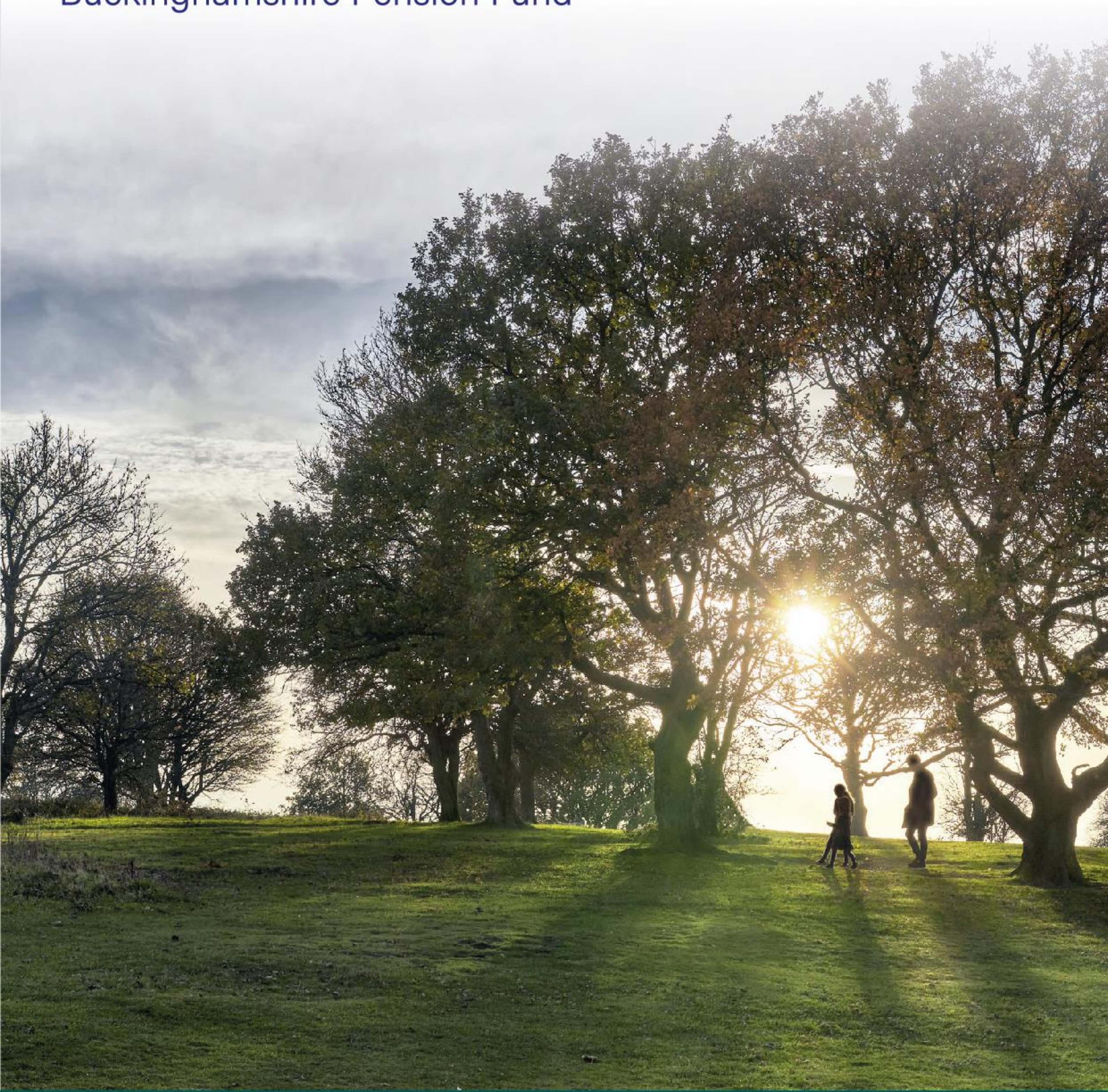
Buckinghamshire Council

Buckinghamshire Pension Fund



Pension Fund **Annual Report**

lgps | Local Government Pension Scheme

Year ending March 2022

Pension Scheme Reg no: 10123049

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Scheme Management and Advisors

Administering Authority
Buckinghamshire Council (BC)

Pension Fund Committee
(BC unless stated)
Cllr Timothy Butcher – Chair
Cllr Ralph Bagge – Vice Chair
Cllr Alex Collingwood
Cllr Ed Gemmel
Cllr Ian Macpherson
Cllr Matthew Walsh
Cllr Peter Marland – Milton Keynes Council
Cllr Matthew Barber –Thames Valley Police

Asset Pool and Asset Pool Operator
Brunel Pension Partnership

Advisors
Mercer Investment Consulting
Carolan Dobson

Fund Managers
Legal & General Investment Management
Pantheon Private Equity
Partners Group

Fund Legal Advisors
Buckinghamshire Council Legal Team

Actuary
Barnett Waddingham LLP

Custodian
State Street

Bankers to the Fund
Barclays Bank

Auditor
Grant Thornton UK LLP

AVC Providers
Scottish Widows
Prudential

Scheme Administrators
The Pensions and Investments Team at Buckinghamshire Council

Head of Projects and Pensions
Mark Preston

Head of Pensions
Julie Edwards

Introduction by the Head of Projects and Pensions

As Head of Projects and Pensions, I am pleased to present the reports and accounts of the Buckinghamshire Pension Fund. The Fund is part of the Local Government Pension Scheme (LGPS) which is administered by The Pensions and Investments Team at Buckinghamshire Council (BC). The aim of the annual report is to set out the Fund's financial position at 31 March 2022 and to provide details of the Fund's key activities over the past financial year.

Report highlights

- Membership of the Fund increased by 2.7% from 83,553 at 31 March 2021 to 85,809 at 31 March 2022[1]
- The Fund processed 1,167 retirements during 2021/2022, an increase of nearly 20% from the previous year and the highest it has been since 2017/2018
- The Fund paid out a total of £127,601,000 in pension benefits
- The Fund collected a total of £15,275,000 in contributions
- Interim valuation estimated the funding level increased from 94% in 2019 to 96% in 2022
- Net assets available to Fund benefits increased to £3,913,170,000, the highest in the Fund's history.
- On 31 March 2022, 91.4% of the Fund's assets had been transitioned to the Brunel Pension Partnership.
- Following internal audit testing of risk management, the overall conclusion rating for the system of internal control being maintained was rated 'substantial', an improvement on the previous year's rating.

Buckinghamshire Council corporate plan

Buckinghamshire Council (BC) was established on 1st April 2020 as the new unitary authority replacing the five District Councils and County Councils within Buckinghamshire. The Pensions and Investments Team underwent a review in 2019 resulting in a restructure which aimed to improve cooperation and introduce a more fluid and unified approach to administration. During 2021/2022 a review was carried out to ensure the revised team structure continued to offer the best service fitting in line with the council's vision for the future. The review resulted in no significant changes to structure, and confirmed the key aims of the 2019 restructure had been achieved. The Pensions and Investments Team are committed to making continued changes to service delivery to improve our customer service, process efficiency and provide value for money for our scheme members and employers.

The McCloud Judgement

In the cases of McCloud and Sargent, the Court of Appeal ruled on 20 December 2018, that by only providing protection for older members following scheme changes during 2014/2015, public service pension schemes had committed 'unlawful age discrimination'. Although the original case concerned the Judges and Firefighters schemes, the ruling was applied to all public service pension schemes, including the LGPS. The Supreme Court denied the Government's appeal on 27 June 2019, culminating in the 15 July 2019, statement to the Treasury, in which the Government confirmed it would 'take steps to remove the discrimination'. In July 2020 the government released a consultation proposing an extension of the LGPS statutory Underpin to all active members in the scheme on 31 March 2012, regardless of age, who then moved to the CARE scheme on 1 April 2014. While the government has confirmed its intention to legislate in this direction, a full response to the consultation has yet to be received. The response was expected during 2021/2022 but has now been delayed until Autumn 2022, leaving Fund's with less time to prepare

[1] This figure takes into account all categories of membership as reflected in the table on page 24

for the significant changes expected to result from the final remedy, that must be implemented by 1 October 2023.

To prepare for the significant increase anticipated in workloads, the Pensions Administration Team, have recruited additional resource. The government has required Funds to collect membership data from employers and I am pleased with the progress the administration team has made in this area.

The full impact of costs arising from McCloud, both at a scheme and Fund level, are still unclear. In March 2022, the government confirmed it intended to include costs associated with McCloud in the cost control mechanism for 2016 valuations. However, there has been opposition to this proposal and judicial reviews from several public sector schemes and unions are taking place. Despite this uncertainty, I would like to reassure stake holders that we are taking adequate steps at this juncture to mitigate against associated risks.

Brunel Pension Partnership

Since 2017, the Fund's assets have been pooled with 10 other LGPS Pension Funds under the Brunel Pension Partnership. The main aim of pooling is to reduce the costs associated with investment management; however, it has also provided new opportunities for diversification and stewardship. In their 2021 annual report, Brunel estimated that, based on transitioned assets, a net fee saving of £13 million per annum has been achieved versus pre-pooling. So far, 91.4% of Fund assets have been transitioned to Brunel.

Responsible Investment has also been an area of significant focus during 2021/2022. The outcomes report published by Brunel in May 2021 highlighted 'exceptional progress' made in cutting emissions. By 2030, Brunel's objective is to reduce emission intensity by at least 50%, in weighted average carbon intensity, for each listed portfolio compared to its investable universe by 2030.

You can read the full Brunel Annual Report for 2021 and download the May outcomes report on the Brunel Pension Partnership website at: www.brunelpensionpartnership.org

Triennial Valuation

This report is based on the contribution rates set out in the 31 March 2019 valuation report that took effect from 1 April 2020. The next triennial valuation takes place on 31 March 2022. Preliminary results will be available in autumn 2022 and the formal valuation report will be published on 1 April 2023.

The Fund actuary, Barnett Waddingham LLP, confirmed that returns over the year to 31 March 2022 'have remained strong and the Fund assets, in market terms, were more than what they were projected to be at 31 March 2022 on the 2019 valuation'. However, Barnett Waddingham have also highlighted that 'future investment returns that will be achieved by the Fund in the short term are more uncertain than usual, in particular the return from equities due to reductions and suspensions of dividends'.

Pension Fund Management Update

The market value of the Pension Fund as at 31 March 2022 was £3.901bn. In the year to 31 March 2022 the Fund achieved a return of 7.0% compared to the benchmark return of 7.7%, an underperformance of 0.7%. In the three years to 31 March 2022, the Fund achieved a return of 8.7%, an underperformance of 0.1% compared to its 8.8% benchmark for that period.

The underperformance is a reflection of the significant volatility still be experienced by global markets due to COVID-19 and the impact of war in Ukraine towards the end of the financial year. However, the Fund takes a long term approach to investments and is robust enough to protect against shifts in the market caused by global events.

Funding flexibility

On 23 September 2020, regulations were introduced allowing administering authorities greater funding flexibility. These regulations allowed for mid-valuation contribution reviews, deferred debt agreements, and the ability for Funds to spread exit payments due from employer's to the Fund over a set period of time. Government guidance was issued on 2 March 2021 and the Funding Strategy Statement was updated in April 2021 to include two supplementary policies as described below:

- The contribution review policy – sets out the circumstances when the Fund would consider reviewing employer contribution rates outside of the valuation cycle.
- The deferred debt and debt spreading agreement policies – sets out the circumstances where the Fund would consider alternative options to a lump sum exit payment.

The utilisation of discretion in any of these areas will always take into account the Fund's aims and objectives as set out in the Funding Strategy Statement which should be read in conjunction with the new policies.

Looking ahead

2021/2022 was a busy year for the Fund. Changes to government legislation and the continuing impact of COVID-19 presented significant challenges. The team has worked hard to meet the needs of the present, while simultaneously taking steps to prepare for the future, which has resulted in considerable achievements.

2022/2023 is expected to be another busy year. The triennial valuation will be carried out, setting employer contribution rates for the period 1 April 2023 to 31 March 2026. Responses to significant government consultations, such as McCloud, Task Force for Climate Related Disclosures, levelling up and further guidance on pooling are also expected. The Fund is committed to providing the best outcome for our stakeholders and I am confident we are well prepared to meet the challenges ahead.

We welcome any comments you have on this publication, or any matter relating to pensions administration. Contact details can be found at the end of this report.

Mark Preston
Head of Projects & Pensions
Buckinghamshire Council
Buckinghamshire Pension Fund

The Local Government Pension Scheme Overview

The Local Government Pension Scheme (LGPS) is a statutory public service pension scheme, the provisions of which are protected and guaranteed in law. The LGPS scheme regulations are determined nationally; however, the scheme itself is administered and managed locally by 86 Funds in England and Wales. Unlike the other public sector pension schemes, the LGPS operates on a funded basis. There is no single set of accounts; each Fund is responsible for meeting its own liabilities. Valuations are carried out locally to ensure sufficient assets and to set employer contribution rates accordingly.

LGPS benefits

The LGPS is a defined benefit scheme providing benefits to scheme members according to salary and length of service. On 1 April 2014, the scheme changed from a final salary scheme to a Career Average Revalued Earnings (CARE) scheme. All scheme members moved to the CARE scheme in 2014, however, any pension benefits built up before this date continue to be calculated on a final salary basis.

The table below sets out the key features of the LGPS.

Feature	**LGPS 2014**
Type of scheme	Safeguarded, defined benefit, CARE scheme
Accrual Rate	1/49th (or 1/98th in the 50/50 scheme)
Revaluation Rate	Consumer Price Index (CPI)
Pensionable Pay	Pay including non-contractual overtime and additional hours
Contribution Flexibility	50/50 section allows members to pay 50% of their usual contributions for 50% of the usual pension benefits Members can choose to pay towards APCs or AVCs to build up additional pension benefits in the scheme
Normal Pension Age	Equal to State Pension Age (minimum age 65)
Minimum Pension Age	55 (rising to 57 from 2028)
Lump Sum Commutation	£1 of annual pension provides £12 of lump sum up to a maximum of 25% of the total pension pot
Death in Service Lump Sum	3 x Pensionable Pay
Death in Service Survivor Benefits	1/160th accrual based on Tier 1 ill health pension enhancement
Ill Health Provision	Tier 1 - Immediate payment with service enhanced to Normal Pension Age (NPA) Tier 2 - Immediate payment with 25% service enhancement to Normal Pension Age Tier 3 - Temporary payment of pension for up to 3 years

Indexation of Pension in Payment	Consumer Price Index (CPI)
Vesting Period	2 years

Employer contributions

Employer's contribution rates are assessed at the triennial valuation and set based on each employer's individual liabilities. The last valuation took place on 31 March 2019 setting employer contributions rates for the period 1 April 2020 to 31 March 2023. The next valuation will take place on 31 March 2022 and will be used to set employer contribution rates for the period 1 April 2023 to 31 March 2026. Employer contributions have an important role in funding the cost of scheme benefits. Employer contribution tables showing each individual employer's contribution rate are available online at: https://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/employers/contribution-rates/

Employee Contributions

Employee contributions are set at a national level and are adjusted on 1 April each year in line with any increase to the CPI. An individual's contribution rate is determined by their pensionable pay. Since 1 April 2014 pensionable pay includes all actual pay, including contractual and non-contractual overtime, and any other emoluments deemed as pensionable. The total pensionable pay will fall into one of 9 bands and corresponding contribution rates. Scheme employers are responsible for determining the band for each employee. Employers must review contribution rates when any material change to a member's pay occurs, and at least once a year. Contributions are deducted directly from an employee's salary before tax is deducted and therefore benefit from tax relief.

The table below sets out contribution bands for the period 1 April 2021 to 31 March 2022.

Band	Pay Bands (Actual pensionable pay)	Contribution Rate Main Section	Contribution Rate 50/50 Section
1	Up to £14,600	5.5%	2.75%
2	£14,601 to £22,900	5.8%	2.9%
3	£22,901 to £37,200	6.5%	3.25%
4	£37,201 to £47,100	6.8%	3.4%
5	£47,101 to £65,900	8.5%	4.25%
6	£65,901 to £93,400	9.9%	4.95%
7	£93,401 to £110,000	10.5%	5.25%
8	£110,001 to £165,000	11.4%	5.7%
9	£165,001 or more	12.5%	6.25%

Retirement benefits

Normal Pension Age (NPA) before 1 April 2014 was 65 for most people. NPA for pension benefits built up after 1 April 2014 is the same as State Pension Age (minimum age 65) and the scheme is funded on this basis. However, members can choose to voluntarily retire from age 55 (increasing to 57 on 6 April 2028 in line with government policy) and age 75.

A member may have more than one NPA within a single pension account due to the historical changes in NPA. However, when a member releases their pension benefits in respect of a single pension account, they must do so in its entirety. As a safeguarded benefit, the LGPS offers no flexible draw down options.

If a member voluntarily retires before NPA, early retirement reductions are applied to their benefits. The reductions are based on actuarial assumptions that the pension is likely to be in payment for a longer duration. If a member retires after NPA, late retirement increases are applied. The value of any reduction or increase is based on factors set by the Government Actuary Department and are adjusted depending on how early or late a pension is being released. Information about reductions and increases are available on the Buckinghamshire Pension Fund website.

Calculation of pension

Final salary pension benefits built up before 1 April 2014 are calculated when someone leaves the scheme or retires. Final salary pension benefits built up before 1 April 2008 are calculated as:
Membership (years and days) x Final salary x 1/80 = Pension

Final salary pension benefits built up between 1 April 2008 and 31 March 2014, are calculated as:
Membership (years and days) x Final salary x 1/60 = Pension

CARE pension benefits, built up after 1 April 2014, are calculated on an annual basis, revalued according to CPI at the end of the scheme year, and added to the member’s pension account. This amount is then carried forward to the following year. The example below shows the calculation for three years’ worth of accrual under the CARE scheme:

Year 1: Pensionable pay x 1/49 x Revaluation % = Year 1 pension balance
Year 2: Pensionable pay x 1/49 + Year 1 pension balance x Revaluation % = Year 2 pension balance
Year 3: Pensionable pay x 1/49 + Year 2 pension balance x Revaluation % = Year 3 pension balance

Certain protections also exist in the scheme that allow qualifying members to have their post 1 April 2014 pension benefits calculated on a final salary basis, where it is beneficial.

Lump sum

An automatic lump sum is paid in addition to an annual pension for members who joined the scheme before 1 April 2008. This is calculated as:

Membership (years and days) x Final salary x 1/80 x 3 = Lump Sum

All members have the option of exchanging some of their annual pension to create a tax free lump sum. Each £1 of annual pension given up, will provide £12 of lump sum, up to a maximum of 25% of their total pension pot.

Ill Health Retirement

If a member’s employment is terminated due to ill health, they are entitled to receive full pension benefits paid immediately at the value accrued to the date of termination, regardless of age, without reductions. In cases of severe ill-health, there is also an enhancement paid. To qualify for ill-health retirement, the member must have met the two year vesting period, be permanently unable to perform their current tole until NPA and not be immediately able to take up gainful employment for a period of at least one year.

Upon meeting these criteria, a tier is assigned depending on the severity of the illness and the likeliness of the member being capable of undertaking gainful employment before NPA. The features of each tier are set out in the table below. Tier 1 and 2 are payable for life. A tier 3 ill-health pension is payable for a maximum of three years.

Tier	Requirements	Enhancement Paid
1	Member is unlikely to be capable of undertaking gainful employment before NPA	Full enhancement to NPA
2	Member is likely to be capable of undertaking gainful employment before NPA	25% enhancement to NPA
3	Member is likely to be capable of obtaining gainful employment within 3 years of the date employment ended	No enhancement

A deferred member may also have their pension released early due to ill-health. Ill-health pensions for deferred members operate on a single tier and there are no enhancements paid.

Death benefits

Survivor pensions are payable for a spouse, civil partner or a cohabiting partner. Children's pensions are also payable to eligible children under age 18, those between the ages of 18 and 23 if in full time education, or dependants deemed to be mentally or physically incapacitated.

Death grants are one off lump sums payable to a nominated beneficiary or a deceased member's estate. For active members, there is a death in service lump sum payable of 3 x pensionable pay.

A pensioner will receive a death grant if they die before age 75 and retired within 10 years of their death. The death grant in this circumstance is 10 years annual pension less the pension already received.

Deferred members who ceased active membership after 1 April 2008 will receive a death grant of 5 x the annual pension. Deferred members who ceased active membership before 1 April 2008 will receive a death grant equivalent to the automatic lump sum. If the deferred member also has an active LGPS account or pensioner account, they will receive the death grant with the highest value, not both.

Governance of the Fund

The Pension Fund Committee

The Pensions and Investments Team at Buckinghamshire Council is the administering authority for Buckinghamshire Pension Fund. The Pension Fund Committee (PFC) is responsible for:

- Determining the overall investment objectives for the Fund as set out in the Fund's Investment Strategy Statement
- The Fund's asset allocation policy
- Approving the Funding Strategy Statement, Investment Strategy Statement, Governance Compliance Statement, Pension Administration Strategy, and the Communications Policy
- Monitoring Fund performance and scheme governance
- Appointing firms to provide investment and actuarial advice to the Fund
- Monitoring the performance of Brunel in their delivery of investment services to the Fund
- Making representations to the Brunel Oversight Board on matters of concern regarding the service provided by Brunel and the performance of its portfolios
- Any other matters relating to the management and investment of the Pension Fund, as required

PFC Membership for 2021/2022

The PFC is made up of 9 elected members including representation from Thames Valley Police and Milton Keynes Council.

Cllr Timothy Butcher – Chair
Cllr Ralph Bagge – Vice Chair
Cllr Alex Collingwood
Cllr Ed Gemmell
Cllr Steven Lambert (until 8 September 2021)
Cllr Iain Macpherson
Cllr Matthew Walsh
Cllr Peter Marland – Milton Keynes Council
Cllr Matthew Barber –Thames Valley Police

PFC Meeting attendance Matrix 2021/2022

	Chair (TB)	Vice (RB)	BC Cllr Rep (AC)	BC Cllr Rep (EG)	BC Cllr Rep (SL)	BC Cllr Rep (IM)	BC Cllr Rep (MW)	MKC Cllr Rep (PM)	TVP Cllr Rep (MB)
05/07/2021	Y	Y	N	Y	N	Y	Y	N	N
09/09/2021	Y	Y	N	Y	-	Y	Y	N	N
18/11/2021	Y	Y	N	Y	-	Y	Y	N	N
21/03/2022	Y	Y	N	Y	-	Y	Y	N	N

All meetings are conducted face to face in line with regulatory requirements. All members of the PFC have voting rights. PFC Members are required to disclose any declarations of interest at the beginning of each PFC meeting.

Training offered to PFC members in 2021/2022 included:

- Pension Fund Committee Induction
- Overview of Brunel Assets Under Management and Brunel Portfolios 5 July 2021
- Barnett Waddingham Overview of the LGPS Training 15 July 2021
- Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Network Annual Conference
- Brunel Annual Engagement Day – Webinar 1 Investments
- Brunel Annual Engagement Day – Webinar 2 Responsible Investment
- Task Force on Climate Related Financial Disclosures (TCFD)

Buckinghamshire Pension Board

The Buckinghamshire Pension Board (BPB) assists the administering authority with governance and administration of the Scheme. The BPB is made up of an equal number of member and employer representatives.

BPB Membership for 2021/2022

Steve Mason – Scheme member representative – Chair until 15.12.21
Roona Ellis – Scheme employer representative – former Vice Chair, Chair from 16.03.22
Bev Black – Scheme employer representative
Pete Dearden – Scheme member representative
Joe McGovern – Scheme member representative
Tina Pearce – Scheme member representative
Ian Thompson – Scheme member representative - Vice-Chair from 16.03.21
Lisa Wheaton – Scheme employer representative

BPB meeting and training attendance matrix 2021/2022

	Chair until 15.12.21 (SM)	**Vice Chair at 16.03.22 (RE)**	**Emp Rep (BB)**	**Mem Rep (IT) Vice Chair at 16.03.21**	**Emp Rep (LW)**	**Mem Rep (PD)**	**Mem Rep (JM)**	**Mem Rep (TP)**
Meeting 28/07/2021	Y	Y	Y	Y	Y	Y	N	Y
Meeting 06/10/2021	Y	Y	Y	Y	Y	Y	Y	Y
Meeting 15/12/2021	N/A	Y	Y	N	Y	Y	Y	N
Meeting 16/03/2021	N/A	Y	Y	Y	Y	Y	Y	Y
CIPFA Annual event June 2021	Y	Y	Y	Y		Y		
LGA Fundamentals training Oct-Dec 2021 (3 days)			Y					Y
BW valuation seminar March 2022		Y						

Annual Review of the Buckinghamshire Pension Fund Board

The Public Service Pensions Act 2013 introduced the requirement to have a Local Pensions Board to assist in the good governance of the scheme.

The Board met four times in 2021/22, 3 virtual meetings and 1 in-person meeting. The Board consists of 4 Employer and 4 Member representatives, and all positions were filled until December 2021, when a scheme member representative resigned. An attendance rate of 93% has been achieved for this year. All members of the Board have equal voting rights.
Members of the Board are required to disclose any declarations of interest at the beginning of each Buckinghamshire Pension Board meeting.

In accordance with Section 248a of the Pensions Act 2004, every member of the Buckinghamshire Pension Board must be conversant with the rules of the scheme (the Local Government Pension Scheme Regulations), and any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.
Pension Board members must also have knowledge and understanding of the law relating to pensions, and such other matters as may be prescribed.

Accordingly, all members of the Board are encouraged to take advantage of the many training opportunities notified to them by Pensions Officers and to maintain their core knowledge via self-study using the Pension Regulator’s Public Services toolkit for online learning. This includes modules on conflicts of interest, managing risk and internal controls, maintaining accurate member data, maintaining member contributions, providing information to members and others, resolving internal disputes and reporting breaches of the law.

Other training opportunities offered to and undertaken by Board Members include:
- Barnett Waddingham Board Member Seminars
- CIPFA McCloud Stakeholder Engagement
- LGA Fundamentals Training Programme
- TPR Trustee Toolkit e-learning

At the end of its sixth year since inception, the Board looked back at a busy and varied 12 months. The Board undertook annual reviews of:
- their Terms of Reference, Code of Conduct Policy, Conflicts Policy and the Knowledge and Understanding Framework,
- the Administering Authority Discretionary Policy,
- the Pension Fund Annual Report,
- the Pension Fund Governance Compliance Statement, and
- the Pension Fund Risk Register.

At each meeting of the Board, reports were presented and considered regarding:
- Pension Fund Administration Performance Statistics,
- Pension Fund Administration Year-end Updates,
- Pension Fund Committee agenda and minutes, and
- updates from Officers regarding the progress in implementing the Brunel Pension Partnership as part of the Government LGPS Investments reform agenda and pension fund performance.

Ad-hoc reports were presented and considered regarding:
- Additional Voluntary Contributions (AVCs),
- Breaches of the Law,
- Employer Covenant Review,
- Guaranteed Minimum Pension Reconciliation/Rectification,
- I-Connect/My Pension Online,
- Internal Administration Benchmarking,
- Internal Disputes Resolution Procedure,

- McCloud Judgement,
- Scheme member and employer communications, and
- Training Opportunities.

In addition, the Board Chairman attended meetings of the Pensions Committee in an ‘observer’ capacity and had regular meetings with senior Officers to review Administration and Investments.

Statement from the Chair

The last twelve months marked the government’s phased push to vaccinate the population against COVID, the gradual easing of restrictions and the return to more normal life.

During this period, the Board was able to work with the officers using a combination of virtual meetings via MS Teams and some in person meetings.

Web-based training helped the officers to deliver information remotely to both employers and members. Webinar training offered to employers led to greater employer participation. The live webinar held for members allowed a greater audience targeted information flow. The officers also continued with projects which enhanced the workings of the Fund. These included the onboarding of the biggest employer to i-Connect which would facilitate accurate data flow. The resolution of most of the old data queries by the year end had provided a clean start for the Annual Benefit Statement cycle. The completion of the GMP reconciliation also enabled the Fund to consider its data as clean and reliable.

Steve Mason retired as Chairman in December 2021 and on behalf of the Board, I would like to thank him for his service.

2022 is expected to be another challenging year, being the year of the triennial valuation and the likely start of the McCloud remedy implementation. To this end, the Board will continue to work with the officers in delivering a steady, effective and efficient service to all the stakeholders of the Buckinghamshire Pension Fund.

Scheme Administration

The Pensions and Investments Team

The Pensions and Investments Team at Buckinghamshire Council administer the Local Government Pension Scheme on behalf of the Buckinghamshire Pension Fund. The Pensions and Investments Team consists of five sub teams: The Benefit Administration Team, the Employer Liaison Team, the Payroll Team the Systems Team, and the Treasury Team. The first four sub-teams are responsible for administering the Local Government Pension Scheme overseen by the Pensions Administration Manager.

Benefit Administration Team

As of 31 March 2022, there were 25,729 active members, 32,234 deferred members, 19,320 pensioner members and 2,658 dependant members. The Benefit Administration Team are responsible for dealing with all member administration on behalf of the Fund. This includes setting up records for new entrants, processing leavers, transfers, refunds, retirements, deaths, pension sharing orders on divorce and responding to all enquiries from Scheme members.

Payroll Team

The inhouse Payroll Team are responsible for paying all pension benefits, including the payment of refunds and death benefits. They process the monthly pensioner payroll, and issue payslips and P60s. As of 31 March 2022 there were 21,964 pensions in payment processed on a monthly basis.

Employer Liaison Team

The Fund's 280 active employers include scheduled bodies, admitted bodies and Local Education Authority (LEA) schools and academies in Buckinghamshire and Milton Keynes. The Employer Liaison Team are responsible for administering the Fund's year end procedures, admitting new employers, processing academy conversions and bulk transfers, as well as responding to all enquiries from Scheme employers, and providing them with continued support and training.

Systems

The Systems Team is responsible for overseeing maintenance of the specialist pensions processing systems utilised by the Team. Their role includes the management of Altair (the Fund's pension administration system), document imaging, pensioner payroll, and workflow management as well as the production of data for reporting purposes. They are responsible for the roll-out and maintenance of 'my pension online', our online member portal and i-Connect data, the data exchange system used by Scheme employers.

Treasury Team

The Treasury Team is responsible for implementing the Fund's investment strategy, reviewing and monitoring the Pension Fund's investments and ensuring all monies due to the Fund are received. The team also provides the Council's treasury function.

Knowledge and Skills Policy Statement

The Pensions and Investments Team recognises the importance of ensuring adequate resources for the dischargement of its responsibilities. As an organisation, we are committed to ensuring staff responsible for financial administration, governance, and decision-making, are equipped with the full range of knowledge and skills to enable them to perform their duties effectively. We seek to utilise capable and experienced staff and make provisions to ensure successful training and continued professional development. Members of the Fund's decision-making and governance bodies are offered extensive training, allowing the acquisition and maintenance of an appropriate level of expertise, knowledge and skills consummate to their role.

How the Service is Delivered

Key technologies employed

Altair

Altair is the Fund's pension administration platform designed to meet the complex requirements of digitalised pension administration. Altair provides an electronic database solution allowing for both the storage of paperwork on individual member records, as well as bulk interfacing of pension data. Altair allows for fast electronic calculations on an individual or bulk basis and stores over 300 of the Fund's standard member letter templates that can be generated with individual member personalisations. Altair also allows for the set-up of bespoke workflow systems tailored to suit individual case procedures, allowing for effective monitoring. Performance statistics can be extracted from the workflows to assess the efficiency of administrative procedures and to measure case completion in reference to target turnaround times.

My Pension Online

'My pension online' is the Fund's self-service facility allowing Scheme members to access their pension records online safely, securely and in a way that is cost effective and environmentally friendly. Access to 'my pension online' is provided via individual login to a secure web portal available at: https://ms.buckinghamshire.gov.uk. 'My pension online' sits alongside Altair, which means that any updates to member records appear live on 'my pension online' in real time. Using 'my pension online' members are able to; update addresses and death grant nomination details, view documents and letters, annual benefit statements, and, where a pension is payment, their payslips and P60s. 'My pension online' also features calculator modellers allowing members to run various pension calculations such as retirement and death estimates.

In line with the Fund's Communication policy statement, 'my pension online' is the default method for all communication to members. Once a document is uploaded to 'my pension online' an email notification is sent to the member advising them that the document is ready to view. Registration for 'my pension online' is not automatic. Members must register and set up an account with a secure username and password. Members are entitled to opt out of electronic communication by providing written notice to the Fund.

The Pensions and Investments Team works actively promote registration for 'my pension online'. Methods utilised in this endeavour include:

- Targeted communication to both unregistered members and partially registered members (those who have made an attempt to register but not fulfilled the registration process in its entirety).
- Engagement with employers through various communication and training sessions to encourage them to promote the benefits of 'my pension online' to their employees.
- Promotion of the features and benefits of 'my pension online' at appropriate opportunities via letters, newsletters, forms, guides, booklets, and on the Pension Fund website.

Overall, 'my pension online' has been well received by members and has provided an invaluable registration tool. As of 31 March 2022 a total of 37.06% of all active, deferred and pensioner members had registered for 'my pension online', an increase of 2.6 % on last year.

The following table shows the distribution of registration against membership categories for 2021/2022. Please note: These figures do not include frozen refunds, undecided leavers, and records for dependant members.

	Total membership	Total registered	Percentage of total membership registered (rounded to 00%)
Actives	25,487	10,079	39.55%
Deferred	21,785	8,653	27.22%
Pensioners	19,335	9,657	49.95%
Total	**76,607**	**28,389**	**37.06%**

i-Connect

i-Connect is a real-time data transfer solution for employers, streamlining data transfer to the Fund by reducing the costs and risks associated with the manual processing of pensions data, such as data protection breaches. i-Connect allows for either individual or bulk data transfer, via manual or automatic upload submissions. Data is interfaced directly to Altair. i-Connect supports employers in the fulfilment of their pension responsibilities by identifying data mismatches, thereby improving the quality of data for valuations, and reducing cost and complexity to both the employer and administering authority.

As i-Connect provides an improved service and represents value for money for both employers and members, the aim of the Pensions and Investments Team is to ensure a complete digitalisation of all data transfer. All new employers are automatically set up on i-Connect as part of the onboarding process and employers already in the scheme have been contacted to arrange onboarding. As of 31 March 2022, a total of 258 employers had been onboarded to i-Connect. From 1 April 2021, the Fund commenced charging under the Pensions Administration Strategy for the additional work involved in processing Excel spreadsheets. This has improved the take up of i-Connect.

Member and employer resources

Website

The principal source of information for members and employers, is the Fund website available at: www.buckinghamshire.gov.uk/pensions

Web content is developed and maintained by the Pensions and Investments Team and holds:

- Information about the LGPS for members and employers including latest scheme news and important regulatory updates.
- Fund specific information about procedures and processes for members and employers
- Details of upcoming events and training for members and employers such as member surgeries and webinars.
- Pension Fund policies and information on Fund governance.
- Contact details for enquiries, complaints and providing feedback.
- Links to a range of other useful websites that provide further information and assistance for scheme members such as the National LGPS website, Money Helper and the FCA.

Fund literature

In addition to the above, the Fund produces a range of literature available on the website which can be downloaded. This includes guides and forms for Scheme members and employers. Newsletters are also produced for a range of audiences to provide updates and information about the scheme. We issue annual newsletters to pensioners, active and deferred members. Our employer newsletter 'In-Form' is issued on a quarterly basis, and newsletters for pensioners, active and deferred members are issued annually.

Incoming queries

Current and prospective members with queries can contact us via the Fund's helpline on 01296 383755, open Monday to Thursday 9am -5.30pm and Friday 9am-5pm. The helpline is manned by dedicated staff trained to assist in answering member queries, either by providing a direct and immediate response, or by setting up workflow for further investigation.

At the member's request, the Benefit Administration Team also offer pension appointments to scheme members which can be conducted either face to face, via video link on MS Teams or over the telephone at a time within business hours that suit the member best.

Members can also submit queries via email to: pensions@buckinghamshire.gov.uk
Members who require technical assistance accessing 'my pension online' can either call the helpline, or email our dedicated inbox: mypensiononline@buckinghamshire.gov.uk

Members are also able to submit enquiries about their pension in writing to: The Pensions and Investments Team, Buckinghamshire Council, Walton Street Offices, Walton Street, Aylesbury, Buckinghamshire, HP20 1UD.

Each employer is assigned a dedicated Employer Liaison Officer (ELO) who they can contact directly either by email or phone. They can also email the team inbox for assistance employers@buckinghamshire.gov.uk

Feedback about any aspect of service from either members or employers, can be provided to the Fund's dedicated feedback inbox: pension.feedback@buckinghamshire.gov.uk

Arrangements for gathering assurance of effective and efficient administration operations

The Pensions and Investments Team take the following actions to ensure service delivery is adequately reviewed, assessed and scrutinised for overall effectiveness:

- Ensuring reports at year-end are provided to the BPB detailing administration performance and complaints under the Internal Disputes Resolution Procedure.
- The team undergoes an internal audit on an annual basis. The internal audit report includes an action tracker which details outstanding issues.
- The Council's Audit and Governance Committee review outstanding internal audit actions. The Committee consists of twelve elected members who meet to consider matters relating to the Council's constitution, accounts, risk management and governance arrangements.

Arrangements for ensuring accuracy

The Pensions and Investments Team take the following actions to ensure accuracy of pension administration processing:

- The Systems team undertake regular system testing. Standard checks are undertaken at regular intervals and upon the introduction of any software upgrades.
- The Benefit Administration Team and Payroll Team have checking procedures imbedded into all workflow to ensure both the accuracy of calculations and the fulfilment of regulatory requirements.
- The Employer Liaison Team carry out data cleansing and validation on the monthly and yearly returns submitted.
- The Treasury Team undertake financial reconciliation data checks both monthly and annually.

Arrangements for ensuring data protection and confidentiality

The Pensions and Investments Team take the following actions to ensure data protection and confidentiality:

- Callers to the Pensions Helpline must complete security checks before data is shared.

- Due to the corporate use of strong end-to-end encryption and anti-spoofing technology, Buckinghamshire Council have passed the government's whitelist assessment. We can securely email any other organisation on the government whitelist, as well as those with an email address ending 'gov.uk' as end-to-end encryption ensures the message is secure in transit.
- For those organisations not on the whitelist, or do not have a 'gov.uk' email, we are able to send and receive emails containing personal data securely via the Egress Switch encrypted email service. Under the terms of our licence, once registered, employers and Scheme members are able to correspond with us, or any other person holding a full Egress Switch licence, without charge.
- If employers are not able to use Egress Switch, they are required to password protect all correspondence containing personal data.
- All member correspondence which includes sensitive data is sent via Egress, and where they have a 'my pension online' account, it is published there, and the member must login to access the document.
- If a deferred or pensioner member wishes to change their address following a period where contact details are not held, we request date of birth verification and a proof of address document.
- Where a third party seeks to act on behalf of a member, a signed letter of authority dated within the past three months must have been provided.
- Registration for 'my pension online' requires security verification matching.

The Fund's summary and full privacy notices, as well as our memorandum of understanding are available at: https://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/general-data-protection-regulation/

Referrals to other services

The Pensions and Investments Team refer members primarily to the following services:

Money Helper - Money Helper provides free independent and impartial information about pensions. Money Helper is available to assist members and beneficiaries of the Scheme with any pension query they have or any general requests for information or guidance concerning their pension benefits.
In writing: Money and Pension Services, 120 Holborn, London, EC1N 2TD
By telephone: 0800 011 3797
Website: https://www.moneyhelper.org.uk/en

The Pensions Ombudsman (TPO) - TPO deals only with pension complaints. It can help if members have a complaint or dispute about the administration and/or management of personal and occupational pension schemes.
In writing: 10 South Colonnade, Canary Wharf, E14 4PU
By telephone: 0800 917 4487
Website: www.pensions-ombudsman.org.uk

The Financial Conduct Authority (FCA) - The FCA regulates the conduct of financial service firms and financial markets in the UK. The website provides advice and information to consumers in the avoidance of pension scams and includes a register members can check to find a suitably qualified independent financial advisor.
In writing: FCA Head Office, 12 Endeavor Square, London, E20 1JN
By telephone: 0800 111 6768
Website: https://www.fca.org.uk/

Summary of Key Projects Undertaken by the Pension Administration Team 2021/2022

GMP reconciliation
When contracting out came to an end on 5 April 2016, Funds were required to reconcile their GMP (Guaranteed Minimum Pension) data with the data held by HMRC and resolve any discrepancies. The original completion date of the project was 31 December 2018; however, the Fund did not receive all the data from HMRC until July 2020. Since then the Pensions and Investments Team have worked with Independent Transitional Management Ltd (ITM) to reconcile data. At the end of 2020, 59,025 member records had been reconciled. A further 10,415 pensioner and dependant scheme members were identified requiring reconciliation. Of these members, the following was identified:

- 9,019 members did not require rectification,
- 957 members required their records to be amended with the correct GMP, but the reconciliation did not mean any changes to payments.
- 439 scheme members require pensions in payment to be recalculated.

Contact was made with the 439 pensioner members to advise of changes to payment. The Fund did not recover overpayments, in line with national policy. All changes to payments and final reconciliation for all active, deferred and pensioner members were updated by September 2021. The GMP reconciliation project is now complete.

Transition to digital services
Following COVID-19, the Fund placed renewed focus on improving processes through the use of digital services such as i-Connect and 'my pension online'.

i-Connect is a real-time data transfer solution for employers, streamlining data transfer to the Fund and reducing the costs and risks associated with manual data transfer and processing. As at 31 March 2020, 82 of the Fund's employers had been onboarded to i-Connect. By 31 March 2021, 147 employers had been onboarded to i-Connect and by 31 March 2022, this number had increased to 258 and included the largest Fund employer. i-Connect is the default option for any employers coming into the Fund and any remaining employers will be onboarded by the end of 2022.

'My pension online' is the Fund's self-service portal. Use of 'my pension online' reduces the Fund's paper output and provides a safe and secure data exchange system for members. During 2021/2022, the team worked to increase membership of 'my pension online' amongst pensioner members through a targeted communication project. The result was an increase to the number of pensioners registered for 'my pension online' from 34.40% in February 2021, to 49.95% in March 2022. Prior to the project, 45.90% of pensioner members had not provided a communication preference. This number had decreased from to 21.73% following the project. Over 1/3rd of the Fund's membership is now registered 'my pension online'. Work to increase Fund membership during 2022/2023 will continue.

The McCloud judgement
Following the high court ruling known as the McCloud Judgement, the government released a consultation proposing to remove age discrimination from the LGPS by extending the statutory Underpin. To comply with the proposed regulations, Funds must gather certain membership data from employers, including those that have exited the LGPS. Our focus during 2020/2021 was to prepare employers for the historic data gathering exercise through regular communications. Steps were also taken to communicate with members about the anticipated changes through newsletters and our dedicated webpage. The government instructed Funds to begin collecting data in preparation for the implementation of the remedy. During 2021/2022 the Fund commenced data gathering, one to one training and tailored communications to assist employers. From 380 expected files, a total of 215 were provided to the Fund by

31 March 2022. Preparation has also been made for data automation to the pensions administration system. The final remedy is expected to be received later in 2022/2023.

Data Improvement Plan

Complete and accurate records are essential for adequate pension administration. Data accuracy reports are produced every September and presented to The Pensions Regulator (TPR). Common data are items specified as essential in TPR guidance, while there is a defined list for LGPS administrators. An updated plan is produced annually to continue improving data quality held by the Fund. During 2021/2022, the Pensions and Investments Team continued to work through identified data errors. Progress since 2018 is shown in the table below.

Year	Common data	Scheme specific data
2018	91%	86%
2019	93%	95.1%
2020	95.1%	96%
2021	95.8%	97.86%

Conditions for transfer regulations

On 19 November 2021, The Occupations and Personal Pension Schemes (Conditions for Transfer regulations) 2021 came into force. These regulations provided Funds with the regulatory authority to halt a transfer where there was reason to believe the member may be the target of a pension scam. In response, changes to procedures were redesigned and an additional 32 standard letters were updated on our system.

We also took The Pensions Regulator's (TPR) Pledge to promise we would do all we could to warn members about pension scams. Information about the pledge, the change in regulations and warnings about scams, have been communicated to members via our website, letters and newsletters. All pension officers have completed scam awareness training provided by TPR to ensure they can identify scams and as a Fund we will endeavour to report any suspicions of pension scams to the authorities. We are committed to promoting awareness of pension scams to our members.

Key Performance Data

Table 1: Case completion totals

Process	Cases total	Total cases complete	Percentage	Fund KPI target (Working days)	Percentage completed within fund KPI target*
Retirements (actual)	4030	3633	95%	20	96%
Retirement (estimates)	1257	1154	94%	10	98%
Deaths	990	931	92%	11	96%
Leavers	5042	4509	89%	10	73%
Refund (estimates and actual)	3250	3022	93%	10	95%
Divorce (estimates and actual)**	206	197	94%	10/20	82%
Member opt outs	660	634	96%	10	99%
Transfers (estimates and actual)	1351	1208	89%	10/20	70%
Interfund transfers	3086	2939	95%	30	93%
Aggregations (in-house)	4705	4300	91%	30	63%
Additional Contributions	322	309	96%	10	95%
New starters created	5273	5258	100%	10	90%
Changes***	645	642	100%	10	94%
Payroll set-ups	3865	3822	99%	5	97%
Payroll related tasks	2059	1980	96%	5/10	94%

The figures above are extracted from the pensions administration system (Altair). ‘Cases total’ includes those open at 31/3/2021 from the preceding year and those created during the year. ‘Total cases complete’ represents those of the ‘Cases total’ completed between 1 April 2021 and 31 March 2022. The figures above do not account for all queries received and dealt with by the Pensions and Investments Team, as there is not a singular figure available for quantifying general queries that are answered without the need to set up workflow.

* Time spent awaiting information from members or employers are excluded from the KPI completion statistics.

**Actual divorce cases commence when a Pension Sharing Order (PSO) is received. However, the PSO cannot be legally carried out by the Administering Authority until a Decree Absolute is issued by the Court which can cause considerable delay.

***Change tasks include hours changes for members subject to the underpin as well as changes in member’s personal details. E.g. address changes, name changes and changes to death grant nominations. Changes the member has made via ‘my pension online’ are not included in this figure.

Staffing indicators

Table 2: LGPS administrative staff

Staffing (Full Time Equivalent)	31 March 2020	31 March 2021	31 March 2022
Management	2	2	2
Benefit Administration	23.6	23.6	29.6
Employer Liaison	7.6	7.6	7.6
IT/Systems	5	5	5
Pensioner Payroll	3	3	3
LGPS Technical officer	0.9	1	1
Subtotal	**42.1**	**42.2**	**48.2**
Non-LGPS admin. staff	0.9	0.9	0.9
Temporary agency staff	0	0	1
Total staff (FTE)*	**43**	**43.1**	**49.1**

Table 3: Staff : fund members ratio (based on total LGPS administration staff)

Membership type	31 March 2020	31 March 2021	31 March 2022
Active	1 : 596	1 : 593	1 : 536
Deferred	1 : 728	1 : 858	1 : 789
Pensioner	1 : 494	1 : 488	1 : 456
Total	**1 : 1818**	**1 : 1939**	**1 : 1780**

Table 4: Caseload analysis for 2021/2022

Cases open at beginning of year	4,547
New cases during year	41,473
Cases completed during year	43,625
Cases open at end of year	2,395
Average no. of workflow cases per FTE member of staff	**955**

The cases used in the above table are measured against the totals in table 1.

Member and employer feedback

The Pensions and Investments Team aim to assess satisfaction levels of our service users through capturing qualitive and quantitative feedback and to use this to inform on service improvement. The aim of the feedback inbox is to provide an open invitation to all our service users, particularly Scheme members, to express their thoughts on any aspect of the service in an informal and qualitative way. Any suggestions received from the feedback inbox are given due consideration and have been very helpful in understanding the perspective of our service users. The feedback inbox is advertised on our website and also on our letters. The table below shows how the feedback inbox has been used between 1 April 2021 and 31 March 2022.

Table 5: Feedback inbox thematic analysis

Compliments	16
Suggestions	5
Complaints	5
Other	7

Please note: The above figures capture use of the feedback inbox only and do not reflect all incoming feedback received from the Pensions and Investments team.

Feedback from member webinars

Communication with new scheme members is important for increasing retention and to raise awareness of time limits associated with refunds and transfers. In 2021/2022, we ran a quarterly webinar specifically for new and prospective members entitled, 'An introduction to the LGPS'. The webinars were open to staff from all Fund employers. To ensure accessibility, webinar dates and times are rotated, including sessions during the school holidays. All those who have registered for a webinar have access to a recording of the event. To ensure the correct membership group receives an invite, recruitment for the event is carried out by employers. 4 sessions were held over 2021/2022 attended by a total of 357 members.

At the end of each webinar, attendees are offered an opportunity to provide feedback on the session via the council's survey platform, citizenspace. The results are displayed in the table below:

Table 6: New starter webinar satisfaction survey

Member rating	May 2021	Aug 2021	Sept 2021	Jan 2022	Average* %
Excellent	65%	68%	67%	54%	64%
Good	35%	31%	33%	46%	36%
Ok	0%	0%	0%	0%	0%
Poor	0%	0%	0%	0%	0%

*Figures are rounded to the nearest whole number.

On 21 October 2021 we held our first annual webinar for active members, 'Buckinghamshire Pension Fund LIVE.' The event was attended by a total of 276 people and a further 415 people accessed the recording after the event. The webinar provided a presentation with an accompanying chat Q&A which was facilitated by two pension officers. A total of 214 questions were asked and answered in the chat.

Satisfaction levels of the event were assessed with a live survey. 112 attendees responded to the survey, the results of which are displayed in the table below.

Table 7: Buckinghamshire Pension Fund LIVE webinar satisfaction survey

Member rating	Percent
Excellent	68.75%
Good	30.36%
OK	0.89%
Poor	0.00%

Employer training

In 2021/2022, we offered a planned programme of employer webinars for the first time. 6 webinars were delivered on various topics, featuring a live presentation, Q&A and various interactive exercises. Promotion for employer webinars is performed via direct email communications, our quarterly employer newsletter 'In-Form', individual employer contact by Employer Liaison Officers, as well as our dedicated 'employer events and training' webpage, which provides details of all upcoming webinars. 5 webinars were open to all Fund employers and 1 webinar was specifically targeted to schedule 2, part 2 and 3 employers (admission and resolution bodies). Attendance at webinars has been consistently high.
Employers attending the webinar were asked to complete a short digital survey via citizenspace, rating the webinar. The results are displayed in the table below:

Table 8: Employer webinar training satisfaction survey

	Admitted/ resolution bodies	**Final Pay**	**Employer's overview of the LGPS**	**Assumed Pensionable Pay (APP)**	**Valuations 2022**	**Year-End**	**Average***
Excellent	0%	30%	40%	38%	0%	17%	21%
Good	100%	50%	60%	62%	100%	75%	75%
Ok	0%	20%	0%	0%	0%	8%	5%
Poor	0%	0%	0%	0%	0%	0%	0%

*Figures are rounded to nearest whole number.

Internal Dispute Resolution Procedure (IDRP)

The Local Government Pension Scheme (LGPS) operates a two-stage dispute procedure under Regulations 72 to 79 of the Local Government Pension Scheme Regulations 2013. The IDRP can be used by anyone who is, or has been in the last six months:

- An active scheme member
- A deferred scheme member
- A pension credit scheme member
- A pensioner scheme member
- A prospective scheme member (entitled worker either currently or in the future)
- A dependant scheme member including a civil partner, surviving spouse, cohabiting partner, as well as an adult or child dependent either receiving a pension or entitled to receive a pension

If there is a dispute about whether a person qualifies for one or more of these status', the IDRP can be used to resolve it.

To commence a dispute using the IDRP, the applicant must submit the stage one application within six months from the date they were provided with notice of the initial decision that they wish to appeal. The purpose of stage one is for the initial decision to be re-examined by whoever made the decision; this will be either the BPF or the Scheme employer. Each employer is asked to nominate a specified person to deal with IDRPs and any complaints against the Scheme employer will be directed to them. Where the complaint is against BPF, a specified person within BPF will respond to the IDRP.

A stage two IDRP application can begin in the following circumstances:

- It's within six months of the applicant receiving the stage one decision letter and they are unhappy with the adjudicator's decision
- The applicant has not received a decision or an interim letter from the adjudicator and it's been two months since the stage one IDRP application was received
- The applicant received an interim letter from the adjudicator following the submission of their stage one IDRP application, but it has been one month after the expected reply date given in the letter and the stage one decision has not been received

A stage two application will be dealt with by someone from BPF that was not involved in the initial decision. Where the stage one complaint was against the Scheme employer, the specified person within BPF or the Fund's legal advisor will undertake the stage two review. Where the stage one complaint was against the administering authority, the Fund's legal advisor is responsible for the stage two review.

If the applicant remains dissatisfied after progressing through stage two, they are entitled to seek remedy with the Pensions Ombudsman (TPO). They must do this within 3 years of the original decision being made and any decision made by TPO will be final and binding.

Table 9: Details of IDRP cases 2020/2021

Area of complaint	Authority	Stage and Case description	Date of decision	Decision
Transfer	Administering Authority	Stage one, stage two Member appealed a transfer out of LGPS pension rights. Investigation found transfer to have been processed in line with guidance.	May 2021	Declined
Interfund transfer	Administering Authority	Stage one Member elected to keep previous pension benefits separate upon re-joining and wished to revoke this decision. Member was not permitted to change their decision.	July 2021	Declined
Transfer	Administering Authority	Stage one Member's appeal was related to a transfer out of LGPS pension rights. Investigation found that while the transfer was processed according to guidance, that BPF could have done more to warn member about possible scam. Member received a compensation payment for distress and inconvenience.	Sept 2021	Partially Upheld
Overpayment of pension	Administering Authority	Stage one Member appealed an overpayment which occurred as a result of system errors. BPF accepted responsibility for the error and did not seek to recover the overpayment from the member.	July 2020	Upheld
Errors in calculation of retirement benefits	Administering Authority	Stage one, stage two Member's appealed calculation of retirement benefits which were lower than the estimate previously supplied. Investigation found that incorrect figures were provided in an estimate and the member was awarded a compensation payment for distress and inconvenience.	Sept 2020	Partially upheld

National Fraud Initiative

BPF participates in the National Fraud Initiative (NFI). The NFI is a data matching exercise carried out by the Cabinet Office to assist in the prevention and detection of fraud. The most common types of fraud identified by the NFI are pension, council tax and state benefit fraud. The audit commission produces a biennial report comparing data held by DWP, local authorities and local authority pension Funds, highlighting possible data matches. No action was taken this year. The next NFI project is due to take place during 2022/2023.

Discretions

Scheme employers participating in the LGPS in England and Wales must formulate, publish and keep under review a statement of policy on all mandatory discretions (or where the discretion is non-mandatory, are recommended to), which they have the power to exercise in relation to members of the CARE Scheme and earlier schemes.

The six specific mandatory discretions stipulated in the LGPS regulations are:

- Whether to waive upon the voluntary early payment of benefits, any actuarial reduction on compassionate grounds or otherwise
- Whether, as the 85-year rule does not (other than on flexible retirement) automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60, to switch the 85-year rule back on in full for such members
- Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of the Scheme employer, reduce their working hours or grade
- Whether to waive all, or part of any actuarial reduction for members retiring before Normal Pension Age at full cost to the Scheme employer
- Whether, where an active member wishes to purchase extra annual pension of up to £7,316 (2021/2022) by making additional pension contributions (APCs), to voluntarily contribute towards the cost of purchasing that extra pension via a shared cost additional pension contribution (SCAPC)
- Whether, at full cost to the Scheme employer, to grant extra annual pension of up to £7,316 (2021/2022) to an active member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency

Table 10: Exercise of Employer discretions in 2021/2022

The following table summarises how the above discretions have been exercised for employer consent retirements in 2021/2022. The numbers in boxes correspond to the above discretions.

Employer discretion	Number
Early retirement with Employer's consent	0
Flexible retirement	22
Redundancy retirement	88
Contribute to shared cost APC	92
Grant additional pension	2
Waive any actuarial reductions	0

Employer Flexibilities

When an employer exits the Fund, a cessation valuation is carried out by the Fund actuary to assess the cost of any remaining liabilities. In most circumstances there will be a sum of money owed to the Fund known as an exit payment. Until recently, there was no alternative provided in the LGPS regulations to allow for any flexibility to meet this cost and the sum was due automatically to the Fund upon exit. In September 2020, the LGPS regulations were amended to include two further options for meeting this deficit that can be exercised at the Fund's discretion. These are:

- Whether to allow an exiting employer to meet the exit payment in instalments (Debt Spreading), or
- Whether to allow the employer to participate in the Fund as a 'deferred employer'. This would mean the employer continues to pay contributions as determined by the actuary to the Fund until their liabilities are met.

The Fund's policy on exercising these discretions can be found in the Funding Strategy Statement.
During 2021/2022, the Fund exercised their discretion regarding employer flexibilities in respect of one exiting employer by entering into a Deferred Debt Arrangement.

Fund participation data

Table 11: Five-year analysis of the Fund's membership data at 31 March 2021

Composition of Membership	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Active	24,042	24,141	24,489	25,406	25,729
Deferred	27,313	28,991	29,936	30,881	32,234
Pensioner	16,297	17,117	17,920	18,509	19,320
Dependant	2,251	2,294	2,370	2,508	2,662
Frozen Refund	3,381	3,877	4,330	4,690	5,272
Undecided Leaver	1,593	1,258	1,729	1,388	592
Total	**74,877**	**77,678**	**80,774**	**83,382**	**85,809**

Table 12: Five-year analysis of retirement type for new pensioners**.**

Type of retirement	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Early retirement	910	853	815	707	772
Normal retirement	93	78	187	4	45
Late retirement	152	134	91	253	326
Ill health retirement	24	24	25	16	24
Total	**1,179**	**1,089**	**1,118**	**980**	**1167**

Table 12: Summary of the number of employers in the Fund as at 31 March 2021

	Active	Ceased	Total
Scheduled Body	220	62	282
Admitted Body	60	94	154
Total	**280**	**156**	**436**

Value for money statement

To ensure effective administration services the Fund is monitored via internal and external audits. We undertake internal benchmarking to ensure we are delivering value for money year on year, while ensuring we are resourced sufficiently to deal with the ever increasing demands of pension administration.

The Fund's total membership increased from 83,553 in 2020/21 to 85,809 in 2021/22, an increase of 2.7%. The total cost per member increased from £26.64 in 2021 to £27.93, an increase of 4.84%. On 1 April 2021 there were 4,547 administration workflow cases open. During 2021/22, a further 41,473 administration cases were received. In total, 43,625 cases were completed throughout the year, with 2,395 cases open at 31 March 2022. Of the open cases, 1,509 (63%) were waiting for information from either Scheme members or employers in order for processing to take place.

Our corporate Key Performance Indicator is to complete 90% of daily workflow procedures for high priority areas. These include retirements, deaths, refunds and annual allowance calculations. For each quarter in 2021/22 the following completion rates were achieved:

Table 13: Task completion rates by quarter

Quarter 1	94.50%
Quarter 2	96.45%
Quarter 3	94.82%
Quarter 4	96.55%

Financial Performance

Table 1: Three year forecast of income and expenditure

Fund Account	**2021/2022 Actual £000**	**2021/2022 Forecast £000**	**2022 /2023 Forecast £000**	**2023/2024 Forecast £000**	**2024/2025 Forecast £000**
Contributions	152,299	154,583	156,902	159,256	163,986
Transfers in	24,293	15,500	15,500	15,500	15,500
Other Income	198	150	150	150	150
Total Income	**176,592**	**170,083**	**172,402**	**174,756**	**179,486**
Benefits payable	(121,120)	(122,937)	(124,781)	(126,653)	(147,144)
Transfers out	(18,959)	(12,500)	(12,500)	(12,500)	(12,500)
Total Benefits	**(140,079)**	**(135,437)**	**(137,281)**	**(139,153)**	**(159,644)**
Surplus of Contributions over Benefits	36,513	34,647	35,121	35,603	19,841
Management Expenses	(18,371)	(16,647)	(16,896)	(17,150)	(17,919)
Total Income less Expenditure	**18,142**	**18,000**	**18,225**	**18,453**	**1,923**
Investment income	23,079	7000	-	-	11,500
Taxes on income		(45)	-	-	
Change in market value of investments	683,306	126,000	132,300	138,915	145,861
Net return on investments	**706,583**	**133,105**	**132,450**	**139,065**	**157,511**
Net increase/(decrease) in the Fund	**724,725**	**151,105**	**150,675**	**157,518**	**159,433**

Table 2: Future assumed return (based on the 2019 valuation)

Future assumed returns	**2019**
Equities	6.7%
Gilts	1.7%
Bonds	2.6%
Absolute Return Fund	5.5%
Cash	0.3%
Property	6.1%

Table 3: Budget vs Outturn report on the management expenses to the Fund.

Remaining information to follow

	2020/2021 Forecast £000	2020/2021 Actual £000	2021/2022 Forecast £000	2021/2022 Actual £000
Administrative Costs				
Staffing costs	1,679	1,561		
Transport	3	0		
Supplies and Services	579	522		
Support Services	150	150		
Income	-6	-7		
Subtotal	2,405	2,226	2,337	2,397
Investment Management Expenses				
Supplies and Services	14,000	15,507		
Subtotal	14,000	15,507	13,672	14,008
Oversight and governance costs				
Staffing costs	282	251		
Transport	2	0		
Supplies and Services	370	363		
Support Services	20	24		
Subtotal	674	638	638	731
Total	**17,079**	**18,371**	**16,647**	**17,136**

Table 4: Net asset statement

Net Asset Statement	2021/2022 Forecast £000	2021/2022 Actual £000
Equities	-	297
Gilts	-	-
Bonds	-	-
Other Pooled Investments	525,157	657,321
Pooled Equities	2,143,199	1,947,821
Pooled Bonds	879,930	919,874
Pooled Property	226,047	243,766
Cash and Other	69,937	133,304
Net investment assets	**3,844,270**	**3,902,383**

Table 5: Movement in Assets and Liabilities

Movement in Assets & Liabilities	2021/2022 Forecast	2021/2022 Actual
Surplus of Contributions over Benefits	21,637	19,841
Management Expenses	(8,093)	(17,136)
Returns on Investments	150,565	157,511
Net increase in the net assets available for benefits during the year	**164,109**	**160,216**

Table 6 Five-year analysis of pension overpayments, recoveries and any amounts written off

Year	Payments received for overpayments made £000	Total money recovered from monthly pension payments £000	Total overpayments recovered £000	Total overpayments written off £000	Total overpayments £000
2017/2018	36	165	201	7	208
2018/2019	236	17	253	8	261
2019/2020	36	20	56	6	62
2020/2021	109	16	125	7	132
2021/2022	30	20	50	6	56

Employee Contributions

Employers are responsible for paying over employee contributions on a monthly basis to the Fund. The total value of Employee contributions received from **1 April 2021 to 31 March 2022 (£000): £35,149**

An analysis of amounts due to the Fund from Employers

The total value of Employer contributions received from **1 April 2021 to 31 March 2022 (£000): £117,126**

Table 7: Analysis of the timeliness of receipt of contributions.

	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022
Number of payments received	2704	2757	3039	3432	3321
Number of payments late	192	115	145	222	204
Percentage of payments received late	7.1%	4.17%	4.77%	6.47%	6.14%
Percentage of payments received on time	92.9%	95.83%	95.23%	93.53%	93.86%

Table 8: Age of overdue contributions 2021/2022

Length of overdue payments	Number
1-2 days late	50
3-10 days late	86
11-30 days late	48
1-2 months late	12
3-6 months late	8
6+ months	0
Total	**204**

During 2021/2022, the Fund did not exercise its discretion to levy interest on overdue contributions.

Table 9: Average Employer and Employee contributions received from 1 April 2021 to 31 March 2022

Information to follow

Employer	Employer's contribution	Average employee's contribution
Abbey View Primary Academy		
Acorn Childcare		
Action for Children Services Ltd		
Alfriston School		
Alliance in Partnership (Buckingham Park)		
Ambassador Theatre Group		
Amersham School		
Amersham Town Council		
Ashbrook School		
Ashridge Security Management Ltd		
Aspens Services Ltd (Shenley Brook End School)		
Aspens Services Ltd (Sir William Ramsay School)		
Aspire Schools		
Aston Clinton Parish Council		
Avalon Cleaning Systems		
Aylesbury Grammar School		
Aylesbury High School		
Aylesbury Town Council		
Aylesbury Vale Academy		
Beaconsfield High School		
Beaconsfield School, The		
Beaconsfield Town Council		
Bearbrook Combined & Pre-school		
Bedgrove Infant School		
Bedgrove Junior School (Academy)		
Beechview Academy		
BLEP (Buckinghamshire Local Enterprise Partnership)		
Bletchley & Fenny Stratford TC		
Bourne End Academy		
Bourton Meadow Academy		
Bow Brickhill Parish Council		
Bradwell Parish Council		
Bridge Academy		
Brill CofE School		
Brookmead Combined School		
Brooksward School		
Broughton & Milton Keynes Parish Council		
Brushwood Junior School		
Buckingham Town Council		
Buckinghamshire College Group		
Buckinghamshire Council		
Buckinghamshire Music Trust		
Buckinghamshire UTC		

Bucks County Museum Trust		
Bucks MK Fire Authority		
Bucks New University		
Bucks Strictly Education		
Burnham Grammar School		
Burnham Parish Council		
Busy Bee Cleaning Services Ltd (Walton High)		
Busy Bee Cleaning Services Ltd (WDC)		
Campbell Park Parish Council		
Capita (WDC)		
Castlefield School		
Caterlink Ltd (Buckingham Primary Sc)		
Caterlink Ltd (Chiltern Hills Academy)		
Chalfont St Giles Parish Council		
Chalfont St Peter CofE Academy		
Chalfont Valley E-ACT Primary Academy		
Chalfonts Community College		
Charles Warren Academy		
Chartwells Ltd (Oakgrove School)		
Chepping View Primary Academy		
Chepping Wycombe Parish Council		
Chesham Bois CofE Combined School		
Chesham Bois Parish Council		
Chesham Grammar School		
Chesham Town Council		
Chestnuts Academy		
Chiltern Hills Academy		
Chiltern Rangers CIC		
Chiltern Way Federation		
Chilterns Conservation Board		
Christ the Sower Ecumenical Primary School		
Cleantec Services (Denham Green School)		
Cleantec Services (MK Academy)		
Cleantec Services (Oakgrove School)		
Cleantec Services (Radcliffe School)		
Coldharbour Parish Council		
Cottesloe School		
C-Salt (Woughton Leisure Centre)		
Cucina Restaurants Ltd (Denbigh Sch)		
Cucina Restaurants Ltd (Walton High)		
Curzon C of E		
Danesfield School		
Denbigh School		
Denham Green E-ACT Primary Academy		
Derwent Facilities Management Ltd		
Dorney School		
Dr Challoner's Grammar School		
Dr Challoner's High School		
Eaton Mill Nursery		
Edlesborough School		

Elmhurst School (Academy)		
Elmtree Infant & Nursery School		
EMLC Academy Trust		
Excelcare		
Fairfields Primary School		
Fremantle Trust, The		
Fresh Start Catering Ltd		
Fujitsu (TVP)		
George Grenville Academy		
Gerrards Cross CE School		
Gerrards Cross Town Council		
Glastonbury Thorn First School		
Great Horwood CofE Combined School		
Great Kimble CofE School		
Great Kingshill CofE Combined School		
Great Marlow School		
Great Missenden CoE Combined School		
Great Missenden Parish Council		
Green Park School		
Green Ridge Academy		
Greenleys Junior School		
Hambleden Parish Council		
Hamilton Academy		
Hanslope Parish Council		
Hayward Services (John Colet School)		
Hazeley Academy		
Hazlemere Parish Council		
Heritage Care Ltd - (Now Ambient Support Ltd)		
Heronsgate School		
Heronshaw School		
Highcrest Academy		
Hightown Housing Association		
Holmer Green Senior School		
Holmwood School		
Holne Chase Primary		
Hughenden Parish Council		
Ickford Learning Trust - Ickford School		
Innovate Ltd		
Inspiring Futures Through Learning (MAT)		
Iver Parish Council		
Ivinghoe Parish Council		
Ivingswood Academy		
John Colet School		
John Hampden Grammar School		
Jubilee Wood Primary School		
Kents Hill Park School		
Kents Hill School		
Khalsa Secondary Academy		
Kids Play Childcare		
Kingsbridge Educational Trust (MAT staff)		

Knowles Primary School		
Lace Hill Academy		
Lane End Parish Council		
Lent Rise Combined School		
Little Marlow Parish Council		
Little Missenden Parish Council		
Longwick CofE Combined School		
Lord Grey Academy		
Loudwater Combined School		
Loughton & Great Holm Parish Council		
Loughton School		
Manpower Direct Ltd		
Marlow Bottom Parish Council		
Marlow Town Council		
Mears Group plc		
Mentmore Parish Council		
Mercury Infrastructure Services Ltd		
Middleton Primary School		
Milton Keynes - Strictly Education		
Milton Keynes Academy		
Milton Keynes College		
Milton Keynes Council		
Milton Keynes Development Partnership (MKDP)		
Milton Keynes Schools		
Misbourne School, The		
Monkston Primary Academy		
Moorland Primary School		
New Bradwell Parish Council		
New Bradwell School (Academy)		
New Chapter School		
Newport Pagnell Town Council		
Newton Longville Parish Council		
NSL Wycombe		
Oakgrove School		
Olney Infant Academy		
Olney Middle School (Academy)		
Olney Town Council		
Orchard Academy		
Ousedale School		
Overstone Combined School		
Oxford Diocesan Bucks Schools Trust (MAT head office staff only)		
Oxford Health NHS Foundation Trust (OBMH)		
Oxley Park Academy		
Padbury CofE School		
Paradigm Housing Group		
Penn Parish Council		
Piddington and Wheeler End Parish Council		
Places for People Leisure (Newp TC)		
Places for People Leisure (WDC)		

Police and Crime Commissioner for Thames Valley		
Police Superintendents' Association		
Portfields Combined School		
Premier Academy, The		
Princes Risborough Primary School		
Princes Risborough School		
Princes Risborough Town Council		
Radcliffe School		
Red Kite Community Housing		
Rickley Park Primary School		
Ridge Crest Cleaning Ltd (Shenley Brook End School)		
Ridge Crest Cleaning Ltd (Walton High)		
Ringway Infrastructure Services Limited (MK)		
Ringway Jacobs (Bucks)		
RM Education Ltd		
Royal Grammar School		
Royal Latin School		
Seer Green CE Combined School		
SERCO (MKC Recreation & Maintenance)		
SERCO (MKC)		
Shenley Brook End & Tattenhoe Parish Council		
Shenley Brook End School		
Shenley Church End Parish Council		
Shepherdswell Academy		
Sir Henry Floyd Grammar School		
Sir Herbert Leon Academy		
Sir Thomas Fremantle Secondary School		
Sir William Borlase's Grammar School		
Sir William Ramsay School		
Southwood Middle School		
Sports Leisure Management (SLM)		
St John’s CE Combined School		
St Mary’s CE Combined School		
St Nicolas’ CE Combined School Taplow		
St Paul’s Catholic School		
Stanton School		
Stantonbury Campus		
Stantonbury Parish Council		
Stephenson Academy		
Stony Stratford Town Council		
Taplow Parish Council		
Thames Valley Police		
Thomas Harding Junior School		
Thrift Farm		
Two Mile Ash School		
Vale of Aylesbury Housing Trust		
Waddesdon C of E School		
Waddesdon Parish Council		
Walton High		
Water Hall Primary School		

Waterside Combined School		
Watling Academy		
Wendover Parish Council		
West Bletchley Council		
West Wycombe Combined School		
West Wycombe Parish Council		
Weston Turville Parish Council		
Whitehouse Primary School		
Winslow Town Council		
Woburn Sands Town Council		
Wolverton and Greenleys Town Council		
Wolverton and Watling Way Pools Trust		
Wooburn and Bourne End Parish Council		
Wooburn Green Primary School (The Meadows School)		
Woodside Junior School		
Woughton Community Council		
Wycombe Heritage & Arts Trust		
Wycombe High School		
Wyvern School		

Actuary's Statement - 31 March 2022

Introduction

The last full triennial valuation of the Buckinghamshire Pension Fund (the Fund) was carried out as at 31 March 2019 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 31 March 2020.

Asset value and funding level

The results for the Fund at 31 March 2019 were as follows:

- The value of the Fund's assets as at 31 March 2019 used for valuation purposes was £2,989m.
- The Fund had a funding level of 94% i.e. the assets were 94% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a deficit of £186m.

Contribution rates

The employer contribution rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- The annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due;
- plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

The primary rate of contribution on a whole Fund level was 18.2% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing in each of the three years beginning 1 April 2020.

In addition, further "secondary" contributions are required from employers in order to pay off the Fund's deficit by no more than 15 years with effect from the 2019 valuation. This secondary rate is based on each employer's particular circumstances and so individual adjustments are made for each employer. The total secondary contributions payable by all employers, present in the Fund as at 31 March 2019, over the three years to 31 March 2023 is estimated to be as follows:

Secondary Contributions	**2020/2021**	**2021/2022**	**2022/2023**
Total as a % of payroll	3.9%	4.0%	4.1%
Equivalent to total monetary amounts of	£18.2m	£19.4m	£20.6m

Details of each employer's contribution rate are contained in the Rates and Adjustments Certificate in the triennial valuation report.

Assumptions

Assumptions	**Assumptions used for the 2019 valuation**
Financial assumptions	
Market date	31 March 2019
CPI inflation	2.6% p.a.
Long-term salary increases	3.6% p.a.

Discount rate	4.8% p.a.
Demographic assumptions	
Post-retirement mortality	**Male/Female**
Member base tables	S3PA
Member mortality multiplier	110%/95%
Dependent base tables	S3DA
Dependent mortality multiplier	95%/80%
Projection model	CMI 2018
Long-term rate of improvement	1.25% pa
Smoothing parameter	7.5
Initial addition to improvements	0.5% pa

The mortality assumptions translate to life expectancies as follows:

Assumed life expectancies at age 65:	
Average life expectancy for current pensioners- men currently age 65	21.7 years
Average life expectancy for current pensioners- women currently age 65	25.0 years
Average life expectancy for future pensioners – men currently age 45	23.1 years
Average life expectancy for future pensioners- women currently age 45	26.5 years

Full details of the demographic and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the 2019 valuation report.

Updated position since the 2019 valuation

Assets

Returns over the year to 31 March 2022 have been strong. As at 31 March 2022, in market value terms, the Fund assets were more than where they were projected to be based on the previous valuation.
However, future investment returns that will be achieved by the Fund in the short term are more uncertain than usual, in particular the return from equites due to reductions and suspensions of dividends.

Liabilities

The key assumption which has the greatest impact on the valuation of liabilities is the real discount rate (the discount rate relative to CPI inflation) – the higher the real discount rate the lower the value of liabilities. As at 31 March 2022, the real discount rate is estimated to be lower than at the 2019 valuation due to lower future expected returns on assets in excess of CPI inflation.

Please note that we have updated the derivation of the CPI inflation assumption to be 0.8% p.a. below the 20 year point on the Bank of England (BoE) implied inflation curve. The assumption adopted at the 2019 valuation was that CPI would be 1.0% p.a. below the 20 year point on the BoE implied inflation curve. This update was made following the Government’s response (on 25 November 2020) to the consultation on the reform of RPI, and the expectation that the UK Statistics Authority will implement the proposed changes to bring RPI in line with CPIH from 2030. This updated approach leads to a small increase in the value of liabilities.

The value of liabilities will also have increased due to the accrual of new benefits net of benefits paid.
It is currently unclear what the impact of the COVID-19 pandemic is on the Fund’s funding position. It is expected that COVID-related deaths will not have a material impact on the Fund’s current funding level, however, impact on future mortality rates may be more significant and we will be reviewing the Fund’s mortality assumption as part of the next valuation.

There is also uncertainty around future benefits due to the McCloud/Sargeant cases and the cost management process.

Overall position

On balance, we estimate that the funding position has improved slightly when compared on a consistent basis to 31 March 2019 (but allowing for the update to the CPI inflation assumption).

The change in the real discount rate since 31 March 2019 is likely to place a higher value on the cost of future accrual which results in a higher primary contribution rate. The impact on secondary contributions will vary by employer.

The next formal valuation will be carried out as at 31 March 2022 with new contribution rates set from 1 April 2023. As part of the 2022 valuation, the Fund and us as the Fund Actuary will work together in setting the assumptions for the valuation.

Graeme D Muir, FFA
Partner, Barnett Wadding

Investment Policy and Performance Report

Table 1: Asset Allocation - ***Outstanding information to follow***

	Planned % 31 March 2021	**Actual % 31 March 2021**	**Planned % 31 March 2022**	**Actual % 31 March 2022**
Overseas Equities	49	54		
Bonds	25	25		
Alternatives	18	14		
Property	8	6		
Cash	0	1		
Total	**100**	**100**		

The Fund's Investment Strategy Statement sets out the principles that will guide the Committee when making decisions about the investment of the Fund's assets.

Investment Administration

Table 2: Investments' Annual and Three-Year Performance – ***To follow***

	Annual Performance					Three-Year performance		
Assets Category	**Opening Value £m**	**Closing Value £m**	**Net Performance %**	**Benchmark %**	**Net Relative Return %**	**Net Performance %**	**Benchmark %**	**Net Relative Return %**
Asset Pool Managed Investments								
Active Emerging Market Equity						-	-	-
Active Global High Alpha Equity						-	-	-
Active Low Volatility Global Equity						-	-	-
Active Smaller Company Global Equity			-	-	-	-	-	-
Passive Developed Listed Equity						-	-	-
Brunel UK Property								
Unlisted Equity			-	-	-	-	-	-
Infrastructure								
Private Markets Cash			-	-	-	-	-	-
Total Asset Pool								
Non-Asset Pool Managed Investments								
RLAM – Core Plus Active Bonds								
LGIM – Passive Listed Corporate Bonds								

LGIM – Passive Listed Index-Linked Bonds								
La Salle - Property Multimanager			-	-	-	-	-	-
Pantheon - Unlisted Equity			-	-	-	-	-	-
Partners - Unlisted Equity			-	-	-	-	-	-
Cash			-	-	-	-	-	-
Blackrock-Dynamic Diversified Growth Fund								
Blackstone – Offshore Sterling Hedge Fund								
Total Non-Asset Pool								
Total Fund								

The table below shows the Fund’s investment performance over historical periods to 31 March 2022 compared to the Fund’s investment benchmark.

Table 3: Investment Performance – ***To follow***

	1 year %	**3 years %**	**5 years %**
Buckinghamshire Pension Fund			
Strategic Benchmark			
Relative			

The Local Government Pension Scheme (LGPS) Code of Transparency

The LGPS Scheme Advisory Board in England and Wales launched a Code of Transparency in May 2017, publishing a cost template that would allow pension funds to gather cost information for listed investment assets in a consistent manner. Since then, the Financial Conduct Authority has set up a new organisation, The Cost Transparency Initiative, to take forward the work of standardising cost disclosure across the investment industry. The Fund is a strong supporter of the work carried out to date on cost transparency and has encouraged all of its investment managers to sign up to the LGPS Code of Transparency. The Fund has engaged with managers of the Direct Investment Portfolio to encourage them to complete the cost template relevant to their asset class.

The cost transparency table for 2021/2022, provided by the Fund manager, is displayed below.

Information to complete the table to follow

Fund Manager	Management Fees	3rd Party Fees	Total Fees
BlackRock Investment Management (UK) Limited			
Brunel Pension Partnership			
Legal & General Assurance (Pensions Management) Limited			
M&G Total			
Pantheon			
Royal London Asset Management			
Total			

Investment Pooling Report

To Follow

History of the Fund

Membership data

Table 1: Active membership

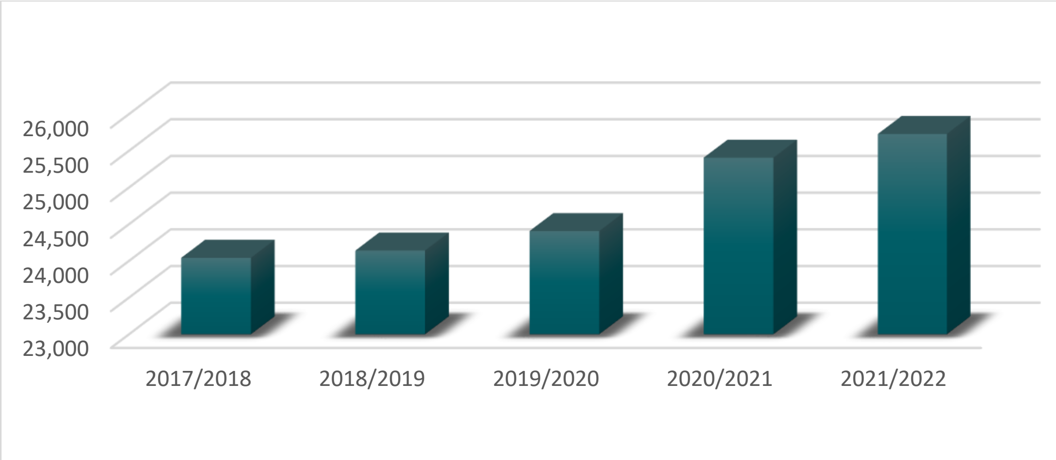


Table 2: Deferred membership

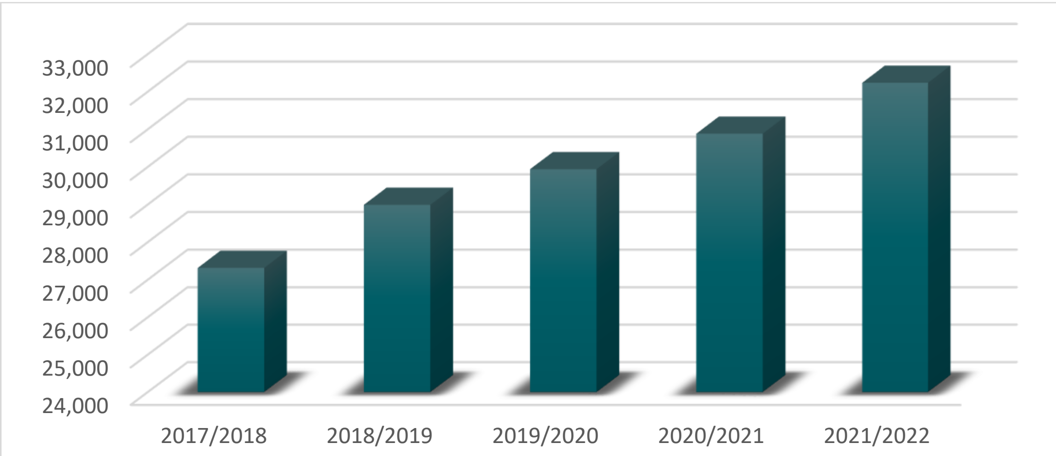
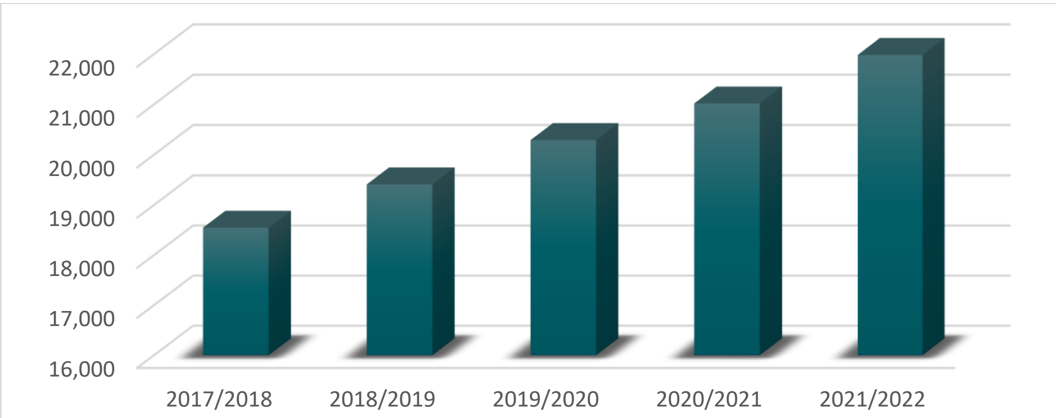


Table 3: Pensioner membership



Key financial data

Table 4: Contributions received (£millions)

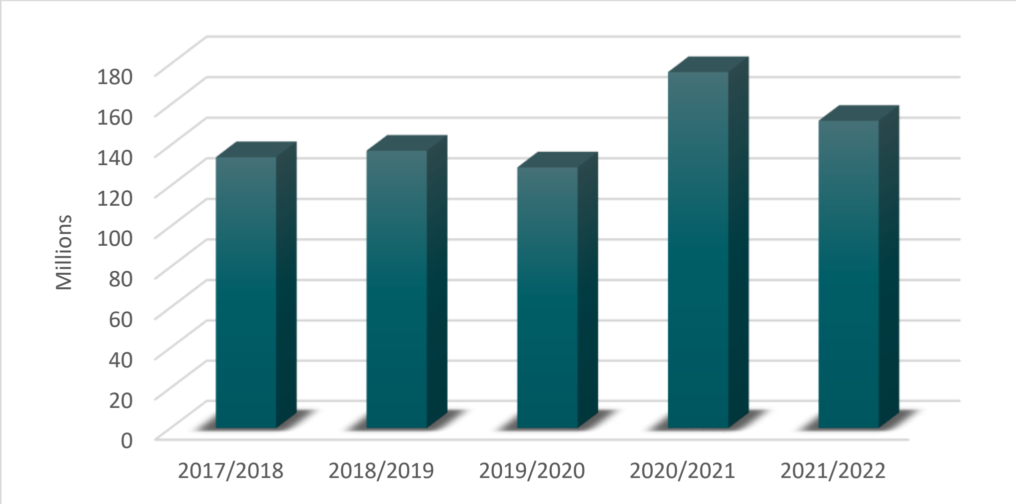


Table 5: Benefits paid (£millions)

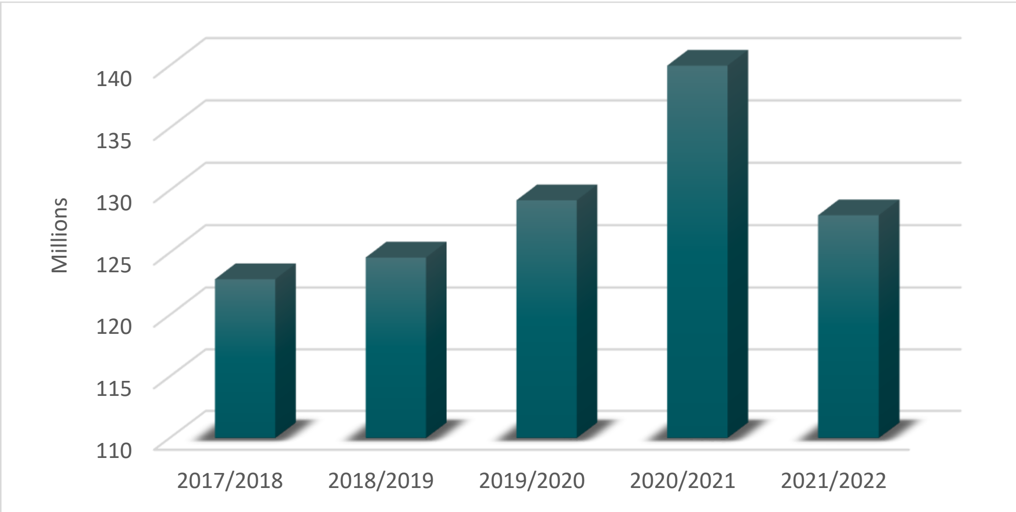
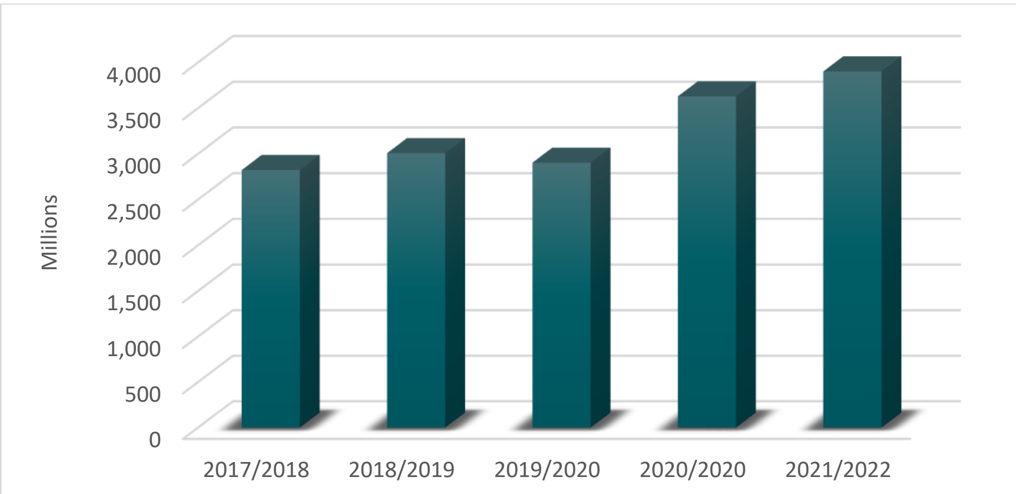


Table 6: Fund Value (£millions)



Risk Management

Risk Management Report

The Fund's statutory documentation and accounts contain the required sections detailing the Fund's approach to the various types of risks it faces across its operations, together with how the Fund aims to mitigate each of these. In particular:

- The Governance Compliance Statement reviews the risk areas and mitigation approach within the Fund's management and governance structure
- The Investment Strategy Statement covers risk measurement and management in an investment sense; and
- The Funding Strategy Statement includes a section, prepared in conjunction with the Fund's actuary, on the identification of risks and countermeasures in relation to the Fund's funding position and investment strategy

The Pension Fund accounts contain a detailed section on the nature and extent of the risks arising from Financial Instruments, including detailed sensitivity analysis of the potential monetary impact to the Fund of the varying financial risks.

The Pension Fund Risk Register in the following table is reviewed by the Pension Fund Committee twice a year. It details the risks and risk mitigation measures in place:

Key to the risk/impact

In accordance with the Council's risk management framework, scores between 0 and 5 are attributed to the impact of the risk. The impact areas are service/performance, reputation/political, financial, data protection/technological, legislation/regulatory and health and safety. Scores between 0 and 6 are attributed to the likelihood of the risk from extremely unlikely (1) to extremely likely (6). The scores for each risk are combined and assigned red, amber or green in the heat map in accordance with the table below.

Matrix and Heat Map- Scoring detail and colour

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

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

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

Scale	Likelihood
1-6	Scores from

Summary of risk management matrix to follow

Internal Audit Testing

An audit of pension administration was undertaken as part of the 2021/2022 Internal Audit plan, agreed by the audit board and approved by the Regulatory and Audit Committee. The audit is intended to evaluate the adequacy and effectiveness of the system of internal controls in place to manage and mitigate financial and non-financial risks. The table below summarises the areas tested and the conclusion of the auditors.

Risk Areas	Area Conclusion
Policies, Procedures and Training	**Substantial**
Service Level Agreement with External Customers	**Substantial**
Opt in/out and Transfers	**Substantial**
Employee and Employer Contributions	**Substantial**
Reconciliations	**Substantial**
Income from Customers	**Substantial**
Performance Monitoring	**Reasonable**

The overall conclusion for the system of internal control being maintained is: **Substantial.** The definitions for the overall conclusion rating is shown in the table below.

	Definition	Rating Reason
Substantial	There is a sound system of internal control designed to achieve objectives and minimise risk.	The controls tested are being consistently applied and risks are being effectively managed. Actions are of an advisory nature in context of the systems, operating controls and management of risks. Some medium priority matters may also be present.
Reasonable	There is a good system of internal control in place which should ensure objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed. Majority of actions are of medium priority, but some high priority actions may be present.
Partial	The system of internal control designed to achieve objectives is inadequate. There are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk	There is an inadequate level of internal control in place and/or controls are not being operated effectively and consistently. Actions may include high and medium priority matters to be addressed.
Limited	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	The internal control is generally weak/does not exist. Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Actions will include high priority matters to be actions. Some medium priority matters may also be present.

Statement of Responsibilities for the Statement of Accounts

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Service Director of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts, delegated to the Audit and Governance Committee.

The Service Director of Finance Responsibilities

The Service Director of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code).

In preparing this Statement of Accounts, the Service Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Service Director of Finance

I certify that this Statement of Accounts for the year ended 31 March 2022 gives a true and fair view of the financial position of the Pension Fund as at 31 March 2022 and its income and expenditure for the year ending 31 March 2022

David Skinner

Service Director of Finance

Buckinghamshire Council
September 2022

Independent Auditor’s Report to the Members of BPF

To follow

Pension Fund Accounts

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

31 March 2021 **£000**	**Pension Fund Account**	**Note**	**31 March 2022** **£000**
	Dealings with Members, Employers and Others directly Involved in the Fund		
	Income		
(152,299)	Contributions	3	(152,275)
(24,293)	Transfers in from other pension funds	4	(16,524)
(198)	Other income		(104)
(176,790)			**(168,903)**
	Benefits	5	
100,311	Pensions		103,893
20,969	Commutation of pensions and lump sums		23,708
	Payments to and on Account of Leavers	6	
590	Refunds of contributions		521
18,369	Transfers out to other pension funds		16,187
140,239			**144,309**
(36,551)	**Net (Additions)/Withdrawals from Dealings with Members**		**(24,594)**
18,371	**Management expenses**	7	**17,136**
(18,180)	**Net (Additions)/Withdrawals including Fund Management Expenses**		**(7,458)**
	Returns on Investments		
(23,079)	Investment income	8	(14,719)
(683,306)	Profits and losses on disposal of investments and changes in the market value of investments	9	(252,728)
(706,385)	**Net Returns on Investments**		**(267,447)**
(724,565)	**Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year**		**(274,905)**

Net assets statement

31 March 2021 £000	Net Assets Statement	Note	31 March 2022 £000
	Investments		
840	Long term investments		840
25,638	Equities - quoted		295
480,116	Bonds		0
2,858,278	Pooled investment vehicles		3,525,017
213,051	Property - unit trusts		243,766
43,662	Cash deposits		132,073
7,124	Investment income receivable		391
3,628,709	**Net Investments**	11	**3,902,382**
17,620	Current assets	15	**15,234**
(8,064)	Current liabilities	15	**(4,446)**
3,638,265	**Net Assets of the Fund Available to Fund Benefits at 31 March**		**3,913,170**

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

Note 1 - Description of the Fund

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

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

[Local Government Pension Scheme | Buckinghamshire Council]

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

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

In 2015 the government announced that they wanted the 91 Local Government Pension Scheme funds to pool their investments into larger pools in order to achieve savings in investment management costs. Brunel Pension Partnership Ltd was formed to implement the investment strategies for ten Funds. The founding Funds include The Environment Agency Pension Fund, and the Local Government Funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Gloucestershire, Oxfordshire, Somerset and Wiltshire. The company Brunel Pension Partnership Ltd was formed on 14 October 2016. By 31 March 2022 the collective assets transitioned to Brunel portfolios were circa £30.6 billion.

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

The following summarises the membership of the Fund:

Membership of the Fund	**31 March 2021**	**31 March 2022**
Contributors	25,406	25,717
Pensioners	21,017	21,982
Deferred pensioners	30,881	32,234
Total Membership of the Fund	**77,304**	**79,933**

Investment strategy statement

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

Investment strategy statement | Buckinghamshire Council (buckscc.gov.uk)

Further information

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

Pension fund annual reports | Buckinghamshire Council (buckscc.gov.uk)

Basis of Preparation

The accounts summarise the Fund's transactions for the 2021/22 financial year and its position at year end as at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code), which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

Note 2 - Accounting Policies and Critical Judgement in Applying Accounting Policies

Accounting Policies

Accruals of Income and Expenditure

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

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

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

Investment Income

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

Benefits Payable

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

Management Expenses

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

Financial Instruments

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

Acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or

Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or

A derivative.

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

Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Net Asset Statement represents the outstanding principal received plus accrued interest. Interest credited is the amount receivable as per the loan agreement

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

Foreign Currency Transactions

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

Cash and Cash Equivalents

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

Contingent Assets & Liabilities and Commitments

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

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

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

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the code, the fund has opted to disclose the actuarial present value or promised retirement benefits by way of a note to the net assets statement (Note 18).

Critical Judgements in Applying Accounting Policies

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

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

The items in the net assets statement at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 18)	Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance: A 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £128m. A 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £9m. A one-year increase in assumed life expectancy would increase the liability by approximately £253m.

Events After the Reporting Date

There have been no events since 31 March 2022, and up to the date when these accounts were authorised that require any adjustments to these accounts

Accounting Standards that have been issued but not yet adopted

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

None of the accounting standards that have been issued but not yet adopted will have a significant impact on the financial statements.

Note 3 - Contributions

Contributions relating to wages and salaries paid up to 31 March 2022 have been included in these accounts, there were no augmented employers' contributions received during 2020/2021 or 2021/22.

2020/2021 £000	Contributions by Category	2021/2022 £000
	Employers' Contributions	
(100,383)	Normal Contributions	(100,789)
(17,121)	Deficit Recovery Contributions	(16,337)
(117,504)	**Total Employers' Contributions**	**(117,126)**
(34,795)	**Members' Contributions**	**(35,149)**
(152,299)	**Total Contributions**	**(152,275)**

2020/2021 £000	Contributions by Authority	2021/2022 £000
(56,847)	Administering authority	(60,766)
(91,855)	Scheduled bodies	(88,048)
(3,597)	Admitted bodies	(3,461)
(152,299)	**Total Contributions**	**(152,275)**

Note 4 - Transfer Values

2020/2021 £000	Transfers in from other pension funds	2021/2022 £000
(1,898)	Group transfers	(167)
(22,395)	Individual transfers	(16,357)
(24,293)	**Total Transfers in from other pension funds**	**(16,524)**

The individual transfer values relate to transfers, which have been received during the financial year i.e. included on a cash basis. On 31 March 2022 there were 23 outstanding transfer value receivable greater than £50k, for which £2.899m had not been received. (On 31 March 2021 there were 6 outstanding transfer values receivable greater than £50k, for which £763k had not been received.)

On 31 March 2022 there were no group transfers to the Fund being negotiated with other Funds (2 on the 31 March 2021).

The above refer to payments into the Fund from other pension funds.

Note 5 - Benefits

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

2020/2021 £000	Benefits Payable by Category	2021/2022 £000
100,311	Pensions	103,893
18,220	Commutations of pensions and lump sum retirement benefits	20,223
2,749	Lump sum death benefits	3,485
121,280	**Total Benefits**	**127,601**

2020/2021 £000	Benefits Payable by Authority	2021/2022 £000
61,253	Administering authority	63,467
50,560	Scheduled bodies	53,877
9,467	Admitted bodies	10,257
121,280	**Total Benefits**	**127,601**

Note 6 - Payments to and on Account of Leavers

2020/2021 £000	Payments to and on Account of Leavers	2021/2022 £000
590	Refunds to members leaving service	521
5,379	Group transfers to other pension funds	62
12,990	Individual transfers to other pension funds	16,125
18,959	**Total Payments to and on Account of Leavers**	**16,708**

The individual transfer value to other Pension Funds relate to transfers, which have been paid during the financial year i.e. included on a cash basis. On 31 March 2022 there were 11 outstanding transfer value where the amount was greater than £50k, for which £800k had not yet been paid (on 31 March 2021 there was one outstanding transfer values receivable greater than £50k, for which £78k had not been received).

On 31 March 2022 there was one group transfer out from the Fund to other Pension Funds being negotiated (4 on the 31 March 2021), the value of the transfer £2,556k has been accrued.

The above refer to payments from the Fund to other pension funds.

Note 7 - Management Expenses

2020/2021	Management Expenses	2021/2022
£000		£000
2,226	Administrative costs	2,397
15,507	Investment management expenses	14,008
638	Oversight and governance costs	731
18,371	**Total Management Expenses**	**17,136**

The analysis of the cost of managing the Pension Fund during the period has been prepared in accordance with CIPFA guidance. Management expenses have been categorised as administrative costs, investment management expenses and oversight/governance costs. Included in the oversight and governance costs are the external audit main fee, £38k in 2021/2022 (£38k in 2020/2021).

Investment management fees are calculated according to the specific mandate and the associated contract. Management fees for pooled funds and transaction costs have been included in the investment management expenses. The investment management expenses include £1.070m (£0.28m in the 2020/2021 financial year) in respect of performance related fees payable to the Fund’s investment managers. It also includes £363k in respect of transaction costs (£4.734m in the 2020/2021 financial year).

Note 8 - Investment Income

Investment income from bonds has significantly decreased in 2021/22 following the transition of the Fund's segregated bond holdings to Brunel pooled funds, dividend income is accumulated within the fund and is accounted for in the market value change rather than investment income.

2020/2021 £000	Investment Income	2021/2022 £000
(1,258)	Dividends from equities	746
(14,242)	Income from bonds	(4,216)
(536)	Income from pooled investments	(2,695)
(5,549)	Income from property unit trusts	(8,330)
(1,352)	Interest on cash deposits	(215)
(142)	Other	(9)
(23,079)	**Total Investment Income**	**(14,719)**

Note 9 - Investments

All investments are valued on a fair value basis and where there is an active market the bid price is the appropriate quoted market price. The investment accounting information is provided by State Street, the Fund's custodian.

During 2021/2022 realised profit of £322.401m and unrealised losses of £69.289m combined to report a decrease in the market value of investments of £253.112m.

Investments (All values are shown £000)	Value at 31 March 2021 £000	Purchases at Cost £000	Sales Proceeds £000	Realised Profit/ (Loss) £000	Unrealised Profit/ (Loss) £000	Value at 31 March 2022 £000
Long term investments	840	0	0	0	0	840
Equities - quoted	25,638	396	(25,522)	(1,135)	918	295
Bonds	480,116	648,626	(1,153,323)	47,030	(22,449)	0
Pooled investment vehicles	2,858,278	1,170,462	(689,806)	273,977	(87,894)	3,525,017
Property - unit trusts	213,051	28,203	(41,838)	4,693	39,657	243,766
Derivative contracts	0	2,480	(419)	(2,061)	0	0
Cash deposits	43,662	0	88,036	(103)	479	132,073
	3,621,585	**1,850,167**	**(1,822,872)**	**322,401**	**(69,289)**	**3,901,991**
Investment income due	7,124					391
	3,628,709					**3,902,382**

During 2020/2021 realised profit of £103.918m and unrealised profit of £579.388m combined to report an increase in the market value of investments of £683.306m.

Investments (All values are shown £000)	Value at 31 March 2020 £000	Purchases at Cost £000	Sales Proceeds £000	Realised Profit/ (Loss) £000	Unrealised Profit/ (Loss) £000	Value at 31 March 2021 £000
Long term investments	840	0	0	0	0	840
Equities - quoted	36,850	158,309	(179,156)	5,535	4,100	25,638
Bonds	421,713	132,353	(94,973)	5,942	15,081	480,116
Pooled investment vehicles	2,160,298	265,473	(223,254)	63,999	591,762	2,858,278
Property - unit trusts	213,484	5,880	(3,200)	27,014	(30,127)	213,051
Derivative contracts	0	1,035	(2,459)	1,424	0	0
Cash deposits	61,855	0	(16,916)	150	(1,428)	43,662
	2,895,040	**563,195**	**(519,958)**	**103,918**	**579,388**	**3,621,585**
Investment income due	7,873					7,124
	2,902,913					**3,628,709**

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

Equities

Fixed interest securities

Index linked gilts

Hedge fund of funds

Infrastructure

Private equity fund of funds

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

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

Note 10 - Investment Management Arrangements

The following table summarises the proportion of the Fund managed by Brunel Pension Partnership limited and the Fund, assets which exceed 5% of the total value of the net assets of the Fund are shown, 2% of the Fund is currently held as cash:

Fund Manager/Mandate	Proportion of Fund 31 March 2021 £000	%	Proportion of Fund 31 March 2022 £000	%
Investments managed by Brunel				
Low Volatility Equity	159,691	4	288,918	8
Passive Developed Equity	841,815	23	670,843	18
Emerging Markets Equity	197,734	6	175,087	5
Global High Alpha Equity	602,912	17	628,127	16
Smaller Companies Equity	180,831	5	184,846	5
Multi-Asset Credit	0	0	359,637	10
Passive Indexed Linked Gilts	0	0	386,603	10
Infrastructure	43,783	1	113,362	3
Private Debt	0	0	22,664	0
Private Equity	22,444	1	66,183	2
Property – unit trusts	222,602	6	243,766	6
Sterling Corporate Bonds	0	0	399,464	9
Total Investments managed by Brunel	**2,271,812**		**3,539,500**	
Investments managed by the Fund				
LaSalle – Property unit trusts	1,114	0	0	0
BlackRock -Cash/inflation plus	160,110	4	4	0
Blackstone Alternative Asset Management - Hedge fund of funds	171,071	5	4,464	0
Investec Asset Management- Less constrained global equities	777	0	120	0
Legal & General Investment Management – Passive index-tracker	377,516	11	133,807	4
Mirabaud Investment Management Limited- UK equities	217	0	0	0
Pantheon Private Equity- Private equity	93,728	3	84,595	2
Partners Group- Private equity	13,177	0	10,880	0
Royal London Asset Management- Core plus bonds	511,010	14	919	0
Schroders- Less constrained global equities	2305	0	1,820	0
Aberdeen Standard Investments – Less constrained UK equities	134	0	127	0
GTP	698	0	377	0
Hg Capital	581	0	1,033	0
Total Investments managed by the Fund	**1,332,438**		**238,146**	
Total	**3,604,250**	**100**	**3,777,646**	**98**

Note 11 - Analysis of the Value of Investments

31 March 2021 £000	Analysis of the Value of Investments	31 March 2022 £000
840	**Long Term Investments**	**840**
	Bonds	
	Fixed Interest Securities	
5,992	Overseas public sector	0
307,521	UK other	0
73,455	Overseas other	0
386,968	**Total Fixed Interest Securities**	**0**
	Index-Linked Securities	
85,851	UK Index-linked securities public sector	0
7,297	UK Index-linked securities other	0
93,148	**Total Index-Linked Securities**	**0**
480,116	**Total Bonds**	**0**
	Equities	
150	UK quoted	141
25,488	Overseas quoted	154
25,638	**Total Equities**	**295**
	Pooled Investment Vehicles	
377,516	UK Bonds	0
1,982,983	Overseas Equity	1,947,821
160,106	Overseas Diversified Growth Fund (GBP)	0
171,071	Overseas Hedge Fund of Funds (GBP)	0
44,837	Overseas Infrastructure	117,519
0	Fixed Interest Securities	533,271
0	Index linked gilts	386,603
0	Multi-Asset Credit	359,637
0	Overseas Private Debt	22,664
121,765	Overseas Private Equity	157,502
2,858,278	**Total Pooled Investment vehicles**	**3,525,017**
	Other	
213,051	Property - unit trusts	243,766
43,662	Cash deposits – sterling and foreign cash	132,073
7,124	Investment Income receivable	391
263,837	**Total Other**	**376,230**
3,628,709	**Total Value of Investments**	**3,902,382**

Note 12 - Financial Instruments

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

31 March 2021				**31 March 2022**		
Fair value through profit and loss	**Financial Assets at Amortised Cost**	**Financial Liabilities at Amortised Cost**	**Financial Assets**	**Fair value through profit and loss**	**Financial Assets at Amortised Cost**	**Financial Liabilities at amortised cost**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
840			**Long Term Investments**	**840**		
386,968			Fixed Interest Securities	0		
25,638			Equities	295		
93,149			Index Linked Securities	0		
213,051			Property – unit trusts	243,766		
			Pooled investments:			
377,516			Fixed interest securities	533,271		
1,982,983			Equities	1,947,821		
171,071			Hedge Funds of Funds	0		
160,106			Diversified Growth Fund	0		
0			Index Linked Gilts	386,603		
44,837			Infrastructure	117,519		
0			Multi-Asset Credit	359,637		
0			Private Debt	22,664		
121,765			Private Equity	157,502		
7,124			Investment Income receivable	391		
	43,662		Cash deposits		132,073	
	4,814		Current assets		5,214	
3,585,048	**48,476**			**3,770,309**	**137,287**	
			Financial Liabilities			
		(6,920)	Current liabilities			(3,247)
		(6,920)				**(3,247)**
3,585,048	**48,476**	**(6,920)**	**Total**	**3,770,309**	**137,287**	**(3,247)**
		3,626,604				**3,904,349**

31 March 2021 £000	**Reconciliation to Net Assets of the Fund Available to Fund Benefits at 31 March in the Net Assets Statement**	**31 March 2022 £000**
3,638,265	Net Investments	3,913,170
(12,805)	Less contributions due current assets	(10,020)
1,144	Add HMRC current liabilities	1,199
3,626,604	**Valuation of Financial Instruments carried at fair value**	**3,904,349**

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

31 March 2021 £000		31 March 2022 £000
	Financial Assets	
0	Fair value through profit and loss	0
0	Financial Assets measured at amortised cost	0
0	Financial liabilities measured at amortised cost	0
	Financial Liabilities	
(683,306)	Fair value through profit and loss	(253,112)
0	Financial Assets measured at amortised cost	0
0	Financial liabilities measured at amortised cost	0
(683,306)	**Total**	**(253,112)**

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

Valuation of Financial Instruments Carried at Fair Value

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

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

Level 2: Financial instruments where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. Fixed interest securities are traded in an active market and evaluated prices sourced from a valid pricing vendor. The values of the hedge fund of funds are based on the net asset value provided by the Fund manager. Assurances over the valuation are gained from the independent audit of the value.

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

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

	Quoted Market Price Level 1 £000	Using Observable Inputs Level 2 £000	With Significant Unobservable Outputs Level 3 £000	Total £000
Long term investments	0	0	840	840
Equities	295	0	0	295
Fixed interest securities	0	533,271	0	533,271
Index-linked gilts	0	386,603	0	386,603
Pooled Equities	0	1,947,821	0	1,947,821
Infrastructure	0	0	117,519	117,519
Multi-Asset Credit	0	359,637	0	359,637
Private Debt	0	0	22,664	22,664
Private Equity	0	0	157,502	157,502
Property – unit trusts	0	241,830	1,936	243,766
Total	**295**	**3,469,162**	**300,461**	**3,769,918**

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

Reconciliation to Net Investments in the 31 March 2021 Net Assets Statement	31 March 2022 £000
Net Investments	3,902,382
Less Cash deposits	(132,073)
Less investment income receivable	(391)
Valuation of Financial Instruments carried at fair value	**3,769,918**

Value at 31 March 2021	Quoted Market Price Level 1 £000	Using Observable Inputs Level 2 £000	With Significant Unobservable Outputs Level 3 £000	Total £000
Long term investments	0	0	840	840
Equities	326	25,315	0	25,641
Fixed interest securities	0	386,968	0	386,968
Index-linked gilts	0	93,149	0	93,149
Pooled Equities	0	1,982,983	0	1,982,983
Pooled Bonds	0	377,516	0	377,516
Diversified Growth Fund	0	160,106	0	160,106
Hedge fund of funds	0	171,071	0	171,071
Infrastructure	0	0	44,837	44,837
Private Equity	0	0	121,762	121,762
Property – unit trusts	0	213,026	25	213,051
Total	**326**	**3,410,133**	**167,464**	**3,577,923**

Reconciliation to Net Investments in the 31 March 2021 Net Assets Statement	£000
Net Investments	3,628,709
Less Cash deposits	(43,662)
Less investment income receivable	(7,124)
Valuation of Financial Instruments carried at fair value	**3,577,923**

Sensitivity Analysis of Assets Valued at Level 3

Having analysed historical data and current market trends, the Fund has determined that the valuation methods described above are likely to be accurate within the following ranges and has set out below the potential impact on the closing value of investments held at 31 March 2022 and 31 March 2021.

	Assessed valuation range (+/-)	Value at 31 March 2022 £000	Value on increase £000	Value on decrease £000
Infrastructure	17.1%	117,519	137,615	97,423
Private Debt	15.7%	22,664	26,222	19,106
Private Equity	26.3%	157,502	198,925	116,079
Property – unit trusts	17.3%	1,936	2,271	1,601
Total		**299,621**	**365,033**	**234,209**

	Assessed valuation range (+/-)	Value at 31 March 2021 £000	Value on increase £000	Value on decrease £000
Infrastructure	16.6%	44,837	52,280	37,394
Private equity	25.8%	121,765	153,180	90,350
Total		**166,602**	**205,460**	**127,744**

Reconciliation of Fair Value Measurements Within Level 3

Investments (All values are shown £000)	Value at 31 March 2021 £000	Purchases £000	Sales £000	Realised profit/(loss) £000	Unrealised profit/(loss) £000	Value at 31 March 2022 £000
Infrastructure	44,837	75,469	(5,064)	1,463	814	117,519
Private debt	0	22,547	0	0	117	22,664
Private equity	121,765	34,499	(38,981)	30,864	9,355	157,502
Property – unit trusts	25	1,854	0	0	57	1,936
	166,627	**134,369**	**(44,045)**	**32,327**	**10,343**	**299,621**

	Value at 31 March 2020 £000	Purchases £000	Sales £000	Realised profit/(loss) £000	Unrealised profit/loss £000	Value at 31 March 2021 £000
Private equity	130,617	9,960	(28,234)	23,516	(14,094)	121,765
Infrastructure	22,828	49,499	(25,642)	103	(1,951)	44,837
Total	**153,445**	**59,459**	**(53,876)**	**23,619**	**(16,045)**	**166,602**

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

Fixed interest securities – level 2 - Brunel £399.464m and LGIM £133.807m – total £533.271m

Brunel – fixed interest securities – active sterling corporate bonds

Price of Units in each (Royal London Pooled Pension) RLPPC Fund shall be established as at each Valuation Point (close each business day) by taking the value of any securities held in that RLPPC Fund which are quoted on a recognised Stock Exchange, the amount of any cash held in or due to that RLPPC Fund which shall be valued at face value, and value of all other assets held in that RLPPC Fund determined by Royal

London to be the price which would have to be paid to purchase those assets Less; All expenses and outgoings (including without limitation taxation) which are, at the Valuation Point, payable out of that RLPPC Fund.

LGIM – fixed interest securities – passive tracker fund

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

Index linked gilts – level 2 - Brunel £386.603m

The method used to value units is the same at every valuation date throughout the year, valuation point is 17:00. Valuations are normally carried out each working day. Notional acquisition costs allow for the costs of purchasing investments, such as stockbrokers' commissions, stamp duties and transaction costs. Notional realisation costs allow for the costs of selling investments such as stockbrokers' commissions, sales taxes and transaction costs. There may be some withholding taxes on some overseas investments. The current valuation methodology is to value the assets of the fund at closing mid market or last traded values and adjust for the market spread and the aforementioned notional dealing expenses.

Pooled equities – level 2 - Brunel – Passive Global Developed Equity £670.843m, Active Global High Alpha Equity £628.127m, Active Global Emerging Markets Equity £175.087m, Active Low Volatility Equity £288.918m and Active Smaller Companies Equity £184.846m Authorised Contractual Scheme Funds (ACS), an ACS is a type of collective investment vehicle created to hold and manage assets on behalf of a number of investors – total £1,947.821m.

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

Active equities - Weekly priced each Wednesday valued at close of business valuation point. These values are then adjusted to allow for outstanding dividends, tax payable or recoverable and any relevant expenses (this creates "bid price").

Infrastructure – level 3 - Brunel £113.362m and Partners Group £4.157m – total £117.519m

Brunel - Brunel selects managers who apply a fair value process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounts Principles (US GAAP). Systematically Brunel ensures valuations are driven by IPEV guidelines and that this process is annually appraised by third parties for appropriateness.

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

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

Multi Asset Credit – level 2 – Brunel £359.637m

Monthly valuation point for all three underlying managers, first Wednesday of each calendar month, world close. all valuations are conducted by the Alternative Investment Fund Managers (AIFM) under the rulings of the AIFM Directive. An investment which is quoted, listed or traded on or under the rules of any recognized market shall be valued at the latest available dealing price or, if unavailable or if bid and offer quotations are made, the latest available middle market quotation. The value of any investment which is not normally quoted, listed or traded on or under the rules of a recognized market, will be valued at fair value estimated with care and in good faith by the AIFM or an external third party valuer. This includes FI securities, cash deposits, loans and derivatives.

Private Debt – level 3 - Brunel £22.664m

Brunel selects managers who apply a fair value process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (US GAAP). Systematically Brunel ensures valuations are driven by IPEV guidelines and that this process is annually appraised by 3rd parties for appropriateness.

Private Equity – level 3 – Brunel £66.183m, Pantheon £84.595m and Partners Group £6.724m – Total - £157.502m

Brunel – Private Equity – level 3

Brunel selects managers who apply a fair value process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounts Principles (US GAAP). Systematically Brunel ensures valuations are driven by IPEV guidelines and that this process is annually appraised by third parties for appropriateness.

Pantheon – Private Equity – level 3

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

Cost/recent round of financing/price of recent investment where recent transactions may be the most reflective of fair value.

Comparable Private Company Transactions used for companies with low enterprise value or low EBITDA which means it is not appropriate to use earnings multiples of similar publicly listed companies.

Earnings/Earnings Multiples/Performance Multiples valuations involve applying a multiple, appropriate to the company being valued, to the earnings of a company. The valuation is described as a function of two variables, price and earnings (The most widely used of the valuation methodologies, especially for buyout or other businesses that have comparable characteristics to companies in the public markets).

Underlying value of Net Assets.

Discounted Cash flows (DCF) where there are predictable cash flows visible over a given time horizon.

Industry Benchmarks are normally based on the assumption that investors are willing to pay for market share, and that profitability of the business in the does not vary greatly.

Unrestricted Publicly traded securities are valued at the closing public market price on the valuation date.

These methods are consistently applied across all investment types.

Partners Group – Private Equity – level 3

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

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

Brunel - Property unit trusts – level 2 £241.830m and level 3 £1.936k – Total £243.766m

Brunel selects managers who apply either open market values or fair value processes, open market values are in accordance with RICS valuation standards and fair value processes are driven by IPEV guidelines. Systematically Brunel ensure that both processes are annually appraised by third parties for appropriateness. There are no Material Uncertainty Clauses (MUC's) in place on any underlying valuations applicable to this portfolio.

Note 13 - Additional Financial Risk Management Disclosures

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

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

Market Risk

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

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

Market Price Risk

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

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

Market Price - Sensitivity Analysis

Whilst the value of the Fund's assets is sensitive to changes in market conditions and the Fund's assets are diversified across fund managers and asset classes to mitigate the risks. The Fund's liability to pay future benefits is equally sensitive, particularly to interest rate changes. In consultation with Mercer, the Fund's investment consultant, the Fund has determined that the following movements in market price risk are reasonably possible for 2021/2022. Assuming that all other variables, in particular foreign exchange rates and interest rates, remain constant. If the market price of the Fund's investments does increase/decrease in line with the table below, the change in the market price of net assets available to pay benefits would be as follows.

Asset Type	31 March 2022 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Long term investments	840	20.6%	1,013	667
Equities	1,948,116	20.83%	2,353,845	1,542,387
Fixed interest securities	533,271	4.80%	558,868	507,674
Index linked gilts	386,603	7.90%	417,145	356,061
Overseas infrastructure	117,519	17.10%	137,615	97,423
Multi-asset credit	359,637	4.80%	376,900	342,374
Private debt	22,664	15.70%	26,222	19,106
Private equity	157,502	26.30%	198,925	116,079
Property - unit trusts	243,766	17.3%	285,938	201,594
Cash deposits	132,073	1.0%	133,394	130,752
Investment income receivable	391	20.6%	472	310
Total	**3,902,382**		**4,490,337**	**3,314,427**

In consultation with Mercer, the Fund's investment consultant, the Fund determined that the following movements in market price risk were reasonably possible for 2020/2021, assuming that all other variables, in particular foreign exchange rates and interest rates, remain constant. If the market price of the Fund's investments did increase/decrease in line with the table below, the change in the market price of net assets available to pay benefits would be as follows.

Asset Type	31 March 2021 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Long term investments	840	19.1%	1,000	680
Equities – quoted	25,638	19.1%	30,535	20,741
Bonds	480,116	4.94%	503,836	456,398
Pooled investment vehicles	2,858,278	16.49%	3,329,608	2,386,948
Property - unit trusts	213,051	16.6%	248,417	177,685
Cash deposits	43,662	1.0%	44,100	43,226
Investment income receivable	7,124	19.1%	8,485	5,763
Total	**3,628,709**		**4,165,978**	**3,091,440**

Interest Rate Risk

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

Interest Rate – Sensitivity Analysis

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

31 March 2022 Exposure to interest rate risk	Asset Value £000	Impact of 1% increase £000	Impact of 1% decrease £000
Cash and cash equivalents	135,770	135,770	135,770
Fixed interest securities	533,271	538,604	527,938
Index linked gilts	386,603	386,603	386,603
Total	1,055,644	1,060,977	1,050,311

31 March 2021 Exposure to interest rate risk	Asset Value £000	Impact of 1% increase £000	Impact of 1% decrease £000
Cash and cash equivalents	46,548	46,548	46,548
Fixed interest securities	386,968	390,838	383,098
Index linked gilts	93,149	93,149	93,149
Total	**526,665**	**530,535**	**522,795**

2021/2022 Exposure to interest rate risk	Interest receivable £000	Impact of 1% increase	Impact of 1% decrease
Cash and cash equivalents	215	217	213
Fixed interest bonds	4,216	4,258	4,174
Index linked gilts	0	0	0
Total	4,431	4,475	4,387

2020/2021 Exposure to interest rate risk	Interest receivable £000	Impact of 1% increase	Impact of 1% decrease
Cash and cash equivalents	1,352	1,366	1,338
Fixed interest bonds	8,676	8,763	8,589
Index linked gilts	5,566	5,622	5,510
Total	**15,594**	**15,751**	**15,437**

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

Currency Risk

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

Currency Risk – Sensitivity Analysis

The sensitivity of the Fund’s investments to changes in foreign currency rates have been analysed using a 7.56% movement in exchange rates in either direction for 31 March 2022. This analysis assumes that all variables, in particular interest rates, remain constant. Based on the composition of the Fund’s currency exposure a 7.56% fluctuation in the currency is considered reasonable. A 7.56% weakening or strengthening of Sterling against the various currencies at 31 March 2022 would have increased or decreased the net assets by the amount shown below.

Currency Exposure by Asset Type	31 March 2022 £000	Value on increase £000	Value on decrease £000
		+7.56%	**-7.56%**
Equities – quoted	1,831,296	1,969,742	1,692,850
Multi Asset Credit	61,370	66,010	56,730
Infrastructure	18,369	19,758	16,980
Overseas Private Equity	158,872	170,883	146,861
Cash deposits	20,274	21,807	18,741
Total	**2,090,181**	**2,248,200**	**1,932,162**

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 7.92% movement in exchange rates in either direction for 31 March 2021. This analysis assumes that all variables, in particular interest rates, remain constant. Based on the composition of the Fund's currency exposure a 7.92% fluctuation in the currency is considered reasonable. A 7.92% weakening or strengthening of Sterling against the various currencies at 31 March 2021 would have increased or decreased the net assets by the amount shown below.

Currency Exposure by Asset Type	31 March 2021 £000	Value on increase £000	Value on decrease £000
		+7.92%	**-7.92%**
Equities – quoted	1,982,983	2,140,035	1,825,931
Infrastructure	19,526	21,072	17,980
Overseas Private Equity	121,765	131,409	112,121
Property – unit trusts	22	24	20
Cash deposits	24,604	26,533	22,655
Total	**2,045,702**	**2,207,722**	**1,883,682**

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

Currency Exposure by Significant Currency

The Fund's most significant currency exposures are to US Dollars, EUROs and the Japanese Yen, using data on currency risk of 7.69% for the US Dollar, 6.67% for the EURO and 7.56% for the Japanese Yen. Weakening or strengthening of Sterling against US Dollars and EUROs at 31 March 2022 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2022 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	1,289,488	7.69%	1,388,650	1,190,326
EUROs	291,881	6.67%	311,349	272,413
Japanese Yen	108,807	7.56%	117,784	99,830
Total	**1,690,176**		**1,817,783**	**1,562,569**

Weakening or strengthening of Sterling against US Dollars and EUROs at 31 March 2021 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2021 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	1,218,209	8.03%	1,316,031	1,120,386
EUROs	244,333	6.77%	260,875	227,792
Japanese Yen	136,427	8.64%	148,214	124,639
Total	**1,598,968**		**1,725,120**	**1,472,817**

Credit Risk

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

A source of credit risk is the cash balances held internally or by managers. The Pension Fund's bank account is held at Barclays, which holds an "A" long term credit rating. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Council's Treasury Management Strategy which sets out the permitted counterparties and limits. The value of the Fund invested by the Treasury Management Team on 31 March 2022 was £0.064m in an instant access Barclays account and £3.250m invested in Federated's money market fund. (On 31 March 2021 £0.976m was invested in an instant access Lloyds account and £2.000m invested in Federated's money market fund.) Cash balances forming part of the investment assets are invested with the global custodian, State Street, in a diversified money market fund rated AAAm.

Liquidity Risk

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

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

31 March 2021 £000		31 March 2022 £000
171,071	Blackstone hedge fund of funds	0
43,783	Brunel infrastructure	113,362
0	Brunel private debt	22,664
22,444	Brunel private equity	66,183
222,602	Brunel property unit trusts	243,766
93,728	Pantheon private equity	84,595
13,177	Partners Group private markets	10,880
581	Residual mandates	1,033
567,386		**542,483**

Note 14 - Related Parties

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

The Council was reimbursed £2.70m (£2.49m in the 2020/2021 year) for oversight & governance costs and administration costs incurred by the Council on behalf of the Pension Fund. The Council is also the single largest employer of members of the Pension Fund and contributed £60.8m to the Fund in 2021/2022 (£56.8m in the 2020/2021 year).

The Pension Fund's surplus cash held for day to day cash flow purposes is invested on the money markets by Buckinghamshire Council's treasury management team, through a service level agreement. During the year to 31 March 2022, the Fund had an average investment balance of £8.3m (£5.9m in the 2020/2021 year), earning interest of £2k (£11k in the 2020/2021 year).

Membership of the Local Government Pension Scheme (LGPS) for Councillors closed to new members on 31 March 2014. Councillors who were active members ceased to be a member at the next end of term of office. There are no members of the Pension Fund Committee who are a deferred member of the Fund. There are no members of the Pension Fund Committee who were pensioner members of the Fund on 31 March 2022 (on 31 March 2021 no pensioner members and no deferred members). The Service Director – Corporate Finance (s151 Officer), holds a key position in the financial management of the Fund and is an active member. He is an employee of Buckinghamshire Council for whom a portion of his costs of employment are re-charged to the Fund. Disclosure of his pay costs can be found within the officer remuneration note in the main Buckinghamshire Council accounts. Members of the Pension Fund Committee and the post of Head of Projects and Pensions are the key management personnel involved with the Pension Fund. £32k was incurred by the Pension Fund for costs in relation to key management personnel. Members of the Pension Fund Committee are disclosed in the Pension Fund Report and Accounts. There were no such instances where key management personnel services are provided by a separate management entity.

The Council's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	2021/22
£55,000 - £60,000	1
£65,000 - £69,000	1
£80,000 - £85,000	1
Total	**3**

The Pension Fund has transactions with Brunel Pension Partnership Ltd (Brunel) (Company number 10429110) which was formed on 14 October 2016 and will oversee the investment of pension fund assets for ten Funds. The founding Funds include The Environment Agency Pension Fund, and the Local Government Funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Gloucestershire, Oxfordshire, Somerset and Wiltshire. Each of the 10 organisations, including Buckinghamshire Council, own 10% of Brunel. During the year to 31 March 2022 Brunel provided services costing £1,214k (£1,179kin the year to 31 March 2021).

Note 15 - Current Assets and Liabilities

31 March 2021	Current Assets and Liabilities	31 March 2022
£000		£000
	Current Assets	
12,806	Contributions due from employers 31 March	10,020
2,885	Cash balances (not forming part of the investment assets)	3,697
1,929	Other current assets	1,517
17,620	**Total Current Assets**	**15,234**
	Current Liabilities	
(146)	Management charges	(154)
(1,144)	HM Revenue and Customs	(1,199)
(440)	Unpaid benefits	(435)
(6,334)	Other current liabilities	(2,658)
(8,064)	**Total Current Liabilities**	**(4,446)**
9,556	**Net Current Assets**	**10,788**

Note 16 - Taxes on Income

The Fund retains the following taxation status:

VAT input tax is recoverable on all fund activities by virtue of Buckinghamshire Council being the administering authority.

The Fund is an exempt approved fund under the Finance Act 2004 and is therefore not liable to UK income tax or capital gains tax.

Income earned from investments overseas in certain countries is subject to withholding tax, unless an exemption is available.

Note 17 - Actuarial Position of the Fund

In accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013 (as amended), the Fund's actuary, Barnett Waddingham LLP, undertakes a funding valuation every three years to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund for the forthcoming triennial period. The last such valuation took place as at 31 March 2019. The next valuation will take place as at 31 March 2022.

On 31 March 2019, the market value of the assets held were £3,007.020m, sufficient to cover 94% of the accrued liabilities assessed on an ongoing basis. All employers are projected to be fully funded by no later than 31 March 2035. The primary rate of contribution is the employers' share of the cost of benefits accruing in each of the three years beginning 1 April 2020 and is 18.2% of payroll. In addition, each employer pays a secondary contribution rate based on their particular circumstances, the secondary contribution rate across the whole Fund averages 3.9% in 2020/2021, 4.0% in 2021/22 and 4.1% in 2021/22.

The results of the valuation are that the past service funding level of the Fund as a whole has increased from 87% to 94% between 31 March 2016 and 31 March 2019. The improvement of the Funding position since the previous valuation is mainly due to good investment returns and employer contributions. To produce the future cashflows or liabilities and their present value Barnett-Waddingham formulate assumptions about the factors affecting the Fund's future finances such as inflation, salary increases, investment returns, rates of mortality, early retirement and staff turnover etc. The Fund's actuary undertook an interim valuation as at 31 March 2022 which showed that the funding level had increased to 96%. The estimated funding position is based on market movements since 31 March 2019 rather than being a full valuation with updated member data.

The main assumptions used in the valuation were:

Financial assumptions

Discount rate	2.35%
Pension increases	1.85%
CPI inflation	1.85%
Salary increases	2.85%

Note 18 - Actuarial Present Value of Promised Retirement Benefits

International Financial Reporting Standards (IFRS) requires the disclosure of the actuarial present value of promised retirement benefits. The Fund's Actuary has prepared a report which rolls forward the value of the Employers' liabilities calculated for the Triennial valuation as at 31 March 2019. On an IAS 19 basis the Actuary estimates that the net liability as at 31 March 2022 is £2,193m (31 March 2021 £2,518m), but figures calculated on an IAS 19 basis are not relevant for calculations undertaken for funding purposes or for other statutory purposes undertaken under UK pensions legislation. The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

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

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

31 March 2021		31 March 2022
£000		**£000**
6,146,928	Present value of funded obligation	6,095,115
(3,628,709)	Fair value of scheme assets	(3,902,383)
2,518,219	**Net Liability**	**2,192,732**

The Present Value of Funded Obligation consists of £6,006m (£6,052m at 31 March 2021) in respect of Vested Obligation and £88m (£95m at 31 March 2021) in respect of Non-Vested Obligation. Vested benefits are the benefits that employees have a right to receive even if they do not render services to the employer. In other words, the employees will receive their vested benefits even if they stop working for the employer. Thus, non-vested benefits are the benefits an employee can receive in the future if he or she continues providing services to the employer. The liabilities above are calculated on an IAS19 basis and therefore differ from the results of the triennial funding valuation (see Note 17) because IAS19 stipulates a discount rate rather than a rate that reflects market rates. The main assumptions used were:

Financial Assumptions / Inflation Expectations

31 March 2021		31 March 2022
2.00%	Discount rate	2.60%
2.65%	RPI increases	3.45% to 4.00%
2.85%	CPI increases	3.20%
2.85%	Pension increases	3.20%
3.85%	Salary increases	4.20%

These assumptions are set with reference to market conditions on 31 March. The actuary's approach to derive the appropriate discount rate is the Single Equivalent Discount Rate (SEDR) methodology. The Actuary uses sample cashflows for employers at each duration year (from 2 to 30 years) and derive the single discount rate which results in the same liability value as that which would be determined using a full yield curve valuation (essentially each year's cashflows has a different discount rate). In carrying out this derivation the Actuary uses the annualised Merrill Lynch AA rated corporate bond yield curve and assume the curve is flat beyond the 30 year point. This is consistent with the approach used at the previous accounting date.

Similarly, to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the Bank of England (BoE) implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30-year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40-year point. This is consistent with the approach used at the previous accounting date.

As future pension increases are expected to be based on CPI rather than RPI, the Actuary has made a further assumption about CPI which is that there will be a gap between the two inflation measures of between 0.25% and 0.80% per annum.

Salaries are assumed to increase at 1.0% above CPI. This approach is the same as the previous accounting date. Penson increases in the LGPS are expected to be based on Consumer Prices Index (CPI)

Demographic/Statistical assumptions

The actuary has adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2019. The post retirement mortality tables adopted are the S3PA tables with a multiplier of 110% for males and 95% for females. These base tables are then projected using the CMI 2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.5 and an initial addition to improvements of 0.5% pa. The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)	**31 March 2021**	**31 March 2022**
Retiring today		
Males	21.6	21.6
Females	25.0	25.0
Retiring in 20 years		
Males	22.9	23.0
Females	26.4	26.5

The actuary also assumed that:

Members will exchange half of their commutable pension for cash at retirement;

Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and

The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

Note 19 - Contingent Liabilities and Contractual Commitments

Outstanding contractual commitments on 31 March 2022 relate to outstanding call payments due on unquoted limited partnership funds held in the private equity, resources, global real estate and infrastructure parts of the portfolio. The amounts "called" by the Funds are irregular in both size and timing over several years from the date of each original commitment. The undrawn amount, the outstanding commitment, for each of these contracts is shown in the table below:

Outstanding Capital Commitments	31 March 2021 £000	31 March 2022 £000
Brunel Infrastructure Cycle 3	0	250,000
Brunel Private Debt Cycle 3	0	150,000
Brunel Private Equity Cycle 3	0	150,000
Brunel Infrastructure Cycle 2	233,826	183,278
Brunel Private Debt Cycle 2	130,000	107,363
Brunel Private Equity Cycle 2	119,094	98,952
Brunel Infrastructure Cycle 1	51,473	28,583
Brunel Private Equity Cycle 1	55,658	40,908
Pantheon Asia Fund V LP	1,436	1,225
Pantheon Asia Fund VI LP	3,441	2,888
Pantheon USA Fund Vll Limited	1,057	1,097
Pantheon USA Fund Vlll Feeder LP	4,014	4,171
Pantheon Global Secondary Fund IV Feeder LP	1,481	1,538
Partners Group Global Resources 2009, LP	3,079	3,248
Pantheon Europe Fund V “A” LP	860	812
Pantheon Europe Fund Vl LP	3,084	2,911
Partners Group Global Real Estate 2008 SICAR	1,707	1,524
Partners Group Global Infrastructure 2009 SICAR	2,690	2,762
	612,900	**1,031,260**

On 31 March 2022 there were no group transfers into the Fund being negotiated with other Funds (2 on the 31 March 2021).

On 31 March 2022 there was one group transfers out from the Fund to other Pension Funds being negotiated (4 on the 31 March 2021), the value of the transfer £2,556k has been accrued.

Note 20 - Additional Voluntary Contributions (AVCs)

AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. The AVC providers to the Fund are Prudential and Scottish Widows. Prudential invests in several funds including with profits accumulation, deposit and discretionary funds. Scottish Widows invests in a range of funds to suit Scheme members' changing lifestyles. These amounts are not included in the pension fund accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016.

2020/2021 £000	**Prudential**	**2021/2022 £000**
4,727	Value of AVC fund at beginning of year	5,006
751	Employees' contributions and transfers in	
328	Investment income and change in market value	
(800)	Benefits paid and transfers out	
5,006	**Value of AVC fund at year end**	

Information for the above table has been delayed by Prudential. Prudential are working on this and will have the information in time for the final accounts publication.

2020/2021 £000	**Scottish Widows**	**2021/2022 £000**
2,087	Value of AVC fund at beginning of year	2,157
63	Employees' contributions	56
292	Investment income and change in market value	128
(285)	Benefits paid and transfers out	(281)
2,157	**Value of AVC fund at year end**	**2,060**

List of Scheduled and Admitted Bodies

Scheduled Bodies

Abbey View Primary School
Alfriston School
Amersham School
Amersham Town Council
Aston Clinton Parish Council
Aylesbury Town Council
Ashbrook School
Aspire Schools
Aylesbury College
Aylesbury Grammar School
Aylesbury High School
Aylesbury Vale Academy
Beaconsfield Town Council
Beaconsfield High School
Bearbrook Combined & Pre-school
Bedgrove Infant School
Bedgrove Junior School
Beechview Academy
Bletchley & Fenny Stratford Town Council
Bourne End Academy
Bow Brickhill Parish Council
Bourton Meadow Academy
Bradwell Parish Council
Bridge Academy
Brill CofE Combined School
Broughton & Milton Keynes Parish Council
Brookmead School
Brooksward School
Brushwood Junior School
Buckingham Park Parish Council
Buckingham Town Council
Burnham Parish Council
Buckinghamshire Council
Buckinghamshire Fire and Rescue Service
Buckinghamshire New University
Buckinghamshire University Technical College
Burnham Grammar School
Bushfield School
Campbell Park Parish Council
Castlefield School
Chalfonts Community College
Chalfont St Peter CE Academy
Chalfont Valley E-Act Academy
Chalfont St Giles Parish Council
Charles Warren Academy
Chepping Wycombe Parish Council
Chepping View Primary Academy
Chesham Bois Parish Council
Chesham Bois CofE Combined School
Chesham Town Council
Chesham Grammar School
Chestnuts Academy
Chiltern Crematorium
Chiltern Hills Academy
Chiltern Way Academy
Christ the Sower Ecumenical Primary School
Coldharbour Parish Council
Coleshill Parish Council
Cottesloe School
Curzon School
Danesfield School
Denbigh School
Denham Green E-Act Academy
Dorney School
Downley Parish Council
Dr Challoner’s Grammar School
Dr Challoner’s High School
Edlesborough School
Elmhurst School (Academy)
Elmtree Infant and Nursery School
EMLC Academy Trust
Fairfields Primary School
George Grenville Academy
Germander Park School
Gerrards Cross CoE School
Glastonbury Thorn First School
Gerrards Cross Parish Council
Great Horwood CofE Combined School
Great Kimble CoE School
Great Kingshill CoE Combined School
Great Marlow School
Great Missenden Parish Council
Great Missenden CoE Combined School
Green Park School
Green Ridge Academy
Hamilton Academy
Heronsgate School
Hambleden Parish Council
Hanslope Parish Council
Hazlemere Parish Council
Hughenden Parish Council
Heronshaw School
Holmer Green Senior School
Holmwood School
Holne Chase Primary School
Iver Parish Council

Ivinghoe Parish Council
Ickford School
Insignis Academy Trust
Inspiring Futures Partnership Trust
Ivingswood Academy
John Colet School
John Hampden Grammar School
Jubilee Wood Primary School
Kents Hill & Monkston Parish Council
Kents Hill Park School
Kents Hill School
Kingsbridge Education Trust (MAT)
Kingsbrook View Primary Academy
Knowles Primary School
Lace Hill Academy
Langland Community School
Lent Rise Combined School
Longwick CofE Combined School
Lord Grey Academy
Loudwater Combined School
Lacey Green Parish Council
Lane End Parish Council
Little Marlow Parish Council
Little Missenden Parish Council
Longwick-cum-Ilmer Parish Council
Loughton & Great Holm Parish Council
Loughton School
Mandeville School
Manor Farm Junior School
Middleton Primary School
Milton Keynes Academy
Milton Keynes Council
Milton Keynes Development Partnership
Milton Keynes College
Marlow Bottom Parish Council
Marlow Town Council
Mentmore Parish Council
Milton Keynes Education Trust
Monkston Primary Academy
Moorland Primary School
New Bradwell School
New Bradwell Parish Council
Newport Pagnell Town Council
Newton Longville Parish Council
New Chapter Primary School
Olney Town Council
Oakgrove School
Olney Infant School
Olney Middle Academy
Orchard Academy
Ousedale School
Overstone Combined School
Oxford Diocesan Bucks School Trust (MAT)
Oxley Park Academy
Penn Parish Council
Piddington & Wheeler End Parish Council
Princes Risborough Town Council
PCC for Thames Valley
Padbury CofE School
Pioneer Secondary Academy
Portfields Combined School
Princes Risborough Primary School
Princes Risborough School
Rickley Park Primary School
Royal Grammar School
Royal Latin School
Shenley Brook End and Tattenhoe Parish Council
Shenley Church End Parish Council
Slapton Parish Council
Stantonbury Parish Council
Stony Stratford Town Council
St Edwards Catholic Junior School
St John’s CofE Combined School
St Joseph’s Catholic Infant School
St Joseph’s Catholic Junior School
St Louis Catholic Primary School
St Mary & St Giles CofE School
St Mary’s CofE Combined School
St Nicolas’ CE Combined School Taplow
St Paul’s RC School
St Peter’s Catholic Primary School
Seer Green CofE School
Shenley Brook End School
Shepherdswell School
Sir Henry Floyd Grammar School
Sir Herbert Leon Academy
Sir Thomas Fremantle Academy
Sir William Borlase’s Grammar School
Sir William Ramsay School
Southwood Middle School
Stanton School
Stantonbury International School
Stephenson Academy
The Beaconsfield School
Taplow Parish Council
Thames Valley Police
The Hazeley Academy
The Highcrest Academy
The Misbourne School
The Premier Academy
The Radcliffe School
Thomas Harding Junior School

Two Mile Ash School
Waddesdon Parish Council
Wendover Parish Council
West Bletchley Town Council
West Wycombe Parish Council
Weston Turville Parish Council
Winslow Town Council
Woburn Sands Town Council
Wolverton & Greenleys Town Council
Wooburn & Bourne End Parish Council
Woughton Community Council
Waddesdon CoE School
Walton High
Water Hall Primary School
Waterside Combined School
Watling Academy
West Wycombe Combined School
Whitehouse Primary School
Wooburn Green Primary Academy
Woodside Junior School
Wycombe High School
Wyvern School

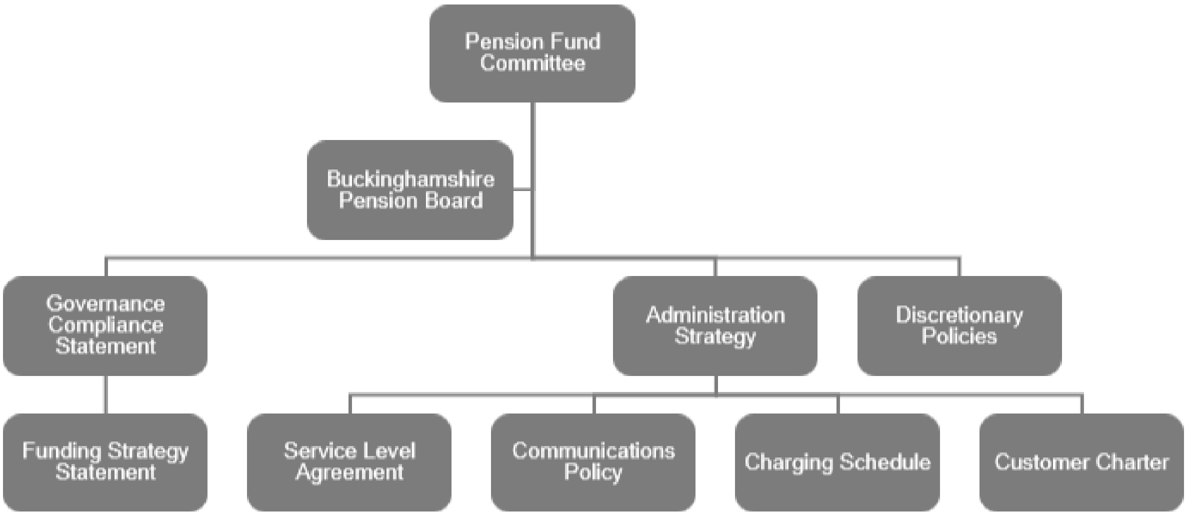
Admitted Bodies

Acorn Childcare
Action for Children Services Ltd
Alliance in Partnership (BPPS)
Alliance in Partnership (BPS)
Ambassador Theatre Group
Ambient Support
Ashridge Security Management
Aspens Services Ltd
Avalon Cleaning Services (Langland School)
Birkin Cleaning Services (Shenley Brook End)
Buckinghamshire Local Enterprise Partnership
Buckinghamshire Music Trust
Bucks Association of Local Councils
Bucks County Museum Trust
Busy Bee Cleaning Services Ltd (BC)
Busy Bee Cleaning Services Ltd (BCD)
Busy Bee Cleaning Services Ltd (Walton High)
Caterlink Ltd (Chiltern Hills Academy)
Chiltern Conservation Board
Chiltern Rangers CIC
Cleantec Services Limited (Denham Academy)
Cleantec Services Limited (Oakgrove School)
Cleantec Services Limited (Radcliffe School)
Cucina Restaurants Ltd (Denbigh School)
Cucina Restaurants Ltd (Lord Grey)
Cucina Restaurants Ltd (Shenley BE)
Cucina Restaurants Ltd (Walton High)
Everyone Active Ltd
Excelcare
Fairhive Homes Ltd
Fujitsu Services Limited
Hightown Housing Association Ltd
Innovate Ltd
Kids Play Ltd
Manpower Direct Ltd
Mears Group plc
Monitor Cleaning Services Ltd
Oxfordshire Health NHS Foundation Trust
Places for People Leisure (Newport Pagnell TC)
Places for People Leisure (WDC)
Police Superintendents Association Limited
Red Kite Community Housing Ltd
Ringway Infrastructure Services
Ringway Jacobs
RM Education
Sasse Facilities Management Ltd
Serco (MKC)
Serco (MKC Recreation & Maintenance)
Sports Leisure Management
Thrift Activity Farm Ltd
Wellbeing and Fitness Leisure Community Trust
Wolverton Leisure Trust
Wycombe Heritage and Arts Trust

Pension Fund Policy Statements

The Local Government Pension Scheme (England and Wales) Regulations provide the statutory framework within which LGPS administering authorities are required to publish governance policy and governance compliance statements.

The Pension Administration Strategy and Charging Schedule establish levels of performance for both the Administering Authority and Scheme employers, detailing actions to be taken if targets are not met.
The following diagram demonstrates the relationship between the statutory requirements of the Buckinghamshire Pension Fund and its associated policies:



The BC Pension Fund policy Statements and Pension Administration Strategy are available for download at http://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/policies/

Please note that the version of policies contained within this report were those in place on 31 March 2022. Subsequent updates may have occurred and are not reflected within the annual report.

Governance Compliance Statement

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.

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

Governance Arrangements

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.

The Pension Fund Committee consults within their advisory framework and with the Head of Projects & Pensions 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.

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

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.

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.

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

Functions and Responsibilities

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

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.

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.

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.

The Fund's Funding Strategy Statement and Investment Strategy Statement can be found at: [Investment and fund management | Buckinghamshire Council (buckscc.gov.uk)]

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.

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.

The Fund's administration policies can be found at:

[Policies | Buckinghamshire Council (buckscc.gov.uk)]

Local Pension Board

Governance Arrangements

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.

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

The membership of the Local Pension Board is:

- Four Scheme employer representatives
- Four Scheme member representative

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 | Buckinghamshire Council (buckscc.gov.uk)]

Stakeholder Engagement

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.

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

Review and Compliance with Best Practice

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

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

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.

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),	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

iii) Independent professional observers, and iv) Expert advisors (on an ad-hoc basis).		
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 required to perform on either a main or secondary committee.	Met	This is set out in the Committee's terms of reference.
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.

Pensions Administration Strategy

Introduction

With 5.8 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 250 employers with over 73,000 scheme members in total.

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

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

Good quality administration and communication assists in the overall promotion of the Scheme and reminds employees of the value of the LGPS, which in turn aids recruitment, retention and motivation of employees. Providing employees with confidence in the administration of their benefits, in a scheme with ever increasing complexity, is a challenge facing both administering authorities and scheme employers. The Local Government Pension Scheme Regulations 2013 enable an administering authority to prepare a written statement to assist the administering authority and scheme employers in working together to provide a high quality service to all parties. This document sets out the pension administration strategy of Buckinghamshire 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 2020. Any enquiries in relation to this strategy should be sent to:

Pensions Administration Manager
Pensions & Investments Team
Buckinghamshire Council
Walton Street Offices
Aylesbury
HP20 1UD

Regulatory Framework

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

- Procedures for liaison and communication with its scheme employers.
- The establishment of levels of performance which the administering authority and its scheme employers are expected to achieve in carrying out their scheme functions by:
    - the setting of performance targets
    - the making of agreements about levels of performance and associated matters, or
    - such other means as the administering authority considers appropriate

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

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

When preparing, reviewing or 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 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

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

This strategy takes account of scheme employers' current pension knowledge, perception of current administration standards and specific training needs to ensure the required standard can be met. Procedures for liaison and communication between Buckinghamshire Pension Fund and scheme employers are contained within Buckinghamshire Pension Fund's Communication Policy.

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

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.

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.

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: www.buckinghamshire.gov.uk/pensions

Establishing levels of performance

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 prescribed under a Service Level Agreement (SLA).

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

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

- Superannuation Act 1972;
- Pensions Act 1995 and associated disclosure legislation;

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

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

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

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 SLA.

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

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.

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:

Audit
Buckinghamshire Pension Fund will be subject to an annual audit of its processes and internal controls, with the Council's Regulatory and Audit Committee applying scrutiny to the Fund. Both the administering authority and scheme employers will be expected to comply with requests for information from internal

and external auditors in a timely manner. Any subsequent recommendations will be implemented into the appropriate document.

Performance monitoring

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

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.

Pension Board

The purpose of the 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:
https://www.buckscc.gov.uk/media/4508426/pfb-terms-of-reference.pdf

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: https://www.buckscc.gov.uk/media/4510769/council-constitution.pdf

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.

Year End and Annual Benefit Statements.

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

Treasury Management

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

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

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

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

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

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

Procedures to address unsatisfactory performance

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

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

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

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

Review Process

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

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

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

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 to resolve queries within the prescribed time	£50 per occurrence
13	Further notification of leaver/retirement/death resulting in a recalculation of benefits	£50 per occurrence
14	Estimate requests in excess of two required in a rolling year	£11.50 per estimate plus VAT per additional request
15	Other non-standard work	Charge dependent on the amount of time taken and Pensions & Investments Team member undertaking the work

Notes to the Charging Schedule

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

1. Notifications of new starters must include all of the information detailed in the New Entrants to the Scheme section of the SLA.
2. Notifications of changes in hours and address must include all of the information detailed in the Changes section of the SLA.
3. Notification of any unpaid leave, parental leave or trade dispute breaks must include all of the information detailed in the Unpaid Leave section of the SLA.
4. Notifications of leavers must include all of the information required on the 'Notification of Employee Leaving' form, detailed in the Leavers section of the SLA. Where an overtime payment is still to be made and the employer is not able to submit the form before the 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 SLA. 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 SLA.
8. Notification of the contributions deducted should be sent (non i-Connect users only) on a monthly basis in order for the contributions to be reconciled and allocated correctly.
9. Requirements regarding payment of monthly contributions are set out in the Monthly Contributions section of the SLA. Regulation 71 of The LGPS Regulations 2013 states that for overdue payments, interest must be calculated at one per cent above base rate on a day to day basis from the due date to the date of payment and compounded with three-monthly rests.
10. Regulation 71 of The LGPS Regulations 2013 states that for overdue payments, interest must be calculated at one per cent above base rate on a day to day basis from the due date to the date of payment and compounded with three-monthly rests.
11. Requirements regarding submission of the annual return are set out in the Year-End Return section of the SLA.
12. Requirements regarding Year-End queries are set out in the Year-End section of the SLA.
13. Accurate information should be provided first time around in accordance with the Leavers and Retirements section of the SLA.

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

Communications Policy Statement

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). The LGPS is governed by statutory regulations.

Regulation 61 of the Local Government Pension Scheme Regulations 2013 requires Funds to prepare, maintain and publish a written statement setting out its policy concerning communications. This policy statement outlines the Fund's position on:

- 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.

This Communication Policy is effective from 5 July 2021 and will be reviewed at its scheduled review date in April 2023, or prior to this should changes be required. It is underpinned by an annual internal communications plan.

Key communication objectives

- Our messages should be timely, brief and easy to understand
- Wherever possible, we will use digital channels and electronic media for our messages due to their efficiency, security and accessibility
- Where digital channels are not suitable, we will use other methods of communication for our customers and stakeholders
- To provide relevant and timely information to our members to enable them to make informed decisions about their pension benefits
- To train and support scheme employers to enable them to fulfill their statutory responsibilities, as well as to cascade and share scheme information with their staff
- We will manage information securely in line with current data protection legislation
- To consult with relevant stakeholders about the Fund's management and administration
- To strive for continuous improvement and innovation in the way we communicate
- To 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 governing 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, but have not yet accessed their pension benefits; and
- Pensioner members and dependants who are in receipt of a pension.

Website
www.buckinghamshire.gov.uk/pensions is our main medium for communicating with Scheme members. It provides comprehensive information about the scheme and is split into a number of categories to ensure quick access and relevance to our varied target audiences. Our Scheme member guides, newsletters, forms and fact sheets are available for download. Our website is regularly reviewed and updated.

'My pension online' secure member portal
We are committed to increasing digital access and delivery of our services. By default all Scheme members have an online pension account, although registration is not automatic. 'My pension online' enables registered members to securely access their pension record at https://ms.buckinghamshire.gov.uk. The content and functionality available is tailored according to whether the member is active, deferred or a pensioner. 'My pension online' allows the Fund to communicate directly with our members, with general scheme updates, as well as personal member communications e.g. retirement benefit calculations and forms. It also provides a self-service facility allowing members to make changes to personal details such as their address and death grant nomination, along with a document upload functionality.

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), which is staffed by Member Liaison Officers from 09:00 to 17:30 Monday to Thursday and from 09:00 to 17:00 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 bookable via the scheme employer. We are able to offer these 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 relating to 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 Local Government Pension Scheme to help members make informed pension decisions.

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 Local Government Pension Scheme Regulations 2013. Member statements are published to their online account each year. Members are able to opt out of online access to their pension record. Those who opt out of 'my pension online' are provided with printed annual benefit statements and newsletters sent to their home address.

Newsletters

We provide Scheme member update newsletters for active, deferred and pensioner scheme members at least annually, 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

Payslips are sent to all pensioners twice per year to confirm that the address we hold for them is still current. P60s are issued by the end of May each year. Pensioners can access their monthly payslips and P60s via 'my pension online'.

Communication with prospective members

Our communication with prospective Scheme members is mainly via their employers. Employers contractually enrol all eligible staff in the LGPS. Scheme information is provided by employers within contracts of employment, which directs employees to the Fund's guides, forms and booklets at www.buckscc.gov.uk/lgpsguidesandforms.

Prospective members can request information, for illustration purposes, of the costs of joining the Scheme from their employer or from the national LGPS website at www.lgpsmember.org. These members are able to 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 Local Government Pension Scheme Regulations 2013.

Website

The Fund's website is accessible to all Scheme employers. The website includes a dedicated employer area at www.buckscc.gov.uk/lgpsemployers, which is regularly updated with changes to the Scheme, employer administration guidance, newsletters and other relevant information.

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 (which forms a large part of our Service Level Agreement) to all new employers to the Fund. Scheme employers can email their ELO direct 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 correspondence which includes confidential information is sent by Egress Switch encrypted email service or other secure means e.g. password protection, or between servers with strong end-to-end encryption.

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 a middleware technology solution which enables employers to automate their submission of data to the Fund and move to real-time monthly data reporting. i-Connect reduces the cost and risks associated with manually processing pension data. We are in the process of onboarding all our Employers to i-Connect.

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 can be produced on request.

Pensions general meeting

We invite representatives from all Scheme employers to attend the Pensions General Meeting, which takes place every 3 years in the year of the Fund valuation (i.e. the year prior to when the revised contribution rates from the valuation are due to come into effect). Speakers are varied but would always 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.

Website

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

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. We have a dedicated mailbox set up to receive and encourage feedback: pension.feedback@buckinghamshire.gov.uk, and regularly issue short digital surveys to employers and members.

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:
https://buckinghamshire.moderngov.co.uk/mgCommitteeDetails.aspx?ID=1038

Availability and format of our publications, frequency & review periods

Communication material	Formats available	Available to	When published / available	When Reviewed?
LGPS guides	Online, paper	All members, prospective members, members' representatives, Scheme employers	Always available	As required
LGPS fact sheets	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, paper	Active and Deferred members	Produced annually Available online	At least annually or more often as needed
In-Touch Pensioner newsletter	Online, paper	Pensioner members	Produced annually Available online	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	Paper, online	Pensioner members	Annually and available via 'my pension online'	Annually
Annual Benefit Statements	Paper, online	All Active, Deferred and Pension Credit members	Annually by 31 August	Annually
Retirement guide	Online, paper	Pensioner members	Available online, and at retirement	As required
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, phone and face to face	Members, Scheme employers	Programme of webinars published to our website One to one training available on request	As required
Member surgeries	One to one meeting	Scheme members	Fortnightly surgeries, run by appointment	Fortnightly
FRS102 / IAS19 Reports	Electronic	Relevant Scheme employers	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.

Funding Strategy Statement

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 purposes 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 Ministry of Housing, Communities and Local Government (MHCLG).

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.

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 2019. The funding position is set out in the table below:

Surplus (Deficit)	(£186m)
Funding Level	(94%)

On a whole Fund level, the primary rate required to cover the employer cost of future benefit accrual was 18.2% 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 2019 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 **Error! Reference source not found.** 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 recruits access to the Fund, or a "closed" employer – one which no longer permits new staff 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.

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.

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. 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.

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 2019 was CPI inflation plus 1.0% p.a. which includes allowance for promotional increases.

Future investment return/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 2019 valuation is set out in the table below:

Financial assumptions as at 31 March 2019	
RPI inflation	3.6%
CPI inflation	2.6%
Pension/deferred pension increases and CARE revaluation	In line with CPI inflation
Pay increase	CPI inflation + 1.0% p a
Discount rate	4.8% 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 2019 valuation report.

McCloud/Sargeant Judgements
The McCloud/Sargeant judgements were in relation to two employment tribunal cases which were brought against 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 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 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.

Further details of this 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 2019 valuation assumption 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 then the level of required employer contributions includes an adjustment to fund the deficit over a maximum period of 15 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 then 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 then, 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 2019 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 contributions rate and have the same funding level
Milton Keynes Council	Past and future service pooling	All employers in the pool pay the same total contributions rate and have the same funding level
Thames Valley Police	Past and future service pooling	All employers in the pool pay the same total contributions rate and have the same funding level
Academies	Past and future service pooling	All academies in the pool 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 and Parish Council Pool	Past and future service pooling	All employers in the pool have the same funding level and target the same total contribution rate. 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

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.

Funding at start of contract

Generally, when a new admission body joins the Fund, they will become responsible for all the pensions risk associated with the benefits accrued by transferring members and the benefits to be accrued over the contract length. This is known as a full risk transfer. In these cases, it may be appropriate that the new admission body is 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).

However, there may be special arrangements made as part of the contract such that a full risk transfer approach 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 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.

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 a full risk transfer (as set out above) is most common, subject to agreement with the administering authority where required, 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 all or part of the pensions risk remains with the letting authority.

Although pensions risk may be shared, it is common for the new admission body to remain responsible for pensions costs that arise from:

- above average pay increases, including the effect on service accrued prior to contract commencement; and
- redundancy and early retirement decisions.

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 2019 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, then 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 then 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.

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.

Exit credit policy

Under advice from MHCLG, 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 will include the majority of "pass-through" arrangements. 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 the arrangements make payment of an exit credit 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 depending on the specific details surrounding the employer's cessation scenario. The default approach to calculating the cessation position will be on a minimum-risk basis unless it can be shown that there is another employer in the Fund willing to guarantee the liabilities. If the administering authority is satisfied that there is another
- employer willing to act as a guarantor then the cessation position may be calculated on the ongoing funding basis.
- 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 staff 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 then 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 the independent advisers and 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 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 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.

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 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 consultation is currently ongoing: the consultation was closed to responses on 31 July 2019 and an outcome is now awaited.

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. This results of the national Scheme valuation are used to test the cost control cap mechanism and HMT believed that all public sector scheme should have the cost 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 members 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.

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 then 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 2019, certifying the contribution rates payable by each employer in the Fund for the period from 1 April 2020 to 31 March 2023.

The timing of the next funding valuation is 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, it is anticipated that the next funding valuation will be due as at 31 March 2022 but the period for which contributions will be certified remains unconfirmed.

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

Investment Strategy Statement

Introduction

The Buckinghamshire Pension Fund (the Fund) is administered by Buckinghamshire Council (the Administering Authority) which is legally responsible for the Fund. In that role the Administering Authority has responsibility to ensure the proper management of the Fund.

The Administering Authority delegates its responsibility for administering the Fund to the Pension Fund Committee (the Committee), which is its formal decision making body. The Committee is responsible for setting strategic asset allocation and monitoring investment performance, having taken advice from professional advisers. Operational implementation of the investment strategy is delegated to Officers.

In addition, the Buckinghamshire Pension Board has an oversight and scrutiny role to ensure good governance through monitoring of the Fund's performance, activity of the Committee and adherence to statutory duties.

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the Regulations) require administering authorities to formulate and to publish an Investment Strategy Statement, in accordance with guidance issued from time to time by the Secretary of State.

This Investment Strategy Statement ("Statement") for the Fund sets out the principles that will guide the Committee when making decisions about the investment of the Fund's assets. It also sets out the framework for investing the Fund's assets which is consistent with the funding strategy, as set out in the Funding Strategy Statement.

The Statement is an important governance tool for the Fund, as well as providing transparency in relation to how the Fund's investments are managed. This Statement will be reviewed by the Committee at least triennially or more frequently should any significant change occur.

Investment Objectives

The primary objective of the Fund is to be efficient, reduce costs and minimise contributions for employers, in order to meet the cost of pension benefits as required by statute. A related objective is to minimise the volatility of employer contribution rates as investment returns vary from year to year.

The investment objective of the Fund is to achieve a return that is sufficient to meet the primary funding objective, subject to an appropriate level of risk (implicit in the target) and liquidity. The investment strategy will be reviewed at least every three years to ensure it remains appropriate in light of market conditions and the above objectives.

It is the Administering Authority's current policy that external fund managers are employed to administer the Fund's assets. Cash balances arising from the receipt of employer and employee contributions are invested in accordance with the agreement between the Administering Authority and the Committee.

Investment strategy and the process for ensuring suitability of investments.

The rate of return assumed within the actuarial valuation together with the long term nature of the liabilities means the Fund allocates a significant weighting to asset classes with higher expected returns. Such asset classes may introduce volatility in the short term but are ultimately expected to generate higher returns in the long term. The investment strategy considers the expected risk-return profile of each asset class.

A management agreement is in place for each fund manager, setting out the relevant benchmark, performance target, asset allocation ranges and any statutory restrictions or other restrictions determined by the Committee (where possible).

The Fund's investment strategy, along with an overview of the role each asset class plays, is set out in the tables below:

Asset class	Allocation (%)	Rebalancing Ranges (%)	Role within the strategy
Equities	**50.0**	**35.0 – 55.0**	
Passive Developed Global	16.5	9.5 – 20.0	Generate returns through capital gains and income through exposure to the shares of domestic and overseas companies, indirect links to inflation. The Fund invests in a range of actively and passively managed strategies with different investment styles to gain diversified exposure to global equity markets, using active managers where appropriate and in the expectation that these will add value.
Active Developed Global	16.5	9.5 – 20.0	
Low Volatility	7.0	5.5 – 8.5	
Emerging Markets	5.0	4.0 – 6.0	
Small Cap	5.0	4.0 – 6.0	
Alternatives	**25.0**	**20.0 – 45.0**	
Multi-Asset Credit	10.0	8.0 – 12.0	To deliver returns in excess of cash whilst providing diversification benefits to the overall investment strategy. Returns are expected to be driven by both market allocation and active management across a range of credit opportunities (including high yield corporate bonds, bank loans, emerging market debt and investment grade corporate bonds) with modest sensitivity to interest rates
Fund of Hedge Funds	2.5	-	Operates in a range of niche markets, looking to generate returns from unconstrained active management and reduce the volatility of the total portfolio via increased diversification.
Core Property	6.0	3.0 – 8.0	Generate returns through income and capital appreciation via investment in UK property markets, whilst providing some diversification away from equities and bonds.
Private Equity	4.0	-	Generate returns through privately held assets that are not quoted on a stock market and capture the illiquidity premium available to long-term investors. Diversification of risk and return sources away from more traditional assets.

This was the approved policy in place on 31st March 22, the policy may have been updated since 31st March 2022

Asset class	Allocation (%)	Rebalancing Ranges (%)	Role within the strategy
Private Debt	-	-	Generate returns through privately negotiated debt used to finance privately owned companies that are not quoted on a stock market. Captures the illiquidity premium available to long-term investors and provides strong capital protection and a high recovery ratio. Diversification of risk and return sources away from more traditional assets.
Infrastructure	2.5	-	Generate returns through capital growth and income and provide additional diversification and low correlation to traditional asset classes.
Bonds	**25.0**	**15.0 – 30.0**	
Index-Linked Gilts	10.0	8.0 – 12.0	Provide direct protection relative to inflation linked liabilities.
UK Corporate Bonds	15.0	8.0 – 18.0	Expected to generate returns above those available on domestic sovereign bonds (gilts) with only marginal increase in risk, whilst providing diversification relative to other asset classes.
Cash	-	0.0 – 2.0	Cash balances may be held in order to meet cash flow requirements and fund private market capital calls.
Total	**100.0**		

External investment managers are appointed on the Fund's behalf to deliver the investment strategy. This includes selecting active managers for asset classes where manager skill is expected to enhance the market return and manage risk, to a greater or lesser extent, or where passive options are not available. Passive approaches aim to deliver the market return by replicating the index in a cost and implementation efficient manner.

Asset allocation varies over time through the impact of market movements and cash flows. The asset allocation is monitored on a quarterly basis relative to the rebalancing ranges outlined above. Further information on the Committee's rebalancing policy is set out in section 4 of this document.

The Committee is responsible for the Fund's asset allocation, which is determined via strategy reviews undertaken as part of the actuarial valuation process. The last review of the investment strategy was in Q1 2020 and was both qualitative and quantitative in nature and was undertaken by the Committee in conjunction with Officers and independent advisers. The review considered:

- The required level of return that will mean the Fund can meet its future benefit obligations as they fall due
- An analysis of the order of magnitude of the various risks facing the Fund
- The desire for diversification across asset class, region, sector, and type of security.

Following the latest investment strategy review the Committee agreed a Long Term Target investment strategy that will be implemented over time. This strategy includes greater allocations to private market assets and consequent decreases in the existing allocations to equities, hedge funds and corporate bonds. The investment cycle for private market assets means that commitments are drawn down over an extended timeframe. As a result, progress in reaching the Long Term Target allocation will depend upon Brunel identifying suitable managers, and on the pace of the subsequent draw down of capital by the managers.

Rebalancing policy

The Committee has adopted a formal rebalancing policy, whereby Officers will review the Fund's asset allocation against the rebalancing ranges outlined in section 3 on a quarterly basis, as at the relevant quarter end. If any allocations have breached their respective ranges, Officers will rebalance the allocations by switching assets from/to the most overweight/underweight portfolios. Rebalancing is only made between the Fund's liquid assets i.e. those that have rebalancing ranges.

Unless there is good reason otherwise, such rebalancing will be undertaken to bring the over or underweight asset class/classes back to approximately the mid-point between the target allocation and the current position.

Before any rebalancing action is undertaken, Officers will consult with the Chairman and Vice Chairman of the Committee, as well as the Fund's appointed investment consultant and independent advisor, regarding the proposed action.

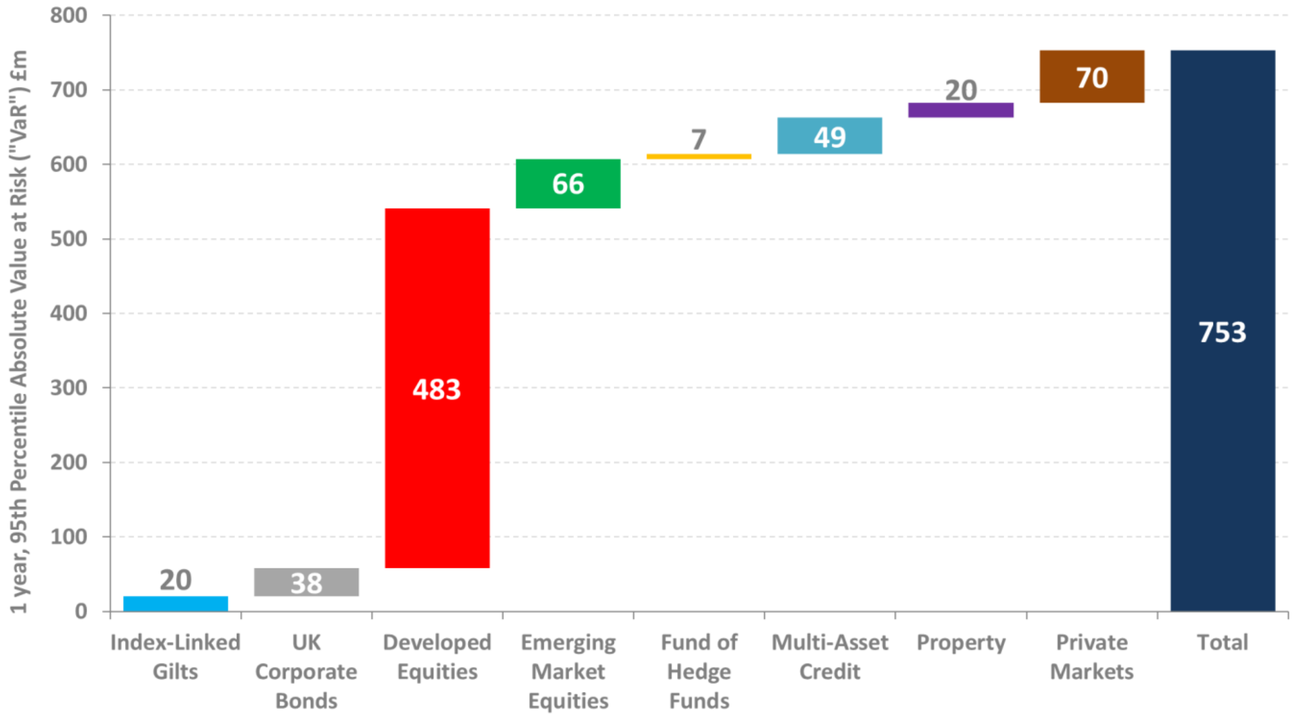
This policy and the rebalancing ranges are reviewed annually by the Committee, as the asset allocation is expected to move towards the agreed long-term target strategy over time.

Risk measurement and management

The risk and return profile of the assets will be measured against the strategic objective and be considered in the Fund's capacity as a long term investor. The main risk to the Fund is the risk that the Fund's assets do not produce the returns needed to meet the liabilities, as determined by the Funding Strategy Statement. The main risk to the employers is the volatility of the contribution rates, and their affordability.

The Committee recognises that, whilst investing in higher risk assets increases potential returns over the long-term, it also increases the risk of a shortfall in returns relative to that required to cover the Fund's liabilities, as well as producing more short-term volatility in the funding position. The Fund's diverse range of asset classes and approaches is designed to help achieve returns in a variety of market environments. By holding a range of assets across the portfolio that are not perfectly correlated, the Fund expects to reduce the level of risk it is exposed to, whilst increasing the potential to generate attractive risk-adjusted returns.

The graph below provides an indication of the main sources of investment risk within the investment strategy outlined in the table in section 3 of this document (estimated by the Fund's investment consultant) that contribute to the volatility of the Fund's funding position, as measured by a one year "value at risk" measure at the 5% level. In other words, if we consider a downside scenario which has a 1 in 20 chance of occurring, this would be the minimum impact on the Fund's assets relative to our "best estimate" of what the asset value would be in a years' time.



The following risks are also considered by the Committee:

(i) Inflation Risk

The Fund's liabilities are impacted by inflation both explicitly and implicitly. The Fund will seek to invest in a range of assets that provide returns in excess of inflation and in some cases provide an inflation-linked income, subject to a tolerable level of volatility. The Committee acknowledge that inflation risk relating to the Fund's liabilities is managed by the underlying investment managers through a combination of strategies, such as diversification, and investing in assets that move in line with inflation, such as index-linked gilts and infrastructure.

(ii) Environmental, Social and Corporate Governance (ESG) Risk

The Committee believes that ESG (including climate change) risks should be taken into account on an ongoing basis. ESG considerations are an integral part of the Fund's strategy and objective of being a long term investor. Further details on the Committee's social, environmental and corporate governance policy can be found further on in this Statement.

(iii) Governance Risk

This is the risk that Committee members do not have sufficient expertise to evaluate and challenge the advice they receive, particularly given the potential for turnover within the Committee. The Fund recognises the importance of maintaining an appropriate level of knowledge across the Committee. It has taken steps to ensure that Committee members possess an appropriate level of knowledge, skill and understanding to discharge their fiduciary duties by providing appropriate training as and when required. Officers ensure the Committee receives expert advice to support strategic and implementation decisions. In addition, the Committee maintains a Risk Register that is regularly updated and monitored by the Committee.

(iv) Foreign Exchange Rate Risk

The Fund is subject to foreign exchange rate risk due to the Fund's investment in sterling priced portfolios which hold underlying investments denominated in foreign currency. There is no currency hedging in place at the strategic level.

(v) Liquidity Risk

The Committee recognises the inherent risk of holding illiquid assets that cannot be easily converted into cash. However, given the long-term investment horizon of the Fund it is appropriate to accept liquidity risk where such assets are considered to deliver attractive risk-adjusted returns within the context of the overall strategy. The majority of the Fund's assets are held in liquid instruments and realisable at short-notice.

(vi) Cashflow Risk

The Fund is becoming more mature and is expected to become cashflow negative over time, meaning that income and disinvestments will be required from the Fund's investments to meet benefit payments. Monitoring cash flow is critical to the internal monitoring and rebalancing process and has been considered when setting investment strategy.

(vii) Valuation Risk

The actuarial valuation assumes that the Fund generates an expected return equal to or in excess of the Fund's discount rate. An important risk to which the Fund is exposed is that the return is not achieved if the assets do not deliver as expected. This risk is reduced by the diversified investment strategy the Fund employs, through the alignment of the investment strategy with funding requirements through regular reviews, and through regular monitoring.

(viii) Longevity Risk

This is the risk that the members of the Fund live longer than assumed in the actuarial valuation model. This risk is captured within the funding strategy which is monitored by the Committee. Any increase in longevity will only be realised over the long term.

(ix) Employer Covenant Risk

There is a risk that employers within the Fund withdraw or lack the financial capacity to make good their outstanding liabilities. The financial capacity and willingness of the sponsoring employers to support the Fund is a key consideration of the Committee and is reviewed on a regular basis.

(x) Regulatory and Political Risk

Across all of the Fund's investments, there is the potential for adverse regulatory or political change. Regulatory risk arises from investing in a market environment where the regulatory regime may change. This may be compounded by political risk in those environments subject to political uncertainty. These risks are managed by diversifying across markets and are monitored by reviewing the investment strategy and specific investment mandates.

(xi) Asset Pooling Risk

The risk that the expected benefits and cost savings do not emerge over the long-term, and/or unexpected costs or losses arise from the transition of assets. Performance, service delivery, costs and savings are monitored on an ongoing basis, whilst the service agreement sets out the duties and responsibilities of the pool and the rights of the Fund as a client. Details of the Fund's pooling arrangements are set out in section 6 of this document.

(xii) Custody Risk

The risk of losing economic rights to Fund assets, when held in custody or when being traded. Such risk is mitigated by the use of a global custodian with negotiated service level agreement and internal reconciliation of accounting records.

Approach to asset pooling

The Fund is working with nine other administering authorities to pool investment assets through the Brunel Pension Partnership Ltd. (Brunel). The Fund, through the Committee, retains the responsibility for setting the detailed strategic asset allocation for the Fund and allocating investment assets to the portfolios provided by Brunel.

Brunel is a company wholly owned by the ten Administering Authorities (in equal shares) that participate in the pool. The company received authorisation from the Financial Conduct Authority (FCA) to act as the operator of an unregulated Collective Investment Scheme in March 2018. It is responsible for implementing the detailed strategic asset allocations of the participating funds by investing funds' assets within defined outcome focused investment portfolios. In particular, it researches and selects the external managers or pooled funds needed to meet the investment objective of each portfolio. Brunel creates collective investment vehicles for quoted assets such as equities and bonds; for private market investments it creates and manages an investment programme with a defined investment cycle for each asset class.

The Fund is a client of Brunel and as a client has the right to expect certain standards and quality of service. A detailed service agreement is in place which sets out the duties and responsibilities of Brunel, and the rights of the Fund as a client. It includes a duty of care of Brunel to act in its clients' interests.
The pool had established governance arrangements, and the Brunel Oversight Board has been established. This is comprised of representatives from each of the Administering Authorities. It was set up by them according to an agreed constitution and terms of reference. Acting for the Administering Authorities, it has ultimate responsibility for ensuring that Brunel delivers the services required to achieve investment pooling. It therefore has a monitoring and oversight function. As per the terms of reference, it is able to consider relevant matters on behalf of the Administering Authorities, but does not have delegated powers to take decisions requiring shareholder approval. These are remitted back to each Administering Authority individually. As shareholders of Brunel, the Administering Authorities' shareholder rights are set out in the Shareholders Agreement and other constitutional documents.

The Brunel Oversight Board is supported by the Client Group, comprised primarily of pension investment officers drawn from each of the Administering Authorities but also draws on Administering Authorities finance and legal officers from time to time. It has a primary role in managing the relationship with Brunel, reviewing the implementation of pooling by Brunel, and provides a forum for discussing technical and practical matters, confirming priorities, and resolving differences. It is responsible for providing practical support to enable the Brunel Oversight Board to fulfil its monitoring and oversight function.

The arrangements for asset pooling for the Brunel pool were formulated to meet the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and Government guidance. Regular reports are made to Government on progress towards the pooling of investment assets.

Investment assets have been, and will continue to be, transitioned across from the Fund's existing investment managers to the portfolios managed by Brunel over time. Until such time as transitions take place, the Fund will continue to maintain the relationship with its current investment managers and oversee their investment performance, working in partnership with Brunel where appropriate.

Over time, it is envisaged that all of the Fund's assets will be invested through Brunel portfolios. However, the Fund has certain commitments to long term illiquid investment funds which will take longer to transition across to the Brunel portfolios. These assets will be managed in partnership with Brunel until such time as they are liquidated, and capital is returned.

Social, environmental and corporate governance policy

The Committee has a fiduciary duty to act in the best interest of the Fund's members and seek to obtain the best financial return that it can for members. This is a fundamental principle; however, the Fund is also mindful of its responsibilities as a long term shareholder.

The Committee believes that environmental, social, and corporate governance (ESG) factors, including climate change, may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Committee recognises that long term sustainability issues present risks and opportunities that increasingly require explicit consideration.

The Committee has committed part of the Fund's assets to infrastructure portfolios that invest in renewable technologies and infrastructure. Within the first portfolio c.35% of commitments have been invested in such assets, whilst half of the second portfolio was committed to a dedicated renewables fund.

The Committee does not consider a top-down approach to disinvestment to be an appropriate strategy for reducing climate and carbon risk and contributing towards reducing carbon emissions. Instead, the Committee believes that decarbonising the Fund's portfolio over time by reducing its exposure to carbon intensive companies and assets, and seeking to influence the behaviour of companies through engagement, will have a more beneficial impact.

The Fund's assets are in the process of being transitioned to Brunel. Brunel's Responsible Investment Policy Statement and Climate Change Policy clearly articulate its commitment to be responsible investors, and as such recognises that ESG considerations and climate change are part of the processes in the selection, non-selection, retention and realisation of assets. Brunel is committed to industry and corporate engagement, decarbonising its listed investment portfolios, and being transparent about their carbon intensity.

The Committee will continue to develop its beliefs and approach to ESG integration and climate change, and its strategy for decarbonising the Fund's investment portfolio. The Committee will work with Brunel to ensure that these are implemented, noting that Brunel published a comprehensive Climate Change Policy in January 2020.

Each portfolio, in every asset class, under Brunel, explicitly includes responsible investment which includes an assessment of how social, environmental and corporate governance considerations may present financial risks to the delivery of the portfolio objectives. These considerations will therefore be taken into account in the selection, non-selection, retention and realisation of assets. The approach undertaken will vary in order to be the most effective in mitigating risks and enhancing investor value in relation to each portfolio and its objectives.

On an annual basis, Brunel produces carbon footprint analysis on behalf of the Committee to monitor the Fund's progress in reducing carbon emissions. Key carbon metrics, such as the weighted average carbon intensity of the aggregate portfolio, are measured and monitored against a custom benchmark. As at 31 December 2019, the Fund was c.12% less carbon intensive than the benchmark on a weighted average carbon intensity basis. By 31 December 2020 this had improved to c.15%, driven by a c.18% reduction in the carbon intensity of the Fund (compared to a c.16% reduction in the carbon intensity of the benchmark). All of the Brunel portfolios invested in by the Fund have lower levels of carbon intensity compared to their respective benchmarks.

Policy of the exercise of rights (including voting rights) attaching to investments

Under the current arrangements, the exercising of rights, including voting rights, is delegated to the Fund's investment managers including Brunel. Brunel has a single set of voting guidelines for all assets under its management held in segregated accounts. In addition, Brunel will actively attend and vote at company meetings (AGM/ EGMs).

Further information can be found in Brunel's Stewardship Policy, which sets out Brunel's overall approach to stewardship, and Voting Guidelines, which sets out Brunel's voting principles across a range of themes and what it expects of companies, their boards, and their management. Brunel will publish its voting guidelines and provide online voting records on a quarterly basis.

Advice taken

In preparing this statement, the Committee has taken advice from Fund Officers, the Fund's appointed investment consultant, Mercer, and the Client Group at the Brunel Pension Partnership Ltd.

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Glossary of Terms and Acronyms Used

Active Management	A style of investment management where the Fund manager aims to out-perform a benchmark by superior asset allocation, market timing or stock selection (or a combination of these). Compare with passive management.
Actuary	A person or firm that analyses the assets and future liabilities of a pension fund and calculates the level of employers' contributions needed to keep the Fund solvent.
Additional Voluntary Contributions (AVCs)	AVCs are paid by a contributor who decides to supplement their pension by paying extra contributions to the Fund's AVC providers.
Admitted Bodies	These are employers who have been allowed into the Fund at the Council's discretion.
Alternative Investments	These are less traditional investments where risks can be greater but potential returns higher over the long term, e.g. investments in private equity partnerships, hedge funds, commodities, foreign currency and futures.
Asset Allocation	The appointment of a fund's assets between asset classes and/or world markets. The long-term strategic asset allocation of a fund will reflect the Fund's investment objectives. In the short term, the Fund manager can aim to add value through tactical asset allocation decisions.
Benchmark	A yardstick against which the investment policy or performance of a fund manager can be compared. Asset allocation benchmarks vary from the average fund distribution (as measured by one of the performance surveys) to customised benchmarks tailored to a particular fund's requirements.
Commutation	The conversion of an annual pension entitlement into lump sum on retirement.

Contingent Liability	A possible loss, subject to confirmation by an event after the balance sheet date, where the outcome is uncertain in terms of cost.
Corporate Bonds	Corporate Bonds are debt obligations issued by private corporations to finance a variety of purposes, e.g. business expansion. When a bond is issued, the corporation promises to return the money on a specified date, paying a stated rate of interest. Bonds do not provide ownership interest in the corporation.
Corporate Governance	Issues relating to the way in which a company ensures that it is attaching maximum importance to the interest of its shareholders and how shareholders can influence management. Issues such as executive pay levels and how institutional investors use their votes have been the subject of much debate.
Custody, Custodian	Safekeeping of securities by a financial institution. The custodian keeps a record of client investments and may also collect income, process tax reclaims and provide various other services according to client instructions.
Dividend	The part of a company's after-tax earnings, which is distributed to the shareholders in the form of cash or shares. The directors of the company decide how much dividend is to be paid and when. The dividend is neither automatic nor guaranteed for ordinary shareholders.
Emerging Markets	The financial markets of developing countries.
Equities	Shares in UK and overseas companies.
Fixed Interest	Income that remains constant during the life of the asset, such as income derived from bonds, annuities and preference shares.
FTSE All-Share Index	An arithmetically weighted index of leading UK shares (by market capitalisation) listed on the London Stock Exchange. Updated daily, the FTSE 100 Index ("Footsie") covers only the largest 100 companies.
Gilts, Gilt-edged Securities	The familiar name given to sterling, marketable, fixed interest securities (or bonds) issued by the British Government.

Growth Investing	Investing in companies that are expected to increase at any above average rate compared to their industry sector or the overall market.
Hedge Fund	A specialist fund that seeks to generate consistent returns in all market conditions by exploiting opportunities resulting from inefficient markets.
Index-linked Gilts	Both the interest payments (coupons) and the value of the eventual capital repayment for index-linked gilts are adjusted in line with the change in inflation, as measured by the retail prices index (RPI). Investors are thus protected against the value of their investments being eroded by inflation.
Mature Scheme	A pension scheme with a high proportion of pensioners and a low proportion of current members. In a mature scheme, contributions are normally less than benefits paid out.
Ministry of Housing, Communities and Local Government (MHCLG)	Formerly the Department for Communities and Local Government (DCLG), MHCLG is the government department responsible for the Local Government Pension Scheme.
Passive Management	A style of investment management that seeks to attain performance equal to market or index returns.
Risk	In its simplest sense, risk is the variability of returns. Investments with greater inherent risk must promise higher expected returns if investors are to invest in them.
Scheduled Bodies	These are organisations that have a right to be in the Fund.
Stock Selection	The process of deciding which stocks to buy within an asset class.
Style	The philosophy behind the way in which a manager manages the Fund.
Tracker Fund	A fund which matches investment performance to a particular stock market index.
Transfer Value	A cash sum representing the value of a member’s pension rights.

Unit Trust	A pooled fund in which investors can buy and sell units on an ongoing basis. Known as mutual funds in the US and some other countries.
Unquoted Securities	Shares which are dealt in the market, but which are not subject to any listing requirements and are given no official status.
Value Investing	An investment strategy that involves selecting stocks that appear to be trading for less than their intrinsic value.