

# Agenda

## *PENSION FUND COMMITTEE*

**Date:** Thursday 24 May 2018  
**Time:** 2.00 pm  
**Venue:** Mezzanine Room 3, County Hall, Aylesbury

Agenda Item	Page No
1 ELECTION OF CHAIRMAN	
2 APPOINTMENT OF VICE-CHAIRMAN	
3 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP	
4 DECLARATIONS OF INTEREST To disclose any Personal or Disclosable Pecuniary Interests	
5 MINUTES of the meeting held on 01 March 2018 to be agreed.	3 - 6
6 BUCKINGHAMSHIRE PENSION BOARD MINUTES	7 - 12
7 EXTERNAL AUDIT PLAN Grant Thornton	13 - 28
8 ANNUAL ACCOUNTS	To Follow
9 PENSION FUND RISK REGISTER	29 - 44
10 FORWARD PLAN	45 - 46
11 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)**

<b>12</b>	<b>CONFIDENTIAL MINUTES</b> To agree the confidential minutes of the meeting held on 1 March 2018.	<b>47 - 50</b>
<b>13</b>	<b>CONFIDENTIAL MINUTES OF THE BUCKINGHAMSHIRE PENSION BOARD</b>	<b>51 - 52</b>
<b>14</b>	<b>PENSION FUND PERFORMANCE</b>	<b>53 - 72</b>
<b>15</b>	<b>BRUNEL UPDATE/ RESPONSIBLE INVESTMENT POLICY</b>	<b>73 - 106</b>
<b>16</b>	<b>BRUNEL PORTFOLIO MAPPING</b>	<b>107 - 116</b>
<b>17</b>	<b>DATE OF NEXT MEETING</b> The next meeting will take place at 10am on Friday 20 <sup>th</sup> July 2018 in Mezz Room 1, County Hall, Aylesbury.	

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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: Fazeelat Bashir on 01296 382394, email: [fbashir@buckscc.gov.uk](mailto:fbashir@buckscc.gov.uk)*

**Members**

Mr J Chilver  
Mr T Butcher  
Mrs A Cranmer  
Mr C Harriss  
Mr N Hussain  
Mr D Martin  
Mr M Barber, Thames Valley Police  
Mr J Gladwin, District Council representative  
Mr N Miles, Milton Keynes Council

# Minutes

## *PENSION FUND COMMITTEE*

**MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE HELD ON THURSDAY  
1 MARCH 2018, IN LARGE DINING ROOM, JUDGES LODGINGS, AYLESBURY,  
COMMENCING AT 10.00 AM AND CONCLUDING AT 12.30 PM.**

### **MEMBERS PRESENT**

Mr J Chilver (Chairman), Mr T Butcher, Mr D Martin and Mr M Barber

### **OTHERS PRESENT**

Carolyn Dobson, Independent Adviser

Julie Edwards, Pensions and Investments Manager, Buckinghamshire County Council

Mark Preston, Finance Director, Business Services Plus, Buckinghamshire County Council

Matthew Passey, Mercer Investment Consulting

Despina Archak, Committee Assistant

### **AGENDA ITEM**

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

Apologies were received from, Mrs A Cranmer, Mr J Gladwin, Mr N Miles.

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

There were no declarations of interest.

#### **3. MINUTES**

Previous actions from the minutes of the meeting dated 30 November 2017 had been completed.

**Point of correction** on page 6, point 9.5 of the previous minutes. Ms C Dobson did not make this request

Subject to this amendment, the minutes of the meeting held on 30 November 2017 were agreed as a correct record.



**4. TREASURY MANAGEMENT SERVICE LEVEL AGREEMENT**

Ms J Edwards, Pensions & Investments Manager, presented the Treasury Management Service Level Agreement report.

Attention was brought to the amendment to clause two in the appendix.

**RESOLVED**

**The Committee approved the Pension Fund treasury management Service Level Agreement.**

**5. FORWARD PLAN**

Ms J Edwards, Pension and Investments Manager presented the Forward Plan.

**RESOLVED**

**The Committee noted the Forward Plan**

**6. 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)**

**7. CONFIDENTIAL MINUTES**

The confidential minutes of the meeting held on 30 November were agreed as an accurate record and signed by the Chairman.

**8. FUND CASH FLOW FORECAST**

Ms J Edwards, Pension and Investments Manager presented the Fund Cash Flow Forecast report.

**9. FUND MANAGER PERFORMANCE**

The Committee received a report on the Fund Managers' Performance.

**10. BRUNEL PORTFOLIOS MAPPING.**

Ms J Edwards, Pension and Investments Manager presented the Report.

**11. CURRENCY HEDGING**

Mr M Passey, Mercer Investment Consulting, presented the Currency Hedging report.

**12. BRUNEL PORTFOLIOS MAPPING**

Mr M Passey, Mercer Investment Consulting, presented the report.

**13. DATE OF NEXT MEETING**

24 May 2018, Mezzanine Room 3, County Hall, Aylesbury

**CHAIRMAN**



# Minutes

## *PENSION FUND BOARD*

**MINUTES OF THE PENSION FUND BOARD HELD ON WEDNESDAY 14 MARCH 2018, IN MEZZANINE ROOM 3, COUNTY HALL, AYLESBURY, COMMENCING AT 10.06 AM AND CONCLUDING AT 11.47 AM.**

### **MEMBERS PRESENT**

Mr P Dearden, Ms R Ellis (Vice-Chairman), Mr S Mason (Chairman), Mr J McGovern, Mr I Thompson and Ms L Wheaton

### **OFFICERS PRESENT**

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

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

Apologies had been received from Bev Black.

It was noted that Maddy Cheeseman and James Robinson who were currently undertaking an Improvement Review in the Pensions Service were observing the meeting.

The Minutes of the meeting held on 18<sup>th</sup> October 2017 were agreed as a correct record.

It was noted that an update on a possible reconciliation problem highlighted at the last meeting would be circulated after the meeting.

**ACTION: Julie Edwards**

It was noted that Claire Lewis-Smith had circulated a questionnaire to Members of the Board which had informed the content of the training day which would be held next week.

Members were also advised that Item 5 – Update on I-Connect and Pensions Online would be deferred to the next meeting.

It was agreed that a draft of the Annual Report would be circulated to the Board for comment ahead of the next meeting, to allow for comments, before it was signed off by Pension Fund Committee in July.

**ACTION: Julie Edwards**

### **2 MINUTES OF PENSION FUND COMMITTEE**

In response to a question regarding the new Risk Register Tool, Pentana, it was agreed that the Risk Register would be brought to the next meeting.

**ACTION: Julie Edwards**

It was noted that there had been a discussion at Pension Fund Committee, as to whether it was helpful to include implications of Brexit on the Risk Register as this was essentially something which was beyond the control of the Committee and indeed the local authority. The Chairman commented that it was still important for the Committee to be sighted on the possible impacts of issues even if they were beyond their control.

### **3 BCC PENSION FUND EMPLOYER NEWSLETTERS - DECEMBER 2017**

Members agreed to consider items 3 and 4 together and Cheryl Platts presented her report and took questions accordingly. The following main points were noted:

- The Scheme Advisory Board had established a Working Group to consider the Ill Health process.
- Registration levels for My Pension Online had not increased despite reminders to employers to promote this tool to staff. It was noted that Thames Valley Police had particularly high sign up rates – they had run a series of weekly emails encouraging staff to sign up.
- Board Members felt it was important to increase the take up of My Pension Online, particularly as Annual Benefits Statements would be distributed electronically this year.
- Cheryl Platts commented that this was not unique to our fund and so far, the trend had been for younger and older employees to sign up, but people in the middle age bracket had not.
- It was suggested that a small communications piece could be provided to employers to assist them in promoting My Pension Online. Cheryl Platts confirmed that she had prepared a piece which she hoped to include in the March newsletter.
- 2018 newsletter would be distributed hard copy after Easter. The presentation of the newsletter had been revised and included more content, including Health and Wellbeing advice. Members commended the new format.
- It was noted that the employer training event held on 1<sup>st</sup> March had been adversely affected by the snow, with only 9 attendees representing 6 employers. However the 6<sup>th</sup> March session was attended by 31 people, representing 26 employers and feedback forms indicated good feedback.
- It was noted that there were 17,000 deferred members – there was an awareness that more needed to be done to actively track down deferred members.

The Chairman thanked Cheryl Platts for attending the meeting.

### **4 SCHEME MEMBER AND EMPLOYER COMMUNICATIONS**

This item was considered under Item 3.



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

This item was deferred to the next meeting.

## **6 ANNUAL REVIEW OF BUCKINGHAMSHIRE PENSION BOARD**

The Board considered the draft Annual Review of the Pension Board report. The Chairman advised that this needed to be finalised for presentation to the Pension Fund Committee on 25<sup>th</sup> July. It was agreed that Board Members would provide their feedback on the draft to Julie Edwards and Claire Lewis-Smith by the end of April and the Chairman would then meet with the officers to redraft the report. This would then be circulated for any further comments.

**ACTION: All Board Members**

## **7 ADMINISTRATION PERFORMANCE STATISTICS**

The Chairman welcomed Sam Price, Principle Pensions Officer who presented the report on Administration Performance Statistics.

It was noted that there had been an increase in the number of retirees in the last quarter of 2017, although reasons for this remained unclear. The Board were pleased to hear that the backlog of leaver checking had been cleared and asked for their thanks to be passed on to the staff. It was suggested that it might be useful to introduce a customer satisfaction survey in future.

The Chairman asked if it was possible to break down further the 'Other' category in the telephone statistics provided. It was agreed that this would be reviewed to try and provide more detail in the next report.

**ACTION: Sam Price**

## **8 CIPFA PENSIONS ADMINISTRATION BENCHMARKING**

The Board received a report which provided information on the Council's costs for administering the LGPS fund over the past three years, alongside data from CIPFA Pensions Administration Benchmarking Club. In response to Member's questions and during subsequent discussions the following main points were noted:

- It was noted that it was difficult to assess the comparator information as it was impossible to know whether other local authorities had administrative backlogs as BCC had.
- Staff costs at BCC were above other authorities but this was because staff numbers had been increased in order to address the backlog, which had now been cleared. These temporary staff costs would be seen in the 2017/18 figures but might reduce in the coming year. Mark Preston commented that he would like to improve customer satisfaction so he was not rushing to decrease staff numbers.

- A Member suggested that a customer satisfaction survey could help to demonstrate value for money. It was important to consider the performance and customer experience alongside the costs.
- It was noted that indirect costs were higher than comparators and IT costs, but this could be attributed to the development of the online tools for Members like i-connect.
- The Chairman commented that it would be more beneficial to compare against LAs with similar funds. It was agreed that a more targeted comparator report would be developed and circulated to the Board.

**ACTION: Sam Price**

- It was noted that there had been sickness issues in the pension administration team, with a couple of staff on long term sickness. This was being managed under the Council's attendance policy but was likely to also impact the 2017/18 figures.
- A member queried figures on p18 of the CIPFA report which showed that Bucks had 442 deaths in service and 20 pensioner deaths, which seemed erroneous. It was confirmed that these figures must have been transposed in error – so it should read 20 deaths in service and 442 pensioner deaths.

## **9 FORWARD PLAN**

The Board noted the updated Forward Plan.

## **10 ANNUAL BENEFITS STATEMENTS - ADMINISTRATION YEAR END UPDATE**

Claire Lewis-Smith introduced the report on Annual Benefits Statements – Administration Year End Update. A steady improvement was noted with just over 1,000 active members not receiving the Annual Benefits Statement. 88% had received their statement by August which was an increase of 13.5% on the previous years' figures.

## **11 EXCLUSION OF PRESS AND PUBLIC**

## **12 ANNUAL BENEFITS STATEMENTS - CONFIDENTIAL APPENDIX**

The Board considered the data contained in the Annual Benefits Statements appendix.

## **13 CONFIDENTIAL MINUTES OF THE PENSION FUND BOARD**

The Confidential Minutes of the Pension Fund Board held on 18<sup>th</sup> October 2017 were agreed as a correct record.

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

The Confidential Minutes of the Pension Fund Committee held on 30 November 2017 were noted.

## **15 BRUNEL PENSION PARTNERSHIP UPDATE**

The Board noted the Brunel Pension Partnership Update.

#### **16 LOCAL PENSION BOARD INSURANCE**

The Board considered the pros and cons of taking out an insurance policy.

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

18<sup>th</sup> July 2018 at 10am in Mezzanine Room 1, County Hall, Aylesbury.

It was noted that the Board would soon have been running for three years and therefore Members terms of office would expire in June. The Chairmen asked if all Members could contact Julie Edwards or Claire Lewis-Smith to confirm if they would like to continue as Members of the Board and if they wish to, the term could be extended for a further three years.

**ACTION: All Members**

In addition, the next meeting would need Election of Chairman and appointment of Vice-Chairman on the agenda.

It was noted that a new Member, \*\*\*\*\* Pearce from Chiltern District Council would be joining the Board from the next meeting.

Updates on GNP reconciliations, Cyber Security and GDPR were requested for the next meeting.

**CHAIRMAN**



# External Audit Plan

*Year ending 31 March 2018*

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Buckinghamshire Pension Fund

22 April 2018



Agenda Item 7

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Fund or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. 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.

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# Introduction & headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Buckinghamshire Pension Fund ('the Fund') for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Buckinghamshire Pension Fund. We draw your attention to both of these documents on the [PSAA website](#).

## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance (the Regulatory & Audit Committee).

The audit of the financial statements does not relieve management or the Regulatory & Audit Committee of your responsibilities.

Our audit approach is based on a thorough understanding of the Fund's business and is risk based.

15	<b>Significant risks</b>	<p>Those risks requiring specific audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:</p> <ul style="list-style-type: none"><li>• Management over-ride of controls</li><li>• The valuation of Level 3 investments is incorrect</li><li>• Change in custodian</li></ul> <p>We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.</p>
	<b>Materiality</b>	<p>We have determined planning materiality to be £27.0 million (2016/17: £22.2 million), which equates to 1% of your net assets. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £1.3 million (2016/17: £1.1 million).</p>
	<b>Audit logistics</b>	<p>Our interim visit took place in January 2018 and our final visit will take place in June 2018. Our key deliverables are this Audit Plan and our Audit Findings Report.</p> <p>Our fee for the audit will be no less than £25,033 (PY: £25,033) for the Fund.</p>
	<b>Independence</b>	<p>We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements</p>

# Deep business understanding

## Changes to service delivery

### Pooling

Arrangements for the pooling of investments continue to develop. The DCLG has reported on the progress of pools and noted the pace of development, including the launching of procurements for pool operators, appointing senior officers and preparing applications for Financial Conduct Authority authorisation. This remains a challenging agenda, with arrangements required to be in place from 1 April 2018. These arrangements will have a significant impact on how investments are managed and monitored, with much of the operational responsibility moving to the pool operator. It remains key that administering authorities (through Pension Committees and Pension Boards) continue to operate strong governance arrangements, particularly during the transition phase where funds are likely to have a mix of investment management arrangements.

### Markets in Financial Instrument Directive (MiFID II)

January 2018 see the implementation of MiFID II. The impact for Fund is that to be able to continue to access the same investments as previously, they need to apply to 'opt up' and gain election to professional status. Without this change in status some financial institutions could terminate their relationship with the fund, which may have an adverse impact on the achievement of the investment strategy

### On-going Matters

- Indexation and equalisation of GMP in public service pensions schemes
- Reforms to public sector exit packages and the application, or not, of the 2013 Fair Deal changes to the LGPS
- SAB work on options for academies within the LGPS and review of Tier 3 employer risks

## Changes to financial reporting requirements

### Accounts and Audit Regulations 2015 (the Regulations)

The Department of Communities and Local Government (DCLG) is currently undertaking a review of the Regulations, which may be subject to change. The date for any proposed changes has yet to be confirmed, so it is not yet clear or whether they will apply to the 2017/18 financial statements.

Under the 2015 Regulations local authorities are required to publish their accounts along with the auditors opinion by 31 July 2018.

### Changes to the CIPFA 2017/18 Accounting Code

CIPFA have introduced minor changes to the 2017/18 Code, these include a new disclosure of investment manager transaction costs and clarification on the approach to investment concentration disclosure.

## Key challenges

### General Data Protection Regulations (GDPR)

GDPR comes into effect in May 2018 and replaces the Data Protection Act 1998. It introduces new obligations on data controllers. The Fund is both a data controller and a data processor and needs to ensure that it has appropriate processes in place to comply with the changes being introduced.

### tPR 2016 Governance and Administration Survey

Published in May 2017 whilst showing improvements in governance tPR noted that its focus for 2017-18 would be scheme governance, record keeping, internal controls and member communication and that tolerance for scheme shortcomings in these areas was reducing and that they were more likely to use their enforcement powers where scheme managers have not taken sufficient action to address issues or meet their duties.

## Our response

- We will consider whether your financial position leads to uncertainty about the going concern assumption and will review any related disclosures in the financial statements.
- We will keep you informed of changes to the Regulations and any associated changes to financial reporting or public inspection requirements for 2017/18 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2017/18 CIPFA Code.
- Where any actions have been agreed in respect of matters identified through previous audit work, on the financial statements the planning report should include reference to consideration of progress against previously agreed recommendations.



# Significant risks identified

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration because they have a higher risk of material misstatement. Such risks often relate to significant non-routine transactions and judgmental matters. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<b>The revenue cycle includes fraudulent transactions</b>	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited</li> <li>• the culture and ethical frameworks of local authorities, including Buckinghamshire County Council as the Administering Authority of Buckinghamshire Pension Fund, mean that all forms of fraud are seen as unacceptable</li> </ul> Therefore we do not consider this to be a significant risk for Buckinghamshire Pension Fund.
<b>Management over-ride of controls</b>	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. Management over-ride of controls is a risk requiring special audit consideration.	We will: <ul style="list-style-type: none"> <li>• gain an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness;</li> <li>• obtain a full listing of journal entries, identify and test unusual journal entries for appropriateness; and</li> <li>• evaluate the rationale for any changes in accounting policies or significant unusual transactions.</li> </ul>
<b>Change in custodian</b>	During the year a number of funds have transferred custodian from BNY Mellon to State Street.	We will: <ul style="list-style-type: none"> <li>• document the controls in place to manage the transfer of data to the system of new custodian; and</li> <li>• review and test management's reconciliation of the closing position from the old custodian system to the opening position of the new system.</li> </ul>

# Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The valuation of Level 3 investments is incorrect	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>We will:</p> <ul style="list-style-type: none"><li>• gain an understanding of the Fund's process for valuing level 3 investments and evaluate the design of the associated controls;</li><li>• review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; and</li><li>• for a sample of investments, test the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. We will then reconcile those values to the values at 31 March 2018 with reference to known movements in the intervening period.</li></ul>

# Reasonably possible risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Contributions	Contributions from employers and employees' represents a significant percentage of the Fund's revenue.	<div>We will:</div> <ul style="list-style-type: none"><li>• evaluate the Fund's accounting policy for recognition of contributions for appropriateness;</li><li>• gain an understanding of the Fund's system for accounting for contribution income and evaluate the design of the associated controls;</li><li>• test a sample of contributions to source data to gain assurance over their accuracy and occurrence; and</li><li>• rationalise contributions received with reference to changes in member body payrolls and the number of contributing pensioners to ensure that any unusual trends are satisfactorily explained.</li></ul>
Pension Benefits Payable	Pension benefits payable represents a significant percentage of the Fund's expenditure.	<div>We will:</div> <ul style="list-style-type: none"><li>• evaluate the Fund's accounting policy for recognition of pension benefits expenditure for appropriateness;</li><li>• gain an understanding of the Fund's system for accounting for pension benefits expenditure and evaluate the design of the associated controls;</li><li>• test a sample of individual pensions in payment by reference to member files; and</li><li>• rationalise pensions paid with reference to changes in pensioner numbers and increases applied in year to ensure that any unusual trends are satisfactorily explained.</li></ul>

# Reasonably possible risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The valuation of Level 2 investments is incorrect	While level 2 investments do not carry the same level of inherent risks associated with level 3 investments, there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly.	We will: <ul style="list-style-type: none"><li>gain an understanding of the Fund's process for valuing Level 2 investments and evaluate the design of the associated controls;</li><li>review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; and</li><li>for a sample of investments, test the valuation by obtaining independent information from custodian/manager on units and unit prices.</li></ul>

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# Other matters

## Other work

The Fund is administered by Buckinghamshire County Council (the 'Council'), and the Fund's accounts form part of the Council's financial statements. Therefore as well as our general responsibilities under the Code of Practice a number of other audit responsibilities also follow in respect of the Fund, such as:

- We consider our other duties under the Act and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your 2017/18 financial statements, consider and decide upon any objections received in relation to the 2017/18 financial statements;
  - issue of a report in the public interest; and
  - making a written recommendation to the Council, copied to the Secretary of State.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

## 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) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

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# Materiality

## The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. 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.

## Materiality for planning purposes

We propose to calculate financial statement materiality based on a proportion of the net assets of the Fund for the financial year. In the prior year we used the same benchmark. We have determined planning materiality (the financial statements materiality determined at the planning stage of the audit) to be £27.0m (2016/17: £22.2m), which equates to 1% of your net assets for the prior year. We design our procedures to detect errors in specific accounts at a lower level of precision.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

## Matters we will report to the Regulatory & Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Regulatory & Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £1.3m (2016/17: £1.1m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Regulatory & Audit Committee to assist it in fulfilling its governance responsibilities.

# Audit logistics & audit fees



## Audit fees

The planned audit fees for Buckinghamshire Pension Fund are no less than £25,033 (2016/17: £25,033) for the financial statements audit. In setting your fee, we have assumed that the scope of the audit, and the Fund and its activities, do not significantly change.

## Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

# Early close

## Meeting the early close timeframe

Bringing forward the statutory date for publication of audited local government accounts to 31 July this year, across the whole sector, is a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts is curtailed.

Successful delivery of early close depends on:

- bringing forward as much work as possible to interim audits;
- starting work on final accounts audits as early as possible; and
- working with you to agree detailed plans, including early agreement of audit dates, working paper ad data requirements and early discussion on potentially contentious items.

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You have for the last two years achieved an early signoff of your accounts audit by 31 July and this therefore places you in a strong position compared to many other local authorities in achieving that deadline in 2017/18.

We believe, however, that there is further scope to build upon your progress made in previous audits. For 2017/18 we plan to work with you to ensure completion of the bulk of our fieldwork for the Fund's audit by the end of June, so that we can issue assurance letters to the auditors of other local authorities admitted into the Fund by 30 June.

## Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct the audit in line with the timetable set out in our audit plan (as detailed on page 11). Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.



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# Independence & non-audit services

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

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 Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2016 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Fund.

## Non-audit services

No non-audit services were identified.

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# Appendices

A. Revised ISAs

# Appendix A: Revised ISAs

Detailed below is a summary of the key changes impacting the auditor's report for audits of financial statement for periods commencing on or after 17 June 2016.

Section of the auditor's report	Description of the requirements
Conclusions relating to going concern	We will be required to conclude and report whether: <ul style="list-style-type: none"><li>• The directors use of the going concern basis of accounting is appropriate</li><li>• The directors have disclosed identified material uncertainties that may cast significant doubt about the Fund's ability to continue as a going concern.</li></ul>
Material uncertainty related to going concern	We will need to include a brief description of the events or conditions identified that may cast significant doubt on the Fund's ability to continue as a going concern when a material uncertainty has been identified and adequately disclosed in the financial statements. Going concern material uncertainties are no longer reported in an Emphasis of Matter section in our audit report.
Other information	We will be required to include a section on other information which includes: <ul style="list-style-type: none"><li>• Responsibilities of management and auditors regarding other information</li><li>• A statement that the opinion on the financial statements does not cover the other information unless required by law or regulation</li><li>• Reporting inconsistencies or misstatements where identified</li></ul>
Additional responsibilities for directors and the auditor	We will be required to include the respective responsibilities for directors and us, as auditors, regarding going concern.
Format of the report	The opinion section appears first followed by the basis of opinion section.

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# Pension Fund Committee

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<b>Title:</b>	Pension Fund Risk Register
<b>Date:</b>	Thursday 24 May 2018
<b>Author:</b>	Finance Director, Resources
<b>Contact officer:</b>	Julie Edwards, Pensions & Investments Manager 01296 383910 Sam Price, Principal Pensions Officer (Administration)
<b>Local members affected:</b>	No

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

## Summary

The Risk Register identifies the key risks to the Pension Fund and is reviewed periodically by the Pension Fund Committee and the Buckinghamshire Local Pension Board, the last Committee review took place on 30 November 2017 and the most recent Board review took place on 16 March 2017.

## Recommendation

**The Committee is asked to review the Risk Register for the Pension Fund and instruct officers to make any amendments necessary.**

### Resource implications

There are none arising directly from this report.

### Background

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

- The descriptions of risks are still relevant;
- The current scores attributed to the impact and likelihood of the risks are appropriate, please see tables overleaf; and
- Risk treatment is adequate;

Risks relating to the fund management are attached as Appendix 1, administration risks are attached as Appendix 2. In accordance with the Council's risk management framework scores between 0 and 5 are attributed to the impact of the risk. The impact areas are service / performance, reputation / political, financial, data protection / technological, legislation / regulatory and health and safety. Appendix 3 shows the criteria for attributing the risk impact scores. Scores between 0 and 5 are attributed to the likelihood of the risk from extremely unlikely (1) to extremely likely (6). Appendix 4 shows the indicators for attributing the risk likelihood scores. The scores for each risk are combined and assigned red, amber or green in the heat map in accordance with the table below.

**Matrix & Heat Map - scoring detail & colour scale**

5	5	10	15	20	25	30
4	4	8	12	16	20	24
3	3	6	9	12	15	18
2	2	4	6	8	10	12
1	1	2	3	4	5	6
	1	2	3	4	5	6

Scoring - Colour Code	
	1-3
	4-6
	7-12
	13-20
	21-30

Impact Areas	Scale
Service/Performance	0-5
Reputation / Political	0-5
Financial	0-5
Data Protection / Technological	0-5
Legislation / Regulatory	0-5
Health & Safety	0-5

Likelihood	Scale
Scores from	1-6

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**Background Papers**

None

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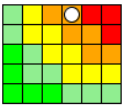

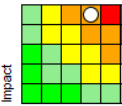


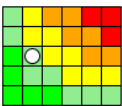



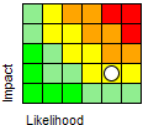

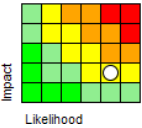

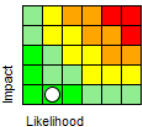

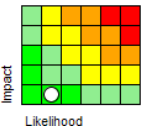
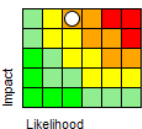

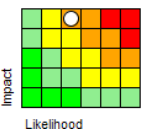


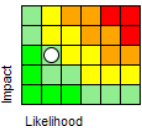



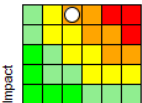

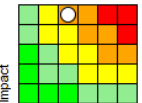

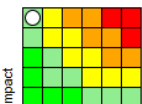

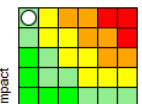

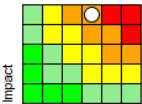

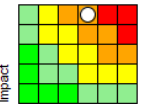

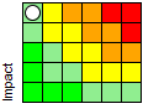

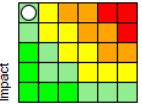

# Pensions & Investments Risk Register

Report Type: Risks Report

Generated on: 11 May 2018

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Name	Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
BSP-P&I-01 Investment Strategy	If the investment strategy does not produce the returns as envisaged / required then funds perform worse than expected, the deficit increases, pressure on employer contributions, pressure on Council Tax and reputational pressure on the Pension Fund				BSP-P&I-01 Investment Strategy Actions	Strategy reviewed formally every 3 years Review strategy more frequently - annual refresh Action Plan where issues arise Mini-valuation undertaken annually Appointment of Investment Consultant and Committee Advisor, Investment advice analysed. A long term view is taken with regards to the Fund's investment strategy.		Julie Edwards		01-May-2018
BSP-P&I-02 Significant Downturn in a Particular Sector	If there is a significant downturn in a particular sector / geographical location due to man made or natural disasters, then funds perform worse than expected, the deficit increases, employers contributions would need to be increased.				BSP-P&I-02 Significant Downturn in a Particular Sector Actions	Strategy reviewed every 3 years Review strategy more frequently - annual refresh Action Plan where issues arise. Managers closely monitored. Economic issues are being monitored. Closer monitoring of managers' views on Eurozone and BREXIT implications. Revised strategy implemented May 2014, investment strategy reviewed in March 2017. The Fund investments are diversified across several asset classes. Annual mini-actuarial valuation reported. Governance structures require meeting every Fund Manager on average 3 times per annum. Holistic reporting to Members - not just performance based.		Julie Edwards		01-May-2018
BSP-P&I-03 New Investment Vehicle Not Understood	If a new investment vehicle is not understood by the Pension Fund Committee then loss of control, limited governance exercised, poor controls / limited challenge and errors.				BSP-P&I-03 New Investment Vehicle Not Understood Actions	Ensure adequate training. Periodic training needs analysis undertaken to support annual training plan. Committee Advisor supports the Committee members understanding of asset classes and investment issues.		Julie Edwards		01-May-2018

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Name	Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
BSP-P&I-06 Public Sector Cuts	Public sector cuts could increase the number of early retirements, increase in administration costs and impact on revenue. Public sector cuts, member opt outs, localism and outsourcing could reduce the number of active members reducing contributions income. Contributions income could bring forward the date when the Fund has to use investment income to meet benefit payments.				BSP-P&I-06 Public Sector Cuts Actions	Review in light of austerity measures and other large employer strategies. Periodic meetings held with larger employers. Factor maturity of the Fund into investment strategy decisions, review Funding Strategy Statement every three years following the actuarial valuation.		Julie Edwards		01-May-2018
BSP-P&I-07 Significant Changes in Government Regulations	If significant changes in government regulations occur, for example IAS19, then limited opportunities for innovation exist and resource is wasted supporting employers / members with non-value adding activities.				BSP-P&I-07 Significant Changes in Government Regulations Actions	The Investment Regulations 2016 removed some of the existing prescriptive means of securing a diversified investment strategy and placed the onus on authorities to determine the balance of their investments and take account of risk. The Secretary of State has the power to intervene to ensure the more flexible legislation is used and the guidance on pooling is adhered to.		Julie Edwards		31-Mar-2019
BSP-P&I-09 Poor Fund Management	If there is poor Fund management caused by poor selection, loss of key staff, change in process or not keeping up with the market then there will be poor performance, reduced assets, damage to reputation and increased deficit.				BSP-P&I-09 Poor Fund Management Actions	Fund managers' performance actively reviewed quarterly. Investment strategy reviewed March 2017. Benchmarking undertaken and research undertaken.		Julie Edwards		01-May-2018
BSP-P&I-10 Underestimation of Pensioner Longevity	If there is an underestimation of pensioner longevity then there will be a failure to have high enough pension contributions and increased pressure on future contributions.				BSP-P&I-10 Underestimation of Pensioner Longevity Actions	Not within the Pension Fund's control Actuaries review projection of longevity regularly. The 2013 Actuarial Valuation mortality assumptions allowed for a long term rate of improvement in mortality rates. The 2016 mortality assumptions did not allow for a long term rate of improvement in mortality rates.		Julie Edwards		01-May-2018

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Name	Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
BSP-P&I-11 Inflation	If inflation is significantly greater than currently forecast, then a combination of lower bond values and increasing pay levels will cause the deficit to widen (all else equal). If inflation is negative (deflation) for a prolonged period of time, the value of the inflation linked bonds will decrease. However, the value of the liabilities would not fall to the same extent as pay levels are unlikely to fall and pensions cannot be reduced, which will cause the deficit to widen (all else equal).	 Impact Likelihood		 Impact Likelihood	BSP-P&I-11 Inflation Actions	The strategic allocation to inflation linked bonds within the investment strategy will increase in value if inflation expectations increase (all else equal), helping to offset some of the impact on the liabilities. The Pension Fund Committee will consider the Fund's exposure to inflation linked assets when reviewing the Fund's investment strategy. Part of the inflation linked bond allocation is managed actively, and the manager has discretion to increase or decrease the allocation in anticipation of increases or decreases in inflation expectations respectively		Julie Edwards		01-May-2018
BSP-P&I-12 Loss of Confidence by Employees and Employers	If there is loss of confidence by employees and employers in the Pension Fund management then political fallout, seen as a poor performer, criticism from external audit and Public Interest Reports.	 Impact Likelihood		 Impact Likelihood	BSP-P&I-12 Loss of Confidence by Employees and Employers. Actions	Pensions Communications Officer role involves designing and delivering communications strategy. The Buckinghamshire Pension Board was established in 2015.		Julie Edwards		01-May-2018
BSP-P&I-13 Market Volatility	If stock market volatility exists at key points in the cycle e.g. at time of actuarial review then, deficit grows as does pressure on employer costs.	 Impact Likelihood		 Impact Likelihood	BSP-P&I-13 Market Volatility Actions	Ongoing review more intense when markets are volatile. Key decision to be made in terms of timing of changes. Actuary using 'smoothing' effect which actively seeks to mitigate risks.		Julie Edwards		01-May-2018
BSP-P&I-14 Failure / Fraud at a Fund Management House or Nominee Company	If a failure / fraud of a fund management house or nominee company occurs, then there will be a short term performance failure, time and cost implications and a potential loss of opportunity if at the wrong moment.	 Impact Likelihood		 Impact Likelihood	BSP-P&I-14 Failure of a Fund Management House or Nominee Company Actions	Ongoing review using governance structures described previously.		Julie Edwards		01-May-2018

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Name	Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
BSP-P&I-15 Policy Compliance	If officers undertake fraudulent activity or do not follow policy decision or recommend inappropriate / radical policy decision then too great an exposure in certain areas will exist leading to greater volatility, break down of trust, policy decisions slowed, loss of opportunity and reputation damage.				BSP-P&I-15 Policy Compliance Actions	Effective scrutiny of officer activity by line management, Pension Fund Committee and audit		Julie Edwards		01-May-2018
BSP-P&I-17 Brunel Pension Partnership	Proposals to pool the Fund's assets in the Brunel Pension Partnership are currently being implemented. If the project is not managed and the transition is ineffective or excessive in cost, then the cost benefit ratio may not be achieved. If the guidance on pooling is not adhered to, then the Secretary of State may deem it necessary to intervene in the investment function of an administering authority.				BSP-P&I-17-01 Brunel Pension Partnership Actions	Project team, Shadow Oversight Board with representatives from the Pensions Committees, Client Operations Group with officer representatives and Finance and Legal Assurance Group established. Project plan regularly reviewed to help support workstreams and keep deliverables on track.		Julie Edwards		01-May-2018

# P&I Administration Risks

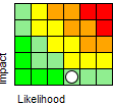

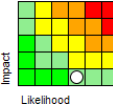
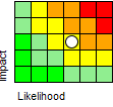

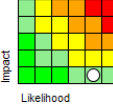
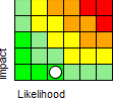

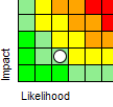
Report Type: Risks Report

Generated on: 15 May 2018

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Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Name	Action Progress	Risk Owner	Latest Note	Date Reviewed
RS-PA-01 Employer LGPS knowledge	Lack of employer understanding of the LGPS and knowledge of the Service Level Agreement may cause incorrect information to be provided and additional queries from employers						Julie Edwards	<p>Due to Scheme complexities and also changing staff this is an issue which will be encountered regularly. The team are also working closely with employers to improve knowledge by holding annual training events, face to face training and quarterly meetings with the larger employers. Quarterly newsletters are also provided, a dedicated employer area on the BCC LGPS website and each employer has a dedicated Liaison Officer within the team.</p> <p>Progress has been made over the past year, one large employer has cleared all outstanding backlog tasks and now regularly provides information on time. We are working closely with two main "issue" employers / payroll providers with the aim to help clear their backlogs and also improve the information they provide in future.</p>	15-May-2018
RS-PA-02 Staff Capacity Issues	A lack of capacity due to staff losses or sickness could adversely affect the workload of the pensions section resulting in decreased productivity.						Julie Edwards	The team has expanded in terms of staff capacity as a result of workloads & to ensure that there is sufficient capacity within the team in the event of sickness absence. Where this isn't possible, temporary staff are used.	03-May-2018
RS-PA-03 Pensions Administration Software	The risk that the pensions administration software (Altair) causes disruption due to system crashes etc. leading to calculation errors, delays and a loss of working time.						Julie Edwards	This continues to be an issue however the cause of this has been more due to BCC ICT issues/internet issues rather than directly caused by Heywoods. In terms of likelihood, this seems to be a more regular occurrence lately (in particular internet down & N/H Drive issues) so the risk likelihood has increased. This is being raised with ICT. SP	03-May-2018

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Name	Action Progress	Risk Owner	Latest Note	Date Reviewed
RS-PA-04 Software Updates	Software updates resulting from scheme changes may create errors in calculations thus resulting in more time spent checking and re-doing calculations.						Julie Edwards	There continues to be minor errors within Altair calculations, we are aware of these and taken action accordingly including raising with Heywoods to ensure they are resolved quickly.	03-May-2018
RS-PA-05 Staff Retention	Staff retention. There is a risk of losing trained staff to other organisations due to a lack of flexibility in the career matrix.						Julie Edwards	Work has been put into this area recently including the re-evaluation of some JD's to ensure staff are being paid in line with responsibilities. An increase of team training, new efficient work procedures & ensuring that all staff continue to be informed at all times has resulted in an increase in morale and motivation which will reduce the risk of losing trained staff.	03-May-2018
RS-PA-06 Quality / Timeliness Data from Employers	Poorly performing employers/payroll providers can cause additional work on the pensions team by not providing information which they have a statutory duty to provide. This results in wasted time chasing employers and creating a backlog of work.						Julie Edwards	This continues to be an issue for some employers but there has been some progress with one larger employer in particular. Those poorly performing employers are being regularly reviewing including review meetings & training in order to improve the quality and timeliness of the information provided. Unfortunately this is a continuing area but is a priority area for P & I in terms of making improvements.	03-May-2018
RS-PA-07 TUPE / Payroll Provider Changes	Additional work and disruption is caused due to outsourcing and changes in schools payroll providers creating losses of vital information. This results in a lot of extra work on pensions administration staff attempting to piece together information which should have been provided						Julie Edwards	Payroll changes do continue to be an issue where employers do not advise the team of these changes which results in delays in receiving information or pension records being updating incorrectly. A new monthly notification spreadsheet has been issued recently to all employers and this includes a tab to notify of payroll provider changes so the likelihood of this risk should reduce in the future.	03-May-2018

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Name	Action Progress	Risk Owner	Latest Note	Date Reviewed
RS-PA-08 TUPE Transfers / Academy Conversions	The increase of TUPE transfers / schools opting for academy status has resulted in an increased workload for pensions staff. The TUPE officer must deal with the admission agreements as well as liaising with external contractors and the fund actuaries. The range of employees involved differ between employer but range from one employee to hundreds.						Julie Edwards	TUPE's are dealt with by the TUPE office and Academy conversions with specific Employer Liaison Officers which should reduce any impact on the team in terms of additional work & delays. The Principal 7 TUPE Officer have received all BCC & MKC schools to ascertain that 1/3rd have converted to Academy status which suggests further workloads to come. With this information the team can plan ahead.  The likelihood has not reduced due to the fact that high workloads could be created due to Academy conversions.	03-May-2018
RS-PA-09 Guaranteed Minimum Pension reconciliation	The end of contracting-out of the Additional State Pension from April 2016 means that a Guaranteed Minimum Pension reconciliation of the Fund's records with the HMRC's records will need to be completed by 2018. This reconciliation may result in identifying overpayments/underpayments. If the reconciliation is not complete before the closing of the office this could result in the Fund being liable for GMP's which we should not be responsible for.						Julie Edwards	ITM are now well under way working on this as a project and are now at a stage of liaising with the payroll team.	03-May-2018
RS-PA-10 Mid / High Earner Optouts due to Tax Legislation	Tax legislation in respect of high-earners pensions contributions could result in a departure of high-earners from the Fund. High-earners leaving the Scheme could be perceived as senior management not advocating the benefits of the LGPS						Julie Edwards	Although the tax regime continues to be an area of concern for high earners, we have not seen a high opt out rate so the likelihood of this risk had decreased.  we have ensured that we are providing high earners with all necessary information to keep them up to date including 1-1 meetings, newsletters, dedicated information on the website and actuary presentations. The option to go 50/50 in the scheme has also been utilised rather than opting out.	03-May-2018

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Name	Action Progress	Risk Owner	Latest Note	Date Reviewed
RS-PA-11 Admitted Bodies Deficits	If Admitted Bodies who joined the Fund prior to 1997 fail or if current Admitted Bodies reduce their active members to 0, then the Fund has no powers to ensure these organisation make good any deficit.						Julie Edwards	An employer covenant exercise is currently taking place which will allow these to be renegotiated with a bond requirement however it is not mandatory.  The Actuary has been instructed to complete a full employer risk review on certain categories of employer	03-May-2018
RS-PA-12 Mid / high earner optouts due to high employee contribution rates	The 3% on average increase employee pension contributions implemented, with effect from 1 April 2014, by increasing the tiers of contributions paid by mid/high earners could result in a departure of mid/high-earners from the Fund. Mid/High-earners leaving the Scheme could be perceived as senior management not advocating the benefits of the LGPS. During current period of low pay increases members may opt out due to pressures on household budgets.						Julie Edwards	The likelihood of this has reduced due to the fact that to date we have not seen a high increase in opt outs due to the increase in contributions rates.	03-May-2018
RS-PA-13 Annual Benefits Statements Issuance	The Public Sector Pensions Act 2013 requires that Annual Benefits Statements are issued to Scheme Members by 31 August. There is a risk that the Regulator will issue a fine although this is the position for most local authorities.						Julie Edwards	Over 95% of ABS's were issued to scheme members by the end of March 2018 for the 2016/17  The number of outstanding backlog queries has reduced meaning that going forward the number of queries at year end should also reduce due to this as well as increased accuracy from employers due to training.	03-May-2018



RISK IMPACT AREAS

Score	Level	Service Delivery / Performance	Political / Reputation	Health and Safety	Technology / Data Protection	Financial	Legislation / Regulatory
1	Minimal	Minimal service disruption in non-critical area of service for brief period (hours).	Contained within service area. Complaint from individual / small group / single supplier. No press interest. Minor delay in member objectives	Minimal injury or discomfort to an individual. Failure to report notifiable incident to the HSE.	Isolated individual personal detail compromised / revealed.	Costing <£1m.	Minimal delay in inability to meet standards required by national regulatory organisations and statutory government standards agencies.
		Commercial Plan Outcomes/ Objectives delayed by less than 1 month.	Complaint from an individual to a member or internal complaint from a member. Minor change to political landscape.		Minimal technological failure / security breach with minimal impact on day-to-day service delivery.		Minimal disruption to our ability to fulfil statutory duties for a number of hours.
2	Minor	Minor effect to an important service area for a short period (days).	Adverse local publicity / local public opinion aware. Lowered perception/standing with local suppliers.	Injury causing loss of working time to an individual. HSE Investigation leads to improvement notice served or threat of prosecution.	Some individual personal details compromised / revealed.	Costing = £1m to <£2.5m.	Minor delay in inability to comply with standards required by national regulatory organisations and statutory government standards agencies.
		Commercial Plan Outcomes/ Project / Objective fails to deliver on 1 important aspect. Delayed by up to 3 months.	Complaint or petition from a local group / delay to member objectives. Moderate change to political landscape.		Minor technological failure / security breach to the organisation's ICT assets impacting on the day-to-day delivery of services.		Minor disruption to our ability to fulfil statutory duties for a short period (days).
3	Moderate	Moderate service disruption of an important service area for a period of up to a week.	Adverse national media interest and/or adverse publicity in professional/municipal press. Adverse local publicity of a major and persistent nature. Lowered perception/standing with national suppliers / professional / local government community.	Serious injury sustained by one or more individuals. Prohibition Notice served by the HSE that closes a key facility.	Many individual personal details compromised/ revealed	Costing = £2.5m to <£5m	Moderate delay / inability to comply with basic standards required by national regulatory organisations and statutory government standards agencies.
		Commercial Plan Outcomes/ Major Project / Objective fails to deliver several key benefits. Delayed by 3 - 6 months.	Moderate criticism from local government community. Significant delay in member objectives. Significant change in political landscape.		Large technological failure / security breach with a significant impact on the organisation's ICT assets essential for the day-to-day operation of critical services.		Moderate disruption to our ability to deliver statutory duties for a prolonged period to the detriment of vulnerable people across Buckinghamshire (weeks).
4	Significant	Significant service disruption, across several important areas of service for protracted period.	Adverse and persistent national media coverage. Adverse central government response, threat of removal of delegated powers. Public Enquiry. Officer(s) and/or Member(s) forced to resign. Council blacklisted by suppliers.	Serious permanent disablement of individual or several people. Prosecution under Corporate Manslaughter Act.	All personal details compromised/ revealed.	Costing = £5m to < £10m	Significant failure to comply with required standards set out by national regulatory organisations and statutory government standards agencies.
		Commercial Plan Outcomes/ Complete failure of business critical project / objective. Delayed by over 6 months.	Significant and persistent criticism from central government. Major delay in member objectives. Major change in political landscape.		Significant technological failure / security breach with a detrimental impact on the organisation's ICT assets essential for the day-to-day operation of critical services.		Complete failure to deliver a statutory duty to the detriment of vulnerable people across Buckinghamshire.
5	Severe	Complete service failure across all critical areas of service for protracted period.	Adverse and persistent international media coverage. Adverse central government response, threat of removal of delegated powers. Public Enquiry. Officer(s) and/or Member(s) forced to resign. Council blacklisted by suppliers.	Death of an individual or several people. Prosecution under Corporate Manslaughter Act.	All personal details compromised/ revealed and exposed to groups undertaking fraudulent activity.	Costing = £10m & over	Severe failure to comply with mandatory standards set out by national regulatory organisations and statutory government standards agencies.
		Complete failure to deliver Commercial Plan Outcomes/ business critical project / objective. Delayed by over 12 months.	Condemning criticism from central government. Complete failure to meet member objectives. Catastrophic change in national/international political landscape.		Severe and prolonged complete technological failure / full security breach with a detrimental impact on the organisation's ICT assets essential for the day-to-day operation of critical services.		Complete failure to deliver a statutory duty to the detriment of vulnerable people across Buckinghamshire for a protracted period.



## **RISK LIKELIHOOD**

Score	Level	Description	Indicators
<b>1</b>	Extremely Unlikely	Less than 5% chance of occurrence	EITHER has happened rarely / Never before. OR less than 5% chance of occurring on or prior to proximity date.
<b>2</b>	Unlikely	5% - 20% chance of occurrence	EITHER only likely to happen once every 5 or more years. OR 5-20% chance of occurring on or prior to proximity date.
<b>3</b>	Less Likely	20% - 45% chance of occurrence	EITHER only likely to happen at some point within next 2-5 years. OR 20-45% chance of occurring on or prior to proximity date. OR circumstances occasionally encountered once a year.
<b>4</b>	More Likely	45% -70% chance of occurrence	EITHER likely to happen at some point within the next 2 years. OR 45-70% chance of occurring on or prior to proximity date. OR circumstances encountered few times a year.
<b>5</b>	Very Likely	70%-90% chance of occurrence	EITHER Likely to happen at some point within the next 12 months. OR 70-90% chance of occurring on or prior to proximity date. OR Circumstances encountered several times a year.
<b>6</b>	Extremely Likely	Over 90% chance of occurrence	EITHER Regular occurrence. OR Over 90% chance of occurring on or prior to proximity date. OR Circumstances that could give rise to the occurrence frequently encountered - at least monthly.



# PENSION FUND COMMITTEE FORWARD PLAN

Updated	24-May-18
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24 May 2018		Aylesbury, County Hall	
Agenda Item	Author	Cyclical Item?	
Election of Chairman / Appointment of Vice-Chairman	--		
Apologies / Declarations of interest / Minutes	--		
Buckinghamshire Pension Board Minutes	Steve Mason	4-monthly	
External Audit Plan	Grant Thornton	Annual	
Annual Accounts	Julie Edwards	Annual	
Pension Fund Risk Register	Julie Edwards	6 monthly	
Forward Plan	Julie Edwards	Every meeting	
Exclusion of Press and Public			
Confidential Minutes			
Confidential Buckinghamshire Pension Board Minutes	Steve Mason	4 monthly	
Pension Fund Performance	Julie Edwards	Quarterly	
Brunel Update / Responsible Investment Policy	Brunel Pension Partnership	No	
Brunel Portfolios Mapping	Mercer		
Date of next meeting / AOB	--		

20 July 2018		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 2017/18	Cheryl Platts	Annually	
Forward Plan	Julie Edwards	Every meeting	
Exclusion of Press and Public			
Confidential Minutes			
Date of next meeting / AOB	--		

24 September 2018		Aylesbury, County Hall	
Agenda Item	Author	Cyclical Item?	
Apologies / Declarations of interest / Minutes	--	<b>Every meeting</b>	
Buckinghamshire Pension Board Minutes	Steve Mason	4 monthly	
Forward Plan	Julie Edwards	Ad hoc	
Exclusion of Press and Public		Every meeting	

## PENSION FUND COMMITTEE FORWARD PLAN

Updated	24-May-18
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Confidential Minutes		
Buckinghamshire Pension Board Confidential Minutes	Steve Mason	4 monthly
	Mercer	Ad hoc
Pension Fund Performance	Julie Edwards	No
		No
Date of next meeting / AOB	--	

<b>26 November 2018</b>	<b>Aylesbury, County Hall</b>	
<b>Agenda Item</b>	<b>Author</b>	<b>Cyclical Item?</b>
Apologies / Declarations of interest / Minutes	--	
Buckinghamshire Pension Board Minutes	Steve Mason	4 monthly
Governance Update	Julie Edwards / Claire Lewis-Smith	Annually
Pension Fund Risk Register	Julie Edwards	6 monthly
Forward Plan	Julie Edwards	
Exclusion of Press and Public		
Confidential Minutes		
Buckinghamshire Pension Board Confidential Minutes	Steve Mason	4 monthly
Pension Fund Performance	Julie Edwards	Quarterly
Date of next meeting / AOB	--	

<b>March 2019</b>	<b>Aylesbury, County Hall</b>	
<b>Agenda Item</b>	<b>Author</b>	<b>Cyclical Item?</b>
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		
Pension Fund Performance	Julie Edwards	Quarterly
	Julie Edwards	No
Date of next meeting / AOB	--	

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