Buckinghamshire Council

Buckinghamshire Pension Fund

Pension Fund **Annual Report**

lgps | Local Government Pension Scheme

Year ending March 2023
Pension Scheme Reg no. 10123049

Table of Contents

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 Iain Macpherson
Cllr Matthew Walsh
Cllr Peter Marland – Milton Keynes Council
PCC 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

Assistant Director of Finance (Pensions, Procurement and Revenue & Benefits)
Mark Preston

Pensions and Investments Manager
Julie Edwards

Introduction by the Assistant Director of Finance (Pensions, Procurement and Revenue & Benefits).

As Assistant Director of Finance (Pensions Procurement and Revenues & Benefits), 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 2023 and to provide a summary of the Fund's key activities over the past financial year.

Report highlights

- Membership of the Fund increased by 1.1% from 83,809 at 31 March 2022 to 86,769 at 31 March 2023[1]
- The Fund processed 1,157 retirements during 2022/2023
- The Fund paid out a total of £132,997,000 in pension benefits
- The Fund collected a total of £165,961,000 in contributions
- The triennial actuarial valuation estimated the funding level increased from 94% on 31 March 2019 to 104% on 31 March 2022
- Net assets available to Fund benefits were £3,741,873,000
- On 31 March 2023, 96% of the Fund's assets had been transitioned to the Brunel Pension Partnership.

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.

On 31 March 2022, Buckinghamshire Pension Fund instructed the Fund actuary to carry out a full Fund valuation in line with regulation 62 (LGPS 2013). The purpose of the Fund valuation is to review the financial position of the Fund and to set appropriate individual employer contribution rates for the period 1 April 2023 – 31 March 2026.

As a result of the valuation, it was estimated that the Fund had assets in surplus of £137m, corresponding to a funding level of 104% on 31 March 2022. This represents an increase from 94% at the previous valuation carried out on 31 March 2019. Revised contribution rates came into effect on 1 April 2023. The Fund's approach to setting employer contribution rates is outlined in the Funding Strategy Statement. The next triennial valuation will take place on 31 March 2025. More information can be found in the 2022 Fund valuation report.

I would like to take this opportunity to thank all Fund employers for their cooperation in this process as well as the team for their hard work in ensuring the valuation was achieved within the timescale.

Fund management
The asset value of the Buckinghamshire Pension Fund at the end March 2023 was £3.742 billion. In the year to 31 March 2023 the annual return was -5.3% compared to the benchmark return of -4.4%, an underperformance of -0.9%. In the three years to 31 March, the Fund achieved an annualised return of 8.0%, underperformance of -0.2% compared to its 8.2% annualised benchmark for that period.

[1] This figure takes into account all categories of membership as reflected in the table on page 22

Cost of living crisis
The resulting impact of global events, such as the COVID-19 pandemic and Russia's invasion of Ukraine, has led to the highest rates of inflation the UK has seen in over 40 years. The result has been a sharp increase in the cost of purchasing food, energy, and other essential goods. This has caused many people, particularly those on a lower income, to cut back on non-essential spending and to release money from long-term savings to meet short-term needs.

The pension sector has witnessed the impact of the crisis on individual retirement planning. There has been a national rise in the number of employees opting out of occupational pension schemes, as well as an increase in the use of flexi-drawn down which allows individuals to withdraw lump sums from defined contribution pensions. Others have taken the decision to delay retirement plans in favour of continuing to work and build up more for retirement.

These national trends have been reflected within the Fund. While membership of the Fund increased slightly overall, the number of actively contributing members reduced during 2022/2023 as the number of opt-outs and transfers slightly increased. It is possible that these numbers could increase further should the national crisis continue.

We recognise the challenges that the current financial climate presents to our Scheme Members and their retirement planning. The Fund's priority is to ensure that members have the information they require in order to make informed decisions about their pension benefits. During 2022/2023 we proactively sought to raise awareness about the potential consequences of opting out, as well as the alternative options available, such as moving to the 50/50 section in order to reduce outgoings in the short term. as well as encouraging financial advice in making decisions. We strive to emphasise the importance of seeking financial advice as part of the decision-making process.

High-risk transfers may also present as a significant temptation to pension savers during the economic crisis. Each year millions are lost to pension scams in the UK, causing considerable devastation to the lives of the victims. Our role in preventing these scams are one of our most crucial duties. We have taken The Pension Regulator's pledge to warn our members about pension scams, prevent them where we spot them, and report them to Action Fraud.

Looking ahead
2023/2024 will see the Fund work to implement key pieces of legislative changes while making preparation for important projects on the horizon.

On 1 October 2023, the Local Government Pension Scheme (Amendment) (No.3) Regulations 2023 will come into force. These regulations make amendments to the LGPS regulations to remove age discrimination from the scheme following the Court of Appeal ruling of the McCloud/Sergeant cases.

This represents material change to the LGPS regulations, and the retrospective application of the changes necessitates a multifaceted project to review previously determined pension benefits, including for those who already have pensions in payment, those that have died or transferred rights out of the Scheme.

The Pensions and Investments Team have been working with employers and the Fund's software provider to prepare for the rectification exercise and additional resource has been created within the team to implement the regulations. We are in a strong position, despite the delays caused by regulatory uncertainty. The nature of the changes will increase complexity within the LGPS. Communication with Scheme members about the changes will feature high in our list of priorities in 2023/2024.

We also anticipate the response to the government's consultation on Climate risk reporting which ran between 1 September 2022 and 24 November 2022. The consultation proposed new requirements for LGPS administering authorities to put in place governance and risk management arrangements, as well as setting and reporting against various metrics and targets on climate risk and opportunity.

We recognise that investment in more sustainable projects and activities is essential in order to mitigate against the impact of climate change. More information on the Fund's position can be found in the Environmental, Social and Corporate Governance policy which can be read alongside the Investment Strategy Statement.

Buckinghamshire Pension Fund pools its assets alongside 9 other Funds under the Brunel Pension Partnership. 96% of the Fund's assets have now been transitioned to the Brunel Pension Partnership who have set out an intention to align its investments with the targets set under the Paris Agreement (which aims to limit climate change to below 2°C, preferably to 1.5°C, compared to pre-industrial levels) in relation to greenhouse gas emissions and carbon neutrality. Brunel have committed to a 50% reduction in emissions by 2030 (relative to emissions reported as at 31 December 2019), and to net zero by 2050. More information can be found in Brunel's Responsible Investment Policy Statement and Climate Change Policy.

Despite the many competing pressures, we are confident we can deliver in our commitment to ensure the best outcomes for our stakeholders.

We welcome your comments on this publication, or on any other matter relating to Buckinghamshire Pension Fund. Contact details can be found at the end of this report.

Mark Preston
Assistant Director of Finance (Pensions, Procurement and Revenue & Benefits)
Buckinghamshire Council
Buckinghamshire Pension Fund

The Local Government Pension Scheme Overview

The Local Government Pension Scheme (LGPS) is a statutory public service pension scheme with 6.39 million members in England and Wales. 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 Additional Pension Contributions (APCs) or Additional Voluntary Contributions (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 2022 setting employer contributions rates for the period 1 April 2023 to 31 March 2026. The next valuation will take place on 31 March 2025 and will be used to set employer contribution rates for the period 1 April 2026 to 31 March 2029. 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.

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 2022 to 31 March 2023.

Band	Pay Bands (Actual pensionable pay)	Contribution Rate Main Section	Contribution Rate 50/50 Section
1	Up to £15,000	5.5%	2.75%
2	£15,001 to £23,600	5.8%	2.9%
3	£23,601 to £38,300	6.5%	3.25%
4	£38,301 to £48,500	6.8%	3.4%
5	£48,501 to £67,900	8.5%	4.25%
6	£67,901 to £96,200	9.9%	4.95%
7	£96,201 to £113,400	10.5%	5.25%
8	£113,401 to £170,100	11.4%	5.7%
9	£170,101 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 national legislative changes) 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 role 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 2022/2023

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 Mary Baldwin
Cllr Alex Collingwood
Cllr Ed Gemmell
Cllr Iain Macpherson
Cllr Matthew Walsh
Cllr Peter Marland – Milton Keynes Council
PCC Matthew Barber –Thames Valley Police

PFC Meeting attendance Matrix 2022/2023

	Chair (TB)	Vice (RB)	BC Cllr (MB)	BC Cllr (AC)	BC Cllr (EG)	BC Cllr (IM)	BC Cllr (MW)	MKC Cllr (PM)	TVP PCC (MB)
18/05/2022	Y	Y	N/A	N	N	Y	Y	N	N
07/07/2022	Y	Y	N/A	Y	Y	Y	N	N	Y
29/09/2022	Y	Y	N/A	N	Y	Y	Y	Y	N
24/11/2022	Y	Y	N/A	N	Y	N	Y	N	N
21/03/2023	Y	Y	N	Y	N	Y	Y	Y	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 2022/2023 included:

- Actuarial Valuation Training presented by Barnett-Waddingham
- Brunel Annual Engagement Day
- Investment Strategy Refresher
- Secured Income Training
- Update on Brunel Climate Stocktake and Climate Policy 2023

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 2022/2023

Roona Ellis – Scheme employer representative
Ian Thompson – Scheme member representative
Bev Black – Scheme employer representative
Pete Dearden – Scheme member representative
Joe McGovern – Scheme member representative – resigned on 20/10/2022
Tina Pearce – Scheme member representative
Lisa Wheaton – Scheme employer representative – resigned on 14/12/2022
Jo Whitely – Scheme employer representative – joined on 09/08/2022
Anna Rulton – Scheme employer representative – joined on 09/01/2023

BPB meeting attendance matrix 2022/2023

	Chair Emp Rep (RE)	Vice Chair Mem Rep (IT)	Emp Rep (BB)	Mem Rep (PD)	Mem Rep (JM) Until 20/10/2022	Mem Rep (TP)	Emp Rep (LW) Until 14/12/2022	Emp Rep (JW) From 9/8/22	Emp Rep (AR) From 9/1/23
Meetings									
28/07/2022	Y	Y	Y	Y	N	N	Y	N/A	N/A
19/10/2022	Y	N	Y	Y	N	Y	Y	Y	N/A
13/12/2022	Y	Y	N	Y	N	Y	Y	N	N/A
29/03/2023	Y	Y	Y	Y	N/A	Y	N/A	Y	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 2022/23, 3 virtual meetings and 1 in-person meeting. The Board consists of 4 Employer and 4 Member representatives. Two vacancies occurred during the year, with one member representative position currently vacant. Recruitment to fill this vacancy is in progress. An attendance rate of 76.66% has been achieved for this year.

All members of the Board have equal voting rights.
On 31 March 2023, the Board members were:

Scheme member representatives

- Pete Dearden
- Tina Pearce
- Ian Thompson (Vice-Chairman)
- Vacant

Scheme employer representatives

- Bev Black
- Roona Ellis (Chairman)
- Anna Rulton
- Jo Whiteley

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 event
- CIPFA/ISIO Board Member events
- LGA Annual Governance Conference
- LGA Fundamentals Training Programme
- TPR Public Sector Toolkit e-learning

At the end of its seventh 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 pension fund performance and implementation of the Brunel Pension Partnership.

Ad-hoc reports were presented and considered regarding:

- Additional Voluntary Contributions (AVCs),
- Annual Accounts Audit 2021/22
- Breaches of the Law,
- Communication Policy Statement,
- Cyber Security,
- Funding Strategy Statement,
- I-Connect/My Pension Online,
- Internal Administration Benchmarking,
- Internal Disputes Resolution Procedure,
- McCloud Judgement,
- Pension Administration Strategy,

- Scheme member and employer communications,
- Training Opportunities,
- Triennial Valuation.

In addition, the Board Chair 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 core functions of the Pension Board are to assist the Scheme Manager in securing compliance with the Regulations and to ensure the effective and efficient governance and administration of the Scheme. To this end, the Pensions Board continues to scrutinise the performance of the Scheme Manager and monitors the delivery of services to its members, its policies and regulation compliance.

I am delighted to report that during the last 12 months, the Scheme Manager had completed the triennial valuation successfully and continued to improve its delivery of pension services. This varied from answering member phone calls (average 14/18 seconds telephone queue time vs target of 40 seconds) to processing pensions in priority areas such as retirements (often ahead of the internal target of 95% of cases meeting the turnaround time). The other noticeable improvements during the year were the issuing of Annual Benefit Statements and the successful onboarding of most of the employers to i-Connect which is a direct data uploading system between the employers and the Scheme Manager. i-Connect helps to reduce data transfer errors and allows prompt reconciliation of data. Consequently, data quality had improved due to queries being identified and resolved quickly. With improved member data, most of the Annual Benefit Statements were issued by the end of July 2022. By the statutory deadline of 31st August, nearly 100% of Annual Benefit Statements were issued.

The implementation of the McCloud remedy necessitated the gathering of prior year member data from the employers. Even though the implementation date was delayed, likely to be late 2023, the Scheme Manager had started the complex task of collecting members' historic information from the employers. During the year, two Pension Board members (Joe McGovern – employee representative and Lisa Wheaton – employer representative) had decided to stand down and on behalf of the Board, I would like to thank them for their contributions. I would also like to welcome Anna Rulton and Jo Whitely, both employer representatives to the Pension Board.

The Buckinghamshire Pension Board together and the Scheme Manager will continue to strive to improve pension services for members and stakeholders. The Board looks forward to another busy year in 2023.

Scheme Administration

The Pensions and Investments Team

The Pensions and Investments Team at Buckinghamshire Council administer the Local Government Pension Scheme (LGPS) 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 LGPS overseen by the Pensions Administration Manager.

Benefit Administration Team

As of 31 March 2023, there were 25,117 active members, 33,078 deferred members, 20,006 pensioner members and 2,762 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. The team deal with approximately 250 enquiries a day.

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 2023, there were 22,768 pensions in payment (including dependent pensions) being paid on a monthly basis.

Employer Liaison Team

The Fund's 305 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.

Pension Finance Team

The Pension Finance 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.

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 approximately 400 of the Fund's standard 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 tool to help our members gain access to their pension details. As of 31 March 2023, a total of 42.75% of all active, deferred and pensioner members had registered for 'my pension online', an increase of 5.69 % from 2022.

The following table shows the distribution of registration against membership categories for 2022/2023. 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	24,920	11,352	45.55%
Deferred	32,764	10,426	31.82%
Pensioners	20,139	11,493	57.07%
Total	**77,823**	**33,271**	**42.75%**

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 2023, a total of 286 employers had been onboarded to i-Connect. The Fund charges employers under the Pensions Administration Strategy for the additional work involved in processing Excel spreadsheets.

Member and employer resources

Website

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

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.

In addition to the above, the Fund produces a range of resources for scheme employers including our quarterly newsletter 'In-Form' and standard wording to be used in communications and training materials.

We also issue annual newsletters to pensioners, active and deferred members.

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 operated 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 suits the member.

Members can submit queries to us via 'my pension online' or by 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 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 embedded in 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. We also issue emails directly to member's email accounts using our software system Altair which prevents errors occurring from miscopying email addresses.
- 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 be 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 online.

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 2022/2023

Transition to i-Connect
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. The value of digital data transfer was recognised by the Fund from its inception and the COVID-19 pandemic increased the relevance of digital solutions. The team has worked hard to transition over the majority of Fund employers and make i-Connect the Fund's default data transfer method. The table below shows how i-Connect participation has increased amongst LGPS employers.

Date	31 March 2020	31 March 2021	31 March 2022	31 March 2023
Total employers onboarded out of total Fund employers	82/259	147/257	258/280	288/305
% of Fund employers onboarded*	32%	57%	92%	94%

**figures are rounded to the nearest whole number*

All new employers are now onboarded to i-Connect immediately upon entry to the Fund. The result is that data is received faster with higher levels of accuracy, ultimately representing better customer service outcomes for Buckinghamshire LGPS members. The onboarding project is now complete. Any ongoing onboarding will be considered business as usual.

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. Much planning and preparation has been undertaken internally to prepare for the regulations which are expected to come into force from 1 October 2023. However, there has been a great deal of uncertainty due to delays with the regulations and guidance.

Our focus during 2020/2021 was to prepare employers for the historic data gathering exercise through regular communications. 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. During 2022/2023 the Fund continued to gather data from employers and issued targeted communications to chase those we haven't received a response from. The team have also commenced initial data validation checks to ensure that the data is ready for upload.

The government responded to the 2020 consultation on 6 April 2023. The response included the qualifying criteria which has provided some assurance to the Fund that the data being collected is adequate to cover all those in scope for the regulations. A further consultation and draft regulations were issued on 30 May 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 2022/2023, the Pensions and Investments Team continued to work through identified data errors.

One of the key issues affecting data quality are records for deferred members where address details are missing. The issue occurs when individuals change address and do not inform us. The result is that they lose track of their pensions. This is an issue commonly experienced by many pension Schemes, particularly since the advent of auto-enrolment. This year we have been working with an external company to trace deferred members who have not updated their new address which has helped to increase the quality of our data. More work will be undertaken during 2023/2024 to improve our data.

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%
2022	96.2%	98.94%

Valuation 2022

During 2022/2023 the Fund actuary was instructed to carry out a fund valuation in line with statutory requirements. The aim of the valuation is principally to assess the health of the Fund as a whole and set employer contribution rates for the next three years. The role of the administration team is to ensure accurate data is transferred to the Fund actuary on time and to communicate results to employers. Initial preparatory work was undertaken during the final quarter of 2021/2022. The aim during this phase was to prepare employers for the forthcoming valuation year, to set expectations and raise awareness about the timeframes involved. Having undertaken adequate preparations, the Fund moved into the ‘data’ phase during the first quarter of 2022/2023. In this phase the team worked hard to cleanse and validate year-end data to ensure the data was transferred over to the actuary by 30 June 2022. The final phase of the project focused on communicating the results to employers, supporting them with interpretating the results, understand key methodologies, and implementing the revised contribution rates from 1 April 2023. The Pensions General Meeting was held in December providing employers with an opportunity to meet face to face to discuss their individual results with the Fund actuary. All project deadlines were met and the valuation project was complete by 31 March 2023.

Creation of new microsite

On 1 April 2020, Buckinghamshire Council (BC) replaced the four district councils and County Council. New branding and communication standards were issued, and the newly created centralised web team initiated a project to transition all legacy webpages to the unitary authority’s single website. This presented the Fund with an opportunity to redesign our web offering and reimagine ways it could be used to enhance and improve communications. A high functioning website is important as: i) it is often the first point of contact we have with members, and ii) it has a wide reach, offering the potential to communicate simultaneously with a high proportion of fund membership.

Since 2020 we have been reviewing content in preparation for the migration which finally commenced in August 2022 and concluded in December 2022. Assisted by the web design team at Buckinghamshire Council, the new microsite, lgps.buckinghamshire.gov.uk, went live in January 2023. Our objective was to create a site that was modern, easy to navigate, accessible, well-organised, and comprehensive. Pensions are a complex subject, and it was important to ensure the site was both engaging and easy to read. The structure of the website was designed to ensure that information was relevant for each category of member and logically located. In the first quarter of 2023, the website had 8,389 visits. We will also be looking at other developments in the future to enhance the web experience for 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	3580	3455	97%	20	98%
Deaths	1233	1134	92%	11	95%
Leavers	6101	5818	95%	10	89%
Refund (estimate & actuals)	4622	4425	96%	10	97%
Estimates	1131	1034	91%	10	99%
Divorce (estimates & actuals)	199	182	91%	10/20	97%
Additional Contributions	811	783	97%	10	99%
Member opt-outs	820	757	92%	10/20	99%
Transfers (quotes & actuals)	1495	1357	91%	30	98%
Interfund transfers	4233	3999	94%	30	96%
Aggregation (in-house)	4950	4601	93%	10	87%
New starters created	7274	7224	99%	10	98%
Changes (hours, member details, DG Noms)	722	718	99%	10	99%
Payroll set-ups	4344	4302	99%	5	98%
Payroll related tasks	2445	2374	97%	5/10	96%

The figures above are extracted from the pensions administration system (Altair). 'Cases total' includes those open at 31/3/2023 from the preceding year and those created during the year. 'Total cases complete' represents those of the 'Cases total' completed between 1 April 2022 and 31 March 2023. 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 2021	31 March 2022	31 March 2023
Management	2	2	2
Benefit Administration	23.6	29.6	28.6
Employer Liaison	7.6	7.6	7.6
IT/Systems	5	5	5
Pensioner Payroll	3	3	3
LGPS Technical officer	1	1	1
Subtotal	**42.2**	**48.2**	**47.2**
Non-LGPS admin. staff	0.9	0.9	0.9
Temporary agency staff	0	1	0
Total staff (FTE)*	**43.1**	**49.1**	**48.1**

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

Membership type	31 March 2021	31 March 2022	31 March 2023
Active	1 : 593	1 : 536	1 : 545
Deferred	1 : 858	1 : 789	1 : 843
Pensioner	1 : 488	1 : 456	1 : 494
Total	**1 : 1939**	**1 : 1780**	**1 : 1882**

Table 4: Caseload analysis for 2022/2023

Cases open at beginning of year	2,395
New cases during year	61,030
Cases completed during year	60,769
Cases open at end of year	2,656
Average no. of workflow cases per FTE member of staff	**1,344**

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

Capturing feedback
The Pensions and Investments Team proactively aim to assess satisfaction levels of our service users through capturing qualitive and quantitative feedback and to use this to inform on service improvement. Feedback is captured in a variety of ways to meet the needs of our customers. We have three main methods for assessing satisfaction levels:

The feedback inbox: pension.feedback@buckinghamshire.gov.uk
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.

Citizenspace surveys
Since 2020/2021, we have used short digital surveys hosted by Citizenspace to capture feedback from members and employers about specific events such as newsletters and webinars.

Happy or not email surveys
While the inbox provided qualitative data, and Citizenspace is beneficial for consultations on specific events, we wanted to capture a higher volume of quantitative feedback to establish general levels of customer satisfaction from our day-to-day interactions. The Fund began rolling out Happy or Not, a

feedback capturing application in September 2022. Happy or Not is accessed via a widget at the end of emails to our customers, allowing them to instantly submit feedback about their experiences. They are presented with an image of 4 smiley faces representing 4 different expressions and asked, ‘how would you rate our service today?’. They can then select the smiley which most accurately represents their feelings. They are then taken to another page in which they can provide more information about the reason for the selection. The surveys are distributed quickly and easily, are engaging for members and quick to complete. 941 surveys were completed between September 2022 and 31 March 2023 with 72% clicking a happy smiley.

Member webinars

Communication with new scheme members is important for maintaining membership levels and to raise awareness of time limits associated with refunds and transfers. We run a quarterly webinar specifically for new and prospective members entitled, ‘An introduction to the LGPS’. The webinars are 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 2022/2023 attended by a total of 226 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 surveys revealed that satisfaction levels were high with 53% rating a webinar as ‘excellent’ and 45% rating a webinar as ‘good’.

On 18 October 2022 we held our second annual webinar for active members, ‘Buckinghamshire Pension Fund LIVE.’ The event was attended by a total of 294 members with many more watching 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 224 questions were asked and answered in the chat. Satisfaction levels of the event were assessed via a citizenspace survey. 60.34% of those who completed a survey rated it as ‘excellent’ and 37.93% rated it as ‘good’

Employer webinars

Webinars are an important part of our communication with employers. They aim to provide training on a variety of topics while allowing employers to save on the costs associated with attending face to face training. Promotion for webinars is performed via our ‘employer events and training webpage’, In-Form and direct emailing. Employers that register for a webinar are also able to access a copy of the recording after the event ends. This year we delivered 5 employer webinars. The topics covered were ill-health retirement, final pay, APP (Assumed Pensionable Pay), using i-connect and the year-end process. Each session featured a presentation, a live Q&A and where appropriate, interactive exercises. Employers were asked to complete a short survey after the session to provide feedback on their experience. 60% rated a webinar as ‘excellent’ and 35% rated a webinar as ‘good’.

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 2022/2023

Area of complaint	Authority	Stage and Case description	Date of decision	Decision
Retirement	Administering Authority	Stage 1 - Member appealed against what they felt was a decision by the administering authority to award flexible retirement. However, it was the employer's decision and flexible retirements were not included in their discretionary policy. The member was also dissatisfied with estimates provided in error. An apology was offered however, there had been no financial impact on the member, therefore the appeal was not upheld.	April 2022	Declined
Ill-health retirement	Employing authority	Stage 1 - Member appealed against employer's decision not to award ill-health. A further IRMP review took place which resulted in the same outcome as the initial review. The appeal was therefore not upheld.	June 2022	Declined
Scheme membership	Employing authority	Stage 1 - Member appealed against information provided by the employer regarding opting back into the scheme. Investigation found no evidence incorrect advice had been provided.	October 2022	Declined

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 cabinet office 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 2023/2024.

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 £7,352 (2022/2023) 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 £7,352 (2022/2023) 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 2022/2023

The following table summarises how the above discretions have been exercised for employer consent retirements in 2022/2023. The numbers in boxes correspond to the above discretions.

Employer discretion	Number
Early retirement with Employer's consent	0
Flexible retirement	31
Redundancy retirement	44
Contribute to shared cost APC	78
Grant additional pension	0
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 2022/2023, 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 2022

Composition of Membership	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Active	24,141	24,489	25,406	25,729	25,127
Deferred	28,991	29,936	30,881	32,234	33,078
Pensioner	17,117	17,920	18,509	19,320	20,006
Dependant	2,294	2,370	2,508	2,662	2,762
Frozen Refund	3,877	4,330	4,690	5,272	5,230
Undecided Leaver	1,258	1,729	1,388	592	566
Total	**77,678**	**80,774**	**83,382**	**85,809**	**86,769**

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

Type of retirement	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Early retirement	853	815	707	772	450
Normal retirement	78	187	4	45	482
Late retirement	134	91	253	326	200
Ill health retirement	24	25	16	24	25
Total	**1,089**	**1,118**	**980**	**1,167**	**1,157**

Table 13: Summary of the number of employers in the Fund as at 31 March 2023

	Active	Ceased	Total
Scheduled Body	233	65	298
Admitted Body	72	113	185
Total	**305**	**178**	**483**

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 85,809 in 2021/22 to 86,773 in 2022/23, an increase of 1.12%. The total cost per member increased from £27.93 in 2022 to £31.17, an increase of 11.6%. On 1 April 2022 there were 2,395 administration workflow cases open. During 2022/23, a further 61,030 administration cases were received. In total, 60,769 cases were completed throughout the year, with 2,656 cases open at 31 March 2023. Of the open cases, 1,746 (68%) 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 2022/23 the following completion rates were achieved:

Table 13: Task completion rates by quarter

Quarter 1	97.17%
Quarter 2	97.87%
Quarter 3	96.13%
Quarter 4	97.38%

Financial Performance

Table 1: Three year forecast of income and expenditure

Fund Account	**2022/2023 Forecast £000**	**2022 /2023 Actual £000**	**2023/2024 Forecast £000**	**2024/2025 Forecast £000**	**2025/2026 Forecast £000**
Contributions	(156,084)	(165,961)	(176,750)	(185,587)	(190,227)
Transfers in	(15,500)	(23,383)	(17,500)	(17,500)	(17,500)
Other Income	(150)	(146)	(150)	(150)	(150)
Total Income	(171,734)	(189,490)	(194,400)	(203,237)	(207,877)
Benefits payable	131,487	132,997	142,438	148,277	154,357
Transfers out	12,500	17,353	15,000	15,000	15,000
Total Benefits	143,987	150,350	157,438	163,277	169,357
Surplus of Contributions over Benefits	(27,747)	(39,140)	(36,962)	(39,960)	(38,520)
Management Expenses	17,393	21,820	22,000	22,500	23,000
Total Income less Expenditure	10,354	(17,320)	(14,962)	(17,460)	(15,520)
Investment income	(11,500)	(14,581)	(12,500)	(12,500)	(12,500)
Taxes on income	-	1	-	-	-
Change in market value of investments	(132,300)	203,188	(138,915)	(145,861)	(153,154)
Net return on investments	(143,800)	188,608	(151,415)	(158,361)	(165,654)
Net (increase)/decrease in the Fund	(133,446)	171,288	(166,377)	(175,821)	(181,174)

Table 2: Future assumed return (based on the 2022 valuation)

Future assumed returns	**2022**
Equities	6.7%
Gilts	1.7%
Bonds	2.6%
Absolute Return Fund	5.50%
Cash	0.30%
Property	6.10%

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

	2021/2022 Forecast £000	2021/2022 Actual £000	2022/2023 Forecast £000	2022/2023 Actual £000
Administrative Costs				
Staffing costs	1,857	1,665	1,851	1,822
Transport	3	0	3	1
Supplies and Services	579	592	837	879
Support Services	160	101	79	99
Income	-6	-3	-6	-9
Subtotal	**2,593**	**2,355**	**2,764**	**2,792**
Investment Management Expenses				
Supplies and Services	15,000	15,507	17,000	18,309
Subtotal	**15,000**	**15,507**	**17,000**	**18,309**
Oversight and governance costs				
Staffing costs	300	298	257	235
Transport	2	0	2	0
Supplies and Services	398	413	459	476
Support Services	25	16	16	8
Subtotal	**725**	**726**	**734**	**719**
Total	**18,318**	**18,211**	**20,498**	**21,820**

Table 4: Net Investment statement

Net Investment Statement	**2022/2023 Forecast £000**	**2022/2023 Actual £000**
Long Term Investments	840	840
Equities		169
Other Pooled Investments	822,746	841,253
Pooled Equities	2,078,325	1,894,530
Pooled Bonds	943,791	706,509
Pooled Property	258,636	209,235
Cash and Other	70,000	69,191
Net investment assets	4,174,338	3,721,727

Table 5: Movement in Assets and Liabilities

Movement in Assets & Liabilities	**2022/2023 Forecast**	**2022/2023 Actual**
Surplus of Contributions over Benefits	27,747	37,147
Management Expenses	(6,500)	(5,991)
Returns on Investments	143,800	(166,074)
Net increase in the net assets available for benefits during the year	165,047	(134,918)

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**
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
2022/2023	23	10	33	10	23

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 2022 to 31 March 2023 (£000):**

An analysis of amounts due to the Fund from Employers

The total value of Employer contributions received from **1 April 2022 to 31 March 2023 (£000):**

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

	2018/ 2019	**2019/ 2020**	**2020/ 2021**	**2021/ 2022**	**2022/ 2023**
Number of payments received	2,757	3,039	3,432	3,321	3,751
Number of payments late	115	145	222	204	252
Percentage of payments received late	4.17%	4.77%	6.47%	6.14%	6.72%
Percentage of payments received on time	95.83%	95.23%	93.53%	93.86%	93.28%

Table 8: Age of overdue contributions 2022/2023

Length of overdue payments	**Number**
1-10 days late	109
11-30 days late	26
1-3 months late	48
4-7 months late	43
8-11 months	11
Total	**237**

During 2022/2023, the Fund did not exercise its discretion to levy interest on overdue contributions.

Table 9: Average Employer and Employee contributions received from 1 April 2022 to 31 March 2023

Employer	Employer's contribution	Average employee's contribution
Abbey View Primary Academy	22.9%	5.5%
Acorn Early Years (F&W)	20.1%	5.3%
Acorn Early Years (P&F)	20.1%	5.3%
Action for Children Services Ltd	22.6%	6.5%
Alfriston School	22.9%	6.1%
Alliance in Partnership (BPS)	16.0%	3.5%
Alliance in Partnership (Buckingham Park)	16.0%	5.5%
Ambassador Theatre Group	36.1%	6.5%
Amersham School	22.9%	5.7%
Amersham Town Council	25.1%	6.3%
Ashbrook School	22.0%	5.5%
Ashridge Security Management Ltd	24.4%	5.6%
Aspen Services Ltd (MK Academy)	28.8%	5.6%
Aspen Services Ltd (SWR)	24.0%	6.0%
Aspens Services Ltd (PRS)	27.5%	5.7%
Aspire Schools	22.9%	6.3%
Aston Clinton Parish Council	25.1%	6.1%
Avalon Cleaning Services	35.3%	5.5%
Aylesbury Grammar School	22.9%	6.3%
Aylesbury High School	22.9%	6.3%
Aylesbury Town Council	25.1%	6.8%
Aylesbury Vale Academy	22.9%	5.9%
Beaconsfield High School	22.9%	6.2%
Beaconsfield School, The	22.9%	6.1%
Beaconsfield Town Council	25.1%	6.5%
Bearbrook School	22.9%	5.7%
Bedgrove Infant School	24.0%	5.6%
Bedgrove Junior School	22.9%	5.8%
Beechview Academy	22.9%	5.7%
Birkin Cleaning Services Ltd (Lord Grey Academy)	27.4%	5.5%
Birkin Cleaning Services Ltd (Shenley Brook End School)	28.8%	5.5%
BLEP (Buckinghamshire Local Enterprise Partnership)	22.7%	10.5%
Bletchley/Fenny Stratford Town Council	25.1%	6.8%
Bourne End Academy E-Act	22.9%	6.0%
Bourton Meadow Academy	22.9%	5.4%
Bow Brickhill Parish Council	23.8%	5.5%
Bradwell Parish Council	22.3%	6.0%
Bridge Academy	22.0%	5.8%
Brill CofE School	22.9%	5.6%
Brookmead Combined School	22.3%	5.7%
Brooksward School	21.4%	5.0%
Broughton & Milton Keynes Parish Council	22.3%	5.8%
Brushwood Junior School	22.7%	5.9%
Buckingham Park PC	23.8%	5.7%
Buckingham Town Council	25.1%	5.9%
Buckinghamshire College Group	22.9%	6.2%
Buckinghamshire Council	25.7%	6.7%
Buckinghamshire UTC	20.3%	5.6%
Bucks CC Schools Strict Ed	25.7%	5.9%

Bucks County Museum Trust	23.0%	6.0%
Bucks MK Fire Authority	17.4%	7.0%
Bucks Music Trust	17.1%	7.0%
Bucks New University	21.0%	7.1%
Burnham Grammar School	22.9%	6.2%
Burnham Parish Council	25.1%	7.2%
Bushfield School	21.7%	5.8%
Busy Bee Cleaning Services Ltd (BC)	28.2%	5.5%
Busy Bee Cleaning Services Ltd (replacing Derwent)	30.3%	5.5%
Busy Bee Cleaning Services Ltd (Walton High)	30.4%	5.6%
Campbell Park Parish Council	18.8%	4.9%
Campfire Education Trust	23.0%	7.4%
Castlefield School	27.8%	6.0%
Caterlink (Chiltern Hills)	18.5%	5.5%
Chalfont St Giles Parish Council	25.1%	6.5%
Chalfont St Peter CofE Academy	22.9%	5.8%
Chalfont St Peter Parish Council	25.1%	6.5%
Chalfont Valley E-ACT Primary Academy	22.9%	5.7%
Chalfonts Community College	22.9%	6.1%
Charles Warren Academy	22.0%	5.6%
Chepping View Primary Academy	22.9%	5.5%
Chepping Wycombe Parish Council	25.1%	6.1%
Chesham Bois Combined	22.9%	5.7%
Chesham Bois Parish Council	25.1%	5.8%
Chesham Grammar School - Inc Red Kite Trust	22.9%	6.2%
Chesham Town Council	25.1%	6.3%
Chestnuts Academy	22.0%	5.6%
Chiltern Conservation Board	17.1%	6.2%
Chiltern Hills Academy	22.9%	6.0%
Chiltern Rangers CIC	19.9%	6.6%
Chiltern Way Academy	22.9%	6.3%
Christ the Sower Ecumenical Primary School	22.0%	5.7%
Cleantec Services (Denham Green School)	32.1%	5.8%
Cleantec Services (Oakgrove School)	32.2%	5.5%
Cleantec Services (Radcliffe School)	26.7%	5.5%
Coldharbour Parish Council	22.3%	6.0%
Cottesloe School	25.9%	6.0%
CS Cleaning (MK) Ltd - Summerfield Junior School	25.9%	6.6%
C-Salt (Woughton Leisure Centre)	22.0%	5.5%
Cucina Restaurants Ltd (Denbigh)	30.3%	5.8%
Cucina Restaurants Ltd (Lord Grey)	30.1%	5.6%
Cucina Restaurants Ltd (Shenley Brook End Sch)	32.4%	5.3%
Cucina Restaurants Ltd (Stantonbury School)	31.3%	5.5%
Cucina Restaurants Ltd (Walton High)	20.5%	5.6%
Curzon C of E	23.0%	5.7%
Danesfield School	23.1%	5.7%
Denbigh School	22.0%	6.0%
Denham Green E-ACT Primary Academy	22.9%	5.6%
Dorney School	22.9%	5.7%
Downley Parish Council	22.8%	5.9%
Dr Challoner's Grammar School	22.9%	5.9%
Dr Challoner's High School	22.9%	5.5%
Eaton mill Day Nursery & Out of School Day care	21.0%	7.3%
Edlesborough School	23.0%	5.7%

Elmhurst School	22.9%	5.7%
Elmtree Infant & Nursery School	23.0%	5.6%
EMLC Academy Trust	22.0%	7.2%
Everyone Active Ltd	27.6%	5.5%
Excelcare	32.0%	6.2%
Fairfields Primary	22.0%	5.3%
Fresh Start Catering Ltd (Lace Hill)	20.9%	5.7%
Fresh Start Catering Ltd (CtSEPS)	23.0%	6.4%
Fujitsu (TVP)	23.2%	6.4%
George Grenville Academy	22.9%	5.4%
Gerrards Cross CE School	22.9%	5.6%
Gerrards Cross Town Council	25.1%	7.8%
Glastonbury Thorn First School	20.7%	5.8%
Glebe Farm School	23.0%	6.1%
Great Horwood	22.9%	5.4%
Great Kimble C of E	22.9%	5.5%
Great Kingshill C of E	22.9%	5.7%
Great Marlow Parish Council	23.8%	5.5%
Great Marlow School	22.9%	6.2%
Great Missenden CoE Combined School + GLT	22.9%	5.8%
Great Missenden Parish Council	23.7%	5.9%
Green Park School	20.6%	5.0%
Green Ridge Primary Academy	22.9%	5.8%
Greenleys Junior School	22.0%	5.6%
Hambleden Parish Council	25.1%	5.7%
Hamilton Academy	23.0%	5.9%
Hanslope Parish Council	22.3%	5.4%
Hazeley Academy	22.0%	5.8%
Hazlemere Parish Council	25.1%	7.2%
Heritage Care Ltd - (Now Ambient Support Ltd)	26.8%	6.1%
Heronsgate School	22.0%	5.5%
Heronshaw Academy	22.0%	5.4%
Highcrest Academy	22.9%	6.2%
Hightown Housing Association	46.6%	6.5%
Holmer Green Senior School	22.9%	6.2%
Holmwood School	22.0%	5.4%
Holne Chase Primary	23.0%	5.7%
Hughenden Parish Council	23.8%	13.3%
Ickford Learning Trust - Ickford School	22.9%	5.7%
ICTS (UK) Ltd	26.8%	8.4%
Innovate - Oakgrove	28.0%	9.0%
Innovate Ltd	18.3%	6.5%
Innovate Ltd - Buckingham School	18.4%	6.0%
Innovate Ltd - Princes Risborough	12.0%	2.4%
Insignis Academy Trust	23.0%	6.9%
Inspiring Futures	22.0%	7.0%
Inspiring Futures Partnership Trust	23.0%	6.1%
Iver Parish Council	25.1%	6.1%
Ivinghoe Parish Council	22.3%	5.5%
Ivingswood Academy	22.9%	5.7%
John Colet School	22.9%	6.0%
John Hampden Grammar School	22.9%	6.1%
Jubilee Wood Primary	22.0%	5.6%
Kents Hill & Monkston PC	22.3%	6.0%

Kents Hill Park School	22.0%	5.6%
Kents Hill School	22.0%	5.5%
Kids Play Childcare	58.6%	6.1%
Kingsbridge Education Trust	22.0%	7.4%
Kingsbrook View Primary Academy	23.0%	5.5%
Knowles Primary Academy	22.0%	5.5%
Lace Hill Academy	22.9%	5.4%
Lane End Parish Council	25.1%	6.5%
Langland Community School	23.0%	5.8%
Lent Rise Combined School	22.9%	5.4%
Little Marlow Parish Council	25.1%	5.8%
Little Missenden Parish Council	22.3%	5.8%
Longwick Academy	23.0%	5.5%
Lord Grey School	22.0%	5.8%
Loudwater Combined School	26.0%	5.6%
Loughton & Great Holm Parish Council	25.1%	6.5%
Loughton School	23.0%	5.8%
Mandeville Secondary School	23.0%	5.9%
Manor Farm Junior	22.1%	5.5%
Manpower Direct Ltd	36.6%	6.5%
Marlow Bottom Parish Council	23.8%	4.5%
Marlow Town Council	25.1%	6.3%
May Harris Multi Services	26.9%	5.5%
Mears Group plc	21.0%	5.8%
Mentmore Parish Council	22.3%	5.2%
Middleton Primary School	22.0%	5.6%
Milton Keynes Academy	22.0%	6.1%
Milton Keynes College	19.3%	6.5%
Milton Keynes Council	18.8%	6.0%
Milton Keynes Council - Strictly Education	21.6%	5.8%
Milton Keynes Development Partnership (MKDP)	17.7%	9.4%
Misbourne Academy (School)	22.9%	6.1%
Monitor Services Ltd	31.0%	6.5%
Monkston Primary Academy	22.0%	5.6%
Moorland Primary Academy	22.0%	5.5%
New Bradwell Academy	22.0%	5.5%
New Bradwell Parish Council	22.3%	5.4%
New Chapter School (MKET)	22.0%	5.7%
Newport Pagnell Town Council	25.1%	7.7%
Newton Longville Parish Council	22.3%	5.4%
Oakgrove School	22.0%	5.7%
Olney Infant Academy	22.0%	5.5%
Olney Middle School (Academy)	22.0%	5.5%
Olney Town Council	25.1%	6.1%
Orchard Academy	22.0%	5.5%
Our Lady's Roman Catholic	23.0%	5.6%
Ousedale School	22.0%	5.6%
Overstone Combined School	25.6%	5.7%
Oxford Diocese	22.9%	7.2%
Oxford Health NHS Foundation Trust (OBMH)	18.0%	7.2%
Oxley Park Academy	22.0%	5.7%
Pace Security Ltd (Milton Keynes College)	27.0%	6.1%
Padbury C of E School	22.9%	5.6%
Penn Parish Council	22.3%	5.5%

Piddington and Wheeler End Parish Council	25.1%	5.5%
Pioneer Secondary Academy (Previously Khalsa)	22.9%	6.1%
Places for People Leisure (Newp TC)	23.1%	5.5%
Places for People Leisure (WDC)	25.6%	5.8%
Police and Crime Commissioner for Thames Valley	16.6%	7.5%
Police Superintendents' Association	16.6%	6.8%
Portfields Combined School	18.8%	5.9%
Premier Academy, The	22.0%	6.0%
Princes Risborough Primary School	22.9%	5.7%
Princes Risborough School	22.9%	9.8%
Princes Risborough Town Council	25.1%	5.5%
Priory Rise School	21.0%	19.2%
Profile Security Services Ltd	25.8%	7.4%
Radcliffe School	21.6%	7.7%
Rapid Clean (BC Stokenchurch)	26.2%	5.5%
Rapid Clean (MK Redway School)	20.6%	4.7%
Red Kite Community Housing	21.9%	6.8%
Rickley Park Primary School	22.0%	5.5%
Ringway Infrastructure Services Limited (MK)	22.8%	7.4%
Ringway Jacobs (BUCKS)	21.4%	8.0%
RM Education	19.6%	6.8%
Royal Grammar School	22.9%	6.4%
Royal Latin School	22.9%	6.0%
Sasse Facilities Management Ltd	31.6%	5.8%
Seer Green CE Combined School	22.9%	5.6%
SERCO (MKC Recreation & Maintenance)	26.2%	6.1%
SERCO (MKC)	22.4%	6.0%
Shenley Brook End & Tattenhoe Parish Council	25.1%	6.7%
Shenley Brook End School	22.0%	5.7%
Shenley Church End Parish Council	25.1%	6.2%
Shepherdswell Academy	22.0%	5.2%
Sir Henry Floyd Grammar School	22.9%	5.8%
Sir Herbert Leon Academy	22.0%	6.0%
Sir Thomas Fremantle Secondary School	22.9%	6.1%
Sir William Borlase's Grammar School	22.9%	6.0%
Sir William Ramsay School	22.9%	6.0%
Slapton Parish Council	23.8%	5.5%
Southwood Middle School	21.0%	5.9%
Sports Leisure Management (SLM)	27.0%	5.9%
St Edward's Catholic Junior School	23.0%	5.7%
St Johns C of E Combined	22.9%	5.6%
St Josephs Catholic	23.0%	5.8%
St Joseph's Roman Catholic	23.0%	5.7%
St Louis Catholic Primary School	23.0%	5.6%
St Mary & St Giles CofE School	23.0%	5.9%
St Mary's C of E	22.9%	5.7%
St Nicolas’ CE Combined School Taplow	22.9%	5.7%
St Paul’s Catholic School	21.2%	6.2%
St Peters Roman	23.0%	5.7%
Stanton School	20.8%	5.9%
Stantonbury Parish Council	25.1%	6.3%
Stantonbury School	22.0%	5.8%
Stephenson Academy	22.0%	6.1%
Stony Stratford Town Council	25.1%	6.9%

Taplow Parish Council	22.3%	5.2%
TGC Facility Services Ltd (Bierton School)	20.4%	5.5%
Thames Valley Police	16.6%	6.8%
The Kingsbrook School	21.0%	5.4%
The Meadows School	22.9%	5.6%
The Pantry UK (Chestnuts PA)	29.3%	5.0%
The Pantry UK (Chiltern Hills)	20.6%	5.5%
The Pantry UK (Two Mile Ash)	26.5%	5.3%
Turn IT On Ltd (SWR)	22.9%	5.3%
Two Mile Ash School	26.7%	6.5%
VAHT - Now Fairhive Homes Ltd	24.4%	6.7%
Waddesdon C of E School	22.0%	5.6%
Waddesdon Parish Council	23.1%	7.4%
Walton High	22.9%	6.0%
Water Hall Primary	22.3%	6.2%
Waterside Combined	22.0%	6.0%
Watling Academy	22.0%	5.5%
Wendover Parish Council	22.9%	5.7%
West Bletchley Council	23.0%	6.1%
West Wycombe Combined School	25.1%	6.5%
West Wycombe Parish Council	25.1%	6.8%
Weston Turville Parish Council	23.0%	5.8%
Whitehouse Primary School	25.1%	5.5%
Winslow Town Council	22.3%	6.1%
Woburn Sands Town Council	22.0%	5.6%
Wolverton and Greenleys Town Council	25.1%	6.3%
Wolverton and Watling Way Pools Trust	25.1%	6.5%
Wooburn and Bourne End Parish Council	25.1%	6.3%
Woodside Junior School	17.6%	7.0%
Woughton Community Council	25.1%	6.6%
Wycombe Heritage & Arts Trust	22.9%	5.6%
Wycombe High School	23.6%	6.0%
Wyvern School	15.7%	5.4%

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 2022 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 2023.

Asset value and funding level

The results for the Fund at 31 March 2022 were as follows:

- The value of the Fund’s assets as at 31 March 2022 used for valuation purposes was £3.85bn.
- The Fund had a funding level of 104% i.e. the assets were 104% 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 surplus of £137m.

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 19.7% 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 2023.

In addition, further “secondary” contributions were required in order to pay off the Fund’s deficit by no more than 11 years with effect from the 2022 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 2022, over the three years to 31 March 2023 was estimated to be as follows:

Secondary Contributions	2020/2021	2021/2022	2022/2023
Total as a % of payroll	1.6%	1.5%	1.3%
Equivalent to total monetary amounts of	£8.9m	£8.4m	£7.9m

In practice, each employer was assessed individually in setting the minimum contributions due from them over the inter-valuation period. Details of each employer’s contribution rate are contained in the Rates and Adjustments Certificate in the triennial valuation report.

Assumptions
The key assumptions used to value the liabilities at 31 March 2022 are summarised below:

Assumptions	Assumptions used for the 2022 valuation
Financial assumptions	
CPI inflation	2.9% p.a.
Long-term salary increases	3.9% p.a.
Discount rate	4.6% 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	110%/95%
Projection model	CMI 2021
Long-term rate of improvement	1.25% pa
Smoothing parameter	7.0
Initial addition to improvements	0% pa
2020/2021 weighting parameter	5%

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	21.0 years
Average life expectancy for current pensioners- women currently age 65	23.8 years
Average life expectancy for future pensioners – men currently age 45	22.3 years
Average life expectancy for future pensioners- women currently age 45	25.2 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 2022 valuation report.

Updated position since the 2022 valuation

Assets
Returns over the year to 31 March 2023 have been low, particularly in the first quarter. As at 31 March 2023, in market value terms, the Fund assets were less than they were projected to be at the previous valuation.

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 2023, the real discount rate is estimated to be higher than at the 2022 valuation due to a reduction in the long term rate of inflation from 31 March 2023 onwards.

The value of liabilities will have increased due to the accrual of new benefits net of benefits paid.
In addition, benefits will increase by 10.1% in line with the 2023 LGPS pension increase which is higher than the pension increase assumed at the previous valuation.

Overall position
On balance, we estimate that the funding position has slightly weakened when compared on a consistent basis to 31 March 2022.

The change in the real discount rate since 31 March 2022 is likely to place a lower value on the cost of future accrual which results in lower primary contribution rates. The impact on secondary contributions will vary by employer.

The next formal valuation will be carried out as at 31 March 2025 with new contribution rates set from 1 April 2026. As part of the 2025 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 Waddingham

Investment Policy and Performance Report

The target asset allocation and actual asset allocation at the beginning and end of the 2022/2023 financial year are shown in the table below.

Table 1: Asset Allocation

	Target % 31 March 2022	Actual % 31 March 2022	Target % 31 March 2023	Actual % 31 March 2023
Overseas Equities	50.0	50.0	50.0	50.9
Bonds	25.0	24.0	23.5	19.0
Alternatives	19.0	16.0	20.5	22.6
Property	6.0	7.0	6.0	6.5
Cash	0.0	3.0	0.0	1.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

A strategic review of asset allocation, in July 2023, showed that the overall risk factor (standard deviation) for the Fund was 13.8%. The next strategic review of asset allocation is due in 2026 following the outcome of the 31 March 2025 triennial valuation. Interim strategy reviews can be taken if required.

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

The Fund's assets are managed by external fund managers. The Funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS).

The asset value of the Buckinghamshire Pension Fund at the end March 2023 was £3.742 billion. In the year to 31 March 2023 the annual return was -5.3% compared to the benchmark return of -4.4%, an underperformance of -0.9%.

In the three years to 31 March, the Fund achieved an annualised return of 8.0%, an underperformance of 0.2% compared to its 8.2% benchmark for that period.

Annual performance and three-year performance is analysed by portfolio in the following table:

Table 2: Investments’ Annual and Three-Year Performance

	Annual Performance					Three-Year		
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	175	166	-5.1	-4.4	-0.7	7.1	8.4	-1.3
Active Global High Alpha Equity	628	631	0.4	-0.5	0.9	17.9	17.1	0.8
Active Low Volatility Global Equity	289	272	1.1	-0.9	2.0	12.1	16.0	-3.9
Active Global Small Cap Equity	184	180	-2.8	-3.0	-0.2	-	-	-
Passive Developed Global Listed Equity	671	646	-0.6	-0.6	0.0	16.7	16.8	-0.1
Listed Sterling Corporate Bonds	399	357	-10.7	-10.2	-0.5	-	-	-
Passive Index Linked Gilts greater than 5 years	386	310	-30.4	-30.4	0.0	-	-	-
Multi-Asset Credit	359	347	-3.4	6.4	-9.8	-	-	-
Brunel UK Property	272	240	-11.4	-14.4	3.0	2.7	1.4	1.3
Private Debt	22	74	-	-	-	-	-	-
Unlisted Equity	66	100	-	-	-	-	-	-
Infrastructure	118	248	-	-	-	-	-	-
Total Asset Pool	**3,569**	**3,571**						
Non-Asset Pool Managed Investments								
LGIM – Passive Listed Corporate Bonds	134	40	-10.2	-10.2	0.0	-2.9	-2.9	0.0
Pantheon - Unlisted Equity	84	64	-	-	-	-	-	-
Partners - Unlisted Equity	11	8	-	-	-	-	-	-
Cash	104	38	-	-	-	-	-	-
Total Non-Asset Pool	**333**	**150**						
Total Fund	**3,902**	**3,721**	**-5.3**	**-4.4**	**-0.9**	**8.0**	**8.2**	**-0.2**

The table below shows the Fund's investment performance over historical periods to 31 March 2023 compared to the Fund's investment benchmark.

Table 3: Investment Performance

	1 year %	3 years %	5 years %
Buckinghamshire Pension Fund	-5.3	8.0	5.2
Strategic Benchmark	-4.4	8.2	5.6
Relative	-0.9	-0.2	-0.4

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 2022/2023, provided by the Fund manager, is displayed below.

Fund manager	Management Fees	Third Party Fees	Total Fees
Brunel Pension Partnership	10,582,661	13,429,489	24,012,150
Partners Group	1,060,347	273,383	1,333,730
Pantheon	-408,418	126,067	-282,351
Total	**11,234,590**	**13,828,939**	**25,063,529**

Investment Pooling Report

In 2015 the Department of Communities and Local Government (as it then was) issued LGPS: Investment Reform Criteria and Guidance which set out how the Government expected funds to establish asset pooling arrangements. The objective was to deliver:

- Benefits of scale
- Strong governance and decision making.
- Reduced costs and excellent value for money, and
- An improved capacity and capability to invest in infrastructure.

It should be noted that the responsibility for determining asset allocations and the investment strategy remains with the individual pension funds.

As a result of the investment pooling agenda, the Buckinghamshire Pension Fund joined with nine other LGPS administering authorities to set up the Brunel Pension Partnership. Buckinghamshire County Council, the Administering Authority at the time, approved the business case in February 2017, based on an estimated potential fee savings of £550 million over a 20-year period across the ten funds. From 1 April 2020, the four District Councils and the County Council serving Buckinghamshire residents were replaced by the new Buckinghamshire Council.

The financial model estimated that net cumulative savings of £122.3m could be achieved by 2035/36 for the Buckinghamshire Pension Fund, with a breakeven point during the 2020/2021 financial year.

The expected cost and savings for the Buckinghamshire Pension Fund, as per the original business case approved in February 2017, and then submitted to Government, are set out in the following tables.

Buckinghamshire Pension Fund Expected Costs and Savings from Pooling

(As per Business Case Submissions)

	2016/17 **£000**	**2017/18** **£000**	**2018/19** **£000**	**2019/20** **£000**	**2020/21** **£000**	**2021/22** **£000**
Set up cost	117	1,060				
Ongoing Brunel Costs			473	617	637	657
Client Savings			(385)	(397)	(409)	(421)
Transition Costs			1,152	1,945	10	
Fee Savings			(137)	(1,723)	(3,173)	(3,995)
Net Costs/realised savings	117	1,060	1,102	443	(2,935)	(3,758)

	2022/23 **£000**	**2023/24** **£000**	**2024/25** **£000**	**2025/26** **£000**	**2026-2036** **£000**	**Totals** **£000**
Set Up Cost						**1,177**
Ongoing Brunel Costs	679	701	724	747	8,952	**14,185**
Client Savings	(433)	(446)	(460)	(474)	(5,593)	**(9,017)**
Transition Costs						**3,108**
Fee Savings	(4,914)	(5,900)	(6,316)	(6,754)	(98,820)	**(131,732)**
Net Costs/Realised Savings	(4,668)	(5,646)	(6,053)	(6,481)	(95,461)	**(122,279)**

Following approval of the business case, the Brunel Pension Partnership Ltd (Brunel) was established in July 2017, as a company wholly owned by the Administering Authorities (in equal shares) that participate in the pool. The company is authorised by the Financial Conduct Authority (FCA). It is responsible for implementing the detailed Strategic Asset Allocations of the participating funds by investing Funds' assets within defined outcome focussed investment portfolios. In particular, it researches and selects the external managers or pooled funds needed to meet the investment objective of each portfolio.

The Buckinghamshire Pension Fund monitors the financial performance of the pool to ensure that Brunel is delivering on the key objectives of investment pooling. This includes reporting of the costs associated with the appointment and management of the pool company including set up costs, investment management expenses and the oversight and monitoring of Brunel by the client funds. The set up and transition costs incurred to date are set out in the following table.

Buckinghamshire's Share of the Brunel Pool Set Up Costs	**Cumulative to Date £000**
Set up costs	
Recruitment	18
Legal	133
Consulting, Advisory & Procurement	82
Other support costs e.g. IT, accommodation	0
Share Purchase/Subscription Costs	840
Staff Costs	0
Other Costs	183
Total Set Up Costs	**1,256**
Transition Costs	0
Transition Fee	357
Tax	589
Other Transition Costs	5,216
Total Transition Costs	**6,162**

The Buckinghamshire Pension Fund transitioned assets to Brunel's Global Developed Passive Equity Portfolio in July 2018. During 2019/20 assets were transitioned to Emerging Market Equity, Global High Alpha Equity and Low Volatility Equity portfolios. The Fund also committed £75m to the Brunel cycle 1 infrastructure portfolio and £75m to the Brunel cycle 1 private equity portfolio.

During 2020/21 the Buckinghamshire Pension Fund transitioned 5% of the Fund from Brunel's Global Developed Passive Equity Portfolio to Brunel's Smaller Company Equity Portfolio. The Fund committed £250m to the Brunel cycle 2 infrastructure portfolio, £120m to the Brunel cycle 2 private equity portfolio and £130m to the Brunel cycle 2 private debt portfolio. The property portfolio, previously managed by La Salle, has been taken over by Brunel.

During 2021/22 the Buckinghamshire Pension Fund transitioned assets to Brunel's Sterling Corporate Bond portfolio, Brunel's passive Index Linked Gilts greater than 5 years portfolio and Brunel's Multi Asset Credit portfolio. The Fund committed £250m to the Brunel cycle 3 infrastructure portfolio, £150m to the Brunel cycle 3 private equity portfolio and £150m to the Brunel cycle 3 private debt portfolio.

During 2022/23 the Buckinghamshire Pension Fund disinvested from the LGIM passive corporate bonds mandate to meet calls for investment to the private market investments managed by Brunel.

On 31st March 2023 96% of the Buckinghamshire Pension Fund's assets were being managed by Brunel.

The savings achieved during 2022/2023 and the cumulative savings/(costs) are set out in the following table:

2022/2023 Investment Fee Savings from Pooling

Portfolio	Value in Original Business Case 31 March 2016 £000	Value at 31 March 2023 £000	Price Variance £000	Quantity Variance £000	Total Saving /(Cost) £000
Global Developed Passive Equity (Unhedged)	370,549	646,380	101	(61)	40
UK Equity	217,240	0	0	1,135	1,135
Low Volatility Equity	0	271,655	317	(862)	(545)
Emerging Markets Equity	0	166,080	364	(1,034)	(670)
Global High Alpha Equity	460,215	630,793	1,794	(816)	978
Smaller Company Equity	0	179,620	336	(1,190)	(854)
Diversified Returns Fund	95,247	0	0	619	619
Multi-Asset Credit	0	347,289	163	(1,035)	(872)
Sterling Corporate Bonds	194,840	356,822	516	(388)	128
Passive > 5 years Index Linked Gilts	138,694	310,040	48	(68)	(20)
Property – unit trusts	188,298	240,674	534	(62)	472
Private Debt	0	73,611	1,219	(1,362)	(143)
Private Equity	172,370	100,429	206	(249)	(43)
Infrastructure	18,198	248,035	3,019	(5,079)	(2,060)
Total	**1,855,651**	**3,571,428**	**8,617**	**(10,452)**	**(1,835)**

Cumulative Investment Fee Savings from Pooling

Portfolio	Value in Original Business Case 31 March 2016 £000	Value at 31 March 2023 £000	Price Variance £000	Quantity Variance £000	Total Saving /(Cost) £000
Global Developed Passive Equity (Unhedged)	370,549	646,380	564	(414)	150
UK Equity	217,240	0	0	4,951	4,951
Low Volatility Equity	0	271,655	839	(2,166)	(1,327)
Emerging Market Equity	0	166,080	1,010	(3,735)	(2,725)
High Alpha Global Equity	460,215	630,793	5,694	(2,562)	3,132
Smaller Company Equity	0	179,620	742	(2,963)	(2,221)
Diversified Returns Fund	95,247	0	0	1,657	1,657
Multi-Asset Credit	0	347,289	324	(2,163)	(1,839)
Sterling Corporate Bonds	194,840	356,822	984	(803)	181
Passive > 5 years Index Linked Gilts	138,694	310,040	114	(159)	(45)
Property	188,298	240,674	1,458	(158)	1,300
Private Debt	0	73,611	2,110	(2,455)	(345)
Private Equity	172,370	100,429	1,255	2,673	3,928
Infrastructure	18,198	248,035	7,160	(11,330)	(4,170)
Total	**1,855,651**	**3,571,428**	**22,254**	**(19,627)**	**2,627**

The price variance shows the difference between the fees paid in 2022/23 and those that would have been paid at the previous rates. The quantity variance reflects the difference in fees as a result of asset growth or change in asset allocation compared to the business case. Therefore, when comparing the fee savings against the business case the price variance reflects the actual saving in fees. The analysis shows the fee savings achieved for the assets that have transitioned to Brunel portfolios against the fees charged at the time the business case for pooling was prepared in 2016.

At the time of the business case in 2016, the Fund was invested in UK equities and a diversified growth fund. The Fund has reduced investments in UK equities and the diversified growth fund, resulting in a quantity variance saving offset by additional costs in new allocations to emerging market equity, low volatility equity and smaller company equity. The Brunel private equity allocation is lower than the position in 2016, resulting in a quantity variance saving. Conversely, the fund had a smaller allocation to infrastructure in 2016 resulting in a quantity variance cost. The private equity allocation is expected to increase over the forthcoming years as Brunel invests the money committed to the cycle 1, cycle 2 and cycle 3 private markets.

A summary of the costs and savings to date compared to the original business case is provided in the following table.

Expected Costs compared to Actual Costs/Savings to Date

2022/23	**Budget in year £000**	**Budget Cumulative £000**	**Actual in year £000**	**Actual Cumulative £000**
Set Up Costs	0	1,177	0	1,256
Ongoing Brunel Costs	679	3,062	1,326	5,703
Buckinghamshire Fund Savings	(433)	(2,045)	(319)	(1,576)
Transition Costs	0	3,108	0	6,162
Fee Savings	(4,914)	(13,941)	(8,616)	(22,254)
Net costs / (Realised Savings)	**(4,668)**	**(8,639)**	**(7,609)**	**(10,709)**

The most significant variances from the original business case can be summarised as follows:

- Transition costs were lower in 2018/2019, partly due to the transition costs for the passive mandates being lower than expected.
- Transition costs for active equity portfolios were included in 2018/2019 in the original business case, whereas these assets were transitioned in 2019/2020.
- Additional resources have been required by Brunel over and above those envisaged by the original business case, in order to deliver the service required by their clients. As a result, the ongoing overhead costs of the Brunel company are higher than originally estimated.
- Fee savings to date are lower since the fixed interest portfolios were transitioned in 2021/22 rather than in 2019/20, the date anticipated in the original business case; the delay was in part due to the revised transition timetable agreed between clients and Brunel and the impact of the coronavirus pandemic.
- The original business case forecast that the Buckinghamshire Pension Fund pooling costs would break even in 2020/21. The combination of the cost of additional resources and the revised transition timetable mean that the Fund broke even in 2021/22.

History of the Fund

Table 1: Active membership

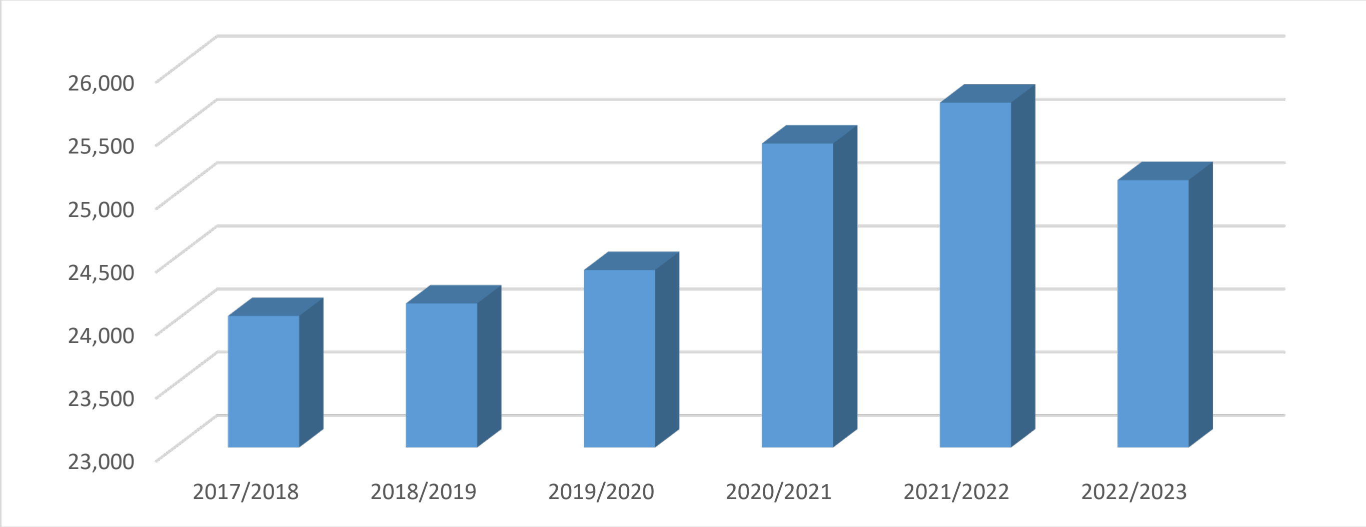


Table 2: Deferred membership

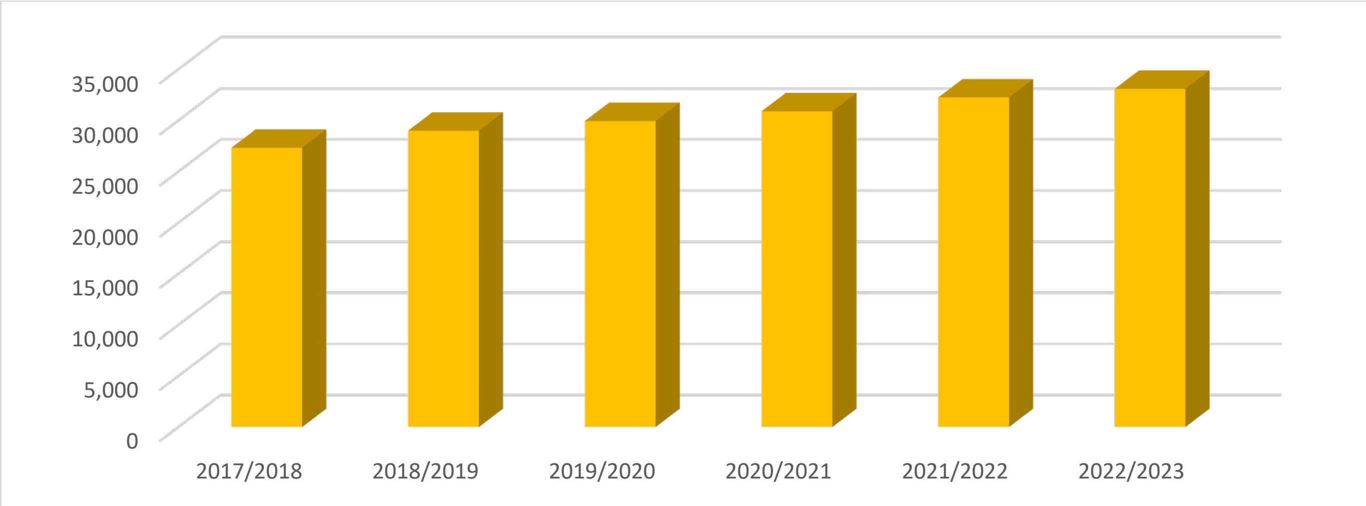


Table 3: Pensioner membership

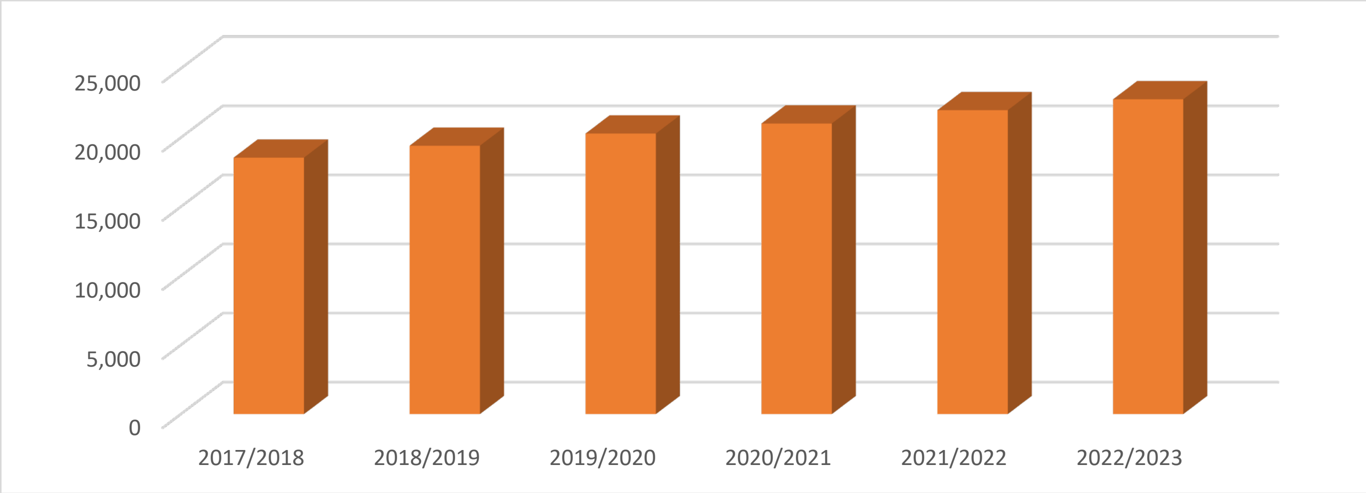


Table 4: Contributions received (£millions)

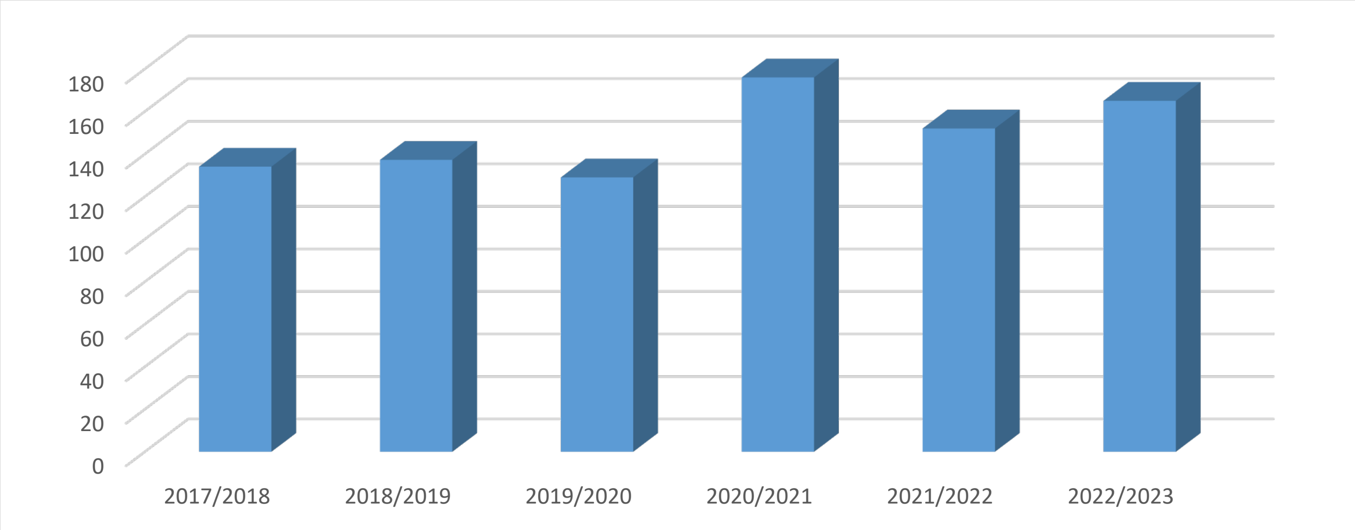


Table 5: Benefits paid (£millions)

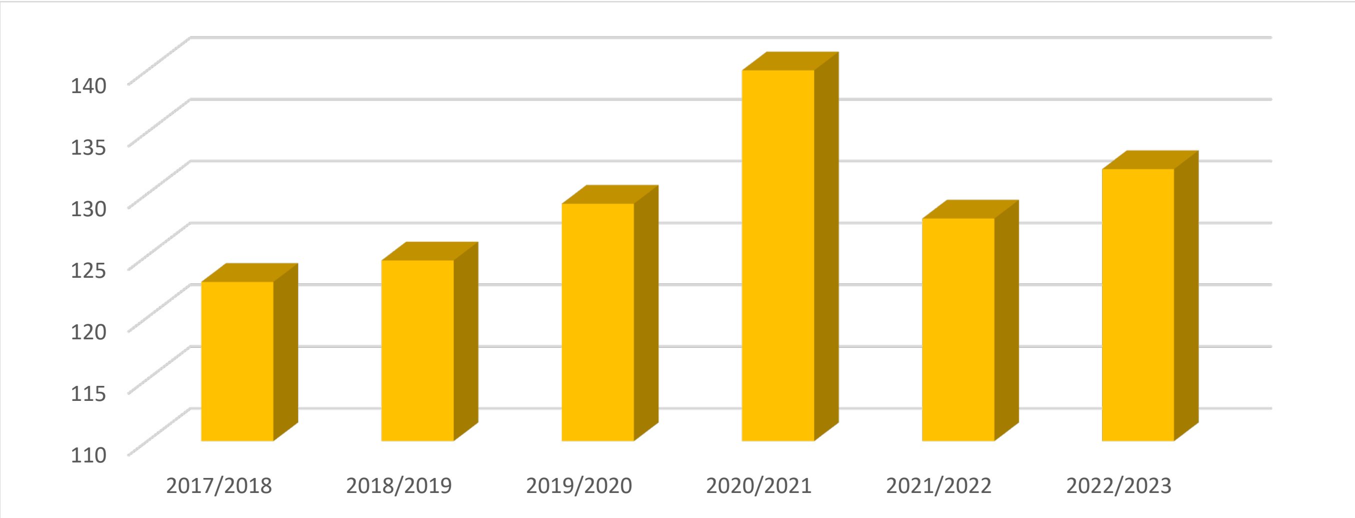
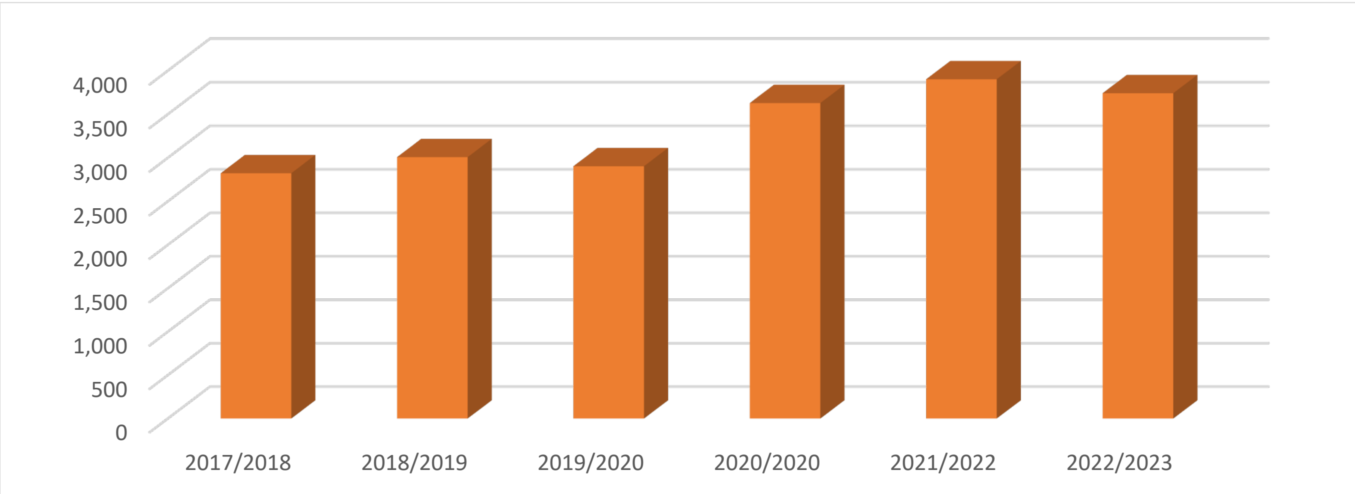


Table 6: Fund Value (£millions)



Risk Management

The Buckinghamshire Pension Fund recognises that risk is inherent in many of its activities and works to ensure that such risks are managed in the interest of the Buckinghamshire Pension Fund. The Buckinghamshire Pension 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 Buckinghamshire 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.

In addition, the Buckinghamshire Pension Fund maintains a Risk Register which identifies areas of focus for risk management. The risk register is reviewed by the Buckinghamshire Pension Fund Committee biannually. Risks detailed on the register are measured in accordance with Buckinghamshire Council's risk management framework. A target is set against each area of risk as well as any actions required in respect.

The 2022/2023 risk register was reviewed in March 2023 identifying 23 risks; 13 related to Pensions and Investments generally and 10 related to Pensions and Investments Administration. Key risks to investments include significant downturns in particular geographical sectors and returns which underperform envisaged outcomes. During the year the Fund worked towards mitigating risks to investments by monitoring investment strategy. The Pension Fund Committee agreed an interim Investment Strategy in September 2022. The Investment Strategy and Strategic Asset Allocation was reviewed in March 2023. Areas monitored by the risk register in relation to administration include staffing, employer performance, software and changes to government legislation.

Internal Audit Testing

A scheduled internal audit to evaluate the key controls of the Pensions & Investments Team did not commence during 2022/23, the audit is now scheduled for 2023/24.

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 (Section 151 Officer);
- 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 (Section 151 Officer) Responsibilities

The Service Director of Finance (Section 151 Officer) 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 2022/23 (the Code).

In preparing this Statement of Accounts, the Service Director of Finance (Section 151 Officer) 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 (Section 151 Officer)

I certify that this Statement of Accounts for the year ended 31 March 2023 gives a true and fair view of the financial position of the Buckinghamshire Pension Fund as at 31 March 2023 and its income and expenditure for the year ending 31 March 2023.

David Skinner

Service Director of Finance

Buckinghamshire Council
September 2023

Independent Auditor’s Report to the Members of BPF

To follow

Pension Fund Accounts

The Buckinghamshire 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 2022 £000	**Pension Fund Account**	**Note**	**31 March 2023 £000**
	Dealings with Members, Employers and Others directly Involved in the Fund		
	Income		
(151,882)	Contributions	3	(165,961)
(16,524)	Transfers in from other pension funds	4	(23,383)
(104)	Other income		(146)
(168,510)			**(189,490)**
	Benefits	5	
103,893	Pensions		109,826
23,708	Commutation of pensions and lump sums		23,171
	Payments to and on Account of Leavers	6	
521	Refunds of contributions		1,163
16,187	Transfers out to other pension funds		16,190
144,309			**150,350**
(24,201)	**Net (Additions)/Withdrawals from Dealings with Members**		**(39,140)**
17,136	**Management expenses**	7	**21,820**
(7,065)	**Net (Additions)/Withdrawals including Fund Management Expenses**		**(17,320)**
	Returns on Investments		
(14,719)	Investment income	8	(14,581)
(253,112)	(Profits) and losses on disposal of investments and changes in the market value of investments	9	203,188
0	Taxes on income	14	1
(267,831)	**Net Returns on Investments**		**188,608**
(274,896)	**Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year**		**171,288**

Net assets statement

31 March 2022 £000	Net Assets Statement	Note	31 March 2023 £000
	Investments		
840	Long term investments	9	840
295	Equities - quoted	9	169
3,525,017	Pooled investment vehicles	9	3,442,292
243,766	Property - unit trusts	9	209,235
132,073	Cash deposits	9	68,673
391	Investment income receivable	9	518
3,902,382	**Net Investments**	11	**3,721,727**
15,225	Current assets	15	**24,251**
(4,446)	Current liabilities	15	**(4,105)**
3,913,161	**Net Assets of the Fund Available to Fund Benefits at 31 March**		**3,741,873**

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 Buckinghamshire Council, Milton Keynes Council, parish Councils of Buckinghamshire, Thames Valley Police, Buckinghamshire and Milton Keynes Fire Authority, 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 Fund. The Administering Authority is Buckinghamshire Council.

The purpose of the 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); and
- 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 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 2023 the collective assets transitioned to Brunel portfolios were circa £30.765 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 most 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 2022**	**31 March 2023**
Contributors	25,717	25,127
Pensioners	21,982	22,768
Deferred pensioners	32,234	33,078
Total Membership of the Fund	**79,933**	**80,973**

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 Buckinghamshire Pension Fund Investment Strategy Statement can be viewed on the Council's website.

Funding and investment policies | Pensions (buckinghamshire.gov.uk)

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

The Pension Fund Annual report | Pensions (buckinghamshire.gov.uk)

Basis of Preparation
The accounts summarise the Fund's transactions for the 2022/23 financial year and its position at year end as at 31 March 2023. 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 Buckinghamshire 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 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.

Contribution Income
Normal contributions are accounted for on an accruals basis as follows:
Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes which rise according to pensionable pay.
Employer contributions are set at the percentage rate recommended by the fund actuary in the Fund Actuary’s Rates and Adjustment certificate for the period to which they relate.
Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.
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 of interest and principal take place on set dates and for specified amounts. The amount presented in the Net Asset Statement represents the outstanding principal 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 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
There are no critical judgements in applying accounting policies to be disclosed in the Statement of Accounts.

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 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 2023 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 £67m. A 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £4m. A 0.1% increase in pension increases and deferred revaluation would increase the value of the liabilities by approximately £66m. A one-year increase in assumed life expectancy would increase the liability by approximately £146m.
Level 2 investments (Note 12)	Lebel 2 investments are not traded on an open market. Management use fund managers to determine valuations using recognised pricing techniques.	The Brunel Smaller Companies equity portfolio is valued at £179.620m in the financial statements. There is a risk that this investment may be under or overstated in the accounts by £42.211m. A movement of 23.5% in market price risk is reasonably possible.

Level 3 investments (Note 12)	Level 3 investments are valued at fair value in accordance with 'International Private Equity and Venture Capital Valuation Guidelines'. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Level 3 investments are valued at £501.558m in the financial statements. There is a risk that this investment may be under or overstated in the accounts by £106.632m. A movement of 21.26% in market price risk is reasonably possible.

Events After the Reporting Date

There have been no events since 31 March 2023, and up to the date when these accounts were authorised that require any adjustments to these accounts. Recent market turmoil has impacted global financial markets. As at the end of *(date to be inserted when accounts are approved)*, investments are valued overall at *£x.xxx* billion a *(state lower or higher)* value than in these financial statements as at 31 March 2023.

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.

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 2023 have been included in these accounts, there were no augmented employers' contributions received during 2021/2022 or 2022/2023.

2021/2022 £000	Contributions by Category	2022/2023 £000
	Employers' Contributions	
(100,396)	Normal Contributions	(109,489)
(16,337)	Deficit Recovery Contributions	(18,242)
(116,733)	**Total Employers' Contributions**	**(127,731)**
(35,149)	**Members' Contributions**	**(38,230)**
(151,882)	**Total Contributions**	**(165,961)**

2021/2022 £000	Contributions by Authority	2022/2023 £000
(60,766)	Administering authority	(62,616)
(87,664)	Scheduled bodies	(100,313)
(3,452)	Admitted bodies	(3,032)
(151,882)	**Total Contributions**	**(165,961)**

Note 4 - Transfer Values

2021/2022 £000	Transfers in from other pension funds	2022/2023 £000
(167)	Group transfers	0
(16,357)	Individual transfers	(23,383)
(16,524)	**Total Transfers in from other pension funds**	**(23,383)**

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 2023 there were thirty-one transfer values receivable greater than £50k, for which £3.603m had not been received. (On 31 March 2022 there were twenty-three transfer values receivable greater than £50k, for which £2.899m had not been received).

On 31 March 2023 there was one group transfer to the Fund being negotiated with another fund (no group transfers to the Fund being negotiated on the 31 March 2022). Calculations have not yet been carried out for the transfer.

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.

2021/2022 £000	Benefits Payable by Category	2022/2023 £000
103,893	Pensions	109,826
20,223	Commutations of pensions and lump sum retirement benefits	19,875
3,485	Lump sum death benefits	3,296
127,601	**Total Benefits**	**132,997**

2021/2022 £000	Benefits Payable by Authority	2022/2023 £000
63,467	Administering authority	64,990
53,877	Scheduled bodies	57,820
10,257	Admitted bodies	10,187
127,601	**Total Benefits**	**132,997**

Note 6 - Payments to and on Account of Leavers

2021/2022 £000	Payments to and on Account of Leavers	2022/2023 £000
521	Refunds to members leaving service	1,163
62	Group transfers to other pension funds	302
16,125	Individual transfers to other pension funds	15,888
16,708	**Total Payments to and on Account of Leavers**	**17,353**

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 2023 there were seventeen transfer values where the amount was greater than £50k, for which £1,402k had not been paid during 2022/23 (on 31 March 2022 there were eleven transfer values receivable greater than £50k, for which £800k had not been paid during 2021/22).

On 31 March 2023 there was one group transfer out from the Fund to other Pension Funds being negotiated, the value of the transfer £85k has been accrued. There was one on the 31 March 2022 where the £2,556k value was accrued.

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

Note 7 - Management Expenses

2021/2022	Management Expenses	2022/2023
£000		£000
2,397	Administrative costs	2,792
14,008	Investment management expenses	18,309
731	Oversight and governance costs	719
17,136	**Total Management Expenses**	**21,820**

The analysis of the cost of managing the 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. The fees for 2022/23 main external audit were £43.375k and £9.6k for the IAS19 assurance letters for scheduled bodies. The fees for the 2021/22 main external audit main fee were £46.05k and the £9.0k for the IAS19 assurance letters for scheduled bodies.

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 were no performance related fees in the investment management expenses (£1.070m in the 2021/2022 financial year) payable to the Fund's investment managers. It also includes £6,268k in respect of transaction costs (£363k in the 2021/2022 financial year).

Note 8 - Investment Income
In recent years there has been a decrease in investment income due to the transition of the Fund's segregated holdings to Brunel pooled funds. Investment income is accumulated within the fund and is accounted for in the market value change rather than investment income.

2021/2022	Investment Income	2022/2023
£000		£000
746	Dividends from equities	62
(4,216)	Income from bonds	242
(2,695)	Income from pooled investments	(5,906)
(8,330)	Income from property unit trusts	(6,984)
(215)	Interest on cash deposits	(1,997)
(9)	Other	2
(14,719)	**Total Investment Income**	**(14,581)**

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 2022/2023 the Buckinghamshire Pension Fund reported a decrease in the market value of investments of £203.188m.

Investments (All values are shown £000)	Value at 31 March 2022 £000	Purchases at Cost £000	Sales Proceeds £000	Change in Market Value £000	Value at 31 March 2023 £000
Long term investments	840	0	0	0	840
Equities - quoted	295	215	(289)	(52)	169
Bonds	0	0	41	(41)	0
Pooled investment vehicles	3,525,017	207,317	(123,556)	(166,486)	3,442,292
Property - unit trusts	243,766	45,958	(43,578)	(36,911)	209,235
	3,769,918	**253,490**	**(167,382)**	**(203,490)**	**3,652,536**
Cash deposits	132,073			302	68,673
Investment income due	391				518
	3,902,382			**(203,188)**	**3,721,727**

During 2021/2022 realised profit of £322.401m and unrealised losses of £69.289m combined to report an increase 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	88,035	(103)	479	132,073
	3,621,585	**1,850,167**	**(1,822,873)**	**322,401**	**(69,289)**	**3,901,991**
Investment income due	7,124					391
	3,628,709					**3,902,382**

Pooled investment vehicles are funds where the 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
- Infrastructure
- Private debt
- 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 also shown:

Fund Manager/Mandate	Proportion of Fund 31 March 2022 £000	%	Proportion of Fund 31 March 2023 £000	%
Investments managed by Brunel				
Low Volatility Equity	288,918	8	271,655	7
Passive Developed Equity	670,843	18	646,380	17
Emerging Markets Equity	175,087	5	166,080	4
Global High Alpha Equity	628,127	16	630,793	17
Smaller Companies Equity	184,846	5	179,620	5
Multi-Asset Credit	359,637	10	347,289	9
Passive Index Linked Gilts	386,603	10	310,040	8
Infrastructure	113,510	3	248,035	7
Private Debt	22,664	0	73,611	2
Private Equity	66,183	2	100,429	3
Property – unit trusts	272,175	7	240,674	7
Sterling Corporate Bonds	399,464	9	356,822	10
Cash	1,915	0	3,015	0
Total Investments managed by Brunel	**3,569,972**		**3,574,443**	**96**
Investments managed by the Fund				
Long term investments	0	0	840	0
BlackRock -Cash/inflation plus	4	0	4	0
Blackstone Alternative Asset Management - Hedge fund of funds	4,464	0	0	0
Investec Asset Management- Less constrained global equities	120	0	0	0
Legal & General Investment Management – Passive index-tracker	133,807	4	39,647	1
Pantheon Private Equity- Private equity	84,595	2	63,823	2
Partners Group- Private equity	10,880	0	8,067	0
Royal London Asset Management- Core plus bonds	919	0	0	0
Schroders- Less constrained global equities	1,820	0	194	0
Aberdeen Standard Investments – Less constrained UK equities	127	0	0	0
GTP	377	0	208	0
Hg Capital	1,033	0	1	0
Cash	0	0	34,500	1
Total Investments managed by the Fund	**238,146**		**147,284**	**4**
Total	**3,808,118**	**98**	**3,721,727**	**100**

Note 11 - Analysis of the Value of Investments

31 March 2022 £000	Analysis of the Value of Investments	31 March 2023 £000
840	**Long Term Investments**	**840**
	Equities	
141	UK quoted	102
154	Overseas quoted	67
295	**Total Equities**	**169**
	Pooled Investment Vehicles	
1,947,821	Overseas Equity	1,894,530
117,519	Overseas Infrastructure	251,271
533,271	Fixed Interest Securities	396,469
386,603	Index linked gilts	310,040
359,637	Multi-Asset Credit	347,289
22,664	Overseas Private Debt	73,611
157,502	Overseas Private Equity	169,082
3,525,017	**Total Pooled Investment vehicles**	**3,442,292**
	Other	
243,766	Property - unit trusts	209,235
132,073	Cash deposits – sterling and foreign cash	68,673
391	Investment Income receivable	518
376,230	**Total Other**	**278,426**
3,902,382	**Total Value of Investments**	**3,721,727**

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 2022				**31 March 2023**		
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**		
295			Equities	169		
243,766			Property – unit trusts	209,235		
			Pooled investments:			
533,271			Fixed interest securities	396,469		
1,947,821			Equities	1,894,530		
386,603			Index Linked Gilts	310,040		
117,519			Infrastructure	251,271		
359,637			Multi-Asset Credit	347,289		
22,664			Private Debt	73,611		
157,502			Private Equity	169,082		
391			Investment Income receivable	518		
111,285	20,788		Cash deposits	83,106		
	5,214		Current assets		12,816	
3,881,594	**26,002**			**3,736,160**	**12,816**	
			Financial Liabilities			
			Cash deposits		(14,434)	
		(3,247)	Current liabilities			(2,840)
		(3,247)			**(14,434)**	**(2,840)**
3,881,594	**26,002**	**(3,247)**	**Total**	**3,736,160**	**(1,618)**	**(2,840)**
		3,904,349				**3,731,702**

31 March 2022 £000	Reconciliation to Net Assets of the Fund Available to Fund Benefits at 31 March in the Net Assets Statement	31 March 2023 £000
3,913,170	Net Investments	3,741,873
(10,020)	Less contributions due current assets	(11,435)
0	Less rounding error	(1)
1,199	Add HMRC current liabilities	1,265
3,904,349	**Value of financial instruments carried at fair value**	**3,731,702**

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

31 March 2022 £000		31 March 2023 £000
	Financial Assets	
(253,112)	Fair value through profit and loss	203,188
0	Financial Assets measured at amortised cost	0
0	Financial liabilities measured at amortised cost	0
	Financial Liabilities	
0	Fair value through profit and loss	0
0	Financial Assets measured at amortised cost	0
0	Financial liabilities measured at amortised cost	0
(253,112)	**Total**	**203,188**

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:

Value at 31 March 2023	**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	169	0	0	169
Fixed interest securities	0	396,469	0	396,469
Index-linked gilts	0	310,040	0	310,040
Equities	0	1,894,530	0	1,894,530
Infrastructure	0	0	251,271	251,271
Multi-Asset Credit	0	347,289	0	347,289
Private Debt	0	0	73,611	73,611
Private Equity	0	0	169,082	169,082
Property – unit trusts	0	202,481	6,754	209,235
Cash Instruments	0	83,106	0	83,106
Total	**169**	**3,233,915**	**501,558**	**3,735,642**

Cash deposits in money market fund have been included in the above analysis as they are held at fair value through profit and loss. Remaining cash deposits are held at amortised cost and therefore excluded from the analysis.

Reconciliation to Net Investments in the 31 March 2023 Net Assets Statement	**31 March 2023 £000**
Net Investments	3,721,727
Add Cash deposits	14,434
Less rounding error	(1)
Less investment income receivable	(518)
Valuation of Financial Instruments carried at fair value	**3,735,642**

Value at 31 March 2022	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
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
Cash Instruments	0	111,285	0	111,285
Total	**295**	**3,580,447**	**300,461**	**3,881,203**

Cash deposits in money market fund have been included in the above analysis as they are held at fair value through profit and loss. Remaining cash deposits are held at amortised cost and therefore excluded from the analysis.

Reconciliation to Net Investments in the 31 March 2022 Net Assets Statement	31 March 2022 £000
Net Investments	3,902,382
Less Cash deposits	(20,788)
Less investment income receivable	(391)
Valuation of Financial Instruments carried at fair value	**3,881,203**

Sensitivity Analysis of Assets Valued at Level 3

Using Mercer's analysis of market volatility for individual asset classes in the last 20 years 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 on 31 March 2023 and 31 March 2022.

	Assessed valuation range (+/-)	Value at 31 March 2023 £000	Value on increase £000	Value on decrease £000
Long term investments	23.5%	840	1,037	643
Infrastructure	18.5%	251,271	297,756	204,786
Private Debt	16.1%	73,611	85,462	61,760
Private Equity	27.7%	169,082	215,918	122,246
Property – unit trusts	18.7%	6,754	8,017	5,491
Total		**501,558**	**608,190**	**394,926**

	Assessed valuation range (+/-)	Value at 31 March 2022 £000	Value on increase £000	Value on decrease £000
Long term investments*	20.6%*	840*	1,013*	667*
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		**300,461***	**366,046***	**234,876***

*Restated

Reconciliation of Fair Value Measurements Within Level 3

Investments (All values are shown £000)	Value at 31 March 2022 £000	Purchases £000	Sales £000	Realised profit/(loss) £000	Unrealised profit/(loss) £000	Value at 31 March 2023 £000
Long term investments	840	0	0	0	0	840
Infrastructure	117,519	121,479	(10,156)	1,059	21,370	251,271
Private debt	22,664	52,732	(301)	0	(1484)	73,611
Private equity	157,502	33,106	(19,213)	13,863	(16,176)	169,082
Property – unit trusts	1,936	5,090	(414)	120	22	6,754
	300,641	**212,407**	**(30,084)**	**15,042**	**3,732**	**501,558**

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
Long term investments*	840*	0*	0*	0*	0*	840*
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**	**300,641***

*Restated

The Fund's fund managers provided the following commentary on the valuation methods they use:
Fixed interest securities – level 2 - Brunel £356.822m and LGIM £39.647m – total £396.469m

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 £310.040m
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 £646.380m, Active Global High Alpha Equity £630.793m, Active Global Emerging Markets Equity £166.080m, Active Low Volatility Equity £271.655m and Active Smaller Companies Equity £179.620m 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 £1,894.530m.

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 £248.035m and Partners Group £3.236m – total £251.271m
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 £347.289m
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 £73.611m
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 £100.429m, Pantheon £63.823m and Partners Group £4.83m – Total - £169.082m

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 £202.481m and level 3 £6.754m – Total £209.235m
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 Buckinghamshire 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 Buckinghamshire Pension Fund Committee. The Buckinghamshire Pension Fund Risk Assessment analyses the risks faced by the Council’s pensions operations, it is reviewed regularly by the Buckinghamshire 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 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 because 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 were reasonably possible for 2022/2023. The analysis assumes that all other variables, in particular foreign exchange rates and interest rates, remain constant. If the market price of the Fund's investments had increased/decreased 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 2023 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Long term investments	840	23.5%	1,037	643
Equities	1,894,699	21.62%	2,304,333	1,485,065
Fixed interest securities	396,469	6.85%	423,627	369,311
Index linked gilts	310,040	9.0%	337,944	282,136
Overseas infrastructure	251,271	18.5%	297,756	204,786
Multi-asset credit	347,289	12.9%	392,089	302,489
Private debt	73,611	16.1%	85,462	61,760
Private equity	169,082	27.7%	215,918	122,246
Property - unit trusts	209,235	18.7%	248,362	170,108
Cash deposits	68,673	0.9%	69,291	68,055
Investment income receivable	518	21.7%	630	406
Total	**3,721,727**		**4,376,449**	**3,067,005**

In consultation with Mercer, the Fund's investment consultant, the Fund has determined that the following movements in market price risk were reasonably possible for 2021/2022. The analysis assumes that all other variables, in particular foreign exchange rates and interest rates, remain constant. If the market price of the Fund's investments had increased/decreased 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	20.82673%*	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**

*Restated

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 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.

The following two tables show the impact that a 1% in/decrease has on the value of the assets on 31 March:**31 March 2023 exposure to interest rate risk**	**Asset Value £000**	**Value after impact of 1% increase in interest rates £000**	**Value after impact of 1% decrease in interest rates £000**
Cash and cash equivalents	80,699	80,699	80,699
Fixed interest securities	396,469	400,434	392,504
Index linked gilts	310,040	310,040	310,040
Total	787,208	791,173	783,243

31 March 2022 exposure to interest rate risk	Asset Value £000	Value after impact of 1% increase in interest rates £000	Value after impact of 1% decrease in interest rates £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

The following two tables show the impact that a 1% in/decrease has on the interest receivable during the year:

2022/2023 exposure to interest rate risk	Interest receivable £000	Impact of 1% increase £000	Impact of 1% decrease £000
Cash and cash equivalents	1,997	2,017	1,977
Total	1,997	2,017	1,977

2021/2022 exposure to interest rate risk	Interest receivable £000	Impact of 1% increase £000	Impact of 1% decrease £000
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

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 an 8.21% movement in exchange rates in either direction for 31 March 2023. This analysis assumes that all variables, in particular interest rates, remain constant. Based on the composition of the Fund’s currency exposure an 8.21% fluctuation in the currency is considered reasonable. An 8.21% weakening or strengthening of Sterling against the various currencies on 31 March 2023 would have increased or decreased the net assets by the amount shown below:

Currency Exposure by Asset Type	31 March 2023 £000	Value on increase £000	Value on decrease £000
		+8.21%	**-8.21%**
Equities – quoted	1,775,217	1,920,962	1,629,472
Infrastructure	24,631	26,653	22,609
Overseas Private Equity	163,696	177,135	150,257
Cash deposits	5,052	5,467	4,637
Total	**1,968,596**	**2,130,217**	**1,806,975**

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 on 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**

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 the US Dollar, the EURO and the Japanese Yen, using data on currency risk of 8.63% for the US Dollar, 6.32% for the EURO and 9.05% for the Japanese Yen. Weakening or strengthening of Sterling against US Dollars and EUROs on 31 March 2023 would have increased or decreased the net assets by the amounts shown in the following table:

Asset Type	31 March 2023 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	1,244,761	8.63%	1,352,184	1,137,338
EUROs	231,461	6.32%	246,089	216,833
Japanese Yen	106,758	9.05%	116,420	97,096
Total	**1,582,980**		**1,714,693**	**1,451,267**

Weakening or strengthening of Sterling against US Dollars and EUROs on 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	8.25%	117,784	99,830
Total	**1,690,176**		**1,817,783**	**1,562,569**

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 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 2023 was £0.478m in an instant access Barclays account and £11.450m invested in Federated's money market fund. (On 31 March 2022 £0.064m was invested in an instant access Lloyds account and £3.250m 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 2022 £000		31 March 2023 £000
113,362	Brunel infrastructure	248,035
22,664	Brunel private debt	73,611
66,183	Brunel private equity	100,429
243,766	Brunel property unit trusts	240,674
84,595	Pantheon private equity	63,823
10,880	Partners Group private markets	8,067
1,033	Residual mandates	1
542,483		**734,640**

Note 14 - Related Parties

The Buckinghamshire Pension Fund is administered by Buckinghamshire Council and therefore there is a strong relationship between Buckinghamshire Council and the Buckinghamshire Pension Fund. Buckinghamshire Council was reimbursed £3.05m (£2.70m in the 2021/2022 year) for oversight & governance costs and administration costs incurred by the Council on behalf of the Fund. The Council is also the single largest employer of members of the Fund and contributed £62.6m to the Fund in 2022/2023 (£60.8m in the 2021/2022 year).

The 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 2023, the Fund had an average investment balance of £13.4m (£8.3m in the 2021/2022 year), earning interest of £297k (£2k in the 2021/2022 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 Buckinghamshire Pension Fund Committee who are deferred members of the Fund. There was one member of the Buckinghamshire Pension Fund Committee who was a pensioner member of the Fund on 31 March 2023 (on 31 March 2022 no pensioner members and no deferred members). The Service Director of 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 Buckinghamshire Pension Fund Committee, the post of Service Director of Finance (s151 Officer) and the post of Assistant Director of Finance (Pensions, Procurement and Revenues & Benefits) are the key management personnel involved with the Buckinghamshire Pension Fund. £31k was incurred by the Buckinghamshire Pension Fund for costs in relation to key management personnel. Members of the Buckinghamshire Pension Fund Committee are disclosed in the Buckinghamshire Pension Fund Report and Accounts.

The 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 2023 Brunel provided services costing £1,318k (£1,214k in the year to 31 March 2022).

Note 15 - Current Assets and Liabilities

31 March 2022	Current Assets and Liabilities	31 March 2023
£000		**£000**
	Current Assets	
10,020	Contributions due from employers 31 March	11,435
3,697	Cash balances (not forming part of the investment assets)	12,026
1,508	Other current assets	790
15,225	**Total Current Assets**	**24,251**
	Current Liabilities	
(154)	Management charges	(229)
(1,199)	HM Revenue and Customs	(1,265)
(435)	Unpaid benefits	(455)
(2,658)	Other current liabilities	(2,156)
(4,446)	**Total Current Liabilities**	**(4,105)**
10,779	**Net Current Assets**	**20,146**

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 2022. The next valuation will take place as at 31 March 2025.

On 31 March 2022, the market value of the assets held were £3.91bn, sufficient to cover 104% of the accrued liabilities assessed on an ongoing basis. No employer is permitted to pay their deficit over a period greater than eleven years from 1 April 2023. The primary rate of contribution is the employers' share of the cost of benefits accruing in each of the three years beginning 1 April 2023 and is 19.7% of payroll. In addition, some employers pay a secondary contribution rate based on their circumstances, the secondary contribution rate across the whole Fund averages 1.6% in 2023/2024, 1.5% in 2024/25 and 1.3% in 2025/26.

The results of the valuation are that the past service funding level of the Fund as a whole has increased from 94% to 104% between 31 March 2019 and 31 March 2022. Investment returns have been strong since the previous valuation, but gains in the funding position have been partially offset by a reduction in future anticipated investment returns net of inflation (i.e. a reduction in the real discount rate). 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 main assumptions used in the valuation were:

Financial assumptions

- Discount rate 4.6%
- Pension increases 2.9%
- CPI inflation 2.9%
- Salary increases 3.9%

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 2022. On an IAS 19 basis the Actuary estimates that the net liability as at 31 March 2023 is £266m (31 March 2022 £2,193m), 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 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 2022		**31 March 2023**
£000		**£000**
6,095,115	Present value of funded obligation	3,974,968
(3,902,383)	Fair value of scheme assets	(3,708,847)
2,192,732	**Net Liability**	**266,121**

The present value of funded obligation consists of £3,936m (£6,006m at 31 March 2022) in respect of vested obligation and £39m (£88m at 31 March 2022) 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 2022		31 March 2023
2.60%	Discount rate	4.80%
3.45% to 4.00%	RPI increases	3.10% to 3.65%
3.20%	CPI increases	2.85%
3.20%	Pension increases	2.85%
4.20%	Salary increases	3.85%

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 year 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 assumes the curve is flat beyond the 30-year point. This is consistent with the approach used at the previous accounting date.

Similar to the SEDR approach described above the actuary adopted a Single Equivalent Inflation Rate (SEIR) approach in deriving an appropriate RPI assumption.

The SEIR adopted is such that the single assumed rate of inflation results in the same liability value (when discounted using the yield curve valuation described above) as that resulting from applying the Bank of England implied inflation curve. The Bank of England implied inflation curve is assumed to be flat beyond the 40-year point.

Following a recent review of the market, and in particular noting the muted market reaction to the likely alignment of RPI with CPIH (Consumer Prices Index with Housing) from 2030, the actuary's view is that gilt-implied inflation rates are currently distorted by supply and demand factors at medium and longer terms. The actuary has therefore allowed for an Inflation Risk Premium (IRP) of 0.4% at medium and longer terms (from 9 years). This results in an overall IRP of between 0.0% p.a. and 0.25% p.a. depending on the term of the liabilities (for terms ranging from 1 year up to 30 years).

Consistent with the SEDR approach, assumptions are rounded to the nearest 0.05% and the actuary used sample cashflows for employers at each duration year (from 1 to 30 years) in deriving the assumptions for the Fund.

It is expected that RPI will be on average 1.0% p.a. lower than it would have otherwise been from 2030 as a result of the proposed alignment of RPI to CPIH (and CPI) from that date. The actuary has therefore assumed that the annual increase in CPI inflation will be 1.0% p.a. lower than the market implied increases in RPI for each year prior to 2030 and will be in line with RPI inflation thereafter. This results in an assumed gap between the two inflation measures of between 0.25% p.a. and 0.80% p.a. depending on the term of the liabilities (for terms ranging from 30 years down to 5 years).

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 2022. 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 2021 Model, allowing for a long-term rate of improvement of

1.25% p.a., smoothing parameter of 7.0 and no initial addition to improvement. The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)	31 March 2022	31 March 2023
Retiring today		
Males	21.6	21.1
Females	25.0	24.6
Retiring in 20 years		
Males	23.0	22.3
Females	26.5	26.0

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 2023 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 2022 £000	31 March 2023 £000
Brunel Infrastructure Cycle 3	250,000	214,680
Brunel Private Debt Cycle 3	150,000	136,800
Brunel Private Equity Cycle 3	150,000	150,000
Brunel Infrastructure Cycle 2	183,278	110,220
Brunel Private Debt Cycle 2	107,363	69,430
Brunel Private Equity Cycle 2	98,952	82,390
Brunel Infrastructure Cycle 1	28,583	16,420
Brunel Private Equity Cycle 1	40,908	30,500
Pantheon Asia Fund V LP	1,225	900
Pantheon Asia Fund VI LP	2,888	2,874
Pantheon USA Fund Vll Limited	1,097	1,169
Pantheon USA Fund Vlll Feeder LP	4,171	4,264
Pantheon Global Secondary Fund IV Feeder LP	1,538	1,638
Partners Group Global Resources 2009, LP	3,248	3,623
Pantheon Europe Fund V “A” LP	812	844
Pantheon Europe Fund Vl LP	2,911	3,027
Partners Group Global Real Estate 2008 SICAR	1,524	1,771
Partners Group Global Infrastructure 2009 SICAR	2,762	3,064
	1,031,260	**833,614**

On 31 March 2023 there was one group transfer to the Fund being negotiated with another fund (no group transfers to the Fund being negotiated on the 31 March 2022). Calculations have not yet been carried out for the transfer.

On 31 March 2023 there was one group transfers out from the Fund to another fund being negotiated where the £85k value was accrued. There was one on the 31 March 2022 where the £2,556k value was 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.

2021/2022 £000	**Prudential**	**2022/2023 £000**
5,006	Value of AVC fund at beginning of year	5,492
0	Correction opening value	25
882	Employees' contributions and transfers in	1,658
436	Investment income and change in market value	(47)
(832)	Benefits paid and transfers out	(1,240)
5,492	**Value of AVC fund at year end**	**5,888**

2021/2022 £000	**Scottish Widows**	**2022/2023 £000**
2,157	Value of AVC fund at beginning of year	2,060
56	Employees' contributions	
128	Investment income and change in market value	
(281)	Benefits paid and transfers out	
2,060	**Value of AVC fund at year end**	

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

List of Scheduled and Admitted Bodies

Scheduled Bodies

Buckinghamshire Council
Buckinghamshire and Milton Keynes Fire Authority
Chiltern Crematorium
Chilterns Conservation Board
Thames Valley Police
Milton Keynes Council
Milton Keynes Development Partnership
PCC for Thames Valley

Amersham Town Council
Aston Clinton Parish Council
Aylesbury Town Council
Beaconsfield Town Council
Bletchley & Fenny Stratford Town Council
Bow Brickhill Parish Council
Bradwell Parish Council
Broughton & Milton Keynes Parish Council
Buckingham Park Parish Council
Buckingham Town Council
Burnham Parish Council
Campbell Park Parish Council
Chalfont St Giles Parish Council
Chepping Wycombe Parish Council
Chesham Bois Parish Council
Chesham Town Council
Coldharbour Parish Council
Coleshill Parish Council
Downley Parish Council
Gerrards Cross Parish Council
Great Missenden Parish Council
Great Marlow Parish Council
Hambleden Parish Council
Hanslope Parish Council
Hazlemere Parish Council
Hughenden Parish Council
Iver Parish Council
Ivinghoe Parish Council
Kents Hill & Monkston Parish Council
Lacey Green Parish Council
Lane End Parish Council
Little Marlow Parish Council
Little Missenden Parish Council
Loughton & Great Holm Parish Council
Marlow Bottom Parish Council
Marlow Town Council
Mentmore Parish Council
New Bradwell Parish Council
Newport Pagnell Town Council
Newton Longville Parish Council
Olney Town Council
Penn Parish Council
Piddington & Wheeler End Parish Council
Princes Risborough Town Council
Shenley Brook End and Tattenhoe Parish Council
Shenley Church End Parish Council
Slapton Parish Council
Stantonbury Parish Council
Stony Stratford Town Council
Taplow Parish Council
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

Abbey View Primary School
Alfriston School
Amersham School
Ashbrook School
Aspire Schools
Aylesbury College
Aylesbury Grammar School
Aylesbury High School
Aylesbury Vale Academy
Beaconsfield High School
Bearbrook Combined & Pre-school
Bedgrove Infant School
Bedgrove Junior School
Beechview Academy
Bourne End Academy
Bourton Meadow Academy
Bridge Academy
Brill CofE Combined School
Brookmead School
Brooksward School
Brushwood Junior School
Buckinghamshire New University
Buckinghamshire University Technical College
Burnham Grammar School
Bushfield School
Campfire Education Trust
Castlefield School

Chalfonts Community College
Chalfont St Peter CE Academy
Chalfont Valley E-Act Academy
Charles Warren Academy
Chepping View Primary Academy
Chesham Bois CofE Combined School
Chesham Grammar School
Chestnuts Academy
Chiltern Hills Academy
Chiltern Way Federation Academy
Christ the Sower Ecumenical Primary School
Cottesloe School
Curzon CofE Combined School
Danesfield School
Denbigh School
Denham Green E-Act Academy
Dorney School
Dr Challoner's Grammar School
Dr Challoner's High School
Edlesborough School
Elmhurst School (Academy)
Elmtreee Infant and Nursery School
EMLC Academy Trust
Fairfields Primary School
George Grenville Academy
Germander Park School
Gerrards Cross CoE School
Glastonbury Thorn First School
Glebe Farm School
Great Horwood CofE Combined School
Great Kimble CoE School
Great Kingshill CoE Combined School
Great Marlow School
Great Missenden CoE Combined School
Green Park School
Green Ridge Primary Academy
Hamilton Academy
Heronsgate School
Heronshaw School
Holmer Green Senior School
Holmwood School
Holne Chase Primary School
Ickford Learning Trust
Insignis Academy Trust
Inspiring Futures Partnership Trust
Inspiring Futures through Learning Academy Trust
Ivingswood Academy
John Colet School
John Hampden Grammar School
Jubilee Wood Primary School
Kents Hill Park School
Kents Hill School
Kingsbridge Education Trust (MAT)
Kingsbrook View Primary Academy
Knowles Primary School
Lace Hill Academy
Lakes Academy Trust
Langland Community School
Lent Rise Combined School
Longwick CofE Combined School
Lord Grey Academy
Loudwater Combined School
Loughton School
Mandeville School
Manor Farm Junior School
Middleton Primary School
Milton Keynes Academy
Milton Keynes College
Milton Keynes Education Trust
MK Primary Pupil Referral Unit
Monkston Primary Academy
Moorland Primary School
New Bradwell School
New Chapter Primary School
Oakgrove School
Olney Infant School
Olney Middle Academy
Orchard Academy
Our Ladies Catholic Primary School
Ousedale School
Overstone Combined School
Oxford Diocesan Bucks School Trust (MAT)
Oxley Park Academy
Padbury CofE School
Pioneer Secondary Academy
Portfields Combined School
Princes Risborough Primary School
Princes Risborough School
Priory Rise School
Rickley Park Primary School
Royal Grammar School
Royal Latin School
St Edwards Catholic Junior School
St John's CofE Combined School
St Joseph's Catholic Infant School
St Joseph's Catholic Primary 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
Speen CofE VA School
Stanton School
Stantonbury School
Stephenson Academy
The Beaconsfield School
The Hazeley Academy
The Highcrest Academy
The Kingsbrook School
The Misbourne School
The Premier Academy
The Radcliffe School
Thomas Harding Junior School
Two Mile Ash School
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

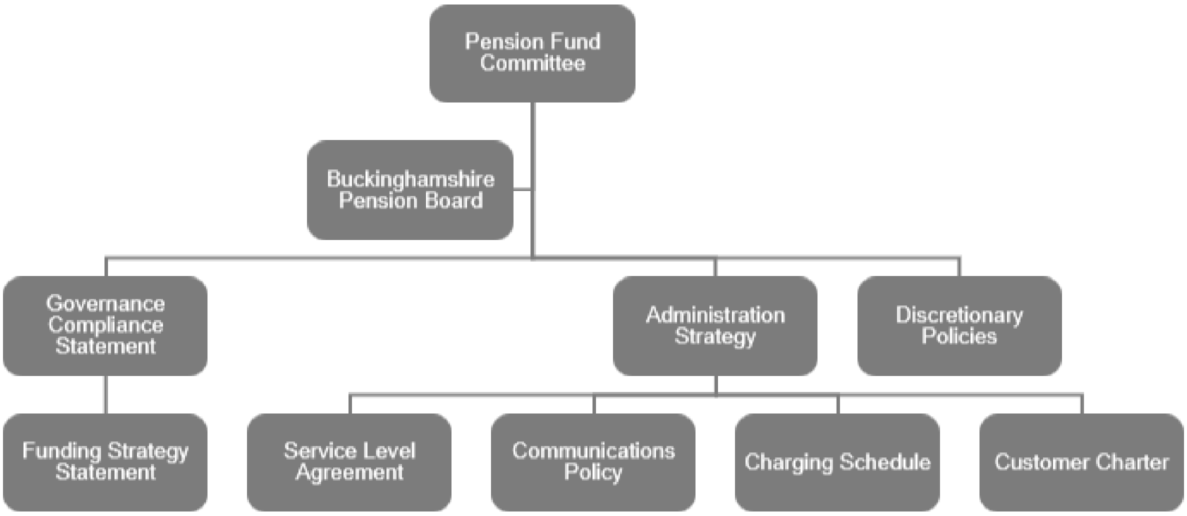
Admitted Bodies

Acorn Early Years (Playzone)
Acorn Early Years (Rowans)
Action for Children Services Ltd
Alliance in Partnership (BPPS)
Ambassador Theatre Group
Ambient Support
Aspens Services (MK Academy)
Aspens Services (SWR)
Aston Commercial Cleaning Ltd
Avalon Cleaning Services (Langland School)
Birkin Cleaning Services (Lord Grey)
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 (Walton High)
Chiltern Rangers CIC
Cleantec Services Limited (Denham Academy)
Cleantec Services Limited (Oakgrove School)
Cleantec Services Limited (Radcliffe School)
CS Cleaning Ltd (MiltonKeynes)
Cucina Restaurants (Denbigh School)
Cucina Restaurants (Lord Grey)
Cucina Restaurants (Shenley BE)
Cucina Restaurants (Stantonbury)
Everyone Active Ltd
Excelcare
Fresh Start Catering (LHA)
Fujitsu Services Limited
Hightown Housing Association Ltd
ICTS (UK) Ltd
Innovate Services Ltd (Buckingham)
Innovate Services Ltd (Oakgrove)
Innovate Ltd (Princes Risboro)
May Harris Multi Services Ltd
Mears Group plc
Monitor Cleaning Services Ltd
Oxfordshire Health NHS Foundation Trust
Pace Security Ltd (MK College)
Places for People Leisure (Newport Pagnell TC)
Places for People Leisure (WDC)
Police Superintendents Association Limited
Profile Security Services Ltd new
Rapidclean (BC Stokenchurch) new
Rapidclean (MK Redway School)
Red Kite Community Housing Ltd
Ringway Infrastructure Services
Sasse Facilities Management Ltd
Serco (MKC)
Serco (MKC Recreation & Maintenance)
Sports Leisure Management
TGC Facility Services Ltd
The Pantry (Chiltern Hills)
The Pantry (Two Mile Ash)
Thrift Activity Farm Ltd
Turn IT On Ltd (SWR School)
Wellbeing Fitness and 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 on [our website.]

Please note: the version of policies contained within this report were those in place on 31 March 2023. 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 Assistant Director of Finance (Pensions, Procurement and Revenues & Benefits) before making decisions within the scope of their delegated powers. The Committee receives professional advice from an investment consultant and support from an independent adviser on investment strategy and other investment matters.

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: Funding and investments | Pensions (buckinghamshire.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:
Buckinghamshire Pension Fund policies | Pensions

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 representatives

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

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), iii) Independent professional observers, and iv) Expert advisors (on an ad-hoc basis).	Met	Key stakeholders on PFC or BPB as per Terms of Reference I) PFC and BPB ii) BPB iii) PFC and BPB iv) PFC and BPB
That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.	Met	All PFC members and advisers get all papers except where it concerns them. BPB members are provided with relevant training as required under The Pensions Regulator's Code of Practice 14.
Selection and role of lay members		
That committee or panel members are made fully aware of the status, role and function they are 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 6.1 million members, the Local Government Pension Scheme (LGPS) is one of the largest public sector pension schemes in the UK. Buckinghamshire Pension Fund has approximately 280 employers with over 85,000 scheme members in total.

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

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

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

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

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

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

- Procedures which aim to secure that the administering authority and its scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance.
- Procedures for improving the communication by the administering authority and its scheme employers to each other of information relating to those functions.
- The circumstances in which the administering authority may consider giving notice to any of its scheme employers under Regulation 70 (additional costs arising from scheme employer's level of

performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance.
- The publication by the administering authority of annual reports dealing with:
  - the extent to which that authority and its scheme employers have achieved the levels of performance established, and
  - such other matters arising from its pension administration strategy as it considers appropriate; and
  - such other matters as appear to the administering authority after consulting its scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

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

When preparing, reviewing or revising the strategy, an administering authority must consult its scheme employers and any other persons it considers appropriate. This will be carried out via direct mailing, employer newsletters or via the Local Pension Board.
Under Regulation 59(6), where an administering authority publishes its pension administration strategy, or that strategy is revised, it must send a copy to each of its scheme employers and to the Secretary of State as soon as is reasonably practicable.

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

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

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

Responsibilities and Procedures

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

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

[Buckinghamshire Pension Fund policies | Pensions]

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 Pensions | Buckinghamshire Local Government Pension Scheme.

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 detailed in the Roles & Responsibilities manual.

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

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

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

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

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

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

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

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

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 Audit and Governance Committee applying scrutiny to the Fund. Both the administering authority and scheme employers will be expected to comply with requests for information from internal and external auditors in a timely manner. Any subsequent recommendations will be implemented into the appropriate document.

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

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.

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

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

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 Roles & Responsibilities manual. Annual Benefit Statements will be made available to members online, by 31 August each year, unless they have elected to opt out of online communications. Further details on Annual Benefit Statements are outlined in the Communications Policy.

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

Routine and cyclical activity is not directly charged to a scheme employer.
Any additional costs incurred by the administering authority as a direct result of poor performance will be recovered from the scheme employer. The circumstances where additional costs will be recovered include:

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

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

Procedures to address unsatisfactory performance

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

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

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

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

Review Process

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

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

Charging Schedule

1	Failure to notify Buckinghamshire Council of new starters by the 19th of the month following the month payroll action was taken	£50 per occurrence*
2	Failure to notify Buckinghamshire Council of a change in hours or a change in member's address by the 19th of the month following the date where payroll action was taken	£50 per occurrence*
3	Failure to notify Buckinghamshire Council of unpaid leave, parental leave or trade dispute breaks by the 19th of the month following the month in which payroll action was taken	£50 per occurrence*
4	Failure to notify Buckinghamshire Council of any member leaving by the 19th of the month following the month in which the member left	£50 per occurrence*
5	Failure to notify Buckinghamshire Council of any retirement within 3 weeks before the member's retirement date	£50 per occurrence*
6	Where, as a result of the Employer's/Payroll Provider's failure to notify Buckinghamshire Council of a retirement, interest becomes payable on any lump sum or death grant paid, Buckinghamshire Council will recharge the total amount of interest to the Scheme employer	Interest calculated in accordance with Regulation 81 of the LGPS Regulations 2013
7	Failure to notify Buckinghamshire Council of the death in service of a member within 10 working days of notification	£50 per occurrence*
8	Failure to notify Buckinghamshire Council of the monthly contributions deducted by the 19th of the month via the monthly notification spreadsheet (non i-Connect scheme employers)	£50 per occurrence*
9	Failure to pay over monthly contributions to Buckinghamshire Council by the 19th of the month following deduction of the contributions	Interest calculated in accordance with Regulation 71 of the LGPS Regulations 2013
10	Failure to pay an additional administration cost	Interest calculated in accordance with Regulation 71 of The LGPS Regulations 2013
11	Failure to provide Buckinghamshire Council with the annual year end return by 30 April	£50 per working day from 1 May to date return is received
12	Failure to respond to requests for Year-end information or monthly reconciliation queries within the prescribed time	£50 per occurrence*
13	Failure to provide Buckinghamshire Council with McCloud remedy data	£50 per occurrence*
14	Failure to provide Buckinghamshire Council with accurate member data	£50 per occurrence*
15	Further notification of leaver/retirement/death resulting in a recalculation of benefits	£50 per occurrence*

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

*Please note the charge per occurrence is the minimum charge per member. If additional work is required, the charge could be higher to reflect this.

Notes to the Charging Schedule

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

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

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

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

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

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

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

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

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

9 Requirements regarding payment of monthly contributions are set out in the Monthly Contributions section of the Roles & Responsibilities manual. Regulation 71 of the LGPS Regulations 2013 states that for overdue payments, interest must be calculated at one per cent above base rate on a day to day basis from the due date to the date of payment and compounded with three-monthly rests.

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

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

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

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

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

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

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).

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

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

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

Key communication objectives

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

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

Key stakeholders

- Scheme members, split into three broad categories
  - Active scheme members
  - Deferred scheme members
  - Pensioner scheme members and dependants
- Prospective scheme members
- Scheme employers
- Pensions & Investments Team staff
- Our statutory bodies i.e. the Pension Fund Committee and the Buckinghamshire Pension Board
- External bodies and member representatives

Communication with Scheme members

There are three categories of Scheme member:

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

Website

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

The website provides:

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

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

'My pension online' secure member portal

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

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

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

Email, post and telephone helpline

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

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

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

Webinars, presentations and appointments

We run a programme of regular webinars for active scheme members or those wishing to join the scheme. These are promoted via the Scheme employer. We are able to offer bespoke presentations face to face upon request by Scheme employers, subject to meeting minimum attendance criteria. Scheme members are able to book an appointment at one of our regular member surgeries to discuss individual questions about their pension benefits. These surgeries can be held face to face or via Microsoft Teams. While Pension Officers cannot provide financial advice, they can provide information on benefit entitlements under the LGPS.

Annual benefit statements

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

Newsletters

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

Payslips/P60s

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

Communication with prospective members

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

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

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

Communication with Scheme employers

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

Website

The Fund's website at lgps.buckinghamshire.gov.uk has a dedicated employer section, containing useful information to assist Scheme employers with their obligations. It is updated regularly with changes to the Scheme regulations, employer administration guidance, newsletters and other relevant information. Where appropriate we create guides providing information about the scheme intended to be distributed by employers to their employees.

Email and telephone

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

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

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

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

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

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

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

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

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

Communication with members' representatives

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

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

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

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

Feedback from stakeholders

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

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

Communication within the Pensions & Investments Team

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

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

Communication and Fund Governance

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

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

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

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

Availability and format of our publications, frequency & review periods

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

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

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

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

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

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 Department for Levelling Up Housing and Communities (DLUHC).

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

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

Funding strategy

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

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

Surplus (Deficit)	(£137m)
Funding Level	(104%)

On a whole Fund level, the primary rate required to cover the employer cost of future benefit accrual was 19.7% of payroll p.a.

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

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

Funding method

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

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

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

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

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

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

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

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

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

Payment of contributions

Employers pay contributions on a monthly basis. Primary contributions are certified as a percentage of payroll and payments received will fluctuate in line with payroll each month. Secondary rate adjustments can also be certified as a percentage of payroll or as a monetary amount. Monetary amounts are payable in 12 equal monthly instalments throughout the relevant year.
Employers may pay further amounts at any time and future periodic contributions, or the timing of contributions, may be adjusted on a basis approved by the Fund Actuary and the administering authority.

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

Valuation assumptions and funding model

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

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

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

Future price inflation

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

Future pension increases

Pension increases are linked to changes in the level of the Consumer Price Index (CPI). Inflation as measured by the CPI has historically been less than RPI due mainly to different calculation methods. However, RPI is due to be aligned with CPIH (CPI but with allowance for housing costs) from 2030.

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

Future pay increases

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

Future investment returns/discount rate
To determine the value of accrued liabilities and derive future contribution requirements it is necessary to discount future payments to and from the Fund to present day values.
The discount rate that is applied to all projected liabilities reflects a prudent estimate of the rate of investment return that is expected to be earned from the Fund's long-term investment strategy by considering average market yields in the six months straddling the valuation date. The discount rate so determined may be referred to as the "ongoing" discount rate.
It may be appropriate for an alternative discount rate approach to be taken to reflect an individual employer's situation. This may be, for example, to reflect an employer targeting a cessation event or to reflect the administering authority's views on the level of risk that an employer poses to the Fund. The Fund Actuary will incorporate any such adjustments after consultation with the administering authority.
A summary of the financial assumptions adopted for the 2022 valuation is set out in the table below:

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

For the purpose of the valuation, the asset value used is the market value of the accumulated fund at the valuation date, adjusted to reflect average market conditions during the six months straddling the valuation date. This is referred to as the smoothed asset value and is calculated as a consistent approach to the valuation of the liabilities.
The Fund's assets are notionally allocated to employers at an individual level by allowing for actual Fund returns achieved on the assets and cashflows paid into and out of the Fund in respect of each employer (e.g. contributions received and benefits paid).

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

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

McCloud/Sargeant judgments
When the Government reformed public service pension schemes in 2014 and 2015 they introduced protections for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The Government has confirmed that there will be changes to all main public sector schemes including the LGPS, to remove this age discrimination. A consultation has been run in relation to the changes proposed for the LGPS and legislation is now being drafted to bring forward these changes. We understand the updated Regulations are to be consulted on over the course of 2022 with revised Regulations effective from October 2023.

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

- The current underpin (which only applies to those members within 10 years of their NPA at 31 March 2012) will be revised and will apply to all members who were active in the Scheme on or

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

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

Guaranteed Minimum Pension (GMP) indexation and equalisation

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](https://www.gov.uk/government/consultations/public-service-pensions-guaranteed-minimum-pension-indexation-consultation)

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

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

Where the valuation for an employer discloses a deficit, the level of required employer contributions includes an adjustment to fund the deficit over a maximum period of 11 years. The adjustment may be set either as a percentage of payroll or as a fixed monetary amount.

Where the valuation for an employer discloses a surplus, the level of required employer contribution may include an adjustment to amortise the surplus over a minimum period of 11 years.
Where an employer's contribution has to increase significantly, if appropriate, the increase may be phased in. The deficit recovery period or amortisation period that is adopted for any particular employer will depend on:
- The significance of the surplus or deficit relative to that employer’s liabilities;
- The covenant of the individual employer (including any security in place) and any limited period of participation in the Fund;
- The remaining contract length of an employer in the Fund (if applicable); and
- The implications in terms of stability of future levels of employers’ contribution.

Pooling of individual employers

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

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

The funding pools adopted for the Fund at the 2022 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 employers in the pool pay the same total contributions rate and have the same funding level
Town and Parish Council Pool	Past and future service pooling	All employers in the pool pay the same total contributions rate and have the same funding level

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

Forming/disbanding a funding pool

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

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

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

New employers joining the fund

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

Admission bodies

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

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

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

Funding at start of contract

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

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

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

Contribution rate

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

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

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

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

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

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

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

Security
To mitigate the risk to the Fund that a new admission body will not be able to meet its obligations to the Fund in the future, the new admission body may be required to put in place a bond in accordance with Schedule 2 Part 3 of the Regulations, if required by the letting authority and administering authority.
If, for any reason, it is not desirable for a new admission body to enter into a bond, the new admission body may provide an alternative form of security which is satisfactory to the administering authority.

Risk-sharing
Although pass-though is the default approach, new admission bodies and the relevant letting authority may make a commercial agreement to deal with the pensions risk differently. For example, it may be agreed that the pensions risk is shared between the letting authority and the new admission body.
The administering authority may consider risk-sharing arrangements as long as the approach is clearly documented in the admission agreement, the transfer agreement or any other side agreement. The arrangement also should not lead to any undue risk to the other employers in the Fund.
Legal and actuarial advice in relation to risk-sharing arrangements should be sought where required.

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

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

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

- 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;

- 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
- a Scheme employer or employers have requested a review of Scheme employer contributions and have undertaken to meet the costs of that review. A request under this condition can only be made if there has been a significant change in the liabilities arising or likely to arise and/or there has been a significant change in the ability of the Scheme employer to meet its obligations to the Fund.
- Guidance on the administering authority's approach considering the appropriateness of a review and the process in which a review will be conducted is set out the Fund's separate Contribution review policy which can be accessed on the Funding Strategy Statement webpage. This includes details of the process that should be followed where an employer would like to request a review.
- Once a review of contribution rates has been agreed, unless the impact of amending the contribution rates is deemed immaterial by the Fund Actuary, the results of the review will be applied with effect from the agreed review date, regardless of the direction of change in the contribution rates.
- Note that where a Scheme employer seems likely to exit the Fund before the next actuarial valuation the administering authority can exercise its powers under Regulation 64(4) to carry out a review of contributions with a view to providing that assets attributable to the Scheme employer are equivalent to the exit payment that will be due from the Scheme employer. These cases do not fall under the separate contribution review policy.
- With the exception of any cases falling under Regulation 64(4), the administering authority will not accept a request for a review of contributions where the effective date is within 12 months of the next rates and adjustments certificate.

Cessation valuations

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

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

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

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

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

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

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

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

Exit credit policy

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

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

Managing exit payments

Where a cessation valuation reveals a deficit and an exit payment is due, the expectation is that the employer settles this debt immediately through a single cash payment. However, should it not be possible for the employer to settle this amount, providing the employer puts forward sufficient supporting evidence to the administering authority, the administering authority may agree a deferred debt agreement (DDA) with the employer under Regulation 64(7A) or a debt spreading agreement (DSA) under Regulation 64B. Under a DDA, the exiting employer becomes a deferred employer in the Fund (i.e. they remain as a Scheme employer but with no active members) and remains responsible for paying the secondary rate of contributions to fund their deficit. The secondary rate of contributions will be reviewed at each actuarial valuation until the termination of the agreement.

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

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

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

Regulatory factors

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

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

Bulk transfers

Bulk transfers of 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 4%.

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 2022 valuation, the Fund 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.

From 1 April 2023, the administering authority shall put in place a self-insurance arrangement to cover ill-health retirement and death-in-service benefits for all individual employers not involved in a pooling arrangement (see the Pooling of individual employers section for a list of all pooling arrangements).
When an ill-health retirement or death-in-service occurs a funding strain (i.e. the difference between the value of the benefits payable to the member and the value that was assumed as part of the actuarial valuation) is generated in the employer's section of the Fund. As part of the self-insurance arrangement, a reserve will be created based on the existing implicit assumption for ill-health and death-in-service liability exposure adopted by the Fund actuary. The reserve will be funded by a defined percentage of contributions or "premiums" paid by eligible employers and will be tracked separately by the Fund actuary at successive valuation. The premiums will be included within the employer's primary rate certified by the Fund actuary. Should a funding strain arise from an ill-health retirement or death-in-service, assets equal to the funding strain will be transferred from the reserve to the employer's section of the Fund.

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

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

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

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

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

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

The results of this analysis demonstrated that the funding strategy agreed as part of the 2022 valuation was sufficiently robust in the context of climate scenario analysis and any potential contribution impacts. The Fund will continue to assess this risk on a regular basis.

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.
- 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 judgments and the timing of future funding valuations consultation. These are discussed in the sections below.

McCloud/Sargeant judgments

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

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

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

Cost control mechanism

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

For the purposes of the 2022 valuation, we have made no allowance for any potential benefit changes. The Fund's prudence allowance already allows for an element of regulatory uncertainty and any potential impact is not deemed to be material.

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

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

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

The proposals for flexibility on exit payments and for further policy changes to exit credits have been finalised, however, are still to be finalised for the remaining three proposals. This FSS will be revisited once the outcome is known and reviewed where appropriate.

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

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

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

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

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

Employer risks
Many different employers participate in the Fund. Accordingly, it is recognised that a number of employer-specific events could impact on the funding strategy including:
- Structural changes in an individual employer’s membership;
- An individual employer deciding to close the Scheme to new employees; and
- An employer ceasing to exist without having fully funded their pension liabilities.

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

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

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

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

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

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

The timing of the next funding valuation was due to be confirmed as part of the Government's Local government pension scheme: changes to the local valuation cycle and management of employer risk consultation which closed on 31 July 2019. At the time of drafting this FSS, it is anticipated that the next funding valuation will be due as at 31 March 2025.

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

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 sustainability 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	26.5	21.5 – 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
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	n/a	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.
Private Debt	2.0	n/a	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

Asset class	Allocation (%)	Rebalancing Ranges (%)	Role within the strategy
			ratio. Diversification of risk and return sources away from more traditional assets.
Infrastructure	4.5	n/a	Generate returns through capital growth and income and provide additional diversification and low correlation to traditional asset classes.
Bonds	23.5	15.0 – 28.5	
Index-Linked Gilts	10.0	8.0 – 12.0	Provide direct protection relative to inflation linked liabilities.
UK Corporate Bonds	13.5	8.0 – 16.5	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. Due to their illiquid nature, rebalancing ranges are not set for individual private market asset classes (specifically private equity, private debt and infrastructure). However the Committee regularly conducts commitment planning exercises to seek to achieve and broadly maintain the strategic allocations to each asset class.

Risk measurement and management

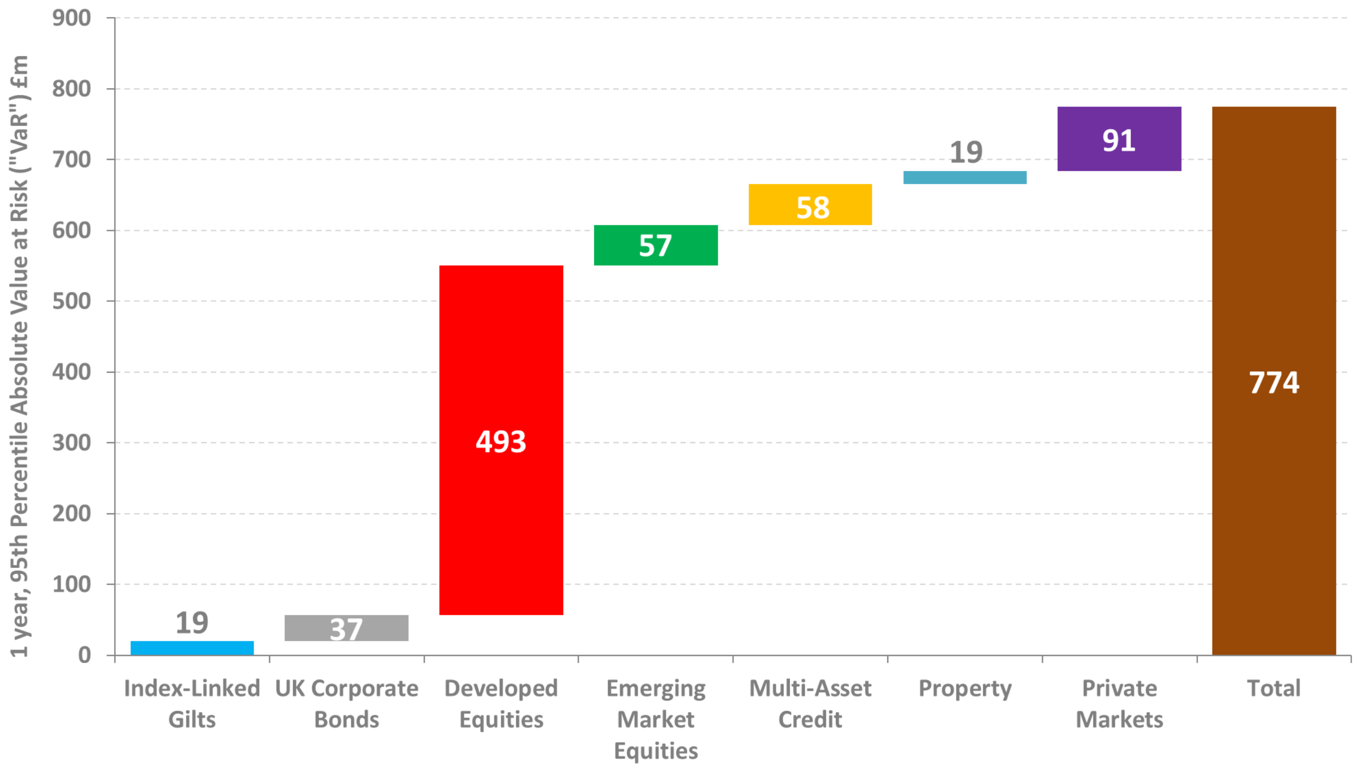
The risk and return profile of the assets will be measured against the strategic objective and be considered in the Fund's capacity as a long term investor. The main risk to the Fund is the risk that the Fund's assets do not produce the returns needed to meet the liabilities, as determined by the Funding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

1 year 95th percentile Value at Risk

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 financial interests of the Fund's members and seek to obtain the best financial return that it can for members against a suitable degree of risk. 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, will 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 when investing the Fund’s assets.

Brunel has published its Responsible Investment Policy Statement and has identified seven priority themes as part of its integrated Responsible Investment process. These themes span a wide range of ESG issues and are informed by Brunel’s investment beliefs, its clients’ policies and priorities, together with stakeholder views, regulatory and statutory guidance and alignment with best practice. The themes are set out below:

- Climate change
- UK policy framework
- Diversity & Inclusion
- Human capital
- Cost and tax transparency
- Cyber
- Supply chain management

The Committee is supportive of Brunel’s Responsible Investment Policy, as well as their priority themes for Responsible Investment and stewardship activities.

The Committee will ensure that appropriate governance resources are available for developing and implementing ESG and Climate Change related governance policies. For example, the Committee intends to commission climate scenario analysis in order to assess the Fund’s exposure to physical damages and transition risk under various warming scenarios to assist the Committee when setting investment strategy.

The Committee has already committed part of the Fund’s assets to infrastructure portfolios that invest in renewable energy, technologies and infrastructure. Within the first portfolio c.46% of commitments have been invested in such assets, whilst half of the second portfolio was committed to a dedicated renewables fund. Renewable investments in the third portfolio, which aims to allocate 30-60% to such investments, include low carbon and energy transition enabling investments across various sectors.

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 vast majority of the Fund’s assets are managed by 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 for the Fund. The Committee expects Brunel to follow good practice and use its influence as a major institutional investor and long-term steward of capital to promote good practice in the investee companies and markets to which the Fund is exposed. The Committee notes that Brunel is a signatory to the UK Stewardship Code 2020. During 2021, Brunel engaged with a number of investee companies on a wide variety of ESG-related themes, including corporate conduct, culture & ethics, human capital management, respect of human rights, board effectiveness and executive remuneration.

Brunel’s intention is to align its investments with the targets set under the Paris Agreement (which aims to limit climate change to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels) in relation to greenhouse gas emissions and carbon neutrality. Brunel have committed to a 50% reduction in emissions by 2030 (relative to emissions reported as at 31 December 2019), and to net zero by 2050. The Committee is supportive of Brunel’s ambitions.

The Committee is also supportive of the Administering Authority’s commitment to tackling climate change issues. As part of its Climate Change and Air Quality Strategy, the Administering Authority will work alongside the government to achieve net-zero for carbon emissions for Buckinghamshire as a whole by 2050. In addition, the Administering Authority will reduce its own carbon emissions by 75% by 2030, and to net zero by no later than 2050. The Committee is supportive of the Administering Authority’s ambitions.

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.

One area of Brunel’s focus will be on driving real and substantial change in how investment managers invest. If investment managers are not able to robustly and credibly explain their investment strategies and how they have integrated climate risk, Brunel will look to replace them with investment managers that do. If Brunel find that their investment managers’ engagement with companies is ineffective (i.e. these efforts do not deliver real change in corporate strategies on climate change so that these companies are on a trajectory to be aligned with the transition to a 2°C or below economy), Brunel will consider whether they should remove certain investment managers and/or introduce specific exclusion criteria to be applied to companies. The Committee is supportive of Brunel’s approach.

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). By 31 December 2021 this had further improved to c.32%, driven by a 9% reduction in the carbon intensity of the Fund over the year (compared to a 14% increase 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, with the exception of the Brunel Sterling Corporate Bond Fund and the Brunel Passive World Developed Equity Fund (which are broadly in line with their respective benchmarks).

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. This policy is being reviewed by Brunel in 2022, ahead of publishing an updated policy in 2023.

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.

Fund Contact details

If you would like further information on the contents of this annual report, please contact:

Mark Preston
Assistant Director of Finance (Pensions, Procurement and Revenue & Benefits)
Mark.Preston@buckinghamshire.gov.uk

Julie Edwards
Pensions and Investments Manager
Julie.Edwards@buckinghamshire.gov.uk

Claire Lewis-Smith
Pensions Administration Manager
Claire.Lewis-Smith@buckinghamshire.gov.uk

Samantha Price
Assistant Pensions Administration Manager
Sam.Price@buckinghamshire.gov.uk

Client Relationship Manager
Brunel Pension Partnership Ltd, 101 Victoria Street, Bristol, BS1
6PU
Email: client relations@brunelpp.org
Web: www.brunelpensionpartnership.org

Pensions and Investments Team
Buckinghamshire Council, Walton Street Offices, Walton Street, Aylesbury, HP20 1UD
Email: pensions@buckinghamshire.gov.uk
Web: lgps.buckinghamshire.gov.uk

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.