

# Agenda

## *PENSION FUND COMMITTEE*

**Date:** Thursday 30 May 2019

**Time:** 2.00 pm

**Venue:** County Hall, Aylesbury

<b>Agenda Item</b>	<b>Page No</b>
<b>1 ELECTION OF CHAIRMAN / APPOINTMENT OF VICE-CHAIRMAN</b>	
<b>2 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP</b>	
<b>3 DECLARATIONS OF INTEREST</b> To disclose any Personal or Disclosable Pecuniary Interests	
<b>4 MINUTES</b> To agree and note the minutes of the Pension Fund Board and Pension Fund Committee for March 2019.	<b>3 - 12</b>
<b>5 EXTERNAL AUDIT PLAN</b>	<b>13 - 24</b>
<b>6 ANNUAL ACCOUNTS</b>	<b>25 - 58</b>
<b>7 FORWARD PLAN</b>	<b>59 - 62</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 and note the confidential minutes of the Pension Fund Board and Pension Fund Committee for March 2019.	<b>63 - 68</b>
<b>10 BRUNEL UPDATE</b>	<b>69 - 124</b>

<b>11</b>	<b>PENSION FUND PERFORMANCE</b>	<b>125 - 168</b>
<b>12</b>	<b>INVESTMENT STRATEGY</b>	<b>169 - 192</b>
<b>13</b>	<b>DATE OF NEXT MEETING</b> The next meeting will be held at 2pm on 23 <sup>rd</sup> July 2019 in Mezzanine 3, County Hall, Aylesbury.	

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

*For further information please contact: 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 18 MARCH 2019, IN MEZZANINE ROOM 2, COUNTY HALL, AYLESBURY, COMMENCING AT 2.00 PM AND CONCLUDING AT 3.10 PM.**

### **MEMBERS PRESENT**

Mr J Chilver (Chairman), Mr T Butcher, Mr C Harriss, Mr D Martin (Vice-Chairman), Mr J Gladwin, Mr N Miles and Mr A Hussain

### **OTHERS PRESENT**

Carolan Dobson, Independent Adviser  
Julie Edwards, Pensions and Investments Manager  
Mark Preston, Head of Finance, Resources & Pensions  
Matthew Passey, Investment Consultant, Mercer Investment Consulting  
Katie-Louise Collier, Committee and Governance Adviser  
Tony English, Investment Consultant, Mercer Investments

### **AGENDA ITEM**

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

Apologies had been received from Mr Barber.

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

Mrs Dobson stated that she was a Non-Executive Director for Aberdeen Standard Managers LTD.

#### **3 MINUTES**

The minutes for the last meeting, dated 26<sup>th</sup> November 2018, were agreed. The Committee noted the minutes from the last Pension Fund Board meeting dated 10<sup>th</sup> October 2018.

#### **4 APPOINTMENT OF AN ADJUDICATOR - LGPS DISPUTES**



The Chairman welcomed Mr Hollis, Head of Legal and Compliance.

Mr Hollis requested that the Committee agreed to the appointment of an adjudicator for Local Government Pension Scheme (LGPS) hearings. He stated that regulations required the council to appoint an adjudicator as the previous, Mrs Forsythe has stepped down and there had been two matters arising which required hearings. Mr Hollis suggested Ms Farmer of HB Law as the main appointment and Mr Hodge as a standing substitute.

**RESOLVED: The Committee AGREED the appointment of an adjudicator**

The Chairman thanked and dismissed Mr Hollis

## **5 PENSIONS ADMINISTRATION STRATEGY**

Ms Lewis-Smith requested Committee Member approval for revisions to the Pension Administration strategy. She informed the Committee that the main revisions had been updates to the overriding legislation, employer responsibilities and charging schedule. She emphasised that charges would now vary, based on the amount of time spent dealing with each issue.

Ms Lewis-Smith clarified that where the strategy had made reference to local performance within section **1.2.5. Timeliness**, found on p24 of the agenda pack, this had referred to pension performance and not investment performance.

There were no further comments or questions.

**RESOLVED – The Committee APPROVED the Pension Administration Strategy.**

## **6 TREASURY MANAGEMENT SERVICE LEVEL AGREEMENT**

Ms Edwards introduced the next item as a follow-up item from the Committee's meeting on 1<sup>st</sup> March 2018, where the arrangements for investing the Fund's surplus cash had already been agreed. She stressed that there would be a wording change on the first page of the document as they would not be investing in a service level agreement (SLA). This wording change would read 'the arrangements for investing the Fund's surplus cash in a separate bank account'. It was noted that during 2018, £560,000 of interest had accrued on the £8.9 million total.

Mr Martin queried paragraph 4's (p36) statement about there being no instances of the pension fund borrowing from the County Council in 2018 and was told that there had been no instances of this happening over the past few years, but that it had happened on occasion.

Mr Butcher queried whether the County Council could borrow money from the pension fund to obtain a higher rate of interest. He was informed that the Council received more

income and interest if the money remained in the bank, and that the Council received interest from Lloyds. There would also be issues if money was required quickly for the pension fund. Mrs Dobson stated that the County Council would potentially have to meet the same credit rules as other lenders and policy would need revision. Press and Councillors in other councils had historic concerns about co-mingling of funds. Mr Preston recommended that borrowing from the pension fund didn't occur as it had not been set up that way.

**RESOLVED – The Committee APPROVED the Treasury Management Service Level Agreement**

**7 PENSION FUND RISK REGISTER**

Ms Edwards introduced the item and explained that the risk register had been brought to the Committee last November. Since then there had been few changes and no changes to the direction of travel.

**RESOLVED: The Committee NOTED that there had been no changes.**

**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 EMPLOYER RISK ANALYSIS**

**11 PENSION FUND PERFORMANCE**

**12 BRUNEL UPDATE**

**13 DATE OF NEXT MEETING/AOB**

The date of the next meeting was agreed to be 30<sup>th</sup> May 2019. The Chairman thanked all attendees and closed the meeting.

**CHAIRMAN**



**Buckinghamshire County Council**

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# Minutes

## *PENSION FUND BOARD*

**MINUTES OF THE PENSION FUND BOARD HELD ON THURSDAY 14 MARCH 2019, IN MEZZ 2, NCO AYLESBURY, COMMENCING AT 10.00 AM AND CONCLUDING AT 11.50 AM.**

### **MEMBERS PRESENT**

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

### **OFFICERS PRESENT**

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

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

Apologies were received from, Ms B Black, Mr S Lugg and Mr J Chilver.

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

Ms A Kenward, Committee Assistant, noted several grammatical changes to be made to the minutes of the meeting held on 10 October 2018.

Regarding comments on page 5 of the agenda pack Mrs C Lewis-Smith, Principal Pensions Officer, confirmed that only one employer had requested employee take up data recently.

**RESOLVED: The minutes of the meeting held on 10 October 2018 were AGREED subject to the above amendments.**

### **3 MINUTES OF PENSION FUND COMMITTEE**

**RESOLVED: The minutes from the Pension Fund Committee meeting 26 November 2018 were NOTED by the Board.**

### **4 BCC PENSION FUND EMPLOYEE NEWSLETTER - DECEMBER 2018**

Ms C Platts, Pensions Communications Officer, invited comments on the December 2018 newsletter. Ms Platts then gave an overview of the contents of the March 2019 newsletter, a draft copy of which was circulated with the agenda.



Ms Platts highlighted the following:

- The annual template had been circulated on 27 February for return by 30 April.
- Due to the Fund valuation, the year-end data cleanse exercise needed to be completed by end of June 2019. This was acknowledged to be a tight deadline.
- A ban on pension cold calling had come into effect as of 9 January 2019.
- The March newsletter would also include the House of Commons statement on Public Service Pension Schemes.

### ***McCloud and Sargent legal challenges***

Following a question from a member of the Board Mrs C Lewis-Smith, Principal Pensions Officer, confirmed the Fund had received communication from the Local Government Association asking whether or not central guidance for the 2019 valuation would be preferred. To date, most Funds had opted for central guidance to ensure consistency of approach.

## **5 SCHEME MEMBER AND EMPLOYER COMMUNICATIONS**

Ms C Platts, Pensions Communications Officer, gave an overview of the report circulated with the agenda.

Ms Platts highlighted:

- The report appendix, which outlined business as usual Communication materials. The report covered Communications that had been completed in addition to those listed within the appendix.
- All BCC website content editors had been tasked with reducing the reading age of webpages. This was more difficult when pages needed to include legislation/policy based information; however, most of the Fund's webpages were now at a 13 year old reading age. Reading ages were calculated via the Hemingway app system <http://www.hemingwayapp.com/>.
- In comparison with previous years, in 2018 only 1,000 newsletters had been printed to be sent to employees who had opted out of "My Pension Online", as part of their Annual Benefit Statement mailing. The 1,000 print run was split 50/50 between active and deferred scheme members. Active and deferred members were able to view the relevant Fund newsletter via the "my pension online" member portal as well as on the Fund's website.
- The newsletter was a joint project in collaboration with a number of other Pension Funds. It included standard wording to ensure consistency of message for Scheme members in different Funds, but included some space for Fund specific content.
- The 2019 In Touch pensioner newsletter was about to go to print and would include a mixture of statutory information and general interest articles e.g. volunteering, Active Bucks, University of the Third Age, etc. A copy of the 2018 In Touch newsletter was tabled at the meeting for reference.
- 19 Employers were represented at the March Year-end training sessions, which took place on 5 and 13 March. The sessions were aimed at employers who did not use i-Connect to return information to the Fund and therefore were required to complete an



annual return template for 2018/19. The training method had been changed to include an explanation by the main presenter of various data requirements, interspersed by group workshops, where Employers completed manual calculations to aid their understanding of our data requirements. Each group was facilitated by an Employer Liaison Officer. This method was very labour intensive for officers but they had received very positive feedback, which was tabled at the meeting. In future officers would review whether it may be better to hold training at different locations and look at showing the correlation between attendance and subsequent data quality and reporting issues.

There was a discussion around the best way to target communications. Ms Platts confirmed she was looking at different ways of communication and shared with the Board a short video she had been working on to familiarise Employers with the information available from the Fund's webpages. There were three videos which would be added to the Fund's website, embedded within the most appropriate content pages. The topics of the videos were:

- The LGPS retirement process
- Your LGPS annual benefit statement
- LGPS Employer web tour

The group briefly discussed the videos project. The Chairman thanked Ms Platts for showcasing the video. Ms Platts left the meeting.

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

## **6 I-CONNECT / PENSIONS "ONLINE" UPDATE**

Ms J Edwards, Pensions & Investments Manager, gave an overview of the report circulated with the agenda.

Ms Edwards confirmed it was now standard practice for new employers to join iConnect however this was not always happening, for example with district councils who wanted to wait for further information regarding unitary.

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

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

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

The Chairman noted the lower attendance rate for this meeting compared to the previous year. He felt there was still good reasons when people were unable to attend.

Ms Pearce asked for it to be noted she was only to attend days 1-2 of the recent training.

The Chairman confirmed he would provide comments for the report prior to the deadline required for inclusion in the Pension Fund Annual Report & Accounts.

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

## **8 ADMINISTRATION PERFORMANCE STATISTICS**

Ms S Price, Principal Pensions Officer, gave an overview of the report circulated with the agenda.

Ms Price highlighted the following:

- Previously the board had asked to see a breakdown of the “other” calls category. This was being monitored from January 2019 and would appear in reports from March/April onwards.
- The team was up to date with daily priorities and had a 97% daily completion rate for on priority tasks.
- Under current scheme regulations from 1 April 2014, refunds should be paid within 5 years of the Scheme member leaving. However this is not always possible due to not being kept up to date with address changes and not being provided with bank account details to make payment when requested. The team are attempting to contact all members who were nearing the 5 year deadline. Where interest is due this is paid over a year after leaving at the Bank of England base rate plus 1% is payable.
- It was hoped the Pensions Dashboard would help reunite people with their money and reduce costs where amounts were only small. The team was working on reviewing same sex marriage and co-habituating partner’s pension benefits. Given that same cases went back to 2008 it may be necessary to relax the evidence required on a case by case basis.

Members of the board asked for confirmation of the following acronyms.

- NoK = Next of Kin
- SCAPE = Superannuation Contributions Adjusted for Past Experience.

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

## **9 PENSION ADMINISTRATION STRATEGY**

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

Mrs Lewis-Smith highlighted that the strategy was not due for renewal until 2020 but one of the action points from the Pension Improvement Review was to revise the strategy this year. This included reviewing charges as the work involved could vary dependant on the nature of the issue(s) and the time spent to resolve it/them. There would still be a review in 2020 and the tri-annual review requirement would continue.

The following points were discussed:

- A member of the board requested to see track changes in future so they can see what had been changed. Mrs Lewis-Smith agreed to include this.

**ACTION: Mrs Lewis-Smith**

- Whether training could be made mandatory. Ms Lewis-Smith would review this.

**ACTION: Mrs Lewis-Smith**

- How to address non-compliance including repeat offenders and the possible introduction of a flat rate starting cost for support with additional fees if extra time was needed.

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

## **10 FORWARD PLAN**

Mrs C Lewis-Smith, Principal Pensions Officer, confirmed the plan had been updated to increase the number of meetings from three to four meetings a year. As previously discussed the December meeting would have fewer agenda items to allow for training opportunities.

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

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

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

Mrs Lewis-Smith highlighted that many of the cases left outstanding were more complex and often historical ones. She confirmed the team were working with the employers involved. The Chairman noted the hard work from the team.

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

## **12 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)**

## **13 ANNUAL BENEFIT STATEMENTS - CONFIDENTIAL APPENDIX**

Mrs C Lewis-Smith, Principal Pensions Officer, gave an overview of the report's confidential appendix which was circulated with the agenda.

Mrs Lewis-Smith stated that historical queries from Milton Keynes Council had been reduced considerably using a partnership working approach. This had also resulted in lower costs compared to going down a sanctions route.

The following points were discussed:

- Pension scams - Ms S Price, Principal Pensions Officer, confirmed that BCC were aware of one scamming case. A request for transfer information had been received but the team had prevented progression when they queried the consent form used. Details had been recorded and would be reported to the appropriate authorities. Ms Price confirmed that BCC did not receive a high number of transfer requests but for any transfer over £30k members were required to sign a declaration confirming they had had taken suitable advice.
- Impact of the Lloyd bank pension's equalisation decision - Mrs Lewis-Smith confirmed that the judgement had specifically stated this would have no impact on local government schemes.

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

#### **14 CONFIDENTIAL MINUTES PENSION FUND BOARD**

**RESOLVED: The confidential minutes of the meeting held on 10 October 2018 were AGREED as an accurate record and signed by the Chairman.**

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

**RESOLVED: The confidential minutes from the Pension Fund Committee meeting 26 November 2018 were NOTED by the Board.**

#### **16 BRUNEL PENSION PARTNERSHIP UPDATE**

Ms J Edwards, Pensions & Investments Manager, gave an overview of the report circulated with the agenda. The report included the minutes of their last oversight board and informal notes from the meeting.

The Board confirmed they were happy with the level and style of information from Brunel.

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

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

18 July 2019, 10am  
Mezzanine Room 2, New County Offices.

**CHAIRMAN**

# External Audit Plan

*Year ending 31 March 2019*

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Buckinghamshire Pension Fund

March 2019



# Contents



Your key Grant Thornton  
team members are:

**Iain Murray**

**Director**

T: 020 7728 3328

E: iain.g.murray@uk.gt.com

**Tom Ball**

**Manager**

T: 020 7728 2030

E: thomas.j.ball@uk.gt.com

**Cherise Douglas**

**Executive**

T: 020 7865 2488

E: cherise.a.douglas@uk.gt.com

## Section

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction & headlines

## Purpose

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

## Respective responsibilities

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

## Scope of our audit

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

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

Our audit approach is based on a thorough understanding of the Fund's business and is risk based. We will be using our new audit methodology and tool, LEAP, for the 2018/19 audit. It will enable us to be more responsive to changes that may occur in your organisation.

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## Significant risks

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Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls
- Valuation of level 3 investments

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

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## Materiality

We have determined materiality at the planning stage of our audit to be £28.2m (PY £27.0m) for the Fund, which equates to 1% of your prior year net assets.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £1.4m (PY £1.3m).

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## Audit logistics

Our interim visit will took place in January 2019 and our final visit will take place in June 2019. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £19,275 (PY: £25,033) for the Fund, subject to management meeting the expectations we have agreed with them.

Where we are required to respond to requests received from other auditors of other bodies for assurance in respect of information held by the Fund and provided to the actuary to support their individual IAS 19 calculations these may be billed in addition to the audit fee. We will consider these on a case by case basis dependent on the extent and nature of work requested by the other auditors.

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## Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

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# Key matters impacting our audit

## Factors

### Guaranteed Minimum Pension (GMP)

- Pension funds are continuing to work through the GMP reconciliation process.
- In January 2018 the government extended its “interim solution” for indexation and equalisation for public service pension schemes until April 2021. Currently the view is that the October 2018 High Court ruling in respect of GMP equalisation is therefore not likely to have an impact upon the LGPS.

### Changes to the CIPFA 2018/19 Accounting Code

The most significant changes relate to the adoption of IFRS 9 Financial Instruments. In practice, IFRS 9 is anticipated to have limited impact for pension funds as most assets and liabilities held are already classed as fair value through profit and loss.

### SI 493/2018 – LGPS (Amendment) Regulations 2018

Introduces a new provision for employers to receive credit for any surplus assets in a fund upon ceasing to be a Scheme employer. This could potentially lead to material impacts on funding arrangements and the need for updated of Funding Strategy Statements.

### The Pensions Regulator (tPR)

tPRs [Corporate Plan](#) for 2018-2021 includes three new Key Performance Indicators (KPIs) directly related to public service pension schemes and tPR has chosen the LGPS as a cohort for proactive engagement throughout 2018 and 2019.

## Our response

- We will continue to monitor the position in respect of GMP equalisation and reconciliation. For pension funds the immediate impact is expected to be largely administrative rather than financial.

- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code.

- We will keep under review any interaction the Fund has with tPR and tailor our audit approach where necessary.



# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<b>The revenue cycle includes fraudulent transactions (rebutted)</b>	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.	<p>Having considered the risk factors set out in ISA (UK) 240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited</li> <li>• the culture and ethical frameworks of local authorities, including Buckinghamshire County Council, mean that all forms of fraud are seen as unacceptable</li> </ul> <p>Therefore we do not consider this to be a significant risk for Buckinghamshire Pension Fund.</p>
<b>Management override of controls</b>	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate the design effectiveness of management controls over journals</li> <li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals</li> <li>• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration</li> <li>• gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence</li> <li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>

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# Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<b>Valuation of Level 3 Investments</b>	<p>The Fund revalues its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date.</p> <p>By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (£166.4 million) and the sensitivity of this estimate to changes in key assumptions</p> <p>Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p> <p>Management utilise the services of investment managers and/or custodians as valuation experts to estimate the fair value as at 31 March 2019.</p> <p>We therefore identified valuation of Level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate management's processes for valuing Level 3 investments</li> <li>• review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met</li> <li>• for a sample of investments, test the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. We will reconcile those values to the values at 31 March 2019 with reference to known movements in the intervening period</li> <li>• in the absence of available audited accounts, we will evaluate the competence, capabilities and objectivity of the valuation expert</li> </ul>

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2019.

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# Other matters

## Other work

The Fund is administered by Buckinghamshire County Council (the 'Council'), and the Fund's accounts form part of the Council's financial statements.

Therefore, as well as our general responsibilities under the Code of Practice a number of other audit responsibilities also follow in respect of the Fund, such as:

- We read any other information published alongside the Council's financial statements to check that it is consistent with the Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority.
- We consider our other duties under legislation and the Code, as and when required, including:
  - Giving electors the opportunity to raise questions about your 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
  - Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
  - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
  - Issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

## Other material balances and transactions

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

## Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Fund's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

# Materiality

## The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

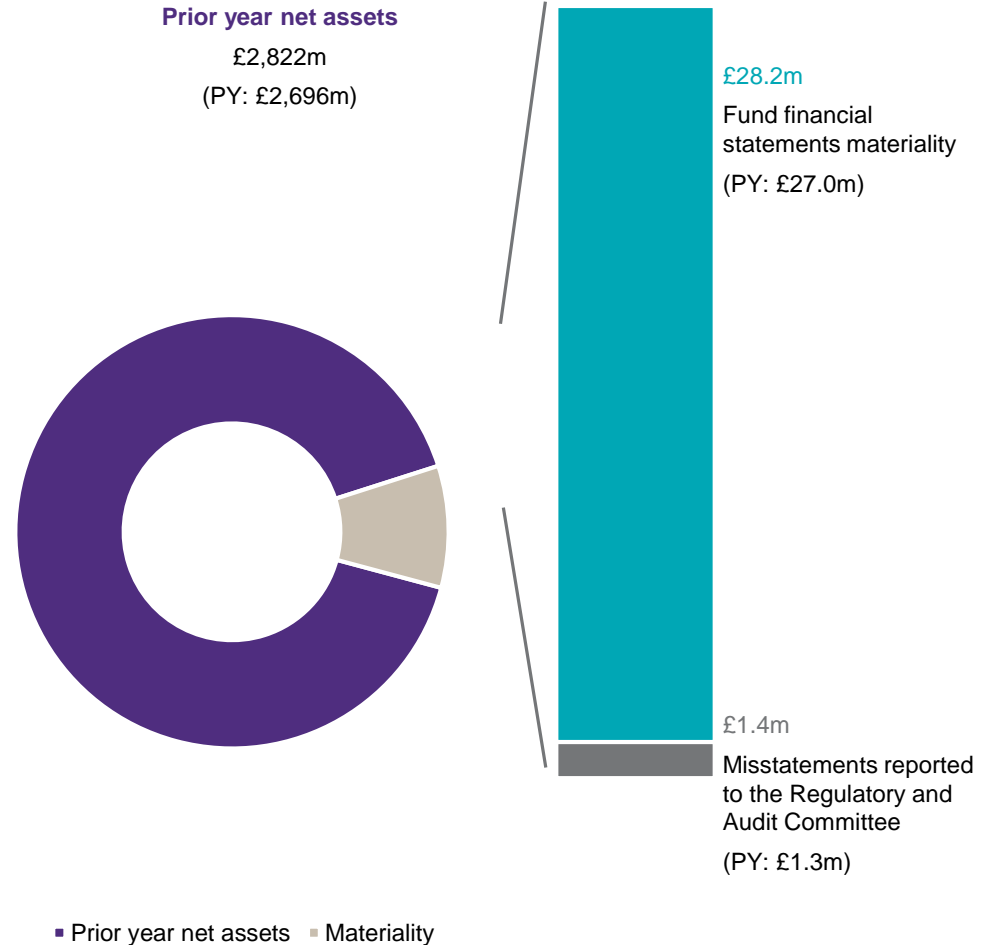
## Materiality for planning purposes

We have determined materiality at the planning stage of our audit to be £28.2m (PY £27.0m) for the Fund. We consider the proportion of the net assets of the Fund to be the appropriate benchmark for the financial year. In the prior year we used the same benchmark. Our materiality equates to 1% of your actual net assets for the year ended 31 March 2018. We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

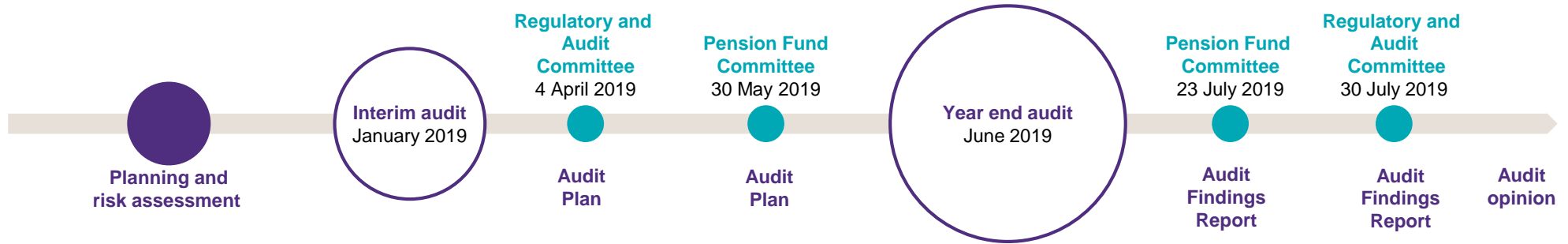
## Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Regulatory and Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £1.4m (PY £1.3m).

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



# Audit logistics, team & fees



## Audit fees

The planned audit fees are £19,275 (PY: £25,033) for the financial statements audit completed under the Code, which are in line with the scale fee published by PSAA. There is no non-Code (as defined by PSAA) work planned. In setting your fee, we have assumed that the scope of the audit, and the Fund and its activities, do not significantly change.

Where we are required to respond to requests received from other auditors of other bodies for assurance in respect of information held by the Fund and provided to the actuary to support their individual IAS 19 calculations these will be billed in addition to the audit fee on a case by case basis.

## Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have agreed detailed expectations and requirements with management. Where these requirements are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Any proposed fee variations will need to be approved by PSAA.

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# Independence & non-audit services

## Auditor independence

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

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

## Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Fund. No other services were identified.

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# Pension Fund Committee

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<b>Title:</b>	<b>DRAFT Statement of Accounts for the year ended 31 March 2019</b>
<b>Date:</b>	30 May 2019
<b>Author:</b>	Head of Finance - Resources and Pensions
<b>Contact officer:</b>	Julie Edwards, Pensions & Investments Manager Telephone (01296) 383910
<b>Electoral divisions affected:</b>	N/A

## Summary

To present the Pension Fund Accounts for 2018/19.

## Recommendation

**The Committee is asked to review the Draft Statement of Accounts for Buckinghamshire County Council Pension Fund for the year ended 31 March 2019 and to note the timing and requirements for completion and authorisation of the final Statement of Accounts.**

### Resource implications

- 1 There are none arising directly from this report.

### Other implications/issues

- 2 The draft unaudited Statement of Accounts for the Buckinghamshire County Council Pension Fund for the year ended 31 March 2019 is attached as Appendix 1. The draft accounts were presented to Regulatory and Audit Committee for information on 21 May 2019, following that meeting the Director of Finance and Assets as the Council's appointed Section 151 Officer signed the unaudited Statement of accounts for Buckinghamshire County Council and the Pension Fund. The audit of the Pension Fund Accounts is due to commence on 3 June. The Pension Fund Audit Plan is an agenda item at today's meeting. A further report, incorporating the findings of Grant Thornton will be brought to this Committee at its meeting on 23 July, representatives from Grant Thornton will attend the July meeting.
- 3 The finalised Statement of Accounts is due to be approved by the Chairman of the Regulatory and Audit Committee and the Section 151 Officer following the audit

and consideration of the Auditors report at Regulatory and Audit Committee on 30 July.

- 4 The Pension Fund Account and Net Asset Statement, shows that in the year to 31 March 2019 the value of the Pension Fund increased by £185m to £3.007 billion. This is the net result of the contributions made (£149m) including transfers in from other pension schemes, employers and employees contributions; payments out (£125m) including pensions, commutations, lump sum retirement benefits and death benefits, management expenses £16m plus net returns on investments (£177m increase).

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

- 5 Not applicable

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**Background Papers**

None.

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# Buckinghamshire County Council Pension Fund

## Statement of Accounts For the year ended 31 March 2019



## Pension Fund Accounts

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## Pension Fund Account for the Year Ended 31 March 2019

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

31 March 2018 £000	Pension Fund Account	Note	31 March 2019 £000
	<b>Dealings with Members, Employers and Others directly Involved in the Fund</b>		
	<b>Income</b>		
(134,066)	Contributions	3	(137,260)
(16,504)	Transfers in from other pension funds	4	(11,349)
(110)	Other income		(163)
<b>(150,680)</b>			<b>(148,772)</b>
	<b>Benefits</b>	5	
85,504	Pensions		90,860
22,700	Commutation of pensions and lump sums		21,210
	<b>Payments to and on Account of Leavers</b>	6	
556	Refunds of contributions		804
14,113	Transfers out to other pension funds		11,736
<b>122,873</b>			<b>124,610</b>
<b>(27,807)</b>	<b>Net Additions from Dealings with Members</b>		<b>(24,162)</b>
<b>19,239</b>	<b>Management expenses</b>	7	<b>16,237</b>
<b>(8,568)</b>	<b>Net (Additions)/Withdrawals including Fund Management Expenses</b>		<b>(7,925)</b>
	<b>Returns on Investments</b>		
(45,448)	Investment income	8	(47,693)
(73,103)	Profits and losses on disposal of investments and changes in the market value of investments	9	(129,727)
554	Taxes on income	16	471
<b>(117,997)</b>	<b>Net Returns on Investments</b>		<b>(176,949)</b>
<b>(126,565)</b>	<b>Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year</b>		<b>(184,874)</b>

## Pension Fund Accounts

### Net Assets Statement

31 March 2018 £000	Net Assets Statement	Note	31 March 2019 £000
	<b>Investments</b>		
840	Long term investments		840
883,946	Equities - quoted		573,933
352,726	Bonds		428,687
1,239,939	Pooled investment vehicles		1,690,849
204,534	Unit trusts - property		214,243
121,408	Cash deposits		80,693
102	Derivative contracts		(34)
9,504	Dividend income receivable		10,489
<b>2,812,999</b>	<b>Net Investments</b>	11	<b>2,999,700</b>
<b>14,293</b>	Current assets	15	<b>21,694</b>
<b>(5,143)</b>	Current liabilities	15	<b>(14,370)</b>
<b>2,822,149</b>	<b>Net Assets of the Fund Available to Fund Benefits at 31 March</b>		<b>3,007,024</b>

Note: The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 18.

### 1 Description of the Fund

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

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

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

The Fund is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pensions Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

In 2015 the government announced that they wanted the 91 Local Government Pension Scheme funds to pool their investments into larger pools in order to achieve savings in investment management costs. Brunel Pension Partnership Ltd was formed to implement the investment strategies for ten Funds. The founding Funds include The Environment Agency Pension Fund, and the Local Government Funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Gloucestershire, Oxfordshire, Somerset and Wiltshire. The company Brunel Pension Partnership Ltd was formed on 14 October 2016. By 31 December 2018 the collective assets of the pool were circa £30 billion.

The objective of pooling assets is to achieve savings over the longer term from both lower investment management costs and more effective management of the investment assets. The pool will look to deliver the savings based upon the collective buying power the collaboration initiative will produce. Local accountability will be maintained as each individual fund will remain responsible for strategic decisions including asset allocation. The pooling of assets will only affect the implementation of the investment strategy in terms of manager appointments. The transition of assets began in July 2018 and by 2021 for the majority of the assets will have transitioned, although illiquid alternative assets such as private equity may need a longer transition timetable. More information and updates can be found on the Brunel Pension Partnership website at: [www.brunelpensionpartnership.org](http://www.brunelpensionpartnership.org)

The following summarises the membership of the Fund:

<b>31 March 2018</b>	<b>Membership of the Fund</b>	<b>31 March 2019</b>
24,042	Contributors	24,141
18,548	Pensioners	19,411
27,313	Deferred pensioners	28,991
<b>69,903</b>	<b>Total Membership of the Fund</b>	<b>72,543</b>

### Investment Strategy Statement

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

[https://www.buckscc.gov.uk/media/4508836/bccpf\\_iss\\_may2017.pdf](https://www.buckscc.gov.uk/media/4508836/bccpf_iss_may2017.pdf)

### Further Information

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

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

### Basis of Preparation

The accounts summarise the Fund's transactions for the 2018/19 financial year and its position at year end as at 31 March 2019. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code), which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

## Pension Fund Accounts

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

## 2. Accounting Policies and Critical Judgements in Applying Accounting Policies

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### Accounting Policies

#### Accruals of Income and Expenditure

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

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

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

#### Investment Income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis. Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as dividend income receivable. Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset. Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits / losses during the year.

#### Benefits Payable

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

#### Management Expenses

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

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

- Global Thematic Partners – global equities
- Investec Asset Management – global equities
- Mirabaud – UK equities



- Royal London Asset Management – bonds
- Schroders – global equities
- Standard Life – UK equities

### **Financial Instruments**

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

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

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

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

The value of market quoted investments is determined by the bid market price ruling on the final day of the accounting period. Fixed interest securities are recorded at net market value based on their current yields. Pooled investments in property funds, equity funds, fixed interest funds, private equity funds and hedge fund of funds are valued by the fund manager in accordance with industry guidelines. Note 12 includes commentary on the valuation methods that the Fund’s fund managers use.

### **Foreign Currency Transactions**

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

### **Derivatives**

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

### **Cash and Cash Equivalents**

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

### **Contingent Assets & Liabilities and Commitments**

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

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

## Pension Fund Accounts

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Commitments are disclosed by way of a note when there is a contractual commitment which may require a payment. The timing of the payment is such that it would be inappropriate to make a provision. Commitments are accounted for at the best estimate of the obligation.

### Critical Judgements in Applying Accounting Policies

#### Pension Fund Liability

The Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The last such valuation took place as at 31 March 2016, the funding level of the Fund as a whole increased from 82% to 87% between 31 March 2013 and 31 March 2016. The next valuation will take place as at 31 March 2019. The Fund's actuary undertook an interim valuation as at 31 March 2018 which showed that the funding level had increased to 95% and the average required employer contribution would be 21.3% of payroll assuming the deficit is to be paid by 2032. The estimated funding position is based on market movements since 31 March 2016 rather than being a full valuation with updated member data. Following the 31 March 2019 triennial valuation, an updated funding level will be available later this year.

#### Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year end date and the amounts reported for assets and liabilities at the year end date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the net assets statement at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Actuarial present value of promised retirement benefits (Note 18)</b>	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance: a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £93m a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £8m a one-year increase in assumed life expectancy would increase the liability by approximately £170m.
<b>Private equity fund of funds (Note 12)</b>	Private equity investments are valued at fair value in accordance with <i>International Private Equity and Venture Capital Valuation Guidelines</i> (2012). These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Private equity investments are valued at £146m in the financial statements. There is a risk that this investment may be under or overstated in the accounts by £22m.

**Events After The Reporting Date**

Since 31 March 2019, there has been some volatility in the financial markets, there would be an impact on the market value of the fund's investments were they to be valued as at the date these accounts were authorised. These changes are deemed to be non-adjusting post balance sheet events. There have been no events since 31 March 2019, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

**Accounting Standards that have been issued but not yet adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. Potentially relevant standards include annual improvements to IFRS standards 2014-2016, IFRIC 22 foreign currency transactions and advance considerations and amendments to IFRS9 financial instruments: prepayment features with negative compensation.

**3. Contributions**

Contributions relating to wages and salaries paid up to 31 March 2019 have been included in these accounts, there were no augmented employers' contributions received during 2017/18 or 2018/19.

<b>Restated 2017/18 £000</b>	<b>Contributions by Category</b>	<b>2018/19 £000</b>
	<b>Employers' Contributions</b>	
(83,561)	Normal Contributions	(87,302)
(21,056)	Deficit Recovery Contributions	(19,829)
<b>(104,617)</b>	<b>Total Employers' Contributions</b>	<b>(107,131)</b>
<b>(29,449)</b>	<b>Members' Contributions</b>	<b>(30,129)</b>
<b>(134,066)</b>	<b>Total Contributions</b>	<b>(137,260)</b>

The 2017/18 employers' contributions by category have been restated to correct the allocation of the administering authority's normal and deficit contributions.

<b>Original 2017/18 £000</b>	<b>Contributions by Category</b>
	<b>Employers' Contributions</b>
(91,568)	Normal Contributions
(13,049)	Deficit Recovery Contributions
<b>(104,617)</b>	<b>Total Employers' Contributions</b>
<b>(29,449)</b>	<b>Members' Contributions</b>
<b>(134,066)</b>	<b>Total Contributions</b>

<b>2017/18 £000</b>	<b>Contributions by Authority</b>	<b>2018/19 £000</b>
(40,298)	Administering authority	(40,308)
(88,050)	Scheduled bodies	(92,413)
(5,718)	Admitted bodies	(4,539)
<b>(134,066)</b>	<b>Total Contributions</b>	<b>(137,260)</b>

## Pension Fund Accounts

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### 4. Transfer Values

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2017/18 £000	Transfers in from other pension funds	2018/19 £000
(4,427)	Group transfers	(2,159)
(12,077)	Individual transfers	(9,190)
<b>(16,504)</b>	<b>Total Transfers in from other pension funds</b>	<b>(11,349)</b>

The individual transfer values relate to transfers, which have been received during the financial year i.e. included on a cash basis. On 31 March 2019 there were two outstanding transfer values receivable greater than £50k, for which £196k had not been received. (On 31 March 2018 there were no outstanding transfer values receivable greater than £50k.)

On 31 March 2019 there was one group transfer to the Fund being negotiated with other Funds (3 on the 31 March 2018), the value of the transfers to the Fund is being negotiated between the Funds' actuaries. The income due to the Fund for the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

### 5. Benefits

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

2017/18 £000	Benefits Payable by Category	2018/19 £000
85,504	Pensions	90,860
19,951	Commutations of pensions and lump sum retirement benefits	19,321
2,749	Lump sum death benefits	1,889
<b>108,204</b>	<b>Total Benefits</b>	<b>112,070</b>

2017/18 £000	Benefits Payable by Authority	2018/19 £000
37,825	Administering authority	40,227
62,049	Scheduled bodies	63,044
8,330	Admitted bodies	8,799
<b>108,204</b>	<b>Total Benefits</b>	<b>112,070</b>

### 6. Payments to and on Account of Leavers

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2017/18 £000	Payments to and on Account of Leavers	2018/19 £000
439	Refunds to members leaving service	761
117	Payments for members joining the state scheme	43
942	Group transfers to other pension funds	0
13,171	Individual transfers to other pension funds	11,736
<b>14,669</b>	<b>Total Payments to and on Account of Leavers</b>	<b>12,540</b>

The individual transfer values relate to transfers, which have been paid during the financial year i.e. included on a cash basis. On 31 March 2019 there were four outstanding individual transfer values payable greater than £50k, for which £528k had not been paid. On 31 March 2018 there were 4 outstanding individual transfer values payable greater than £50k, for which £439k had not been paid.

On 31 March 2019 there was one group transfer from the Fund being negotiated with other Funds (one on the 31 March 2018); the value of the transfers from the Fund is being negotiated between the Funds' actuaries. The expenditure in respect of the transfer has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

## 7. Management Expenses

2017/18	Management Expenses	2018/19
£000		£000
1,840	Administrative costs	2,177
16,623	Investment management expenses	13,501
776	Oversight and governance costs	559
<b>19,239</b>	<b>Total Management Expenses</b>	<b>16,237</b>

The analysis of the cost of managing the Pension Fund during the period has been prepared in accordance with CIPFA guidance. Management expenses have been categorised as administrative costs, investment management expenses and oversight / governance costs. Included in the oversight and governance costs are the external audit fees, £19k in 2018/19 (£25k in 2017/18). Administrative costs increased in 2018/19 due to appointing an external provider to undertake a reconciliation of the Fund's records to HMRC's Guaranteed Minimum Pension records.

Management fees for pooled funds and transaction costs have been included in the investment management expenses. The investment management expenses include £3.03m (£0.775m in the 2017/18 financial year) in respect of performance related fees payable to the fund's investment managers. It also includes £2.621m in respect of transaction costs (£1.697m in the 2017/18 financial year).

## 8. Investment Income

2017/18	Investment Income	2018/19
£000		£000
(23,781)	Dividends from equities	(23,026)
(13,510)	Income from bonds	(14,315)
(804)	Income from pooled investments	(162)
(6,767)	Income from property unit trusts	(7,420)
(201)	Interest on cash deposits	(903)
(385)	Other	(1,867)
<b>(45,448)</b>	<b>Total Investment Income</b>	<b>(47,693)</b>

## 9. Investments

All investments are valued on a fair value basis and where there is an active market the bid price is the appropriate quoted market price. The investment accounting information from 13 December 2017 is provided by State Street when they became the Fund's custodian, BNY Mellon provided the investment accounting information to 12

## Pension Fund Accounts

December 2017. Realised profit of £324m and unrealised loss of £195m are combined to report an increase in the market value of investments of £129m.

Investments (All values are shown £000)	Value at 31 March 2018 £000	Reclassification of Assets £000	Purchases at Cost £000	Sales Proceeds £000	Realised Profit / (Loss) £000	Unrealised Profit / (Loss) £000	Value at 31 March 2019 £000
Long term investments	840	-	-	-	-	-	840
Equities - quoted	883,946	-	458,840	(822,441)	79,231	(25,643)	573,933
Bonds	352,726	-	194,371	(123,385)	2,349	2,626	428,687
Pooled investment vehicles	1,239,939	-	1,308,442	(922,451)	238,483	(173,564)	1,690,849
Unit trusts - property funds	204,534	-	26,351	(18,923)	4,227	(1,946)	214,243
Derivative contracts	102	-	485	(463)	(22)	(136)	(34)
Cash deposits	121,408	-	-	(44,439)	-	3,724	80,693
	<b>2,803,495</b>	<b>-</b>	<b>1,988,489</b>	<b>(1,932,102)</b>	<b>324,268</b>	<b>(194,939)</b>	<b>2,989,211</b>
Investment income due	9,504						10,489
	<b>2,812,999</b>						<b>2,999,700</b>

During 2017/18 realised profit of £169.689m and unrealised loss of £96.586m combined to report an increase in the market value of investments of £73.103m.

Investments (All values are shown £000)	Value at 31 March 2017 £000	Reclassification of Assets £000	Purchases at Cost £000	Sales Proceeds £000	Realised Profit / (Loss) £000	Unrealised Profit / (Loss) £000	Value at 31 March 2018 £000
Long term investments	0	0	840	0	0	0	840
Equities - quoted	852,632	(214)	672,947	(643,674)	89,550	(87,295)	883,946
Bonds	339,005	0	163,024	(141,800)	3,808	(11,311)	352,726
Pooled investment vehicles	1,204,325	214	180,998	(212,055)	75,522	(9,065)	1,239,939
Unit Trusts - property funds	183,581	-	12,682	(2,826)	201	10,896	204,534
Derivative contracts	385	-	866	(1,473)	608	(284)	102
Cash deposits	87,736	-	-	33,199	-	473	121,408
	<b>2,667,664</b>	<b>-</b>	<b>1,031,357</b>	<b>(968,629)</b>	<b>169,689</b>	<b>(96,586)</b>	<b>2,803,495</b>
Investment income due	7,848						9,504
	<b>2,675,512</b>						<b>2,812,999</b>

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

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

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

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

On 31 March 2019 assets which exceed 5% of the total value of the net assets of the Fund are a £226.4m, 7.5%, investment in Legal & General's All Stocks Index-Linked Gilt Fund (£214.5m as at 31 March 2018) and a £767.1m, 25.5%, investment in Brunel Pension Partnership Passive Developed Global Equities portfolio (£0.0m as at 31 March 2018).

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

## 10. Investment Management Arrangements

The value of the Fund with the fund managers as at 31 March 2019 was £2,945m (£2,723m at 31 March 2018). Aviva Investors sold its Real Estate Multi Manager (REMM) business to LaSalle Investment Management on 6 November 2018. Fund manager fees have been calculated according to the specific mandate and the associated contract agreement as shown in the following table:

Fund Manager / Mandate		Proportion of Fund	
		31 March 2018	31 March 2019
<b>Investments managed by Brunel Pension Partnership Ltd</b>			
Global Passive Equities		0%	26%
Infrastructure		0%	0%
Private Equity		0%	0%
<b>Investments managed by the Fund</b>			
La Salle / Aviva Investors	Property	8%	7%
BlackRock	Cash / inflation plus	5%	5%
Blackstone Alternative Asset Management	Hedge fund of funds	5%	5%
Global Thematic Partners	Less constrained global equities	7%	0%
Investec Asset Management	Less constrained global equities	8%	9%
Legal & General Investment Management	Passive index-tracker	28%	15%
Mirabaud Investment Management Limited	UK equities	5%	0%
Pantheon Private Equity	Private equity	5%	4%
Partners Group	Private equity	1%	1%
Royal London Asset Management	Core plus bonds	14%	15%
Schroders	Less constrained global equities	7%	7%
Aberdeen Standard Investments	Less constrained UK equities	4%	4%

## Pension Fund Accounts

### 11. Analysis of the Value of Investments

31 March 2018	Analysis of the Value of Investments	31 March 2019
£000		£000
<b>840</b>	<b>Long Term Investments</b>	<b>840</b>
	<b>Bonds</b>	
	<b>Fixed Interest Securities</b>	
319	Overseas public sector	0
213,922	UK other	279,600
78,448	Overseas other	86,759
<b>292,689</b>	<b>Total Fixed Interest Securities</b>	<b>366,359</b>
	<b>Index-Linked Securities</b>	
50,934	UK Index-linked securities public sector	51,742
9,103	UK Index-linked securities other	10,586
<b>60,037</b>	<b>Total Index-Linked Securities</b>	<b>62,328</b>
<b>352,726</b>	<b>Total Bonds</b>	<b>428,687</b>
	<b>Equities</b>	
301,919	UK quoted	144,069
582,027	Overseas quoted	429,864
<b>883,946</b>	<b>Total Equities</b>	<b>573,933</b>
	<b>Pooled Investment Vehicles</b>	
10,735	UK Equities	0
358,218	UK Bonds	379,310
436,412	Overseas Equities	864,164
134,940	Overseas Diversified Growth Fund	139,122
134,050	Overseas Hedge Fund of Funds	156,310
0	Overseas Infrastructure	5,883
165,584	Overseas Private Equity	146,060
<b>1,239,939</b>	<b>Total Pooled Investment vehicles</b>	<b>1,690,849</b>
	<b>Other</b>	
204,534	Unit Trusts - property funds	214,243
102	Derivatives	(34)
121,408	Cash deposits – sterling and foreign cash	80,693
9,504	Dividend income receivable	10,489
<b>335,548</b>	<b>Total Other</b>	<b>305,391</b>
<b>2,812,999</b>	<b>Total Value of Investments</b>	<b>2,999,700</b>



## 12. Financial Instruments

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

31 March 2018			31 March 2019		
Fair value through profit and loss £000	Loans And Receivables £000	Financial Liabilities At amortised cost £000	Fair value through profit and loss £000	Loans And Receivables £000	Financial Liabilities At amortised cost £000
<b>Financial Assets</b>					
840	-	-	840	-	-
883,946	-	-	573,933	-	-
352,726	-	-	428,687	-	-
1,239,939	-	-	1,690,849	-	-
204,534	-	-	214,243	-	-
102	-	-	-	-	-
9,504	-	-	10,489	-	-
-	127,559	-	-	80,693	-
-	6,371	-	-	11,585	-
<b>2,691,591</b>	<b>133,930</b>	<b>-</b>	<b>2,919,041</b>	<b>92,278</b>	<b>-</b>
<b>Financial Liabilities</b>					
-	-	-	(34)	-	-
-	-	(4,190)	-	-	(13,367)
-	-	<b>(4,190)</b>	-	-	<b>(13,367)</b>
<b>2,691,591</b>	<b>133,930</b>	<b>(4,190)</b>	<b>2,919,007</b>	<b>92,278</b>	<b>(13,367)</b>
<b>2,821,331</b>			<b>2,997,918</b>		

Reconciliation to Net Investments in the Net Assets Statement	£000
Net Investments	3,007,024
Less contributions due current assets	(10,109)
Add HMRC current liabilities	1,003
Valuation of Financial Instruments carried at fair value	2,997,918

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

31 March 2018 £000		31 March 2019 £000
<b>Financial Assets</b>		
121,320	Fair value through profit and loss	175,424
1,770	Loans and receivables	2,227
-	Financial liabilities measured at amortised cost	-
<b>Financial Liabilities</b>		
-	Fair value through profit and loss	-

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(238)	Loans and receivables	(9,177)
-	Financial liabilities measured at amortised cost	-
<b>122,852</b>	<b>Total</b>	<b>168,474</b>

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

### Valuation of Financial Instruments Carried at Fair Value

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

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

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

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

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

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

Value at 31 March 2019	Quoted	Using	With	Total
	Market Price	Observable Inputs	Significant Unobservable Outputs	
	Level 1 £000	Level 2 £000	Level 3 £000	£000
Long term investments	-	-	840	840
Equities - quoted	573,933	-	-	573,933
Bonds	-	428,687	-	428,687
Pooled investment vehicles	-	1,538,906	151,943	1,690,849
Property – unit trusts	-	214,243	-	214,243
Derivatives	-	(34)	-	(34)
<b>Total</b>	<b>573,933</b>	<b>2,181,802</b>	<b>152,783</b>	<b>2,908,518</b>

Cash is not included in the analysis of assets held at fair value since it is held at amortised cost, not fair value.

<b>Reconciliation to Net Investments in the Net Assets Statement</b>	<b>£000</b>
Net Investments	2,999,700
Less Cash deposits	(80,693)
Less dividend income receivable	(10,489)
Valuation of Financial Instruments carried at fair value	2,908,518

<b>Value at 31 March 2018</b>	<b>Quoted Market Price</b>	<b>Using Observable Inputs</b>	<b>With Significant Unobservable Outputs</b>	<b>Total</b>
	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>£000</b>
Long term investments	-	-	840	840
Equities - quoted	883,946	-	-	883,946
Bonds	-	352,726	-	352,726
Pooled investment vehicles	-	1,074,355	165,584	1,239,939
Property – unit trusts	-	204,534	-	204,534
Derivatives	-	102	-	102
<b>Total</b>	<b>883,946</b>	<b>1,631,717</b>	<b>166,424</b>	<b>2,682,087</b>

### Sensitivity Analysis of Assets Valued at Level 3

Having analysed historical data and current market trends, the Fund has determined that the valuation methods described above are likely to be accurate within the following ranges, and has set out below the potential impact on the closing value of investments held at 31 March 2019 and 31 March 2018.

	<b>Assessed valuation range (+/-)</b>	<b>Value at 31 March 2019 £000</b>	<b>Value on increase £000</b>	<b>Value on decrease £000</b>
Pooled investment vehicles - infrastructure	15%	5,883	6,765	5,001
Pooled investment vehicles – private equity	15%	146,060	167,969	124,151
<b>Total</b>		<b>151,943</b>	<b>174,734</b>	<b>129,152</b>

	<b>Assessed valuation range (+/-)</b>	<b>Value at 31 March 2018 £000</b>	<b>Value on increase £000</b>	<b>Value on decrease £000</b>
Pooled investment vehicles – private equity	15%	165,584	190,422	140,746
<b>Total</b>		<b>165,584</b>	<b>190,422</b>	<b>140,746</b>

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### Reconciliation of Fair Value Measurements Within Level 3

	Value at 31 March 2018 £000	Purchases £000	Sales £000	Realised profit/(loss) £000	Unrealised profit/loss £000	Value at 31 March 2019 £000
Pooled investment vehicles – private equity	165,584	8,853	(37,552)	31,745	(22,570)	146,060
Pooled investment vehicles – infrastructure	0	6,154	0	0	(271)	5,883
<b>Total</b>	<b>165,584</b>	<b>15,007</b>	<b>(37,552)</b>	<b>31,745</b>	<b>(22,842)</b>	<b>151,943</b>

	Value at 31 March 2017 £000	Purchases £000	Sales £000	Realised profit/(loss) £000	Unrealised profit/loss £000	Value at 31 March 2018 £000
Pooled investment vehicles – private equity	207,316	11,987	(66,599)	(5,785)	18,665	165,584
<b>Total</b>	<b>207,316</b>	<b>11,987</b>	<b>(66,599)</b>	<b>(5,785)</b>	<b>18,665</b>	<b>165,584</b>

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

#### Blackstone – Fund of Hedge Funds

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

#### Partners Group – Private Equity

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

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

#### LGIM – Passive Tracker Fund

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

#### La Salle – Property Fund

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

### **Pantheon – Private Equity**

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

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

These methods are consistently applied across all investment types.

### **BlackRock Institutional Jersey Dynamic Diversified Growth Fund**

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

## **13. Additional Financial Risk Management Disclosures**

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

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

### **Market Risk**

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

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

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### Market Price Risk

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

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

### Market Price - Sensitivity Analysis

Whilst the value of the Fund's assets is sensitive to changes in market conditions and the Fund's assets are diversified across fund managers and asset classes to mitigate the risks. The Fund's liability to pay future benefits is equally sensitive, particularly to interest rate changes. In consultation with Mercer, the Fund's investment consultant, the Fund has determined that the following movements in market price risk are reasonably possible for 2019/20. Assuming that all other variables in particular foreign exchange rates and interest rates, if the market price of the Fund's investments does increase/decrease in line with the table below, the change in the market price of net assets available to pay benefits would be as follows.

<b>Asset Type</b>	<b>31 March 2019 £000</b>	<b>Percentage Change %</b>	<b>Value on increase £000</b>	<b>Value on decrease £000</b>
Long term investments	840	20.0	1,008	672
Equities – quoted	573,933	20.0	688,720	459,146
Bonds	428,687	4.2	446,621	410,753
Pooled investment vehicles	1,690,849	17.0	1,940,104	1,441,594
Property - unit trusts	214,243	14.8	245,951	182,535
Derivative contracts	(34)	12.2	(30)	(38)
Cash deposits	80,693	1.0	81,500	79,886
Investment income due	10,489	20.0	12,587	8,391
<b>Total</b>	<b>2,999,700</b>		<b>3,416,461</b>	<b>2,582,939</b>

Following analysis of historical data and expected investment return movement during the financial year, applying a 13.4% movement in market price risk which is reasonably possible for the 2017/18 reporting period, if the market price of the Fund's investments does increase/decrease in line with the table below, the change in the market price of net assets available to pay benefits would be as follows.

<b>Asset Type</b>	<b>31 March 2018 £000</b>	<b>Percentage Change %</b>	<b>Value on increase £000</b>	<b>Value on decrease £000</b>
Long term investments	840	13.4	953	727
Equities – quoted	883,946	13.4	1,002,395	765,497
Bonds	352,726	13.4	399,991	305,461
Pooled investment vehicles	1,239,939	13.4	1,406,091	1,073,787
Property - unit trusts	204,534	13.4	231,942	177,126
Derivative contracts	102	13.4	116	88
Cash deposits	121,408	13.4	137,677	105,139
Investment income due	9,504	13.4	10,778	8,230
<b>Total</b>	<b>2,812,999</b>		<b>3,189,943</b>	<b>2,436,055</b>

**Interest Rate Risk**

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

**Interest Rate – Sensitivity Analysis**

The Pension Fund recognises that interest rates vary and can impact income to the fund and the fair value of the assets, both of which affect the value of the net assets available to pay benefits. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the impact of a 1% change, long term average interest rates are expected to move less than 1% from one year to the next. The exposure to interest rate risk for 31 March 2018 has been restated to show the impact of a 1% change on the asset values. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

<b>31 March 2019</b>	<b>Asset Value</b>	<b>Impact of 1% increase</b>	<b>Impact of 1% decrease</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Exposure to interest rate risk</b>			
Cash and cash equivalents	90,575	90,575	90,575
Fixed interest bonds	366,359	370,023	362,695
Variable rate bonds	62,328	62,328	62,328
<b>Total</b>	<b>519,262</b>	<b>522,926</b>	<b>515,598</b>

<b>Restated 31 March 2018</b>	<b>Asset Value</b>	<b>Impact of 1% increase</b>	<b>Impact of 1% decrease</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Exposure to interest rate risk</b>			
Cash and cash equivalents	124,881	124,881	124,881
Fixed interest bonds	292,689	295,616	289,762
Variable rate bonds	60,037	60,037	60,037
<b>Total</b>	<b>477,607</b>	<b>480,534</b>	<b>474,680</b>

<b>Asset Type</b>	<b>Value</b>	<b>Change for the year in net assets available to pay benefits</b>	
		<b>1%</b>	<b>-1%</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Audited Accounts as at 31 March 2018</b>			
Cash deposits	121,408	-	-
Cash balances (not forming part of the investment assets)	3,473	-	-
Bonds	292,689	2,927	(2,927)
<b>Total</b>	<b>417,570</b>	<b>2,927</b>	<b>(2,927)</b>

The exposure to interest rate risk for 31 March 2018 has been restated to show the impact of a 1% change on the interest receivable.

<b>2018/19</b>	<b>Interest receivable</b>	<b>Impact of 1% increase</b>	<b>Impact of 1% decrease</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Exposure to interest rate risk</b>			
Cash and cash equivalents	903	912	894
Fixed interest bonds	8,721	8,721	8,721
Variable rate bonds	5,595	5,651	5,539
<b>Total</b>	<b>15,219</b>	<b>15,284</b>	<b>15,154</b>

## Pension Fund Accounts

Restated 2017/18	Interest receivable	Impact of 1% increase	Impact of 1% decrease
	£000	£000	£000
<b>Exposure to interest rate risk</b>			
Cash and cash equivalents	201	203	199
Fixed interest bonds	8,230	8,230	8,230
Variable rate bonds	5,280	5,333	5,227
<b>Total</b>	<b>13,711</b>	<b>13,766</b>	<b>13,656</b>

Income Source	Value	Change for the year on income values	
		1%	-1%
	£000	£000	£000
<b>Audited accounts as at 31 March 2018</b>			
Cash deposits / cash and cash equivalents	201	20	(20)
Bonds	8,230	-	-
<b>Total</b>	<b>8,431</b>	<b>20</b>	<b>(20)</b>

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

### Currency Risk

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

### Currency Risk – Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 9.36% movement in exchange rates in either direction for 31 March 2019. This analysis assumes that all variables, in particular interest rates, remain constant. Based on the composition of the Fund's currency exposure a 9.36% fluctuation in the currency is considered reasonable. A 9.36% weakening or strengthening of Sterling against the various currencies at 31 March 2019 would have increased or decreased the net assets by the amount shown below.

Currency Exposure by Asset Type	31 March 2019	Value on increase	Value on decrease
	£000	£000	£000
		+9.36%	-9.36%
Equities – quoted	439,638	480,788	398,488
Pooled investment vehicles	151,787	165,994	137,580
Property - unit trusts	163	178	148
Cash deposits	40,181	43,942	36,420
<b>Total</b>	<b>631,769</b>	<b>690,902</b>	<b>572,636</b>

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 9.79% movement in exchange rates in either direction for 31 March 2018. This analysis assumes that all variables, in particular interest rates, remain constant. Based on the composition of the Fund's currency exposure a 9.79%



fluctuation in the currency is considered reasonable. A 9.79% weakening or strengthening of Sterling against the various currencies at 31 March 2018 would have increased or decreased the net assets by the amount shown below.

Currency Exposure by Asset Type	31 March 2018	Value on increase	Value on decrease
	£000	£000	£000
		<b>+9.79%</b>	<b>-9.79%</b>
Equities – quoted	540,358	593,259	487,457
Bonds	7,020	7,707	6,333
Pooled investment vehicles	167,712	184,131	151,293
Property - unit trusts	580	637	523
Cash deposits	98,247	107,865	88,629
<b>Total</b>	<b>813,917</b>	<b>893,599</b>	<b>734,235</b>

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

### Currency Exposure by Significant Currency

The Fund's most significant currency exposures are to US Dollars and EUROS, using data on currency risk of 9.40% for the US Dollar and 7.99% for the EURO. Weakening or strengthening of Sterling against US Dollars and EUROS at 31 March 2019 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2019	Percentage Change	Value on increase	Value on decrease
	£000	%	£000	£000
US Dollars	388,278	9.40	424,776	351,780
EUROS	113,438	7.99	122,502	104,374
<b>Total</b>	<b>501,716</b>		<b>547,278</b>	<b>456,154</b>

Weakening or strengthening of Sterling against US Dollars and EUROS at 31 March 2018 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2018	Percentage Change	Value on increase	Value on decrease
	£000	%	£000	£000
US Dollars	483,474	9.71	530,419	436,529
EUROS	179,210	9.23	195,751	162,669
<b>Total</b>	<b>662,684</b>		<b>726,170</b>	<b>599,198</b>

### Credit Risk

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

## Pension Fund Accounts

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A source of credit risk is the cash balances held internally or by managers. The Pension Fund's bank account is held at Lloyds, which holds an "A" long term credit rating. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Council's Treasury Management Strategy which sets out the permitted counterparties and limits. The value of the Fund invested by the Treasury Management Team at 31 March 2019 was £0.691m in an instant access Lloyds account. (On 31 March 2018 £1.186m was invested in an instant access Lloyds account.) Cash held by investment managers is invested with the global custodian, State Street, in a diversified money market fund rated AAAM.

### Liquidity Risk

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

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

<b>31 March 2018</b>		<b>31 March 2019</b>
<b>£000</b>		<b>£000</b>
211,284	Aviva	0
134,050	Blackstone	156,310
0	Brunel Infrastructure	5,883
0	Brunel Private Equity	1,565
0	La Salle	221,066
135,818	Pantheon Private Equity	119,040
29,761	Partners Group	24,867
567	Hg Capital	588
<b>511,480</b>		<b>529,319</b>

## 14. Related Parties

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

The County Council was reimbursed £2.2m (£2.1m in the 2017/18 year) for oversight & governance costs and administration costs incurred by the County Council on behalf of the Pension Fund. The County Council is also the single largest employer of members of the Pension Fund and contributed £40.3m to the Fund in 2018/19 (£40.3m in the 2017/18 year).

The Pension Fund's surplus cash held for day to day cash flow purposes is invested on the money markets by the Buckinghamshire County Council's treasury management team, through a service level agreement. During the year to 31 March 2019, the Fund had an average investment balance of £7.7m (£7.2m in the 2017/18 year), earning interest of £55k (£30k in the 2017/18 year).

Membership of the Local Government Pension Scheme (LGPS) for Councillors closed to new members on 31 March 2014, councillors who were active members ceased to be a member at the next end of term of office. There is one member of the Pension Fund Committee who is a deferred member of the Fund. There are no members of the Pension Fund Committee who are pensioner members of the Fund on 31 March 2019 (on 31 March 2018 no

pensioner or deferred members). The Director of Finance and Procurement (s151 Officer), holds a key position in the financial management of the Fund and is an active member. He is an employee of Buckinghamshire County Council for whom a portion of his costs of employment are re-charged to the Fund. Disclosure of his pay costs can be found within the officer remuneration note in the main Buckinghamshire County Council accounts.

The Pension Fund has transactions with Brunel Pension Partnership Ltd (BPP Ltd) (Company number 10429110) which was formed on 14 October 2016 and will oversee the investment of pension fund assets for ten Funds. The founding Funds include The Environment Agency Pension Fund, and the Local Government Funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Gloucestershire, Oxfordshire, Somerset and Wiltshire. Each of the 10 organisations, including Buckinghamshire County Council own 10% of BPP Ltd. During the year to 31 March 2019 BPP Ltd provided services costing £835k (£840k in the year to 31 March 2018).

## 15. Current Assets and Liabilities

31 March 2018 £000	Current Assets and Liabilities	31 March 2019 £000
	<b>Current Assets</b>	
7,922	Contributions due from employers 31 March	10,109
3,473	Cash balances (not forming part of the investment assets)	9,882
2,898	Other current assets	1,703
<b>14,293</b>	<b>Total Current Assets</b>	<b>21,694</b>
	<b>Current Liabilities</b>	
(2,091)	Management charges	(1,170)
(953)	HM Revenue and Customs	(1,003)
(511)	Unpaid benefits	(692)
(1,588)	Other current liabilities	(11,505)
<b>(5,143)</b>	<b>Total Current Liabilities</b>	<b>(14,370)</b>
<b>9,150</b>	<b>Net Current Assets</b>	<b>7,324</b>

## 16. Taxes on Income

2017/18 £000	Taxes on Income	2018/19 £000
-	Withholding tax - fixed interest securities	-
554	Withholding tax - equities	471
<b>554</b>	<b>Total Taxes on Income</b>	<b>471</b>

The Fund retains the following taxation status:

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

### 17. Actuarial Position of the Fund

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

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

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

The main assumptions used in the valuation were:

#### Future assumed returns

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

#### Financial assumptions

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

The demographic assumptions are the same as those used by the Government Actuary's Department when LGPS reforms were designed and are based on analysis of incidence of death, retirement and withdrawal for Local Authority Funds.

The Fund's actuary undertook an interim valuation as at 31 March 2019 which showed that the funding level had increased to 95% and the average required employer contribution would be 21.3% of payroll assuming the deficit is to be paid by 2032. The estimated funding position is based on market movements since 31 March 2016 rather than being a full valuation with updated member data. Following the 31 March 2019 triennial valuation, an updated funding level will be available later this year.

## 18. Actuarial Present Value of Promised Retirement Benefits

International Financial Reporting Standards (IFRS) requires the disclosure of the actuarial present value of promised retirement benefits. The Fund's Actuary has prepared a report which rolls forward the value of the Employers' liabilities calculated for the Triennial valuation as at 31 March 2016. On an IAS 19 basis the Actuary estimates that the net liability as at 31 March 2019 is £1,754m (31 March 2018 £1,794m), but figures calculated on an IAS 19 basis are not relevant for calculations undertaken for funding purposes or for other statutory purposes undertaken under UK pensions legislation. The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

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

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

<b>31 March 2018</b>		<b>31 March 2019</b>
<b>£000</b>		<b>£000</b>
4,605,799	Present value of funded obligation	4,752,421
(2,812,158)	Fair value of scheme assets	(2,998,856)
<b>1,793,641</b>	<b>Net Liability</b>	<b>1,753,565</b>

The Present Value of Funded Obligation consists of £4,628m (£4,470m at 31 March 2018) in respect of Vested Obligation and £124m (£136m at 31 March 2018) in respect of Non-Vested Obligation. Vested benefits are the benefits that employees have a right to receive even if they do not render services to the employer. In other words, the employees will receive their vested benefits even if they stop working for the employer. Thus, non-vested benefits are the benefits an employee can receive in the future if he or she continues providing services to the employer. The liabilities above are calculated on an IAS19 basis and therefore differ from the results of the triennial funding valuation (see Note 17) because IAS19 stipulates a discount rate rather than a rate that reflects market rates. The main assumptions used were:

<b>31 March 2018</b>		<b>31 March 2019</b>
3.3%	RPI increases	3.4%
2.3%	CPI increases	2.4%
3.8%	Salary increases	3.9%
2.3%	Pension increases	2.4%
2.6%	Discount rate	2.4%

These assumptions are set with reference to market conditions at 31 March. The Actuary's estimate of the duration of the Fund's past service liabilities is 20 years. An estimate of the Fund's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date.

Similarly to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The single

## Pension Fund Accounts

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inflation rate derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. This is consistent with the approach used at the previous accounting date. As future pension increases are expected to be based on CPI rather than RPI, the Actuary has made a further assumption about CPI which is that it will be 1.0% below RPI i.e. 2.4%.

Salaries are assumed to increase at 1.5% above CPI in addition to a promotional scale. However, the Actuary has allowed for a short term overlay from 31 March 2016 to 31 March 2020 for salaries to rise in line with CPI.

### Demographic/Statistical assumptions

The actuary has adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2016. The post retirement mortality tables adopted are the S2PA tables with a multiplier of 85%. These base tables are then projected using the CMI 2015 Model, allowing for a long-term rate of improvement of 1.5% p.a. The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)	31 March 2018	31 March 2019
<b>Retiring today</b>		
Males	24.0	22.9
Females	26.1	24.8
<b>Retiring in 20 years</b>		
Males	26.2	24.6
Females	28.4	26.6

The actuary also assumed that:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

## 19. Contingent Liabilities and Contractual Commitments

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Outstanding contractual commitments at 31 March 2019 relate to outstanding call payments due on unquoted limited partnership funds held in the private equity, resources, global real estate and infrastructure parts of the portfolio. The amounts "called" by the funds are irregular in both size and timing over several years from the date of each original commitment. The undrawn amount, the outstanding commitment, for each of these contracts is shown in the table below:

### Outstanding Capital Commitments

	31 March 2018	31 March 2019
	£000	£000
Brunel Infrastructure	0	68,846
Brunel Private Equity	0	73,570
Pantheon Asia Fund V LP	1,466	715
Pantheon Asia Fund VI LP	8,352	6,369
Pantheon USA Fund VII Limited	1,148	1,244
Pantheon USA Fund VIII Feeder LP	6,024	5,803
Pantheon Global Secondary Fund IV Feeder LP	3,572	3,465
Partners Group Global Resources 2009, LP	3,020	3,271
Pantheon Europe Fund V "A" LP	999	982

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Pantheon Europe Fund VI LP	4,721	3,578
Partners Group Global Real Estate 2008 SICAR	1,754	1,722
Partners Group Global Infrastructure 2009 SICAR	2,764	2,715
	<b>33,820</b>	<b>172,280</b>

On 31 March 2019 there was one group transfer to the Fund being negotiated with other Funds (3 on the 31 March 2018), the value of the transfers to the Fund is being negotiated between the Funds' actuaries. The income due to the Fund for the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available. On 31 March 2019 there was one group transfer from the Fund being negotiated with other Funds (one on the 31 March 2018), the value of the transfers from the Fund is being negotiated between the Funds' actuaries. The expenditure in respect of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

## 20. Additional Voluntary Contributions (AVCs)

AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. The AVC providers to the Fund are Prudential and Scottish Widows, Scottish Widows replaced Clerical Medical on 7 May 2017. Prudential invests in several funds including with profits accumulation, deposit and discretionary funds. Scottish Widows invests in a range of funds to suit Scheme members' changing lifestyles. These amounts are not included in the Pension Fund Net Assets Statement in accordance with regulation 5(2)c of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831).

2017/18	Prudential	2018/19
£000		£000
4,035	Value of AVC fund at beginning of year	4,035
91	Correction opening value	694
570	Employees' contributions and transfers in	543
242	Investment income	79
(1,069)	Benefits paid and transfers out	(611)
<b>3,869</b>	<b>Value of AVC fund at year end</b>	<b>4,740</b>
07.05.2017 - 31.03.2018	Scottish Widows	2018/19
£000		£000
3,378	Value of AVC fund at beginning of year	3,321
0	Correction opening value	(437)
141	Employees' contributions	119
400	Investment income	(46)
(598)	Benefits paid and transfers out	(119)
<b>3,321</b>	<b>Value of AVC fund</b>	<b>2,838</b>

### 21. List of Scheduled and Admitted Bodies

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#### Scheduled Bodies

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



Chiltern Hills Academy	Oakgrove School
Chiltern Way Academy	Olney Infant School
Cottesloe School	Olney Middle Academy
Danesfield School	Orchard Academy
Denbigh School	Ousedale School
Denham Green E-Act Academy	Overstone Combined School
Dorney School	Oxford Diocesan Bucks School Trust (MAT)
Dr Challoner's Grammar School	Oxley Park Academy
Dr Challoner's High School	Padbury CofE School
E-Act Burnham Park Academy	Portfields Combined School
EMLC Academy Trust	Princes Risborough Primary School
Fairfields Primary School	Princes Risborough School
George Grenville Academy	Rickley Park Primary School
Germander Park School	Royal Grammar School
Gerrards Cross CoE School	Royal Latin School
Glastonbury Thorn First School	St John's CofE Combined School
Great Horwood CofE Combined School	St Nicolas' CE Combined School Taplow
Great Kimble CoE School	St Paul's RC School
Great Kingshill CoE Combined School	Seer Green CofE School
Great Marlow School	Shenley Brook End School
Great Missenden CoE Combined School	Shepherdswell School
Green Park School	Sir Henry Floyd Grammar School
Green Ridge Academy	Sir Herbert Leon Academy
Hamilton Academy	Sir Thomas Fremantle Academy
Heronsgate School	Sir William Borlase's Grammar School
Heronshaw School	Sir William Ramsay School
Holmer Green Senior School	Southwood Middle School
Ickford School	Stanton School
Inspiring Futures Through Learning	Stantonbury Campus
Ivingswood Academy	Stephenson Academy
John Colet School	The Beaconsfield School
John Hampden Grammar School	The Bridge Academy
Jubilee Wood Primary School	The Hazeley Academy
Kents Hill Park School	The Highcrest Academy
Kents Hill School	The Misbourne School
Khalsa Secondary Academy	The Premier Academy
Kingsbridge Education Trust (MAT)	The Radcliffe School
Knowles Primary School	Thomas Harding Junior School
Lace Hill Academy	Two Mile Ash School
Lent Rise Combined School	Waddesdon CoE School
Longwick CofE Combined School	Walton High
Lord Grey Academy	Water Hall Primary School
Loudwater Combined School	Waterside Combined School
Loughton School	Whitehouse Primary School
Middleton Primary School	Wooburn Green Primary Academy
Milton Keynes Academy	Wycombe High School
Milton Keynes College	Wyvern School
Milton Keynes Development Partnership	
Milton Keynes Education Trust	<b>Election Fees:</b>
Monkston Primary Academy	Aylesbury Vale Local
New Bradwell School	South Bucks Local
New Chapter Primary School	

### Admitted Bodies

Acorn Childcare  
Action for Children  
Action for Children (Children's Centres)  
Adventure Learning Foundation (BCC)  
Ambassador Theatre Group  
Ashridge Security Management  
Aspens Services Ltd  
Avalon Cleaning Services (Langland School)  
Buckinghamshire Music Trust  
Bucks Association of Local Councils  
Bucks County Museum Trust  
Busy Bee Cleaning Services Ltd (WDC)  
C-SALT (Woughton Leisure Centre)  
Capita (WDC)  
Caterlink Ltd (Buckingham Primary)  
Caterlink Ltd (Chiltern Hills Academy)  
Chartwells Ltd (Oakgrove School)  
Chiltern Rangers CIC  
Cleantec Services Limited (MK Academy)  
Cleantec Services Limited (Oakgrove School)  
Connexions Buckinghamshire  
Cucina Restaurants Ltd (Denbigh School)  
Cucina Restaurants Ltd (Walton High)  
Derwent Facilities Management Ltd  
Excelcare  
Fujitsu Services Limited  
Hayward Services Ltd (Downley School)  
Hayward Services Ltd (John Colet)  
Heritage Care  
Hightown Housing Association Ltd  
Innovate Ltd  
Kids Play Ltd  
Manpower Direct Ltd  
Mears Group plc  
Mercury Infrastructure Limited  
NSL Services Group  
Nurture Landscapes (MKC)  
Oxfordshire Health NHS Foundation Trust  
Paradigm Housing Association  
Places for People Leisure (Newport Pagnell TC)  
Places for People Leisure (WDC)  
Police Superintendents Association Limited  
Red Kite Community Housing Ltd  
Ridge Crest Cleaning Ltd (Shenley Brook End)  
Ridge Crest Cleaning Ltd (Walton High)  
Ringway Infrastructure Services  
Ringway Jacobs  
Serco (MKC)  
Serco (MKC Recreation & Maintenance)  
Sports Leisure Management  
Spurgeons  
The Fremantle Trust  
Vale of Aylesbury Housing Trust  
Wolverton & Watling Way Pools Trust  
Wycombe Heritage and Arts Trust

**PENSION FUND COMMITTEE FORWARD PLAN**

Updated	20-May-19
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30 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 Draft 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 Draft Minutes	Steve Mason	4 monthly
	Pension Fund Performance	Julie Edwards	Quarterly
	Brunel Pension Partnership Update		Quarterly
	Investment Strategy	Mercer	
	Date of next meeting / AOB	--	

23 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
	Exit Payment Cap	Claire Lewis-Smith	
	Employer Cost Cap and McCloud	Claire Lewis-Smith	
	Changes to the local valuation cycle and the management of employer risk policy	Claire Lewis-Smith	
	Forward Plan	Julie Edwards	Every meeting
	Exclusion of Press and Public		
	Confidential Minutes		
	Employer Risk Analysis	Claire Lewis-Smith	
	Brunel Pension Partnership Update		
	Date of next meeting / AOB	--	

13 September 2019		Aylesbury, County Hall	
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## PENSION FUND COMMITTEE FORWARD PLAN

Updated

20-May-19

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
Appointment of an Adjudicator - LGPS disputes	Jamie Hollis	
Pension Fund Risk Register	Julie Edwards	6 monthly
Forward Plan	Julie Edwards	Every meeting
Exclusion of Press and Public		
Confidential Minutes		
Buckinghamshire Pension Board Confidential Minutes	Steve Mason	4 monthly
Brunel Pension Partnership Update		Quarterly
Pension Fund Performance	Julie Edwards	No
	Mercer	No
Date of next meeting / AOB	--	

25 November 2019

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
		Ad hoc
		Ad hoc
Forward Plan	Julie Edwards	Every meeting
Exclusion of Press and Public		
Confidential Minutes		
Buckinghamshire Pension Board Confidential Minutes	Steve Mason	4 monthly
Triennial Valuation	Barnett-Waddingham	3 Yearly
Brunel Pension Partnership Update		Quarterly
Pension Fund Performance	Julie Edwards	No
Private Markets		No
Date of next meeting / AOB	--	

March 2020

Agenda Item	Author	Cyclical Item?
Apologies	--	Every meeting

## PENSION FUND COMMITTEE FORWARD PLAN

Updated	20-May-19
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Declarations of interest	--	Every meeting
Minutes	--	Every meeting
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	No
Brunel Pension Partnership Update		Quarterly
Date of next meeting / AOB	--	



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