

# Agenda

## *PENSION FUND COMMITTEE*

**Date:** Monday 18 March 2019  
**Time:** 2.00 pm  
**Venue:** Mezzanine Room 2, County Hall, Aylesbury

<b>Agenda Item</b>	<b>Page No</b>
<b>1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP</b>	
<b>2 DECLARATIONS OF INTEREST</b> To disclose any Personal or Disclosable Pecuniary Interests	
<b>3 MINUTES</b> To agree the minutes of the meeting held on 26 <sup>th</sup> November 2018 and to note the minutes of the last Pensions Fund Board	<b>3 - 12</b>
<b>4 APPOINTMENT OF AN ADJUDICATOR - LGPS DISPUTES</b>	<b>13 - 14</b>
<b>5 PENSIONS ADMINISTRATION STRATEGY</b>	<b>15 - 34</b>
<b>6 TREASURY MANAGEMENT SERVICE LEVEL AGREEMENT</b>	<b>35 - 38</b>
<b>7 PENSION FUND RISK REGISTER</b>	<b>39 - 54</b>
<b>8 EXCLUSION OF THE PRESS AND PUBLIC</b> 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>9 CONFIDENTIAL MINUTES</b> To agree the confidential minutes of the meeting held on 26/11/18 and to note the confidential minutes of the last Pensions Fund Board meeting	<b>55 - 60</b>
<b>10 EMPLOYER RISK ANALYSIS</b>	<b>61 - 90</b>

<b>11</b>	<b>PENSION FUND PERFORMANCE</b>	<b>91 - 132</b>
<b>12</b>	<b>BRUNEL UPDATE</b>	<b>133 - 170</b>
<b>13</b>	<b>DATE OF NEXT MEETING/AOB</b>	
	To note the date of the next meeting will be 30 <sup>th</sup> May 2018 at 14.00pm in Mezz 1, County Hall	

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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: Anne-Marie Kenward on 01296 387006, email: [kicollier@buckscc.gov.uk](mailto:kicollier@buckscc.gov.uk)*

### **Members**

Mr J Chilver (C)  
Mr T Butcher  
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  
Mr A Hussain

# Minutes

## *PENSION FUND COMMITTEE*

**MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE HELD ON MONDAY 26 NOVEMBER 2018, IN COUNTY HALL, AYLESBURY, COMMENCING AT TIME NOT SPECIFIED AND CONCLUDING AT TIME NOT SPECIFIED.**

### **MEMBERS PRESENT**

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

### **OTHERS PRESENT**

Carolan Dobson, Independent Adviser  
Claire Lewis-Smith, Principal Pensions Officer  
Mark Preston, Finance Director, Business Services Plus  
Julie Edwards, Pensions and Investments Manager  
Steve Mason, Pension Fund Board  
Matthew Passey, Mercer Investment Consulting  
Chris Crozier, Brunel Pension Partnership Ltd  
Fazeelat Bashir, Committee & Governance Advisor

### **AGENDA ITEM**

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

Apologies were received from Mr N Miles, Mr A Hussain, Mr N Hussain and Mr C Harriss.

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

There were none.

#### **3 MINUTES**

##### **RESOLVED**

The minutes of the Pension Fund Committee meeting held on 24 September 2018 were agreed as a correct record, subject to the following amendment – the action owner for point 4 would be changed from the Chairman to Ms J Edwards.



**4 BUCKINGHAMSHIRE PENSION BOARD MINUTES**

The Committee reviewed the draft minutes of the Buckinghamshire Pension Fund Board meeting held on 10 October 2018.

**5 GOVERNANCE UPDATE**

Ms C Lewis-Smith presented the Governance Update to the Committee.

**RESOLVED**

**The Committee agreed the Governance Compliance and the Governance Policy Statement.**

**6 PENSION FUND RISK REGISTER**

Ms J Edwards presented the Pension Fund Risk Register to the Committee.

**RESOLVED**

**The Risk Register for the Pension Fund was reviewed. There were no amendments instructed.**

**7 FORWARD PLAN**

Ms J Edwards presented the Forward Plan. The Chairman highlighted that the date of the next meeting was 18 March 2019 at 2.00pm, in Mezzanine Room 2, County Hall, Aylesbury

**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**

**10 BUCKINGHAMSHIRE PENSION BOARD CONFIDENTIAL MINUTES**

**11 PENSION FUND PERFORMANCE**

**12 SECTION 13 SUMMARY**

**13 BRUNEL UPDATE**

**14 DATE OF NEXT MEETING**

18 March 2019 at 2.00pm, in Mezzanine Room 2, County Hall, Aylesbury

**CHAIRMAN**



**Buckinghamshire County Council**

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information and email alerts for local meetings

# Minutes

## *PENSION FUND BOARD*

**MINUTES OF THE PENSION FUND BOARD HELD ON WEDNESDAY 10 OCTOBER 2018,  
IN MEZZANINE ROOM 3 - COUNTY HALL, AYLESBURY.**

### **MEMBERS PRESENT**

Ms B Black, Mr P Dearden, Ms R Ellis (Vice-Chairman), Mr S Mason (Chairman) and  
Ms L Wheaton

### **OFFICERS PRESENT**

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

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

Apologies were received from Mr J McGovern, Ms T Pearce, Ms S Price and Mr I Thompson.

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

Action points from the Pension Fund Board meeting held on 18 July 2018 were reviewed and the following points noted:

- The terms of reference had been amended to:
  - a. Make the Vice Chairman an elected position.
  - b. Clarify the responsibilities of the Vice Chairman.
- The final version of the 2018 Annual Report had been shared with the Board by Mrs C Platts, Pensions Communications Officer. There had only been minor changes to what they had seen previously.
- The feedback from the Brunel Oversight Board had been circulated with the agenda for the meeting.
- Ms J Edwards, Pensions and Investments Manager, Brunel risks applicable to the Fund will be reflected in the Fund's risk register.
- The number of meetings held annually was to be discussed later in the meeting. Administration performance would be discussed later in the meeting.

**RESOLVED: The minutes of the meeting held on 18 July 2018 were AGREED as an accurate record and signed by the Chairman.**

**RESOLVED: The minutes from the Pension Fund Committee meeting 20 July 2018 were NOTED by the Board.**



### **3 BCC PENSION FUND EMPLOYER NEWSLETTER - SEPTEMBER 2018**

Mrs C Platts, Pensions Communications Officer, gave an overview of the newsletter circulated with the agenda.

Mrs Platts highlighted the following:

- The year-end timescales would be tighter next year due to the triennial valuation of the Fund.
- There were some changes expected to the scheme but it was not yet clear what these would be. The team were expecting January/February 2019 to be very busy due to these changes.
- The team would use their newsletter, including interim editions, to keep employers informed of changes as necessary.

**RESOLVED: The Board NOTED the report.**

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

Mr S Lugg, Project Manager, gave an overview of the report circulated with the agenda.

Mr Lugg highlighted the following points:

- Some EP60 information was not currently showing online and Mr Lugg was following this up with Heywood.
- There were now 15 active employers using the system and Mr Lugg hoped to see further uptake.
- Large and small employers were being targeted equally to sign up to i-Connect and the team were looking at how to “compel” employers/payroll providers to on-board.
- The team was aiming to roll out the system within Buckinghamshire County Council (BCC), including schools and academies who BCC provide payroll services to, in February 2019, subject to corresponding resource and commitment from the BCC team. Mr M Preston, Head of Finance - Resources and Pensions, confirmed that the management team remained committed to resourcing the project.
- Mr Lugg remained confident that the two year timescale was achievable for the majority of employers, once again subject to the necessary resource being provided to support successful project rollout and implementation.

**RESOLVED: The Board NOTED the report and asked for updates to be brought to the meeting twice a year.**

### **5 ADMINISTRATION PERFORMANCE STATISTICS**

Mrs C Lewis-Smith, Principal Pensions Officer, gave an overview of the report circulated with the agenda.



In response to discussions, Mrs Lewis-Smith confirmed the following:

- There had been an increase in the “other” category of phone calls but the report did not give a breakdown of this category as per a request at the previous meeting. It would be included going forward.

**ACTION: Mrs Lewis-Smith**

- The start date for calculating timescales was from the receipt of formal notification of retirement.
- There were no complaints resulting from the 8% of cases not being completed within the 30 day timescales.
- As new workflow procedures are rolled, statistics will be provided to the Pension Fund Board. For example death benefits, AVC cases, and divorce estimates.
- There would be pensions taxation seminars taking place on 31 October 2018 in Aylesbury, and 7 November 2018 in Milton Keynes.
- Since annual benefit statements had been issued there had been an increase in My Pension Online users. Employers have been informed they can request reports on their employee take up. From 29 October 2018 it would be necessary to stockpile some cash equivalent transfer values until the new factors were confirmed by GAD. It was anticipated this could be resolved within a 6 week turnaround.
- Mrs Lewis-Smith would get clarification from Mrs S Price, Principal Pensions Officer, if the 50 cases quoted were the total numbers for the period.

**ACTION: Mrs Lewis-Smith**

**RESOLVED: The Board NOTED the report.**

## **6 TRAINING OPPORTUNITIES**

Mrs Lewis-Smith, Principal Pensions Officer, gave an overview of the report circulated with the agenda.

Mrs Lewis-Smith highlighted the following points:

- The June 2018 conference had been deferred to January 2019. This would be the only conference for 2019.

Mrs Lewis-Smith asked for feedback from board members regarding the training they would like to receive. The Chairman reminded Members of their obligation to attend training. The Chairman felt that training around the life time allowance would be useful.

**ACTION: All Board Members**

**RESOLVED: The Board NOTED the report.**

## **7 FORWARD PLAN**

Mrs Lewis-Smith, Principal Pensions Officer, gave an overview of the report and recommendations circulated with the agenda.

Mrs Lewis-Smith highlighted the following points:

- The team were looking to move the items on the risk register and other reports away from the March and July meetings when the Board agendas are generally full.
- The Board were asked to decide whether to hold three meetings or four meetings per year.

The following points were discussed and AGREED:

- The Board would meet four times a year starting from 2019.
- From mid-2019 the Brunel update would be brought to every other meeting.
- The minimum number of meetings a Member must attend each year would remain at two.
- The Pension Fund Boards Terms of Reference would be updated to reflect these changes.

**ACTION: Ms Kenward**

Regarding the content of the forward plan Members suggested:

- An i-Connect update at every other meeting only.
- The IDRP update to be in December which was a quieter period.
- The risk register would remain an annual item but officers would raise changes as necessary.
- Ideally one meeting a year would be kept lighter to give the opportunity to combine it with a short training session.

**RESOLVED: The Board AGREED to hold 4 meetings per year.**

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

Mrs Lewis-Smith, Principal Pensions Officer, gave an overview of the report circulated with the agenda.

Mrs Lewis-Smith highlighted at the time of publishing the update report, one employer annual return was outstanding and three had outstanding queries.

The Chairman thanked Mrs Lewis-Smith and her team for their hard work.

**RESOLVED: The Board NOTED the report.**

## **9 REPORTING BREACHES OF THE LAW**

Mrs Lewis-Smith, Principal Pensions Officer, gave an overview of the report circulated with the agenda.

Mrs Lewis-Smith highlighted the following:

- On 24 September 2018 the new procedure was approved by the Pensions Fund Committee.
- A report would be taken annually to both meetings but any red breaches would be immediately brought to the next available meeting to discuss.

The Chairman highlighted that at the last Pension Fund Committee it had been discussed whether members of the Pension Fund Committee and the Pension Fund Board would hold personal liability for reporting breaches.

Mrs Smith-Lewis confirmed that:

- The wording aligned with similar policies from other providers.
- Anyone could seek guidance from independent parties, such as the Local Government Pension Committee (LGPC), if they wished to check their understanding of legislation before reporting a breach. Mrs Smith-Lewis would revise the wording to make it clear and would consider if it needed to go back to the Pension Fund Committee.

**ACTION: Mrs Lewis - Smith**

Mrs Ellis recommended the following change for clarity:

- at point 5 of the policy, to include the Monitoring Officer in addition to the Scheme Advisory Board (SAB) and the LGPC.
- It was also suggested that the decision tree should be updated with yes and no options.

**RESOLVED: The Board NOTED the report.**

- 10 EXCLUSION OF THE PRESS AND PUBLIC**
- 11 ANNUAL BENEFIT STATEMENTS - CONFIDENTIAL APPENDIX**
- 12 CONFIDENTIAL MINUTES PENSION FUND BOARD**
- 13 CONFIDENTIAL MINUTES OF THE PENSION FUND COMMITTEE**
- 14 GMP RECONCILIATION**
- 15 BRUNEL PENSION PARTNERSHIP UPDATE**
- 16 DATE OF NEXT MEETING/AOB**

Any other business

- Mrs Lewis-Smith stated that the New Fair Deal Policy, governing pensions protection for employees, was expected to be received before Christmas 2018. The treasury cost mechanism process showed costs were not as expected and would lead to employer contributions going up and an improvement in Scheme member benefits. The SAB cost mechanism process would need to complete before any changes were made. The timescales between receiving the guidance and going live with changes would be very tight.

- The triennial Scheme valuation would take place in 2019 with revised employer contribution rates being introduced from April 2020.

Date for next meeting

- Ms Kenward, Board Clerk, would now set four dates for 2019 taking into account the dates of the Pension Fund Committee and inform the Board.

**ACTION: Ms Kenward**

**CHAIRMAN**

# Report to Pension Fund Committee

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<b>Title:</b>	<b>Appointment of Adjudicators for LGPS Disputes</b>
<b>Date:</b>	18 March 2019
<b>Author:</b>	Head of Legal & Compliance
<b>Contact officer:</b>	Jamie Hollis (01296) 383640
<b>Local members affected:</b>	N/A

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

## Summary

The Council must have an Adjudicator to determine certain disputes under the Local Government Pension Scheme Regulations.

## Recommendation

**The Committee is recommended to:**

- a) Appoint Ms Jessica Farmer of HB Public Law as Adjudicator in accordance with Regulation 74 of The Local Government Pension Scheme Regulations 2013, the appointment to take effect immediately, and**
- b) Confirm the further appointment of Mr David Hodge as a standing substitute when Ms Farmer is unable to consider cases.**

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

The Council must appoint an Adjudicator to deal with disputes raised under the Local Government Pensions Scheme Regulations 2013 ("the Regulations"). The Adjudicator was previously Ms Linda Forsyth who has since retired and is accordingly no longer with the Council.

The Regulations set out a procedure whereby any member of the Local Government Pension Scheme ("LGPS") can make an application to an Adjudicator to decide a dispute relating to the application of the Regulations. Applications can be initiated by any person whose rights or

liabilities under the Pension Scheme are affected by a decision or any other act or omission by a Scheme employer or administering authority.

The dispute resolution procedure requires the appointment of a 'local referee' or Adjudicator to consider the dispute. The Adjudicator must act independently and cannot consider a dispute if he/she has had any involvement in the original decision. The Adjudicator should normally make a determination within 2 months. The second stage of the procedure allows for reconsideration of the dispute by the appropriate administering authority.

Ms Farmer has agreed, subject to the Committee's approval, to assume the role of Adjudicator. Ms Farmer is a practising solicitor with experience in pension law. Mr Hodge has agreed to assume the role of Adjudicator when Ms Farmer is not able to consider cases. Mr Hodge is also a practicing solicitor with pension law experience.

The Committee is asked to confirm the proposed appointments with immediate effect.

### **Resource implications**

The costs associated with dealing with disputes will be charged to the Pension Fund.

### **Legal implications**

As set out in the report.

### **Other implications/issues**

None

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

N/A

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### **Background Papers**

Local Government Pension Scheme Regulations 2013

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# Pension Fund Committee

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**Title:** Pension Administration Strategy

**Date:** Monday 18 March 2019

**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

An outcome of the Pensions Improvement Review is to update the Pension Administration Strategy in advance of its triennial revision due in 2020.

Regulation 59 of The Local Government Pension Scheme Regulations 2013 enables an administering authority to prepare a written statement of the authority's policies (its pension administration strategy) in relation to:

- procedures for liaison and communication with scheme employers;
- the establishment of levels of performance which the administering authority and its scheme employers are expected to achieve in carrying out their Scheme functions by setting performance targets and agreeing levels of performance;
- procedures which aim to secure that the administering authority and its scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;
- procedures for improving the communication by the administering authority and its scheme employers to each other regarding information relating to those functions;
- the circumstances in which the administering authority may consider giving written notice to any of its scheme employers under Regulation 70 (additional costs arising from scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established;
- the publication by the administering authority of annual reports dealing with the extent to which that authority and its scheme employers have achieved the levels of performance established, such other matters arising from its pension administration strategy as it

considers appropriate and such other matters as appear to the administering authority, after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

## **Recommendation**

**Members are asked to APPROVE the revised Pension Administration Strategy**

## **Resource implications**

The pension administration strategy is a vital document to assist both the administering authority and scheme employers with the requirements of administering the Scheme. A Service Level Agreement is issued to employers outlining all of the requirements expected of them and of the administering authority. The Pension Regulator encourages participation with scheme employers to ensure they understand the key events and information they have to provide. If an employer fails to provide the required information, additional administration costs may be recovered from the employer and the reporting of a breach to The Pension Regulator can be considered. The Strategy provides a defined procedure to address any issues, ensuring employers have every opportunity to resolve underperformance before additional administration costs are incurred.

## **Legal implications**

N/A

## **Other implications/issues**

The revised Strategy highlights that if a scheme employer uses a third party payroll provider to fulfil its scheme functions, they remain the responsible party under the Strategy. The charging schedule has been updated to reflect that any additional administration cost assessed, will be dependent on the amount of time spent on addressing the issue by the Pensions & Investments Team and is no longer a flat charge. References to legislation and the Pension Fund Committee's responsibilities have also been updated.

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

The revised Strategy has been issued to all scheme employers for comments and has also been presented to the Buckinghamshire Pension Board.

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## **Background Papers**

Appendix A – Pension Administration Strategy

<http://www.lgpsregs.org/schemeregs/lgpsregs2013/timeline.php#r59>

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**Buckinghamshire County Council Pension Fund**  
**Pension Administration Strategy**  
**1 April 2019**

Version 1



## **Contents**

	<b>Page</b>
Introduction	<b>1</b>
Regulatory Framework	<b>2-3</b>
Responsibilities and Procedures	<b>4-10</b>
Review process	<b>11</b>

## **Appendix**

<b>A</b>	Charging Schedule	<b>12-15</b>
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# Introduction

With 5.6 million members, the Local Government Pension Scheme (LGPS) is one of the largest public sector pension schemes in the UK. Buckinghamshire County Council Pension Fund has approximately 260 employers with over 69,000 scheme members in total.

<http://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/employers/contribution-rates/>

The LGPS is one national scheme, administered locally, and is a valuable part of the pay and reward package for employees working in local government or for other employers participating in the Scheme. Success in promoting the Scheme amongst members and ensuring a high quality service delivery depends upon the relationship between the administering authority and scheme employers, and scheme employers and their employees. It should be noted that where a scheme employer uses a third party payroll provider, the scheme employer remains the responsible party under The LGPS Regulations.

Good quality administration and communication assists in the overall promotion of the Scheme and reminds employees of the value of the LGPS, which in turn aids recruitment, retention and motivation of employees. Providing employees with confidence in the administration of their benefits, in a Scheme with ever increasing complexity, is a challenge facing both administering authorities and scheme employers.

The Local Government Pension Scheme Regulations 2013 enable an administering authority to prepare a written statement to assist the administering authority and scheme employers in working together to provide a high quality service to all parties. This document sets out the pension administration strategy of Buckinghamshire County Council as the administering authority of the Buckinghamshire County Council Pension Fund, after consultation with scheme employers and the Local Pension Board.

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

The strategy is effective from 1 April 2019. Any enquiries in relation to this strategy should be sent to:

Principal Pensions Officer (Governance & Employer Liaison)  
Buckinghamshire County Council  
Pensions & Investments Team  
County Hall  
Aylesbury  
HP20 1UD

## Regulatory Framework

Regulation 59 of The Local Government Pension Scheme Regulations 2013 enables an administering authority to prepare a written statement of the authority's policies in relation to the following:

- Procedures for liaison and communication with its scheme employers.
- The establishment of levels of performance which the administering authority and its scheme employers are expected to achieve in carrying out their scheme functions by:
  - the setting of performance targets
  - the making of agreements about levels of performance and associated matters, or
  - such other means as the administering authority considers appropriate
- Procedures which aim to secure that the administering authority and its scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance.
- Procedures for improving the communication by the administering authority and its scheme employers to each other of information relating to those functions.
- The circumstances in which the administering authority may consider giving notice to any of its scheme employers under Regulation 70 (additional costs arising from scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance.
- The publication by the administering authority of annual reports dealing with:
  - the extent to which that authority and its scheme employers have achieved the levels of performance established, and
  - such other matters arising from its pension administration strategy as it considers appropriate; and
  - such other matters as appear to the administering authority after consulting its scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

Regulation 59(3) states that an administering authority must keep the strategy under review and make appropriate revisions following any material change in its policies in relation to any matters contained within the strategy.

When preparing, reviewing or making revisions to the strategy, an administering authority must consult its scheme employers and any other persons it considers appropriate.

Under Regulation 59(6), where an administering authority publishes its pension administration strategy, or that strategy is revised, it must send a copy to each of its scheme employers and to the Secretary of State as soon as is reasonably practicable.

In preparing, reviewing or making revisions to the policy, an administering authority must consult its scheme employers. This will be carried out via direct mailing, employer newsletters or via the Pension Board.

Full regard must be given to the strategy by both an administering authority and scheme employers when performing their functions under the LGPS Regulations.

Regulation 70 of The Local Government Pension Scheme Regulations 2013 applies where, in the opinion of an administering authority, it has incurred additional costs which should be recovered from a scheme employer, because of that scheme employer's level of performance in carrying out its functions under the LGPS Regulations. Should the situation arise, an administering authority may give written notice to the scheme employer stating the reasons why, in the administering authority's opinion, their performance is not satisfactory, the amount of additional costs to be recovered and the basis on which the specified amount has been calculated and the provisions of the strategy which are relevant to the decision to give notice.

Taking into account the regulatory framework, this strategy details the requirements in accordance with Regulations 59 and 70 of The Local Government Pension Scheme Regulations 2013 and lays the foundation of the day to day relationship between Buckinghamshire County Council as the administering authority and the scheme employers of the Buckinghamshire County Council Pension Fund.

# **Responsibilities and Procedures**

## **1. Procedures for liaison and communication with scheme employers**

Delivery of a high quality administration service does not rest solely with the administering authority but is highly dependent on effective partnership working with scheme employers and other statutory and advisory bodies.

This strategy takes account of scheme employers' current pension knowledge, perception of current administration standards and specific training needs to ensure the required standard can be met.

Procedures for liaison and communication between the Buckinghamshire County Council Pension Fund and scheme employers are contained within the Buckinghamshire County Council Pension Fund's Communication Policy.

<http://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/policies/>

### **1.1. Procedures for improving communication between the administering authority and scheme employers**

Effective communication between all parties concerned reduces errors, improves efficiency and nurtures better working relationships. Where performance monitoring shows there is cause for concern, the scheme employer's dedicated Employer Liaison Officer will work closely with them to improve any underperformance.

#### **1.1.1. Training**

Buckinghamshire County Council as the administering authority will provide annual training sessions for all scheme employers and additional training and support to scheme employers where concerns are identified. All scheme employers may request an ad-hoc training session.

#### **1.1.2. Website**

The Buckinghamshire County Council Pension Fund website is reviewed and updated on a regular basis. The website has relevant information for scheme employers regarding scheme changes and all relevant policies agreed by the administering authority are published on the site. All employer newsletters are also available. The website address is: [www.buckscc.gov.uk/pensions](http://www.buckscc.gov.uk/pensions)

## **1.2. Establishing levels of performance**

### **1.2.1 Performance Standards**

In relation to the entitlement of scheme members, the LGPS stipulates that certain decisions are to be made by either the administering authority or scheme employer. In order to fulfil these requirements and also comply with disclosure legislation, Buckinghamshire County Council as the administering authority has agreed levels of performance between itself and scheme employers prescribed under a Service Level Agreement (SLA).

### **1.2.2. TUPE Transfers**

Any existing scheme employer planning a contract likely to involve a TUPE transfer of staff should contact the TUPE Liaison Officer at the earliest opportunity. The employer will be provided with a guide, detailing all of the options available to them, the process to be followed if Admitted Body status is required and the relevant charges that will apply including actuary and legal fees and bond requirements.

### **1.2.3. Overriding legislation**

In discharging their roles and responsibilities under the LGPS Regulations, the administering authority and scheme employers are required to comply with overriding legislation such as:

- Superannuation Act 1972;
- Pensions Act 1995 and associated disclosure legislation;
- Freedom of Information Act 2000;
- Finance Act 2004;
- Equality Act 2010;
- Public Service Pensions Act 2013;
- Data Protection Act 2018; and
- Health and Safety legislation.

The above are minimum requirements and in addition to these there are also local standards and best practice outlined below.

#### **1.2.4. Internal Standards**

These are standards detailed in the SLA and include:

- Compliance with all requirements in the SLA;
- Provision of information or notifications in the required format using i-Connect and/or using forms/spreadsheets as provided with the SLA;
- All information or notifications to be legible and accurate;
- Communications to be in plain language;
- Information provided to be checked for accuracy by another member of staff;
- A nominated pensions contact within each scheme employer; and
- Information provided or decisions made within the timescales contained within the SLA.

#### **1.2.5. Timeliness**

Overriding legislation dictates minimum standards required in relation to certain actions, decisions and information to be provided by an administering authority and scheme employers. In addition to these minimum standards the Buckinghamshire County Council Pension Fund has deadlines for the provision of data and local performance measures to be met and which are used for monitoring purposes. These measures are contained within the SLA.

#### **1.2.6. Data quality**

In order to meet the targets set out in the SLA it is imperative that the data provided by scheme employers is accurate. Data should be provided using i-Connect or the forms/spreadsheets provided with the SLA. This will ensure member records are correct and will enable the administering authority to submit accurate data as part of the triennial valuation. The administering authority will apply data quality control and review processes.

#### **1.2.7. Employer Liaison Officers**

Each scheme employer will be allocated a specific Employer Liaison Officer as their main point of contact regarding any aspect of administering the LGPS.



## **2. Procedures for ensuring compliance with statutory requirements and levels of performance**

Ensuring compliance is the responsibility of the administering authority and scheme employers. The administering authority will work with its scheme employers to adhere to all the appropriate legislation and provide support to ensure quality and timeliness of provision of data is continually improved. Various methods will be used to ensure compliance and service improvement such as:

### **2.1. Audit**

The Buckinghamshire County Council Pension Fund will be subject to an annual audit of its processes and internal controls, with the County Council's Regulatory and Audit Committee applying scrutiny to the Fund. Both the administering authority and scheme employers will be expected to comply with requests for information from internal and external auditors in a timely manner. Any subsequent recommendations will be implemented into the appropriate document.

### **2.2 Performance monitoring**

The administering authority will report on each scheme employer periodically against specific tasks outlined in the SLA. The administering authority will monitor its own performance in accordance with the SLA, provide an internal benchmark comparison year on year and report outcomes to the Pension Board.

### **2.3. Employer liaison meetings**

Meetings with scheme employers and their Employer Liaison Officer will take place at the request of either the administering authority or the scheme employer to review performance against targets and the quality of data exchange. Frequent meetings will be arranged for larger employers or where deemed necessary by either party.

### **2.4. Pension Board**

The purpose of the Board is to assist the administering authority in its role as scheme manager of the Scheme. This covers all aspects of Governance and administration of the LGPS, including funding and investments. Regular reports on performance and other associated matters will be discussed at Pension Board meetings.

The Board's Terms of Reference can be found at:

<https://democracy.buckscc.gov.uk/documents/s71216/Pension%20Fund%20Board%20TOR.pdf>

### **2.5. Pension Fund Committee**

The Pension Fund Committee (PFC) is responsible for setting overall investment strategy and investment principles. They appoint Advisors and monitor Fund performance. They are responsible for monitoring scheme governance and policy approval. The PFC's Terms of Reference can be found in the Council's Constitution at: <https://www.buckscc.gov.uk/media/4510769/council-constitution.pdf>

## **2.6. Valuation**

The Buckinghamshire County Council Pension Fund is subject to a triennial full valuation of its assets in accordance with the LGPS Regulatory Framework. The Fund actuary sets employer contribution rates based on the data submitted. Interim mini-valuations may also be undertaken at the discretion of the Pension Fund Committee. Both the administering authority and scheme employers will be expected to comply with requests for information from the actuary in a timely manner.

## **2.7. Year End and Annual Benefit Statements.**

Annual year end processes will be circulated to all scheme employers in a timely manner. Outline details are within the SLA. Annual Benefit Statements will be made available to members online, by 31 August each year, unless they have elected for a hard copy. Further details on Annual Benefit Statements are outlined in the Communications Policy.

## **2.8. Treasury Management**

A service level agreement exists between Buckinghamshire County Council's Treasury Management Service and the Pensions & Investments Team which is approved by the Pension Fund Committee.

## **Circumstances where the administering authority may levy costs associated with a scheme employer's poor performance**

Routine and cyclical activity is not directly charged to a scheme employer.

Any additional costs incurred by the administering authority as a direct result of poor performance will be recovered from the scheme employer. The circumstances where additional costs will be recovered include:

- Constant failure to provide relevant information to the administering authority, scheme member or other relevant party in accordance with the SLA;
- Failure to pass relevant information to the scheme member or potential members due to poor quality or within the prescribed timescale;
- Failure to deduct and pay over correct employee and employer contributions to the Buckinghamshire Pension Fund within the prescribed timescales; and
- Payment of fines being levied on the administering authority due to a scheme employer's under-performance by the Pensions Regulator, Pensions Ombudsman or any other regulatory body.

**The administering authority may also charge for other services. Details of all the charges that apply are detailed at Appendix A.**

## **Procedures to address unsatisfactory performance**

The relevant Employer Liaison Officer will work with a scheme employer at the earliest opportunity if they are failing to meet the requirements of the performance levels required under the SLA and ultimately this strategy. They will identify any underlying issues and assist with any necessary training and development required to address the performance.

Steps to recover additional administration costs will only be taken where persistent failure occurs after intervention and support has been offered and undertaken by the relevant Employer Liaison Officer. These steps will only be implemented once all opportunities to address performance issues are exhausted. The steps to be taken in these circumstances are:

- The scheme employer will be written to setting out the areas of unsatisfactory performance
- A meeting will be arranged with the scheme employer to discuss the unsatisfactory performance and to formulate a plan on how to address those areas
- Where a scheme employer does not agree to a meeting or does not show improvement in line with action agreed during the meeting, a formal notice will be issued. This will detail the areas of unsatisfactory performance identified, the steps taken to resolve those areas and that the additional costs will be recovered;
- The costs to be recovered will be clearly set out taking into account the time taken by the administering authority to resolve the specific area of unsatisfactory performance; and
- Make the claim against the scheme employer, giving reasons for doing so, in accordance with the Regulations.

Administering Authority unsatisfactory performance will be reported to the Pension Board and Pension Fund Committee if applicable. Performance is monitored against the SLA.

## Review Process

The administration strategy will be reviewed every 3 years unless circumstances dictate more regular reviews are required. The current version of the administration strategy will be available on our website at the link below. Hard copies will be made available on request.

<http://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/policies/>

Buckinghamshire Pension Fund  
County Hall  
Aylesbury  
Buckinghamshire  
HP20 1UD  
01296 383755  
[employers@buckscc.gov.uk](mailto:employers@buckscc.gov.uk)  
[www.buckscc.gov.uk/pensions](http://www.buckscc.gov.uk/pensions)

<b>Charging Schedule</b>		
1	Failure to notify BCC of new starters by the 19 <sup>th</sup> of the month following the month payroll action was taken	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team
2	Failure to notify BCC of a change in hours or a change in member's address by the 19 <sup>th</sup> of the month following the date where payroll action was taken	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team
3	Failure to notify BCC of unpaid leave, parental leave or trade dispute breaks by the 19 <sup>th</sup> of the month following the month in which payroll action was taken	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team
4	Failure to notify BCC of any member leaving by the 19 <sup>th</sup> of the month following the month in which the member left	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team
5	Failure to notify BCC of any retirement within 3 weeks of the member's retirement date	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team
6	Where as a result of the Employer's/Payroll Provider's failure to notify BCC of a retirement interest becomes payable on any lump sum or death grant paid, BCC will recharge the total amount of interest to the scheme Employer	Interest calculated in accordance with Regulation 81 of The LGPS Regulations 2013
7	Failure to notify BCC of the death in service of a member within 10 working days of notification	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team

8	Failure to notify BCC of the monthly contributions deducted by the 19 <sup>th</sup> of the month via the monthly notification spreadsheet (non i-Connect scheme employers)	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team
9	Failure to pay over monthly contributions to BCC by the 19 <sup>th</sup> of the month following deduction of the contributions	Interest calculated in accordance with Regulation 71 of The LGPS Regulations 2013
10	Failure to pay an additional administration cost	Interest calculated in accordance with Regulation 71 of The LGPS Regulations 2013
11	Failure to provide BCC with the annual year end return by 30 April	£50 per working day from 1 May to date return is received
12	Failure to respond to requests for Year-end information to resolve queries within the prescribed time	Charge dependent on the amount of additional time spent obtaining the outstanding data by Pensions & Investments Team
13	Estimate requests in excess of two required in a rolling year	£11.50 per estimate plus VAT per additional request
14	Other non-standard work	Charge dependent on the amount of time taken and Pensions & Investments Team member undertaking the work

## Notes to the Charging Schedule

**Please note the detail below applies to all scheme employers whether they submit a monthly notification spreadsheet or use i-Connect.**

- 1 Notifications of new starters must include all of the information detailed in the New Entrants to the Scheme section of the SLA.
- 2 Notifications of changes in hours and address must include all of the information detailed in the Changes section of the SLA.
- 3 Notification of any unpaid leave, parental leave or trade dispute breaks must include all of the information detailed in the Unpaid Leave section of the SLA.
- 4 Notifications of leavers must include all of the information required on the 'Notification of Employee Leaving' form, detailed in the Leavers section of the SLA. Where an overtime payment is still to be made and the employer is not able to submit the form before the 19<sup>th</sup> of the month following the month in which the member left, they should submit the form as soon as possible after the final payment and not wait until the following month's submission.
- 5 Notifications of retirements must include all of the information required on the 'Notification of Employee Leaving' form, detailed in the Retirements section of the SLA. Where an overtime payment is still to be made and the employer is not able to submit the form before the 19<sup>th</sup> of the month following the month in which the member left, they should submit the form as soon as possible after the final payment and not wait until the following month's submission.
- 6 Regulation 81 of The LGPS Regulations 2013 state that interest must be calculated at one per cent above base rate on a day to day basis from the due date to the date of payment and compounded with three-monthly rests. If late payment of a lump sum or death grant occurs as a result of a failure by the scheme member to provide information to the Pensions & Investments Team, the pension fund will be liable for the payment of any interest due.
- 7 Notification of a death in service must include all of the information required on the 'Notification of Employee Leaving' form, detailed in the Death in Service section of the SLA.
- 8 Notification of the contributions deducted should be sent (non i-Connect users only) on a monthly basis in order for the contributions to be reconciled and allocated correctly.



- 9 Requirements regarding payment of monthly contributions are set out in the Monthly Contributions section of the SLA. Regulation 71 of The LGPS Regulations 2013 states that for overdue payments, interest must be calculated at one per cent above base rate on a day to day basis from the due date to the date of payment and compounded with three-monthly rests.
- 10 Regulation 71 of The LGPS Regulations 2013 states that for overdue payments, interest must be calculated at one per cent above base rate on a day to day basis from the due date to the date of payment and compounded with three-monthly rests.
- 11 Requirements regarding submission of the annual return are set out in the Year-End Return section of the SLA.
- 12 Requirements regarding Year-End queries are set out in the Year-End section of the SLA.

**Late notifications will only be reported where the standards set out in the SLA have not been met as a result of the scheme employer's failure to meet the required standards.**



# Pension Fund Committee

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<b>Title:</b>	Treasury Management Service Level Agreement
<b>Date:</b>	Monday 18 March 2019
<b>Author:</b>	Head of Finance – Resources & Pensions
<b>Contact officer:</b>	Julie Edwards – Pensions & Investments Manager, 01296 383910
<b>Local members affected:</b>	

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

## Summary

At its meeting on 1 March 2018, the Pension Fund Committee agreed the arrangements for investing the Fund's surplus cash in a Service Level Agreement (SLA). This report updates the Committee on the provision of treasury management services by Buckinghamshire County Council to the Pension Fund in 2018 and asks the Committee to discuss and approve the arrangements for investing the Pension Fund's surplus cash balances in 2019/20.

## Recommendation

**The Committee is asked to approve the Pension Fund treasury management Service Level Agreement.**

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

### Resource implications

There are none arising directly from this report.

### Legal implications

There are none arising directly from this report.

### Other implications/issues



- 1 The Pension Fund maintains relatively small balances of cash arising from the receipt of employer and employee contributions exceeding payments made on behalf of the Fund. Most of the Fund's cash is managed externally, either by the investment managers or State Street, the Fund's custodian bank. The cash held by the administering authority is usually less than 1.0%, or £30m, of the Fund's assets providing a working balance for the Fund to meet its short term commitments. From time to time, if surplus cash balances held approach £30m and are greater than the amounts required by the Fund's private equity managers, then they are invested with the Fund's investment managers in accordance with the Investment Strategy.
- 2 At its meeting on 1 March 2018, the Pension Fund Committee approved the SLA for 2018/19 setting out the arrangements in place for investing the daily cash balances. The 2019/20 SLA reflects the current practice of investing the Fund's cash balances in the interest bearing Pension Fund current account. Members are asked to review and approve the SLA for 2019/20 attached as Appendix 1.
- 3 During 2018 (2017) the Pension Fund earned £56.02k (£30.2k) interest on its working cash balances, representing 0.63% (0.46%) on an average balance of £8.9m (£4.8m). The cash balances ranged from £0.7m to £28.6m during 2018 (£0m to £16.1m during 2017). A separate bank account operates for the Pension Fund and the interest is paid into the Pension Fund bank account. The Council's treasury team invested all the Pension Fund's working cash in the Pension Fund bank account or money market funds. The Pension Fund bank account receives interest on daily balances.
- 4 Local Government Pension Regulations (Management & Investment) 2009 gave the Pension Fund the power to arrange a temporary loan from a bank for up to 90 days in order to pay benefits due under the Pension Fund Scheme or to meet investment commitments. However, there are no counterparties in the market that will temporarily lend cash to the Pension Fund. In previous years members of the Pension Fund Committee had indicated that they would prefer to borrow from the market rather than the County Council. However, with no external market willing to temporarily lend to the Fund, the Pension Fund Committee members agreed that they would prefer the Fund to borrow temporarily from the County Council rather than maintain a higher cash buffer to meet any unexpected cash requirements. There were no instances during 2018 where the Fund temporarily borrowed cash from the County Council.

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

Not applicable.

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**Background Papers**

Treasury Management Strategy Report to County Council, 21 February 2019 Agenda Item 7.

<https://democracy.buckscc.gov.uk/documents/g12196/Public%20reports%20pack%2021st-Feb-2019%2009.30%20County%20Council.pdf?T=10>

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## Appendix 1

**PROVISION OF TREASURY MANAGEMENT SERVICES BY BUCKINGHAMSHIRE COUNTY COUNCIL TO THE BUCKINGHAMSHIRE COUNTY COUNCIL PENSION FUND**

This is an agreement between the Pension Fund Committee and the Administering Authority Buckinghamshire County Council, such that:

- 1 A separate bank account operates for the purpose of the Pension Fund.
- 2 Based on the projected daily balances for the Pension Fund bank account, the BCC Treasury Team will invest cash in the interest earning Pension Fund bank account so that the balance in the Pension Fund bank account is within the limit as determined by the Council's treasury management strategy.
- 3 The BCC Treasury Team will invest the Pension Fund's remaining cash balances with counterparties on behalf of the Pension Fund in accordance with the County Council's treasury management strategy. Investments will usually be in an instant access call account / Money Market Fund since the Fund's money is primarily held to meet immediate payments from the Fund. Interest will be paid into the Fund's bank account at the agreed rate.
- 4 For any surplus balances estimated to be significant in cash terms and likely to remain for a significant period of time, the BCC Treasury Team will make every effort to place these surplus funds with Fund Managers in accordance with the Fund's Investment Strategy.
- 5 The BCC Treasury Team may arrange a temporary loan from the County Council for up to 90 days in order to pay benefits due under the Pension Fund Scheme or to meet investment commitments.
- 6 The BCC Treasury Team will check balances on the Pension Fund / Council cash adjustment codes every Friday and on the last working day of the month. Any balances on the cash adjustment account will be transferred to / from the Pension Fund.

This agreement is effective from 1 April 2019 and will be subject to annual review by the Pension Fund Committee.



# Pension Fund Committee

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<b>Title:</b>	Pension Fund Risk Register
<b>Date:</b>	Monday 18 March 2019
<b>Author:</b>	Head of Finance, Resources & Pensions
<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 26 November 2018 and the most recent Board review took place on 18 July 2018.

## 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 following table.

Matrix & Heat Map - scoring detail & colour scale							Scoring colour code	
5	5	10	15	20	25	30		1-3
	4	8	12	16	20	24		4-6
	3	6	9	12	15	18		7-12
	2	4	6	8	10	12		13-20
	1	2	3	4	5	6		21-30
							Scale	Impact Areas
							0-5	Service/Performance
							0-5	Reputation/Political
							0-5	Financial
							0-5	Data Protection/ Technological
							0-5	Legislation/ Regulatory
							0-5	Health & Safety
							Scale	Likelihood
							1-6	Scores from

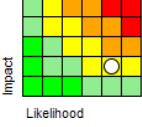

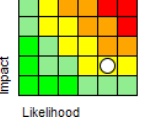

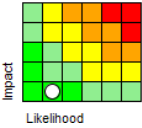

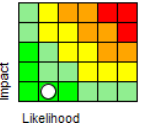

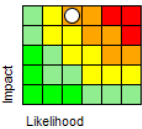

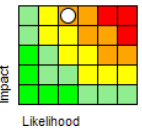

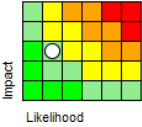

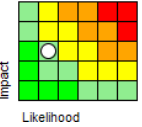

Background Papers  
None

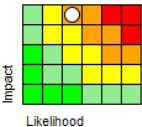

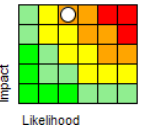

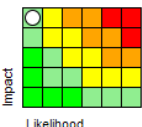

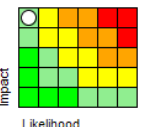

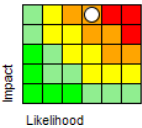

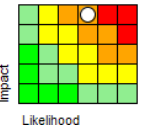

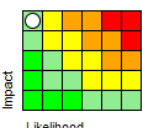

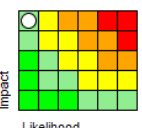



# Pensions & Investments Risk Register

Report Type: Risks Report  
Generated on: 07 March 2019

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	Investment Strategy Review due to take place early 2020.	07-Mar-2019
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	Investment Strategy Review scheduled for early 2020.	07-Mar-2019
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	Asset class training plan to be scheduled in the Pension Fund Committee forward plan aligned with Brunel Pension Partnership transition plan.	07-Mar-2019

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	The unitary Buckinghamshire Council will be implemented on 1 April 2020, potential redundancies and role changes will impact on the administration team workloads.	07-Mar-2019
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	Investment Strategy Review scheduled early 2020.	07-Mar-2019
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	The outcome of the triennial valuation as at 31 March 2019 will be reported in the autumn of 2019.	07-Mar-2019

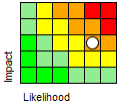

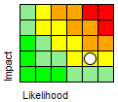
Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Name	Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
BSP-P&I-11 Inflation	If inflation is significantly greater than currently forecast, then a combination of lower bond values and increasing pay levels 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).				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		07-Mar-2019
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.				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		07-Mar-2019
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.				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		07-Mar-2019
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.				BSP-P&I-14 Failure of a Fund Management House or Nominee Company Actions	Ongoing review using governance structures described previously.		Julie Edwards		07-Mar-2019

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		07-Mar-2019
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	Brunel Pension Partnership Ltd was established on 18 July 2017, learning the lessons from the previous year a comprehensive review of the Business Plan for 2019 undertaken, The plan for transitioning assets to Brunel and resources have been reviewed. Developed passive equities have transitioned to Brunel.	15-Nov-2018

## P&I Administration Risks

Report Type: Risks Report  
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45

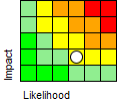
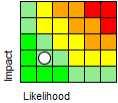

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Title	Action Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
RS-PA-01 Employer LGPS knowledge	Lack of employer understanding of the LGPS and knowledge of the Service Level Agreement may cause incorrect information 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>	01-Mar-2019

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Title	Action Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
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	Risk level remains the same.  The team is currently at a level which allows us to keep priority areas of work up to date and also begin to work on housekeeping/project areas. Temporary staff are still being utilised to cover for maternity leave or backlogs of work caused by an increase in volume of work from employers due to their backlogs.	01-Mar-2019
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	There has been no significant ICT issues lately suggesting that BCC have resolved any issues that had previously impacted the team. The likelihood has therefore reduced but there is still a possibility of impact.	01-Mar-2019
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	Currently, the number of errors within Altair calculations is minimal compared to previous years. Where any issues arise, these are passed to the systems team/Heywoods to be resolved. In most cases, work around's are provided and the updates regularly resolve issues.  Heywoods have also been open to suggestions of developments within the system that would aid the team so further improvements should be taking place.	01-Mar-2019
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	Remains a low likelihood of occurrence. Further work is underway regarding team structures to ensure the team is efficient and to keep staff morale high.	01-Mar-2019

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Title	Action Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
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	Still continues to be an issue. I-Connect is currently being rolled out to employers with the aim that all employers will use this facility by 1st April 2020. This should result in an improvement in timeliness and also accuracy of the data.  Our largest employer, BCC, are due to be live from early 2019.	01-Mar-2019
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.	01-Mar-2019

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Title	Action Description	Action Progress	Risk Owner	Latest Note	Date Reviewed
RS-PA-08 TUPE Transfers / Academy Conversions	<p>The increase of TUPE transfers / schools opting for academy status has resulted in an increased workload for pensions staff.</p> <p>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.</p>							Julie Edwards	<p>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 &amp; delays. The Principal 7 TUPE Officer have received all BCC &amp; 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.</p> <p>The likelihood has not reduced due to the fact that high workloads could be created due to Academy conversions.</p>	01-Mar-2019
RS-PA-09 Guaranteed Minimum Pension reconciliation	<p>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.</p>							Julie Edwards	<p>ITM are now well under way working on this as a project and are now at a stage of liaising with the payroll team.</p>	01-Mar-2019
RS-PA-10 Mid / High Earner Optouts due to Tax Legislation	<p>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</p>							Julie Edwards	<p>Risk remains the same. Changes to the Annual Allowance are anticipated over the year couple of years which could result in high earners opting out of the scheme.</p>	01-Mar-2019



Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Title	Action Description	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	15-Nov-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	Risk remains the same.	08-Nov-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	The number of year end queries has continued to reduce which will result in a higher rate of ABS's issued for on going years. It is anticipated that the overall ABS's issued by the end of March 2019 will be 97%.	08-Nov-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.



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