

Agenda

PENSION FUND COMMITTEE

Date: Monday 24 September 2018

Time: 2.30 pm

Venue: Mezzanine Room 1 - County Hall, Aylesbury

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	The next meeting will be held on 26 November 2018 at 2.00pm in Mezzanine Room 3, County Hall, Aylesbury.	

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

For further information please contact: Fazeelat Bashir on 01296 382394, email: fbashir@buckscc.gov.uk

Members

Mr J Chilver (C)
Mr T Butcher
Mrs A Cranmer
Mr C Harriss
Mr N Hussain
Mr D Martin (VC)
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 FRIDAY 20 JULY 2018, IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY, COMMENCING AT 10.00 AM AND CONCLUDING AT 12.25 PM.

MEMBERS PRESENT

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

OTHERS PRESENT

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

AGENDA ITEM

1. APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

There were no apologies.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

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

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

ACTION: Ms Kenward



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

4. VERBAL UPDATE ON PENSIONS ADMINISTRATION TASKS

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

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

5. ANNUAL ACCOUNTS AUDIT

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

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

Mr Slaughter highlighted:

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

Discussions were held around:

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

ACTION: Ms Edwards and Mr Slaughter

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

ACTION: Ms Edwards

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

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

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

6. ANNUAL REPORT 2017/18

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

Discussions were held around:

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

ACTION: Ms Edwards

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

RESOLVED: The Committee approved the report.

7. FORWARD PLAN

There were no comments or questions for this item.

8. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded for the following item which is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972

because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

9. CONFIDENTIAL MINUTES

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

10. BRUNEL PENSION PARTNERSHIP UPDATE

11. DATE OF NEXT MEETING

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

CHAIRMAN

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

Document is Restricted

Minutes

PENSION FUND BOARD

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

MEMBERS PRESENT

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

OFFICERS PRESENT

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

1 ELECTION OF CHAIRMAN

RESOVLED: Mr S Mason was elected as Chairman.

2 APPOINTMENT OF VICE CHAIRMAN

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

ACTION: Ms Kenward

RESOVLED: Ms R Ellis was elected as vice chairman.

3 APOLOGIES/DECLARATIONS OF INTEREST/MINUTES

Apologies were received from:

- Ian Thompson
- Lisa Wheaton

There were no declarations of interest.

4 MINUTES OF PENSION FUND COMMITTEE



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

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

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

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

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

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

6 PENSION FUND ANNUAL REPORT 2017/18

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

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

ACTION: Mrs Platt

Officers highlighted the following issues:

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

Members of the Board gave the following feedback:

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

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

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

The Chairman thanked officers for their work.

7 REVIEW OF BUCKINGHAMSHIRE PENSION BOARD POLICIES

The Board discussed the report circulated with the agenda.

The following questions were asked:

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

ACTION: MS Edwards

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

ACTION: The Chairman

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

ACTION: MS Kenward

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

8 ANNUAL BENEFIT STATEMENTS - ADMINISTRATION YEAR END UPDATE

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

Mrs Lewis-Smith highlighted:

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

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

9 GDPR UPDATE FOR PENSION FUND BOARD

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

Mrs Lewis-Smith highlighted the following:

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

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

ACTION: Mrs Lewis-Smith

10 INTERNAL DISPUTE RESOLUTION PROCEDURE

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

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

11 ADMINISTRATION PERFORMANCE STATISTICS

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

Ms Price highlighted the following points:

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

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

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

12 I-CONNECT/PENSIONS 'ONLINE' UPDATE

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

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

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

13 GMP RECONCILIATION

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

Ms Edwards highlighted the following:

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

14 RISK REGISTER UPDATE

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

Ms Edwards highlighted the following:

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

In response to questions from the Board officers confirmed:

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

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

ACTION: Ms Edwards

15 FORWARD PLAN FOR PENSION FUND BOARD

Discussion was held around future items for the Forward Plan.

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

16 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

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

17 CONFIDENTIAL MINUTES PENSION FUND BOARD

18 CONFIDENTIAL MINUTES OF THE PENSION FUND COMMITTEE

19 BRUNEL PENSION PARTNERSHIP UPDATE

20 DATE OF NEXT MEETING/AOB

Any other business

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

Date of the next meeting

10 October 2018, 10am

CHAIRMAN

Pension Fund Committee

Title: Procedure for Reporting Breaches of the Law

Date: Monday 24 September 2018

Author: Head of Finance (Resources)

Contact officer: Claire Lewis-Smith, 01296 383424

Local members affected:

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

Summary

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

Recommendation

The Committee is asked to APPROVE the Procedure for Reporting Breaches of the Law

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

Resource implications

N/A

Legal implications

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

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

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

Where the person has reasonable cause to believe that

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

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

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

Other implications/issues

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

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

N/A

Background Papers

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

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

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



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

September 2018



Reporting Breaches Procedure

Introduction

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

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

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

In the main, this document applies to:

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

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

Requirements

Pensions Act 2004

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

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

Where the person has reasonable cause to believe that:

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

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

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

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

The Pension Regulator's Code of Practice

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

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

Application to the Buckinghamshire County Council Pension Fund

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

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

The Buckinghamshire County Council Pension Fund Reporting Breaches Procedure

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

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

1. Clarification of the law

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

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

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

2. Clarification when a breach is suspected

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

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

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

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

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

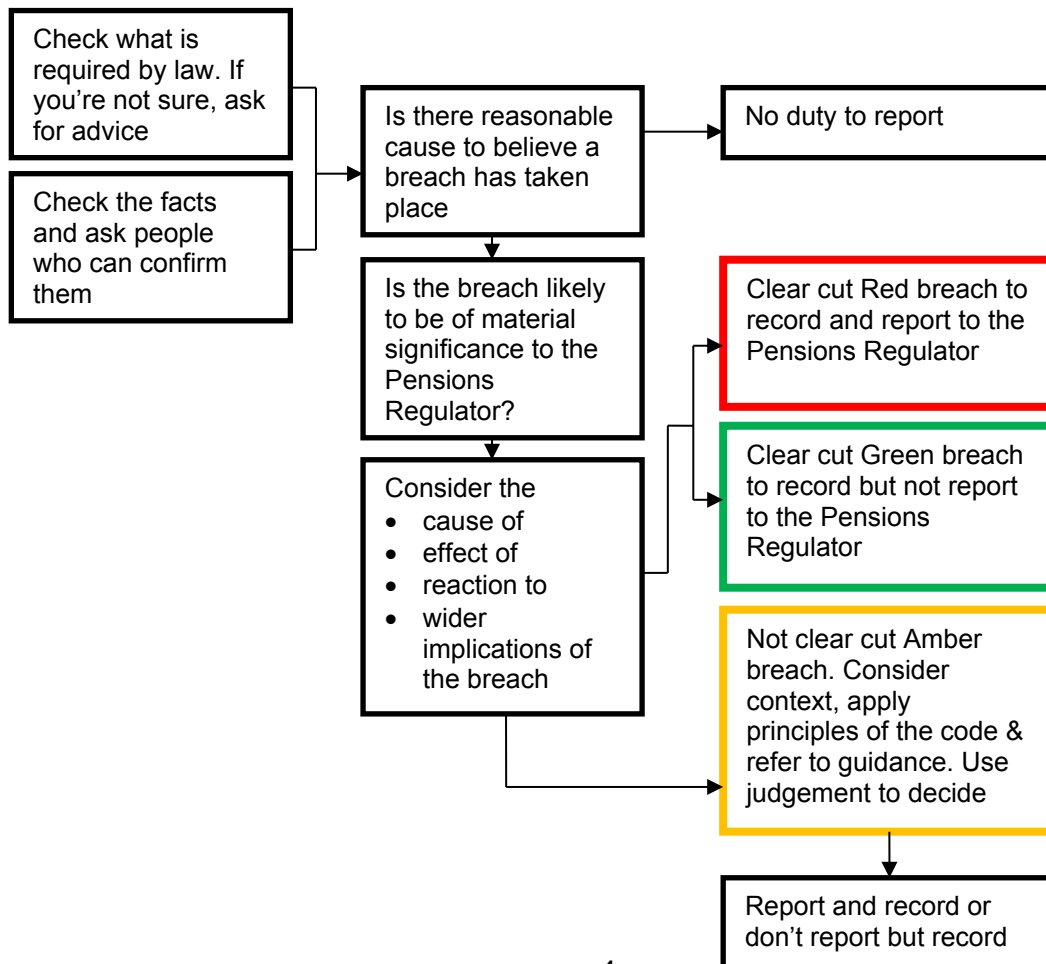
Individuals may also request the most recent breaches report from the Head of Finance - Resources & Pensions, as there may be details on other breaches which may provide a useful precedent on the appropriate action to take.

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

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

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

Decision tree – deciding whether to report



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

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

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

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

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

5. Dealing with complex cases

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

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

6. Timescales for reporting

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

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

7. Early identification of very serious breaches

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

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

8. Recording all breaches even if they are not reported

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

Reporting a breach

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

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

As a minimum, individuals reporting should provide:

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

If possible, reporters should also indicate:

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

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

Confidentiality

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

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

Reporting to Pension Fund Committee

The Monitoring Report taken to Pension Fund Committee and the Pension Board will set out:

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

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

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

Review

This procedure for Reporting Breaches of the Law was agreed by the Pension Fund Committee on 24 September 2018. It will be kept under review and updated as considered appropriate by the Head of Finance - Resources & Pensions. It may be changed as a result of legal or regulatory changes, evolving best practice and ongoing review of the effectiveness of the procedure.

Further Information

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

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

Julie Edwards, Pensions & Investments Manager

Buckinghamshire County Council Pension Fund
County Hall
Aylesbury
HP20 1UD

Email - clewissmith@buckscc.gov.uk
Telephone – 01296 383424

Email - jedwards@buckscc.gov.uk
Telephone – 01296 383910

Designated officer (scheme manager) contact details:

Head of Finance - Resources & Pensions: Mark Preston

Email: mpreston@buckscc.gov.uk

Telephone – 01296 383107

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

Telephone – 01296 383755

Email - pensions@buckscc.gov.uk

Buckinghamshire County Council website – www.buckscc.gov.uk/pensions

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

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

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

The cause of the breach

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

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

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

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

The effect of the breach

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

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

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

The reaction to the breach

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

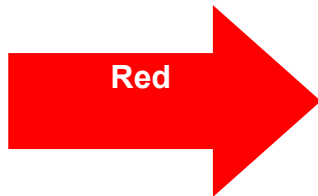
- do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence;
- are not pursuing corrective action to a proper conclusion; or
- fail to notify affected scheme members where it would have been appropriate to do so.

The wider implications of the breach

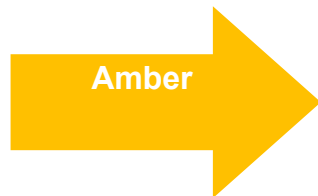
Reporters should also consider the wider implications when deciding whether a breach must be reported. The breach is likely to be of material significance to the Regulator where the fact that a breach has occurred makes it more likely that further breaches will occur within the Fund or, if due to maladministration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

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

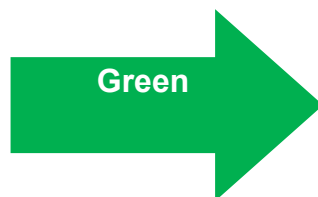
Buckinghamshire County Council recommends those responsible for reporting to use the traffic light framework when deciding whether to report to the Regulator. This is illustrated below:



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



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



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

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

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

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

Appendix C – Example Record of Breaches

Date	Category (e.g. administration, contributions, funding, investment, criminal activity)	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported / Not reported (with justification if not reported and dates)	Outcome of report and/or investigations	Outstanding actions

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*New breaches since the previous meeting should be highlighted

Pension Fund Committee

Title:	Local Authority Pension Fund Forum
Date:	Monday 24 September 2018
Author:	Head of Finance, Resources
Contact officer:	Julie Edwards, Pensions & Investments Manager, Tel: 01296 383910
Local members affected:	N/A

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

Summary

One of the areas of growing importance in the work of this Committee is how it fulfils its role as a responsible investor. Stakeholders, including both scheme employers and scheme members are becoming increasingly vocal in challenging the Committee to ensure it is carrying out its statutory duties with sufficient regard to concerns around environmental, social and corporate governance (ESG) issues. The Local Authority Pension Fund Forum (LAPFF) is a voluntary association of local authority pension funds and membership is open to all Local Government Pension Scheme (LGPS) funds. The Forum:

- Seeks to protect and enhance the value of members shareholdings by optimising LA pension funds' influence as shareholders on ESG issues and thereby to promote Corporate Social Responsibility and high standards of Corporate Governance
- Facilitates commissioning of research and policy analysis of issues more effectively than individual members
- Provides a forum for consultation on shareholder initiatives
- Provides a forum for information exchange and discussion about any investment issues
- Provides a forum to consider issues of common interest to all pension fund administrators and trustees.

Recommendation

The Committee is RECOMMENDED to agree membership of the Local Authority Pension Fund Forum, and instruct the Officers to make the necessary arrangements.

Introduction

1. One of the areas of growing importance in the work of this Committee is how it fulfils its role as a responsible investor. Stakeholders, including both scheme employers and scheme members are becoming increasingly vocal in challenging the Committee to ensure it is carrying out its statutory duties with sufficient regard to concerns around environmental, social and corporate governance (ESG) issues.
2. Across the Brunel Pension Partnership, 9 out of the 10 Pension Funds have joined the LAPFF as a means of supporting their role as a responsible investor. This report considers whether it is appropriate for the Buckinghamshire Pension Fund to now sign up as a member to the Forum.

Investment Strategy Statement

3. The Committee's Investment Strategy Statement includes sections on both ESG Policy and our Policy on the Exercise of our Rights. The Fund is mindful of its responsibilities as a long term shareholder.
4. 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.
5. Under the section on the Policy on the Exercise of Rights, the Committee encourages compliance with best practice in corporate governance.

The Local Authority Pension Fund Forum (LAPFF)

6. A key question therefore is how the Committee fulfils its responsibilities as set out in the Investment Strategy Statement. Whilst many of the functions are delegated to the individual Fund Managers, and will be overseen by staff at Brunel, this does not mean that the Committee have fully met their responsibilities.
7. The Local Authority Pension Fund Forum (LAPFF) is a voluntary association of local authority pension funds and membership is open to all Local Government Pension Scheme (LGPS) funds. The Forum:
 - Seeks to protect and enhance the value of members shareholdings by optimising LA pension funds' influence as shareholders on ESG issues and thereby to promote Corporate Social Responsibility and high standards of Corporate Governance
 - Facilitates commissioning of research and policy analysis of issues more effectively than individual members
 - Provides a forum for consultation on shareholder initiatives

- Provides a forum for information exchange and discussion about any investment issues
 - Provides a forum to consider issues of common interest to all pension fund administrators and trustees.
8. The Forum has 4 business meetings a year plus an AGM and an annual conference with each member fund having one vote at meetings. LAPFF contracts PIRC (Pensions Investment Research Consultants) to supply technical research, advice and assistance on all matters relating to best practice in corporate governance and corporate social responsibility. It also employs a part-time Forum Officer (a former City/County Treasurer) to assist with the promotion of its activities.
9. The Forum currently has 78 local authority members including 29 English counties; 27 London authorities (including the City of London Corporation and the LPFA); 7 English metropolitan / unitary authorities; 8 Welsh authorities; 4 Scottish authorities; The Environment Agency and 2 passenger transport authorities.
10. LAPFF member funds now control assets of around £230 billion. The annual cost of membership would be the annual subscription of **£9,000**.
11. Benefits of membership would include:-
- Supporting shareholder value through engagement and activism on issues relating to ESG issues.
 - Strength in numbers when engaging with companies at the highest level (i.e. Chairperson or other senior board members)
 - Collective and more cost effective approach to research
 - Saving of officer time and cost in researching issues
 - Sharing research costs with 75 Forum member funds
 - Providing a Forum for discussion of any related local government pension fund issue
 - Opportunities for networking with colleagues from all parts of UK and all types of authority
 - Facilitating collaboration with other major institutional investor groups both nationally and internationally.
 - The Forum's aims are to provide a customised, cost effective vehicle for local authority pension funds to make their compliance with Myners principle 5 (responsible ownership) more effective.
12. Membership of LAPFF would further demonstrate the Fund's commitment to socially responsible investment and the promotion of high standards of corporate social responsibility (on environmental, social and governance issues etc) and re-enforce our aim to maximise shareholder value.

Resource implications

13. The annual cost of membership would be the annual subscription of £9,000.

Legal Issues

14. The Fund is required by legislation to consider any factors that are financially material to the performance of the Fund's investments. The LAPFF will provide the Fund with access to an improved information flow and intelligence about corporate governance issues.

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

N/A

Background Papers

None

PENSION FUND COMMITTEE FORWARD PLAN

Updated	24-Aug-18
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24 September 2018		Aylesbury, County Hall	
Agenda Item	Author	Cyclical Item?	
Apologies	--	Every meeting	
Declarations of interest	--	Every meeting	
Minutes	--	Every meeting	
Buckinghamshire Pension Board Draft Minutes	Steve Mason	4 monthly	
Procedure for Reporting Breaches of the Law	Claire Lewis-Smith	Ad hoc	
Local Authority Pension Fund Forum	Julie Edwards	Ad hoc	
Forward Plan	Julie Edwards	Every meeting	
Exclusion of Press and Public			
Confidential Minutes			
Buckinghamshire Pension Board Confidential Minutes	Steve Mason	4 monthly	
Pension Fund Performance	Julie Edwards	No	
Private Markets	Mercer	No	
Date of next meeting / AOB	--		

26 November 2018		Aylesbury, County Hall	
Agenda Item	Author	Cyclical Item?	
Apologies	--	Every meeting	
Declarations of interest	--	Every meeting	
Minutes	--	Every meeting	
Apologies / Declarations of interest / Minutes	--		
Buckinghamshire Pension Board Minutes	Steve Mason	4 monthly	
Governance Update	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	--		

March 2019		Aylesbury, County Hall	
Agenda Item	Author	Cyclical Item?	
Apologies	--	Every meeting	
Declarations of interest	--	Every meeting	
Minutes	--	Every meeting	

PENSION FUND COMMITTEE FORWARD PLAN

Updated	24-Aug-18
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Treasury Management Service Level Agreement	Julie Edwards	Annual
Pension Fund Risk Register	Julie Edwards	6 monthly
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	--	

May 2019		Aylesbury, County Hall	
	Agenda Item	Author	Cyclical Item?
	Election of Chairman / Appointment of Vice-Chairman		
	Apologies	--	Every meeting
	Declarations of interest	--	Every meeting
	Minutes	--	Every meeting
	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
	Pension Fund Performance	Julie Edwards	Quarterly
			No
	Date of next meeting / AOB	--	

July 2019		Aylesbury, County Hall	
	Agenda Item	Author	Cyclical Item?
	Apologies	--	Every meeting
	Declarations of interest	--	Every meeting
	Minutes	--	Every meeting
	Annual Accounts Audit	Julie Edwards /Grant Thornton	Annually
	Annual Report 2018/19	Cheryl Platts	Annually
	Forward Plan	Julie Edwards	Every meeting
	Exclusion of Press and Public		
	Confidential Minutes		

PENSION FUND COMMITTEE FORWARD PLAN

Updated	24-Aug-18
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Brunel Pension Partnership Update Date of next meeting / AOB	--
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