



## Pension Fund Board agenda

Date: Wednesday 14 October 2020  
Time: 10.00 am  
Venue: Virtual meeting via Microsoft Teams

### Membership:

B Black, P Dearden, R Ellis, S Mason, J McGovern, T Pearce, I Thompson and L Wheaton

<b>Agenda Item</b>	<b>Page No</b>
<b>1 Apologies / Declarations of interest</b>	
<b>2 Minutes of the Pension Fund Board</b> To agree the minutes of the 23 July 2020 Pension Fund Board meeting.	<b>3 - 6</b>
<b>3 Minutes of Pension Fund Committee</b> To note the minutes of the 24 September 2020 Pension Fund Committee meeting.	<b>To Follow</b>
<b>4 i-Connect/Pensions "Online" Update</b> To be presented by Ms S Price, Assistant Pensions Admin. Manager.	<b>7 - 10</b>
<b>5 Internal Administration Benchmarking</b> To be presented by Ms S Price, Assistant Pensions Admin. Manager.	<b>11 - 20</b>
<b>6 Breaches of the law</b> To be presented by Mrs C Lewis-Smith, Pensions Administration Manager	<b>21 - 42</b>
<b>7 Risk register</b> To be presented by Mrs C Lewis-Smith, Pensions Administration Manager	<b>43 - 64</b>
<b>8 GMP reconciliation/rectification</b> To be presented by Ms S Price, Assistant Pensions Admin. Manager.	<b>65 - 66</b>

<b>9</b>	<b>Administration performance statistics</b> To be presented by Ms S Price, Assistant Pensions Admin. Manager.	<b>67 - 74</b>
<b>10</b>	<b>Forward Plan</b> To be presented by Claire Lewis-Smith, Pensions Administration Manager.	<b>75 - 76</b>
<b>11</b>	<b>Annual benefits statement - administration year end update</b> To be presented by Ms S Price, Assistant Pensions Admin. Manager.	<b>77 - 80</b>
<b>12</b>	<b>Exclusion of 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>13</b>	<b>Annual benefits statements - confidential appendix</b> To be presented by Ms S Price, Assistant Pensions Admin. Manager.	<b>81 - 82</b>
<b>14</b>	<b>Confidential minutes of Pension Fund Board</b> To agree the confidential minutes of the 23 July 2020 Pension Fund Board meeting.	<b>83 - 84</b>
<b>15</b>	<b>Confidential minutes of Pension Fund Committee</b> To note the confidential minutes of the 24 September 2020 Pension Fund Committee meeting.	<b>To Follow</b>
<b>16</b>	<b>Pension fund performance</b> To be presented by Julie Edwards, Head of Pensions.	<b>85 - 146</b>
<b>17</b>	<b>Date of next meeting / AOB</b> 16 December 2020, 10am	

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

For further information please contact: Anne-Marie Kenward on 01296 382236, email [democracy@buckinghamshire.gov.uk](mailto:democracy@buckinghamshire.gov.uk).



## Pension Fund Board minutes

Minutes of the meeting of the Pension Fund Board held on Thursday 23 July 2020 in Virtual meeting via Teams, commencing at 10.00 am and concluding at 11.45 am.

### Members present

B Black, P Dearden, R Ellis, S Mason, J McGovern, T Pearce, I Thompson and L Wheaton

### Others in attendance

J Edwards, A Kenward, R Martinig and C Lewis-Smith

### Apologies

### Agenda Item

#### **1 Election of Chairman/Vice-Chairman**

##### **RESOLVED**

**That Mr S Mason be elected Chairman of the Board for the period of three years.**

##### **RESOLVED**

**That Mrs R Ellis be elected vice-chairman of the Board for the period of three years.**

#### **2 Apologies and declarations of interest**

There were no apologies or declarations of interest.

#### **3 Adoption of Buckinghamshire Pension Board Policies**

Ms C Lewis-Smith, Pensions Administration Manager, confirmed there were no material changes to the policies circulated with the agenda only adaptations to reflect the formation of the new unitary council.

##### **Resolved:**

**Members of the board NOTED the new Pension Board Policies.**

#### **4 Minutes from the Pension Fund Committee**

Ms J Edwards, Head of Pensions, confirmed that the new Chairman, Mr T Butcher, and Vice Chairman, Mr J Gladwin, of the Pension Fund Committee had previous experience on the committee. The former Chairman, Mr J Chilver, remained a

committee member.

It was noted the minutes recorded the committee asking for this board to meet before their committee. Ms Lewis-Smith confirmed she would work with their Chairman to resolve this and there would be no changes to the meeting dates at this time.

**RESOLVED:**

**Members of the Board NOTED the confidential minutes.**

**5 Pension Fund Annual Report 2019/20**

Mrs R Martinig, Pensions & Investment Accountant, gave an overview of the documents circulated with the agenda.

The following points were discussed:

- There had been a reduction in contributions in 2019/20 compared to 2018/19 due to Milton Keynes Council making three years of advanced payments in 2018/19. Mrs Martinig confirmed it was correct for these payments to be applied immediately.
- Members of the board noted disappointment that the Fund had underperformed over 1 and 3 years, it was noted that 31 March 2020 was a low point for asset valuations.
- It was confirmed that the rising number of outstanding cases were not due to covid pressure. The team had adequate staffing levels and it was hoped they would now be able to improve statistics for lower priority tasks.
- The caseload per full time equivalent (FTE) member of staff for 2018/19 was 1,138. This compared to 962 per FTE member of staff in 2019/20.
- It would currently not be possible to benchmark performance against other local authorities. Buckinghamshire Council and several other local authorities had left the benchmarking club due to issues with reporting that made meaningful comparison difficult. It was hoped this could be resolved in the future.
- Audit work remained on track for completion 31 July 2020.
- Regarding the Communication Policy Statement, more online training would be considered in the future and reflected in the Communications Strategy. It was noted the document as it currently stood had been approved by the Pension Fund Committee in February 2020, before pandemic restrictions applied.
- Members of the board asked about including a post March market valuation to show there had been recovery. Ms Martinig stated that any figures quoted would be subject to audit. However she would discuss with the auditors the possibility of including a statement without specific figures.

**RESOLVED: Members of the board NOTED the update.**

**6 Annual Benefit Statements - Administration Year End Update**

Ms C Lewis-Smith, Pensions Administration Manager, gave an overview of the report circulated with the agenda.

The following points were discussed:

- Annual statements would be issued by the end of August. This included 478 hard copies for employees who had opted out of My Pension Online.
- Approximately 70% of statements were expected to go unviewed. These belonged to members who had neither opted out of My Pension Online, nor registered to use it. These were felt to mostly be younger members. The next step would be chase members who had started but not completed the registration process.

**RESOLVED: Members of the board NOTED the update.**

## **7 Administration performance statistics**

Ms C Lewis-Smith, Pensions Administration Manager, gave an overview of the report circulated with the agenda.

The following points were discussed:

- The team had been able to respond quickly to covid changes by uploading forms for completion online to My Pension Online. This had also improved processing times.
- There had been a 58% increase in deaths reported compared to the previous year.
- To date unitary transition had not created a large surge in work.
- The team had been working at home since the end of March and this was expected to continue for the foreseeable future.
- Central government had made an announcement regarding the McCloud judgement on 16 July 2020. The qualifying date would be 31 March 2012. Work would now begin collecting data from employers. Retirees, death in service and those approaching retirement would be prioritised.

**RESOLVED: Members of the board NOTED the update.**

## **8 Forward Plan**

Ms C Lewis-Smith, Pensions Administration Manager, gave an overview of the report circulated with the agenda.

The following points were discussed:

- The risk register item was removed from the agenda due to delays preparing it under the new council. It would be brought to the October 2020 meeting.
- Members of the board agreed the newsletter item should be removed from the forward plan as information was often out of date by the meeting date. Instead relevant matters would be included under the any other business item.

**RESOLVED: Members of the board NOTED the update.**

**10 Pension Fund Performance**

**11 Confidential minutes from the Pension Fund Committee**

**12 Date of next meeting / AOB**

Any other business

Ms C Lewis-Smith, Pensions Administration Manager gave the following updates:

- An unexpected announcement had been made regarding the Exit Cap strategy on 21 July 2020. Following consultation, changes had been made including confirmation all public sector employers would have the same implementation date. However no implementation date had been confirmed. Officers were awaiting further briefing notes from the Scheme Advisory Board, LGA and the Fund actuary.
- Members of the board would receive their Board Appointment letters shortly.
- Officers were now looking at dates in September 2020 for the planned training with Anne-Marie Allen and Peter Smith.

14 October 2020, 10am

16 December 2020, 10am



## Report to Pension Fund Board

**Date:** 14 October 2020

**Reference number:** N/A

**Title:** i-Connect/Pensions 'online' Update

**Relevant councillor(s):** N/A

**Author and/or contact officer:** Sam Price, Assistant Pensions Administration Manager

**Ward(s) affected:** N/A

**Recommendation:** The Board is asked to **NOTE** the content of this report.

### Executive summary

- 1.1 This report is to provide the Board with an update on the roll-out of i-Connect to scheme employers and the 'my pension online' service for scheme members.

### Content of report

#### 1.2 'My Pension Online'

The online service continues to be standard practice for scheme members to receive communications from the administration team as well as using to update personal details & obtain pension estimates.

As advised at Board in March 2020, we were in the process of updating the online system so that monthly payslips & annual P60's can be issued via this service rather than in paper copy. This is now complete and other than twice a year for fraud prevention purposes, payslips are published. P60's were also published this year with a final paper copy also being issued.

Going forward, a paper copy P60 will only be issued for pensioner scheme members who have opted out of the online service.

Over 28.40% of membership of the Buckinghamshire Pension Fund are fully registered to use this service, with a further 7.32% partially registered. A breakdown between membership status can be seen below.

Status	Not Registered	Partially Registered	Fully Registered
Active	55.47%	8.49%	36.04%
Deferred	74.51%	5.97%	19.52%
Pensioner	63.09%	6.90%	30.01%

The table below provides details of the total number of scheme member opt outs of the online service

Status	Number of opt-outs
Active	443
Deferred	642
Pensioner	2638

Targeted communications to those who have partially registered are being worked on and will be issued over the next couple of months.

We continue to report usage of the 'my pension online' facility on a monthly basis. This provides us with useful information regarding who is using the service and what for. Between 1 May 2020 & the end of September 2020, there has been a total of 27,907 log ins with the majority of these being from active scheme members. It is evident that members between age 55 and 65 are logging in more often than others.

Through the 'my pension online' service, scheme members can run benefit calculations, update contact details & death grant nominations and view communications from the Benefit Administration team including benefit statements and retirement packs. The table below provides a breakdown of the number of actions taken by scheme members between 1 April 2020 & 30 September 2020.

Updated contact details	11,198
Death grant nominations	14,237
Benefit Calculation – Death	27,209
Benefit Calculation - Retirement	3,318
Benefit Calculation - Deferred	13,805
Documents viewed	21,119

Since April 2020, the online facility for scheme members to upload documents via their 'my pension online' account has been in place. This service allows these documents to be uploaded directly to their pension record and workflow

updated/created for the Benefit Administration team allowing quicker processing and a reduced level of involvement by the team. So far since April 2020, a total of 1208 documents have been uploaded.

The Benefit Administration team are continuing to promote registration on all forms of communication and the Member Liaison Officers assist scheme members with registration over the phone. The Systems team are due to review the functionality of this online service and look at ways to improve the service.

### **i-Connect**

This online submission facility allows employers to upload data directly onto the pensions software system and removes the current requirement for employers to submit data on a monthly/annual basis via spreadsheet. At the end of September 2020, 96 employers had been onboarded and were successfully submitting data on a monthly basis via this service which covers approximately 22% of active scheme membership.

A further 10 employers are in the process of a data cleanse or testing with 1 due to commence shortly.

The Employer Liaison Team have found success in liaising with employers & onboarding via MS Teams. The procedure for onboarding was recently reviewed and it was found that the process would be more streamlined & simpler if the team were to complete the data matching exercises prior to the onboarding rather than the employers being responsible for this stage. The success of this has been much smoother onboarding.

The Systems team have managed to re-start discussions with the fund's biggest employer, which had previously been put on hold. This employer accounts for approximately 35% of all active scheme membership.

## Other options considered

1.3 N/A

## Legal and financial implications

1.4 N/A

1.5 N/A

## Consultation and communication

1.6 N/A

## Next steps and review

## Background papers

N/A

## Your questions and views (for key decisions)

If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone [01296 382343] or email [democracy@buckinghamshire.gov.uk]



## Report to Pension Fund Board

**Date:** 14 October 2020

**Reference number:** N/A

**Title:** Internal Administration Benchmarking

**Relevant councillor(s):** N/A

**Author and/or contact officer:** Sam Price, Assistant Pensions Administration Manager

**Ward(s) affected:** N/A

**Recommendation:** The Board is asked to **NOTE** the content of this report.

### Executive summary

1.1 This report is to provide this Board with an annual comparison against measures including; staffing, scheme membership, costs & workload. These comparisons are year on year against the performance of the Buckinghamshire Pension Fund itself.

This report covers the 2019/2020 year along with the previous 2 years.

### Content of report

1.2 This report will cover the following sections

Section 1: [Staff Related Measures](#)

Section 2: [Scheme Membership](#)

Section 3: [Cost Measures](#)

Section 4: [Workload Measures](#)

## **Staff Related Measures**

This section covers measures relating to the analysis of staff numbers by team, salary, pensions work experience & sickness.

### Current team structure

The Pensions & Investments team structure was reviewed, and a new structure was in place from April 2019 with two functions; Pensions Administration & Investments.

The Pension Administration team is headed up by the Pensions Administration Manager & Assistant Pensions Administration Manager and then split into 4 sub-teams with two further stand-alone roles. Each of the four sub-teams are led by Seniors Officers.

*Benefit Administration* – This team is responsible for the processing of all member benefits including responding to general queries, creating & maintaining member records and all calculations.

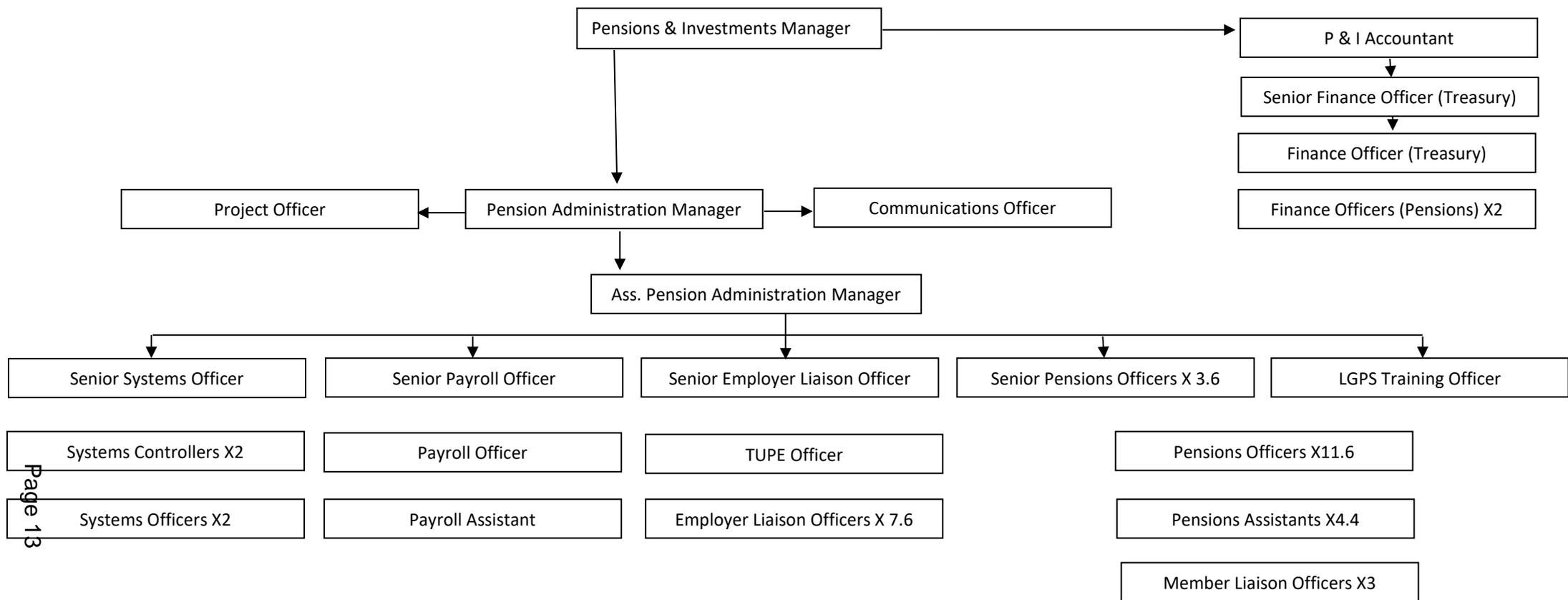
*Employer Liaison* – The Employer Liaison team are the first point of contact for all employer queries & training. The team is also responsible for checking accuracy of annual returns against member records in order to provide accurate benefit statements.

*Systems* – The systems team are responsible for the pensions software system including maintaining, updating and development. They are also heavily involved in the uploading of annual returns & triannual valuations.

*Payroll* – this sub-team is responsible for creating & processing payments including the monthly pensioner payroll & immediate payments. The payroll team also deal with any queries relating to pensions in payment as well as processing any changes.

*Stand-alone roles* – Projects Officer & Communications Officer

The following page provides the current Pensions & Investment Team structure.



The following table gives a breakdown of staff FTE levels within each sub-team for the past three years'. An increase in staff levels can be seen in 2019/20 due to the additional posts added to the structure from April 2020.

	2017/2018	2018/2019	2019/2020
<i>ADMIN</i>			
Management			2
Benefit Administration	23.2	23	23.6
Employer Liaison	7.06	7.06	7.6
Systems	4	4.6	5
Payroll	3	3	3
Projects/Communications			1.86
<b>Total Admin</b>	<b>37.26</b>	<b>37.66</b>	<b>43.06</b>
<i>NON-LGPS ADMIN</i>	0.9	0.9	0.9
<b>Total</b>	<b>38.16</b>	<b>38.56</b>	<b>43.96</b>
Agency Staff			

At the October 2019 meeting, the Board suggested it would be useful for this report to include details of staff vacancies & turnover. The table below provides details for the 2019/2020 and this will be reported annually going forward on admin staff.

Vacant posts at 31 <sup>st</sup> March 2019	3.6
Total FTE posts in the structure at 31 <sup>st</sup> March 2019	37.66
New posts created during 2019/20	7
Posts removed during 2019/20	2.8
FTE changes to existing posts in the structure	1.2
<b>Total FTE posts in structure at 31<sup>st</sup> March 2020</b>	<b>43.06</b>
Vacant posts at 31 <sup>st</sup> March 2020	2.86

Of the posts recruited to during the year, 6 of these posts were recruited from internal applicants from other posts within the team. This resulted in further recruitment being required to backfill these positions.

As at 31<sup>st</sup> March 2020, the 2.86FTE vacant posts in the structure were the Project Officer, Communications Officer & Member Liaison Officer posts. Both the Communications Officer (renamed LGPS Technical Officer) and the Member Liaison Officer posts have been recruited to.

The following tables provide details of staffing in terms of salary, experience and sickness levels.

<b>Salary</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>
Less than £20,000	2.6	1.6	0
£20,000 - £25,000	21.2	22.2	21.8
£25,000 - £30,000	5	5.4	10.6
£30,000 - £40,000	6.46	6.46	9.46
£40,000 - £50,000	2.8	2.8	1
£50,000 - £70,000	0.1	0.1	1.1
More than £70,000	0	0	0
<b>Total</b>	<b>38.16</b>	<b>38.56</b>	<b>43.96</b>

As shown below, staff experience is on average between 1 and 5 years as a result of additional posts being added over the past few years and recruited to. This is also indicative of experience within Administering Authorities nationally. We are highly focused on staff training to increase knowledge and also ensuring staff are motivated in order to retain staff and increase staff experience in terms of the number of years within the team. It is hoped that over the next few years the average years' experience will increase.

<b>Experience</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>
Less 1 year	7.4	3	9
1 year – 5 years	18.8	20.6	18.8
5 years – 10 years	3	6.6	7
10 years – 15 years	4.86	4.06	5.06
More than 15 years	4.1	3.33	4.1
<b>Total</b>	<b>38.16</b>	<b>37.56*</b>	<b>43.96</b>

*\*One post vacant for entire year so not included*

Staff sickness levels have been a concern in previous years. The management team has continued to address any issues and manage staff sickness in line with the Buckinghamshire Council Health & Attendance policy. The result has been a continued decrease in the average short-term sickness. The long-term sickness average per member of staff had also been decreasing over previous years however did see an increase in 2019/20 due to 3 surgery related absences, once of which continued into 2020/21.

<b>Average days per FTE</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>
Short-term sickness	10	7	5
Long-term sickness	5	2	5

## Scheme Membership

Three-year analysis of scheme membership

Type of Membership	2017/2018	2018/2019	2019/2020
Active	24,042	24,141	24,489
Deferred	27,313	28,991	29,936
Pensioners	16,297	17,117	17,920
Dependants	2,251	2,294	2,370
Frozen refunds*	3,381	3,877	4,330
Undecided leavers**	1,593	1,258	1,729
<b>Total</b>	<b>74,877</b>	<b>77,678</b>	<b>80,774</b>

\*Frozen refunds are where a member holds an entitlement to a refund, have been advised of this but a yet to claim payment

\*\*Undecided leaver is where we are aware that a member has left employment, but we are yet to receive the necessary information from the employer to calculate the deferred benefit.

The following table provides a staff to fund member ratio. The number of scheme members per FTE admin staff member has reduced between 2018/19 & 2019/20 due to the additional posts added as part of the structure review.

Type of Membership	2017/2018	2018/2019	2019/2020
Active	1:645	1:641	1:568
Deferred	1:866	1:906	1:836
Pensioners	1:498	1:515	1:471
<b>TOTAL</b>	<b>1:2009</b>	<b>1:2062</b>	<b>1:1875</b>

Three-year analysis of scheme employers

Employer Type	2017/2018	2018/2019	2019/2020
Scheduled Body			
Active	191	191	201
Ceased	35	38	54
Admitted Body			
Active	61	56	58
Ceased	37	49	77

## Cost Measures

The table below provides an analysis of cost per member of administering the Local Government Pension Scheme. This is further broken down to show the costs of staff costs and Heywood (software provider) as these are the highest two costs.

Based on Administration costs (excluding investment & Oversight and Governance costs)

Type of Membership	2017/2018	2018/2019	2019/2020
<b>Total</b>	<b>£24.57</b>	<b>£27.26</b>	<b>£27.27</b>
Active	£7.89	£8.47	£8.27
Deferred	£10.60	£11.97	£12.15
Pensioners	£6.09	£6.81	£6.85

**Staffing costs** –These costs include all staff who administer the scheme including agency as well as non-admin staff from the Treasury team. A slight decrease in costs can be seen between 2017/18 & 2018/19 as a result of a reduction in staff of 1 FTE. Due to the team restructure effective 1<sup>st</sup> April 2019, additional posts were created which increased the staffing costs however this evened out for cost per member by an increase in scheme membership.

	2017/2018	2018/2019	2019/2020
<b>Total staffing costs</b>	<b>£1,374,468</b>	<b>£1,357,406</b>	<b>£1,496,946</b>
<b>Total cost per scheme member</b>	<b>£18.36</b>	<b>£17.47</b>	<b>£18.53</b>

**Heywood Costs** – Heywood costs include all costs incurred from Altair (pensions software system) including fees for maintenance, development & consultancy along with charge's for i-Connect. Costs were greater in the 2017/18 year which was a result of additional i-Connect charges.

	2017/2018	2018/2019	2019/2020
<b>Total pensions software system costs</b>	<b>£405,879</b>	<b>£360,142</b>	<b>£389,256</b>
<b>Total cost per scheme member</b>	<b>£5.42</b>	<b>£4.64</b>	<b>£4.82</b>

## Workload Measures

The Pension Administration team work from a workflow-based system with each piece of work being an individual workflow called a case. Cases are created on a daily basis as a result of a member request or being advised by an employer that a member is leaving/retiring. The team works through outstanding tasks on a daily basis in order to complete within the relevant turnaround times.

The following table provides an overview of all cases that were created & completed during 2019/20 in comparison to the previous two years.

	2017/2018	2018/2019	2019/2020
Cases outstanding at the beginning of the year	7,342	4,762	3,485
New cases created during the year	38,381	37,997	36,929
Cases complete in the year	40,961	39,274	34,933
Cases outstanding at the end of the year	4,762	3,485	5,481
Cases complete as a percentage of cases due	90%	92%	86%

From the information above, the number of cases created during the 2019/20 year have reduced from previous years. One reason for this could be due to the increased use of the 'my pension online' facilities where scheme members are able to process their own pension estimates and update their personal details. The team are also heavily reliant on being provided with the relevant notifications & data from scheme employers to be able to complete a case. Of the cases remaining as at 31<sup>st</sup> March 2020, almost 2,000 of these related to 'undecided leavers' where in most cases information is outstanding from the employer.

We also find it useful to keep track of the average number of cases per admin staff member. In previous years, this figure was quite high but as shown in the table below, this has reduced to what we feel is a more manageable level due to an increase in staffing level.

	2017/2018	2018/2019	2019/2020
Average cases per admin staff member	1,227	1,135	939

## **Other options considered**

1.3 N/A

## **Legal and financial implications**

1.4 N/A

1.5 N/A

## **Consultation and communication**

1.6 N/A

## **Next steps and review**

Board policies are reviewed annually.

## **Background papers**

N/A

## **Your questions and views (for key decisions)**

If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone [01296 382343] or email [democracy@buckinghamshire.gov.uk]

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## Report to Pension Fund Board

**Date:** 14 October 2020

**Reference number:** Not applicable

**Title:** Breaches of Law

**Relevant councillor(s):** Not applicable

**Author and/or contact officer:** Claire Lewis-Smith, Pensions Administration Manager

**Ward(s) affected:** Not applicable

**Recommendation:** The Board is asked to **NOTE** the content of this report and **COMMENT** on the breaches log.

### Executive summary

- 1.1 The Procedure for Reporting Breaches of the Law (Appendix 1) complies with the requirements of the [Pensions Act 2004](#) and the [Pensions Regulator's Code of Practice](#). The procedure details how individuals responsible for reporting and whistleblowing can identify, assess and report (or record if not reported), a breach of law relating to the Buckinghamshire Pension Fund.

### Content of report

- 1.1 The Breach Log at Appendix 2 to this report, details the breaches recorded for 2019/20 and until 31 August 2020 for this year. Details of contributions owed to the Pension Fund were presented to Pension Fund Committee on 24 September however, due to further clarification being required to confirm the amounts presented, the Committee were asked to disregard this section of the log and an update will be presented to them in November. Those revised figures will in turn be presented to Pension Fund Board in December.

### Other options considered

- 1.2 Not applicable.

## Legal and financial implications

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

## Consultation and communication

- 1.4 Not applicable.

## Next steps and review

Outstanding actions will be completed as detailed in Appendix 2. The Breach Log is reviewed annually.

## Background papers

The Local Government Pension Scheme Regulations 2013  
<http://lgpsregs.org/schemeregs/lgpsregs2013/timeline.php>

The Pension Regulator's Code of Practice  
<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice>

The LGPS Scheme Advisory Board's Local Pension Board Guidance  
<http://www.lgpsboard.org/index.php/board-publications/board-guidance>

## Your questions and views (for key decisions)

If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone [01296 382343] or email [democracy@buckinghamshire.gov.uk]



## **Buckinghamshire Pension Fund**

### **Procedure for Reporting Breaches of the Law**

Author: Claire Lewis-Smith

Date: 1 April 2020

## **Reporting Breaches Procedure**

### **Introduction**

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

Buckinghamshire Council, as Administering Authority, has delegated responsibility for the implementation of these procedures to the Head of Finance – Pensions, Investments & Projects.

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

In the main, this document applies to:

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

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

## **Requirements**

### **Pensions Act 2004**

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

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

Where the person has reasonable cause to believe that:

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

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

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

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

### **The Pension Regulator's Code of Practice**

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

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

### **Application to the Buckinghamshire Pension Fund**

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

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

### **The Buckinghamshire Pension Fund Reporting Breaches Procedure**

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

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

#### **1. Clarification of the law**

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

- Section 70(1) and 70(2) of the Pensions Act 2004:  
[www.legislation.gov.uk/ukpga/2004/35/contents](http://www.legislation.gov.uk/ukpga/2004/35/contents)
- Employment Rights Act 1996:  
[www.legislation.gov.uk/ukpga/1996/18/contents](http://www.legislation.gov.uk/ukpga/1996/18/contents)
- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (Disclosure Regulations):  
[www.legislation.gov.uk/uksi/2013/2734/contents/made](http://www.legislation.gov.uk/uksi/2013/2734/contents/made)
- Public Service Pension Schemes Act 2013:  
[www.legislation.gov.uk/ukpga/2013/25/contents](http://www.legislation.gov.uk/ukpga/2013/25/contents)
- Local Government Pension Scheme Regulations (various):  
<http://www.lgpsregs.org/timelineregs/Default.html> (pre 2014 schemes)  
<http://www.lgpsregs.org/index.php/regs-legislation> (2014 scheme)
- The Pensions Regulator's Code of Practice:  
<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

In particular, individuals should refer to the section on 'Reporting breaches of the law', and for information about reporting late payments of employee or employer contributions, the section of the code on 'Maintaining contributions'.

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

## **2. Clarification when a breach is suspected**

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

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

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

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

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

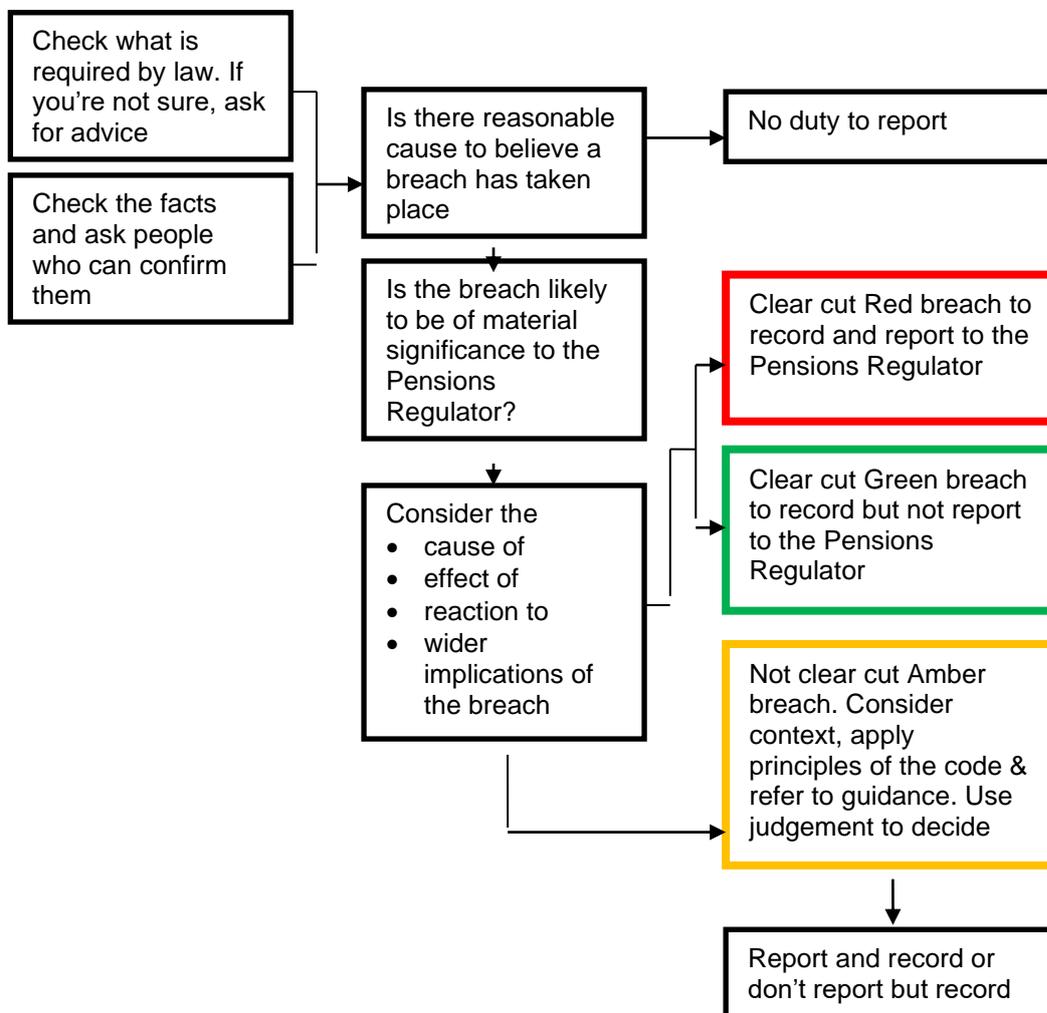
Individuals may also request the most recent breaches report from the Head of Finance - Pensions, Investments & Projects, as there may be details on other breaches which may provide a useful precedent on the appropriate action to take.

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

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

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

### Decision tree – deciding whether to report



**4. Referral to a level of seniority for a decision to be made on whether to report**  
Buckinghamshire Council has designated an officer (Head of Finance - Pensions, Investments & Projects) to ensure this procedure is appropriately followed. They are considered to have appropriate experience to help investigate whether there is reasonable cause to believe a breach has occurred, to check the law and facts of the case, to maintain records of all breaches and to assist, where appropriate, in any reporting to the Regulator.

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

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

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

**5. Dealing with complex cases**

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

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

**6. Timescales for reporting**

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

## **7. Early identification of very serious breaches**

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

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

## **8. Recording all breaches even if they are not reported**

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

### **Reporting a breach**

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

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

As a minimum, individuals reporting should provide:

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

If possible, reporters should also indicate:

- the reason why the breach is thought to be of material significance to The Pensions Regulator;
- scheme address (provided at the end of this document);

- scheme manager contact details (provided at the end of this document);
- pension scheme registry number (PSR **10123049**); and
- whether the breach has been reported before.

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

### **Confidentiality**

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

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

### **Reporting to Pension Fund Committee**

A Monitoring Report will be taken to Pension Fund Committee and the Pension Board annually. This will set out:

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

If any Red breaches occur, these will be reported separately to the next available Pension Fund Committee and Pension Board meeting.

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

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

### **Review**

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

### **Further Information**

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

Claire Lewis-Smith, Pensions Administration Manager *or*

Julie Edwards, Pensions & Investments Manager

Buckinghamshire Pension Fund  
Walton Street Offices  
Walton Street  
Aylesbury  
HP20 1UD

Email – Claire.Lewis-Smith@buckinghamshire.gov.uk  
Telephone – 01296 383424

Email – Julie.Edwards@buckinghamshire.gov.uk  
Telephone – 01296 383910

**Designated officer (scheme manager) contact details:**

Head of Finance - Pensions, Investments & Projects: Mark Preston  
Email: Mark.Preston@buckinghamshire.gov.uk  
Telephone – 01296 383107

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

Telephone – 01296 383755  
Email - [pensions@buckinghamshire.gov.uk](mailto:pensions@buckinghamshire.gov.uk)  
Buckinghamshire Council website – [www.buckinghamshire.gov.uk/pensions](http://www.buckinghamshire.gov.uk/pensions)

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

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

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

### **The cause of the breach**

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

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

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

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

### **The effect of the breach**

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

- Committee/Board members not having sufficient knowledge and understanding resulting in the Committee/Board failing to fulfil its role, the scheme not being properly governed and administered and/or the scheme manager breaching other legal requirements;
- conflicts of interest of Committee/Board members resulting in the members being prejudiced in the way in which they carry out their roles and/or the ineffective governance and administration of the scheme and/or the scheme manager breaching legal requirements;
- poor internal controls, leading to the scheme not being run in accordance with scheme regulations and other legal requirements, and risks not being properly identified;
- inaccurate or incomplete information about benefits and scheme information provided to members, resulting in members not being able to effectively plan or make decisions about their retirement;
- poor member records held resulting in member benefits being calculated incorrectly and/or not being paid to the right person at the right time;
- misappropriation of assets, resulting in scheme assets not being safeguarded;
- other breaches which result in the scheme being poorly governed, managed or administered.

**The reaction to the breach**

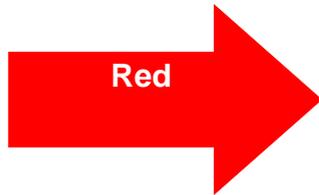
A breach is likely to be of concern and material significance to the Regulator where a breach has been identified and those involved:

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

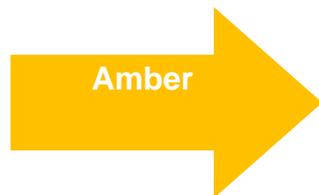
**The wider implications of the breach**

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

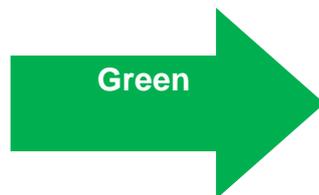
Appendix B - Traffic light framework for deciding whether or not to report  
Buckinghamshire Council recommends those responsible for reporting to use the traffic light framework when deciding whether to report to the Regulator. This is illustrated below:



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



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



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

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

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

<http://www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx>



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Record of Breaches – 2019/20

Date	Category (e.g. administration, contributions, funding, investment, criminal activity)	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported / Not reported (with justification if not reported and dates)	Outcome of report and/or investigations	Outstanding actions
31/08/2019	Administration	100% of annual benefit statements not issued by statutory deadline, 97.26% issued	Non-compliance with statutory regulations	None received	Reported to Pension Board on 02/10/2019	A revised procedure was introduced for 2019/20 as only 79.06% of ABS were issued by the deadline in 2018. The considerable increase in the number of ABS issued is a substantial improvement	N/A – Green breach

Date	Category (e.g. administration, contributions, funding, investment, criminal activity)	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported / Not reported (with justification if not reported and dates)	Outcome of report and/or investigations	Outstanding actions
*31/08/2019	Contributions	Details to follow at December Board meeting					
*Q4	Administration	4 refunds of employee contributions were paid in excess of 5 years since their date of leaving	Non-compliance with statutory regulations	None received	Not reported. The LGPS Regulations 2013 state that a refund of contributions must be paid before the expiry of 5 years of the member leaving however, there is little action that can be taken if a member does not	Members are written to immediately after leaving and informed that they have a refund of contributions. They can claim the refund or transfer the value of their fund to another approved pension arrangement. Where an election is not received, a reminder is sent to the member 6 months prior to the 5 year expiry date so that the	N/A – Green breach

					claim the refund	member has a further option to make a refund election	
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Record of Breaches – 2020/21

Date	Category  (e.g. administration, contributions, funding, investment, criminal activity)	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported / Not reported  (with justification if not reported and dates)	Outcome of report and/or investigations	Outstanding actions
*Q1 01/04/2020 - 30/06/2020	Administration	8 refunds of employee contributions were paid in excess of 5 years since their date of leaving.	Non-compliance with statutory regulations	None received	Not reported. The LGPS Regulations 2013 state that a refund of contributions must be paid before the expiry of 5 years of the member leaving however, there is little action that can be taken if a member does not claim the refund	Members are written to after leaving and informed that they have a refund due. They can claim the refund or transfer the value of their fund to another approved pension arrangement. Where an election is not received, a reminder is sent to the member 6 months prior to the 5 year expiry date	N/A – Green breach

*31/08/2020	Administration	100% of annual benefit statements not issued by statutory deadline, 78.90% issued.	Non-compliance with statutory regulations	None received	Due to be reported to the Pensions Board on 14/10/2020	In 2019/20, 97.26% of ABS were issued by the deadline. This year a large Scheme employer submitted an annual return which was found to be of poor quality. The revised return was not received in time to produce ABS for their members. Excluding the employer concerned, 97.42% of were issued	Amber breach  Work underway to upload the revised annual return and issue outstanding ABS on a week by week basis depending upon the accuracy of data provided by the employer concerned to resolve any queries.
*31/05/2020	Contributions	Details to follow at December Board meeting					

\*New/revised breaches since the previous meeting should be highlighted

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## Report to Pension Fund Board

**Date:** 14 October 2020

**Reference number:** N/A

**Title:** Pension Fund Risk Register

**Relevant councillor(s):** N/A

**Author and/or contact officer:** Julie Edwards, Head of Pensions

**Ward(s) affected:** none specific

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

### Executive Summary

1.1 The Risk Register identifies the key risks to the Pension Fund and is reviewed periodically by the Pension Fund Committee and the Buckinghamshire Local Pension Board, the last Committee review took place on 25 September 2020 and the most recent Board review took place on 18 July 2019.

### Content of report

1.2 The Board is asked to review the attached register to ensure that:

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

1.3 Risk relating to the fund management are attached as Appendix 1, administration risks are attached as Appendix 2. In accordance with the Council's risk management framework scores between 0 and 5 are attributed to the impact of the risk. The impact areas are service / performance, reputation / political, financial, data protection / technological, legislation / regulatory and health and safety. Appendix 3 shows the criteria for attributing the risk impact scores. Scores between 0 and 5 are attributed to

the likelihood of the risk from extremely unlikely (1) to extremely likely (6). Appendix 4 shows the indicators for attributing the risk likelihood scores. The scores for each risk are combined and assigned red, amber or green in the heat map in accordance with the following table.

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

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

Scoring colour code	
	1-3
	4-6
	7-12
	13-20
	21-30

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

Scale	Likelihood
1-6	Scores from

### Other options considered

1.4 Not applicable.

### Legal and financial implications

1.5 There are none arising directly from this report.

## Corporate implications

1.6 Not applicable.

## Consultation and communication

1.7 The risk register is reported every six months to the Pension Fund Committee and annually to the Pension Board.

## Background papers

Appendix 1 – Fund Management Risks

Appendix 2 – Pension Administration Risks

Appendix 3 – Risk Impact Areas

Appendix 4 – Risk Likelihood

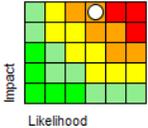
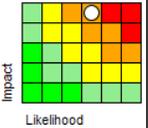
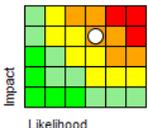
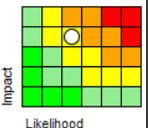
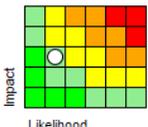
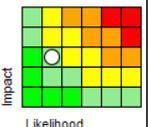
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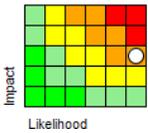
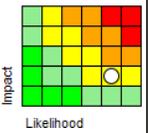
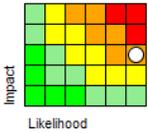
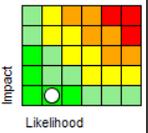
# Pensions and Investments Risks

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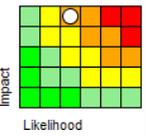
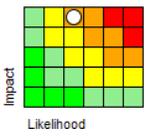
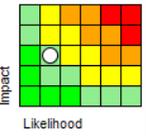
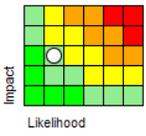
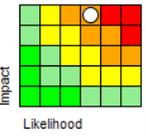
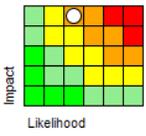


## Code & Title RS-PI Pensions and Investments

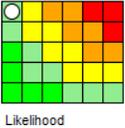
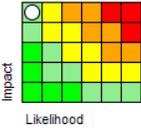
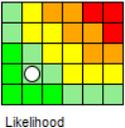
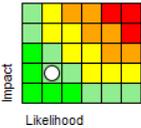
Risk Name	Risk Description	Current Score	Current Matrix	Direction of Travel	Target Score	Target Matrix	Latest Note	Action	Action Progress	Action Update	Risk Owner	Date Risk Reviewed
RS-PI-01 Investment Strategy	If the investment strategy does not produce the returns as envisaged / required then funds perform worse than expected, the deficit increases, pressure on employer contributions, pressure on Council Tax and reputational pressure on the Pension Fund	5x4 Severe x More Likely			5x4 Severe x More Likely		Investment Strategy and Investment Strategy Statement reviewed in the first quarter of 2020.				Julie Edwards	14-Sep-2020
RS-PI-02 Significant Downturn in a Particular Sector	If there is a significant downturn in a particular sector / geographical location due to man made or natural disasters, then funds perform worse than expected, the deficit increases, employers contributions would need to be increased.	4x4 Significant x More Likely			4x3 Significant x Less Likely		Investment Strategy and Investment Strategy Statement reviewed in the first quarter of 2020. Following the coronavirus pandemic financial markets have been volatile. Although markets have recovered to their 31 December 2019 valuations, the medium and long term economic impact is unknown.				Julie Edwards	14-Sep-2020
RS-PI-03 New Investment Vehicle Not Understood	If a new investment vehicle is not understood by the Pension Fund Committee then loss of control, limited	3x2 Moderate x Unlikely			3x2 Moderate x Unlikely		Asset class training plan to be scheduled in the Pension Fund Committee forward plan aligned with Brunel Pension Partnership				Julie Edwards	14-Sep-2020

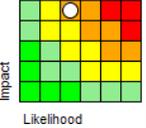
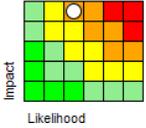
Risk Name	Risk Description	Current Score	Current Matrix	Direction of Travel	Target Score	Target Matrix	Latest Note	Action	Action Progress	Action Update	Risk Owner	Date Risk Reviewed
	governance exercised, poor controls / limited challenge and errors.						transition plan.					
RS-PI-04 Public Sector Cuts	Public sector cuts could increase the number of early retirements, increase in administration costs and impact on revenue. Public sector cuts, member opt outs, localism and outsourcing could reduce the number of active members reducing contributions income. Contributions income could bring forward the date when the Fund has to use investment income to meet benefit payments.	3x6 Moderate x Extremely Likely			2x5 Minor x Very Likely		The Buckinghamshire Council service transformation programme with potential redundancies and role changes will impact on the administration team workloads. Coronavirus has had an impact on the public sector finances, if there are Medium Term Financial Plan staff savings then there will be an impact on administration team workloads. Other employers in the Fund may also be reducing their workforce in response to COVID related budget pressures.				Julie Edwards	15-Sep-2020
RS-PI-05 Significant Changes in Government Regulations	If significant changes in government regulations occur, for example IAS19, then limited opportunities for innovation exist and resource is wasted supporting employers / members with non-value adding	3x6 Moderate x Extremely Likely			1x2 Minimal x Unlikely		MHCLG undertook an informal consultation on draft statutory guidance on LGPS asset pooling in the spring, updated statutory guidance is expected later this year.  When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older				Julie Edwards	15-Sep-2020

Risk Name	Risk Description	Current Score	Current Matrix	Direction of Travel	Target Score	Target Matrix	Latest Note	Action	Action Progress	Action Update	Risk Owner	Date Risk Reviewed
	activities.						<p>members close to normal retirement age. In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling apply to the LGPS. Benefits accrued from 2014 may need to be enhanced so that all members, regardless of age, will benefit from the underpin. Quantifying the impact at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. MHCLG are currently consulting on the reforms for the LGPS remedy. There will be an additional administration burden and complexity as a result of McCloud. On 7th September 2020 MHCLG published a consultation on changes to pension and compensation</p>					

Risk Name	Risk Description	Current Score	Current Matrix	Direction of Travel	Target Score	Target Matrix	Latest Note	Action	Action Progress	Action Update	Risk Owner	Date Risk Reviewed
							regulations to introduce the £95k cap and elements of further reform of exit payments. There will be an additional administration burden and complexity as a result of the £95k cap.					
RS-PI-06 Poor Fund Management	If there is poor Fund management caused by poor selection, loss of key staff, change in process or not keeping up with the market then there will be poor performance, reduced assets, damage to reputation and increased deficit.	5x3 Severe x Less Likely		➔	5x3 Severe x Less Likely		Investment Strategy and Investment Strategy Statement reviewed in the first quarter of 2020.				Julie Edwards	14-Sep-2020
RS-PI-07 Underestimation of Pensioner Longevity	If there is an underestimation of pensioner longevity then there will be a failure to have high enough pension contributions and increased pressure on future contributions.	3x2 Moderate x Unlikely		➔	3x2 Moderate x Unlikely		The 2019 actuarial valuation detailed analysis of key mortality assumptions based on fund data over a five year period reported a slowing in the rate of improvement compared to 2016.				Julie Edwards	14-Sep-2020
RS-PI-08 Inflation	If inflation is significantly greater than currently forecast, then a combination of lower bond values and increasing pay levels will cause the deficit to widen (all else	5x4 Severe x More Likely		➔	5x3 Severe x Less Likely		A tick up in inflation as a result of sterling weakness and increased cost of imports from an uncertain trading relationship with the EU would push up inflation and increase the return				Julie Edwards	14-Sep-2020

Risk Name	Risk Description	Current Score	Current Matrix	Direction of Travel	Target Score	Target Matrix	Latest Note	Action	Action Progress	Action Update	Risk Owner	Date Risk Reviewed
	equal). If inflation is negative (deflation) for a prolonged period of time, the value of the inflation linked bonds will decrease. However, the value of the liabilities would not fall to the same extent as pay levels are unlikely to fall and pensions cannot be reduced, which will cause the deficit to widen (all else equal).						requirement from the portfolio to meet benefit payments.					
RS-PI-09 Loss of Confidence by Employees and Employers	If there is loss of confidence by employees and employers in the Pension Fund management then political fallout, seen as a poor performer, criticism from external audit and Public Interest Reports.	5x2 Severe x Unlikely	 Impact Likelihood		5x1 Severe x Extremely Unlikely	 Impact Likelihood	The Pensions Communications Officer role was vacant at a critical time when the County and District Council's staff were TUPEd to Buckinghamshire Council. The impact mitigated since staff and employer newsletters were drafted prior to the departure of the previous post holder. The job role was renamed to LGPS Technical Officer.				Julie Edwards	14-Sep-2020
RS-PI-10 Market Volatility	If stock market volatility exists at key points in the cycle e.g. at time of actuarial review then, deficit grows as does pressure on employer costs.	5x6 Severe x Extremely Likely	 Impact Likelihood		5x4 Severe x More Likely	 Impact Likelihood	The Fund's un-hedged overseas investments have benefited significantly from sterling weakness in recent years and will continue to make gains if there is further sterling depreciation.				Julie Edwards	14-Sep-2020

Risk Name	Risk Description	Current Score	Current Matrix	Direction of Travel	Target Score	Target Matrix	Latest Note	Action	Action Progress	Action Update	Risk Owner	Date Risk Reviewed
							<p>Following the UKs departure from the EU some of gains have unwound as sterling has appreciated.</p> <p>Increased market volatility is anticipated during the forthcoming months due to the ongoing uncertainty around the economic impact of the coronavirus.</p>					
RS-PI-11 Failure / Fraud at a Fund Management House or Nominee Company	If a failure / fraud of a fund management house or nominee company occurs, then there will be a short term performance failure, time and cost implications and a potential loss of opportunity if at the wrong moment.	5x1 Severe x Extremely Unlikely			5x1 Severe x Extremely Unlikely		Ongoing review using governance structures described previously.				Julie Edwards	14-Sep-2020
RS-PI-12 Policy Compliance	If officers undertake fraudulent activity or do not follow policy decision or recommend inappropriate / radical policy decision then too great an exposure in certain areas will exist leading to greater volatility, break down of trust, policy decisions slowed, loss of opportunity and reputation damage.	2x2 Minor x Unlikely			2x2 Minor x Unlikely		Effective scrutiny of officer activity by line management, Pension Fund Committee and audit.				Julie Edwards	14-Sep-2020

Risk Name	Risk Description	Current Score	Current Matrix	Direction of Travel	Target Score	Target Matrix	Latest Note	Action	Action Progress	Action Update	Risk Owner	Date Risk Reviewed
RS-PI-13 Brunel Pension Partnership	Proposals to pool the Fund's assets in the Brunel Pension Partnership are currently being implemented. If the project is not managed and the transition is ineffective or excessive in cost, then the cost benefit ratio may not be achieved. If the guidance on pooling is not adhered to, then the Secretary of State may deem it necessary to intervene in the investment function of an administering authority.	5x3 Severe x Less Likely			5x3 Severe x Less Likely		Brunel project implemented, now in transition phase.				Julie Edwards	14-Sep-2020

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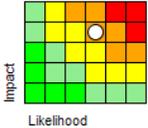
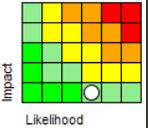
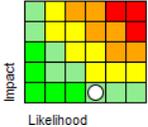
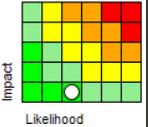
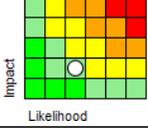
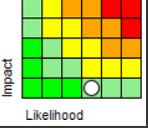
# Pensions and Investments Administration Risks

Generated on: 14 September 2020



## Code & Title RS-PA Pensions and Investments Administration

Risk Name	Risk Description	Current Score	Current Matrix	Direction of Travel	Target Score	Target Matrix	Latest Note	Action	Action Progress	Action Update	Risk Owner	Date Risk Reviewed
RS-PA-01 Employer LGPS knowledge	Lack of employer understanding of the LGPS and knowledge of the Service Level Agreement may cause incorrect information to be provided and additional queries from employers	3x5 Moderate x Very Likely			2x5 Minor x Very Likely		No change.  Risk remains likely due to scheme complexity along with turnover of staff within each scheme employer meaning LGPS knowledge at an employer level is not retained.  Lack of employer knowledge could cause issues over coming years as a result of the McCloud case and additional data requirements.				Julie Edwards	08-Sep-2020
RS-PA-02 Staff Capacity Issues	A lack of capacity due to staff losses or sickness could adversely affect the workload of the pensions section resulting in decreased productivity.	2x2 Minor x Unlikely			2x2 Minor x Unlikely		No change.  It is expected that the implications of the McCloud case could put additional burdens on the administration team. Leadership team will review and make plans for whether additional staff capacity is required in advance of the McCloud remedial action requirements.				Julie Edwards	08-Sep-2020

Risk Name	Risk Description	Current Score	Current Matrix	Direction of Travel	Target Score	Target Matrix	Latest Note	Action	Action Progress	Action Update	Risk Owner	Date Risk Reviewed
RS-PA-03 Pensions Administration Software	The risk that the pensions administration software (Altair) causes disruption due to system crashes etc. leading to calculation errors, delays and a loss of working time.	4x4 Significant x More Likely		↓	1x4 Minimal x More Likely		<p>This risk previously increased due to ongoing system issues caused by not having laptop upgrades which would allow the pensions software system to run properly. The team have now received new Windows 10 laptops.</p> <p>This risk has reduced in likelihood as the team have the required laptops however there are some ongoing issues. the team are liaising with ICT regarding this.</p> <p>The pensions software system issues have been fewer although unexpected downtime has continued which significantly impacts team performance/customer service</p>				Julie Edwards	08-Sep-2020
RS-PA-04 Software Updates	Software updates resulting from scheme changes may create errors in calculations thus resulting in more time spent checking and re-doing calculations.	1x4 Minimal x More Likely		→	1x3 Minimal x Less Likely		No change				Julie Edwards	08-Sep-2020
RS-PA-05 Staff Retention	Staff retention. There is a risk of losing trained staff to other organisations due to a lack of	2x3 Minor x Less Likely		→	1x4 Minimal x More Likely		No change				Julie Edwards	08-Sep-2020

Risk Name	Risk Description	Current Score	Current Matrix	Direction of Travel	Target Score	Target Matrix	Latest Note	Action	Action Progress	Action Update	Risk Owner	Date Risk Reviewed
	flexibility in the career matrix.											
RS-PA-06 Quality / Timeliness Data from Employers	Poorly performing employers/payroll providers can cause additional work on the pensions team by not providing information which they have a statutory duty to provide. This results in wasted time chasing employers and creating a backlog of work.	3x6 Moderate x Extremely Likely		↑	1x4 Minimal x More Likely		Impact has increased.  This continues to be an issue despite the administration team attempting to work closely with poorly performance scheme employers. The result of poor quality and timeliness of data has impacted ABS production.  The administration team are focusing resource on working with these employers and enforcing the pensions admin strategy/charging schedule where no improvement occurs.				Julie Edwards	08-Sep-2020
RS-PA-07 TUPE / Payroll Provider Changes	Additional work and disruption is caused due to outsourcing and changes in schools payroll providers creating losses of vital information. This results in a lot of extra work on pensions administration staff attempting to piece together information which should have been provided	2x4 Minor x More Likely		→	1x4 Minimal x More Likely		No change				Julie Edwards	08-Sep-2020

Risk Name	Risk Description	Current Score	Current Matrix	Direction of Travel	Target Score	Target Matrix	Latest Note	Action	Action Progress	Action Update	Risk Owner	Date Risk Reviewed
RS-PA-08 TUPE Transfers / Academy Conversions	The increase of TUPE transfers / schools opting for academy status has resulted in an increased workload for pensions staff. The TUPE officer must deal with the admission agreements as well as liaising with external contractors and the fund actuaries. The range of employees involved differ between employer but range from one employee to hundreds.	1x4 Minimal x More Likely			1x4 Minimal x More Likely		No change				Julie Edwards	08-Sep-2020
RS-PA-09 Guaranteed Minimum Pension reconciliation	The end of contracting-out of the Additional State Pension from April 2016 means that a Guaranteed Minimum Pension reconciliation of the Fund's records with the HMRC's records will need to be completed by 2018. This reconciliation may result in identifying overpayments/under payments. If the reconciliation is not complete before the closing of the office this could result in the Fund being liable for GMP's which we should not be	3x4 Moderate x More Likely			1x5 Minimal x Very Likely		No change to rating.  Due to HMRC delays, ITM have had to push back the implementation from June 2020. A further data cut has now been received by ITM from HMRC so this is now progressing although date for updating member records is yet to be decided.				Julie Edwards	08-Sep-2020

Risk Name	Risk Description	Current Score	Current Matrix	Direction of Travel	Target Score	Target Matrix	Latest Note	Action	Action Progress	Action Update	Risk Owner	Date Risk Reviewed
	responsible for.											
RS-PA-10 Mid / High Earner Optouts due to Tax Legislation	Tax legislation in respect of high-earners pensions contributions could result in a departure of high-earners from the Fund. High-earners leaving the Scheme could be perceived as senior management not advocating the benefits of the LGPS	1x1 Minimal x Extremely Unlikely			2x3 Minor x Less Likely		No change/Not a relevant risk				Julie Edwards	08-Sep-2020
RS-PA-11 Admitted Bodies Deficits	If Admitted Bodies who joined the Fund prior to 1997 fail or if current Admitted Bodies reduce their active members to 0, then the Fund has no powers to ensure these organisation make good any deficit.	2x4 Minor x More Likely			1x4 Minimal x More Likely		No change				Julie Edwards	08-Sep-2020
RS-PA-12 Mid / high earner optouts due to high employee contribution rates	The 3% on average increase employee pension contributions implemented, with effect from 1 April 2014, by increasing the tiers of contributions paid by mid/high earners could result in a departure of mid/high-earners from the Fund. Mid/High-earners leaving the Scheme could be perceived as senior management not	1x1 Minimal x Extremely Unlikely			1x4 Minimal x More Likely		No change.				Julie Edwards	14-Sep-2020

Risk Name	Risk Description	Current Score	Current Matrix	Direction of Travel	Target Score	Target Matrix	Latest Note	Action	Action Progress	Action Update	Risk Owner	Date Risk Reviewed
	advocating the benefits of the LGPS. During current period of low pay increases members may opt out due to pressures on household budgets.											
RS-PA-13 Annual Benefits Statements Issuance	The Public Sector Pensions Act 2013 requires that Annual Benefits Statements are issued to Scheme Members by 31 August. There is a risk that the Regulator will issue a fine although this is the position for most local authorities.	3x2 Moderate x Unlikely		↑	1x4 Minimal x More Likely		<p>Due to late/inaccurate returns the team did not achieve the expected level of statements issued by the deadline so impact of risk has increased. The result of this is that approximately 4000 scheme member records do not hold accurate up to date information. The employer liaison team are working with this employer.</p> <p>Significant progress has been made on clearing outstanding queries relating to previous year returns resulting in an increase in the number of employers where there are no data queries on scheme member records and ABS's can be produced.</p>				Julie Edwards	08-Sep-2020

**RISK IMPACT AREAS**

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

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## RISK LIKELIHOOD

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

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## Report to Pension Fund Board

**Date:** 14 October 2020

**Reference number:** N/A

**Title:** GML Reconciliation/Rectification

**Relevant councillor(s):** N/A

**Author and/or contact officer:** Sam Price, Assistant Pensions Administration Manager

**Ward(s) affected:** N/A

**Recommendation:** The Board is asked to **NOTE** the content of this report.

### Executive summary

- 1.1 The end of contracting-out of the Additional State Pension from April 2016 triggered a GMP reconciliation exercise which was initially required to be completed by 31 December 2018. This deadline has not been met due to HMRC amending the date for reporting final queries.

The purpose of the exercise is to ensure that the information held by the Fund in relation to periods of scheme members contracted out employment correctly matches the data held by HMRC. Where information is incorrect and outside agreed tolerances, a rectification exercise will be undertaken.

The Fund engaged ITM to undertake the reconciliation and subsequent rectification exercise.

### Content of report

- 1.2 The reconciliation exercise was initially required to be completed by 31 December 2018. This deadline was not met due to HMRC amending the date for reporting final queries. Subsequently HMRC then delayed issuing the final data, this however was issued and received in July 2020.

Since July 2020, ITM have been liaising with our Senior Payroll Officer to complete the comparison between HMRC data and data held on scheme member records. This is currently still in progress.

As at 31 March 2020, 59,025 scheme member records had been reconciled.

Once this comparison is complete, ITM will provide a report detailing cases where a rectification needs to take place. A plan will then be put in place to update scheme members records

## Other options considered

1.3 N/A

## Legal and financial implications

1.4 N/A

1.5 There is a national agreement that where a scheme members pension has been overpaid, the administering authorities will not seek to recover any overpayments but will correct the payments going forward.

## Consultation and communication

1.6 N/A

## Next steps and review

## Background papers

N/A

## Your questions and views (for key decisions)

If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone [01296 382343] or email [democracy@buckinghamshire.gov.uk]



## Report to Pension Fund Board

**Date:** 14 October 2020

**Reference number:** N/A

**Title:** Administration Performance Statistics

**Relevant councillor(s):** N/A

**Author and/or contact officer:** Sam Price, Assistant Pensions Administration Manager

**Ward(s) affected:** N/A

**Recommendation:** The Board is asked to **NOTE** the content of this report.

### Executive summary

- 1.1 The Buckinghamshire Pension Board is required to monitor the performance of the Pensions Administration team. The purpose of this report is to provide the Board with a review of the team's performance since the last Board meeting.

### Content of report

- 1.2 The following areas of performance have been covered in this report:

[Incoming Communications](#)

[Workload/Performance Measures](#)

[Projects](#)

## Incoming Communications

We receive a high volume of communications into the Pensions Administration team from scheme members, employers & others. Sub-teams are very proactive in processing these within set timeframes to ensure that requests can be dealt with as quickly and efficiently as possible.

The following table provides an analysis of the incoming communications received between 1 July 2020 and 30 September 2020.

Type of incoming communication	Number received
Post	1,758
Pensions Inbox	5,680
Employers Inbox	428
'My Pension Online' registration/query Inbox	2,675
Document uploads via 'My Pension Online'	638
Telephone calls	3,281
<b>Total Communications</b>	<b>14,460</b>
<i>Ave. Daily Communications</i>	<i>222</i>

Each sub-team that is responsible for the areas of communication above have a set target for responding or dealing with the communication within. The table below provides details of the targets and performance against these targets within the period 1 July 2020 to 30 September 2020.

Type of incoming communication	Target	Achieved
Post	Same day*	100%
Pensions Inbox	Same day*	100%
Employers Inbox	10 working days	100%
'My Pension Online' registration/query Inbox	Same day	100%
Document uploads via 'My Pension Online'	1 working day	98.45%
Telephone calls	Ave queue time < 40 sec	45 sec
	Ave calls answered > 97%	96%

\*The same day target is for Pensions Assistants to process each individual item by uploading the document to the scheme members pension record and creating the relevant workflow/updating the existing workflow.

## Workload/Performance Measures

The table below provides the Board with statistics relating to all areas of pension administration workloads based on in department turnaround times.

### Retirements

	Performance against Target		Case Completion Statistics		
	Target (working days)	Percentage achieved	Cases outstanding at the beginning of the period	Total new cases created during the period	Total cases completed during the period
<i>Active Scheme Member</i>					
Retirement pack issued	10	96%			
Admin Process completed	20	98%			
Retirement payroll process completed	5	90%			
<b>Whole retirement process</b>	25	96%	244	284	262
<i>Deferred Scheme Member</i>					
Retirement pack issued	10	94%			
Admin process complete	20	93%			
Retirement payroll process completed	5	90%			
<b>Whole retirement process</b>	25	92%	137	368	385
Retirement queries	10	97%	15	146	148
Retirement re-calculation	10	77%	10	54	46

### Deaths

	Performance against Target		Case Completion Statistics		
	Target (working days)	Percentage achieved	Cases outstanding at the beginning of the period	Total new cases created during the period	Total cases completed during the period
Death of active scheme member	11	100%	2	7	6
Death of deferred scheme member	11	100%	17	12	10
Death of pensioner scheme member	11	97%	55	98	94
Death of widow/dependant	11	97%	14	28	27
Death payroll process completed	5	84%			
<b>Whole death process</b>	16	94%	88	145	137
Death queries	10	100	6	59	55
Death re-calculation	10	N/A	0	12	12
Death estimates	10	93%	1	0	1

The above two areas, along with refunds shown below make up our priority areas of work. These are the main areas where scheme members will be waiting payment of a benefit and we prioritise daily to ensure a quick turnaround. We have a target to achieve a minimum of 90% of priority tasks completed within relevant turnaround times and this is reported on quarterly. For quarter 1 2020/21 the team achieved 92.44% increasing to 93.11% in quarter 2.

## Leavers

	Performance against Target		Case Completion Statistics		
	Target (working days)	Percentage achieved	Cases outstanding at the beginning of the period	Total new cases created during the period	Total cases completed during the period
Opt outs processed	10	99%	52	505	509
Opt out query	10	90%	5	8	13
Deferred benefits calculated	10	68%	840	630	630
Deferred benefits re-calculated	10	45%	3	48	40
Deferred refunds calculated	10	96%	238	364	382
Refund actuals processed	10	97%			
Refund payroll process completed	5	100%			
<b>While actual refund process</b>	15	98%	15	201	200
Refund query	10	99%	8	72	68
Refund re-calculations	10	77%	3	32	29

## Additional Contributions

	Performance against Target		Case Completion Statistics		
	Target (working days)	Percentage achieved	Cases outstanding at the beginning of the period	Total new cases created during the period	Total cases completed during the period
Additional Voluntary Contributions - start	10	96%	8	40	48
Additional Voluntary Contributions - change	10	100%	2	13	14
Additional Voluntary Contributions - cease	10	100%	2	2	4
Additional Pension Contributions - start	10	97%	2	25	25
Additional Pension Contributions - cease	10	100%	1	1	2
Additional contributributions query	10	N/A	0	0	0

## Estimates

	Performance against Target		Case Completion Statistics		
	Target (working days)	Percentage achieved	Cases outstanding at the beginning of the period	Total new cases created during the period	Total cases completed during the period
Member requested estimate	10	95%	39	265	233
Employer requested estimate	10	94%	7	64	61

## General

	Performance against Target		Case Completion Statistics		
	Target (working days)	Percentage achieved	Cases outstanding at the beginning of the period	Total new cases created during the period	Total cases completed during the period
Member query	10	81%	146	369	276
Pensioner query	10	90%	69	295	316
Financial Advisor query	10	97%	14	81	77
My Pension Online' query	10	92%	2	229	231
Address change (pensioner)	10	92%	11	81	83
Address change (non-pensioner)	10	100%	8	66	67
Change of hours update	10	100%	1	0	1
Change of personal details update	10	100%	3	127	127
Death grant nomination	10	97%	1	27	28
Change in bank details update	10	97%	12	49	47
Divorce quote	10	100%	10	48	46
Divorce actual processed	20	100%	2	4	3
Divorce query	10	N/A	0	0	0
New starter creation	10	98%	67	390	412

## Transfers

	Performance against Target		Case Completion Statistics		
	Target (working days)	Percentage achieved	Cases outstanding at the beginning of the period	Total new cases created during the period	Total cases completed during the period
<i>Transfers (non-LGPS)</i>					
Transfer in quote	10	88%	56	45	47
Transfer in actual	20	100%	40	32	42
Transfer out quote	10	92%	27	67	72
Transfer out actual	10	95%			
Transfer payroll process completed	5	100%			
<b>Whole transfer out process</b>	15	97%	11	33	28
Transfer query	10	100%	8	98	95
<i>Interfund Transfer (between LGPS Authorities)</i>					
Interfund in	30	85%	314	217	282
Interfund out quote	10	65%	71	114	170
Interfund out actual	10	83%			
Interfund payroll process completed	5	100%			
<b>Whole interfund out process</b>	15	89%	13	60	63
Interfund query	10	75%	28	68	97
<i>Aggregation (in-house aggregations)</i>					
Aggregation	30	87%	1363	540	636
Aggregation query	10	100%	2	14	5

As mentioned at July's Board, processing deferred benefit calculations & aggregations are our lower level priority areas of work and as a result, are an area that we achieve a lower percentage against the target than other areas. They are also the highest volume area.

Over the second quarter of 2020/21, the Benefit Administration team have focussed on clearing outstanding leaver cases and managed to clear 140 of these older cases, some of which dated back to 2013. This was part of a wider Administration team target to reduce all outstanding cases where the 'case due completion' date was prior to April 2020 by 40%. By September 2020 the team had reduced these cases by 48% and will continue working on the outstanding cases over the next quarter. In all of the leaver cases, these related to where leaver information had not been fully provided by the employer.

There are still a high number of leaver cases outstanding. As an example, as at 30 September 2020 of the total outstanding cases, 90% are either where the employer is yet to provide a leaver notification, or the leaver notification was not fully provided/raised further queries. The remaining cases are at various stages of being dealt with by the team.

## Projects

*Data Improvement Plan* – During 2019 & early 2020 the team worked through data errors to resolve and successfully increased both the common & scheme specific data scores. This is show on the table below

	Common data score	Scheme specific data score
October 2018	91%	86%
December 2019	93%	95.1%
September 2020	95.1%	96%

An updated report showing the further errors that need resolved is being worked on by Heywood and should be issued mid-October. An updated data improvement plan will then be implemented.

*Annual Benefit Statements* - Benefit statements for active scheme members where there are no queries relating to the data were issued by 31 August 2020 deadline. One large employer return was not received until 24 August 2020 and therefore no scheme members from this employer were issued by 31 August 2020 deadline. The Employer Liaison Team are working through this return over September & October 2020 and issuing statements on a weekly basis. Further details regarding this will be covered in the Annual Benefit Statement board report. Statements for deferred scheme members were issued by 26 August 2020.

*Annual Allowance* – the deadline for providing a pension saving statement to all scheme members who had exceeded the Annual Allowance in the 2019/20 scheme year was 6 October 2020. The Benefit Administration team have now issued all statements, with the majority being published to ‘my pension online’ in the first half of September 2020. Following a bulk calculation on all active scheme member records, 376 individual cases were reviewed with 131 manual annual allowance calculations & 78 statements issued to scheme members who had exceeded.

*Scheme Changes* – The MHCLG consultation on their proposals on how to remove the unlawful discrimination found in the McCloud and Sargeant cases from the LGPS closed on 8 October 2020. In preparation for any remedial action that will be required, we have been communicating to employers the information that we expect they will need to supply. Shortly, we will be putting together a project group in order to commence planning for the remedial action that is likely to come into effect from 2022 including data requirements from the employer, internal procedures, staffing resources & liaising with software providers. We are aware that this is going to be a huge administrative burden.

MHCLG had confirmed that discussions on the Exit Cap were due to take place with the Scheme Advisory Board and trade unions around September 2020. We are now aware that Treasury Regulations are imminent & changes to the LGPS Regulations are also required but it is likely the cap will be in effect in the coming weeks. We have been advised that the software system will not be updated to account for these changes and the impact on member benefits, the result of this is that manual calculations will be required. We do expect that many scheme members retiring on redundancy/efficiency groups may be impacted by this cap and therefore we will be planning for team training & calculation aids to help minimise the impact on the team & any delays.

### **Other options considered**

1.3 N/A

### **Legal and financial implications**

1.4 N/A

### **Consultation and communication**

1.5 N/A

### **Next steps and review**

N/A

### **Background papers**

N/A

### **Your questions and views (for key decisions)**

If you have any questions about the matters contained in this report, please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone [01296 382343] or email [democracy@buckinghamshire.gov.uk]

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**Pension Fund Board Forward Plan**

Updated	05-Oct-20
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14/10/2020 Teams Meeting 10:00-12:30	Agenda Item	Aylesbury, Walton Street Offices Author	Cyclical Item?
	Apologies/Declarations of interest/Minutes	Chairman	Every meeting
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	i-Connect/Pensions 'Online' Update	Sam Price	Bi-annually
	Internal Administration Benchmarking	Sam Price	Annually
	Breaches of the Law	Claire Lewis-Smith	Annually
	Risk Register	Julie Edwards	Annually
	GMP reconciliation/rectification	Sam Price	Bi-annually
	Administration performance statistics	Sam Price	Every meeting
	Forward Plan	Claire Lewis-Smith	Every meeting
	Annual Benefit Statements - Administration Year End Update	Sam Price	Every meeting
	Exclusion of Press and Public		
	Annual Benefit Statements - Confidential Appendix	Sam Price	Ad-hoc
	Confidential Minutes	Chairman	Every meeting
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	Pension Fund Performance	Julie Edwards	Every meeting
	Date of next meeting/AOB	--	

16/12/2020 Teams Meeting 10:00-12:30	Agenda Item	Aylesbury, Walton Street Offices Author	Cyclical Item?
	Apologies/Declarations of interest/Minutes	Chairman	Every meeting
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	Administration performance statistics	Sam Price	Every meeting
	Internal Dispute Resolution Procedure	Sam Price	Annually
	Training Opportunities	Claire Lewis-Smith	Annually
	Forward Plan	Claire Lewis-Smith	Every meeting
	Annual Benefit Statements - Administration Year End Update	Sam Price	Every meeting
	Exclusion of Press and Public		
	Annual Benefit Statements - Confidential Appendix	Sam Price	Ad-hoc
	Confidential Minutes	Chairman	Every meeting
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	Pension Fund Performance	Julie Edwards	Every meeting
	Date of next meeting/AOB	--	

March 2021 10:00-12:30	Agenda Item	Aylesbury, Walton Street Offices Author	Cyclical Item?
	Apologies/Declarations of interest/Minutes	Chairman	Every meeting
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	Scheme member and employer communications	Madelena da Costa	Annually
	i-Connect/Pensions 'Online' Update	Sam Price	Bi-annually
	Annual Review of Buckinghamshire Pension Board	Claire Lewis-Smith	Annually
	Governance Compliance Statement	Claire Lewis-Smith	Annually
	Administration performance statistics	Sam Price	Every meeting
	GMP reconciliation/rectification	Sam Price	Bi-annually
	Forward Plan	Claire Lewis-Smith	Every meeting
	Annual Benefit Statements - Administration Year End Update	Sam Price	Every meeting
	Exclusion of Press and Public		
	Annual Benefit Statements - Confidential Appendix	Sam Price	Ad-hoc
	Confidential Minutes	Chairman	Every meeting
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting

**Pension Fund Board Forward Plan**

Updated	05-Oct-20
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Pension Fund Performance	Julie Edwards	Every meeting
Date of next meeting/AOB	--	

July 2021	Agenda Item	Aylesbury, Walton Street Offices	Cyclical Item?
10:00-12:30	Apologies/Declarations of interest/Minutes	Chairman	Every meeting
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	Review of Buckinghamshire Pension Board Policies	Claire Lewis-Smith	Ad hoc
	Pension Fund Annual Report 2020/21	Rachael Martinig	Annually
	Annual Benefit Statements - Administration Year End Update	Sam Price	Every meeting
	Administration performance statistics	Sam Price	Every meeting
	Forward Plan	Claire Lewis-Smith	Every meeting
	Exclusion of Press and Public		
	Confidential Minutes	Chairman	Every meeting
	Minutes of Pension Fund Committee	Pension Fund Committee Chairman	Every meeting
	Pension Fund Performance	Julie Edwards	Every meeting
	Date of next meeting/AOB	--	



## Report to Pension Fund Board

**Date:** 14 October 2020

**Reference number:** N/A

**Title:** Annual Benefit Statements – Administration Year End Update

**Relevant councillor(s):** N/A

**Author and/or contact officer:** Sam Price, Assistant Pensions Administration Manager

**Ward(s) affected:** N/A

**Recommendation:** The Board is asked to **NOTE** the content of this report.

### Executive summary

- 1.1 Regulation 89 of the Local Government Pension Scheme Regulations 2013 require an administering authority to issue an annual benefit statement no later than 5 months after the end of the Scheme year to which it relates (31 August). The purpose of this report is to inform the Board of the position of the Buckinghamshire Council administering authority as at 30 September 2020.

### Content of report

#### 1.2 **Employers processed**

Returns from all employers except two were processed prior to the 31<sup>st</sup> August 2020 statement deadline. For these employers, either statements have been issued to active scheme members or queries relating to the data provided have been sent. The statements for these cases will be issued once the query has been resolved.

One employer return was not processed prior to 31 August 2020 due to the accurate return not being provided until 24<sup>th</sup> August 2020. The second return is still outstanding.

The following queries have resulted in cases being created and investigated by the team.

	Total new cases created between April 2020 & 30 September 2020	Total cases completed between April 2020 & 30 September 2020	Cases outstanding
Query arising from data provided on return	1595	1239	356
Leavers identified from return	15	11	4

Of the queries resolved, 97% of the queries arising from data provided on the return have been cleared by the Employer Liaison team within 10 working days upon receipt of the response. The team regularly chase & liaise with employers to resolve these queries.

### **Annual Benefit Statements**

A total of 18,515 statements were issued by 31 August 2020 deadline. As a percentage of the 23,467 active scheme members on 31 March 2020, this equates to 78.90% of statements issued. This is considerably less than achieved last year as a result of one large employer return being received extremely late.

Excluding the active scheme members of this one large employer, the statements issued equate to 97.42% of active scheme membership.

### **Returns to be processed**

The Employer Liaison team began work on the return received on 24<sup>th</sup> August in mid-September 2020. Due to the data from an inaccurate return being loaded onto member records, it is now necessary to manually work through this return, checking each scheme member record & updating where necessary. Queries & statements are being issued on a weekly basis with a total of 1,159 Annual Benefit Statements being issued in September 2020.

It is expected to take the team the month of October to complete working through this return. The employer concerned has been issued with an invoice for charges relating to the late submission under the Pensions Administration Strategy.

The Senior Employer Liaison Officer is continuing to liaise with the relevant employer in order to receive the return which is still outstanding. However, this relates to an employer who is still in the process of completing the legal agreement to be an admitted body.

## Outstanding queries relating to previous year returns

The table below provides a breakdown of the outstanding queries that relate to previous year end returns. These queries have reduced by 15% since July 2020.

The Employer Liaison team prioritise working on the current year end returns between May & August each year so typically the reduction in these outstanding queries is lower during this period. The team have begun liaising with employers again in order to resolve these queries.

	<b>Cases Outstanding</b>	<i>Outstanding at last July Meeting</i>
Pre 2016	<b>81</b>	86
2015/2016	<b>9</b>	9
2016/2017	<b>5</b>	3
2017/2018	<b>19</b>	24
2018/2019	<b>229</b>	284
<b>TOTAL</b>	<b>343</b>	406

A breakdown of these cases will be covered in the confidential appendix.

## Other options considered

1.3 N/A

## Legal and financial implications

1.4 It is a requirement of the LGPS Regulations 2013 that an administering authority issue a scheme member with an annual benefit statement no later than 5 months after the end of the scheme year to which it relates (31 August).

1.5 There are no financial implications.

## Consultation and communication

1.6 N/A

## Next steps and review

Board policies are reviewed annually.

## Background papers

N/A

## Your questions and views (for key decisions)

If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone [01296 382343] or email [democracy@buckinghamshire.gov.uk]

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