



Pension Fund Committee minutes

Minutes of the meeting of the Pension Fund Committee held on Tuesday 21 March 2023 in The Paralympic Room, Buckinghamshire Council, Gatehouse Road, Aylesbury HP19 8FF, commencing at 2.00 pm and concluding at 5.40 pm.

Members present

R Bagge, T Butcher, A Collingwood, I Macpherson, P Marland and M Walsh

Others in attendance

C Dobson, J Edwards, R Ellis, T English, C Gray, M Passey, F Ward, L O'Donnell and C Lewis-Smith

Apologies

M Baldwin and E Gemmell

Agenda Item

1 Apologies for Absence

Apologies for absence were received from Cllr M Baldwin (who had been appointed as a new Member of this Committee) and Cllr E Gemmell.

2 Declarations of Interest

There were no declarations of interest.

3 Minutes of the last meeting

With the addition of C Dobson, Advisor in attendance it was **RESOLVED that the Minutes of the Meeting of the Pension Fund Committee held on 24 November 2023 were agreed as a correct record.**

4 Buckinghamshire Pension Fund Board Draft Minutes

RESOLVED that the Minutes of the Buckinghamshire Pension Fund Board meeting held on 13 December 2022 be noted.

5 External Audit Plan

The Committee received the Buckinghamshire Pension Fund Audit Plan for the year ending 31 March 2022, which had been produced by Grant Thornton. This document provided an overview of the planned scope and timing of the statutory audit of Buckinghamshire Pension Fund, which mainly included any significant risks

identified, accounting estimates, materiality, IT strategy, and audit fees. The Plan had been produced late in its cycle due to Buckinghamshire Council accounts for 20/21 still to be signed off. A Member who was also Chairman of the LGA Resources Committee commented that this was a national problem as a number of Councils had the same issue and a meeting had been arranged with Government Ministers to discuss this.

Reference was made to the IAS19 Assurance Letter for Admitted Bodies which was £8,000 which was being paid for by the Pension Fund; this was for four organisations at a cost of £2,000 each.

A question was asked in relation to significant risks identified and the management override of controls which was because the Fund faced external scrutiny of its spending which could potentially place management under undue pressure in terms of how they reported performance. The Pensions and Investments Manager confirmed that there was no fraudulent expenditure. Materiality at the planning stage of the audit was £39m [PY £36m] which equated to 1% of the net assets as at 31 March 2022.

RESOLVED that the External Audit Report be noted.

6 Triennial Actuarial Valuation

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

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

The Committee discussed the assumptions that were used, as was set out in pages 23 to 26 of the appendix. The key assumptions were a discount rate assumption of 4.6% per annum and a Consumer Price Index (CPI) inflation of 2.9% per annum.

The Committee noted that there had been a number of important regulatory changes since the 2019 valuation including McCloud, Cost Management and Climate risk. Details of how the actuary had approached each change was detailed in pages 27 to 30 of the appendix.

Reference was made to the sensitivities to liabilities and Members recognised that

whilst the Pension Fund was fully funded, there was no room for complacency in the longer term. Whilst there was volatility in the markets and with high interest rates currently, the Advisor reported that the main priority was to have a sensible Investment Strategy which was well diversified.

RESOLVED that the Buckinghamshire Pension Fund Actuarial Valuation as at 31st March 2022 be noted.

7 Administration Policy Updates

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

The Governance Compliance Statement was last approved on 21 March 2022. The updated statement, which was attached at Appendix 1 to the report, reflected the review date, changes to job titles and updates to web links. There have been no material changes to the statement. The implementation of recommendations set out in the Scheme Advisory Board's Phase III Good Governance report was still awaited which would increase the level of detail required in the statement.

The Administering Authority Discretionary Policy was last approved on 5 July 2021 as there was a material change during the three-year review period. Material changes due to this review were highlighted in the policy, which was attached at appendix 2 to the report. All other changes reflected the review date, changes to job titles and updates to web links. On page 103 of the agenda pack reference was made to reducing the time limit of notice to withdraw benefits due to the current economic climate in exceptional circumstances. In terms of evidence of financial dependence of a cohabiting partner further evidence could be required.

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

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

In relation to the Pension Administration Strategy a Member proposed an amendment that the cost of £50 should be per scheme member and that if additional work was required the charge could be higher to reflect that. Members were happy with this amendment. Members noted that training would be provided and that the charge would be imposed as a last resort, particularly as some organisations such as Parish Councils would not have the funds for large charges.

The Pensions Administration Manager reported that there had been an occurrence previously when they had not been notified of leavers. However, since the I Connect Portal had been installed, data could be transferred more easily; the issue now was more of ensuring quality data rather than timing.

RESOLVED that the Governance Compliance Statement, Administering Authority Discretionary Policy, Pension Administration Strategy as amended above and Communication Policy Statement be approved.

8 Treasury Management Service Level Agreement

The Committee received a report which provided an update on the provision of treasury management services by Buckinghamshire Council to the Pension Fund in 2022/23. The Committee was asked to discuss and note the arrangements for investing the Pension Fund's surplus cash balances in 2023/24.

During 2022 (2021), the Pension Fund earned £181.1k (£0.5k) interest on its working cash balances, the average balance of £13.2m (£8.3m). The cash balances ranged from £112k to £31.5m during 2022 (£6.8k to £45.9m during 2021). A separate bank account operated for the Pension Fund. The Council's treasury team invested all the Pension Fund's working cash in the Pension Fund bank account or money market funds. The Service Level Agreement for 2023/24 was attached at Appendix 1 to the report.

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

RESOLVED that the Pension Fund treasury management service level agreement be noted.

9 Funding Strategy Statement

The Funding Strategy Statement (FSS) sets out how the administering authority had balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers' contributions and prudence in the funding basis. It was reviewed every three years following the triennial valuation.

Following the 31 March 2022 Actuarial Valuation, the FSS, attached at Appendix 1 to the report, had been updated to reflect the outcome and assumptions of the

triennial valuation. The FSS had also been updated with a new approach for full cessations, which involved the adoption of an ongoing funding approach instead of using gilt yields.

RESOLVED that the revised Funding Strategy Statement (FSS) be approved.

10 Forward Plan

RESOLVED: That the Forward Plan be noted.

11 Question Time

The following question was asked by Councillor Ed Gemmell under section 2.17 of the Committee Procedure Rules:

“There have been ongoing requests from members of the scheme and other residents in Buckinghamshire for an increased level of transparency from the Pension Fund Committee. Under the Constitution the committee is committed to operating “as transparently as possible” and items can only be deemed confidential by the Chairman. Please can an explanation be provided by the Chairman as to why he has ruled the majority of the deliberations and consultations of the pension committee to be confidential, for what reason he deems these items confidential and how he might envisage relaxing his ruling to promote more transparency for scheme members?”

Response provided by Councillor Timothy Butcher:

The Council’s submission of information to meetings is based on a judgement of the statutory provisions as set out in the Council’s Access to Information Rules (Part B, section 2 of the [Council’s Constitution](#), page 30). These are based on the statutory rules for the exclusion of members of the public and press. Formal committee meetings must be held in public unless one or more of a limited number of legal reasons apply. The Access to Information Rules list them. They relate, as one would expect, to such things as personal data, commercial and financial interests etc. Paragraph 2.18 says: “ The public may be excluded from an item at a meeting whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings, that exempt information would be disclosed.” Paragraph 2.20 then goes on to list what the valid reasons for exempting the procedures.

This means that ‘a private session’ would only discuss issues that relate to one of the exemptions. In summary, the full list is:

- a. Information relating to an individual
- b. Information which is likely to reveal the identity of an individual.
- c. Info relating to the financial or business affairs (past or present) of any particular person (this includes commercial interests)
- d. Information relating to any consultations or negotiations, or contemplated

consultations or negotiations, in connection with any labour relations matter

- e. Information in respect legal professional privilege
- f. Information which reveals that the Authority proposes to give notice or issue orders
- g. Information relating to the prevention, investigation or prosecution of crime.

Paragraph 1.15 of the Pension Fund Committee Terms of Reference does not add to these provisions but is intended as an indication as to how they may be used when constructing an agenda. Any decision on excluding the press and public to consider such an item in exempt session is a decision of the committee (not of the Chairman), based on officer advice, having regard to the statutory provisions. Given that the statutory provisions exist in the form that they do, proper implementation of them is itself a reflection of the public interest.

The specific reason for regarding an item and any associated information as exempt will be specified in the resolution of the meeting and will always relate to one of the reasons set out in paragraph 2.20 of the Access to Information Procedure Rules.

The Chairman also commented that he was taking advice on whether the risk register could be provided in the public part of the meeting. A Member asked what information was provided to Pension Scheme Members. In response it was noted that they received an annual benefit statement for their annual valuation. Information was also provided on the website which included the Funding Strategy Statement, Investment Strategy, Environment, Social and Governance Policy and the Annual Report. The triennial actuarial valuation would be available at the end of March. In terms of providing benchmarking of other providers this was not relevant as it was a defined benefits scheme which was legally defined. A Member commented that whilst investment performance was key for employers Pension Scheme Members should be made aware of any risks to the Fund. The Pensions and Investments Manager reported that the actuarial valuation was a public document which provided benchmarking information.

A Member commented that the Committee was transparent and where legislation allowed they debated policies in public such as climate issues. The Advisor also commented that there was information on Brunel's website on their carbon targets.

A copy of a redacted benefit statement would be provided to Members for their information.

Action: Pensions and Investments Manager

12 Exclusion of the Press and Public

RESOLVED That the press and public be excluded for the following items as they

were exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because they contained information relating to the financial or business affairs of any particular person (including the authority holding that information).

- 13 Confidential minutes of the last meeting**
RESOLVED that the confidential minutes of the Buckinghamshire Pension Fund Committee held on 24 November 2023, be approved as a correct record.
- 14 Buckinghamshire Pension Fund Board Confidential Draft Minutes**
RESOLVED that the confidential minutes of the Buckinghamshire Pension Fund Board meeting held on 13 December 2023, be noted.
- 15 Investment Strategy Review**
The Committee received a report which reviewed the ongoing suitability of the Fund's investment strategy in light of the preliminary results of the 31 March 2022 actuarial valuation. Following discussion some further remodelling would be undertaken for discussion at the next meeting.
RESOLVED that the report be noted.
- 16 Brunel Pension Partnership Update**
The Committee received Brunel Pension Partnership's Climate Change Policy 2023 – 2030, which was a five-point plan which was fit for a low carbon future.
RESOLVED that the Brunel Pension Partnership Update be noted.
- 17 Pension Fund Risk Register**
The Risk Register identified the key risks to the Pension Fund and was reviewed periodically by the Pension Fund Committee and the Pension Fund Board. The last Committee review took place on 29 September 2022.
RESOLVED that the Risk Register for the Pension Fund be noted.
- 18 Pension Fund Performance**
The Committee received the report from the Pensions and Investments Manager.
RESOLVED that the investment performance of the Pension Fund for the fourth quarter of 2022, ending 31st December 2022 be noted.
- 19 Date of the next meeting**
5 July 2023 at 1pm.

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