paid by a contributor who decides to supplement their pension by paying extra contributions to the Scheme's AVC providers.

Admitted Bodies

These are employers who have been allowed into the Fund at the County Council's discretion.

Alternative Investments

These are less traditional investments where risks can be greater but potential returns higher over the long term, e.g. investments in private equity partnerships, hedge funds, commodities, foreign currency and futures.

Asset Allocation

The appointment of a fund's assets between asset classes and/or world markets. The long-term strategic asset allocation of a fund will reflect the fund's investment objectives. In the short term, the fund manager can aim to add value through tactical asset allocation decisions.

Benchmark

A yardstick against which the investment policy or performance of a fund manager can be compared. Asset allocation benchmarks vary from the average fund distribution (as measured by one of the performance surveys) to customised benchmarks tailored to a particular fund's requirements.

Communities and Local Government (CLG)

Formerly the Office of the Deputy Prime Minister (ODPM), CLG is the government department responsible for the Local Government Pension Scheme.

Commutation

The conversion of an annual pension entitlement into lump sum on retirement.

Contingent Liability

A possible loss, subject to confirmation by an event after the balance sheet date, where the outcome is uncertain in terms of cost.

Corporate Bonds

Corporate Bonds are debt obligations issued by private corporations to finance a variety of purposes, e.g. business expansion. When a bond is issued, the corporation promises to return the money on a specified date, paying a stated rate of interest. Bonds do not provide ownership interest in the corporation.

Corporate Governance

Issues relating to the way in which a company ensures that it is attaching maximum importance to the interest of its shareholders and how shareholders can influence management. Issues such as executive pay levels and how institutional investors use their votes have been the subject of much debate.

Custody, Custodian

Safekeeping of securities by a financial institution. The custodian keeps a record of client investments and may also collect income, process tax reclaims and provide various other services according to client instructions.

Dividend

The part of a company's after-tax earnings, which is distributed to the shareholders in the form of cash or shares. The directors of the company decide how much dividend is to be paid and when. The dividend is neither automatic nor guaranteed for ordinary shareholders.

Emerging Markets

The financial markets of developing countries.

Equities

Shares in UK and overseas companies.

Fixed Interest

Income that remains constant during the life of the asset, such as income derived from bonds, annuities and preference shares.

FTSE All-Share Index

An arithmetically weighted index of leading UK shares (by market capitalisation) listed on the London Stock Exchange. Updated daily, the FTSE 100 Index ("Footsie") covers only the largest 100 companies.

Gilts, Gilt-edged Securities

The familiar name given to sterling, marketable, fixed interest securities (or bonds) issued by the British Government.

Hedge Fund

A specialist fund that seeks to generate consistent returns in all market conditions by exploiting opportunities resulting from inefficient markets.

Index-linked Gilts

Both the interest payments (coupons) and the value of the eventual capital repayment for index-linked gilts are adjusted in line with the change in inflation, as measured by the retail prices index (RPI). Investors are thus protected against the value of their investments being eroded by inflation.

Mature Scheme

A pension scheme with a high proportion of pensioners and a low proportion of current members. In a mature scheme contributions are normally less than benefits paid out.

Myners Report

In 2001, Paul Myners issued a report that had been commissioned by HM Treasury on the subject of Institutional Investment.

Passive Management

A style of investment management that seeks to attain performance equal to market or index returns.

Risk

In its simplest sense, risk is the variability of returns. Investments with greater inherent risk must promise higher expected returns if investors are to invest in them.

Scheduled Bodies

These are organisations that have a right to be in the Fund.

Specialist Management

A fund management arrangement whereby a number of managers each concentrate on a different asset class. A specialist fund manager is concerned primarily with stock selection within the specialist asset class. Asset allocation decisions are taken by the trustees, their consultant or a specialist tactical asset allocation manager.

Stock Selection

The process of deciding which stocks to buy within an asset class.

Style

The philosophy behind the way in which a manager manages the fund.

Tracker Fund

A fund which matches investment performance to a particular stock market index.

Transfer Value

A cash sum representing the value of a member's pension rights.

Unit Trust

A pooled fund in which investors can buy and sell units on an ongoing basis. Known as mutual funds in the US and some other countries.

Unquoted Securities

Shares which are dealt in the market but which are not subject to any listing requirements and are given no official status.

Value Manager

A fund manager who aims to select stocks that he believes to have potential not reflected in the current share price.

WM Company

The company that provides the Fund's performance measurement information.

PENSION FUND COMMITTEE FORWARD PLAN

Updated	18-Jul-17
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27 July 2017		Aylesbury, County Hall	
	Agenda Item	Author	Cyclical Item?
	Apologies / Declarations of interest / Minutes	--	
	Declarations of interest / Minutes	Chairman	
	Annual Accounts Audit	Julie Edwards /Grant Thornton	Annually
	Annual Report 2016/17	Cheryl Platts	Annually
	Forward Plan	Julie Edwards	Every meeting
	Exclusion of Press and Public		
	Confidential Minutes		
	Fund Manager Presentation	Pantheon	No
	Brunel Pension Partnership Update	Mark Preston	No
	Date of next meeting / AOB	--	

20 September 2017		Aylesbury, County Hall	
	Agenda Item	Author	Cyclical Item?
	Apologies / Declarations of interest / Minutes	--	Every meeting
	Buckinghamshire Pension Board Minutes	Steve Mason	4 monthly
	Administering Authority Discretionary Policy	Claire Lewis-Smith	Ad hoc
	Governance Update	Julie Edwards	Annual
	Pension Fund Risk Register	Julie Edwards	6 monthly
	Forward Plan	Julie Edwards	Every meeting
	Exclusion of Press and Public		
	Confidential Minutes		
	Buckinghamshire Pension Board Confidential Minutes	Steve Mason	4 monthly
	Actuarial Update	Barnett-Waddingham	Ad hoc
	Fund Manager Performance	Julie Edwards	Quarterly
	Fund Managers Presentation	Standard Life	No
	Brunel Pension Partnership Update	Julie Edwards	No
	Date of next meeting / AOB	--	

30 November 2017		Aylesbury, County Hall	
	Agenda Item	Author	Cyclical Item?
	Apologies / Declarations of interest / Minutes	--	
	Buckinghamshire Pension Board Minutes	Steve Mason	4 monthly
	Governance Update	Julie Edwards	Annually
	Verbal Feedback from Local Authority Pension Forum	David Martin	Annual
	Forward Plan	Julie Edwards	

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PENSION FUND COMMITTEE FORWARD PLAN

Updated	18-Jul-17
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Exclusion of Press and Public		
Confidential Minutes		
Buckinghamshire Pension Board Confidential Minutes	Steve Mason	4 monthly
Fund Managers' Performance	Julie Edwards	Quarterly
Fund Managers Presentation	TBA	No
Brunel Pension Partnership Update	Julie Edwards	Every meeting
Date of next meeting / AOB	--	

February 2018		Aylesbury, County Hall	
Agenda Item		Author	Cyclical Item?
Apologies / Declarations of interest / Minutes		--	
Treasury Management Service Level Agreement		Julie Edwards	Annual
Forward Plan		Julie Edwards	Every meeting
Exclusion of Press and Public			
Confidential Minutes			
Fund Manager Performance		Julie Edwards	Quarterly
Fund Manager Presentation		TBA	No
Brunel Pension Partnership Update		Julie Edwards	No
Date of next meeting / AOB		--	

March 2018		Aylesbury, County Hall	
Agenda Item		Author	Cyclical Item?
Apologies / Declarations of interest / Minutes		--	
Pension Fund Risk Register		Julie Edwards	6 monthly
Forward Plan		Julie Edwards	Every meeting
Exclusion of Press and Public			
Confidential Minutes			
Fund Manager Presentation		TBA	No
Brunel Pension Partnership Update		Julie Edwards	No
Date of next meeting / AOB		--	

May 2017		Aylesbury, County Hall	
Agenda Item		Author	Cyclical Item?
Election of Chairman / Appointment of Vice-Chairman		--	
Apologies / Declarations of interest / Minutes		--	

PENSION FUND COMMITTEE FORWARD PLAN

Updated	18-Jul-17
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Buckinghamshire Pension Board Minutes	Steve Mason	4-monthly
External Audit Plan	Grant Thornton	Annual
Annual Accounts	Julie Edwards	Annual
Forward Plan	Julie Edwards	Every meeting
Exclusion of Press and Public		
Confidential Minutes		
Confidential Buckinghamshire Pension Board Minutes	Steve Mason	4 monthly
Fund Manager Performance	Julie Edwards	Quarterly
Brunel Pension Partnership Update	Julie Edwards	No
TBA	Mercer	No
Date of next meeting / AOB	--	

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