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DATE: 11 November 2016

PENSIONS INVESTMENT SUB-COMMITTEE

Meeting to be held on Wednesday 16 November 2016

Please see the attached report marked “to follow” on the agenda.

8 LOCAL PENSION BOARD ANNUAL REPORT 2015-16 (Pages 3 - 14)

Copies of the documents referred to above can be obtained from
<http://cds.bromley.gov.uk/>

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Report No.
FSD16079

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: Pensions Investment Sub Committee
General Purposes & Licensing Committee
Council

Date: 16th November 2016
7th December 2016
12th December 2016

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **LOCAL PENSION BOARD – ANNUAL REPORT**

Contact Officer: David Kellond, Pensions Manager
Tel: 020 8461 7503 E-mail: david.kellond@bromley.gov.uk

Chief Officer: Director of Finance

Ward: Borough Wide

1. Reason for report

1.1 The Local Pension Board Terms of Reference require that an Annual Report is produced and provided to the Pensions Manager each year. In a report to the Pensions Investment Sub Committee, General Purposes and Licensing Committee and Council in February 2015, it was also confirmed that the Local Pension Board's Annual Report, would be provided to Council via the Pensions Investment Sub-Committee and the General Purposes and Licensing Committee.

2. **RECOMMENDATION(S)**

2.1 **Members of the Pensions Investment Sub Committee, General Purposes and Licensing Committee and Council are asked to:**

(i) **Note the contents of the report**

Corporate Policy

1. Policy Status: Existing Policy: The Council's pension fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.
 2. BBB Priority Excellent Council
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Any costs associated with the reimbursement to Board Members of directly incurred expenses are chargeable to the Pension Fund
 4. Total current budget for this head: £36.4m expenditure (pensions, lump sums, etc); £42.6m income (contributions, investment income, etc); £863.3m total fund market value at 30th September 2016)
 5. Source of funding: Contributions to Pension Fund
-

Staff

1. Number of staff (current and additional): The Local Pension Board comprises of 2 Employer Representatives and two Member Representatives. The Board is supported by the Pensions Manager.
 2. If from existing staff resources, number of staff hours: n/a
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Legal

1. Legal Requirement: Statutory Requirement The Local Government Pension Scheme Regulations 2013 (as amended)
 2. Call-in: Not Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,238 current employees; 5,175 pensioners; 5,406 deferred pensioners as at 30th September 2016
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Council Wide

3. COMMENTARY

- 3.1 The London Borough of Bromley Local Pension Board was established by Council on 23rd February 2015. The Board held an introductory meeting on 27th July 2015 and it's first formal annual meeting on 26th October 2015.
- 3.2 In accordance with the Terms of Reference the Board are required to produce a single annual report to the Pensions Manager. This report should include
- A summary of the work of the Local Pension Board and a work plan for the coming year
 - Details of areas of concern reported to or raised by the Board and recommendations made
 - Details of any conflicts of interest that have arisen in respect of individual Local Pension Board members and how these have been managed
 - Any areas of risk or concern the Board wish to raise with the Scheme Manager
 - Details of training received and identified training needs
 - Details of any expenses and costs incurred by the Local Pension Board and any anticipated expenses for the forthcoming year.
- 3.3 Members are asked to note the contents of the Local Pension Board Annual Report 2015/2016.

4. POLICY IMPLICATIONS

- 4.1 The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.

5. FINANCIAL IMPLICATIONS

- 5.1 Although permitted under Regulations, Local Pension Board members are not paid an allowance. As set out in the terms of reference, remuneration for Board members is limited to a refund of actual expenses incurred in attending meetings and training.
- 5.2 As the administering authority the Council is required to facilitate the operation of the Local Pension Board including providing suitable accommodation for Board meetings as well as administrative support, advice and guidance. This is currently done within existing in-house resources.
- 5.3 Any costs arising from the establishment and operation of the Local Pension Board are treated as appropriate administration costs of the scheme and, as such, are chargeable to the Pension Fund.
- 5.4 There has been no expenditure or claims for reimbursement of costs within the relevant period for the administration of the Board.

6. LEGAL IMPLICATIONS

- 6.1 The Public Service Pensions Act 2013 provides primary legislation for all public service schemes including the LGPS 2014. A requirement is the establishment of Local Pension Boards. Details on the prescribed membership requirements (as set out in secondary legislation) can be found at paragraph 3.3

7. PERSONNEL IMPLICATIONS

- 7.1 All Local Government Pension Scheme employers and members must have an equal opportunity to be nominated to become Board members through an open and transparent process.

Non-Applicable Sections:	Procurement Implications Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Public Service Pensions Act 2013; Local Government Pension Scheme (Amendment) (Governance) Regulations 2015; Local Government Pension Scheme Regulations 2013; Local Pension Board Report, Supplementary Report and Appendices to Pensions Investment Sub-Committee, General Purposes & Licensing Committee and Council 3rd, 10th and 23rd February 2015; Local Pension Board – Appointment of Board Members, General Purposes and Licensing Committee and Council 27 th May and 29 th June 2015. Local Pension Board – Appointment of Board Members to General Purposes & Licensing Committee 14 th September 2016



**LONDON
BOROUGH OF
BROMLEY –
LOCAL PENSION
BOARD**

**ANNUAL REPORT
2015/2016**

**LONDON BOROUGH OF BROMLEY - LOCAL PENSION BOARD
ANNUAL REPORT 2015/16
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1. Foreword

- 1.1 The purpose of this London Borough of Bromley Local Pension Board Annual report is to provide information regarding the activities and role of the Board for Scheme Members, Scheme Employers and the Scheme Manager (Administering Authority).
- 1.2 The Local Pension Board was established by the London Borough of Bromley Pension Fund in response to new regulatory requirements introduced into the Local Government Pension Scheme Regulations 2013
- 1.3 The role of the Local Pension Board is to provide assistance to the London Borough of Bromley in its role as an Administering Authority within the Local Government Pension Scheme in ensuring it remains compliant with the relevant legislation and requirements of the Pensions Regulator.

2. Membership and meetings of the Board

- 2.1 The Local Government Pension Scheme Regulations 2013 (as amended) required that the Local Pension Board be established by 1st April 2015, in so far as the composition and terms of reference be approved. This took place at a meeting of Council on 23rd February 2015.
- 2.2 The London Borough of Bromley Local Pension Board requires a total of four members. The membership is constituted as follows:
- 2 members representing the interests of the Fund's employers – Employer Representatives.
 - 2 members representing the interests of the Fund's scheme members – Member Representatives.
- 2.3 In line with the requirements of the Local Pension Board Terms of Reference. Member Representatives were appointed to the Board by the General Purposes and Licensing Committee on 27th May 2015. The Member Representatives appointed were:
- Mrs Lesley Rickards
 - Mr Glenn Kelly
- 2.4 At their meeting on 27th May 2015 the General Purposes and Licensing Committee also nominated two potential Employer Representatives to be recommended to Council for appointment to the Board. Council then duly appointed the two Employer Representatives at its meeting on 29th June 2015. The Employer Representatives were:
- Mr Brian Toms
 - Ms Jane Harding
- 2.5 On 13th June 2016, Glenn Kelly, in accordance with paragraph 19 of the Local Pension Board Terms of Reference gave notice of his wish to resign as a Board member.
- 2.6 Following the resignation of Glenn Kelly, the Scheme Manager began the process of seeking a replacement, resulting in the appointment of Mr Tony Conboy by the General Purposes and Licensing Committee on 14th September 2016.
- 2.7 The General Purposes and Licensing Committee approved some minor amendments to the Terms of Reference at its meeting on 14th September 2016.

- 2.8 Following an introductory meeting of the Local Pension Board Members which took place on Monday 27th July 2015, the first formal meeting of the Board took place on Monday 26th October 2015. The table below shows the attendance of those meetings:

	Employer Representatives		Member Representatives	
	Mr B Toms	Ms J Harding	Mr G Kelly	Mrs L Rickards
Introductory Meeting 27/07/2015	✓	✓	✓	✓
Formal Meeting 26/10/2015	✓	✓	X	✓

- 2.9 At the first formal meeting, the Local Pension Board approved its Terms of Reference. Mr Brian Toms was elected by the members of the Board to act as its Chair for a period of 12 months, in line with the requirements of the Terms of Reference.
- 2.10 Information regarding the Board, its Terms of Reference and its membership are publicly available on the London Borough of Bromley Website.

3. Board Activity

- 3.1 In accordance with the requirement of the Terms of Reference, the Local Pension Board met on 26th October 2015 for its annual meeting.
- 3.2 Members of the Board are also encouraged to attend meetings of the Pensions Investment Sub-Committee and where appropriate meeting of the General Purposes and Licensing Committee. The table below shows Board members attendance at meetings of the Pensions Investment Sub-Committee:

	Employer Representatives		Member Representatives	
	Mr B Toms	Ms J Harding	Mr G Kelly	Mrs L Rickards
23/09/2015	✓	✓	X	X
18/11/2015	✓	✓	X	X
11/02/2016	✓	X	X	X
19/05/2016	✓	✓	X	X
21/09/2016	✓	✓	N/A	X

- 3.3 In accordance with the workplan issued to Local Pension Board members, members have been provided throughout the year with monthly Pensions Administration Reports for review. These reports are produced by Liberata UK Ltd, and include a monthly summary of activity, and details of key Performance Indicators (KPI's). To date no issues have been raised by Board members in connection with such reports.

- 3.4 Board Members were provided with a Department for Communities and Local Government Consultation Document on amendments to the Local Government Pension Scheme Regulations.
- 3.5 Board Members were invited to consider and comment on the London Borough of Bromley 2014/2015 Pension Fund Annual Report. They have also been provided with a copy of the 2015/2016 report which will be considered at the next formal meeting.
- 3.6 The next meeting of the Local Pension Board is due to take place on Thursday 10th November 2016. At this meeting the Board will be required to elect a new Chair for 2016/2017 in line with the terms of reference, accept recent minor amendments to the terms of reference and agree work-plan and training arrangements for 2016/2017.

4. Training

- 4.1 It is a requirement of the Public Service Pensions Act that Board members have the capacity to become conversant with the rules governing the Local Government Pension Scheme and the policy documents of the Administering Authority.
- 4.2 The following training has been provided during the course of the year to the Local Pension Board members:
- London Borough of Bromley Pensions Seminar Event held on 11th January 2016.
 - The Pensions Regulator e-learning package, covering 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.
- 4.3 Members have also been provided with the following documentation;
- The Local Government Pension Scheme Regulations
 - Administration, HR, Payroll and Member Guides to the Local Government Pension Scheme
 - Guidance on the creation and operation of Local Pension Boards
 - Mercer Newsletters 'Local Government Pension Scheme – Current Issues'
 - Department for Communities and Local Government Consultation Documents
 - Agendas and reports for the Pensions Investment Sub-Committee meetings

5. Board Observations and Comments

- 5.1 The Local Pension Board terms of reference set out that the Board should raise any areas of risk or concern with the Scheme Manager in the first instance. During 2015/2016, no such matters have been raised.

6. Conflicts of Interest

- 6.1 At the introductory meeting on 27th July 2015, it was explained to each Board member that they were required to observe both the Code of Conduct for Councillors/Co-opted Members and Data Protection policies of the London Borough of Bromley. Members were also required to complete 'The Notification of Disclosable Pecuniary Interests Form', 'The Notification of Non-Pecuniary Interests Form' and a 'Declaration of Acceptance of Office Form'.
- 6.2 No declarations of interests were made at the formal meeting of the Board on 26th October 2015.
- 6.3 The newest member of the Board, Mr Tony Conboy, will be provided with the relevant forms for signing at the forthcoming meeting of the Local Pension Board.

7. Expenses and Costs

- 7.1 All costs regarding the administration of the Local Pension Board have been contained within existing resources. There has been no expenditure or claims for reimbursement of costs within the relevant period for the administration of the Board.

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