Pension Fund Committee agenda

Date: Tuesday 21 March 2023

Time: 2.00 pm

Venue: The Paralympic Room, Buckinghamshire Council, Gatehouse Road, HP19 8FF

Membership:

R Bagge (Vice-Chairman), M Baldwin, Mr M Barber (Thames Valley Police), T Butcher (Chairman), A Collingwood, E Gemmell, I Macpherson, P Marland (Milton Keynes Council) and M Walsh

8	**Treasury Management Service Level Agreement** To be presented by Julie Edwards, Pensions and Investments Manager, Buckinghamshire Council.	**139 - 142**
9	**Funding Strategy Statement** To be presented by Julie Edwards, Pensions and Investments Manager, Buckinghamshire Council.	**143 - 176**
10	**Forward Plan** To be presented by Julie Edwards, Pensions and Investments Manager, Buckinghamshire Council.	**177 - 180**
11	**Question Time** **The following question has been asked by Councillor Ed Gemmell under section 2.17 of the Committee Procedure Rules:** "There have been ongoing requests from members of the scheme and other residents in Buckinghamshire for an increased level of transparency from the Pension Fund Committee. Under the Constitution the committee is committed to operating "as transparently as possible" and items can only be deemed confidential by the Chairman. Please can an explanation be provided by the Chairman as to why he has ruled the majority of the deliberations and consultations of the pension committee to be confidential, for what reason he deems these items confidential and how he might envisage relaxing his ruling to promote more transparency for scheme members?"	
12	**Exclusion of the Press and Public** **To resolve to exclude the press and public as the following item is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)**	
13	**Confidential minutes of the last meeting** To agree the confidential minutes of the Pension Fund Committee held on 24 November 2022.	**181 - 184**
14	**Buckinghamshire Pension Fund Board Confidential Draft Minutes** To note the confidential draft minutes of the last Pension Fund Board meeting held on 13 December 2022.	**185 - 190**
15	**Investment Strategy Review** To be presented by representatives from Mercer.	**To Follow**

16	**Brunel Pension Partnership Update** To be presented by representatives from Brunel Pension Partnership.	**191 - 214**
17	**Pension Fund Risk Register** To be presented by Julie Edwards, Pensions and Investments Manager, Buckinghamshire Council.	**To Follow**
18	**Pension Fund Performance** To be presented by Julie Edwards, Pensions and Investments Manager, Buckinghamshire Council.	**215 - 266**
19	**Date of the next meeting** TBC	

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: Elly Cook / Clare Gray
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Pension Fund Committee minutes

Minutes of the meeting of the Pension Fund Committee held on Thursday 24 November 2022 in Paralympic Room, The Gateway, Aylesbury, commencing at 2.00 pm and concluding at 4.40 pm.

Members present

R Bagge, T Butcher, E Gemmell and M Walsh

Others in attendance

J Edwards, R Ellis, C Gray, M Passey - Mercer, M Preston, Kieran O'Connor – Mercer, Roisin McGuire - Barnett-Waddingham, Ellie Murray - Barnett-Waddingham

Agenda Item

1 Apologies for Absence

Apologies were received from Cllrs Collingwood, Macpherson and Marland

2 Declarations of Interest

There were no declarations of interest.

3 Minutes of the last meeting

Resolved: That the Minutes of the Meeting of the Pension Fund Committee held on 29 September 2022 were agreed as a correct record.

4 Buckinghamshire Pension Fund Board Draft Minutes

Copies of the Pension Fund Board minutes were circulated previously.

Resolved: That the Minutes of the Buckinghamshire Pension Fund Board meeting held on 19 October 2022 be noted.

5 Response to LGPS Governance and Reporting of Climate Risk Consultation

On 1st September 2022, the Department for Levelling Up, Housing and Communities (DLUHC) launched its consultation regarding governance and reporting of climate change risks. The consultation sought views on proposals to require Local Government Pension Scheme (LGPS) administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). A response was attached as Appendix 1 to the report.

The consultation sought views on policy proposals to require administering authorities of the LGPS to have effective governance, strategy, risk management and accompanying metrics and targets for the assessment and management of climate risks and opportunities. The full consultation could be found at: https://www.gov.uk/government/consultations/local-government-pension-schemeengland-and-wales-governance-and-reporting-of-climate-change-risks/localgovernment-pension-scheme-england-and-wales-governance-and-reporting-ofclimate-change-risks

During discussion the following points were noted:-

- The proposed requirements would apply to all LGPS administering authorities from 2023/24 regardless of fund size.
- The consultation proposed that LGPS administering authorities would calculate the 'carbon footprint' of their assets and assess how the value of each fund's assets or liabilities would be affected by different temperature rise scenarios, including the ambition to limit the global average temperature rise to below 2°C set out in the Paris Agreement. A Member commented that the Paris Agreement should be corrected in the Government consultation as it should say well below 2, preferably to 1.5 degrees Celsius. However, as the deadline for responses was today there would not be time for this to be changed.
- Question 3 Response – the draft response supported the triennial use of at least two scenario analyses regarding the Council's overall investment and funding strategies with one scenario 'below 2°C temperature rise'. A Member asked that it be noted that he thought this should be undertaken annually due to the speed of climate change. The Chairman made reference to the LGA's response which stated that scenarios other than the Paris aligned one should be required to illustrate the effect of global temperature rises above 2°. A small set of plausible scenarios should be agreed and included in the statutory guidance, together with a presumption that pools should provide this expertise. Concerns had also been expressed about incurring costs in collecting the necessary data for scenario analysis. C Dobson reported that it was important to measure carbon emissions from the Fund's portfolio rather than globally and in the short term there was not enough data relating to equity portfolios and private markets.
- Question 5 – clarification was sought on scope 3 emissions related to the fact that the draft response stated that they should be presented separately. C Dobson reported that scope 3 emissions were difficult to measure and a huge amount of data was not available. The Chairman referred to the draft LGA response which urged caution and suggested that scopes 1-3 should be reported separately. The draft response suggested allowing for a range of methodologies to be used and for an evaluation of these to be done once they had been properly tested. The response referred to the fact that they did not believe a single methodology had emerged which could be deemed the most appropriate.

The Chairman referred to the Local Government's Association response to the consultation attached as a link below.
221012_DLUHCClimateRiskReportingconsultation_SABresponse.pdf (lgpsboard.org)

On a vote being taken it was:-

RESOLVED that the response to the consultation on LGPS Governance and Reporting of Climate Risk, attached as Appendix 1 to the report be approved.

6 Forward Plan

The Assistant Director of Finance reported that the external auditors would be attending the next meeting in March 2023. Work was ongoing on the Council's accounts and it was noted that the Pension Fund accounts could not be fully reviewed until the Council accounts had been completed so that they could be signed off together.

RESOLVED that the Forward Plan be noted.

7 Exclusion of the Press and Public

RESOLVED

That the press and public be excluded for the following items as they were exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because they contained information relating to the financial or business affairs of any particular person (including the authority holding that information).

8 Confidential minutes of the last meeting

Resolved: That the confidential minutes of the Buckinghamshire Pension Fund Committee held on 29 September 2022, be approved as a correct record.

9 Buckinghamshire Pension Fund Board Confidential Draft Minutes

Copies of the Confidential Pension Fund Board minutes were circulated previously.

Resolved: That the Confidential Minutes of the Buckinghamshire Pension Fund Board meeting held on 19 October 2022 be noted.

10 Pension Fund Performance

RESOLVED that the investment performance of the Pension Fund for the third quarter of 2022, ending 30th September 2022 be noted.

11 Actuarial Valuation as at 31 March 2022

RESOLVED that the actuarial valuation as at 31 March 2022 be noted.

12 Date of the next meeting

21 March 2023 at 2pm.

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Pension Fund Board minutes

Minutes of the meeting of the Pension Fund Board held on Tuesday 13 December 2022 in MS Teams, commencing at 10.00 am and concluding at 12.15 pm.

Members present

P Dearden, R Ellis, T Pearce, I Thompson and L Wheaton

Others in attendance

J Edwards, K Farooqi, C Lewis-Smith and S Price

Apologies

B Black, J McGovern and J Whiteley

Agenda Item

1 **Apologies / Declarations of interest**

Apologies were received from B Black, J Whiteley and J McGovern.

The Chairman thanked Lisa Wheaton and Joe McGovern as they were retiring from the Pension Fund Board on 31 December 2022 and 31 January 2023 respectively.

A declaration of interest was reported from T Pearce who was potentially affected by the £95k exit cap.

2 **Minutes of the Pension Fund Board**

It was clarified that 600 pensioners had opted out to receive an online P60 with a paper copy requested.

The action points of the previous meeting were highlighted:

- The number of scheme members moved to the 50/50 scheme were provided in agenda item 7 page 32.
- There was a typo on page 36 of the last meeting's agenda report. The table showing the number late payments was 39 not 40.
- Further breakdown of incoming communications was provided on agenda item 7 page 28.
- Further breakdown of overdue cases was provided on agenda item 7 page 31.

- The Annual Accounts 21/22 would feature on the March 2023 agenda.

A member of the Board highlighted the Pensions General Meeting held on 8th December was very informative. There were presentations from the Pensions Fund Board, Pensions Fund Committee and Brunel. Brunel covered information in the Funds' performance and valuation report from Barnett-Waddingham. The presentations were circulated to Board members after the event for members who were unable to attend.

RESOLVED Members of the Board AGREED the minutes of the Pension Fund Board held 19 October 2022.

3 Minutes of Pension Fund Committee

RESOLVED Members of the Board NOTED the minutes of the Pension Fund Committee held 24 November 2022.

4 Internal Dispute Resolution Procedure

S Price Assistant Pensions Administration Manager, Buckinghamshire Council, provided an update on the formal internal dispute resolution procedure cases for 2021/22.

The following points were highlighted:

- There were five internal dispute resolutions procedure cases (IDRP) for the year 2021/22. This figure was down from seven cases the previous year. In previous years, IDRP cases mainly related to ill health retirements however, there were none of these type of cases recorded this year.
- The report listed the five appeals and the decisions which were upheld against the Council. Cases four and five were a result of human error in the administration team. Case five was partially upheld and related to an error in the calculation of benefits. The team reviewed these errors and put further training in place.
- Cases one and three related to transfers out of LGPS pension rights. There was a rising trend in the number of transfer appeals due to the rise in claims management companies acting on behalf of scheme members. The management companies identify scheme members who have transferred their pension rights to check if there was any financial loss incurred and if the administration authority was at fault. The Council's legal team investigated the two cases at stage 2, one appeal was declined as no fault was found with the administrative authority's transfer process. The appeal for the second case was partially upheld as there was no evidence a Scorpion transfer leaflet had been sent to the scheme member during the transfer process. In this case compensation was awarded to the members for the distress and inconvenience caused. However, the absence of this leaflet was considered as unlikely to have affected the member's decision to transfer out.
- It was noted there were cases of members fraudulently transferring out of the scheme to an occupational scheme for companies they were not

employed by. The pensions scams guidance and more stringent checks on transfers would reduce the number of these cases.

A member of the Board queried if there would be a significant increase in the number of appeals from claims management companies. The officer advised they would raise this with other LGPS funds to gauge how many cases are being raised. These cases can end up with the Pensions Ombudsman which requires a thorough investigation by the administrative authority.

A member of the Board asked if the Council would require insurance if the number of compensation claims was likely to increase. It was advised compensation would only be due if there was evidence the administrative authority did not follow the correct process. There were instances where scheme members had fraudulently provided documentation to initiative a transfer. There were procedures in place to check contracts of employment and employer details. The number of these cases being upheld on appeal were expected to be few.

It was queried if any legal action could be initiated against scheme members who committed fraud when transferring their pension rights. It was advised the claims management companies were acting within the law when investigating these claims. It was noted if scheme members transfers were complete and it was found the fund did not follow the correct process and due diligence, they would likely be reinstated to the scheme instead of receiving financial compensation.

There had been four cases raised in 2022/23 so far with one case related to ill health. The compensation payments were locally set between £250-£500 for stage one complaints, about £750 for Stage 2 complaints and payments were based on circumstances.

A member of the Board highlighted as these cases were time consuming to investigate and resolve was there an option to reclaim officer time. It was advised scheme members were permitted to make stage one and two appeals under scheme regulations and these would be monitored going forward. The compensation fees were based on guidance from the Pensions Ombudsman and reclaiming costs would require changes to legislation.

RESOLVED Members of the Board noted the update.

5 Training Opportunities

C Lewis Smith, Pensions Administration Manager, Buckinghamshire Council provided an update on training opportunities.

The report attached highlighted online webinars and seminars board members had attended throughout the year. Training opportunities for the next year would be circulated and board members could review these.

Board members had attended a variety of training sessions from different providers. The only event not attended by any members was the LGA Annual Governance Conference held in Cardiff in January 2022.

The Chairman confirmed they would attend the LGA Annual Governance Conference in January 2023 and the Vice-Chairman would attend the next. It was noted it would be useful for half of the Board members to attend CIPFA/ISIO training and the other half Barnett Waddingham to gain a comparison and share the training materials provided.

A member of the Board highlighted they attended the CIPFA Annual Full Day Event with the next event planned for May 2023 in Birmingham. It was noted in-person events often provided greater interaction than online sessions.

RESOLVED Members of the Board noted the update.

6 Forward Plan

C Lewis Smith, Pensions Administration Manager, Buckinghamshire Council provided an update on the forward plan.

Action: C Lewis Smith to remove election of chairman from forward plan for March 2023 meeting.

It was noted the Annual Accounts Audit 2021/22 would be presented at the Board meeting in March. There would be an update from the auditor at the Pension Fund Committee meeting in March. If the draft minutes from the Committee could not be circulated before the Board meeting a verbal update would be provided to members.

There was a discussion regarding the annual accounts and the delay in signing off of Buckinghamshire Council's accounts. It was highlighted the idea to decouple the Council's accounts and Pension Fund accounts was discussed by government however, any changes would require legislation.

RESOLVED Members of the Board noted the update.

7 Administration performance statistics

S Price Assistant Pensions Administration Manager, Buckinghamshire Council, referred the report circulated with the agenda.

The following points were highlighted:

- The report covered the period 1 October 2022 to 30 November 2022, Board were asked to note the figures did not cover a full quarter.
- Incoming communications had increased with a greater number of

communications coming through the i-Connect online portal instead of via email.

- It was highlighted the team were dealing with member queries quickly with the telephone call queue time at an average of 15 seconds. The team answered 99% of calls received.
- The priority areas turnaround target was over 95% in all areas. This was a slight reduction from 97% in the previous quarter however, the team were up to date with current workflows and were focusing on older overdue cases.
- There were no areas for concern within administration, the AVCs at retirement cases completed had dropped to 80% however this was a complex area with a small volume of work. There were five cases completed with one case completed outside the ten working days.

The officer highlighted an error on page 31 of the report, the table showing open and overdue cases from opt outs to general queries. The figures showing cases over due and external should be reversed. There was an increase in overdue cases however this was outside the team's control as delays were due to external causes .

A breakdown of overdue external cases by employer was included in the confidential appendix of the report. The figures for scheme members opting out and moving to the 50/50 option would be included in all quarterly reports. The figures included in the report covered October and November therefore, they did not reflect a whole quarter. There had not been a noticeable increase in opt outs based on the team's workload.

A member of the Board queried how the number of members choosing to opt out or the 50/50 option compared to previous years. These figures would be included in the administration performance statistics report for the next meeting. It was noted Buckinghamshire Council's payroll department had seen an increase in the number of members opting out and reducing contributions, this would be monitored closely. It was confirmed if scheme members opt out they would not receive death in service benefits. The opt out guidance issued to scheme members' stated benefits lost and highlighted the 50/50 option.

There would be an article in the next employer newsletter to highlight the 50/50 option to members. The scheme advisory board have requested opt out and 50/50 data from all administrative authorities. Members do not need to provide a reason as to why they are opting out.

A member of the Board highlighted as consumer price index (CPI) was particularly high this would result in an increase in pension payments, could this be mentioned in the employer newsletter. The newsletter could highlight the death in service cover and ill health cover however, whilst CPI was currently high this could change in the future.

RESOLVED Members of the Board noted the update.

8 Annual Benefit Statements - Administration Year End Update

S Price Assistant Pensions Administration Manager, Buckinghamshire Council, referred the report circulated with the agenda.

It was highlighted 99.9% of annual benefit statements had been issued with five queries outstanding which was a reduction from eleven. The four outstanding queries related to four scheme employers who were issued with financial penalties. Further penalties could be imposed if the scheme employers continued to withhold information.

The administration team were thanked for their hard work in achieving nearly 100% of annual benefit statements issued in the statutory timeframe.

RESOLVED Members of the Board noted the update.

9 Exclusion of Press and Public

10 Annual Benefit Statements - Confidential Appendix
RESOLVED Members of the Board noted the report.

11 Administration performance statistics - Confidential Appendix
RESOLVED Members of the Board noted the report.

12 Confidential minutes of Pension Fund Board
RESOLVED Members of the Board AGREED the confidential minutes of the Pension Fund Board held 19 October 2022.

13 Confidential minutes of Pension Fund Committee
RESOLVED Members of the Board NOTED the confidential minutes of the Pension Fund Committee held 24 November 2022.

14 Cyber Security
RESOLVED Members of the Board noted the report.

15 Pension Fund Performance
RESOLVED Members of the Board noted the update.

16 Actuarial Valuation 2022
RESOLVED Members of the Board noted the update.

17 Date of next meeting

Date of the next meeting: 29 March 10am via MS Teams

The Chairman highlighted there were no updates on the McCloud consultation documentation.

A member of the Board queried the process for multi-academy trusts (MATs) across county boundaries. In certain cases, the academies were funded from one central academy instead of individual MATs. It was noted there was an instance of this in Buckinghamshire with the academy funded from the Northamptonshire fund. The government had considered all schools becoming academies by 2030 however, this bill was scrapped in favour of letting schools decide.

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Grant Thornton

Buckinghamshire Pension Fund audit plan

Year ending 31 March 2022

Buckinghamshire Pension Fund

01 February 2022

Contents

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

Key matters

Factors

Pension Fund developments

The investment assets have increased in 2021-22 and the Fund has posted positive returns of 7.09% for the year. The fair value of the fund assets as at 31 March 2022 is £3,902m. This was £3,628m as at 31 March 2021. The net pension liability has decreased to £2,192m as at 31 March 2022 from £2,518m as at 31 March 2021.

Russian investments

Following the Russian invasion of Ukraine that has led to the UK Government sanctions, Local Government Pension Scheme funds are being advised to consider the implications for their investment portfolios and discuss with their pools and asset managers what action should prudently be taken. The Moscow Stock Exchange closed on 28 February 2022 and an apparent ban on western companies from selling Russian investments was imposed by prime minister Mikhail Mishustin. This has compounded investors' liquidity problems, with markets for Russian stocks and government bonds drying up. The Pensions Regulator has asked all schemes to ensure that their investments are aligned with the UK government's sanctions on Russia.

Impact of Mini Budget

On 23 September 2022, the UK Government announced a set of economic policies which impacted pension fund schemes investment portfolio. The policies led to an increase in bond yields which resulted in the reduction in value of liability driven investments. Some Pension Fund schemes with such assets were called to pay additional collateral to their Liability Linked investments.

Buckinghamshire Pension Fund did not have any bonds assets as at 31 March 2022 and as such there should be minimal impact on the fund as a result of the policies announced in September 2022.

The rate of inflation was high during 2022 . An increase in inflation would increase the return requirement from the portfolio to meet benefit payments.

Our response

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, has been agreed with the Director of Finance.
- We will continue to provide you with sector updates via our Audit and Governance Committee updates.

- We will review the funds response to any exposure in Russian investments.

- As part of our post balance sheet event work, we will check with management if there has been any impact on the pension fund as a result of the government policies in September 2022.

Introduction and headlines

Purpose

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

Respective responsibilities

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

Scope of our audit

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

The audit of the financial statements does not relieve management or the Audit and Governance Committee of your responsibilities. It is the responsibility of the Pension Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Pension Fund is fulfilling these responsibilities.

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

Significant risks

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

- Management override of controls
- Valuation of Level 3 Investments

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

Materiality

We have determined planning materiality to be £39m (PY £36m) for the Pension Fund, which equates to 1% of your net assets as at 31 March 2022. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £1.9m (PY £1.8m).

Audit logistics

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

Our fee for the audit will be £36,450 (PY: £38,000) for the Pension Fund, subject to the Pension Fund delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

Significant risks identified

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

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Presumed risk of fraud in revenue recognition ISA (UK) 240	Under ISA (UK) 240, there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk material misstatement due to fraud relating to revenue recognition. Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: - there is little incentive to manipulate revenue recognition - opportunities to manipulate revenue recognition are very limited - the culture and ethical frameworks of local authorities, including Buckinghamshire Council and Buckinghamshire Pension Fund, mean that all forms of fraud are seen as unacceptable Therefore, we do not consider this to be a significant risk for Buckinghamshire Pension Fund.	Significant risk rebutted
Fraudulent expenditure recognition	We have also considered the risk of material misstatement due to the fraudulent recognition of expenditure. We have considered each material expenditure area, and the control environment for accounting recognition. We are satisfied that this did not present a significant risk of material misstatement in the 2021/22 accounts as: - the control environment around expenditure recognition (understood through our documented risk assessment understanding of your business processes) is considered to be strong - we have not found significant issues, errors or fraud in expenditure recognition in the prior years audits - our view is that, similarly to revenue, there is little incentive to manipulate expenditure recognition Therefore, we do not consider this to be a significant risk for Buckinghamshire Pension Fund.	Significant risk rebutted

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management Override of Controls	Under ISA (UK) 240, there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The Pension Fund faces external scrutiny of its spending and its stewardship of its funds, this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for the Pension Fund, which was one of the most significant assessed risks of material misstatement.	We will: • Evaluate the design effectiveness of management controls over journals. • Analyse the journals listing and determine the criteria for selecting high risk unusual journals. • Test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration. • Gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence. • Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.
Valuation of Level 3 Investments	You value your investments on an annual basis with the aim of ensuring that the carrying value of these investments is not materially different from their fair value at the balance sheet date. By their nature, Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (PY: £300m) and the sensitivity of this estimate to changes in key assumptions. Under ISA 315, significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end. Management utilise the services of investment managers as valuation experts to estimate the fair value as at 31 March 2022. We therefore have identified Valuation of Level 3 Investments as a significant risk.	We will: • evaluate management's processes for valuing Level 3 investments; • review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met; • independently request year-end confirmations from investment managers and the custodian; • for a sample of investments, test the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconcile those values to the values at 31 March 2022 with reference to known movements in the intervening period; • in the absence of available audited accounts, we will evaluate the competence, capabilities and objectivity of the valuation expert; and • where available review investment manager service auditor report on design and operating effectiveness of internal controls.

Accounting estimates and related disclosures

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The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures which* includes significant enhancements in respect of the audit risk assessment process for accounting estimates

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Governance Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2022.

Based on our knowledge of the Pension Fund we have identified the following material accounting estimates for which this is likely to apply:

- Valuation of level 3 investments
- Actuarial valuation of the pension liability

The Pension Fund's Information systems

In respect of the Pension Fund's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Pension Fund uses management experts in deriving some of its more complex estimates, e.g. asset and investment. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Pension Fund (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.

Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainly is unresolved.

Planning enquiries

As part of our planning risk assessment procedures we have requested that management provides detail as to how the Pension Fund addresses estimation uncertainty, and to share its responses with TCWG for consideration. We would appreciate a prompt response to these enquires in due course.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf

Other matters

Other work

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

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

- We read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority.
- We consider our other duties under legislation and the Code, as and when required, including:
    - Giving electors the opportunity to raise questions about your 2021/22 financial statements, consider and decide upon any objections received in relation to the 2021/22 financial statements;
    - Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
    - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
    - Issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

Other material balances and transactions

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

Materiality

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The concept of materiality

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

Materiality for planning purposes

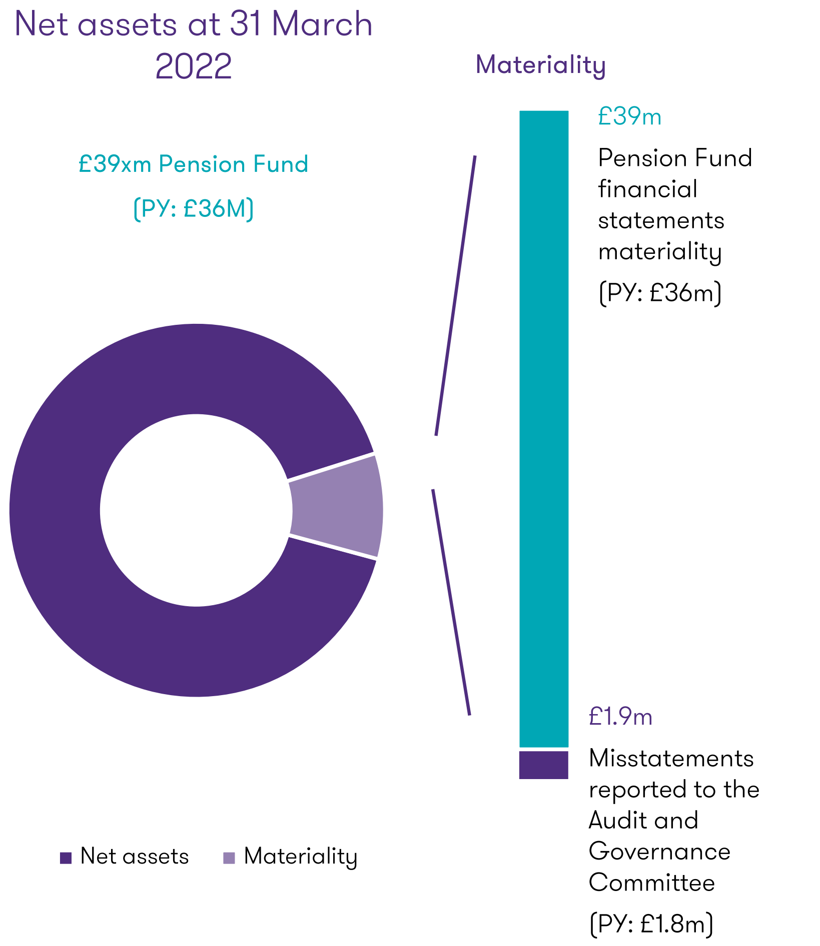
We have determined financial statement materiality based on a proportion of the net assets of the Pension Fund. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £39m (PY £36m), which equates to 1% of your net assets as at 31 March 2022.

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

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Pension Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £1.9m (PY £1.8m).

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



IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure. Based on the level of assurance required for each IT system the assessment may focus on evaluating key risk areas ('streamlined assessment') or be more in depth ('detailed assessment').

We plan to rely on the operation of application controls whether automated / IT dependent and will therefore carry out an extended ITGC assessment on the IT systems that support the operation of those controls. This is to gain assurance that the relevant controls have been operating effectively throughout the period.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
SAP	Financial reporting and integrated systems (General Ledger and nominal ledgers)	• IT audit work performed in respect of the 31 March 2021 year was finalised in September 2021. For the 21-22 audit, our IT team has checked the progress which management has made against the recommendations made in the report issued in September 2021 . We will report any deficiencies which have not been remedied in our audit findings report and factor those deficiencies in our audit procedures where relevant.
Altair	Pension payments and administration	• Streamlined ITG Assessment. Same as above .

Audit logistics and team

Planning and risk assessment

Audit and Governance Committee
February 2023
Audit Plan

Year end audit
December to February 2023

Audit and Governance Committee
February 2023
Audit Findings Report

Audit and Governance committee
TBC
Audit Opinion

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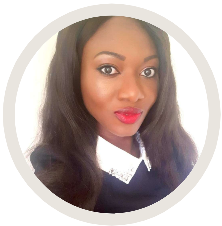
Mark Stocks, Key Audit Partner

Mark is the Engagement Lead, for the Council and Pension Fund. He will lead the work performed on the audit. He will sign the audit opinion and hold regular meetings with senior officers.



Sheena Phillips, Senior Audit Manager

Sheena will work with the senior members of the finance team ensuring early delivery of testing and agreement of accounting issues on a timely basis. Sheena will attend Audit & Governance Committee, undertake reviews of the team's work and draft reports, ensuring they remain clear, concise and understandable to all.

Vishal Patel, Audit Incharge

Vishal will lead the audit team and is the day-to- day contact for the audit. She will monitor the deliverables, manage the audit query log with your Finance Team and highlight any significant issues and adjustments to senior management in a timely manner.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

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

Audit fees

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In 2017, PSAA awarded a contract of audit for Buckinghamshire Council Pension Fund to begin with effect from 2018/19. The fee agreed in the contract was £19,275. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2021/22 audit.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as detailed on page [9] in relation to the updated ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fee for 2021/22, as set out below, will be agreed with the with the Director of Finance.

	Actual Fee 2019/20	Actual Fee 2020/21	Proposed fee 2021/22
Buckinghamshire Pension Fund Audit	£29,275	£38,000	£36,450
Total audit fees (excluding VAT)	£29,275	£38000	£36,450

Assumptions

In setting the above fees, we have assumed that the Pension Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2019) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Independence and non-audit services

Auditor independence

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

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies

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

Other services

The following other services provided by Grant Thornton were identified/ No other services provided by Grant Thornton were identified

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Service	Fees £	Threats	Safeguards
Audit related			
IAS19 Assurance letters for Admitted Bodies	8,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £8,000 in comparison to the total fee for the audit of £36,450 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Pension Fund's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:

Function	Benefits for you
Data extraction	Providing us with your financial information is made easier
File sharing	An easy-to-use, ISO 27001 certified, purpose-built file sharing tool
Project management	Effective management and oversight of requests and responsibilities
Data analytics	Enhanced assurance from access to complete data populations

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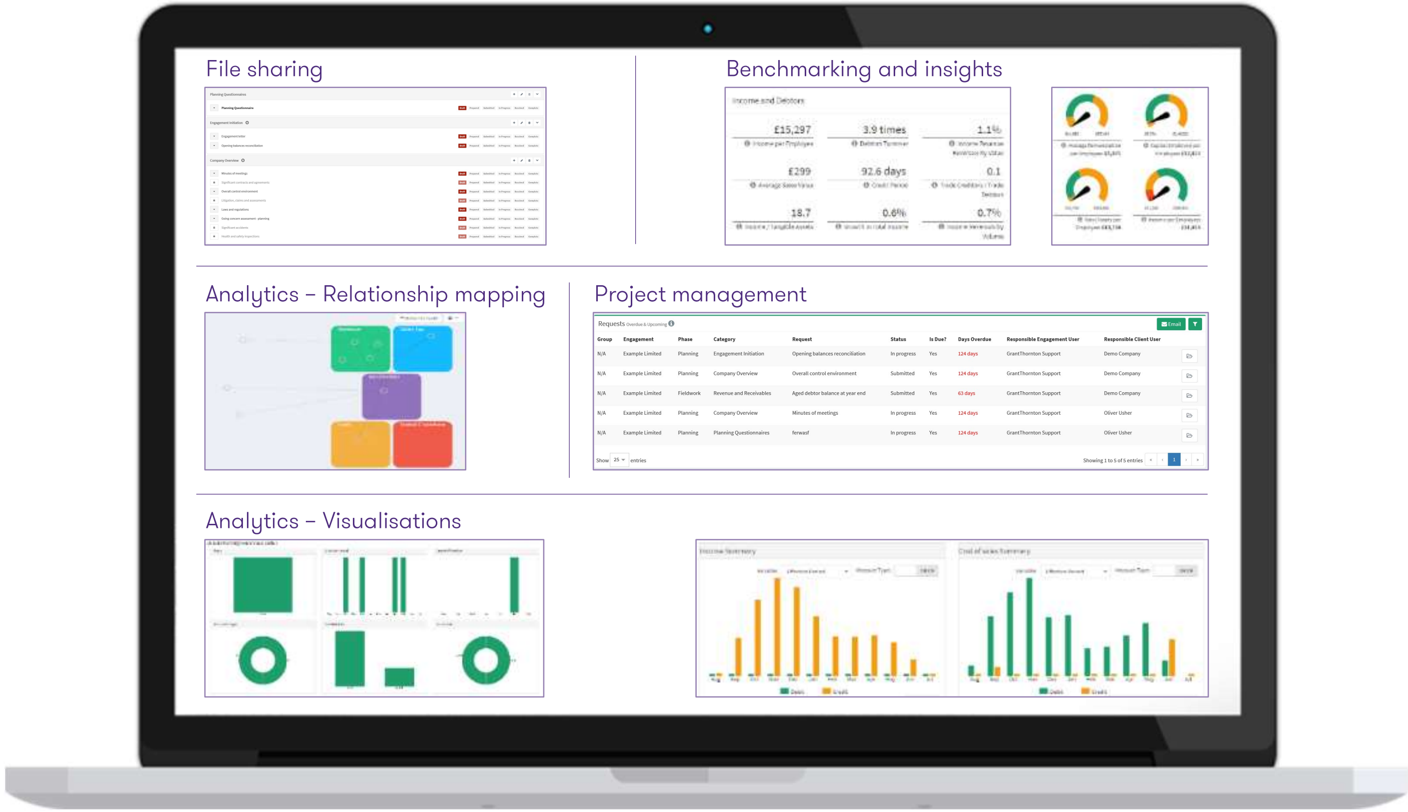


Grant Thornton's Analytics solution is supported by Inflo Software technology

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:

Data extraction

- Real-time access to data
- Easy step-by-step guides to support you upload your data

File sharing

- Task-based ISO 27001 certified file sharing space, ensuring requests for each task are easy to follow
- Ability to communicate in the tool, ensuring all team members have visibility on discussions about your audit, reducing duplication of work

Project management

- Facilitates oversight of requests
- Access to a live request list at all times

Data analytics

- Relationship mapping, allowing understanding of whole cycles to be obtained quickly
- Visualisation of transactions, allowing easy identification of trends and anomalies

How will analytics add value to your audit?

Analytics will add value to your audit in a number of ways. We see the key benefits of extensive use of data analytics within the audit process to be the following:

Improved fraud procedures using powerful anomaly detection

Being able to analyse every accounting transaction across your business enhances our fraud procedures. We can immediately identify high risk transactions, focusing our work on these to provide greater assurance to you, and other stakeholders.

Examples of anomaly detection include analysis of user activity, which may highlight inappropriate access permissions, and reviewing seldom used accounts, which could identify efficiencies through reducing unnecessary codes and therefore unnecessary internal maintenance.

Another product of this is identification of issues that are not specific to individual postings, such as training requirements being identified for members of staff with high error rates, or who are relying on use of suspense accounts.

More time for you to perform the day job

Providing all this additional value does not require additional input from you or your team. In fact, less of your time is required to prepare information for the audit and to provide supporting information to us.

Complete extracts from your general ledger will be obtained from the data provided to us and requests will therefore be reduced.

We provide transparent project management, allowing us to seamlessly collaborate with each other to complete the audit on time and around other commitments.

We will both have access to a dashboard which provides a real-time overview of audit progress, down to individual information items we need from each other. Tasks can easily be allocated across your team to ensure roles and responsibilities are well defined.

Using filters, you and your team will quickly be able to identify actions required, meaning any delays can be flagged earlier in the process. Accessible through any browser, the audit status is always available on any device providing you with the information to work flexibly around your other commitments.

Grant Thornton

grantthornton.co.uk

Report to Pension Fund Committee

Date: 21st March 2023

Title: **Triennial Actuarial Valuation**

Author and/or contact officer: Julie Edwards, Pensions and Investments Manager

Recommendations: **The Committee is asked to note the Buckinghamshire Pension Fund Actuarial Valuation as at 31st March 2022.**

1. Executive summary

1.1 Every three years the actuary carries out an actuarial valuation, the most recent valuation is based on 31st March 2022. The purpose of the valuation is to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund for the period 1st April 2023 to 31st March 2026. On 31st March 2022 the Fund had assets to sufficient to cover 104% of the accrued liabilities as at 31st March 2022.

2. Content of report

2.1 The actuary carries out an actuarial valuation every three years to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund, a copy of the draft valuation report is attached as Appendix 1. The actuary will issue a final report on 31st March 2023. The Fund had assets of £3.91bn sufficient to cover 104% of the accrued liabilities as at 31st March 2022, an increase from 94% at the 31st March 2019 valuation. Investment returns have been strong since the previous valuation, but gains in the funding position have been partially offset by a reduction in future anticipated investment returns net of inflation.

2.2 Individual employer contribution rates are set out in the Rates and Adjustments Certificate, pages 34 to 49 of the appendix. The average primary rate, the rate required to meet the cost of future accrual of benefits, across the whole fund is 19.7% of payroll. The secondary rate is an adjustment to the primary rate to arrive at the total rate each employer is required to pay to allow for deficit recovery.

2.3 The key assumptions used are a discount rate assumption of 4.6% per annum and a Consumer Price Index (CPI) inflation of 2.9% per annum, the assumptions are detailed in pages 23 to 26 of the appendix.

2.4 There have been a number of important regulatory changes since the 2019 valuation including McCloud, Cost Management and Climate risk. Details of how the actuary has approached each change is detailed in pages 27 to 30 of the appendix.

3. Other options considered

3.1 Not applicable

4. Legal and financial implications

4.1 The Fund's employers have been notified individually of their employer contributions for the period 1st April 2023 to 31st March 2026.

5. Consultation and communication

5.1 Employers in the Fund have all received an individual report outlining their funding position and employer contributions for the three financial years 2023/24 to 2025/26.

6. Next steps and review

6.1 The actuary will issue a final report on 31st March 2023. The next actuarial triennial valuation will take place based on 31st March 2025.

VALUATION REPORT

Buckinghamshire Pension Fund

Actuarial valuation as at 31 March 2022

Graeme D Muir FFA

Roisin McGuire FFA

Barnett Waddingham LLP

10 March 2023

Appendix

Contents

Executive summary

Some of the key results contained within this report are set out below:

1. Funding position

Using the agreed assumptions, the Fund had assets sufficient to cover 104% of the accrued liabilities as at 31 March 2022, which has increased from 94% at the 2019 valuation.

2. Contributions

Individual employer contributions are set out in Appendix 5 in the Rates and Adjustments Certificate to cover the period from 1 April 2023 to 31 March 2026. No employer is permitted to pay their deficit over a period greater than 11 years from 1 April 2023.

3. Method and assumptions

The resulting method and assumptions are set out in Appendix 2 and we believe they are appropriate for the 31 March 2022 valuation. The key assumptions used are a discount rate assumption of 4.6% p.a. and a CPI inflation assumption of 2.9% p.a.

4. Investment performance

Investment returns have been strong since the previous valuation, but gains in the funding position have been partially offset by a reduction in future anticipated investment returns net of inflation (i.e. a reduction in the real discount rate).

5. Regulatory changes

There have been a number of important regulatory changes since the 2019 valuation including McCloud, Cost management and Climate risk.

Details of how we have approached each change is detailed in this report.

Background

We have been asked by Buckinghamshire Council, the administering authority for the Buckinghamshire Pension Fund (the Fund), to carry out an actuarial valuation of the Fund as at 31 March 2022. The Fund is part of the Local Government Pension Scheme (LGPS), a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 (the Regulations) as amended.

The purpose of the valuation is to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund for the period from 1 April 2023 to 31 March 2026 as required under Regulation 62 of the Regulations.

This report summarises the results of the valuation and is addressed to the administering authority of the Fund. It is not intended to assist any user other than the administering authority in making decisions or for any other purpose and neither we nor Barnett Waddingham LLP accept liability to third parties in relation to this advice.

This report is provided further to earlier advice dated 4 October 2022 which set out the background to the valuation and explained the underlying methods and assumptions derivation.

This advice complies with Technical Actuarial Standards (TASs) issued by the Financial Reporting Council – in particular TAS 100: Principles for Technical Actuarial Work and TAS 300: Pensions.

We would be pleased to discuss any aspect of this report in more detail.

Valuation methodology

Setting contributions

The contribution rates consist of two elements, the primary rate and the secondary rate:

- The **primary rate** for each employer is the employer's future service contribution rate (i.e. the rate required to meet the cost of future accrual of benefits) expressed as a percentage of pay.
- The **secondary rate** is an adjustment to the primary rate to arrive at the total rate each employer is required to pay (for example, to allow for deficit recovery). The secondary rate may be expressed as a percentage of pay or a monetary amount.

Regulation 62 specifies four requirements that the actuary "must have regard" to:

1. The existing and prospective liabilities arising from circumstances common to all those bodies
2. The desirability of maintaining as nearly a constant a primary rate as possible
3. The current version of the administering authority's Funding Strategy Statement (FSS)
4. The requirement to secure the "solvency" of the pension fund and the "long-term cost efficiency" of the Scheme, so far as relating to the pension fund

The wording of the second objective is not ideal in that it appears to be aimed towards the primary rate rather than taking into account the surplus or deficit of the employer. We believe that if we achieve reasonably stable total individual employer rates (which seems like a preferable objective) then we will also meet the regulatory aim.

CIPFA's FSS guidance includes further details, summarised as follows:

- **"solvency"** means ensuring that employers are paying in contributions that cover the cost of benefit accrual and target a fully funded position over an appropriate time period using appropriate actuarial assumptions, and
- **"long-term cost efficiency"** means that employers have the financial capacity to increase contributions (or there is an alternative plan in place) should contributions need to be increased in future.

Assumptions used

We have considered these four requirements when providing our advice and choosing the method and assumptions used.

A number of reports and discussions have taken place with the administering authority and, where required, its investment advisors before agreeing the assumptions to calculate the results and set contribution rates. In particular:

- The initial results report dated 4 October 2022 provides information and results on a whole fund basis as well as background to the method and derivation of the assumptions.
- The climate analysis report dated 18 November 2022 which considers climate risk in the context of the Fund's 2022 actuarial valuation. It considers whether the 2022 valuation funding strategy is sufficiently robust in the context of this climate scenario analysis and any potential contribution impacts.
- The FSS which will confirm the approach in setting employer contributions.

Note that not all of these documents may be in the public domain and may be restricted to the administering authority which has no obligation to share them with any third parties.

The assumptions detailed in this report have been agreed with the administering authority. The Fund's FSS has been reviewed in collaboration with the administering authority to ensure that it is consistent with this approach. The FSS complies with the latest version of CIPFA's FSS guidance but we understand that this guidance is currently under review by the Scheme Advisory Board's Compliance and Reporting Committee. This updated guidance had not come into effect as at the date of this report.

We confirm that in our opinion the agreed assumptions are appropriate for the purpose of the valuation. Assumptions in full are set out in Appendix 2.

Valuation of liabilities

To calculate the value of the liabilities, we estimate the future cashflows which will be made to and from the Fund throughout the future lifetime of existing active members, deferred benefit members, pensioners and their dependants. We then discount these projected cashflows using the discount rate which is essentially a calculation of the amount of money which, if invested now, would be sufficient together with the income and growth in the accumulating assets to make these payments in future, using our assumption about investment returns.

This amount is called the present value (or, more simply, the value) of members' benefits. Separate calculations are made in respect of benefits arising in relation to membership before the valuation date (past service) and for membership after the valuation date (future service).

To produce the future cashflows or liabilities and their present value we need to formulate assumptions about the factors affecting the Fund's future finances such as inflation, salary increases, investment returns, rates of mortality and staff turnover etc.

The assumptions used in projecting the future cashflows in respect of both past service and future service are summarised in Appendix 2.

Valuation of assets

We have been provided with Fund accounts for each of the three years to 31 March 2022.

The market asset valuation as at 31 March 2022 was £3.91bn. Please note that this excludes members' additional voluntary contributions (AVCs).

For the purposes of the valuation, we use a smoothed value of the assets rather than the market value. The financial assumptions that we use in valuing the liabilities are smoothed around the valuation date so that the market conditions used are the average of the daily observations over the period 1 January 2022 to 30 June 2022. Therefore, we value the assets in a consistent way and apply the same smoothing adjustment to the market value of the assets.

The smoothed asset valuation as at 31 March 2022 was £3.85bn. This was based on a smoothing adjustment of 98.5%. More detail can be found in Appendix 1.

The Fund's long-term investment strategy has been taken into consideration in the derivation of the discount rate assumption. The investment strategy is set out in the Fund's Investment Strategy Statement (ISS) that should be made publicly available on the Fund's website.

Previous valuation results

The previous valuation was carried out as at 31 March 2019 by Barnett Waddingham. The results are summarised in the valuation report dated 31 March 2020 and reported a deficit of £186m.

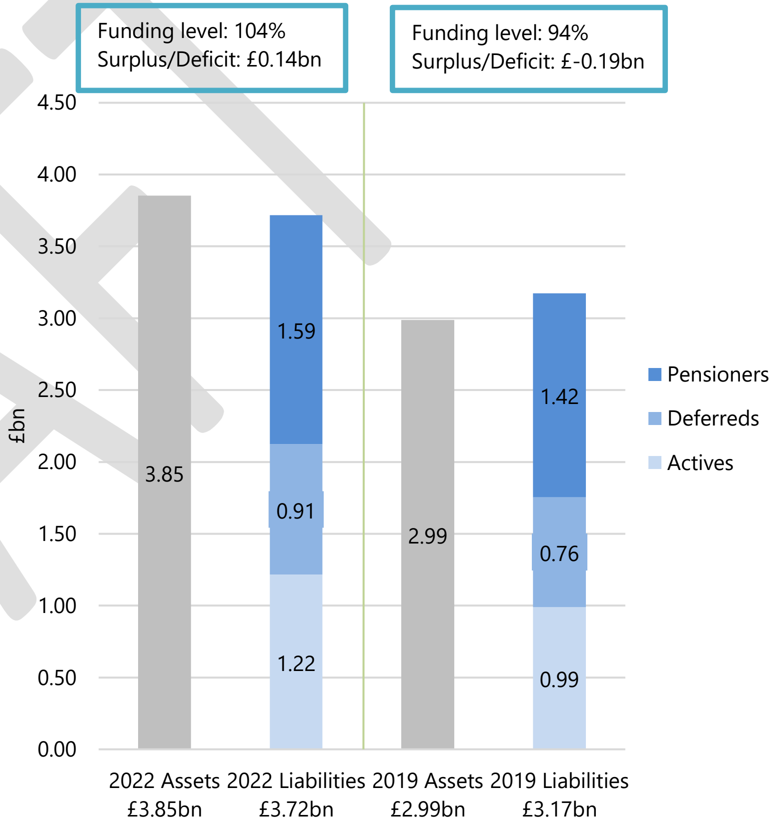
Results

Funding position

A comparison is made of the value of the existing assets with the value of the accrued liabilities. If there is an excess of assets over the liabilities then there is a surplus. If the converse applies there is a deficit.

Using the assumptions summarised in Appendix 2, the funding position is set out in the graph below. This shows the funding position of the Fund at the current and previous valuation dates.

There was a surplus of £137m in the Fund at the valuation date, corresponding to a funding level of 104%.



Contribution rates

Primary rate

Using the assumptions summarised in Appendix 2, the resulting average primary rate across the whole Fund is set out in the table below (after allowing for member contributions). This includes a comparison to the primary rate at the previous valuation.

The primary rate for the whole Fund is the weighted average (by Pensionable Pay) of the individual employers' primary rates.

Primary rate	2022 valuation of payroll p.a.	2019 valuation of payroll p.a.
Average total future service rate	26.3%	24.7%
Less average member rate	-6.6%	-6.5%
Fund primary rate	**19.7%**	**18.2%**

Active members pay contributions to the Fund as a condition of membership in line with the rates required under the Regulations.

Please note that expenses are allowed for in the derivation of the discount rate and therefore we make no explicit allowance in the primary rate for expenses.

Secondary rate

The secondary rate is an adjustment to the primary rate to arrive at the total rate each employer is required to pay (for example, to allow for deficit recovery). Where there is a deficit, contributions should be set to restore the funding positions to 100% over an agreed "recovery period".

The recovery period for individual employers varies across the Fund. The administering authority's approach to setting recovery periods is set out in the FSS. Where there is a surplus, this may also be reflected in contribution rates in line with the Fund's FSS.

The primary and secondary rate of the individual employer contributions payable are set out in the Rates and Adjustments Certificate in Appendix 5. These will differ from the primary rate set out above as well as varying from each other as they are either based on the employer's own membership and experience or they are the employer's share of the contributions payable within a pool of employers.

In Appendix 5 we also disclose the sum of the secondary rates for the whole Fund for each of the three years beginning 1 April 2023.

The secondary contributions agreed with the administering authority have been set at this valuation in order to restore the Fund to a funding position of 100% by no later than 2034.

Projected funding position

Based on the assumptions as set out in Appendix 2 and the contributions certified and set out in Appendix 5, we estimate that the funding position of the whole fund may increase to 106% by 31 March 2025, the next valuation date. This projection is based on the assumptions made for this valuation and contributions being paid at the agreed amounts. This projection does not allow for any actual experience since 31 March 2022 nor any other risks or uncertainties. Some of these additional risks are set out later in this report and in Appendix 3.

Standardised basis

Following the funding valuation, a "Section 13" report (prepared under Section 13 of the Public Service Pensions Act 2013) will be prepared to report on whether the following aims are achieved: compliance, consistency, solvency and long-term cost efficiency, and to identify any funds that cause concerns.

As part of our calculations we have considered the results on a standardised basis as set by the Scheme Advisory Board (SAB). We are required to provide the SAB with the results for the Fund for comparison purposes.

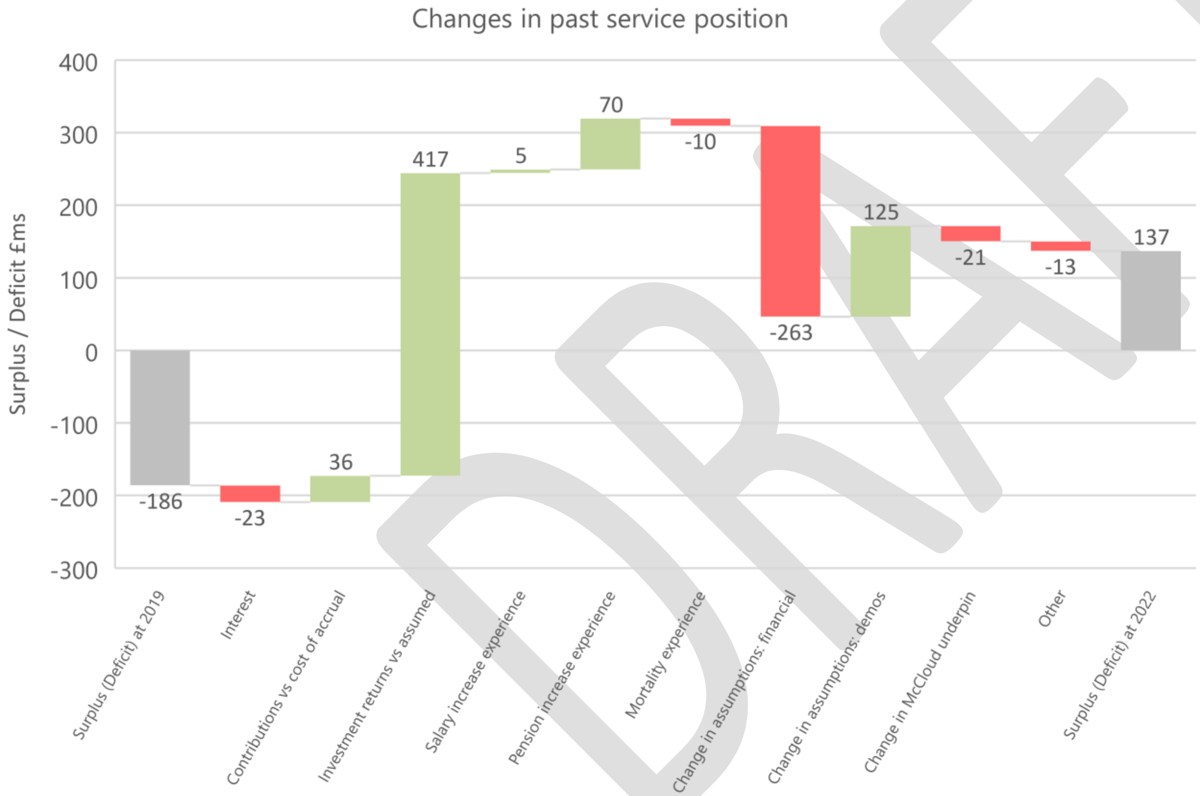
The standardised basis is set using assumptions advice from the Government Actuary's Department (GAD) with some of the assumptions used being set locally (such as mortality) and some are set at Scheme level (including all the financial assumptions). It is not used to set contributions as it does not reflect the Fund's investment strategy or the administering authority's attitude to risk; contributions are set using the funding basis.

The results on the standardised basis as at 31 March 2022 are set out in the dashboard in Appendix 4. The dashboard should assist readers in comparing LGPS valuation reports and the information will be used by GAD in their "Section 13" report.

Reconciliation to previous valuation

Funding position

The previous valuation revealed a deficit of £186m. The key factors that have influenced the funding level of the Fund over the period are illustrated in the chart below.



Experience

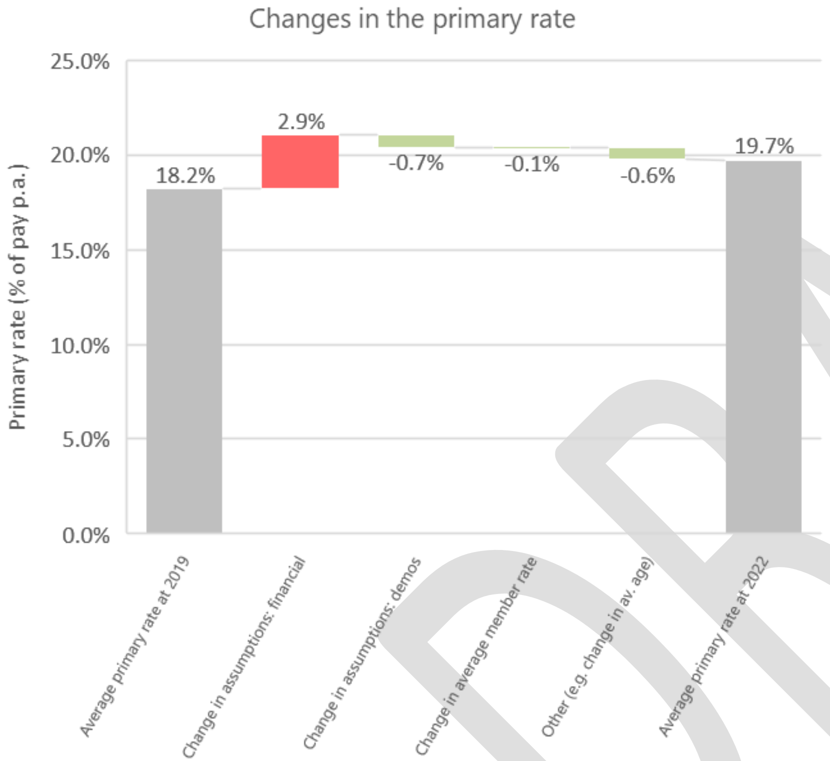
- Investment returns have been strong since 2019 leading to a gain of £417m.
- Contributions paid were higher than the cost of benefits accrued as the employers made deficit contributions resulting in a gain of £36m.
- Pension increases were lower than assumed with some offset from salary increases being greater than assumed, resulting in a small gain of £70m.

Assumptions

- A review of the financial assumptions combined with the change in market conditions resulted in an increase in the deficit of £263m.
- The overall impact of mortality and other demographic assumptions was a gain of £125m.

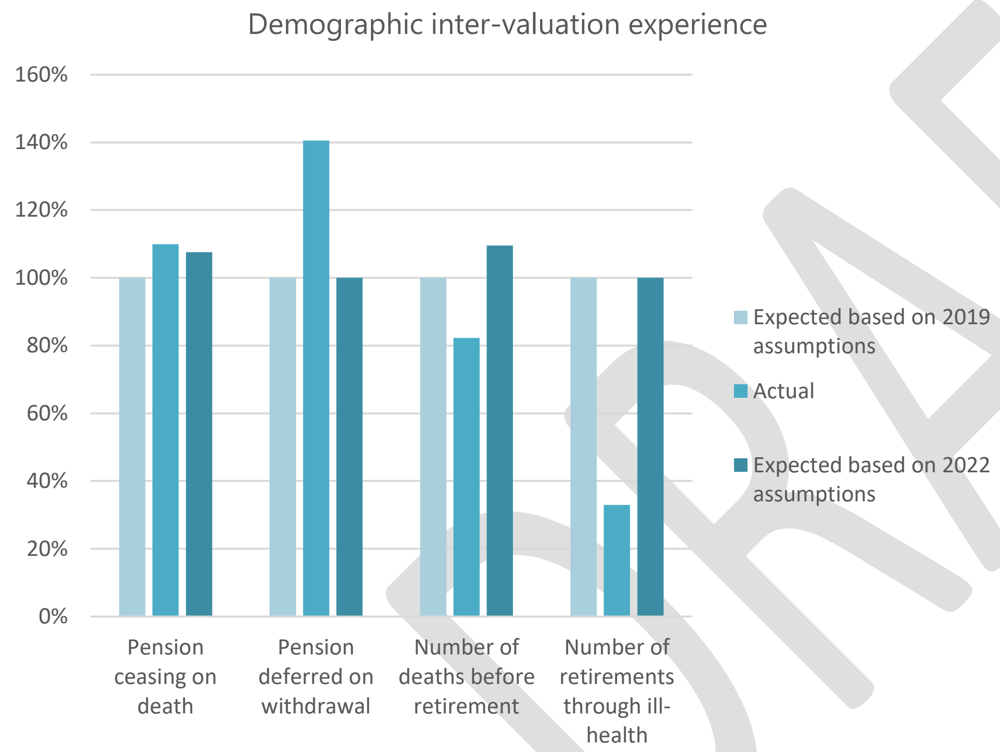
Primary contribution rate

The previous valuation resulted in an average primary rate of 18.2% of Pensionable Pay. The reasons for the change in the cost of future benefit accrual are set out in the reconciliation chart below.



Comparing experience with assumptions

A comparison of the actual demographic experience of members of the Fund over the intervaluation period, with that assumed by the assumptions adopted at the last valuation in 2019 is shown in the graph below. The graph also shows how the assumptions adopted for this valuation would have compared with those adopted at 2019.



Sensitivities to the liabilities

The results set out in this report are based on a particular set of assumptions. The actual cost of providing the benefits will depend on the actual experience, which could be significantly better or worse than assumed. The sensitivity of the results to some of the key assumptions is set out in the table below.

The figures in the table are shown relative to the surplus of £137m and funding level of 104% on the agreed funding basis.

2022 sensitivity analysis of funding position	2022 Valuation basis £bn	Decrease discount rate by 0.1% p.a. £bn	Increase CPI inflation by 0.1% p.a. £bn	Increase salary assumption by 0.5% p.a. £bn	Increase long-term rate of mortality improvement by 0.25% p.a. £bn	Increase initial addition to mortality improvement by 0.5% £bn	Decrease 2020/21 weighting parameter by 5% £bn
Smoothed asset value	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Total past service liabilities	3.72	3.78	3.78	3.75	3.75	3.77	3.74
Surplus / (Deficit)	**0.14**	**0.07**	**0.08**	**0.10**	**0.11**	**0.09**	**0.12**
Funding level	**104%**	**102%**	**102%**	**103%**	**103%**	**102%**	**103%**

Sensitivities to the primary contribution rate

The calculated primary contribution rate required to fund benefits as they are earned from year to year will also be affected by the particular set of assumptions chosen. The sensitivity of the primary rate to changes in some key assumptions is shown below. Please note that the primary rate set out below does not include any adjustment via the secondary rate. The total contribution rate payable by employers will be a combination of the primary rate and a secondary rate adjustment, further details can be found in Appendix 5.

The figures in the table are shown relative to the primary rate of 19.7% of Pensionable Pay on the agreed funding basis.

2022 sensitivity analysis of primary rate	2022 Valuation basis % of payroll p.a.	Decrease discount rate by 0.1% p.a. % of payroll p.a.	Increase CPI inflation by 0.1% p.a. % of payroll p.a.	Increase long-term rate of mortality improvement by 0.25% p.a. % of payroll p.a.	Increase initial addition to mortality improvement by 0.5% % of payroll p.a.	Decrease 2020/21 weighting parameter by 5% % of payroll p.a.
Average total future service rate	26.3%	27.0%	27.0%	26.6%	26.6%	26.4%
Less average member rate	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
Fund primary rate	**19.7%**	**20.5%**	**20.5%**	**20.0%**	**20.0%**	**19.9%**

Further comments

Funding Strategy Statement (FSS)

The assumptions used for the valuation have been documented in a revised Funding Strategy Statement agreed between the Fund Actuary and the administering authority.

Risks

There are many factors that affect the Fund's funding position and could lead to the Fund's funding objectives not being met within the timescales expected. Some of the key risks that could have a material impact on the Fund are:

- Employer covenant risk
- Investment risk
- Inflation risk
- Mortality risk
- Member options risk
- Regulatory risk
- Climate risk

The sensitivity of the funding results to some of these risks was set out in the sensitivities section of this report. Please note that this is not an exhaustive list. Further information on these risks and more can be found in our initial results report and will be set out in greater detail in the FSS.

Post valuation events

Since the valuation date, there has been some significant market turbulence including material increases in short-term inflation and gilt yields. There is an ongoing cost of living crisis, as well as political turmoil.

However, our funding model is designed to help withstand short-term volatility in markets as it is a longer-term model. We use smoothed assumptions over a six-month period with the ultimate aim of setting stable contributions for employers. The valuation approach and assumptions are not based on gilt yields and the discount rate is derived from the long-term future expected returns on each asset class with a deduction for uncertainty and risk (our prudence adjustment). Therefore, at this stage, the anticipated effect on the long-term funding position is not significant enough to revise our approach.

Nevertheless, due to the ongoing uncertainty around the shorter-term impact of these issues, we have considered these issues in setting the employer contribution rates to ensure that contributions in to the Fund remain appropriate. Most notably, high inflation will have a significant impact in the short term as higher levels of pensions in payment will need to be paid out of the Fund as a result of the anticipated increase of 10.1% in April 2023.

We will continue to monitor the Fund's funding position and raise any individual employer cases with the Fund that we consider need any special attention. The impact of these events will be fully considered as part of the 2025 valuation when we revisit employer contributions.

The next formal valuation is due to be carried out as at 31 March 2025 however we would recommend that the financial position of the Fund is monitored regularly during the period leading up to the next formal valuation.

Rates and Adjustments Certificate

The contributions payable in respect of benefit accrual and any deficit contributions under each employer's recovery period have been set out in Appendix 5 in the Rates and Adjustments Certificate in accordance with Regulation 62 of the Regulations and cover the period from 1 April 2023 to 31 March 2026. In this certificate no allowance will be made for additional costs arising which need to be met by additional contributions by the employer such as non-ill health early retirements.

The contributions in the Rates and Adjustments Certificate are set so that each employer's assets (including future contributions) are projected to be sufficient to cover the benefit payments for their members, on the assumptions set out in this report. Where there is currently a deficit for an individual employer, recovery of this deficit is targeted in line with the Fund's FSS and all employers are projected to be fully funded after a recovery period length of no more than 11 years from 1 April 2023.

This document has been agreed between the administering authority and the Fund Actuary. Contributions have been set which in our opinion meet the regulatory requirements and the funding objectives set out in the Fund's FSS.

This report must be made available to members on request.

Graeme D Muir FFA
Partner
Barnett Waddingham LLP

Roisin McGuire FFA
Associate
Barnett Waddingham LLP

Appendix 1 Summary of data and benefits

Membership data

The membership data has been provided to us by the administrators of the Fund. We have relied on information supplied by the administrator and the administering authority being accurate. The membership data has been checked for reasonableness and we have compared the membership data with information in the Fund's accounts. The numbers in the tables below relate to the number of records and so will include members in receipt of, or potentially in receipt of, more than one benefit.

Any missing or inconsistent data has been queried with the Fund and estimated where necessary. Whilst this should not be seen as a full audit of the data, we are happy that the data is sufficiently accurate for the purposes of the valuation.

Benefits

Full details of the benefits being valued are set out in the Regulations as amended and summarised on the [LGPS website (https://www.lgpsmember.org/).](https://www.lgpsmember.org/) We have made no allowance for discretionary benefits.

Membership summary

A summary of the membership data used in the valuation is as follows. The membership data from the previous valuation is also shown for comparison. Please note that the average ages are weighted by liability.

Data used	Data at 31 March 2022			Data at 31 March 2019		
Active members	Number	Pensionable pay £m	Average age	Number	Pensionable pay £m	Average age
Males	5,305	158	52	4,830	134	53
Females	19,754	376	52	18,333	319	52
Total	25,059	534	52	23,163	453	52
Deferred members (including undecided)	Number	Pension £m	Average age	Number	Pension £m	Average age
Males	7,920	16	51	7,362	14	51
Females	30,088	39	52	27,885	33	51
Total	38,008	55	52	35,247	48	51
Pensioner and dependant members	Number	Pension £m	Average age	Number	Pension £m	Average age
Males	6,798	47	70	6,308	44	71
Females	15,183	60	69	13,143	50	68
Total	21,981	107	69	19,451	94	70

Projected retirements

In the table below we have set out the number of members who are assumed to reach retirement age over the period from 1 April 2022 to 31 March 2026 as required under the Regulations.

Members may retire for a number of reasons including reaching normal retirement age, retiring through ill-health or redundancy. The amounts set out in the table below are the new retirement benefit amounts, as at the current valuation date that are assumed to come into payment in each of the intervaluation years.

Projected new benefits		
Year to	Number of members	Retirement benefits £m's
31 March 2023	1,450	11
31 March 2024	1,607	11
31 March 2025	1,753	12
31 March 2026	1,484	9

Guaranteed Minimum Pension (GMP) equalisation and indexation

On 23 March 2021, the Government published the outcome to its GMP Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016. Details of the consultation outcome can be found here.

As with the previous valuation, we have assumed that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that the Fund will be required to pay the entire inflationary increase. We are comfortable that our approach is consistent with the consultation outcome.

Appendix 2 Summary of assumptions

A summary of the assumptions adopted for the valuation at 31 March 2022 and as at 31 March 2019 is set out below.

Assumptions		2022 valuation	2019 valuation
Financial assumptions			
CPI inflation		2.9%	2.6%
Salary increases		3.9%	3.6%
Discount rate		4.6%	4.8%
Pension increases on GMP		Funds will pay limited increases for members reaching SPA by 6 April 2016, and full increases for others	
Demographic assumptions			
Post-retirement mortality			
	Base table pensioners	110% (M) / 95% (F) of S3PA	110% (M) / 95% (F) of S3PA
	Base table dependants	105% (M) / 95% (F) of S3DA tables	95% (M) / 80% (F) of S3DA tables
	CMI Model	CMI 2021	CMI 2018
	Long-term rate of improvement	1.25%	1.25%
	Smoothing parameter	7.0	7.5
	Initial addition to improvement	0%	0.5%
	2020/21 weighting parameter	5%	n/a
Retirement assumption		Weighted average	Weighted average
Pre-retirement decrements		GAD 2016 scheme val: no salary scale, 50% multiplier to ill-health rates and 115% multiplier to pre-retirement mortality rates	GAD 2016 scheme val: no salary scale, 50% multiplier to ill-health rates and 115% multiplier to pre-retirement mortality rates
50:50 assumption		Member data	Member data
Commutation		50% of max	50% of max
Family statistics			
	% with qualifying dependant	75% (M) / 70% (F)	75% (M) / 70% (F)
	Age difference	3 years	3 years

Demographic assumptions – sample rates

The following tables set out some sample rates of the demographic assumptions used in the calculations. These sample rates are based on those set by the Government Actuary's Department (GAD) based on analysis of the Local Government Pension Scheme (LGPS) in England and Wales.

Allowance for ill-health early retirements

A small proportion of members are assumed to retire early due to ill health. In the table below we set out an extract of some sample rates from the GAD tables used:

Age	Males	Females
25	0.01%	0.00%
30	0.01%	0.01%
35	0.02%	0.01%
40	0.04%	0.03%
45	0.09%	0.06%
50	0.18%	0.13%
55	0.36%	0.28%
60	0.74%	0.62%
65	1.51%	1.34%

Please note the above rates are the raw decrements as set by GAD. Our assumption is that there will be 50% of the number of ill-health retirements assumed by GAD.

The proportion of ill-health early retirements falling into each tier category has been assumed to be as follows for both males and females:

Tier 1	Tier 2	Tier 3
75%	15%	10%

Death before retirement

A small number of members are assumed to die before reaching retirement age. In the table below we set out an extract of some sample rates from the GAD tables used:

Age	Males	Females
25	0.02%	0.01%
30	0.03%	0.01%
35	0.05%	0.02%
40	0.06%	0.03%
45	0.09%	0.05%
50	0.13%	0.08%
55	0.21%	0.12%
60	0.32%	0.19%
65	0.5%	0.29%

Please note the above rates are the raw decrements as set by GAD. We have applied a 115% multiplier to the rates assumed by GAD.

Allowance for withdrawals

This assumption is regarding active members who leave service to move to deferred member status. Active members are assumed to leave service at the following sample rates:

Age	Males	Females
25	9.21%	10.17%
30	7.25%	8.07%
35	5.70%	6.40%
40	4.48%	5.07%
45	3.53%	4.03%
50	2.78%	3.19%
55	2.18%	2.53%
60	1.72%	2.01%
65	1.35%	1.59%

Appendix 3 Regulatory uncertainties

There are currently a few important regulatory uncertainties surrounding the 2022 valuation as follows:

- Effect of the McCloud and Sargeant cases;
- Cost management reviews which could affect future and historic LGPS benefits;
- Change in timing of future actuarial valuations from a triennial cycle; and
- Climate change risks and opportunities.

Although it is unclear what impact these uncertainties will have on the future benefits of individual members, we have considered these issues in the assumptions used to set the contribution rates for employers.

McCloud

When the Government reformed public service pension schemes in 2014 and 2015 they introduced protections for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. A consultation has been run in relation to the changes proposed for the LGPS and legislation is now being drafted to bring forward these changes. We understand the updated Regulations are to be consulted on in 2023 with the earliest effective date expected to be October 2023.

For the 2022 valuation, as instructed by the Department of Levelling Up, Housing and Communities (DLUHC), we have assumed that the legislation will bring forward the changes as currently proposed, and we have valued the benefits in line with this. The data extracts received for valuation purposes did not include the full pay or service history we require to value the cost of the anticipated benefit changes. We therefore made estimates (for active members only) based on the information that is held in data extract provided. Our estimates involve projecting members CARE benefits against the equivalent final salary benefit to determine, for each active member, whether the underpin may bite and the liability value if it does. There still remains uncertainty over the long-term effects of the McCloud judgment but where data has been available, we have been able to estimate the impact of McCloud on individual employers and funding positions and contributions have been set accordingly.

Change in timing of future actuarial valuations from a triennial cycle

In 2019, the Ministry of Housing, Communities & Local Government (as it was then known, now known as DLUHC) issued a consultation which included moving from a triennial to quadrennial valuation cycle from 2024. The issue remains outstanding and we have produced this report on the basis of a triennial valuation cycle.

Cost management reviews

There remain uncertainties around the 2016 and 2020 cost management exercises. Although we understand that the Scheme Advisory Board (SAB) will not be recommending any Scheme changes, this is still to be announced. However, we anticipate the impact of any changes to be small and therefore we have not made an explicit allowance for these.

Further cost management reviews will be carried out and may lead to future benefit changes. However, as the aim of this monitoring is to keep the cost of benefits within an affordable range, we can be relatively comfortable that future reviews will not have a significant impact on the value we currently place on the liabilities, therefore we have not made an explicit allowance for these.

Climate change risks and opportunities

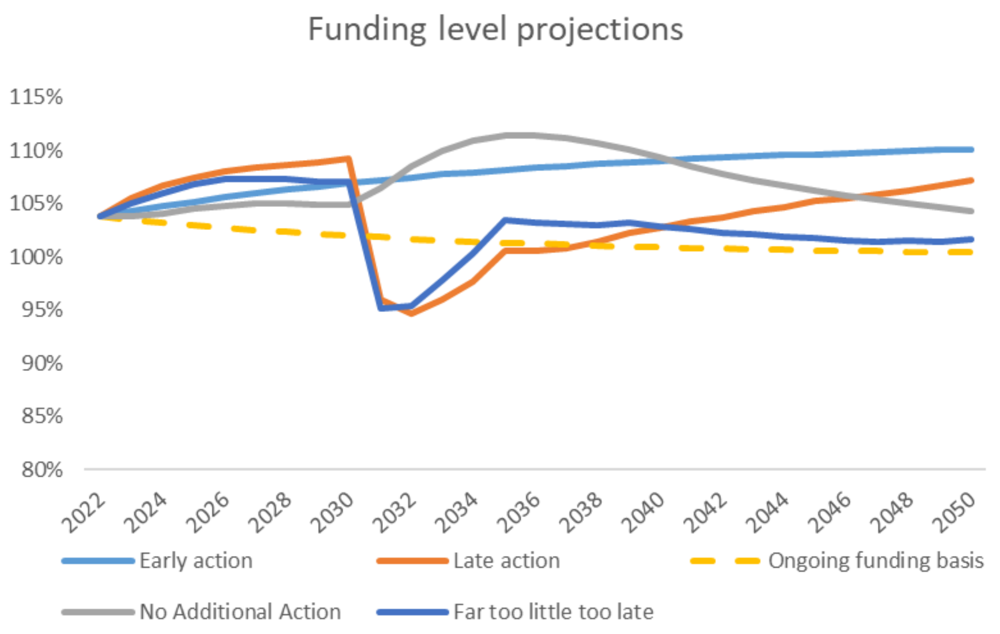
Climate risk is an important consideration for the 2022 valuation. As part of the 2022 valuation process we have used scenario analysis to identify the impact of shorter term climate risk (transition risk) and longer term climate risk (physical risk) on the Fund's potential funding outcomes. This analysis was developed for LGPS funds based on the Department for Work and Pensions regulations, as we await final regulations which apply directly to the LGPS. The analysis was discussed with GAD, who agreed a set of four key principles for how LGPS funds would undertake climate change scenario analysis as part of the 2022 valuation.

Our analysis considered the potential impact on the future investment return outlook (and therefore discount rate) and inflation (and therefore inflation-linked assumptions), for the purpose of projecting asset and liability values and primary rates. We have also considered additional elements such as the potential impact on life expectancy changes and employer covenant. The analysis supports the level of prudence in the funding strategy.

Under the Key principles, it was agreed that each fund should select two scenarios to consider as a minimum including: “Paris-aligned” and higher temperature outcome, and compare these to the funding basis.

- “Paris-aligned” is an optimistic basis which assumes that good progress is made towards the ambitions made in the 2015 Paris Agreement.
- A higher temperature outcome assumes that no new climate policies are introduced beyond those already agreed, resulting in a growing concentration of greenhouse gas emissions and a larger increase in global temperatures.

Our analysis considers four scenarios which are detailed in our climate scenario analysis report. The impact of the on the funding position of each scenario is considered in the projected funding level graph below.



Our “early action” scenario aims to represent a “Paris-aligned” scenario, and our “no additional action” scenario represents a higher temperature outcome.

One of the other key principles agreed with GAD was for results to be considered over a period of at least 20 years. The funding level is projected over a period of 30 years as can be seen in the graph above.

Detail on the Fund's approach will also be included in the FSS.

COVID-19 crisis

The 2019 valuation report and Rates and Adjustments Certificate were finalised during the early stages of the COVID-19 crisis. Due to the timing of events, no adjustment was made to the 2019 results. There still remains uncertainty over the long-term effects of COVID-19 but where data has been available, we have been able to consider the impact of COVID-19 on individual funds through the longevity analysis and in setting the mortality assumptions for the Fund. On balance, we would expect the pandemic to lead to a modest reduction in future improvements in life expectancy.

Therefore, we are comfortable that contributions have been set appropriately to allow for COVID-19, based on the data available. More data will be available at the next formal valuation in 2025 where we will update our analysis. We will also continue to monitor the situation during the intervaluation period.

Appendix 4 Dashboard

GAD Dashboard

2022 Funding position - local funding basis		
Funding level (assets/liabilities)	%	103.7%
Funding level (change since previous valuation)	%	9.5%
Asset value used at the valuation	£m	3,854
Value of liabilities	£m	3,717
Surplus (deficit)	£m	137
Discount rate – past service	% pa	4.6%
Discount rate – future service	% pa	4.6%
Assumed pension increases (CPI)	% pa	2.9%
Method of derivation of discount rate, plus any changes since previous valuation		In line with the Funding Strategy Statement
Assumed life expectancies at age 65		
Life expectancy for current pensioners – men age 65	years	21.00
Life expectancy for current pensioners – women age 65	years	23.80
Life expectancy for future pensioners – men age 45	years	22.26
Life expectancy for future pensioners – women age 45	years	25.23
Past service funding position - SAB basis (for comparison purposes only)		
Market value of assets	£m	3,913
Value of liabilities	£m	3,552
Funding level on SAB basis (assets/liabilities)	%	110.2%
Funding level on SAB basis (change since last valuation)	%	8.2%

Contribution rates payable		**2019 Valuation**	**2022 Valuation**
Primary contribution rate	% of pay	18.2%	19.7%
Secondary contribution rate (cash amounts in each year in line with CIPFA guidance)	£m		
Secondary contribution rate - 1st year of rates and adjustment certificate	£m	18.16	8.87
Secondary contribution rate - 2nd year of rates and adjustment certificate	£m	19.36	8.36
Secondary contribution rate - 3rd year of rates and adjustment certificate	£m	20.60	7.92
Giving total expected contributions			
Total expected contributions - 1st year of rates and adjustment certificate (£ figure based on assumed payroll)	£m	103.66	118.12
Total expected contributions - 2nd year of rates and adjustment certificate (£ figure based on assumed payroll)	£m	107.97	121.84
Total expected contributions - 3rd year of rates and adjustment certificate (£ figure based on assumed payroll)	£m	112.44	125.81
Assumed payroll (cash amounts in each year)			
Total assumed payroll - 1st year of rates and adjustment certificate (£m)	£m	469.74	554.55
Total assumed payroll - 2nd year of rates and adjustment certificate (£m)	£m	486.87	576.06
Total assumed payroll - 3rd year of rates and adjustment certificate (£m)	£m	504.62	598.40
3-year average total employer contribution rate	% of pay	22.2%	21.2%
Average employee contribution rate (% of pay)	% of pay	6.5%	6.6%
Employee contribution rate (£ figure based on assumed payroll of £m)	£m pa	30.53	36.33

Deficit recovery and surplus spreading plan		**2019 Valuation**	**2022 Valuation**
Latest deficit recovery period end date, where this methodology is used by the fund's actuarial advisor	Year	15	11
Earliest surplus spreading period end date, where this methodology is used by the fund's actuarial advisor	Year	3	3
The time horizon end date, where this methodology is used by the fund's actuarial advisor	Year	n/a	n/a
The funding plan's likelihood of success, where this methodology is used by the fund's actuarial advisor	Year	n/a	n/a
Percentage of liabilities relating to employers with deficit recovery periods of longer than 20 years	%	0.0%	0.0%

Additional information			
Percentage of total liabilities that are in respect of Tier 3 employers	%		7.3%

Included climate change analysis/comments in the 2022 valuation report	Yes/No	Yes
Value of McCloud impact on the local funding basis	£m	21.45

Appendix 5 Rates and Adjustments Certificate

Regulatory background

In accordance with Regulation 62 of the Local Government Pension Scheme Regulations we have made an assessment of the contributions that should be paid into the Fund by participating employers for the period 1 April 2023 to 31 March 2026.

The method and assumptions used to calculate the contributions set out in the Rates and Adjustments Certificate are detailed in the Funding Strategy Statement and our report on the actuarial valuation dated 10 March 2023.

The primary rate of contribution as defined by Regulation 62(5) for each employer for the period 1 April 2023 to 31 March 2026 is set out in the table overleaf. The primary rate is the employer's contribution towards the cost of benefits accruing in each of the three years beginning 1 April 2023. In addition each employer pays a secondary contribution as required under Regulation 62(7) that when combined with the primary rate results in the minimum total contributions as set out below. This secondary rate is based on their particular circumstances and so individual adjustments are made for each employer.

Primary and secondary rate summary

The primary rate for the Fund is the weighted average (by payroll) of the individual employers' primary rates and is 19.8% p.a. of payroll.

The secondary rates across the entire Fund (as a percentage of projected Pensionable Pay and as a monetary amount) in each of the three years in the period 1 April 2023 to 31 March 2026 is set out in the table below.

Secondary contributions	2023/24	2024/25	2025/26
Total as a % of payroll	1.6%	1.5%	1.3%
Equivalent to total monetary amounts of	£8,888,544	£8,375,366	£7,937,273

These amounts reflect the individual employers' deficit recovery plans.

General and specific notes

Employers may pay further amounts at any time and future periodic contributions, or the timing of contributions, may be adjusted on a basis approved by us as the Fund Actuary. The administering authority, with the advice from us as the Fund Actuary may allow some or all of these contributions to be treated as a prepayment and offset against future certified contributions.

The certified contributions include an allowance for expenses and the expected cost of lump sum death benefits but exclude early retirement strain and augmentation costs which are payable by participating employers in addition.

The monetary amounts are payable in 12 monthly instalments throughout the relevant year unless agreed by the administering authority and an individual employer.

The notes below relate to particular employers and correspond to the letters shown in the specific notes column in the table below.

A. We understand that NFER is engaged in a Deficits Arrangements Agreement with the administering authority dated 9 November 2015 which sets out details of the contributions required from NFER.

B. London & Quadrant Housing Group ceased with effect 4 May 2018 and became a deferred employer. Please see the funding agreement dated 29 July 2015 for more details. As they are currently in surplus, no contributions are due. Further contributions may be certified at the next actuarial valuation.

C. Paradigm Housing ceased with effect 31 March 2023 and became a deferred employer. Please see the deferred debt agreement dated 26 May 2021 for more details. As they are currently in surplus, no contributions are due. Further contributions may be certified at the next actuarial valuation.

Employer code		Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions i.e. primary (% of pay) plus secondary			Specific notes
			(% pay)	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Government bodies										
Buckinghamshire Council										
	2	Buckinghamshire Council	19.6%	5.0%	4.0%	3.0%	24.6%	23.6%	22.6%	
	26	Brookmead School	19.6%	5.0%	4.0%	3.0%	24.6%	23.6%	22.6%	
	28	Overstone Combined School	19.6%	5.0%	4.0%	3.0%	24.6%	23.6%	22.6%	
	37	Loudwater Combined School	19.6%	5.0%	4.0%	3.0%	24.6%	23.6%	22.6%	
	39	Danesfield School	19.6%	5.0%	4.0%	3.0%	24.6%	23.6%	22.6%	

Employer code	Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment) 2023/24	2024/25	2025/26	Total contributions i.e. primary (% of pay) plus secondary 2023/24	2024/25	2025/26	Specific notes
66	The Cottesloe School	19.6%	5.0%	4.0%	3.0%	24.6%	23.6%	22.6%	
67	Brushwood Middle School	19.6%	5.0%	4.0%	3.0%	24.6%	23.6%	22.6%	
68	Castlefield School	19.6%	5.0%	4.0%	3.0%	24.6%	23.6%	22.6%	
174	Bedgrove Infants	19.6%	5.0%	4.0%	3.0%	24.6%	23.6%	22.6%	
Milton Keynes Council									
5	Southwood Middle School	20.1%	-	-	-	20.1%	20.1%	20.1%	
7	Portfields Combined School	20.1%	-	-	-	20.1%	20.1%	20.1%	
9	Glastonbury Thorn First School	20.1%	-	-	-	20.1%	20.1%	20.1%	
10	Germander Park School	20.1%	-	-	-	20.1%	20.1%	20.1%	
13	St Paul's R C School	20.1%	-	-	-	20.1%	20.1%	20.1%	
48	Stanton Middle School	20.1%	-	-	-	20.1%	20.1%	20.1%	
50	Milton Keynes City Council	20.1%	-	-	-	20.1%	20.1%	20.1%	
58	The Radcliffe School	20.1%	-	-	-	20.1%	20.1%	20.1%	
162	Brooksward School	20.1%	-	-	-	20.1%	20.1%	20.1%	
206	Green Park School	20.1%	-	-	-	20.1%	20.1%	20.1%	
255	Bushfield School	20.1%	-	-	-	20.1%	20.1%	20.1%	
256	Wyvern School	20.1%	-	-	-	20.1%	20.1%	20.1%	
Police & Fire									
20	Bucks MK Fire Authority	19.6%	-2.2%	-2.2%	-2.2%	17.4%	17.4%	17.4%	
40	Thames Valley Police	18.5%	-1.9%	-1.0%	-	16.6%	17.5%	18.5%	

Employer code	Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment) 2023/24	2024/25	2025/26	Total contributions i.e. primary (% of pay) plus secondary 2023/24	2024/25	2025/26	Specific notes
Town & Parish Councils									
11	West Bletchley Council	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
12	Bletchley & Fenny Stratford T.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
21	Buckingham Town Council	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
23	Iver Parish Council	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
43	Wooburn and Bourne End P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
44	Newport Pagnell T.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
71	Amersham T.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
72	Aston Clinton P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
73	Beaconsfield T.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
75	Burnham P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
79	Chesham T.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
81	Gerrards Cross P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
82	Marlow T.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
83	Olney T.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
84	Chepping Wycombe P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
86	Lane End P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
87	Wendover P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
111	Wolverton and Greenleys T.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
113	Woburn Sands T.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
114	Aylesbury T.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
117	Little Marlow P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
118	Great Missenden P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
121	Campbell Park P.C	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
124	Princes Risborough T.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	

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125	Stony Stratford T.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
126	Shenley Church End P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
127	Hazlemere P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
130	Shenley Brook End and Tattenhoe P.C	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
131	Stantonbury P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
134	Chesham Bois P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
136	Woughton Community Council	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
138	Winslow T.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
151	Hambleden P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
152	West Wycombe P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
160	Piddington and Wheeler End P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
182	Newton Longville Parish Council	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
205	Loughton & Great Holm Parish Council	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
260	Coldharbour PC	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
274	Broughton & Milton Keynes PC	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
292	Waddesdon P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
294	Penn P.C.	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
298	Weston Turville PC	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
302	Ivinghoe PC	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
308	Taplow PC	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
310	New Bradwell PC	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
311	Kents Hill & Monkston PC	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
319	Bradwell PC	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
327	Mentmore PC	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
343	Little Missenden Parish Council	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	

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	387	Hanslope Parish Council	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
	395	Bow Brickhill Parish Council	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
	396	Marlow Bottom Parish Council	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
	402	Hughenden Parish Council	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
	424	Slapton Parish Council	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
	426	Buckingham Park Parish Council	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
	428	Downley Parish Council	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%	
Further education bodies										
	29	Milton Keynes College	20.3%	-	-	-	20.3%	20.3%	20.3%	
	31	Buckinghamshire College Group	21.0%	-	-	-	21.0%	21.0%	21.0%	
	98	Bucks New University	18.4%	-	-	-	18.4%	18.4%	18.4%	
Academies										
Academy pool										
	145	Milton Keynes Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
	153	Aylesbury Vale Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
	157	Beaconsfield High Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
	164	Oakgrove School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
	172	The Premier Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
	173	Aylesbury Grammar School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
	176	Bourton Meadow Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
	177	Dr Challoner's Grammar School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
	178	Sir William Ramsay School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
	179	Wycombe High School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
	181	Olney Infant Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	

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183	Chalfont St Peter CofE Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
184	Sir William Borlase's Grammar School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
185	Sir Henry Floyd Grammar School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
186	Oxley Park Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
188	John Colet School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
189	Chesham Grammar School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
190	Burnham Grammar School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
191	Amersham School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
192	Royal Latin School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
193	Chiltern Hills Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
194	Highcrest Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
195	Royal Grammar School (Academy)	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
196	Denbigh School (Academy)	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
197	Princes Risborough School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
198	Aylesbury High School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
199	Chalfonts Community College (Academy)	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
200	Great Marlow School (Academy)	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
201	Hazeley Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
202	John Hampden School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
203	Ousedale School (Academy)	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
207	Dr Challoner's High School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
209	Waddesdon Church of England School (Academy)	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
210	Alfriston School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
211	Gerrards Cross C of E School (Academy)	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
212	Walton High	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	

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		(% pay)	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
213	Chepping View Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
214	St Nicolas' CE Combined School Taplow	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
216	Holmer Green Senior School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
217	Stephenson Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
221	Shenley Brook End School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
222	Chalfont Valley E-Act Primary Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
223	Two Mile Ash Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
224	Sir Herbert Leon Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
227	Hamilton Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
228	Seer Green CE Combined School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
231	The Beaconsfield School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
232	Brill CofE Combined School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
233	Shepherdswell School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
234	New Chapter School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
235	Orchard Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
236	Rickley Park Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
237	Charles Warren Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
241	Denham Green E-ACT Primary Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
245	Heronsgate School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
252	Bridge Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
257	Kents Hill School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
259	Great Missenden CofE Combined School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
261	Middleton Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
269	Bourne End Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
272	George Grenville Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	

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273	Khalsa Secondary Acdemy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
276	Lent Rise Combined School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
278	Sir Thomas Fremantle Secondary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
282	Lace Hill Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
284	Ivingswood Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
299	Chiltern Way Federation	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
301	Ickford Learning Trust	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
304	Water Hall Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
305	Beechview School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
306	The Chestnuts Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
307	Stantonbury School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
309	Aspire Schools	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
314	Olney Middle School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
315	Dorney School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
316	Monkston Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
317	EMLC Academy Trust	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
318	Princes Risborough Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
320	Whitehouse Primary	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
322	Knowles Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
332	Green Ridge Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
333	Thomas Harding Junior School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
334	New Bradwell School (Academy)	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
340	Chesham Bois CofE School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
341	Jubilee Wood Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
342	Padbury CofE School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
344	Inspiring Futures Through Learning	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	

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345	Fairfield Primary Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
346	Great Horwood CofE School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
347	Loughton School Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
351	Great Kingshill CofE Combined School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
352	West Wycombe Combined School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
353	Great Kimble Church of England School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
354	The Misbourne School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
355	Wooburn Green Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
358	St Johns Church of England School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
359	Lord Grey Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
360	Waterside Combined School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
363	Oxford Diocesan Bucks Schools Trust office staff	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
364	Longwick C of E Combined School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
365	Kents Hill Park School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
366	Kingsbridge Education Trust office staff	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
370	Heronshaw School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
373	St Marys CofE Combined School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
374	Bedgrove Junior School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
376	Elmhurst School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
377	Bearbrook Combined & Pre School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
378	Abbey View Primary	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
383	Ashbrook School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
384	Holmwood Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
385	Moorland Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	

Employer code	Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment) 2023/24	2024/25	2025/26	Total contributions i.e. primary (% of pay) plus secondary 2023/24	2024/25	2025/26	Specific notes
386	Christ the Sower Ecumenical Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
392	Woodside Junior School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
397	Curzon CofE Combined School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
398	Elmtree Infant & Nursery School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
404	Watling Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
405	Edlesborough School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
406	Holne Chase Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
413	St Mary & St Giles CofE School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
421	Insignis Academy Trust Head Office Staff	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
423	Langland Community School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
425	Kingsbrook View Primary Academy	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
427	Central Team (Head Office Staff)	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
429	St Josephs Catholic Infant School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
430	St Edwards Catholic Junior School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
431	Our Lady's Catholic Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
432	St Joseph's Catholic Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
433	St Louis Catholic Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
434	St Peter's Catholic Primary School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
440	Mandeville School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
468	Campfire Education Trust (head office staff)	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%	
University Technical Colleges									
240	Bucks University Technical College	21.2%	-	-	-	21.2%	21.2%	21.2%	

Employer code	Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment) 2023/24	2024/25	2025/26	Total contributions i.e. primary (% of pay) plus secondary 2023/24	2024/25	2025/26	Specific notes
Admission bodies									
46	Ambient Support Ltd	27.1%	TBC	TBC	TBC	TBC	TBC	TBC	
91	National Foundation for Educational Research(NFER)	-	Advised seperately			Advised seperately			A
115	Excelcare	36.4%	-2.4%	-2.4%	-2.4%	34.0%	34.0%	34.0%	
123	Chilterns Conservation Board	20.9%	-	-	-	20.9%	20.9%	20.9%	
141	Wolverton Leisure Trust	23.5%	-2.0%	-2.0%	-2.0%	21.5%	21.5%	21.5%	
148	Ringway Jacobs	24.8%	-3.4%	-3.4%	-3.4%	21.4%	21.4%	21.4%	
158	Oxford Health NHS Foundation Trust (OBMH)	23.8%	-5.8%	-5.8%	-5.8%	18.0%	18.0%	18.0%	
165	Ambassador Theatre Group	21.6%	£4,560	£4,740	£4,930	21.6% plus £4,560	21.6% plus £4,740	21.6% plus £4,930	
225	Acorn Childcare Early Years	24.5%	-2.8%	-2.8%	-2.8%	21.7%	21.7%	21.7%	
238	Chiltern Rangers CIC	23.5%	-2.5%	-2.5%	-2.5%	21.0%	21.0%	21.0%	
242	Milton Keynes Development Partnership	18.7%	£2,380	£2,470	£2,570	18.7% plus £2,380	18.7% plus £2,470	18.7% plus £2,570	
248	Sport Leisure Management	29.4%	-2.4%	-2.4%	-2.4%	27.0%	27.0%	27.0%	
249	Places for People Leisure	29.6%	-17.6%	-17.6%	-17.6%	12.0%	12.0%	12.0%	
253	Ringway Infrastructure	25.2%	-2.4%	-2.4%	-2.4%	22.8%	22.8%	22.8%	
258	Bucks County Museum Trust	26.1%	-1.6%	-1.6%	-1.6%	24.5%	24.5%	24.5%	
262	Serco (MKC) - Grounds Maintenance & Landscaping Team	24.8%	-	-	-	24.8%	24.8%	24.8%	
266	Places for People Leisure - WDC	28.7%	-3.1%	-3.1%	-3.1%	25.6%	25.6%	25.6%	
267	Innovate	20.8%	-	-	-	20.8%	20.8%	20.8%	
286	Ashridge Security Management Limited	27.3%	-2.1%	-2.1%	-2.1%	25.2%	25.2%	25.2%	
289	Wycombe Heritage & Arts Trust	26.2%	-9.5%	-8.5%	-7.5%	16.7%	17.7%	18.7%	
295	Cucina Restaurants Ltd	24.8%	-	-	-	24.8%	24.8%	24.8%	
296	Wellbeing Fitness and Leisure Community Trust Ltd	25.8%	-	-	-	25.8%	25.8%	25.8%	

Employer code	Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment) 2023/24	2024/25	2025/26	Total contributions i.e. primary (% of pay) plus secondary 2023/24	2024/25	2025/26	Specific notes
297	Mears Group Plc	31.0%	-7.9%	-7.9%	-7.9%	23.1%	23.1%	23.1%	
303	Serco (MKC Recreation Maintenance)	28.4%	-	-	-	28.4%	28.4%	28.4%	
335	Caterlink - Chiltern Hills	27.1%	-7.6%	-6.6%	-5.6%	19.5%	20.5%	21.5%	
338	Cucina Restaurants Ltd - Walton High	23.8%	-3.3%	-3.3%	-3.3%	20.5%	20.5%	20.5%	
361	Bucks Music Trust	24.8%	-6.4%	-5.4%	-4.4%	18.4%	19.4%	20.4%	
369	Fujitsu	22.9%	-	-	-	22.9%	22.9%	22.9%	
371	Cleantec Services Ltd	32.1%	-	-	-	32.1%	32.1%	32.1%	
375	RM Education	21.0%	-	-	-	21.0%	21.0%	21.0%	
379	Action for Children Services Ltd	24.2%	-	-	-	24.2%	24.2%	24.2%	
380	Avalon Cleaning Systems Ltd	32.8%	-	-	-	32.8%	32.8%	32.8%	
381	Aspens Services Ltd (Sir William Ramsey Academy)	24.3%	£210	£210	£220	24.3% plus £210	24.3% plus £210	24.3% plus £220	
382	Alliance in Partnership Ltd (Catering Contract)	17.6%	-1.6%	-1.6%	-1.6%	16.0%	16.0%	16.0%	
388	Thrift Activity Farm Ltd	23.6%	-	-	-	23.6%	23.6%	23.6%	
389	Buckinghamshire Local Enterprise Partnership	23.0%	-	-	-	23.0%	23.0%	23.0%	
390	Cleantec Services (Denham Green)	33.9%	-	-	-	33.9%	33.9%	33.9%	
391	Cleantec Services Ltd (Radcliffe)	25.3%	-	-	-	25.3%	25.3%	25.3%	
393	Alliance in Partnership Ltd	25.8%	£910	£950	£980	25.8% plus £910	25.8% plus £950	25.8% plus £980	
401	Everyone Active Ltd	28.4%	-	-	-	28.4%	28.4%	28.4%	
403	Busy Bees Cleaning (BC)	24.8%	£1,180	£1,220	£1,270	24.8% plus £1,180	24.8% plus £1,220	24.8% plus £1,270	
407	Busy Bee Cleaning	28.0%	-	-	-	28.0%	28.0%	28.0%	
411	Aspens Services	24.0%	£2,250	£2,340	£2,430	24.0% plus £2,250	24.0% plus £2,340	24.0% plus £2,430	
412	Birkin Cleaning (Shenley Brook End School)	26.7%	-	-	-	26.7%	26.7%	26.7%	
416	Monitor Cleaning Services Ltd	26.1%	-	-	-	26.1%	26.1%	26.1%	
417	Busy Bees Cleaning Services Ltd	28.1%	-	-	-	28.1%	28.1%	28.1%	

Employer code		Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions i.e. primary (% of pay) plus secondary			Specific notes
			(% pay)	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
	418	Birkin Cleaning Services Ltd	25.4%	-	-	-	25.4%	25.4%	25.4%	
	419	Sasse Facilities Management Ltd	28.1%	-	-	-	28.1%	28.1%	28.1%	
	420	Cucina Restaurants Ltd (Lord Grey)	20.9%	-	-	-	20.9%	20.9%	20.9%	
	422	Innovate Services Ltd (Oakgrove)	25.0%	£2,920	£3,030	£3,150	25.0% plus £2,920	25.0% plus £3,030	25.0% plus £3,150	
	435	Aspens Services Ltd (Milton Keynes Academy)	25.0%	-	-	-	25.0%	25.0%	25.0%	
	437	Cucina Restaurants Ltd (Shenley Brook End)	27.9%	-	-	-	27.9%	27.9%	27.9%	
	439	Cucina Restaurants (Stantonbury)	22.2%	-	-	-	22.2%	22.2%	22.2%	
Housing associations										
	89	London & Quadrant Housing Group	-	-	-	-	-	-	-	B
	97	Paradigm Housing	-	-	-	-	-	-	-	C
	442	Fairhives Homes Ltd	21.9%	TBC	TBC	TBC	TBC	TBC	TBC	
	137	Hightown Housing Association	28.8%	-	-	-	28.8%	28.8%	28.8%	
	204	Red Kite Community Housing	21.9%	-	-	-	21.9%	21.9%	21.9%	

BARNETT WADDINGHAM
beyond the expected

Post valuation employers

A number of employers joined the Fund on or after 1 April 2022 and their rates were certified at their date of joining. The table below summarises contributions required from these employers from their start date where known. Any employer that joined the Fund after 31 March 2022 and is not listed below will be advised of their contribution rates separately.

Employer code	Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions i.e. primary (% of pay) plus secondary		
		(% pay)	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
Town & Parish Councils								
471	Berryfields Parish Council	21.6%	2.1%	2.1%	2.1%	23.7%	23.7%	23.7%
Academies								
443	Manor Farm Junior School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%
446	Glebe Farm School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%
447	The Kingsbrook School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%
460	Milton Keynes Pupil Referral Unit	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%
466	Priory Rise School	21.0%	1.1%	1.1%	1.1%	22.1%	22.1%	22.1%
Admission bodies								
457	ICTS	26.8%	0.0%	0.0%	0.0%	26.8%	26.8%	26.8%
441	Acorn Early Years Foundation	21.7%	0.0%	0.0%	0.0%	21.7%	21.7%	21.7%
455	Profile Security Services (BC)	25.8%	0.0%	0.0%	0.0%	25.8%	25.8%	25.8%
469	May Harris Multi Services Ltd	26.9%	0.0%	0.0%	0.0%	26.9%	26.9%	26.9%
444	Fresh Start Catering (Christ the Sower)	22.1%	0.0%	0.0%	0.0%	22.1%	22.1%	22.1%
456	TGC Facility Services (Bierton School)	20.4%	0.0%	0.0%	0.0%	20.4%	20.4%	20.4%
450	Turn It On Ltd (SWR School)	24.4%	0.0%	0.0%	0.0%	24.4%	24.4%	24.4%
452	The Pantry UK (Chestnuts)	29.3%	0.0%	0.0%	0.0%	29.3%	29.3%	29.3%
451	The Pantry UK (Two Mile Ash)	26.5%	0.0%	0.0%	0.0%	26.5%	26.5%	26.5%

453	The Pantry UK (Chiltern Hills Academy)	20.6%	0.0%	0.0%	0.0%	20.6%	20.6%	20.6%
454	Innovate Ltd (Princes Risboro)	12.0%	0.0%	0.0%	0.0%	12.0%	12.0%	12.0%
462	Pace Security Services Ltd	27.0%	0.0%	0.0%	0.0%	27.0%	27.0%	27.0%
470	Innovate Ltd (Buckingham Schl)	18.4%	0.0%	0.0%	0.0%	18.4%	18.4%	18.4%
445	Caterlink Ltd (Walton High)	21.9%	0.0%	0.0%	0.0%	21.9%	21.9%	21.9%
459	Rapidclean (MK Redway Schl)	20.6%	0.0%	0.0%	0.0%	20.6%	20.6%	20.6%
463	CS Cleaning (Milton Keynes) Ltd	25.9%	0.0%	0.0%	0.0%	25.9%	25.9%	25.9%
464	Stockenchurch Primary School (Cleaning Contract)	26.2%	0.0%	0.0%	0.0%	26.2%	26.2%	26.2%
465	Fresh Start Catering Ltd (Lace Hill)	20.9%	0.0%	0.0%	0.0%	20.9%	20.9%	20.9%

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Report to Pension Fund Committee

Date: 21 March 2023

Title: **Administration Policy Updates**

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

Recommendations: **The Committee is asked to approve the Governance Compliance Statement, Administering Authority Discretionary Policy, Pension Administration Strategy and Communication Policy Statement.**

1. Executive summary

1.1 As administering authority of the Buckinghamshire Pension Fund, Buckinghamshire Council is required to formulate, publish and review policies in accordance with the Local Government Pension Scheme (LGPS) Regulations. The Governance Compliance Statement is reviewed annually. The Administering Authority Discretionary Policy, Pension Administration Strategy and Communication Policy Statement are reviewed triennially in line with the fund valuation.

2. Content of report

2.1 The Governance Compliance Statement was last approved on 21 March 2022. The updated statement at Appendix 1 reflects the review date, changes to job titles and updates to web links. There have been no material changes to the statement.

We are still awaiting the implementation of recommendations set out in the Scheme Advisory Board's Phase III Good Governance report, which will increase the level of detail required in this statement. The Department of Levelling Up, Housing and Communities has reviewed the recommendations and it is anticipated they will issue any associated legislation and guidance during 2023.

2.2 The Administering Authority Discretionary Policy was last approved on 5 July 2021 as there was a material change during the three year review period. Material changes due to this review are highlighted in the policy at Appendix 2. All other changes reflect the review date, changes to job titles and updates to web links.

2.3 The Pension Administration Strategy was last approved on 28 February 2020. Material changes due to this review are highlighted in the updated policy at Appendix 3. All other changes reflect the review date, changes to job titles, updates to web links and updates to legislation.

2.4 The Communication Policy Statement was last approved on 5 July 2021. Material changes due to this review are highlighted in the updated statement at Appendix 4.

3. Other options considered

3.1 Not applicable.

4. Legal and financial implications

4.1 Regulation 55 of the LGPS Regulations 2013 requires an administering authority to prepare a Governance Compliance Statement and to keep the statement under review.

4.2 Various provisions in the LGPS Regulations 2013, the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, the LGPS (Administration) Regulation 2008 and the LGPS Regulations 1997, require an administering authority to prepare, publish and review a written statement of policy regarding all mandatory discretions.

4.3 Regulation 59 of the LGPS Regulations 2013 requires an administering authority to prepare a written statement of such matters it considers appropriate, its pension administration strategy. Such matters are detailed in the strategy at Appendix 3.

4.4 Regulation 61 of the LGPS Regulations 2013 requires an administering authority to prepare, maintain and publish a written statement setting out its policy concerning communications.

5. Corporate implications

Not applicable.

6. Consultation and communication

6.1 The Governance Compliance Statement, Administering Authority Discretionary Policy and Communication Policy Statement do not require consultation. The Pension Administration Strategy was issued to all scheme employers for comment.

6.2 All of the above will be published on our website with notification of publication issued to relevant stakeholders.

7. Next steps and review

7.1 The Governance Compliance Statement will be reviewed annually. The Administering Authority Discretionary Policy, Pension Administration Strategy and Communication Policy Statement will be reviewed triennially. Should a material change occur to any of the above, a review will take place in the interim period.

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Buckinghamshire Council
Buckinghamshire Pension Fund

Buckinghamshire Pension Fund Governance Compliance Statement 1 April 2023

1. Introduction

1.1 This is the governance compliance statement which sets out the Council's arrangements (in its capacity as administering authority of the Buckinghamshire Pension Fund), for discharging its responsibilities in accordance with the Local Government Pension Scheme (LGPS) Regulations 2013.

1.2 Regulation 55 of the LGPS Regulations 2013 requires an administering authority to prepare and publish a governance compliance statement. It should cover whether the administering authority delegates its functions in relation to the pension fund to a committee, a sub-committee or an officer of the council; and where this is the case, details of:

- the terms, structure and operational procedures of the delegation
- the frequency of any committee or sub-committee meetings
- whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;
- the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and
- details of the terms, structure and operational procedures relating to the local pension board.

Pension Fund Committee

2. Governance Arrangements

2.1 Under the terms of the Council's Constitution, the functions of the Council as administering authority of the Pension Fund are delegated to the Pension Fund Committee and are excluded from the delegation of authority to the Cabinet and other Committees.

2.2 The Pension Fund Committee consults within their advisory framework and with the Assistant Director of Finance (Pensions, Procurement and Revenues & Benefits) before making decisions within the scope of their delegated powers. The Committee receives professional advice from an investment consultant and support from an independent adviser on investment strategy and other investment matters.

2.3 The Pension Fund Committee are responsible for administering, investing and managing the Fund. The Terms of Reference for the Pension Fund Committee are to agree and ensure the continual review of:

- the overall investment objective for the Fund;
- the Fund's Investment Strategy Statement;
- the Fund's asset allocation policy;
- the appointment of firms to provide investment and actuarial advice to the Fund; and,

- any other matters relating to the management and investment of the Pension Fund, as requested.

Terms of reference are available on the Council's website at:

[Our constitution | Buckinghamshire Council]

2.4 The Chairman reports annually to the Cabinet and the Council on the discharge of the Committee's delegated responsibility and the performance of the Fund.

2.5 The Pension Fund Committee meets at least four times a year. At each meeting the Committee receives a report on the investment performance of the fund in the quarter and the fund's longer term performance. Its members act in a quasi-trustee capacity and consequently, no substitutions are permitted.

2.6 The membership of the Pension Fund Committee is:

- Seven elected members from Buckinghamshire Council
- One elected member from Milton Keynes Council
- One elected Police and Crime Commissioner (PCC) or Deputy PCC member from Thames Valley Police

3. Functions and Responsibilities

3.1 The Pension Fund Committee approves the Pension Fund's Funding Strategy Statement, the Investment Strategy Statement, the Governance Compliance Statement, Pension Administration Strategy, and the Communications Policy. Other key responsibilities of the Committee include:

- Policy approval
- Appointing Advisers and monitoring Fund performance
- Monitoring Scheme Governance

3.2 The Funding Strategy Statement, required by regulation 7 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, sets out the aims and purpose of the Fund and the responsibilities of the administering authority as regards funding the scheme.

3.3 The Investment Strategy Statement also required by regulation 7, recommends an authority formulates, publishes and maintains an Investment Strategy Statement. This must include: -

a) a requirement to invest money in a wide variety of investments;
b) the authority's assessment of the suitability of particular investments and types of investments;
c) the authority's approach to risk, including the ways in which risks are to be assessed and managed;
d) the authority's approach to pooling investments, including the use of collective investment vehicles and shared services;
e) the authority's policy on how social, environmental or corporate governance considerations are considered in the selection, non-selection, retention and realisation of investments; and
f) the authority's policy on the exercise of rights (including voting rights) attaching to investments.

3.4 The Investment Strategy Statement must also set out the maximum percentage of the total value of all investments of fund money that it will invest in particular investments or classes of investment.

3.5 The Fund's Funding Strategy Statement and Investment Strategy Statement can be found at: Funding and investments | Pensions (buckinghamshire.gov.uk)

3.6 The Communications Policy details the overall strategy for involving stakeholders in the Pension Fund. The Pension Fund also has a Breaches of Law Policy. Additionally, an administering authority discretions document has been developed stating those discretions found within the scheme that it has adopted.

3.7 The Pension Administration Strategy is an important tool in managing and improving the administrative performance of the Fund. It formally sets out the requirements of both Buckinghamshire Council as the administering authority and participating employers/third party payroll providers in the Fund in a single document within one framework. A formal review is undertaken every three years.

3.8 The Fund's administration policies can be found at:

Buckinghamshire Pension Fund policies | Pensions

Local Pension Board

4. Governance Arrangements

4.1 The purpose of the Local Pension Board is to assist the administering authority in its role as a scheme manager of the Scheme. This covers all aspects of governance and administration of the LGPS, including funding and investments. Such assistance is to secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme and any requirements imposed by the Pensions Regulator in relation to the Scheme. The Board must also ensure the effective and efficient governance and administration of the Scheme and help the administering authority, including undertaking work requested by the administering authority.

4.2 The Local Pension Board meet four times a year. Substitutions are not permitted.

4.3 The membership of the Local Pension Board is:

- Four Scheme employer representatives
- Four Scheme member representatives

Details of the Local Pension Board's membership, Terms of Reference, Code of Conduct Policy, Conflicts Policy and Knowledge and Understanding Framework are available on the Council's website at Buckinghamshire Pension Board | Pensions

5. Stakeholder Engagement

5.1 A triennial meeting of the Pension Fund, called the 'Pensions General Meeting', is held in December in the year of the Fund valuation (the year prior to when the revised contribution rates from the valuation are due to come into effect), to which all employer representatives and scheme members are welcome. The purpose of the meeting is to report on investment performance and current issues of concern to the Fund stakeholders.

5.2 Mechanisms used to involve stakeholders include:

- Communication with Scheme employers
- Dedicated Employer Liaison Officers and LGPS Technical Officer
- Training Events
- Meetings with the Actuary and the Auditors
- Meetings with Advisors
- Meetings with Brunel Pension Partnership
- Meetings with Finance Directors of Scheme Employers
- The annual report for the Pension Fund
- Scheme member newsletters/updates

6. Review and Compliance with Best Practice

6.1 This statement will be kept under review and will be revised and published annually or following any material change.

6.2 The Pension Fund is regularly audited, and no material findings have arisen from either our internal or external auditors.

6.3 The Council recognises the importance of ensuring that all staff and members charged with the financial administration and decision-making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

It therefore seeks to utilise individuals who are both capable and experienced and it will provide/arrange training for staff and members of the pension fund's decision-making bodies to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

6.4 The Regulations require a statement as to the extent to which the governance arrangements comply with guidance issued by the Secretary of State. This statement is confirming that all the above mentioned mechanisms are in place and are effective and embedded. Any breach will be reported to the Chairman of the Pension Fund Committee. A summary of our compliance with recommended good practice is outlined below.

Good Practice Requirement	Met/Not Met	Evidence
Structure		
The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.	Met	Pension Fund Committee (PFC) Terms of Reference
That representatives of LGPS Scheme employers and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Met	PFC Terms of Reference and Buckinghamshire Pension Board (BPB) Terms of Reference
That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Met	PFC meets at least four times per year and BPB meets four times per year. BPB minutes are on the PFC agenda and vice-versa
Representation		
That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: - i) Scheme employers (including non-local government employers, e.g. admitted bodies); ii) Scheme members (including deferred and pensioner scheme members), iii) Independent professional observers, and iv) Expert advisors (on an ad-hoc basis).	Met	Key stakeholders on PFC or BPB as per Terms of Reference i) PFC and BPB ii) BPB iii) PFC and BPB iv) PFC and BPB
That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.	Met	All PFC members and advisers get all papers except where it concerns them. BPB members are provided with relevant training as required under The Pensions Regulator's Code of Practice 14.
Selection and role of lay members		
That committee or panel members are made fully aware of the status, role and function they are	Met	This is set out in the Committee's terms of reference.

required to perform on either a main or secondary committee.		
Voting		
The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Met	Section 1.17 of the PFC Terms of Reference confirms all 9 members have voting rights. Section 1.18 confirms members have quasi-trustee status and substitutions are not permitted. PFC's Quorum is 3 members. BPB has 4 employer representatives and 4 scheme member representatives. The Terms of Reference confirms the Quorum is 4 Board members, comprising of at least 2 employer and 2 scheme member representatives. Substitutions are not permitted.
Training/facility time/expenses		
That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	Met	Training for PFC members is undertaken annually as detailed by the PFC training plan. This organisation has adopted the key recommendations of the Code of Practice on Public Sector Pensions Finance Knowledge and Skills. Reimbursement of Expenses is defined in the BC constitution. Training for BPB members is undertaken in accordance with The Pensions Regulator's Code of Practice 14.
That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Met	Reimbursement of expenses is defined in BC Constitution.
Meetings (frequency/quorum)		
That an administering authority's main committee or committees meet at least quarterly.	Met	PFC Terms of Reference.

That an administering authority's secondary committee or panel meet at least quarterly and is synchronised with the dates when the main committee sits.	Met	BPB Terms of Reference.
Access		
That subject to any rules in the council constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Met	Confirmed that this applies by Democratic Services.
Scope		
That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Met	PFC forward plan requires Pensions & Investment Team managers to attend meetings to discuss and raise issues outside the usual scope of Pension Fund Investment.
Publicity		
That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Met	All non-confidential agendas, papers and minutes are on Buckinghamshire Council's external website. There is a separate policies section on the website where all governance policies are available.

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Buckinghamshire Pension Fund (BPF)
Local Government Pension Scheme (LGPS)
Administering Authority's Statement of Discretions **1 April 2023**

Discretion	Relevant Regulations	Buckinghamshire Pension Fund decision
Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or Care Quality Commission.	R4(2)(b) **LGPS 2013**	Applications will be agreed to subject to actuarial assessment of risk and where risk is identified, the appropriate indemnity or bond required to be approved by BPF.
Whether to agree to an admission agreement with a body applying to be an admission body.	R3(5) & Sch 2, Part 3, para 1 **LGPS 2013**	Applications will be agreed to subject to actuarial assessment of risk and where risk is identified, the appropriate indemnity or bond required to be approved by BPF.
Whether to agree that an admission agreement may take effect on a date before the date on which it is executed.	Sch 2, Part 3, para 14 **LGPS 2013**	BPF will not agree that an admission agreement can take effect on a date before the date on which it is executed.
Whether to terminate an admission agreement in the event of • Insolvency, winding up or liquidation of the body • breach by that body of its obligations under the admission agreement • failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so.	Sch 2, Part 3, para 9(d) **LGPS 2013**	BPF will terminate an admission agreement where any of the circumstances detailed occur.
Define what is meant by "employed in connection with".	Sch 2, Part 3, para 12(a) **LGPS 2013**	BPF define this as from the effective date, the admission body will provide services or assets in connection with the functions of a Scheme Employer as a result of a transfer of services or assets, by means of the contract for the provision of services between the Scheme Employer and Admission Body.

Buckinghamshire Council

Discretion	Relevant Regulations	Buckinghamshire Pension Fund decision
Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request.	R16(1) **LGPS 2013**	BPF will not turn down a request to pay monthly and insist on a one off payment where the payment is small.
Whether to require a satisfactory medical before agreeing to an application to pay an APC/SCAPC.	R16(10) **LGPS 2013**	BPF will require any members applying to pay an APC/SCAPC contract (excluding those to pay for lost pension) to sign a declaration that they are in good health in relation to their age and to provide details of any period of sickness exceeding 2 weeks within the last 2 years. If unable to sign the declaration or if there has been significant sickness, BPF will ask for a GPs letter confirming they are in good health, the cost of this being met by the member.
Whether to turn down an application to pay an APC/SCAPC if not satisfied that the member is in reasonably good health.	R16(10) **LGPS 2013**	BPF will turn down an application to pay an APC/SCAPC if not satisfied the member is in reasonably good health.
Decide to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on the death of the member.	R17(12) **LGPS 2013**	Payment of any AVC/SCAVC monies will be made to the member's nominated beneficiary. Where a nomination has not been made, payment will be made to the verified next of kin. If there is doubt over to whom payment should be made, payment will be made upon production of Grant of Probate or Letters of Administration.
Pension account may be kept in such form as is considered appropriate.	R22(3)(c) **LGPS 2013**	A member's pension account will be kept on the BPF's computerised pensions database.
Where there are multiple ongoing employments, in the absence of an election from the member within 12 months of ceasing a concurrent employment, decide to which record the benefits from the ceased concurrent employment should be aggregated with.	TP10(9) **LGPS (Transitional Provisions) 2014**	BPF will aggregate the rights from the ceased concurrent employment with the ongoing employment which has been ongoing for the longest period of time.
Whether to waive, in whole or part, actuarial reduction on benefits paid on flexible retirement.	R30(8) **LGPS 2013**	BPF will not waive actuarial reductions where it is acting as the Employer where an Employer has become defunct.
Whether to waive, in whole or part, actuarial reduction on benefits which a member	R30(8) **LGPS 2013**	BPF will not waive actuarial reductions where it is acting as the Employer where an Employer has become defunct.

Discretion	Relevant Regulations	Buckinghamshire Pension Fund decision
voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member only has post 31/03/2014 membership).		
Whether to require any strain on Fund costs to be paid "up front" by a Scheme Employer following payment of benefits under R30(6) (flexible retirement), R30(7) (redundancy/business efficiency), or the waiver (in whole or in part) under R30(8) of any actuarial reduction that would otherwise have been applied to benefits which a member voluntarily draws before normal pension age or to benefits drawn on flexible retirement.	R68(2) **LGPS 2013**	BPF will require payment of a strain on Fund cost "up front" where a member receives payment of benefits under R30(6), R30(7) or R30(8).
Whether to switch on the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (other than on the grounds of flexible retirement).	TP Sch 2, para 1(2), 1(1)(c) & 1(1)(f) **LGPS (Transitional Provisions) 2014** R60 **LGPS 1997**	BPF will not switch on the 85 year rule where it is acting as the Employer, where an Employer has become defunct.

Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on grounds of flexible retirement (where the member has both pre 01/04/2014 and post 31/03/2014 membership) on a) compassionate grounds (pre 01/04/2014 membership) and in whole or part on any grounds (post 31/03/2014 membership) if the member was not in the Scheme before 01/10/2006, b) compassionate grounds (pre 01/04/2014 membership) and/or, in whole or in part on any grounds (post 31/03/2014 membership) if the member was in the Scheme before 01/10/2006, will not be 60 by 31/03/2016 and will not attain 60 between 01/04/2016 and 31/03/2020 c) on compassionate grounds (pre 01/04/2016 membership) and/or, in whole or in part on any grounds (post 31/03/2016 membership) if the member was in the Scheme before 01/10/2006 and will be 60 by 31/03/2016, d) on compassionate grounds (pre 01/04/2020 membership) and in whole or part on any grounds (post 31/03/2020 membership) if the member was in the Scheme before 01/10/2006, will not be 60 by	TP3(1), TPSch 2, paras 2(1) **LGPS (Transitional Provisions) 2014** B30(5) & B30A(5) **LGPS 2007**	BPF will not waive actuarial reduction on pre and/or post April 2014 benefits where it is acting as the Employer where an Employer has become defunct.

Discretion	Relevant Regulations	Buckinghamshire Pension Fund decision
31/03/2016 and will attain 60 between 01/04/2016 and 31/03/2020.		
Whether to require any strain on Fund costs to be paid 'up front' by a Scheme Employer if they 'switch on' the 85 year rule for a member voluntarily retiring (other than flexible retirement) prior to age 60, or waives an actuarial reduction on compassionate grounds under TPSch 2, para 2(1).	TPSch 2, para 2(3) **LGPS (Transitional Provisions) 2014**	BPF will require payment of any strain on Fund costs 'up front' if a Scheme employer 'switches on' the 85 year rule under R30(6).
Whether to reduce the time limit within which a member must give notice of their wish to draw benefits before normal retirement age or upon flexible retirement.	R32(7) **LGPS 2013**	BPF will reduce the time limit in exceptional circumstances.
Decide whether to trivially commute a member's pension under section 166 of the Finance Act 2004.	R34(1)(a) **LGPS 2013** B39(1)(a) **LGPS 2007** T14(3) **LGPS 2008** 49(1) & T14(3) **1997**	Where the appropriate requirements are met, BPF will allow a member to trivially commute their pension.
Decide whether to trivially commute a lump sum death benefit under section 168 of the Finance Act 2004.	R34(1)(b) **LGPS 2013** B39(1)(b) **LGPS 2007** 49(1) **1997**	Where the appropriate requirements are met, BPF will allow a member to trivially commute their pension.
Decide whether to pay a commutation payment under regulations 6 (payment after relevant accretion), 11 (de minimis rule for pension schemes) or 12 (payments by larger pension schemes) of the Registered Pension Schemes (Authorised Payments) Regulations 2009 (excludes survivor pensions and includes pension credit members where the effective date of the Pension Sharing Order is after 31 March 2014 and the debited	R34(1)(c) **LGPS 2013** B39(1)(c) **LGPS 2007**	Where the appropriate requirements are met, BPF will allow a member to trivially commute their pension.

Discretion	Relevant Regulations	Buckinghamshire Pension Fund decision
member had some post 31 March 2014 membership of the 2014 Scheme).		
Approve medical advisors used by Scheme Employers (for early payment, on grounds of ill health, of a deferred benefit or a suspended Tier 3 ill health pension).	R36(3) **LGPS 2013** A56(2) **LGPS 2008** 97(10) **LGPS 1997**	BPF will only accept ill health certification from an approved occupational health advisor.
Whether to use a certificate produced by an IRMP under the 2008 Scheme for the purposes of making an ill health determination under the 2014 Scheme.	TP12(6) **LGPS (Transitional Provisions) 2014**	BPF will only accept a certificate produced under the 2008 Scheme for a determination under the 2014 Scheme for ill health retirements where the termination date is prior to 30 June 2014.
Decide whether deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner.	R38(3) **LGPS 2013**	BPF will refer a deferred beneficiary to its IRMP when acting as the Employer where an Employer has become defunct.
Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health.	R38(6) **LGPS 2013**	BPF will refer a suspended ill health tier 3 member to its IRMP when acting as the Employer where an Employer has become defunct.
Decide to whom a death grant is paid.	TP17(5) to (8) **LGPS (Transitional Provisions) 2014** R40(2), R43(2) & R46(2) **LGPS 2013** TSch1 **LGPS 2008** B23(2), B32(2) & B35(2) **LGPS 2007**	Payment of any death grant will be made to the member's nominated beneficiary. Where a nomination has not been made, payment will be made to their next of kin or other relevant person on completion of an 'Interest in death grant' form. If there is doubt over to whom payment should be made, payment will be made upon production of Grant of Probate or Letters of Administration.

Discretion	Relevant Regulations	Buckinghamshire Pension Fund decision
	L155(4) & 38(1) **LGPS 1997** E8 **LGPS 1995**	
Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership.	R49(1)(c) **LGPS 2013** B42(1)(c) **LGPS 2007**	BPF will make payment of the most beneficial benefit to the member.
Whether to set up a separate admission agreement fund.	R54(1) **LGPS 2013**	BPF will not set up a separate admission agreement fund unless it is deemed relevant by the Fund actuary.
Determine assets to be transferred from main fund to admission agreement fund.	R54(4)(b) **LGPS 2013**	Determination to be made after consultation with the Fund actuary.
Governance Compliance Statement must state whether the admin authority delegates their function or part of their function in relation to maintaining a pension fund to a committee, sub-committee or an officer of the administering authority, and if they do so delegate, state - the frequency of any committee or sub-committee meetings - the terms, structure and operational procedures appertaining to the delegation - whether representatives of Scheme employers or members are included and, if so, whether they have voting rights The policy must also state - the extent to which a delegation, or the absence of a delegation, complies	R55 **LGPS 2013**	BPFs Governance Compliance Statement covering all requirements under R55 can be found at Buckinghamshire Pension Fund policies | Pensions

Discretion	Relevant Regulations	Buckinghamshire Pension Fund decision
with Secretary of State guidance and, to the extent it does not comply, state the reasons for not complying, and - the terms, structure and operational procedures appertaining to the Local Pension Board.		
Decide on Funding Strategy for inclusion in funding strategy statement.	R58 **LGPS 2013**	BPFs funding strategy statement can be found at Funding and investments | Pensions (buckinghamshire.gov.uk)
Whether to have a written pensions administration strategy and, if so, the matters it should include.	R59(1) & (2) **LGPS 2013**	BPFs pensions administration strategy can be found at Buckinghamshire Pension Fund policies | Pensions
Communication policy must set out the policy on provision of information and publicity to, and communicating with, members, representatives of members, prospective members and Scheme employers; the format, frequency and method of communications; and the promotion of the Scheme to prospective members and their employers.	R61 **LGPS 2013**	BPFs Communication Policy Statement can be found at Buckinghamshire Pension Fund policies | Pensions
Whether to extend the period beyond 6 months from the date an Employer ceases to be a Scheme Employer, by which to pay an exit credit payment.	R64(2ZAB)(b) **LGPS 2013**	BPF will pay any exit credit payments within 6 months of the cessation date where possible. A longer time may be agreed between the administering authority and the exiting employer where necessary.
Whether to suspend, (by way of issuing a suspension notice), for up to 3 years, an employer's obligation to pay an exit payment where the Scheme employer is again likely to have active members within the specified period of suspension.	R64(2A) **LGPS 2013**	BPF will issue a suspension notice where it deems it is appropriate.

Discretion	Relevant Regulations	Buckinghamshire Pension Fund decision
Whether to obtain revision of an employer's contribution rate if there are circumstances which make it likely a Scheme Employer will become an exiting employer.	R64(4) **LGPS 2013**	BPF will liaise with the Fund actuary and act in accordance with its Contribution Review Policy Funding and investments | Pensions (buckinghamshire.gov.uk)
Decide frequency of payments to be made over to the Fund by Scheme Employers and whether to make an administration charge.	R69(1) **LGPS 2013** 81(1) **LGPS 1997**	An administration charge is incorporated within an employer's contribution rate. Details of frequency of payments can be found in the BPF Roles and Responsibilities guidance at Funding and investments | Pensions (buckinghamshire.gov.uk)
Decide form and frequency of information to accompany payments to the Fund.	R69(4) **LGPS 2013** 81(5) **LGPS 1997**	Details of the form and frequency of payments can be found in the BPF Roles and Responsibilities guidance at Employers' guides, forms and booklets | Pensions (buckinghamshire.gov.uk)
Whether to issue a Scheme Employer with notice to recover additional costs incurred as a result of their unsatisfactory level of performance.	R70 **LGPS 2013** TP22(2) **LGPS (Transitional Provisions) 2014**	BPF's Pension Administration Strategy covering additional costs can be found at Employers' guides, forms and booklets | Pensions (buckinghamshire.gov.uk)
Whether to charge interest on payments by Scheme Employers which are overdue.	R71(1) **LGPS 2013** 82(1) **LGPS 1997**	Details regarding interest payments are detailed in the charging schedule in the Pension Administration Strategy at Employers' guides, forms and booklets | Pensions (buckinghamshire.gov.uk)
Whether to extend the six month period to lodge a stage one IDRP appeal.	R74(4) **LGPS 2013** TP23 **2014**	BPF (where it is adjudicating on a stage one appeal) will not extend the six month time limit.
Decide the procedure to be followed by the adjudicator when exercising stage one IDRP functions and decide the manner in which those functions are to be exercised.	R74(6) **LGPS 2013** TP23 **2014**	BPF (where it is adjudicating on a stage one appeal) will acknowledge receipt of the appeal and provide a response within the timescales required by the LGPS Regulations.
Decide the procedure to be followed by the administering authority when exercising its stage two IDRP functions and decide the manner in which those functions are to be exercised.	R76(4) **LGPS 2013** TP 23 **LGPS (Transitional Provisions) 2014**	Where the IDRP is against a Scheme Employer, the Assistant Pensions Administration Manager will undertake the stage two procedure. Where the IDRP is against the administering authority, Buckinghamshire Council's Legal Services Team will undertake the stage two procedure.

Discretion	Relevant Regulations	Buckinghamshire Pension Fund decision
Whether the administering authority should appeal against a Scheme Employer decision (or lack of a decision).	R79(2) **LGPS 2013** TP23 **LGPS (Transitional Provisions) 2014**	BPF will appeal against a Scheme Employer decision (or lack of a decision) where it is clear the Scheme Employer has not undertaken the correct procedure, if it has not complied with the regulations, or if its actions have resulted in the administering authority not being able to comply with the regulations.
Specify information to be supplied by Scheme Employers to enable the administering authority to discharge its functions.	R80(1)(b) **LGPS 2013** TP22(1) & TP23 **LGPS (Transitional Provisions) 2014**	Details of the information required from Scheme Employers to the BPF can be found in the BPF Roles & Responsibilities guidance at Funding and investments | Pensions (buckinghamshire.gov.uk)
Whether to pay the whole or part of the amount that is due to the personal representatives (including anything due to the deceased member at the date of death) to: • the personal representatives, or • anyone appearing to be beneficially entitled to the estate without need for grant of probate/letters of administration where payment is less than the amount specified in s6 of the Administration of Estates (Small Payments) Act 1965.	R82(2) **LGPS 2013** A52(2) **LGPS 2008** 95 **LGPS 1997**	BPF will make payment of a death grant without the need for probate/letters of administration under s6 of the Administration of Estates (Small Payments) Act 1965, on completion of an 'Interest in death grant' form.
Whether, where a person (other than an eligible child) is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.	R83 **LGPS 2013** A52A **LGPS 2008**	BPF will make payment to another person for a member's benefit upon receipt of a letter from the member's GP confirming they are incapable of managing their affairs. If a letter from the member's GP cannot be obtained, the BPF will only accept a lasting power of attorney.
Date to which benefits shown on an annual benefit statement are calculated.	106A(5) **LGPS 1997**	The current value of benefits will be calculated as at 31 March for the relevant year. Projection of benefits will be calculated at the member's normal pension age.

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Discretion	Relevant Regulations	Buckinghamshire Pension Fund decision
Agree to bulk transfer payment.	R98(1)(b) **LGPS 2013**	Where appropriate and having taken advice from the Fund actuary, the BPF will agree to a bulk transfer payment.
Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS.	R100(6) **LGPS 2013**	BPF may extend the time limit after discussion with the relevant Scheme Employer.
Allow transfer of pension rights into the Fund.	R100(7) **LGPS 2013**	BPF will accept transfer values from other pension arrangements within the relevant timescales.
Where a member to whom B10 applies (use of the average of 3 years pay for final pay purposes or use of average of 3 years pay within the period of 13 years ending with the last day of active membership for final pay purposes) dies before making an election, whether to make that election on behalf of the deceased member.	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) **LGPS (Transitional Provisions) 2014** B10(2) **LGPS 2007**	BPF will make the election on behalf of the deceased member where the benefits resulting from the election would be the most beneficial.
Make an election on behalf of a deceased member with a certificate of protection of pension benefits i.e. determine the best pay figure to use in benefit calculations (pay cuts/restrictions occurring before 1 April 2008).	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) **LGPS (Transitional Provisions) 2014** TSch 1 **LGPS 2008** L23(9) **LGPS 1997**	BPF will make the election of behalf of the deceased member where the benefits resulting from the election would be the most beneficial.
Decide to treat a child (who has not reached the age of 23) as being in continuous full-time education or vocational training despite a break.	Rsch1 **LGPS 2013** TP17(9) **LGPS 2014**	BPF will treat a child as being in continuous education or vocational training providing any break period is not in excess of one year.
Whether to pay the whole or part of a child's pension to another person for the benefit of that child.	B27(5) **LGPS 2007** 47(2) **LGPS 1997** G11(2) **LGPS 1995**	BPF will pay a pension in respect of a child under the age of 18 or any age if the child is incapacitated to either a parent, legal guardian or a person with lasting power of attorney.

Discretion	Relevant Regulations	Buckinghamshire Pension Fund decision
Decide evidence required to determine financial dependence of cohabiting partner on the scheme member, or financial interdependence of cohabiting partner and the scheme member.	RSch 1 **LGPS 2013** TP17(9)(b) **LGPS (Transitional Provisions) 2014**	BPF will require copies of any joint mortgage or property rental arrangements; copies of any joint bank/saving accounts; copies of any utility bills in joint names. This is list is not exhaustive and further evidence may be required.
Decide policy on abatement of pensions in payment following re-employment.	TP3(13) **LGPS (Transitional Provisions) 2014** A70(1), A71(4)(c) **LGPS 2008**	The basic pension (excluding any compensatory added years element) of a pensioner who is re-employed in local government and again eligible for LGPS membership will not be reduced or suspended.
Extend time period for capitalisation of added years contract. (Where the member leaves their employment by reason of redundancy (for L83(5)).	TP15(1)(c) **LGPS (Transitional Provisions) 2014** TSch1 & L83(5) **1997**	BPF will extend the time limit to three months from the date retirement benefits were notified to the member should this be greater than three months from the date of retirement.
Decide whether to delegate any administering authority functions under the Regulations.	R105(2) **LGPS 2013**	BPF will not delegate any administering authority functions.
Decide whether to establish a joint local pensions board (if approval has been granted by the Secretary of State).	R106(3) **LGPS 2013**	BPF will not establish a joint local pensions board.
Decide procedures applicable to the local pensions board.	R106(6) **LGPS 2013**	Detailed in the BPF local pension board's terms of reference at Governance | Pensions (buckinghamshire.gov.uk)
Decide appointment procedures, terms of appointment and membership of the local pension board.	R107(1) **LGPS 2013**	Detailed in the BPF local pension board's terms of reference at Governance | Pensions (buckinghamshire.gov.uk)
To decide whether it is legally able to offer scheme pays and if so, to decide the circumstances (if any) upon which it would do so.	2 **The Registered Pension Schemes (Modification of Scheme Rules) Regulations 2011**	BPF will agree to pay a Scheme member's annual allowance tax charge on a voluntary basis where the charge is based on excess savings as a result of benefits accrued in the BC LGPS only, and the member does not have the right to make a 'mandatory scheme pays' election.

Discretion	Relevant Regulations	Buckinghamshire Pension Fund decision
Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits.	A45(3) **LGPS 2008** 89(3) **LGPS 1997**	BPF will permit either method of recovery.
Whether to grant application for early payment of deferred benefits on or after age 55 and before age 60.	B30(2) **LGPS 2007**	BPF will only grant an application where there is no strain on Fund cost.
Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A (pensioner member with deferred benefits).	TPSch 2para (1) **LGPS (Transitional Provisions) 2014** B30A(5) **LGPS 2007**	BPF will not waive actuarial reductions on compassionate grounds for deferred benefits paid early.
Whether to grant an application for early payment of a suspended tier 3 ill health pension on or after age 55 and before age 60.	B30A(3) **LGPS 2007**	BPF will not grant an application for early payment of a suspended tier 3 ill health pension.
Decide whether a deferred beneficiary meets permanent ill health and a reduced likelihood of gainful employment criteria.	B31(4) **LGPS 2007**	BPF will refer a deferred beneficiary to its IRMP as it is acting as the Employer where an Employer has become defunct.
Decide whether a suspended ill health tier 3 member is permanently incapable of undertaking any gainful employment.	B31(7) **LGPS 2007**	BPF will refer a deferred beneficiary to its IRMP as it is acting as the Employer where an Employer has become defunct.
Apportionment of children's pension amongst eligible children.	47(1) **LGPS 1997** G11(1) **LGPS 1995**	BPF will apportion the whole children's pension entitlement equally between any eligible children and adjust the amounts when any eligibility ceases.
Commute benefits due to exceptional ill health.	50 & 157 **LGPS 1997**	BPF will offer ill health commutation to the member as an alternative to standard ill health benefits.
Whether to require any strain on Fund costs are to be paid "up front" by the employing authority following early voluntary retirement of a councillor, or early payment of a deferred benefit on ill health grounds or from age 50 prior to age 55 with employer consent.	80(5) **LGPS 1997**	BPF will require payment of any strain on Fund costs "up front".
Timing of pension increase payments by employers to the Fund.	91(6) **LGPS 1997**	BPF will recharge these amounts on an annual basis after the end of the financial year.

Discretion	Relevant Regulations	Buckinghamshire Pension Fund decision
Retention of CEP where a member transfers out.	118 **LGPS 1997**	BPF will not preserve the CEP liability but will discharge liability by paying the premium.
Grant application for early payment of deferred benefits on or after age 50 on compassionate grounds.	TP3(5A)(vi), TL4, L106(1) **LGPS 1997** D11(2)(c) **LGPS 1995**	BPF will not grant an application where it is acting as the Employer where an Employer has become defunct.
Whether to pay spouse's pensions for life (rather than ceasing during any period of remarriage or cohabitation).	F7 **LGPS 1995**	BPF will not cease payment during any period of remarriage or cohabitation.
Agree to pay annual compensation on behalf of a Scheme employer and recharge payments to the employer.	31(2) **Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) 2000**	BPF will agree to make payment on a Scheme employers' behalf and recharge payments to the employer.

Buckinghamshire Pension Fund

Pension Administration Strategy

Author: Claire Lewis-Smith

Date: 1 April 2023

Contents

Introduction

With 6.1 million members, the Local Government Pension Scheme (LGPS) is one of the largest public sector pension schemes in the UK. Buckinghamshire Pension Fund has approximately 280 employers with over 85,000 scheme members in total.

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

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

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

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

The strategy is effective from 1 April 2023. Any enquiries in relation to this strategy should be sent to the Pensions Administration Manager via the contact details on page 10.

Regulatory Framework

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

- Procedures for liaison and communication with its scheme employers.
- The establishment of levels of performance which the administering authority and its scheme employers are expected to achieve in carrying out their scheme functions by:

  - the setting of performance targets
  - the making of agreements about levels of performance and associated matters, or
  - such other means as the administering authority considers appropriate

- Procedures which aim to secure that the administering authority and its scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance.
- Procedures for improving the communication by the administering authority and its scheme employers to each other of information relating to those functions.
- The circumstances in which the administering authority may consider giving notice to any of its scheme employers under Regulation 70 (additional costs arising from scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance.
- The publication by the administering authority of annual reports dealing with:

  - the extent to which that authority and its scheme employers have achieved the levels of performance established, and
  - such other matters arising from its pension administration strategy as it considers appropriate; and
  - such other matters as appear to the administering authority after consulting its scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

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

When preparing, reviewing or revising the strategy, an administering authority must consult its scheme employers and any other persons it considers appropriate. This will be carried out via direct mailing, employer newsletters or via the Local Pension Board.

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

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

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

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

Responsibilities and Procedures

1. Procedures for liaison and communication with scheme employers

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

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

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

Buckinghamshire Pension Fund policies | Pensions

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

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

1.1.1. Training

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

1.1.2. Website

Buckinghamshire Pension Fund's website is reviewed and updated on a regular basis. The website has relevant information for scheme employers regarding scheme changes and all relevant policies agreed by the administering authority are published on the site. All employer newsletters are also available. The website address is Pensions | Buckinghamshire Local Government Pension Scheme.

1.2. Establishing levels of performance

1.2.1 Performance Standards

In relation to the entitlement of scheme members, the LGPS stipulates that certain decisions are to be made by either the administering authority or scheme employer. In order to fulfil these requirements and also comply with disclosure legislation, Buckinghamshire Council as the administering authority has agreed levels of performance between itself and scheme employers detailed in the Roles & Responsibilities manual.

1.2.2. TUPE Transfers

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

1.2.3. Overriding legislation

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

- Superannuation Act 1972;
- Local Government Act 1972;
- Local Government and Housing Act 1989;
- Pension Schemes Act 1993;
- Local Government Act 2000
- Freedom of Information Act 2000;
- Finance Act 2004;
- Pensions Act 2004 & Pensions Act 2008;
- Equality Act 2010;
- Localism Act 2011;
- Public Service Pensions Act 2013;
- Small Business, Enterprise and Employment Act 2015;
- Enterprise Act 2016;
- Data Protection Act 2018;
- Public Service Pensions and Judicial Offices Act 2022; and
- Health and Safety legislation.

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

1.2.4. Internal Standards

These are standards detailed in the Roles & Responsibilities manual and include:

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

1.2.5. Timeliness

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

1.2.6. Data quality

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

1.2.7. Employer Liaison Officers

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

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

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

2.1. Audit

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

2.2 Performance monitoring

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

2.3. Employer liaison meetings

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

2.4. Local Pension Board

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

The Board's Terms of Reference can be found at Buckinghamshire Pension Board | Pensions

2.5. Pension Fund Committee

The Pension Fund Committee (PFC) is responsible for setting overall investment strategy, including asset allocation and the Investment Strategy Statement. They appoint Advisors and monitor Fund performance. They are responsible for monitoring scheme governance and policy approval. The PFC's Terms of Reference can be found in the Council's Constitution at Our constitution | Buckinghamshire Council

2.6. Valuation

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

2.7. Year End and Annual Benefit Statements.

Annual year end processes will be circulated to all scheme employers in a timely manner. Outline details are within the Roles & Responsibilities manual. Annual Benefit Statements will be made available to members online, by 31 August each year, unless they have elected to opt out of online communications. Further details on Annual Benefit Statements are outlined in the Communications Policy.

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

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

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

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

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

Procedures to address unsatisfactory performance

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

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

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

Administering Authority unsatisfactory performance will be reported to the Pension Board and Pension Fund Committee if applicable. Performance is monitored against the timescales set out in the Roles & Responsibilities manual.

Review Process

The administration strategy will be reviewed every 3 years unless circumstances dictate more regular reviews are required. The current version of the administration strategy will be available on our website at Buckinghamshire Pension Fund policies | Pensions. Hard copies will be made available on request.

Buckinghamshire Council
Pensions & Investments Team
Walton Street Offices
Aylesbury
HP20 1UD
01296 383755
employers@buckinghamshire.gov.uk

Charging Schedule		
1	Failure to notify Buckinghamshire Council of new starters by the 19th of the month following the month payroll action was taken	£50 per occurrence
2	Failure to notify Buckinghamshire Council of a change in hours or a change in member's address by the 19th of the month following the date where payroll action was taken	£50 per occurrence
3	Failure to notify Buckinghamshire Council of unpaid leave, parental leave or trade dispute breaks by the 19th of the month following the month in which payroll action was taken	£50 per occurrence
4	Failure to notify Buckinghamshire Council of any member leaving by the 19th of the month following the month in which the member left	£50 per occurrence
5	Failure to notify Buckinghamshire Council of any retirement within 3 weeks before the member's retirement date	£50 per occurrence
6	Where, as a result of the Employer's/Payroll Provider's failure to notify Buckinghamshire Council of a retirement, interest becomes payable on any lump sum or death grant paid, Buckinghamshire Council will recharge the total amount of interest to the Scheme employer	Interest calculated in accordance with Regulation 81 of the LGPS Regulations 2013

7	Failure to notify Buckinghamshire Council of the death in service of a member within 10 working days of notification	£50 per occurrence
8	Failure to notify Buckinghamshire Council of the monthly contributions deducted by the 19th of the month via the monthly notification spreadsheet (non i-Connect scheme employers)	£50 per occurrence
9	Failure to pay over monthly contributions to Buckinghamshire Council by the 19th of the month following deduction of the contributions	Interest calculated in accordance with Regulation 71 of the LGPS Regulations 2013
10	Failure to pay an additional administration cost	Interest calculated in accordance with Regulation 71 of The LGPS Regulations 2013
11	Failure to provide Buckinghamshire Council with the annual year end return by 30 April	£50 per working day from 1 May to date return is received
12	Failure to respond to requests for Year-end information or monthly reconciliation queries within the prescribed time	£50 per occurrence
13	Failure to provide Buckinghamshire Council with McCloud remedy data	£50 per occurrence
14	Failure to provide Buckinghamshire Council with accurate member data	£50 per occurrence
15	Further notification of leaver/retirement/death resulting in a recalculation of benefits	£50 per occurrence

16	Estimate requests in excess of two required in a rolling year	£14 per estimate plus VAT per additional request
17	Other non-standard work	Charge dependent on the amount of time taken and Pensions & Investments Team member undertaking the work

Notes to the Charging Schedule

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

1 Notifications of new starters must include all of the information detailed in the New Entrants to the Scheme section of the Roles & Responsibilities manual.

2 Notifications of changes in hours and address must include all of the information detailed in the Changes section of the Roles & Responsibilities manual.

3 Notification of any unpaid leave, parental leave or trade dispute breaks must include all of the information detailed in the Unpaid Leave section of the Roles & Responsibilities manual.

4 Notifications of leavers must include all of the information required on the 'Notification of Employee Leaving' form, detailed in the Leavers section of the Roles & Responsibilities manual. Where an overtime payment is still to be made and the employer is not able to submit the form before the 19th of the month following the month in which the member left, they should submit the form as soon as possible after the final payment and not wait until the following month's submission.

5 Notifications of retirements must include all of the information required on the 'Notification of Employee Leaving' form, detailed in the Retirements section of the Roles & Responsibilities manual. Where an overtime payment is still to be made and the employer is not able to submit the form before the 19th of the month following the month in which the member left, they should submit the form as soon as possible after the final payment and not wait until the following month's submission.

6 Regulation 81 of the LGPS Regulations 2013 state that interest must be calculated at one per cent above base rate on a day to day basis from the due date to the date of payment and compounded with three-monthly rests. If late payment of a lump sum or death grant occurs as a result of a failure by the scheme member to provide information to the Pensions & Investments Team, the pension fund will be liable for the payment of any interest due.

7 Notification of a death in service must include all of the information required on the 'Notification of Employee Leaving' form, detailed in the Death in Service section of the Roles & Responsibilities manual.

8 Notification of the contributions deducted should be sent (non i-Connect users only) on a monthly basis in order for the contributions to be reconciled and allocated correctly.

9 Requirements regarding payment of monthly contributions are set out in the Monthly Contributions section of the Roles & Responsibilities manual. Regulation 71 of the LGPS Regulations 2013 states that for overdue payments, interest must be

calculated at one per cent above base rate on a day to day basis from the due date to the date of payment and compounded with three-monthly rests.

10 Regulation 71 of the LGPS Regulations 2013 states that for overdue payments, interest must be calculated at one per cent above base rate on a day to day basis from the due date to the date of payment and compounded with three-monthly rests.

11 Requirements regarding submission of the annual return are set out in the Year-End Return section of the Roles & Responsibilities manual.

12 Requirements regarding Year-End queries are set out in the Year-End section of the Roles & Responsibilities manual.

13 Accurate information should be provided first time around in accordance with the Leavers and Retirements section of the Roles & Responsibilities manual.

14 All data provided by an employer should be accurate. Where inaccurate data is received, for example incorrect pay references/start dates etc which cause additional work, charges will apply.

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

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Buckinghamshire Council
Buckinghamshire Pension Fund

Buckinghamshire Pension Fund
Communications Policy Statement
1 April 2023

Introduction

Buckinghamshire Council is the administering authority for the Local Government Pension Scheme (LGPS) on behalf of the employers participating in the LGPS through the Buckinghamshire Pension Fund (the Fund).

Regulation 61 of the LGPS Regulations 2013 requires Funds to prepare, maintain and publish a written statement setting out its policy concerning communications, in particular this statement sets out the Fund's policy regarding:

- The provision of information and publicity about the Scheme to members, employers and representatives of members participating in the Fund
- The promotion of the Scheme to prospective members and their employers
- The format, frequency and method of distributing such information or publicity

The Communication Policy is effective from 1 April 2023 and will be reviewed at its scheduled review date in April 2026, or prior to this should changes be required.

Key communication objectives

- Ensure communications are relevant, timely and clear
- Ensure the information provided is concise but sufficient to allow members to make informed decisions about their pension
- Provide a high-quality service for our members and employers. Where possible, we will opt for digital channels and electronic media due efficiency, security and accessibility
- Where digital channels are not suitable or accessible, we will use other methods of communication for the benefit of our members and employers
- Provide communication and training to Fund employers to develop their knowledge of the LGPS, enabling them to fulfill their statutory responsibilities
- To keep members and employers updated with LGPS changes and other overriding legislation

- In delivering our objectives, we will:
  - consult with relevant stakeholders, where required, about the Fund's management and administration
  - manage data securely in line with GDPR requirements and the Fund's Privacy notice
  - strive for continuous improvement and innovation in the way we communicate
  - consider diversity and inclusion in all communications

Key stakeholders

- Scheme members, split into three broad categories
  - Active scheme members
  - Deferred scheme members
  - Pensioner scheme members and dependants
- Prospective scheme members

- Scheme employers
- Pensions & Investments Team staff
- Our statutory bodies i.e. the Pension Fund Committee and the Buckinghamshire Pension Board
- External bodies and member representatives

Communication with Scheme members

There are three categories of Scheme member:

- Active members who are contributing to the Scheme
- Deferred members who have left the Scheme and are entitled to an LGPS pension but have not yet accessed their pension benefits
- Pensioner members and dependants who are in receipt of a pension

Website

lgps.buckinghamshire.gov.uk is our main medium for communicating with Scheme members. The website is distinct from the Council's main site allowing for optimised search results, bespoke template design, and distinguishes our role as the administering authority from that of the host authority.

The website provides:

- comprehensive information about the scheme, tailored specifically to each membership category
- accurate information, which is current, relevant and meets accessibility guidelines
- clear instructions about task-based queries and access to our self-service facility 'my pension online' for members
- regular updates on matters that may be of interest to scheme members, such as changes to statutory guidance

All forms and guides can be accessed from the website and are digitally compatible.

'My pension online' secure member portal

We are committed to increasing digital access and delivery of our services. Active, deferred and pensioner members are able to register for use of 'my pension online' at: https://ms.buckinghamshire.gov.uk which provides them with direct access information about their pension record.

'My pension online' allows for direct communication with Scheme members. Members can also send us their documents via 'my pension online' safely and securely. Additionally, members have the option of using the self-service facility to make changes to personal details such as their address and death grant nomination. While all 'my pension online' users have equal access to information and features, the content and functionality is tailored for each category of member.

'My pension online' is our preferred communication method. Members can opt out of using 'my pension online' and receive postal communications if they wish.

Email, post and telephone helpline

Our postal address and main email address for member enquiries (pensions@buckinghamshire.gov.uk) is widely published. Any email containing confidential member information is sent using the Egress Switch encrypted email service or by other secure means.

We have a dedicated helpline number for member enquiries (01296 383755), staffed by Member Liaison Officers from 9am – 5.30pm Monday to Thursday and from 9am – 5pm on Friday.

We have a dedicated email address for technical queries related to 'my pension online' (mypensiononline@buckinghamshire.gov.uk), managed by Member Liaison Officers.

Webinars, presentations and appointments
We run a programme of regular webinars for active scheme members or those wishing to join the scheme. These are promoted via the Scheme employer. We are able to offer bespoke presentations face to face upon request by Scheme employers, subject to meeting minimum attendance criteria.

Scheme members are able to book an appointment at one of our regular member surgeries to discuss individual questions about their pension benefits. These surgeries can be held face to face or via Microsoft Teams. While Pension Officers cannot provide financial advice, they can provide information on benefit entitlements under the LGPS.

Annual benefit statements
The Fund is legally required to provide an annual benefit statement by 31 August each year for all active, deferred and pension credit members, as per Regulation 89 of the LGPS Regulations 2013. Member statements are published to their online account each year. Printed statements are provided to those have opted out of 'my pension online'.

Newsletters
We provide Scheme member newsletters for active, deferred and pensioner scheme members on an annual basis, or more often, as required. The content is tailored to the audience to ensure that each newsletter is relevant and of interest. The newsletters are published on our website and are linked to the 'my pension online' scheme documents area. Copies are sent by post to members who have opted out of 'my pension online'. The number of printed copies is reducing as 'my pension online' registration increases.

Payslips/P60s
Pensioners can access their payment information including P60s via 'my pension online'. Printed payslips are sent to pensioners twice a year to confirm address data is correct. P60s are issued by the end of May each year. A printed P60 is sent to those that have opted out of 'my pension online'

Communication with prospective members

Our website has general information about the scheme including a dedicated section intended for prospective members. Employers contractually enrol all eligible staff into the LGPS. Scheme information is provided by employers within contracts of employment, which directs employees to our website.

We produce quarterly webinars for new and prospective members, offered via employers.

Prospective members can request information about the costs of joining the Scheme from their employer. The national LGPS website at www.lgpsmember.org contains useful information for prospective members. These members can contact us by telephone, email, post or in person (by appointment).

Communication with Scheme employers

Employers in the Fund include scheduled bodies, designated bodies, admitted bodies and deemed employers, as defined in Regulation 3 of the LGPS Regulations 2013.

Website
The Fund's website at lgps.buckinghamshire.gov.uk has a dedicated employer section, containing useful information to assist Scheme employers with their obligations. It is updated regularly with changes to the Scheme regulations, employer administration guidance, newsletters and other relevant information.

Where appropriate we create guides providing information about the scheme intended to be distributed by employers to their employees.

Email and telephone

Each Scheme employer is allocated a dedicated Employer Liaison Officer (ELO) who is their main contact for LGPS administration queries. As an introduction, ELOs issue our Employer Roles and Responsibilities guide to all new Fund employers. Scheme employers can email their ELO directly or send their queries to the shared employers@buckinghamshire.gov.uk mailbox. General employer communications are sent by email from the Fund's employer mailbox to recipients on the Fund's employer distribution list.

Any email containing confidential member information is sent using the Egress Switch encrypted email service or by other secure means.

Newsletters

A quarterly employer newsletter 'In-Form' is produced for Scheme employers, which summarises changes to Scheme legislation, policy, issues currently under debate and Scheme administration. It also includes bitesize training features and a frequently asked questions section to support employer training. The newsletter is sent directly to Employer contacts from the Employers' mailbox and is also available to download from the website.

i-Connect

i-Connect is the Fund's pension software solution enabling employers to automate the submission of data to us and append documents securely to individual member records. Workflow for the Pensions & Investments Team is automatically generated. i-Connect improves efficiency and reduces the cost and risks associated with manual data processing. It is the Fund's default data exchange method.

Employer meetings, webinars and training sessions

Meetings with a member of the Employer Liaison Team and Scheme employers will take place at the request of us or the employer. Frequent meetings will be arranged for larger employers or where deemed necessary by either party.

Remote training is offered where possible as it is often convenient for the employer's business needs and reduces travel costs. Employer Liaison Officers are able to offer one to one training over the phone, via Microsoft Teams or, where required, face to face. We run a programme of regular employer webinars providing training on all aspects of the Employer role. Upon request we are also able to prepare bespoke webinars to meet Employer requirements.

Annual report and accounts

Copies of the Fund's annual report and accounts are published on our website by 1 December each year. Due to the length and complexity of the Fund's annual report, hard copies are not routinely provided, but are available on request.

Pensions general meeting

We invite all Scheme employers to attend the Pensions General Meeting, which takes place triennially to coincide with the Fund valuation. Speakers are varied but include a presentation by the Fund's actuary, Barnett Waddingham LLP.

FRS102/IAS19 Reports

The FRS102/IAS19 Reports are prepared annually and are emailed to relevant Scheme employers in PDF format.

Communication with members' representatives

Members' representatives include any individual or group enquiring or acting on behalf of a Scheme member with the Scheme member's authority e.g. trade unions, solicitors, independent financial advisors, etc. Communication with third parties is carried out in line with GDPR guidance.

Website

Members' representatives can access a wide range of Scheme information on our website, including our contact details for general enquiries.

We also have a dedicated web page which provides guidance to members and their representatives regarding the information we require to ensure security when providing information to a third party.

Email, telephone and post

Our contact details are widely publicised, and members' representatives can contact us by email, post or telephone.

Feedback from stakeholders

In order to continually develop and improve communication we actively encourage feedback from stakeholders. Our methods of collecting feedback include:

- Our dedicated feedback mailbox: pension.feedback@buckinghamshire.gov.uk
- Digital surveys to obtain feedback from events and consult with stakeholders on specific matters
- Short customer satisfaction surveys issued with specific communications

Communication within the Pensions & Investments Team

We recognise the importance of ensuring that all our staff are fully equipped with the appropriate knowledge and skills to enable them to perform their duties.

We are committed to our team's training and development needs and meet these needs by the use of email briefing notes and internal team meetings, as well as internal and external training sessions on specific topics. We also provide staff with a monthly technical newsletter summarising important Scheme changes, technical guidance, newly published training resources, and key statutory deadlines for the month.

Communication and Fund Governance

The Pension Fund Committee

Under Buckinghamshire Council's constitution, the Council has delegated responsibility for decision-making on pension Fund investments to the Pension Fund Committee. The Pension Fund Committee consults within the advisory framework and with officers, before making decisions within the scope of their delegated powers. The Committee receives professional advice from an investment consultant and support/information from an independent adviser on investment strategy and other investment matters. Pension administration matters are reported to the Pension Fund Committee as appropriate.
Full details of the Committee and minutes of all meetings can be found at:
https://buckinghamshire.moderngov.co.uk/mgCommitteeDetails.aspx?ID=341

Buckinghamshire Pension Board

The Local Government Pension Scheme (Amendment) (Governance) Regulations 2014 set out the requirements for an Administering Authority to establish a Local Pension Board.

The purpose of the Buckinghamshire Pension Board is to assist the Administering Authority in its role as a Scheme manager. This covers all aspects of governance and administration of the LGPS, including funding and investments. We work closely with the Buckinghamshire Pension Board, ensuring they can fulfil their duties and responsibilities, including the provision of relevant training.

Full details of the Board and minutes of all meetings can be found at:
lgps.buckinghamshire.gov.uk/pension-board

Availability and format of our publications, frequency & review periods

Communication material	Formats available	Available to	When published /	When Reviewed?
Scheme information	Online, paper	All members, prospective members, members' representatives, Scheme employers	Always available	As required
My pension online	Online secure portal	All registered members, giving them online access to their pension records	Always available	As required
Pension update newsletter	Online, direct email, paper	Active and Deferred members	Produced annually Available online	At least annually or more often as needed
In-Touch Pensioner newsletter	Online, direct email, paper	Pensioner members	Produced annually Available	Annually
In-Form Employer's newsletter	Online, direct email	Scheme employers	Quarterly	Quarterly
Payslips	Online	Pensioner members	Printed copies issued twice per year Available via 'my pension online'	As required
P60s	Online, paper	Pensioner members	Annually and available via 'my pension	Annually
Annual Benefit Statements	Paper, online	All Active, Deferred and Pension Credit members	Annually by 31 August	Annually
Annual Report and Accounts	Online	Scheme employers, other interested parties	Produced annually Available online	Annually
Fund Valuation Report	Online	Scheme employers	Published every three years	Every three years

Training/ Presentations	Webinars, telephone, face to face	Members, Scheme employers	Programme of webinars published to our website and one to one training available upon request	As required
Member surgeries	Electronic, face to face	Scheme members	Run by appointment	As required
FRS102/IAS19 Reports	Electronic	Relevant Scheme	Annually	Annually

All communication documents on our website are accessible and comply with The Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.

All of our communication documents are available in large print or braille on request.

This communication policy statement is reviewed every three years in line with the triennial valuation and a revised version will be republished following any material change.

Report to Pension Fund Committee

Date: 21st March 2023

Title: **Treasury Management Service Level Agreement**

Contact officer: Julie Edwards, Pensions & Investments Manager

Ward(s) affected: None specific

Recommendations: **The Committee is asked to review and note the Pension Fund treasury management service level agreement.**

1. Executive summary

1.1 This report updates the Committee on the provision of treasury management services by Buckinghamshire Council to the Pension Fund in 2022/23 and asks the Committee to discuss and note the arrangements for investing the Pension Fund's surplus cash balances in 2023/24.

2. Content of report

2.1 The Pension Fund maintains relatively small balances of cash arising from the receipt of employer and employee contributions exceeding payments made on behalf of the Fund. Most of the Fund's cash is managed externally, either by the investment managers or State Street, the Fund's custodian bank. The cash held by the administering authority is usually less than 1.0%, or £36m, of the Fund's assets providing a working balance for the Fund to meet its short-term commitments.

2.2 During 2022 (2021) the Pension Fund earned £181.1k (£0.5k) interest on its working cash balances, the average balance of £13.2m (£8.3m). The cash balances ranged from £112k to £31.5m during 2022 (£6.8k to £45.9m during 2021). A separate bank account operates for the Pension Fund. The Council's treasury team invested all the Pension Fund's working cash in the Pension Fund bank account or money market funds. Members are asked to review and note the SLA for 2023/24 attached as Appendix 1.

2.3 Local Government Pension Regulations (Management & Investment) 2009 gave the Pension Fund the power to arrange a temporary loan from a bank for up to 90 days in order to pay benefits due under the Pension Fund Scheme or to meet investment commitments. However, there are no counterparties in the market that will temporarily lend cash to the Pension Fund. In previous years members of the Pension Fund Committee had indicated that they would prefer to borrow from the market rather than the Council. However, with no external market willing to temporarily lend to the Fund, the Pension Fund Committee members agreed that they would prefer the Fund to borrow temporarily from the Council rather than maintain a higher cash buffer to meet any unexpected cash requirements. There were no instance during 2022 where the Fund temporarily borrowed cash from the Council.

3. Other options considered

3.1 Not applicable.

4. Legal and financial implications

4.1 There are none arising directly from this report.

5. Corporate implications

5.1 There are none arising directly from this report.

6. Communication, engagement & further consultation

6.1 Not applicable.

7. Background papers

7.1 None.

Appendix 1

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

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

1 A separate bank account operates for the purpose of the Pension Fund.

2 Based on the projected daily balances for the Pension Fund bank account, the Council's Treasury Team will invest cash in the Pension Fund bank account so that the balance in the Pension Fund bank account is lower than £500k.

3 The Council's Treasury Team will invest the Pension Fund's remaining cash balances with counterparties on behalf of the Pension Fund in accordance with the Council's treasury management strategy. Investments will usually be in an instant access call account / Money Market Fund since the Fund's money is primarily held to meet immediate payments from the Fund. Interest will be paid into the Fund's bank account at the agreed rate.

4 For any surplus balances estimated to be significant in cash terms and likely to remain for a significant period of time, the Council's Treasury Team will make every effort to place these surplus funds in accordance with the Fund's Investment Strategy.

5 The Council's Treasury Team may arrange a temporary loan from the Council for up to 90 days in order to pay benefits due under the Pension Fund Scheme or to meet investment commitments.

6 The Council's Treasury Team will check balances on the Pension Fund / Council cash adjustment codes every Friday and on the last working day of the month. Any balances on the cash adjustment account will be transferred to / from the Pension Fund.

This agreement is effective from 1 April 2023 and will be subject to annual review by the Pension Fund Committee.

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Report to Pension Fund Committee

Date: 21st March 2023

Reference number: N/A

Title: Funding Strategy Statement

Relevant councillor(s): None specific

Author and/or contact officer: Julie Edwards, Pensions and Investments Manager

Ward(s) affected: None specific

Recommendations: The Committee is asked to approve the revised Funding Strategy Statement (FSS).

Reason for decision: The Local Government Pension Scheme (LGPS) Regulations require all LGPS Administering Authorities to prepare a FSS. The current FSS needs to be updated to reflect the 31st March 2023 actuarial triennial valuation.

Executive summary

1.1 The FSS seeks to set out how the administering authority has balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers' contributions and prudence in the funding basis. It is reviewed every three years following the triennial valuation. In addition to reflecting the outcome and assumptions of the 31st March 2022 triennial actuarial valuation the FSS has been updated with a new approach for full cessations adopting an ongoing funding approach with effect from 1st April 2023 instead of using gilt yields.

Content of report

1.2 Following the 31st March 2022 Actuarial Valuation , the FSS attached as Appendix 1 has been updated to reflect the outcome and assumptions of the triennial valuation. The FSS has also been updated with a new approach for full cessations adopting an ongoing funding approach instead of using gilt yields. An employer in the Fund becomes an exiting employer when it ceases to be a Scheme employer as defined in

Regulation 64 of the Regulations. This includes ceasing to be an admission body participating in the Fund and/or no longer having an active member contributing to the Fund.

1.3 When an employer becomes an exiting employer, the administering authority must obtain an actuarial valuation as at the date of exit of the liabilities in the Fund in respect of the exiting employer's current and former employees (commonly known as a cessation valuation) and a revised rates and adjustments certificate showing the exit payment due from the exiting employer (or the exit credit payable) in respect of those liabilities.

1.4 In assessing the value of the liabilities attributable to the exiting employer, the Fund Actuary may adopt differing approaches depending on the employer and the specific details surrounding the employer's cessation scenario.

1.5 For example, if the administering authority is satisfied that there is another employer willing to take on responsibility for the liabilities (or that there is some other form of guarantee in place) then the cessation position may be calculated on the ongoing funding basis.

1.6 However, in cases where there is no other employer in the Fund to take over the responsibility of the liabilities, the risk of any deficit arising in future in respect of those liabilities will fall to all the employers in the Fund. Therefore, in these cases, it is appropriate to consider an approach which reduces the risk of any future deficits falling to all the other Fund employers. This is referred to as a "full cessation" approach and the Fund's current policy is to adopt a valuation basis that is linked to gilt yields. The use of gilt yields, having been at very low levels for so long, has historically led to significantly larger exit payments being requested than if an ongoing methodology was applied. This has the effect of protecting the Pension Fund as it reduces the risk that the exit payment is insufficient and that the Pension Fund will need to call upon their remaining employers to meet any future deficit that could arise. One difficulty in using gilt yields within the full cessation approach is that they are volatile and so stability of exit positions can be harder to achieve. 2022 was a particularly volatile year for gilt yields and future volatility remains a possibility. An alternative is to assess the liabilities on a basis more prudent than the ongoing funding basis. The assumptions adopted will be consistent with the current ongoing funding position, but with additional prudence included in order to take into account potential uncertainties and risk e.g. due to adverse market changes, additional liabilities arising from regulatory or legislative change and political/economic uncertainties.

1.7 The appropriate level of prudence on this basis was reviewed as part of the Fund's 2022 valuation, when a stochastic analysis was used to assess the "success probabilities" of certain levels of prudence. From 1st April 2023 the Fund's approach is to target a 90% success probability that an exiting employer's assets plus the calculated exit payment/exit credit will be sufficient to meet the residual liabilities. This corresponds to a 3.4% prudence adjustment in the discount rate assumption. This adjustment will be reviewed on a regular basis, and as a minimum as part of each actuarial valuation of the Fund.

Legal and financial implications

1.8 The Local Government Pension Scheme (LGPS) Regulations 2013 require all Pension Administering Authorities to prepare a FSS.

Next steps and review

The FSS is reviewed every three years following the triennial actuarial valuation.

Background papers

None.

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Buckinghamshire Pension Fund
Funding Strategy Statement

Contents

Introduction

This is the Funding Strategy Statement for the Buckinghamshire Pension Fund (the Fund). It has been prepared in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 as amended (the Regulations) and describes Buckinghamshire Council's strategy, in its capacity as administering authority of the Fund. Buckinghamshire Council replaced Buckinghamshire County Council as administering authority of the Fund on 1 April 2020.

The Fund's Actuary, Barnett Waddingham LLP, has been consulted on the contents of this statement.

This statement should be read in conjunction with the Fund's Investment Strategy Statement (ISS) and has been prepared with regard to the guidance (*Preparing and Maintaining a funding strategy statement in the LGPS 2016 edition)* issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Purpose of the Funding Strategy Statement

The purpose of this Funding Strategy Statement (FSS) is to:

- Establish a clear and transparent fund-specific strategy that will identify how employers' pension liabilities are best met going forward;
- Support the desirability of maintaining as nearly constant a primary contribution rate as possible, as defined in Regulation 62(6) of the Regulations;
- Ensure that the regulatory requirements to set contributions to meet the future liability to provide Scheme member benefits in a way that ensures the solvency and long-term cost efficiency of the Fund are met; and
- Take a prudent longer-term view of funding those liabilities.

Aims and purpose of the Fund

The aims of the Fund are to:

- Manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due;
- Enable primary contribution rates to be kept as nearly constant as possible and (subject to the administering authority not taking undue risks) at reasonable cost to all relevant parties (such as the taxpayers, scheduled, resolution and admitted bodies), while achieving and maintaining Fund solvency and long-term cost efficiency, which should be assessed in light of the risk profile of the Fund and employers, and the risk appetite of the administering authority and employers alike; and
- Seek returns on investment within reasonable risk parameters.

The purpose of the Fund is to:

- Pay pensions, lump sums and other benefits to Scheme members as provided for under the Regulations;
- Meet the costs associated in administering the Fund; and
- Receive and invest contributions, transfer values and investment income.

Funding objectives

Contributions are paid to the Fund by Scheme members and the employing bodies to provide for the benefits which will become payable to Scheme members when they fall due.

The funding objectives are to:

- Ensure that pension benefits can be met as and when they fall due over the lifetime of the Fund;
- Ensure the solvency of the Fund;
- Set levels of employer contribution rates to target a 100% funding level over an appropriate time period and using appropriate actuarial assumptions, while taking into account the different characteristics of participating employers;
- Build up the required assets in such a way that employer contribution rates are kept as stable as possible, with consideration of the long-term cost efficiency objective; and
- Adopt appropriate measures and approaches to reduce the risk, as far as possible, to the Fund, other employers and ultimately the taxpayer from an employer defaulting on its pension obligations.

In developing the funding strategy, the administering authority should also have regard to the likely outcomes of the review carried out under Section 13(4)(c) of the Public Service Pensions Act 2013. Section 13(4)(c) requires an independent review of the actuarial valuations of the LGPS funds; this involves reporting on whether the rate of employer contributions set as part of the actuarial valuations are set at an appropriate level to ensure the solvency of the Fund and the long-term cost efficiency of the Scheme so far as relating to the pension Fund. The review also looks at compliance and consistency of the actuarial valuations.

Key parties

The key parties involved in the funding process and their responsibilities are set out below.

The administering authority

The administering authority for the Fund is Buckinghamshire Council. The main responsibilities of the administering authority are to:

- Operate the Fund in accordance with the LGPS Regulations;
- Collect employee and employer contributions, investment income and other amounts due to the Fund as stipulated in the Regulations;
- Invest the Fund's assets in accordance with the Fund's Investment Strategy Statement;
- Pay the benefits due to Scheme members as stipulated in the Regulations;
- Ensure that cash is available to meet liabilities as and when they fall due;
- Take measures as set out in the Regulations to safeguard the Fund against the consequences of employer default;
- Manage the actuarial valuation process in conjunction with the Fund Actuary;
- Prepare and maintain this FSS and also the ISS after consultation with other interested parties;
- Monitor all aspects of the Fund's performance;
- Effectively manage any potential conflicts of interest arising from its dual role as both Fund administrator and Scheme employer; and
- Enable the Local Pension Board to review the valuation process as they see fit.

Scheme employers

In addition to the administering authority, a number of other Scheme employers participate in the Fund.

The responsibilities of each employer that participates in the Fund, including the administering authority, are to:

- Collect employee contributions and pay these together with their own employer contributions, as certified by the Fund Actuary, to the administering authority within the statutory timescales;
- Notify the administering authority of any new Scheme members and any other membership changes promptly;
- Develop a policy on certain discretions and exercise those discretions as permitted under the Regulations;
- Meet the costs of any augmentations or other additional costs in accordance with agreed policies and procedures; and
- Pay any exit payments due on ceasing participation in the Fund.

Scheme members

Active Scheme members are required to make contributions into the Fund as set by the Department for Levelling Up Housing and Communities (DLUHC).

Fund Actuary

The Fund Actuary for the Fund is Barnett Waddingham LLP. The main responsibilities of the Fund Actuary are to:

- Prepare valuations including the setting of employers' contribution rates at a level to ensure Fund solvency and long-term cost efficiency after agreeing assumptions with the administering authority and having regard to the FSS and the Regulations;
- Prepare advice and calculations in connection with bulk transfers and the funding aspects of individual benefit-related matters such as pension strain costs, ill-health retirement costs, compensatory added years costs, etc;
- Provide advice and valuations on the exiting of employers from the Fund;
- Provide advice and valuations relating to new employers, including recommending the level of bonds or other forms of security required to protect the Fund against the financial effect of employer default;
- Assist the administering authority in assessing whether employer contributions need to be revised between valuations as permitted or required by the Regulations;
- Ensure that the administering authority is aware of any professional guidance or other professional requirements which may be of relevance to their role in advising the Fund; and
- Advise on other actuarial matters affecting the financial position of the Fund.

BARNETT WADDINGHAM
beyond the expected

Funding strategy

The factors affecting the Fund's finances are constantly changing, so it is necessary for its financial position and the contributions payable to be reviewed from time to time by means of an actuarial valuation to check that the funding objectives are being met.

The most recent actuarial valuation of the Fund was carried out as at 31 March 2022~~19~~. The funding position is set out in the table below:

2022~~19~~ valuation results	
Surplus (Deficit)	~~(~~£137~~86~~m~~)~~
Funding level	10~~9~~4%

On a whole Fund level, the primary rate required to cover the employer cost of future benefit accrual was 19~~8~~.7~~2~~% of payroll p.a.

The individual employer contribution rates are set out in the Rates and Adjustments Certificate which forms part of the Fund's 2022~~19~~ valuation report.

The actuarial valuation involves a projection of future cashflows to and from the Fund. The main purpose of the valuation is to determine the level of employers' contributions that should be paid to ensure that the existing assets and future contributions will be sufficient to meet all future benefit payments from the Fund. A summary of the methods and assumptions adopted is set out in the sections below.

Funding method

The key objective in determining employers' contribution rates is to establish a funding target and then set levels of employer contribution rates to meet that target over an agreed period.

The funding target is to have sufficient assets in the Fund to meet the accrued liabilities for each employer in the Fund.

For all employers, the method adopted is to consider separately the benefits accrued before the valuation date (past service) and benefits expected to be accrued after the valuation date (future service). These are evaluated as follows:

- The past service funding level of the Fund. This is the ratio of accumulated assets to liabilities in respect of past service. It makes allowance for future increases to members' pay and pensions. A funding level in excess of 100% indicates a surplus of assets over liabilities; while a funding level of less than 100% indicates a deficit; and
- The future service funding rate (also referred to as the primary rate as defined in Regulation 62(5) of the Regulations) is the level of contributions required from the individual employers which, in combination with employee contributions, is expected to cover the cost of benefits accruing in future.

The adjustment required to the primary rate to calculate an employer's total contribution rate is referred to as the secondary rate, as defined in Regulation 62(7). Further details of how the secondary rate is calculated for employers is given below in the Deficit recovery/surplus amortisation periods section.

The approach to the primary rate will depend on specific employer circumstances and in particular may depend on whether an employer is an "open" employer – one which allows new employees access to the Fund, or a "closed" employer – one which no longer permits new employees access to the Fund. The expected period of participation by an employer in the Fund may also affect the total contribution rate.

For open employers, the actuarial funding method that is adopted is known as the Projected Unit Method. The key feature of this method is that, in assessing the future service cost, the primary rate represents the cost of one year's benefit accrual only.

For closed employers, the actuarial funding method adopted is known as the Attained Age Method. The key difference between this method and the Projected Unit Method is that the Attained Age Method assesses the average cost of the benefits that will accrue over a specific period, such as the length of a contract or the remaining expected working lifetime of active members.

The approach by employer may vary to reflect an employer's specific circumstance, however, in general the closed employers in the Fund are admission bodies who have joined the Fund as part of an outsourcing contract and therefore the Attained Age Method is used in setting their contributions. All other employers (for example councils, higher education bodies and academies) are generally open employers and therefore the Projected Unit Method is used. The administering authority holds details of the open or closed status of each employer.

Payment of contributions

Employers pay contributions on a monthly basis. Primary contributions are certified as a percentage of payroll and payments received will fluctuate in line with payroll each month. Secondary rate adjustments can also be certified as a percentage of payroll or as a monetary amount. Monetary amounts are payable in 12 equal monthly instalments throughout the relevant year.

Employers may pay further amounts at any time and future periodic contributions, or the timing of contributions, may be adjusted on a basis approved by the Fund Actuary and the administering authority.

From 1 April 2023 no discount will be offered in exchange for prepayment of either primary or secondary contributions.

Valuation assumptions and funding model

In completing the actuarial valuation it is necessary to formulate assumptions about the factors affecting the Fund's future finances such as price inflation, pay increases, investment returns, rates of mortality, early retirement and staff turnover etc.

The assumptions adopted at the valuation can therefore be considered as:

- The demographic (or statistical) assumptions which are essentially estimates of the likelihood or timing of benefits and contributions being paid, and
- The financial assumptions which will determine the estimates of the amount of benefits and contributions payable and their current (or present) value.

Future price inflation

The base assumption in any valuation is the future level of price inflation over a period commensurate with the duration of the liabilities, as measured by the Retail Price Index (RPI). This is derived using the 20 year point on the Bank of England implied Retail Price Index (RPI) inflation curve, with consideration of the market conditions over the six months straddling the valuation date. The 20 year point on the curve is taken to be consistent with the average duration of an LGPS Fund. A deduction of 0.3% p.a. is applied to the yield at the 20 year point to reflect the shape of the yield curve. A further deduction of 0.4% p.a. is applied to reflect the view that investors are willing to pay a premium for inflation-linked products in return for protection against unexpected inflation.

~~This assumption was reviewed following the Chancellor's November 2020 announcement on the reform of RPI and is now assumed to be 0.4% p.a. lower than the 20 year point on the inflation curve. This change will be fully reflected in the ongoing funding assumptions from 31 March 2021. This adjustment accounts for both the shape of the curve in comparison to the Fund's liability profile and the view that investors are willing to accept a lower return on investments to ensure inflation linked returns.~~

Future pension increases

Pension increases are linked to changes in the level of the Consumer Price Index (CPI). Inflation as measured by the CPI has historically been less than RPI due mainly to different calculation methods. However, RPI is due to be aligned with CPIH (CPI but with allowance for housing costs) from 2030. ~~At the March 2019 actuarial valuation, a deduction of 1.0% p.a. was made to the RPI inflation assumption to derive the CPI inflation assumption. The CPI assumption adopted at March 2019 was 2.6% p.a.~~

Therefore, reflecting the anticipated amendment to RPI from 2030 and therefore the relative difference between RPI and CPI, a deduction of 0.35% p.a. is therefore made to the RPI assumption to derive the CPI assumption.

~~This assumption was also reviewed in light of the Chancellor's announcement on the reform of RPI mentioned above and CPI inflation is now assumed to be 0.4% p.a. lower than the RPI assumption (i.e. a total of 0.8% p.a. below the 20 year point on the Bank of England implied RPI inflation curve). This change will be fully reflected in the ongoing funding assumptions from 31 March 2021. This reflects the anticipated reform of RPI inflation from 2030 following the UK Statistics Authority's proposal to change the RPI calculation method in line with the Consumer Prices Index including Housing costs (CPIH). This assumption will be reviewed at future valuations and the difference between RPI and CPI is expected to move towards 0.0% p.a. as we get closer to 2030.~~

Future pay increases

As some of the benefits are linked to pay levels at retirement, it is necessary to make an assumption as to future levels of pay increases. Historically, there has been a close link between price inflation and pay increases with pay increases exceeding price inflation in the longer term. The long-term pay increase assumption adopted as at 31 March 2022~~19~~ was CPI inflation plus 1.0% p.a. which includes allowance for promotional increases.

Future investment returns/discount rate

To determine the value of accrued liabilities and derive future contribution requirements it is necessary to discount future payments to and from the Fund to present day values.

The discount rate that is applied to all projected liabilities reflects a prudent estimate of the rate of investment return that is expected to be earned from the Fund's long-term investment strategy by considering average market yields in the six months straddling the valuation date. The discount rate so determined may be referred to as the "ongoing" discount rate.

It may be appropriate for an alternative discount rate approach to be taken to reflect an individual employer's situation. This may be, for example, to reflect an employer targeting a cessation event or to reflect the administering authority's views on the level of risk that an employer poses to the Fund. The Fund Actuary will incorporate any such adjustments after consultation with the administering authority.

A summary of the financial assumptions adopted for the 2022~~19~~ valuation is set out in the table below:

Financial assumptions as at 31 March ~~2019~~2022	
RPI inflation	3.2~~6~~% p.a.
CPI inflation	2.9~~6~~% p.a.
Pension/deferred pension increases and CARE revaluation	In line with CPI inflation
Pay increases	CPI inflation + 1.0% p.a.
Discount rate	4.6~~8~~% p.a.

Asset valuation

For the purpose of the valuation, the asset value used is the market value of the accumulated fund at the valuation date, adjusted to reflect average market conditions during the six months straddling the valuation date. This is referred to as the smoothed asset value and is calculated as a consistent approach to the valuation of the liabilities.

The Fund's assets are notionally allocated to employers at an individual level by allowing for actual Fund returns achieved on the assets and cashflows paid into and out of the Fund in respect of each employer (e.g. contributions received and benefits paid).

Demographic assumptions

The demographic assumptions incorporated into the valuation are based on Fund-specific experience and national statistics, adjusted as appropriate to reflect the individual circumstances of the Fund and/or individual employers.

Further details of the assumptions adopted are included in the Fund's 2022~~19~~ valuation report.

McCloud/Sargeant judg~~e~~ments

~~The McCloud/Sargeant judgements were in relation to two employment tribunal cases which were brought against~~When the Government ~~in relation to possible age and gender discrimination in the implementation of transitional protection following the introduction of the~~ reformed ~~2015~~ public service pension schemes in 2014 and 2015 they introduced protections for older members.~~from 1 April 2015. These judgements were not directly in relation to the LGPS, however, do have implications for the LGPS.~~

In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The Government has confirmed that there will be changes to all main public sector schemes including the LGPS, to remove this age discrimination. A consultation has been run in relation to the changes proposed for the LGPS and legislation is now being drafted to bring forward these changes. We understand the updated Regulations are to be consulted on over the course of 2022 with revised Regulations effective from October 2023.~~the transitional protection~~

~~offered to some members as part of the reforms amounted to unlawful discrimination. On 27 June 2019 the Supreme Court denied the Government's request for an appeal in the case. A remedy is still to be either imposed by the Employment Tribunal or negotiated and applied to all public service schemes, so it is not yet clear how this judgement may affect LGPS members' past or future service benefits. It has, however, been noted by Government in its 15 July 2019 statement that it expects to have to amend all public service schemes, including the LGPS. On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published.~~

For the 2022 valuation, as required by the Department for Levelling Up, Housing & Communities, in calculating the value of members' liabilities it was assumed that:

- The current underpin (which only applies to those members within 10 years of their NPA at 31 March 2012) will be revised and will apply to all members who were active in the Scheme on or before 31 March 2012 and who join the post 1 April 2014 scheme without a disqualifying service gap;
- The period of protection will apply from 1 April 2014 to 31 March 2022 but will cease when a member leaves active service or reaches their final salary scheme normal retirement age (whichever is sooner);
- Where a member remains in active service beyond 31 March 2022 the comparison of their benefits will be based on their final salary when they leave the LGPS or when they reach their final salary scheme normal retirement age (again whichever is sooner);
- Underpin protection will apply to qualifying members who leave active membership of the LGPS with an immediate or deferred entitlement to a pension; and
- The underpin will consider when members take their benefit.

Further details of ~~this~~the McCloud/Sergeant judgment can be found below in the Regulatory risks section.

~~At the time of drafting this FSS, it is still unclear how this will affect current and future LGPS benefits. As part of the Fund's 2019 valuation, in order to mitigate the risk of member benefits being uplifted and becoming more expensive, the potential impact of McCloud was covered by the prudence allowance in the discount rate assumption. As the remedy is still to be agreed the cost cannot be calculated with certainty, however, the Fund Actuary expects it is likely to be less than 0.05% of the discount rate assumption.~~

Guaranteed Minimum Pension (GMP) indexation and equalisation

~~As part of the restructuring of the state pension provision, the Government needs to consider how public service pension payments should be increased in future for members who accrued a Guaranteed Minimum Pension (GMP) from their public service pension scheme and expect to reach State Pension Age (SPA) post-December 2018. In addition, a resulting potential inequality in the payment of public service pensions between men and women needs to be addressed. Information on the current method of indexation and equalisation of public service pension schemes can be found at: https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes/consultation-on-indexation-and-equalisation-of-gmp-in-public-service-pension-schemes.~~

On 23 March 2021, the government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching SPA beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016. Details of the consultation outcome can be found at: https://www.gov.uk/government/consultations/public-service-pensions-guaranteed-minimum-pension-indexation-consultation.

The 2022~~19~~ valuation ~~assumption~~ approach for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, ~~it is assumed that~~ the Fund will be required to pay the entire inflationary increase.

Deficit recovery/surplus amortisation periods

Whilst one of the funding objectives is to build up sufficient assets to meet the cost of benefits as they accrue, it is recognised that at any particular point in time, the value of the accumulated assets will be different to the value of accrued liabilities, depending on how the actual experience of the Fund differs to the actuarial assumptions. This theory applies down to an individual employer level; each employer in the Fund has their own share of deficit or surplus attributable to their section of the Fund.

Where the valuation for an employer discloses a deficit, the level of required employer contributions includes an adjustment to fund the deficit over a maximum period of 11~~5~~ years. ~~Shorter recovery periods have been used for the majority of employers.~~ The adjustment may be set either as a percentage of payroll or as a fixed monetary amount.

Where the valuation for an employer discloses a surplus, the level of required employer contribution may include an adjustment to amortise the surplus over a minimum period of 11 years.

Where an employer's contribution has to increase significantly, if appropriate, the increase may be phased in ~~over a period not exceeding 3 years~~.

The deficit recovery period or amortisation period that is adopted for any particular employer will depend on:

- The significance of the surplus or deficit relative to that employer's liabilities;
- The covenant of the individual employer (including any security in place) and any limited period of participation in the Fund;
- The remaining contract length of an employer in the Fund (if applicable); and
- The implications in terms of stability of future levels of employers' contribution.

Pooling of individual employers

The policy of the Fund is that each individual employer should be responsible for the costs of providing pensions for its own employees who participate in the Fund. Accordingly, contribution rates are set for individual employers to reflect their own particular circumstances.

However, certain groups of individual employers are pooled for the purposes of determining contribution rates to recognise common characteristics or where the number of Scheme members is small.

The funding pools adopted for the Fund at the 2022~~19~~ valuation are summarised in the table below:

Pool	Type of pooling	Notes
Buckinghamshire Council	Past and future service pooling	All employers in the pool pay the same total contribution rate and have the same funding level

Milton Keynes Council	Past and future service pooling	All employers in the pool pay the same total contribution rate and have the same funding level
Thames Valley Police	Past and future service pooling	All employers in the pool pay the same total contribution rate and have the same funding level
Academies	Past and future service pooling	All ~~academies~~ employers in the pool pay the same total contribution rate and have the same funding level. ~~Slightly different contribution rates are paid by Bucks and Milton Keynes academies over 2020-2022, converging to the same rate payable from 1 April 2022~~
Town & Parish Council Pool	Past and future service pooling	All employers in the pool ~~have~~ pay~~the same funding level and target~~ the same total contribution rate and have the same funding level. ~~Some employers in the pool are stepping up to this target contribution rate over the valuation period~~

The main purpose of pooling is to produce more stable employer contribution levels, although recognising that ultimately there will be some level of cross-subsidy of pension cost amongst pooled employers.

Forming/disbanding a funding pool

Where the Fund identifies a group of employers with similar characteristics and potential merits for pooling, it is possible to form a pool for these employers. Advice should be sought from the Fund Actuary to consider the appropriateness and practicalities of forming the funding pool.

Conversely, the Fund may consider it no longer appropriate to pool a group of employers. This could be due to divergence of previously similar characteristics or an employer becoming a dominant party in the pool (such that the results of the pool are largely driven by that dominant employer). Where this scenario arises, advice should be sought from the Fund Actuary.

Funding pools should be monitored on a regular basis, at least at each actuarial valuation, in order to ensure the pooling arrangement remains appropriate.

New employers joining the Fund

When a new employer joins the Fund, the Fund Actuary is required to set the contribution rates payable by the new employer and allocate a share of Fund assets to the new employer as appropriate. The most common types of new employers joining the Fund are admission bodies and new academies. These are considered in more detail below.

Admission bodies

New admission bodies in the Fund are commonly a result of a transfer of employees from an existing employer in the Fund to another body (for example as part of a transfer of services from a council or academy to an external provider under Schedule 2 Part 3 of the Regulations). Typically these transfers will be for a limited period (the contract length), over which the new admission body employer is required to pay contributions into the Fund in respect of the transferred members.

From 1 April 2022, the default approach will be for admission bodies to join the Fund under a pass-through arrangement. Under a pass-through arrangement, the letting authority retains the pensions risk. The admission body is responsible for paying the agreed contribution rate and also additional costs as set out in each admission agreement e.g. redundancy and early retirement costs.

Before 1 April 2022, the default approach was a full risk transfer. Under a full risk transfer the admission body becomes responsible for all the pensions risk associated with the benefits accrued by transferring members and the benefits to be accrued over the contract length. The administering authority may consider requests for a full risk transfer from new admission bodies.

Funding at start of contract

For pass-through and full transfer of risk arrangements, it may be appropriate for the new admission body to be allocated a share of Fund assets equal to the value of the benefits transferred, i.e. the new admission body starts off on a fully funded basis. This is calculated on the relevant funding basis and the opening position may be different when calculated on an alternative basis (e.g. on an accounting basis).

For pass-through employers the funding position will be re-set at 100% at each triennial valuation, with the balancing assets moved to/from the letting authority's section of the Fund as required. No such re-set is carried out under a full transfer of risk arrangement.

There may be special arrangements made as part of the contract such that pass-through or a full risk transfer arrangement is not adopted. In these cases, the initial assets allocated to the new admission body will reflect the level of risk transferred and may therefore not be on a fully funded basis or may not reflect the full value of the benefits attributable to the transferring members.

Contribution rate

The default approach for a new admission body with a pass-through arrangement will be for a simple fixed rate to apply. Consideration will be given to a variable rate in line with the cost of benefit accrual where the contract is for a long period.

- The simple fixed will be fixed at the outset and not re-calculated during the remainder of the contract. This will usually be set out as part of the commercial contract between the letting authority and the contractor. Where this rate differs from the cost of future benefits calculated by the actuary, the balance will be incorporated into the letting authority's certified rate.

- The variable rate would be set and then adjusted at each valuation in line with the change in the cost of future benefit accrual calculated by the actuary. This means that the contractor picks up the cost of changes in the profile of their membership, the life expectancy of their members and the actuary's updated assumptions, such as future investment returns, inflation and salary increases. The letting authority retains much of the market risk (e.g. asset performance) and experience (e.g. if inflation has been higher or lower between the valuation periods than assumed).

For a full-risk transfer, the contribution rate may be set on an open or a closed basis. Where the funding at the start of the contract is on a fully funded basis then the contribution rate will represent the primary rate only; where there is a deficit allocated to the new admission body then the contribution rate will also incorporate a secondary rate with the aim of recovering the deficit over an appropriate recovery period.

Depending on the details of the arrangement, for example if any risk sharing arrangements are in place, then additional adjustments may be made to determine the contribution rate payable by the new admission body. The approach in these cases will be bespoke to the individual arrangement.

Accounting

Under the simple fixed rate pass-through arrangement, for accounting purposes, the contractor's obligation is simply to pay the agreed contribution rate. The contractor would not be expected to include any liability in respect of their LGPS pension participation on their balance sheet. Instead, the letting authority would include it in their disclosures. The contractor may report its participation in the LGPS as if it were a defined contribution scheme.

Under the variable rate pass-through arrangement, it is less clear whether the contractor needs to include a liability on their balance sheet, they are subject to some pensions risk but they never have the possibility of a past service funding deficit so it could be argued that they have no accounting balance sheet obligation. In these cases, the contractor and letting authority should check with their auditors what their requirements are.

Security

To mitigate the risk to the Fund that a new admission body will not be able to meet its obligations to the Fund in the future, the new admission body may be required to put in place a bond in accordance with Schedule 2 Part 3 of the Regulations, if required by the letting authority and administering authority.

If, for any reason, it is not desirable for a new admission body to enter into a bond, the new admission body may provide an alternative form of security which is satisfactory to the administering authority.

Risk-sharing

Although pass-though is the default approach, new admission bodies and the relevant letting authority may make a commercial agreement to deal with the pensions risk differently. For example, it may be agreed that the pensions risk is shared between the letting authority and the new admission body.

The administering authority may consider risk-sharing arrangements as long as the approach is clearly documented in the admission agreement, the transfer agreement or any other side agreement. The arrangement also should not lead to any undue risk to the other employers in the Fund.

Legal and actuarial advice in relation to risk-sharing arrangements should be sought where required.

New academies

When a school converts to academy status, the new academy (or the sponsoring multi-academy trust) becomes a Scheme employer in its own right.

Funding at start

On conversion to academy status, the new academy will become part of the Academies funding pool and will be allocated assets based on the funding level of the pool at the conversion date.

Contribution rate

The contribution rate payable when a new academy joins the Fund will be in line with the contribution rate certified for the relevant section of the Academies funding pool at the 2022~~19~~ valuation.

Contribution reviews between actuarial valuations

It is anticipated for most Scheme employers that the contribution rates certified at the formal actuarial valuation will remain payable for the period of the rates and adjustments certificate. However, there may be circumstances where a review of the contribution rates payable by an employer (or a group of employers) under Regulation 64A is deemed appropriate by the administering authority.

A contribution review may be requested by an employer or be required by the administering authority. The review may only take place if one of the following conditions are met:

(i) it appears likely to the administering authority that the amount of the liabilities arising or likely to arise has changed significantly since the last valuation;

(ii) it appears likely to the administering authority that there has been a significant change in the ability of the Scheme employer or employers to meet the obligations of employers in the Scheme; or

(iii) a Scheme employer or employers have requested a review of Scheme employer contributions and have undertaken to meet the costs of that review. A request under this condition can only be made if there has been a significant change in the liabilities arising or likely to arise and/or there has been a significant change in the ability of the Scheme employer to meet its obligations to the Fund.

Guidance on the administering authority's approach considering the appropriateness of a review and the process in which a review will be conducted is set out the Fund's separate Contribution review policy which can be accessed on the Funding Strategy Statement webpage. This includes details of the process that should be followed where an employer would like to request a review.

Once a review of contribution rates has been agreed, unless the impact of amending the contribution rates is deemed immaterial by the Fund Actuary, the results of the review will be applied with effect from the agreed review date, regardless of the direction of change in the contribution rates.

Note that where a Scheme employer seems likely to exit the Fund before the next actuarial valuation the administering authority can exercise its powers under Regulation 64(4) to carry out a review of contributions with a view to providing that assets attributable to the Scheme employer are equivalent to the exit payment that will be due from the Scheme employer. These cases do not fall under the separate contribution review policy.

With the exception of any cases falling under Regulation 64(4), the administering authority will not accept a request for a review of contributions where the effective date is within 12 months of the next rates and adjustments certificate.

Cessation valuations

When a Scheme employer exits the Fund and becomes an exiting employer, as required under the Regulations the Fund Actuary will be asked to carry out an actuarial valuation in order to determine the liabilities in respect of the benefits held by the exiting employer's current and former employees. The Fund Actuary is also required to determine the exit payment due from the exiting employer to the Fund or the exit credit payable from the Fund to the exiting employer.

Where a pass-through arrangement is in place, any deficit or surplus at the end of the contract will be consolidated into the Letting Authority's section of the Fund, subject to any agreed exceptions set out in the admission agreement or side agreement.

Any deficit in the Fund in respect of the exiting employer will be due to the Fund as a single lump sum payment, unless it is agreed by the administering authority and the other parties involved that an alternative approach is permissible. For example:

- It may be agreed with the administering authority that the exit payment can be spread over some agreed period;
- the assets and liabilities relating to the employer may transfer within the Fund to another participating employer; or
- the employer's exit may be deferred subject to agreement with the administering authority, for example if it intends to offer Scheme membership to a new employee within the following three years.

Similarly, any surplus in the Fund in respect of the exiting employer may be paid from the Fund to the employer as an exit credit, subject to the agreement between the relevant parties and any legal documentation. Further detail on the Fund's exit credit policy is outlined below.

In assessing the value of the liabilities attributable to the exiting employer, the Fund Actuary may adopt differing approaches depending on the employer and the specific details surrounding the employer's cessation scenario.

For example, if the administering authority is satisfied that there is another employer willing to take on responsibility for the liabilities (or that there is some other form of guarantee in place) then the cessation position may be calculated on the ongoing funding basis.

Alternatively, if there is no other employer in the Fund willing to accept responsibility for the residual liabilities of the exiting employer, then those liabilities may be assessed on a basis more prudent than the ongoing funding basis. The assumptions adopted will be consistent with the current ongoing funding position, but with additional prudence included in order to take into account potential uncertainties and risk e.g. due to adverse market changes, additional liabilities arising from regulatory or legislative change and political/economic uncertainties. The appropriate level of prudence on this basis was reviewed as part of the Fund's 2022 valuation, when a stochastic analysis was used to assess the "success probabilities" of certain levels of prudence. The Fund's approach is to target a 90% success probability that an exiting employer's assets plus the calculated exit payment/exit credit will be sufficient to meet the residual liabilities. This corresponds to a 3.4% prudence adjustment in the discount rate assumption. This adjustment will be reviewed on a regular basis, and as a minimum as part of each actuarial valuation of the Fund.

Exit credit policy

Under advice from DLUHC, administering authorities should set out their exit credit policy in their Funding Strategy Statement. Having regard to any relevant considerations, the administering authority will take the following approach to the payment of exit credits:

- Any employer who cannot demonstrate that they have been exposed to underfunding risk during their participation in the Fund will not be entitled to an exit credit payment. This is on the basis that these employers would not have been asked to pay an exit payment had a deficit existed at the time of exit.
- The administering authority does not need to enquire into the precise risk sharing arrangement adopted by an employer but it must be satisfied that the risk sharing arrangement has been in place before it will pay out an exit credit. The level of risk that an employer has borne will be taken into account when determining the amount of any exit credit. It is the responsibility of the exiting employer to set out why payment of an exit credit is appropriate.
- Any exit credit payable will be subject to a maximum of the actual employer contributions paid into the Fund.
- As detailed above, the Fund Actuary may adopt differing approaches when assessing whether an exit debt is payable by the employer, depending on the specific details surrounding the employer's cessation scenario. If the results reveal a surplus, the Fund Actuary will also assess whether an exit credit may be payable. The default approach to calculating any exit credit will be to consider the results on the minimum-risk basis. If there is a surplus on the minimum-risk basis then the administering authority will consider the payment of an exit credit subject to the other conditions set out in this policy.
- The administering authority will pay out any exit credits within six months of the cessation date where possible. A longer time may be agreed between the administering authority and the exiting employer where necessary. For example if the employer does not provide all the relevant information to the administering authority within one month of the cessation date the administering authority will not be able to guarantee payment within six months of the cessation date.
- Under the Regulations, the administering authority has the discretion to take into account any other relevant factors in the calculation of any exit credit payable and they will seek legal advice where appropriate.

Managing exit payments

Where a cessation valuation reveals a deficit and an exit payment is due, the expectation is that the employer settles this debt immediately through a single cash payment. However, should it not be possible for the employer to settle this amount, providing the employer puts forward sufficient supporting evidence to the administering authority, the administering authority may agree a deferred debt agreement (DDA) with the employer under Regulation 64(7A) or a debt spreading agreement (DSA) under Regulation 64B.

Under a DDA, the exiting employer becomes a deferred employer in the Fund (i.e. they remain as a Scheme employer but with no active members) and remains responsible for paying the secondary rate of contributions to fund their deficit. The secondary rate of contributions will be reviewed at each actuarial valuation until the termination of the agreement.

Under a DSA, the cessation debt is crystallised and spread over a period deemed reasonable by the administering authority having regard to the views of the Fund Actuary.

Whilst a DSA involves crystallising the cessation debt and the employer's only obligation is to settle this set amount, in a DDA the employer remains in the Fund as a Scheme employer and is exposed to the same risks (unless agreed otherwise with the administering authority) as active employers in the Fund (e.g. investment, interest rate, inflation, longevity and regulatory risks) meaning that the deficit will change over time.

Guidance on the administering authority's policy for entering into, monitoring and terminating a DDA or DSA is set out in the Fund's separate DSA and DDA policies document available on the Funding Strategy Statement webpage. This includes details of when a DDA or a DSA may be permitted and the information required from the employer when putting forward a request for a DDA or DSA.

Regulatory factors

At the date of drafting this FSS, the Government is currently consulting on potential changes to the Regulations, some which may affect the regulations surrounding an employer's exit from the Fund. This is set out in the *Local government pension scheme: changes to the local valuation cycle and the management of employer risk* consultation document.

Further details of this can be found in the Regulatory risks section below.

Bulk transfers

Bulk transfers of employees into or out of the Fund can take place from other LGPS Funds or non-LGPS Funds. In either case, the Fund Actuary for both Funds will be required to negotiate the terms for the bulk transfer – specifically the terms by which the value of assets to be paid from one Fund to the other is calculated.

The agreement will be specific to the situation surrounding each bulk transfer but in general the Fund will look to receive the bulk transfer on no less than a fully funded transfer (i.e. the assets paid from the ceding Fund are sufficient to cover the value of the liabilities on the agreed basis).

A bulk transfer may be required by an issued Direction Order. This is generally in relation to an employer merger, where all the assets and liabilities attributable to the transferring employer in its original Fund are transferred to the receiving Fund.

Consolidation of Multi Academy Trusts (MATs)

Where an academy is transferring into or out of the Fund as part of a MAT consolidation exercise, the Fund generally expects that this will proceed through a Direction Order from the Secretary of State. In these situations and subject to the terms agreed between the Fund Actuary to both LGPS Funds, typically all the assets attributable to the academy in the ceding Fund are transferred to the receiving Fund.

Where the academy is transferring out of the Fund, the Fund requires a Direction Order to be sought such that all associated deferred and pensioner liabilities are also transferred out of the Fund.

Where the academy is transferring into the Fund, where appropriate, the academy will become part of the Fund's Academy pool. If the funding level of the transfer in to the Fund is substantially lower than the funding level of the academy pool, the Fund may require additional contributions to be paid by the academy to protect the other academies in the pool from an increased funding cost as a result of the transfer terms. There may be some instances where it is not deemed appropriate for the academy to join the Academy pool, or at least not immediately. For example if a large number of academies from a MAT transfer into the Fund at one time, then it may be more appropriate to initiate a separate funding pool for these academies until their funding position is in line with the main Academy pool, at which point it can then be merged into the Academy pool.

Links with the Investment Strategy Statement (ISS)

The main link between the Funding Strategy Statement (FSS) and the ISS relates to the discount rate that underlies the funding strategy as set out in the FSS, and the expected rate of investment return which is expected to be achieved by the long-term investment strategy as set out in the ISS.

As explained above, the ongoing discount rate that is adopted in the actuarial valuation is derived by considering the expected return from the long-term investment strategy. This ensures consistency between the funding strategy and investment strategy.

Risks and counter measures

Whilst the funding strategy attempts to satisfy the funding objectives of ensuring sufficient assets to meet pension liabilities and stable levels of employer contributions, it is recognised that there are risks that may impact on the funding strategy and hence the ability of the strategy to meet the funding objectives.

The major risks to the funding strategy are financial, although there are other external factors including demographic risks, regulatory risks and governance risks.

Financial risks

The main financial risk is that the actual investment strategy fails to produce the expected rate of investment return (in real terms) that underlies the funding strategy. This could be due to a number of factors, including market returns being less than expected and/or the fund managers who are employed to implement the chosen investment strategy failing to achieve their performance targets.

The valuation results are most sensitive to the real discount rate (i.e. the difference between the discount rate assumption and the price inflation assumption). Broadly speaking an increase/decrease of 0.5% p.a. in the real discount rate will decrease/increase the valuation of the liabilities by 10%, and decrease/increase the required employer contribution by around 2.5% of payroll p.a.

However, the Pension Fund Committee regularly monitors the investment returns achieved by the fund managers and receives advice from investment consultants, guidance from an independent adviser and guidance from officers on investment strategy.

The Committee may also seek advice from the Fund Actuary on valuation related matters.

In addition, the Fund Actuary provides funding updates between valuations to check whether the funding strategy continues to meet the funding objectives.

Demographic risks

Allowance is made in the funding strategy via the actuarial assumptions for a continuing improvement in life expectancy. However, the main demographic risk to the funding strategy is that it might underestimate the continuing improvement in longevity. For example, an increase of one year to life expectancy of all members in the Fund will reduce the funding level by approximately 4~~1~~%.

The actual mortality of pensioners in the Fund is monitored by the Fund Actuary at each actuarial valuation and assumptions are kept under review. For ~~the past two funding valuations~~the 2022 valuation, the Fund~~ has~~ commissioned a bespoke longevity analysis by Barnett Waddingham's specialist longevity team in order to assess the mortality experience of the Fund and help set an appropriate mortality assumption for funding purposes.

The liabilities of the Fund can also increase by more than has been planned as a result of the additional financial costs of early retirements and ill-health retirements. ~~However, the administering authority monitors the incidence of early retirements; and procedures are in place that require individual employers to pay additional amounts into the Fund to meet any additional costs arising from early retirements.~~

From 1 April 2023, the administering authority shall put in place a self-insurance arrangement to cover ill-health retirement and death-in-service benefits for all individual employers not involved in a pooling arrangement (see the Pooling of individual employers section for a list of all pooling arrangements).

When an ill-health retirement or death-in-service occurs a funding strain (i.e. the difference between the value of the benefits payable to the member and the value that was assumed as part of the actuarial valuation) is generated in the employer's section of the Fund. As part of the self-insurance arrangment, a reserve will be created based on the existing implicit assumption for ill-health and death-in-service liability exposure adopted by the Fund actuary. The reserve will be funded by a defined percentage of contributions or "premiums" paid by eligible employers and will be tracked separately by the Fund actuary at successive valuation. The premiums will be included within the employer's primary rate certified by the Fund actuary. Should a funding strain arise from an ill-health retirement or death-in-service, assets equal to the funding strain will be transferred from the reserve to the employer's section of the Fund.

The premiums are set with the expectation that they will be sufficient to cover the costs in the three years following the valuation date. The reserve will be reset to zero at each valuation. Any surplus or deficit of assets in the reserve would be redistributed in proportion to payroll (in total over the intervaluation period). Therefore, if there was a shortfall (more assets have been transferred to individual employers than contributions paid in) then we would make a deduction to all the participating employers' asset pots (in proportion to payroll). If there was a surplus (fewer assets have been transferred to individual employers than contributions paid in) then we would refund all the participating employers by increasing their asset pots (in proportion to payroll).

The self-insurance arrangement is subject to review at subsequent valuations depending on experience and the expected ill-health and death-in-service trends. They will also be adjusted for any changes in LGPS benefits. They will be included in employer rates at each valuation or on commencement of participation for new employers.

The Fund reserves the right to preclude the use of the self-insurance reserve where there is evidence to suggest a higher than anticipated ill-health experience for an individual employer. The Fund also reserves the right to enforce Regulation 36(3) of the Regulations as appropriate.

Climate risk

There are a large number of interlinked systemic long-term financial risks related to climate change which could potentially have a material impact on the assets and/or the liabilities of the Fund. The most obvious of these climate change risks will be the financial risks to the value of the Fund's assets, the potential increased volatility of markets and potential changes in life expectancy. It is possible that some of these factors will impact the assets and liabilities of the Fund in the same direction, although not necessarily by the same amount.

The Fund therefore has a fiduciary duty to consider climate change risk when making investment decisions and to ensure any decisions support the effective management of climate change. The Fund therefore expects their appointed investment managers to be informed about climate change risks and take investment opportunities accordingly within their processes. More detail is included in the Fund's Investment Strategy Statement.

As part of the 2022 valuation, the Fund Actuary provided the Fund with a climate risk analysis which assessed the potential exposure of the Fund's funding position to climate risk under different climate scenarios. The principles behind the analysis were agreed with the Government Actuary's Department (GAD).

The results of this analysis demonstrated that the funding strategy agreed as part of the 2022 valuation was sufficiently robust in the context of climate scenario analysis and any potential contribution impacts.

The Fund will continue to assess this risk on a regular basis.

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Maturity risk

The maturity of a Fund (or of an employer in the Fund) is an assessment of how close on average the members are to retirement (or already retired). The more mature the Fund or employer, the greater proportion of its membership that is near or in retirement. For a mature Fund or employer, the time available to generate investment returns is shorter and therefore the level of maturity needs to be considered as part of setting funding and investment strategies.

The cashflow profile of the Fund needs to be considered alongside the level of maturity: as a Fund matures, the ratio of active to pensioner members falls, meaning the ratio of contributions being paid into the Fund to the benefits being paid out of the Fund also falls. This therefore increases the risk of the Fund having to sell assets in order to meets its benefit payments.

The Government has published a consultation (*Local government pension scheme: changes to the local valuation cycle and management of employer risk*) which may affect the Fund's exposure to maturity risk. More information on this can be found in the Regulatory risks section below.

Regulatory risks

The benefits provided by the Scheme and employee contribution levels are set out in Regulations determined by central government. The tax status of the invested assets is also determined by the Government.

The funding strategy is therefore exposed to the risks of changes in the Regulations governing the Scheme and changes to the tax regime which may affect the cost to individual employers participating in the Scheme.

However, the administering authority participates in any consultation process of any proposed changes in Regulations and seeks advice from the Fund Actuary on the financial implications of any proposed changes.

There are a number of general risks to the Fund and the LGPS, including:

- If the LGPS was to be discontinued in its current form it is not known what would happen to members' benefits.
- ~~The potential effects of GMP equalisation between males and females, if implemented, are not yet known.~~
- More generally, as a statutory scheme the benefits provided by the LGPS or the structure of the scheme could be changed by the Government.
- The State Pension Age is due to be reviewed by the Government in the next few years.

At the time of preparing this FSS, specific regulatory risks of particular interest to the LGPS are in relation to the McCloud/Sargeant judgements~~, the cost cap mechanism~~ and the timing of future funding valuations consultation. These are discussed in the sections below.

McCloud/Sargeant judgements ~~and cost cap~~

The Court of Appeal judgment on the McCloud and Sargeant cases, relate to age discrimination against the age-based transitional provisions put into place when the new judicial pension arrangements were introduced in 2015. The members argued that these transitional provisions were directly discriminatory on grounds of age and indirectly discriminatory on grounds of sex and race, based on the correlation between these two factors reflected in the judicial membership. The Tribunal ruled against the Government, deeming the transitional provisions as not a proportionate means of achieving a legitimate aim.

The Government subsequently applied to the Supreme Court to appeal the judgment but their application was denied on 27 June 2019. On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. A ministerial statement in response to this was published on 13 May 2021 and revised Regulations are awaited to bring a remedy into play.

At the time of drafting this FSS, Regulations and therefore confirmation of the remedy are not yet finalised and are expected in 2023.

Cost control mechanism

As a result of the public service pension schemes reforms, the Government established a cost control mechanism for all those schemes to ensure a fair balance of risks between scheme members and the taxpayer. The process has been complex and has still not been fully resolved. Although the 2016 cost cap valuation report for the LGPS has been published, at the time of writing there is still a challenge outstanding regarding the inclusion of McCloud in the cost cap. Therefore, there is still a possibility that the 2016 valuation may have to be revisited with the small chance that benefit improvements will be required and potentially backdated to April 2019.

For the purposes of the 2022 valuation, we have made no allowance for any potential benefit changes. The Fund's prudence allowance already allows for an element of regulatory uncertainty and any potential impact is not deemed to be material. ~~The 2016 national Scheme valuation was used to determine the results of HM Treasury's (HMT) employer cost cap mechanism for the first time. The HMT cost cap mechanism was brought in after Lord Hutton's review of public service pensions with the aim of providing protection to taxpayers and employees against unexpected changes (expected to be increases) in pension costs. The cost control mechanism only considers "member costs". These are the costs relating to changes in assumptions made to carry out valuations relating to the profile of the Scheme members; e.g. costs relating to how long members are expected to live for and draw their pension. Therefore, assumptions such as future expected levels of investment returns and levels of inflation are not included in the calculation, so have no impact on the cost management outcome.~~

~~The 2016 HMT cost cap valuation revealed a fall in these costs and therefore a requirement to enhance Scheme benefits from 1 April 2019. However, as a funded Scheme, the LGPS also had a cost cap mechanism controlled by the Scheme Advisory Board (SAB) in place and HMT allowed SAB to put together a package of proposed benefit changes in order for the LGPS to no longer breach the HMT cost cap. These benefit changes were due to be consulted on with all stakeholders and implemented from 1 April 2019.~~

~~However, on 20 December 2018 there was a judgement made by the Court of Appeal which resulted in the Government announcing their decision to pause the cost cap process across all public service schemes. This was in relation to two employment tribunal cases which were brought against the Government in relation to possible discrimination in the~~

~~implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in their pre-2015 schemes after 1 April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.~~

~~The first case (McCloud) relating to the Judicial Pension Scheme was ruled in favour of the claimants, while the second case (Sargeant) in relation to the Fire scheme was ruled against the claimants. Both rulings were appealed and as the two cases were closely linked, the Court of Appeal decided to combine the two cases. In December 2018, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounts to unlawful discrimination. On 27 June 2019 the Supreme Court denied the Government's request for an appeal in the case. A remedy is still to be either imposed by the Employment Tribunal or negotiated and applied to all public service schemes, so it is not yet clear how this judgement may affect LGPS members' past or future service benefits. It has, however, been noted by Government in its 15 July 2019 statement that it expects to have to amend all public service schemes, including the LGPS.~~

~~On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits and at the same time announced the unpausing of the 2016 cost cap process which will take into account the remedy for the McCloud and Sargeant judgement. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. At the time of drafting this FSS, it is not yet known what the effect on the current and future LGPS benefits will be.~~

Consultation: Local government pension scheme: changes to the local valuation cycle and management of employer risk

On 8 May 2019, the Government published a consultation seeking views on policy proposals to amend the rules of the LGPS in England and Wales. The consultation covered:

- amendments to the local fund valuations from the current three year (triennial) to a four year (quadrennial) cycle;
- a number of measures aimed at mitigating the risks of moving from a triennial to a quadrennial cycle;
- proposals for flexibility on exit payments;
- proposals for further policy changes to exit credits; and
- proposals for changes to the employers required to offer LGPS membership.

The proposals for flexibility on exit payments and for further policy changes to exit credits have been finalised, however, are still to be finalised for the remaining three proposals. This FSS will be revisited once the outcome is known and reviewed where appropriate.~~The consultation is currently ongoing: the consultation was closed to responses on 31 July 2019 and an outcome is now awaited.~~

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~~So far, two partial responses to the consultation have been issued:~~

- ~~On 27 February 2020, a partial response was issued relating to policy changes to exit credits~~
- ~~On 26 August 2020, a partial response was issued relating to review of employer contributions and flexibility on exit payments~~

~~This FSS has been updated in light of these responses and will be revisited again once the outcomes are known for the remaining items.~~

~~Detail of the outstanding policy proposals are outlined below:~~

Timing of future actuarial valuations

LGPS valuations currently take place on a triennial basis which results in employer contributions being reviewed every three years. In September 2018 it was announced by the Chief Secretary to HMT, Elizabeth Truss, that the national Scheme valuation would take place on a quadrennial basis (i.e. every four years) along with the other public sector pension schemes. The ~~is~~ results of the national Scheme valuation are used to test the cost control ~~cap~~ mechanism and HMT believed that all public sector schemes should have the cost control~~cap~~ test happen at the same time ~~with the next quadrennial valuation in 2020 and then 2024~~.

Changes to employers required to offer LGPS membership

At the time of drafting this FSS, under the current Regulations further education corporations, sixth form college corporations and higher education corporations in England and Wales are required to offer membership of the LGPS to their non-teaching staff.

With consideration of the nature of the LGPS and the changes in nature of the further education and higher education sectors, the Government has proposed to remove the requirement for further education corporations, sixth form college corporations and higher education corporations in England to offer new employees access to the LGPS. Given the significance of these types of employers in the Fund (5% of total liabilities) this could impact on the level of maturity of the Fund and the cashflow profile. For example, increased risk of contribution income being insufficient to meet benefit outgo, if not in the short term then in the long term as the payroll in respect of these types of employers decreases with fewer and fewer active members participating in the Fund.

This also brings an increased risk to the Fund in relation to these employers becoming exiting employers in the Fund. Should they decide not to admit new employees to the Fund, the active membership attributable to the employers will gradually reduce to zero, triggering an exit under the Regulations and a potential significant exit payment. This has the associated risk of the employer not being able to meet the exit payment and thus the exit payment falling to the other employers in the Fund.

In November 2022, the ONS reclassified FE colleges as public sector employers. At the time of writing, this does not require any action for colleges with regards to the LGPS, and therefore there has been no change in treatment of these employers as a result of the reclassification.

Employer risks

Many different employers participate in the Fund. Accordingly, it is recognised that a number of employer-specific events could impact on the funding strategy including:

- Structural changes in an individual employer's membership;

- An individual employer deciding to close the Scheme to new employees; and
- An employer ceasing to exist without having fully funded their pension liabilities.

However, the administering authority monitors the position of employers participating in the Fund, particularly those which may be susceptible to the events outlined, and takes advice from the Fund Actuary when required.

In the case of admitted bodies, the Fund has a policy of requiring some form of security from the employer, in the form of a guarantee or a bond, in case of employer default where the risk falls to the Fund. Where the risk of default falls on the liabilities of an original letting authority, the Fund provides advice to the letting authority to enable them to make a decision on whether a guarantee, some other form of security or a bond should be required.

In addition, the administering authority keeps in close touch with all individual employers participating in the Fund to ensure that, as administering authority, it has the most up to date information available on individual employer situations. It also keeps individual employers briefed on funding and related issues.

Governance risks

Accurate data is necessary to ensure that members ultimately receive their correct benefits. The administering authority is responsible for keeping data up to date and results of the actuarial valuation depend on accurate data. If incorrect data is valued, there is a risk that the contributions paid are not adequate to cover the cost of the benefits accrued.

Monitoring and review

This FSS is reviewed formally, in consultation with the key parties, at least every three years to tie in with the triennial actuarial valuation process.

The most recent valuation was carried out as at 31 March 2022~~19~~, certifying the contribution rates payable by each employer in the Fund for the period from 1 April 2023~~0~~ to 31 March 2026~~3~~.

The timing of the next funding valuation was due to be confirmed as part of the Government's *Local government pension scheme: changes to the local valuation cycle and management of employer risk* consultation which closed on 31 July 2019. At the time of drafting this FSS, ~~no formal response to the consultation has been published it is anticipated that for the funding valuation as at 31 March 2022 the period for which contributions will be certified is from 1 April 2023 to 31 March 2026.~~it is anticipated that the next funding valuation will be due as at 31 March 2025.

The administering authority also monitors the financial position of the Fund between actuarial valuations and may review the FSS more frequently if necessary.

Pension Fund Committee Forward Plan

21 March 2023

Agenda Item	Author	Cyclical Item?
Apologies	--	Every meeting
Declarations of interest	--	Every meeting
Minutes	--	Every meeting
Buckinghamshire Pension Board Draft Minutes		Every 3 months
External Audit Plan	Grant Thornton	Annual
Actuarial Triennial Valuation	Barnett-Waddingham	Triennial
Administration Policy Updates	Claire Lewis-Smith	Annual
Treasury Management Service Level Agreement	Julie Edwards	Annual
Funding Strategy Statement	Julie Edwards	Triennial
Forward Plan	Julie Edwards	Every meeting
Exclusion of Press and Public		
Confidential Minutes		
Buckinghamshire Pension Board Confidential Minutes		Every 3 months
Investment Strategy Review	Mercer	Triennial
Brunel Pension Partnership Update	Faith Ward / Luke O'Donnell	Ad hoc
Pension Fund Risk Register	Julie Edwards	6 monthly
Pension Fund Performance	Julie Edwards	Quarterly
Date of next meeting / AOB	--	

July 2023

Agenda Item	Author	Cyclical Item?
Appointment of Vice-Chairman		
Apologies	--	Every meeting
Declarations of interest	--	Every meeting
Buckinghamshire Pension Board Draft Minutes		Every 3 months
External Audit Plan	Grant Thornton	Annual

Pension Fund Committee Forward Plan

	Audit of 2021/22 Accounts	Grant Thornton	Annual
	Draft Pension Fund Accounts		Annual
	Forward Plan	Julie Edwards	Every meeting
	Exclusion of Press and Public		
	Confidential Minutes		
	Buckinghamshire Pension Board Confidential Minutes		Every 3 months
	Brunel Pension Partnership Update	Brunel Pension Partnership	Ad hoc
	Pension Fund Performance	Julie Edwards	Quarterly
	Cashflow Modelling	Barnett-Waddingham	Triennial
	Cliimate Scenario Analysis	Mercer	Ad hoc
	Brunel Pension Partnership Update	Brunel Pension Partnership	Ad hoc
	Date of next meeting / AOB	--	

September 2023			
	Agenda Item	**Author**	**Cyclical Item?**
	Apologies	--	Every meeting
	Declarations of interest	--	Every meeting
	Minutes	--	Every meeting
	Buckinghamshire Pension Board Draft Minutes		Every 3 months
	Statement of Accounts Audit 2021/22	Grant Thornton	Annual
	Pension Fund Annual Report 2022/23	Julie Edwards	Annual
	Breaches of the Law	Claire Lewis-Smith	Annual
	Forward Plan	Julie Edwards	Every meeting
	Exclusion of Press and Public		
	Confidential Minutes		
	Buckinghamshire Pension Board Confidential Minutes		Every 3 months
	Pension Fund Risk Register	Julie Edwards	6 monthly
	Pension Fund Performance	Julie Edwards	Quarterly
	Brunel Pension Partnership Update	Brunel Pension Partnership	Ad hoc
		Mercer	Ad hoc
	Date of next meeting / AOB	--	

Pension Fund Committee Forward Plan

November 2023

	Agenda Item	Author	Cyclical Item?
	Apologies	--	Every meeting
	Declarations of interest	--	Every meeting
	Minutes	--	Every meeting
	Buckinghamshire Pension Board Draft Minutes		Every 3 months
	Forward Plan	Julie Edwards	Every meeting
	Exclusion of Press and Public		
	Confidential Minutes		
	Buckinghamshire Pension Board Confidential Minutes		Every 3 months
	Pension Fund Performance	Julie Edwards	Quarterly
	Brunel Pension Partnership Update	Brunel Pension Partnership	Ad hoc
	Date of next meeting / AOB	--	

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