



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

TELEPHONE: 020 8464 3333

CONTACT: Graham Walton
graham.walton@bromley.gov.uk

DIRECT LINE: 0208 461 7743

FAX: 020 8290 0608

DATE: 18 March 2014

To: Members of the

GENERAL PURPOSES AND LICENSING COMMITTEE

Councillor Tony Owen (Chairman)

Councillor Russell Mellor (Vice-Chairman)

Councillors Nicholas Bennett J.P., John Canvin, Roger Charsley,

Roxhannah Fawthrop, John Getgood, Julian Grainger, Ellie Harmer, Gordon Norrie,
Charles Rideout, Diane Smith, Tim Stevens, Harry Stranger and Michael Turner

A meeting of the General Purposes and Licensing Committee will be held at Bromley Civic Centre on **WEDNESDAY 26 MARCH 2014 AT 7.00 PM**

MARK BOWEN

Director of Corporate Services

Copies of the documents referred to below can be obtained from
www.bromley.gov.uk/meetings

A G E N D A

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

2 DECLARATIONS OF INTEREST

3 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING

In accordance with the Council's Constitution, questions to this Committee must be received in writing 4 working days before the date of the meeting. Therefore please ensure questions are received by the Democratic Services Team by 5pm on Thursday 20th March 2014.

4 CONFIRMATION OF MINUTES OF THE MEETINGS HELD ON 4TH AND 24TH FEBRUARY 2014 (EXCLUDING EXEMPT ITEMS) (Pages 3 - 12)

5 COUNCIL TAX SETTING - RECORDED VOTING (Pages 13 - 16)

6 APPOINTMENT OF HONORARY ALDERMEN (Pages 17 - 22)

7 LICENSING SUB-COMMITTEE: SCHEDULE OF MEETINGS (Pages 23 - 26)

8 LONDON PENSION FUND AUTHORITY (Pages 27 - 42)

- 9 **PENSIONS INVESTMENT SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 11TH FEBRUARY 2014, EXCLUDING EXEMPT INFORMATION** (Pages 43 - 46)
- 10 **LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000**

The Chairman to move that the Press and public be excluded during consideration of the items of business listed below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

Items of Business

Schedule 12A Description

- | | | |
|----|---|---|
| 11 | EXEMPT MINUTES OF THE MEETINGS HELD ON 4TH AND 24TH FEBRUARY 2014 (Pages 47 - 50) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |
| 12 | PENSIONS INVESTMENT SUB-COMMITTEE: EXEMPT MINUTES - 11TH FEBRUARY 2014 (Pages 51 - 54) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |

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Agenda Item 4

GENERAL PURPOSES AND LICENSING COMMITTEE

Minutes of the meeting held at 7.00 pm on 4 February 2014

Present:

Councillor Tony Owen (Chairman)
Councillor Russell Mellor (Vice-Chairman)
Councillors Nicholas Bennett J.P., John Canvin,
Roger Charsley, Roxhannah Fawthrop, John Getgood,
Julian Grainger, Ellie Harmer, Diane Smith, Tim Stevens,
Harry Stranger and Michael Turner

Also Present:

Councillor Simon Fawthrop and Councillor Will Harmer

127 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence had been received from Councillors Gordon Norrie and Charles Rideout.

128 DECLARATIONS OF INTEREST

Councillor Michael Turner declared an interest in relation to minute 131 (Arrangements for the 2014 Elections) as a churchwarden of St Andrews Church, Burnt Ash Lane.

During consideration of minute 137 (Review of Councillor IT and Telephones) Councillor Simon Fawthrop declared an interest as an employee of British Telecom.

129 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received.

130 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 25TH SEPTEMBER 2013

RESOLVED that the minutes of the meeting held on 25th September 2013 be confirmed.

131 ARRANGEMENTS FOR THE 2014 ELECTIONS Report CEO1400

The Committee received a report from the Chief Executive in his role as Returning Officer for the European Parliamentary election and the Local Government elections to be held on 22nd May 2014.

The Chief Executive confirmed that the guidance on tellers set out in the report was provided by the Electoral Commission, and he explained to the Committee that, from his perspective as Returning Officer, tellers did not have a formal role in the conduct of the elections. Members pointed out that tellers helped to increase turnout and were sometimes able to help direct voters to the correct polling station. The Chief Executive undertook to ensure that presiding officers were briefed on the role of tellers and able to use their discretion to see that reasonable facilities were available for them.

The report set out three options for the timing of the count. The favoured option was to start the verification for both elections on the Friday morning, with the local count following on the Friday afternoon and the European count on Sunday afternoon/evening. This would minimise the risk of errors and mean that better facilities would be available for all concerned.

Members commented on a number of local issues at particular polling stations. The changes involving Tubbenden Primary School, Orpington and St Georges Church Hall, Albemarle Road (replacing Bromley Road Infant School) were welcomed. The Chief Executive undertook to ensure that clear signs were erected at the Pickhurst Schools to direct voters to the correct polling station.

It was confirmed that payments for election staff were made in accordance with a London-wide agreement, that the new electoral roll would be available on 17th February and that signatures on nominee forms would be accepted even where the initials did not exactly match the electoral roll.

RESOLVED that the contents of the report be noted.

**132 LICENSING ACT 2003 - LICENSING CONDITIONS AT REVIEW
HEARINGS**
Report ES14021

Following a Licensing Sub-Committee hearing on 10th January 2014 Councillors Nicholas Bennett and Julian Grainger had raised a number of questions for consideration by the Committee –

- a. Can a Licensing Sub Committee consider imposing conditions at a Review hearing on a licensing objective(s) other than the objective(s) which originally prompted the Review application?
- b. If so what evidence can the panel consider?
- c. Who can a Licensing Sub-Committee ask questions of at a hearing?
- d. Would this Committee consider a policy statement relating to the imposition of a condition prohibiting the sale of high strength beers lagers and ciders on Review of an off licence.

The emails setting out these concerns in detail were attached as appendix 1 to the report, while appendix 2 contained an article written by Philip Colvin QC addressing some of the issues. The report itself summarised the issues and explained how they applied to Licensing Sub-Committee meetings.

On the particular issue of the sale of high strength beers, lagers and ciders, Members were against setting a blanket policy of imposing restrictions on new licenses or at Reviews. It was already open to a Licensing Sub-Committee to impose such a condition at a Review where the Police had made a relevant representation and where it was considered to be an appropriate and proportionate response. The Chairman pointed out that this issue could be examined further if necessary as part of the review of the Statement of Licensing Policy due for 2016.

RESOLVED that the answers to the questions put by Cllrs Nicholas Bennett and Julian Grainger, and the advice leading to them, be noted and the Statement of Licensing Policy be not amended in respect of reviews of off-licences and the sale of high strength beers, lagers and ciders.

133 DESIGNATION OF PITCHES AND GOODS FOR STREET TRADING
Report ES14005

On 10th April 2013 the Committee had agreed changes to permitted locations and goods for street trading, subject to formal consultation and the views of ward Councillors. The consultation had now been completed with no comments having been received and it was proposed to issue all established street traders with a full three year licence (details were set out in Appendix 1 to the report).

The Chairman reported that he had received complaints from a local resident about the pitch outside Beckenham Crematorium, that the stallholder's vehicle was blocking the footpath. Officers had investigated this and warned the trader not to leave the vehicle's doors open.

RESOLVED that

(1) Changes to designations under section 24 (1) of the London Local Authorities Act 1990 ("the Act") as summarised in Appendix A to the report be approved.

(2) The changes take effect on 1st April 2014.

134 2014/15 PAY AWARD

Under the Council's Local Pay Award determination process the Committee was required to make a recommendation on the 2014/15 pay award to full Council. The Committee received a report summarising the context and

reasoning for the proposed award, noting a small change in the proposal to address the overlap between parts of the BR14 and MG6 grades.

The Chairman invited Glenn Kelly, Staff Side Secretary, to address the meeting. He pointed out that staff had had eight years of pay freezes and below inflation increases, as well as the introduction of car parking charges and reductions in essential car user allowances, and their living standards had declined significantly. With staff numbers decreasing the overall wage bill had reduced significantly, and the Council had reserves available that could support a reasonable increase for staff. Staff in the three main trade unions, and non-union staff, had voted overwhelmingly to reject the offer and to support the national claim for a £1 an hour minimum increase to achieve the Living Wage. He also criticised the first awards made to exceptional performers, claiming that 13% of senior managers had received a payment, but only 2% of BR graded staff and no school staff.

The Director of Human Resources responded to the Staff-Side Secretary, explaining the proposed award was reasonable and almost certain to be higher than the national pay award. Indeed, Unison had already accepted a 1% deal for the next two years in Scotland. The current proposals would add about £1m to the Council's annual wage bill, but a £1per hour minimum increase would cost in the region of £5m, requiring an additional £4m to be found.

The Committee considered the proposals and concluded that in the context of the financial challenges facing the Council they were reasonable. They could not support using capital reserves for paying increased salaries. Some Members queried the definition of the Living Wage, as it appeared to contain an allowance of up to 11% for leisure costs. They also questioned whether Mr Kelly had a mandate to represent staff, and whether the Council should be paying for him to do this.

In summing up his case, Mr Kelly explained that he had been elected to his role by staff to represent them, and he faced re-election every three years. He challenged Members to hold a staff ballot on future pay awards. He concluded by stating that the staff's demand was not excessive, amounting to only half of what they had lost in recent years.

RESOLVED that

(1) Full Council be recommended to approve the following "bottom loaded" pay increase proposal:

- 1.7% increase for staff earning less than £21k per annum (fte)**
- 1.2% increase for staff earning £21k or more but less than £44k per annum (fte)**
- 1% increase for staff on £44k per annum or more (fte)**

(2) Members reject the Trade Union pay claim for a “minimum increase of £1 an hour on scale point 5 to achieve the Living Wage and the same flat increase on all other scale points”.

(Councillor John Getgood stated that, on principle, the Council’s workers, including contractors, should be on a living wage, and requested that his contrary vote be recorded.)

135 MEMBERS' ALLOWANCES SCHEME 2014/15
Report CSD14022

Before the beginning of each financial year the Council was required to approve a scheme of allowances for all Councillors. Allowances for the Mayor and Deputy Mayor, although not formally part of the scheme, were usually considered at the same time. Since 2009, the economic circumstances and the pressure on the Council’s budgets had meant that Councillors had opted to keep the allowances frozen at the same level, and the Committee agreed that this should continue into 2014/15

RESOLVED that Council be recommended to approve the Members’ Allowances Scheme 2014/15 and the Mayoral and Deputy Mayoral Allowances for 2014/15, based on maintaining the allowances at their current levels.

136 EXECUTIVE ASSISTANTS: ANNUAL REPORT 2013/14
Report CSD14030

Since 2008, the Committee had received an annual report summarising their work from each Executive Assistant in conjunction with its consideration of the Members’ Allowances Scheme. The Committee received reports from Councillor Peter Fortune (Executive Assistant for Environment), Councillor Richard Scoates (Executive Assistant to the Leader) and Councillor Diane Smith (Executive Assistant for Care Services).

RESOLVED that the reports submitted by Executive Assistants for 2013/14 be noted.

137 REVIEW OF COUNCILLOR IT AND TELEPHONES
Report CSD14022

In addition to the Members’ Allowances Scheme, the Council provided a range of computer and telephone equipment and services to support Councillors in their work. These arrangements had been reviewed and new, simplified arrangements were proposed, to take effect after the 2014 election, based on the provision of tablet devices and either a basic Council mobile phone or a fixed phone allowance, and removing a range of provision that had grown up over several decades. This would also provide savings over the course of the next Council.

The proposals had been drawn up by the New Technology Working Group, chaired by Councillor Will Harmer. Councillor Harmer stated that the proposals would bring Members into line with practice elsewhere in other organisations and would provide savings; he was confident that Members would soon appreciate the benefits of using a tablet, including the ability to write notes on-screen.

Some Members expressed reservations about having to read documents on a screen, but it was emphasised that tablets were designed for reading and were more suited to this than conventional computer/laptop screens. Members would be able to retain their existing IT equipment, or use their own equipment, to complement the new tablet devices. The Council would dispose of any unwanted equipment.

Another issue was telephone tariffs, and whether the proposed £10 per month allowance was at the correct level; the Council was currently looking at changing contracts but was certainly able to obtain better rates than private customers. There was also concern that some residents might be reluctant to call a mobile number rather than a landline, fearing higher charges.

The Committee requested that the report be circulated to all Councillors, and that any comments received be added to those made by the Executive for consideration by full Council.

(During consideration of this item Simon Fawthrop declared an interest as an employee of British Telecom.)

RESOLVED that

(1) The report be circulated to all Councillors.

(2) Council be recommended to approve the new arrangements for Councillor IT and telephone support as set out in paragraphs 3.5 and 3.7 of the report, subject to the Council considering any comments received not only from the Executive but from any Councillor.

138 PROGRAMME OF MEETINGS 2014/15
Report CSD14024

The Committee considered the draft programme of meetings for 2014/15. The following minor corrections were noted –

- 14th January 2015 – add meeting of the Executive
- 20th January 2015 – Replace Education Budget Sub-Committee with Bromley Economic Partnership
- 18th February 2015 – Delete Improvement and Efficiency Sub-Committee
- 27th May 2015 – Replace Education PDS Committee with General Purposes and Licensing Committee

RESOLVED that the proposed programme of meetings for 2014/15, with the corrections set out above, be approved.

Note: After the meeting further corrections were identified –

- 27th January 2015 should read Education PDS (not Environment PDS)
- 28th January 2015 should read General Purposes & Licensing (not Education PDS)
- 25th March 2015 add Adoption Panel

139 LOCAL JOINT CONSULTATIVE COMMITTEE: MINUTES OF THE MEETINGS HELD ON (A) 8TH OCTOBER 2013 AND (B) 11TH DECEMBER 2013

The Committee received the minutes of the meetings of the Local Joint Consultative Committee held on (A) 8th October 2013 and (B) 11th December 2013.

140 AUDIT SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 6TH NOVEMBER 2013, EXCLUDING EXEMPT INFORMATION

The Committee received the minutes of the meeting of the Audit Sub-Committee held on 6th November 2013 (excluding exempt information.)

141 INDUSTRIAL RELATIONS SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 10TH OCTOBER 2013 (EXCLUDING EXEMPT INFORMATION)

The Committee received the minutes of the meeting of the Industrial Relations Sub-Committee held on 10th October 2013 (excluding exempt information.)

142 PENSIONS INVESTMENT SUB-COMMITTEE: MINUTES OF THE MEETINGS HELD ON (A) 18TH SEPTEMBER 2013, (B) 7TH OCTOBER 2013 AND (C) 7TH NOVEMBER 2013 (EXCLUDING EXEMPT INFORMATION)

The Committee received the minutes of the meetings of the Pensions Investment Sub-Committee held on (A) 18th September 2013, (B) 7th October 2013 and (C) 7th November 2013 (excluding exempt information.)

143 APPEALS SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON (A) 13TH NOVEMBER 2013 AND (B) 3RD DECEMBER 2013, EXCLUDING EXEMPT INFORMATION

The Committee received the minutes of the meetings of the Appeals Sub-Committee held on (A) 13th November 2013 and (B) 3rd December 2013, excluding exempt information.

144 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000

RESOLVED that the Press and public be excluded during consideration of the items of business referred to below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

**The following summaries
refer to matters
involving exempt information**

145 AUDIT SUB-COMMITTEE: EXEMPT MINUTES OF THE MEETING ON 6TH NOVEMBER 2013

The Committee received the exempt minutes of the meeting of the Audit Sub-Committee on 6th November 2013.

146 INDUSTRIAL RELATIONS SUB-COMMITTEE: EXEMPT MINUTES OF THE MEETING ON 10TH OCTOBER 2013

The Committee received the exempt minutes of the meeting of the Industrial Relations Sub-Committee on 10th October 2013.

147 PENSIONS INVESTMENT SUB-COMMITTEE: EXEMPT MINUTES OF THE MEETINGS HELD ON (A) 18TH SEPTEMBER 2013, (B) 17TH OCTOBER 2013 AND (C) 7TH NOVEMBER 2013

The Committee received the exempt minutes of the meetings of the Pensions Investment Sub-Committee on (A) 18th September, (B) 17th October and (C) 7th November 2013.

148 APPEALS SUB-COMMITTEE: EXEMPT MINUTES OF THE MEETINGS ON (A) 13TH NOVEMBER 2013 AND (B) 3RD DECEMBER 2013

The Committee received the exempt minutes of the meetings of the Appeals Sub-Committee on (A) 13th November and (B) 3rd December 2013.

The Meeting ended at 8.42 pm

Chairman

GENERAL PURPOSES AND LICENSING COMMITTEE

Minutes of the meeting held at 6.15 pm on 24 February 2014

Present

Councillor Tony Owen (Chairman)
Councillor Russell Mellor (Vice-Chairman)
Councillors Nicholas Bennett J.P., Roger Charsley,
John Getgood, Gordon Norrie, Charles Rideout,
Diane Smith, Tim Stevens and Michael Turner

Also Present

Councillor Eric Bosshard

149 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies were received from Councillor Julian Grainger.

150 DECLARATIONS OF INTEREST

Councillors Roger Charsley, Charles Rideout and Michael Turner declared Personal Interests as Members of the L B Bromley Pension Fund.

151 PAY POLICY STATEMENT 2014/15

Under the Localism Act 2011 the Council is required to publish a Pay Policy statement which must be prepared and approved by full Council every year. Members of the General Purposes and Licensing Committee were asked to recommend that full Council approve the 2014/15 Pay Policy Statement.

RESOLVED that full Council be recommended to approve the 2014/15 Pay Policy Statement attached as Appendices A and B to Report HHR14001.

152 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000

153 TRIENNIAL PENSION FUND VALUATION Report CSD14047

In connection with the L B Bromley Pension Fund Triennial Valuation, Members received the resolution of the Pensions Investment Sub Committee made at their meeting on 11th February 2014 for referring on to the full Council meeting on 24th February 2014 (at 7pm).

The Meeting ended at 6.19 pm

Chairman

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Report No.
CSD 14059

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: 26 March 2014

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

Title: COUNCIL TAX SETTING - RECORDED VOTING

Contact Officer: Graham Walton, Democratic Services Manager
Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: N/A

1. Reason for report

- 1.1 The Government has recently introduced regulations requiring Councils to take a recorded vote on their budget and council tax setting decisions. The requirement came into force on the day after Bromley set its 2014/15 Council Tax. This report proposes changes to the Council's Constitution, to be recommended to full Council, to reflect the new requirement in the Council Procedure Rules in the Constitution.

2. **RECOMMENDATION(S)**

Council be recommended to adopt the following additional words (*in italics*) in the Council Procedure Rules in the Constitution -

15.5 Recorded vote

If one third of the Members present at the meeting demand it, the names for and against the motion or amendment or abstaining from voting will be taken down in writing and entered into the minutes. A demand for a recorded vote will override a demand for a ballot. A recorded vote will be taken on Budget and Council Tax setting matters and where required by law.

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Excellent Council:
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £367,636
 5. Source of funding: 2013/14 revenue budget
-

Staff

1. Number of staff (current and additional): 10 (8.75fte)
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Not Applicable: This report does not involve an executive decision
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 60 members of the Council
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 The Local Authorities(Standing Orders) (Amendment) (England) Regulations 2014 (SI 165 2014) came into effect on 25th February 2014. Regulation 2 provides that the votes at key budget decision meetings by local authorities should be recorded. Local authorities are required to modify their standing orders as soon as reasonably practicable after the regulations came into force. The Regulations came into force on the day after the recent meeting of the Council when the 2014/15 budget and Council Tax decisions were made, but Members will recall that a recorded vote was taken in line with the Local Government Minister’s encouragement for all Councils to adopt this practice immediately.
- 3.2 It is proposed that Council should amend the Council Procedure Rules in Part 4 of the Constitution with the following additional wording (*in italics*) –

15.5 Recorded vote

If one third of the Members present at the meeting demand it, the names for and against the motion or amendment or abstaining from voting will be taken down in writing and entered into the minutes. A demand for a recorded vote will override a demand for a ballot. *A recorded vote will be taken on Budget and Council Tax setting matters and where required by law.*

4. POLICY IMPLICATIONS

- 4.1 None

5. FINANCIAL IMPLICATIONS

- 5.1 None

6. LEGAL IMPLICATIONS

- 6.1 The Council is required to implement the Local Authorities(Standing Orders) (Amendment) (England) Regulations 2014 (SI 165 2014) so that its rules of procedure require a recorded vote on budget and Council Tax setting decisions.

7. PERSONNEL IMPLICATIONS

- 7.1 None

| | |
|---|--|
| Non-Applicable Sections: | |
| Background Documents: (Access via Contact Officer) | The Local Authorities(Standing Orders) (Amendment) (England) Regulations 2014 (SI 165 2014) Letters from the Local Government Minister to Council Leaders and the DCLG to Council Chief Executives (4/2/14) |

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Agenda Item 6

Report No.
DCS14058

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: Wednesday 26 March 2014

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

Title: APPOINTMENT OF HONORARY ALDERMEN

Contact Officer: Graham Walton, Democratic Services Manager
Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: N/A

1. Reason for report

- 1.1 To agree nominees for appointment as Honorary Aldermen for consideration at a special meeting of the Council to be held on 4th June 2014, before the annual meeting.
-

2. **RECOMMENDATION(S)**

That the following members be nominated to full Council for appointment as Honorary Aldermen –

Councillors Roger Charsley, John Getgood, Brian Humphrys, Mrs Anne Manning, David McBride and Ernest Noad

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Excellent Council:
-

Financial

1. Cost of proposal: Estimated Cost: There are some modest costs relating to production of badges and certificates, but these will be contained within existing budgets.
 2. Ongoing costs: Non-Recurring Cost:
 3. Budget head/performance centre: Democratic Representation
 4. Total current budget for this head: £1,149,820
 5. Source of funding: 2013/14 revenue budget
-

Staff

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Non-Statutory - Government Guidance: Discretionary – Section 249 of the Local Government Act 1972.
 2. Call-in: Not Applicable: This report does not involve an executive decision.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Members who meet the eligibility criteria – at present there are six.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 The Council on 17th March 2008 approved a Scheme of Enrolment of Honorary Aldermen and the first appointments of Honorary Aldermen were made and celebrated at a special Council meeting on 23rd June 2008. Since then, further appointments were made at the time of the 2010 elections and the following year. It is proposed that, with a number of Members who have rendered eminent service to the Borough due to stand down at the 2014 election, it would be appropriate to consider further nominations.
- 3.2 An informal cross-party meeting has been held to consider potential Honorary Aldermen, and the following Members have been proposed - Councillors Roger Charsley, John Getgood, Brian Humphrys, Mrs Anne Manning, David McBride and Ernest Noad. A brief summary of their length of service and positions held is attached in Appendix 1. All have been consulted and have indicated that they would accept the appointment. The Scheme of Enrolment for Honorary Aldermen is attached at Appendix 2.

4. POLICY IMPLICATIONS

- 4.1 See Appendix 2.

5. FINANCIAL IMPLICATIONS

- 5.1 The proposal involves some modest costs for the production of badges and certificates. The special Council meeting will be held on the same night as the Council's annual meeting and so meeting costs will be minimal.

6. LEGAL IMPLICATIONS

- 6.1 The power to appoint honorary aldermen is contained in section 249 of the Local Government Act 1972.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications.

| | |
|---|--|
| Non-Applicable Sections: | |
| Background Documents: (Access via Contact Officer) | Report to General Purposes and Licensing Committee 7 th April 2010 – "Nominations for appointment as Honorary Aldermen" |

Nominations for Appointment as Honorary Aldermen

| <u>COUNCILLOR'S NAME</u> | <u>LENGTH OF SERVICE</u> | <u>POSITIONS HELD</u> |
|---------------------------------|---|--|
| Roger Charsley | May 2002 to May 2014 Mottingham and Chislehurst North Ward | Deputy Mayor. Vice-Chairman, Community Safety PDR Committee, Adult and Community PDS Committee. Executive Assistant, Community Safety. |
| John Getgood | May 2002 to May 2014 Penge and Cator Ward | Leader of the Labour Group. |
| Brian Humphrys | May 1986 to May 2014 West Wickham North/West Wickham Wards | Chairman, Education Committee and Education Operational Management Committee. Portfolio Holder for Children and Young People Executive Assistant, Children and Young People Vice-Chairman, Plans Sub Committees Chairman, SEN Working Group |
| Mrs Anne Manning | May 1998 to May 2014 Hayes/Hayes and Coney Hall Wards | Mayor. Chairman, Social Care Health and Housing PDR Committee. Chairman, Children and Young People PDS Committee. Chairman and Vice-Chairman, Plans Sub Committees. Vice-Chairman, General Purposes Committee. Executive Assistant, Children and Young People. Chairman, SACRE. Chairman, Duke of Edinburgh's Award Support Committee |
| David McBride | May 1998 – May 2014 St Mary Cray/Cray Valley East Wards | Mayor. Leader of the Liberal Democrat Group. Chairman and Vice-Chairman, Education Operational Management Sub-Committee. Vice-Chairman, Plans Sub-Committee. |
| Ernest Noad | May 2002 to May 2014 Shortlands Ward | Mayor. Chairman, Children and Young People PDS Committee and Resources PDS Committee. Portfolio Holder for Children and Young People. Executive Assistant for Children and Young People. Chairman, SEN and Child Safeguarding & Corporate Parenting Working Groups. |

LONDON BOROUGH OF BROMLEY

**HONORARY ALDERMAN
SCHEME OF ENROLMENT**

1. Qualifications Required for Enrolment

A person shall be deemed to be eligible for consideration to be nominated to the position of Honorary Alderman if he or she:

- i) has rendered a minimum of 12 years service as a member of the London Borough of Bromley; and
- ii) has rendered eminent, or notable, service generally or by service as Mayor, or a Chairman of a major Council Committee or holding one or more senior positions on the council in any political group.

2. Method of Enrolment

2.1 Applications for nomination as an Honorary Alderman shall be made by a Member of the Council and submitted, in writing, to the Director of Corporate Services for consideration by the General Purposes Committee.

2.2 Prior to the submission of any application for nomination, the person nominated shall be asked by the Member nominating him or her if he or she is willing to accept nomination for enrolment as an Honorary Alderman.

2.3 Election to the position of Honorary Alderman shall be by a resolution of the Council, passed on the recommendation of the General Purposes Committee, by not less than two-thirds of the Members voting thereon at a meeting of the Council specially convened for the purpose by the Mayor with notice of the object.

2.4 Following the election of a person to the position of Honorary Alderman, the Director of Corporate Services will arrange for the name of the person to be admitted to the Roll of Honorary Aldermen, which shall be established for such purpose.

3. Rights and Privileges

3.1 An Honorary Alderman shall be entitled to the following rights and privileges:

- i) to enjoy the courtesy title of "Honorary Alderman" and to be addressed as such;
- ii) to attend as an observer at meetings of the Council or any other meetings to which the press and public are admitted and to have a seat reserved for this purpose;
- iii) on request, to receive a copy of the Council Summons and Agenda and a copy of the Council's Year Book.
- iv) to review invitations to all Civic events to which members of the Council are invited;
- v) to walk in Civic Processions in a position immediately senior to serving Members;

- vi) to wear the Badge of Office of Honorary Alderman on Civic occasions.
 - vii) on death, to have the Borough flag flown at the Civic Centre at half mast.
 - viii) to enjoy such other privileges as the Council may confer upon them from time to time.
- 3.2 In the event of an Honorary Alderman resuming membership of the council, he or she shall cease to be entitled to be addressed as “Honorary Alderman” or to attend or take part in any Civic ceremonies of the Council as an Honorary Alderman.
- 3.3 It shall be competent for the Council in any particular case to withdraw the title of “Honorary Alderman” and the attached rights and privileges on the recommendation of the General Purposes Committee. Such withdrawal of the title shall be by resolution of the Council, passed by not less than two-thirds of the Members voting thereon at a meeting of the Council specially convened for the purpose by the Mayor. On the passing of such resolution, the Chief Executive shall delete the name of the person concerned from the Roll of Honorary Aldermen and advise that person accordingly.

Agenda Item 7

Report No.
CSD 14056

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker: **General Purposes and Licensing Committee**

Date: **26th March 2014**

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

Title: **LICENSING SUB-COMMITTEE: SCHEDULE OF MEETINGS**

Contact Officer: Stephen Wood, Democratic Services
Tel: 020 8413 4316 E-mail: stephen.wood@bromley.gov.uk

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: N/A

1. Reason for report

- 1.1 The Committee is requested to consider the proposed schedule of meetings of the Licensing Sub-Committee for the period June to December 2014 (attached as Appendix 1). Although Members cannot be allocated to the meetings at this stage it is helpful to confirm the dates for administrative purposes.
-

2. **RECOMMENDATION**

Subject to the re-appointment of Committees and Sub-Committees in June 2014, the schedule of meetings of the Licensing Sub-Committee for June to December 2014 be approved.

Corporate Policy

1. Policy Status: Existing policy. The Committee normally receives a bi-annual report on the Licensing Sub Committee Schedule of Meetings.
 2. BBB Priority: Safer Bromley. Excellent Council.
-

Financial

1. Cost of proposal: No cost
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £363,070
 5. Source of funding: 2013/2014 revenue budget
-

Staff

1. Number of staff (current and additional): 10 posts (8.75fte).
 2. If from existing staff resources, number of staff hours: Preparing the Licensing Sub-Committee rota takes a few hours of staff time every six months.
-

Legal

1. Legal Requirement: Statutory requirement. Licensing Act 2003
 2. Call-in: Call-in is not applicable. This report does not involve an executive decision.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 The Committee regularly receives a schedule of proposed Licensing Sub-Committee meetings. The schedule for the period June-December 2014 is attached for consideration.
- 3.2 In accordance with the Licensing Act 2003, only Members of this Committee may serve on meetings of the Licensing Sub-Committee or act as substitutes thereon. Whilst proportionality is not required under the above Act, since the inception of these arrangements and in keeping with the Committee's wishes, it has been applied where practicable. Licensing Sub-Committees are currently scheduled on the basis of two Majority Group Members and one Minority Group Member for each meeting, but with a roughly equal workload for all Members. The continuation of this arrangement was agreed by the Committee on 8th April 2009 (Minute 116) but on the basis that officers should not be required to maintain this balance in seeking to fill vacancies due to the unavailability of scheduled Members. This can be reviewed after the election if necessary.
- 3.3 All meetings are to be held during the day; the morning session starting at 10 am and the afternoon session at 2 pm with pre-meetings at 9.45 am and 1.45 pm respectively. All dates set out in the schedule cover both sessions although it is anticipated that there will be occasions when the afternoon session will not be required. In line with the existing arrangements, members are asked to notify staff in the Democratic Services Team as soon as possible of meetings of the Sub-Committee where they are unable to attend as allocated.
- 3.4 Appendix 1 outlines the current rota with allocated Members, plus proposed dates for the remainder of 2014. It is proposed to allocate June to December 2014 meetings to Members after the Council's annual meeting on 4th June 2014.

| | |
|---|---|
| Non-Applicable Sections: | Policy, Financial, Legal and Personnel implications |
| Background Documents: (Access via Contact Officer) | None |

LICENSING SUB-COMMITTEE**Schedule of Meetings: January to December 2014**

| Date of Meeting | Membership (can be any member of the GP&L Committee) |
|--|--|
| Friday 10th January | Nicholas Bennett, John Canvin, Julian Grainger, |
| Monday 20 th January | Roger Charsley (am)/John Getgood (pm), Ellie Harmer, Charles Rideout |
| Monday 3 rd February (am only) | Nicholas Bennett, Diane Smith, Michael Turner, |
| Monday 17 th February (am only) | John Canvin , Russell Mellor, Tim Stevens |
| Monday 3 rd March (cancelled) | Roxhannah Fawthrop, John Getgood, Tony Owen |
| Monday 17 th March (cancelled) | Nicholas Bennett, Julian Grainger, Ellie Harmer |
| Friday 28 th March (am only) | Russell Mellor, Tim Stevens, Michael Turner |
| Monday 7 th April | Roger Charsley, Charles Rideout, Harry Stranger |
| Wednesday 7 th May | John Canvin, Tony Owen, Diane Smith |
| Monday 16 th June | |
| Monday 30 th June | |
| Monday 14 th July | |
| Tuesday 29 th July | |
| Wednesday 13 th August | |
| Tuesday 26 th August | |
| Monday 8 th September | |
| Monday 22 nd September | |
| Monday 6 th October | |
| Tuesday 21 st October | |
| Monday 3 rd November | |
| Monday 17 th November | |
| Monday 1 st December | |
| Monday 15 th December | |

All meetings start at 10 am and 2 pm on each date; afternoon meetings will be cancelled if necessary.

Report No.
FSD14028

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

Decision Maker: General Purposes & Licensing Committee

Date: 26th March 2014

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

Title: London Pension Fund Authority

Contact Officer: Tracey Pearson, Chief Accountant
Tel: 020 8313 4323 E-mail: tracey.pearson@bromley.gov.uk

Chief Officer: Director of Finance

Ward: Borough Wide

1. Reason for report

- 1.1 The London Pension Fund Authority (LPFA) have carried out a cessation valuation following the retirement of the one remaining London Borough of Bromley employee in the Fund. Under LGPS Regulations, an exit payment becomes payable once a Scheme employer ceases to have active members contributing to the Fund.
-

2. RECOMMENDATION(S)

2.1 The General Purposes and Licensing Committee is requested to:

- (a) agree that deficit liabilities continue to be measured using ongoing funding assumptions;
- (b) agree to an initial deficit recovery period of 17 years;
- (c) approve a payment plan with no set exit date and a flat rate payment of £40k per annum;
- (d) note that the position will be closely monitored and any request to exit the Fund and trigger a full cessation will be subject to a further report to this Committee.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council.
-

Financial

1. Cost of proposal: Estimated cost £40k per annum
 2. Ongoing costs: Recurring cost.
 3. Budget head/performance centre: Council wide
 4. Total current budget for this head: £5.9m in 2014/15 for past deficit contributions
 5. Source of funding: Existing budget for past deficit contributions
-

Staff

1. Number of staff (current and additional): There are currently 13 pensioner members in the LPFA Fund for whom Bromley retains liability
 2. If from existing staff resources, number of staff hours: n/a
-

Legal

1. Legal Requirement: Statutory requirement. Local Government Pension Scheme (Administration) Regulations 2008, as amended.
 2. Call-in: Call-in is not applicable.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: Council wide

3. COMMENTARY

- 3.1 Following the abolition of the Inner London Education Authority (ILEA) in 1990 approximately 8,500 staff were transferred to the London boroughs. The decision taken at the time was that these employees should remain in the LPFA Fund given the impact such a substantial reduction in active membership would have had on the Fund. Similarly, employees who were redundant and commenced employment with another local authority within a specified period were able to remain in the Fund.
- 3.2 Several employees who joined the Council following the abolition of ILEA therefore remained in the LPFA Pension Fund. The appropriate employer contributions, as determined by the triennial actuarial valuations carried out by the LPFA, together with contributions deducted from employee's pay, have continued to be made but have now ceased following the retirement of the last active employee in April 2013.
- 3.3 Prior to 1st October 2012 there was no power in the Regulations for an LGPS Fund to require an employer, other than an admitted body, to pay employer contributions if there were no active members in the Fund. Therefore, a cessation payment could only be levied on an admitted body (ie. an employer participating in the Fund under an admission agreement). The Regulations were changed significantly from 1st October 2012 giving the ability to demand a cessation payment from any employer participating in the Fund, not only an admitted body. The amending legislation was unclear and has since been clarified in further amending Regulations which came into force on 10th February 2014.
- 3.4 Following the retirement of the last London Borough of Bromley employee in the LPFA Fund the LPFA instructed their actuary, Barnett Waddingham, to carry out a cessation valuation to assess the deficit or surplus attributable to the Council.
- 3.5 There are currently 13 former Council employees in receipt of a pension from the LPFA Fund and no remaining active members. The average age is 76 and a total annual pension of £165k is payable. The valuation assesses the deficit attributable to the Council and provides a valuation under both a full cessation and an ongoing cessation basis. Under a full cessation, Bromley would no longer participate in the Fund and the valuation therefore applies a 'minimum risk' approach to reflect the fact that there is no ongoing employer support to fund any further deficits that may emerge in the future. Under a full cessation valuation, Bromley would be liable to make payment of £1,370k.
- 3.6 LPFA had initially requested an immediate lump sum payment of the full cessation shortfall based on Bromley leaving the Fund on 8th April 2013. They did, however, indicate that they may be willing to consider a payment plan over a maximum period of 20 years.
- 3.7 Although the actuarial report provided an ongoing cessation valuation of £425k, with a requirement for a guarantor, the LPFA did not consider this to be applicable to Bromley. Following discussions between officers and the LPFA, in recognition of the tax raising status of the Council and the implied ability to meet ongoing pension obligations, Barnett Waddingham provided an updated report setting out alternative payment options, including repayment under an on-going cessation valuation basis. This report is attached at appendix 1.

- 3.8 The LPFA have provided 2 options as an alternative to immediate payment of the full cessation liability:
- (i) payment plan with an expected end date – this option allows settlement of the full cessation deficit over a period of time. Once the deficit has been funded in full, Bromley would have no further obligations to the Fund. The report provides options for different recovery periods and the total cost of this arrangement would range from £1,442k (5 years using an increasing value) to £1,741k (17 years using an increasing value).
 - (ii) payment plan with no set exit date – under this option, Bromley would be treated similar to other boroughs within the Fund using ongoing funding assumptions. It allows for a 17 year deficit recovery period, meaning that there is an expectation we would be 100% funded on an ongoing basis in 17 years. However, we would remain in the Fund after this date and retain liability for any further deficits that may arise at future valuations. The total cost over the 17 year period is £680k using a flat rate and £717k using an increasing value.
- 3.9 It must be noted that, although the cost of option (ii) is significantly lower, there may be additional deficit liabilities arising at future triennial valuations for which we would retain liability. However, this option does enable us to remove the funding deficit over time whilst pensioner liabilities are run down. The position would need to be monitored to ensure that the right level of funding is used on an ongoing basis if a future termination is desirable or there is a risk of a continued material shortfall should the actual position vary significantly from the actuarial assumptions used.
- 3.10 Members are requested to agree to payments under the ongoing funding basis over a period of 17 years using a flat rate contribution of £40k per annum. This is the lowest total cost to the Council although the contributions will be reviewed at each subsequent valuation. Although the increasing values option would provide a slightly lower sum over the initial years, in the longer term the cost is slightly higher. Paying a higher amount into the Fund in the early years may also contribute to reducing the longer term liability at future valuations.
- 3.11 Officers have sought advice from the Council's actuary, Mercer, who have confirmed our responsibility to meet these liabilities. The actuary noted that the full cessation calculation basis adopted standard policy practice across Funds and applies a 'minimum risk' position to the LPFA through the fact that Bromley is being asked to make a large contribution.
- 3.12 There will come a point in the future when leaving the Fund under a full cessation valuation would be a more affordable option, either because remaining liabilities have reduced significantly or the termination shortfall has reduced sufficiently for us to exit. The position will be monitored closely and any recommendation to trigger a full cessation and exit the Fund will be subject to a further report to this Committee.

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 In 2012/13 Bromley paid £51k to the LPFA in relation to our ongoing participation in the Fund. £33k of this related to past service adjustments and £18k to ongoing employer contributions, at a future service rate of 27%, for the one remaining active member.
- 5.2 The 2014/15 budget for Past Deficit Contributions is £5.9m, in line with the figure calculated by the Council's actuary, Mercers, in the Pension Fund valuation as at 31st March 2013. The annual cost of the ongoing cessation would be £40k per annum and these costs are correctly chargeable to this budget.
- 5.3 The Council will also be required to continue to meet the ongoing unfunded liability of around £1,300 per annum in respect of two former employees who were granted additional years. These costs will increase in line with the annual pensions uplift and will cease upon the death of these two pensioner members.
- 5.4 London boroughs, including Bromley, are also required to pay an annual levy to the LPFA to meet expenditure on premature retirement, compensation and related legal costs and outstanding personnel matters for which LPFA is responsible but cannot charge to the pension fund. These payments relate to former employees of the Greater London Council (GLC), ILEA and the London Residual Body (LRB). In 2013/14 the levy charged to Bromley was £489k and the levy notified for 2014/15 is £486k.

6. LEGAL IMPLICATIONS

- 6.1 The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Administration) Regulations 2008, as amended.
- 6.2 The Local Government Pension Scheme (Miscellaneous Amendments) Regulations 2014 recast Regulation 38 of the LGPS (Administration) Regulations 2008 to clarify that all employers in the Scheme are subject to this Regulation.
- 6.3 Until 1st October 2012 an exit payment could only be levied by an LGPS Fund against an admission body, not any other type of employer. Under the legislation, with effect from 1st October 2012, an exit payment can now be demanded from any type of employer in the LGPS. There was a degree of ambiguity in the original Regulations and this has since been clarified and provide explicitly that an exit payment becomes payable once any Scheme employer ceases to have active members contributing to the Fund.
- 6.4 A legal agreement will be required to allow the Council to remain in the Fund and continue to make contributions.

| | |
|--|---|
| Non-Applicable Sections: | Personnel |
| Background Documents: (Access via Contact Officer) | Local Government Pension Scheme (Miscellaneous Amendments) Regulations 2014; LGPS (Administration) Regulations 2008; Cessation Valuation Report (appendix 1). |

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London Pensions Fund Authority Pension Fund

London Borough of Bromley
Cessation Valuation as at 8 April 2013

Barnett Waddingham
Public Sector Consulting

3 December 2013

Contents

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1 Introduction

We have been instructed by London Pensions Fund Authority, the administering authority for the London Pensions Fund Authority Pension Fund ("the Fund"), to undertake a valuation of the assets and liabilities within the Fund attributable to London Borough of Bromley following their participation within the Fund which ceased on 8 April 2013.

This report is provided for use by London Pensions Fund Authority as Administering Authority to the Fund; it may be shared with London Borough of Bromley or other interested parties but it does not constitute advice to them.

The London Pensions Fund Authority Pension Fund participates within the Local Government Pension Scheme ("the LGPS"). The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Administration) Regulations 2008, as amended; this actuarial valuation of the funding position has been carried out as required under Regulation 38(1).

This advice complies with all Generic Technical Actuarial Standards and the Pensions TAS issued by the Financial Reporting Council.

A previous version of this report was issued on 11 June 2013 and the only update is to add in the Appendix, which sets out post-cessation payment options.

2 Valuation Data

Membership Information

Membership data has been supplied by the Administering Authority as at 8 April 2013 and is summarised as follows:

| Pensioner Members | Number | Pension £000's | Average Age |
|-------------------|-----------|-------------------|-------------|
| Male | 7 | 110 | 79 |
| Female | 6 | 54 | 72 |
| Total | 13 | 165 | 76 |

Fund Assets

The assets are held in respect of the London Pensions Fund Authority Pension Fund and not separately identifiable for any employer within the Fund. Assets are apportioned at each actuarial valuation according to each employer's own experience and payments to and from the Fund.

We have based our calculations assuming that the assets attributable to London Borough of Bromley as at 8 April 2013 are £1,591k – this is the value of the assets calculated as at 31 March 2010 as part of the formal actuarial valuation and rolled forward allowing for cashflows to and from the Fund and investment returns earned by the Fund (estimated where necessary) in the period to 8 April 2013.

3 Valuation Process

The purpose of this valuation is to assess the deficit, or surplus, attributable to London Borough of Bromley as at 8 April 2013.

All members have left service and the valuation approach will depend on whether there is a guarantor who will take on responsibility for the pension obligations, as outlined in the two scenarios below.

Employer Ceasing – Full Cessation

Under this scenario London Borough of Bromley will no longer participate in the Fund and no other employer in the Fund is willing to take on, or underwrite, any of the residual liabilities of London Borough of Bromley in future.

Under this scenario it is necessary to establish the funding position of the residual liabilities on a “minimum risk” basis. This is similar to adopting a basis that would be used to secure the liabilities from an insurance company. In practice there is no scope for the liabilities to be bought out via such an arrangement but it represents one measure of the cost of funding the liabilities, which reduces the risk of further costs having to be met by other employers in the Fund in future.

Guarantor

If there is a guarantor in place, then the guarantor will become responsible for the future funding of the pension obligations. Under this scenario, the long-term funding assumptions can be used.

4 Actuarial Assumptions

Future Price Inflation

The base assumption is the future level of price inflation. This is derived by considering the difference in yields from conventional and index linked gilts. This measure has historically overestimated future increases in RPI and so we have made a deduction of 0.25% to reach the RPI assumption of 3.3%. As future pension increases are to be based on CPI rather than RPI, we have made a further assumption about CPI which is that it will be 0.5% per annum below RPI, i.e. 2.8%.

Accrued Benefit Increases

As of 8 April 2013 there are no active members. Accrued benefits will increase in line with inflationary pension increases.

Future Investment Returns/Discount Rate

To determine the value of accrued liabilities we have to discount future payments to and from the Fund. There are a number of different approaches that can be adopted in deriving the discount rate to be used. FRS 17, for example, requires that the discount rate is related to yields from corporate bonds.

In our view the discount rate that is adopted should depend on the purpose of the valuation and the overall funding objectives.

Where the employer is ceasing to exist and no other employer is available to underwrite any shortfall in actual equity returns compared to what was anticipated, an appropriate approach to determine the value of liabilities on a "minimum risk" basis would be to use gilt yields as the discount rate.

Where the employer is continuing as with an ongoing valuation then the Regulations require the actuary to adopt methods and assumptions that "produce as stable employer contributions as possible". In our view therefore to help achieve this objective the discount rate used in an ongoing valuation should reflect the expected investment return to be achieved from the underlying investment strategy with some allowance for the expected outperformance of equities over bonds.

In determining the assumption to be made in relation to future investment returns it is necessary to consider the investment strategy of the Fund and the resulting expected future return earned by the assets. The investment strategy of the Fund is to invest the assets in a mix of equities, bonds and property.

Redemption yields from bonds (gilts, index-linked gilts and corporate bonds) give an indication of the future rates of return from these asset classes. There is, however, no comparable market indicator to derive the markets expected future return from investing in equities or property at any particular point in time. We have adopted a discount rate that is consistent with the approach used for the 2010 valuation.

The yields, although derived the same way, may be smoothed around the valuation date rather than being on the exact cessation date i.e. ongoing cessation scenario. Where the liabilities are measured on smoothed assumptions we need to adjust them so that they are consistent with the market value of assets in order to calculate any deficit. The relevant adjustment factor at the cessation date was 99%.

The financial assumptions as at 8 April 2013 used for the various scenarios are as follows:

| | Full Cessation | Employer Merger / Ongoing Cessation |
|---------------------------|----------------|-------------------------------------|
| | 08 April 2013 | 08 April 2013 |
| Inflation | 2.8% | 2.8% |
| Discount Rate | | |
| Active members | 2.9% | 6.4% |
| Non active members | 2.9% | 6.4% |
| Accrued Benefit Increases | | |
| Active members | 2.8% | 4.3% |
| Non active members | 2.8% | 2.8% |

For a full cessation we use spot yields rather than smoothed values.

Demographic/Statistical Assumptions

For the purpose of this valuation exercise it is appropriate to use the method and assumptions consistent with the 2010 actuarial valuation, updated where necessary to reflect market conditions. The financial assumptions used for calculations on an ongoing basis are consistent with the 2010 actuarial valuation.

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 our 2010 actuarial valuation report

5 Results

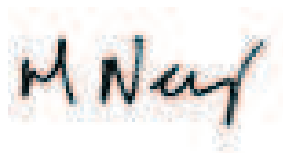
The following table sets out the valuation results for the section of the Fund attributable to London Borough of Bromley as at 8 April 2013 using the data and scenarios described above.

| | Full Cessation | Cessation with Guarantor |
|------------------------|----------------|--------------------------|
| | £000's | £000's |
| Active Members | - | - |
| Deferred Members | - | - |
| Pensioners | 2,961 | 2,016 |
| Total | 2,961 | 2,016 |
| Assets | 1,591 | 1,591 |
| Surplus/Deficit | (1,370) | (425) |
| Funding Level | 54% | 79% |

As we see there is a deficit under the Full Cessation scenario. If this scenario is applicable, a payment of £1,370k would be required from London Borough of Bromley to the Fund.

Finally, please note that we have not included any allowance for unfunded benefits which may have been awarded by London Borough of Bromley in the past. If there are unfunded pensions currently in payment we would expect the London Borough of Bromley to be charged for these whilst they continue to participate in the fund, and the members are still alive. On a cessation event, if there are no other arrangements put in place (e.g. a substitute employer who is willing to continue the payments), then we would expect the payments to the members to stop.

We would be pleased to answer any questions arising from this report.



Mark Norquay FFA
Associate, Barnett Waddingham LLP

Appendix 1 Payment Options

We understand that the London Borough of Bromley may be given the option to stay in the Fund, allowing the deficit calculated in the body of this report to be funded over a number of years and we have considered two main scenarios. In both cases, a legal agreement setting out the payment plan would be required to allow the London Borough of Bromley to continue to pay contributions to the Fund.

Payment plan with no set exit date

If the London Borough of Bromley agree to remain liable for all liabilities and the deficit in the London Borough of Bromley section of the Fund until all liabilities have been extinguished, then it is appropriate to fund for these on an ongoing basis.

This approach would essentially put London Borough of Bromley in a similar position to the other London Boroughs in the LPFA Pension Fund, and the standard deficit recovery period of 17 years would be adopted. If experience is as expected, then Bromley would be 100% funded on an ongoing basis in 17 years' time but they would continue in the Fund beyond this date and be responsible for any future deficit.

The table below shows the contributions that would be required over the next 3 years. These would be expected to increase at 4.5% per annum but subsequent contributions will be set following each triennial valuation of the Fund. It's worth reiterating that even when the London Borough of Bromley section of the Fund reaches a funding level of 100%, a deficit may arise in the future that London Borough of Bromley would be responsible for funding. Continuing employers would be set contributions that increase at 4.5% per annum but the below shows both this option and level payments. The payments would be set until the end of the next valuation cycle and then reviewed at each actuarial valuation.

| Deficit recovery period Payment type Year | 17 years | |
|---|----------------|----------------------|
| | Flat £000's | Increasing £000's |
| 2013/14 | 40 | 29 |
| 2014/15 | 40 | 30 |
| 2015/16 | 40 | 32 |
| 2016/17 | 40 | 33 |
| 2017/18 | 40 | 35 |
| 2018/19 | 40 | 36 |
| 2019/20 | 40 | 38 |
| 2020/21 | 40 | 39 |
| 2021/22 | 40 | 41 |
| 2022/23 | 40 | 43 |
| 2023/24 | 40 | 45 |
| 2024/25 | 40 | 47 |
| 2025/26 | 40 | 49 |
| 2026/27 | 40 | 51 |
| 2027/28 | 40 | 54 |
| 2028/29 | 40 | 56 |
| 2029/30 | 40 | 59 |

Payment plan with an expected end date

Another option would be for the employer to pay the cessation deficit over time so that at the end of the payment plan, the London Borough of Bromley section is fully funded on a minimum risk basis. These payments would also be reviewed at each triennial valuation of the Fund, however, once the deficit has been funded for in full, London Borough of Bromley will have no further obligation to the Fund.

The table below sets out the payments that would be required. We have considered a number of alternative deficit recovery periods in addition to setting a flat rate contribution, or one that increases by 4.5% each year.

Please note that the rates shown from 2017/18 onwards are indicative only and will be revised as part of future Fund valuations.

| Deficit recovery period Payment type Year | 5 years | | 10 years | | 15 years | | 17 years | |
|---|----------------|----------------------|----------------|----------------------|----------------|----------------------|----------------|----------------------|
| | Flat £000's | Increasing £000's | Flat £000's | Increasing £000's | Flat £000's | Increasing £000's | Flat £000's | Increasing £000's |
| 2013/14 | 294 | 264 | 157 | 127 | 112 | 81 | 102 | 70 |
| 2014/15 | 294 | 275 | 157 | 132 | 112 | 85 | 102 | 74 |
| 2015/16 | 294 | 288 | 157 | 138 | 112 | 89 | 102 | 77 |
| 2016/17 | 294 | 301 | 157 | 145 | 112 | 93 | 102 | 80 |
| 2017/18 | 294 | 314 | 157 | 151 | 112 | 97 | 102 | 84 |
| 2018/19 | | | 157 | 158 | 112 | 101 | 102 | 88 |
| 2019/20 | | | 157 | 165 | 112 | 106 | 102 | 92 |
| 2020/21 | | | 157 | 172 | 112 | 110 | 102 | 96 |
| 2021/22 | | | 157 | 180 | 112 | 115 | 102 | 100 |
| 2022/23 | | | 157 | 188 | 112 | 121 | 102 | 105 |
| 2023/24 | | | | | 112 | 126 | 102 | 109 |
| 2024/25 | | | | | 112 | 132 | 102 | 114 |
| 2025/26 | | | | | 112 | 138 | 102 | 119 |
| 2026/27 | | | | | 112 | 144 | 102 | 125 |
| 2027/28 | | | | | 112 | 150 | 102 | 130 |
| 2028/29 | | | | | | | 102 | 136 |
| 2029/30 | | | | | | | 102 | 142 |

PENSIONS INVESTMENT SUB-COMMITTEE

Minutes of the meeting held at 7.30 pm on 11 February 2014

Present

Councillor Paul Lynch (Chairman)
Councillor Julian Grainger (Vice-Chairman)
Councillors Eric Bosshard, Russell Mellor, Neil Reddin FCCA,
Richard Scoates and Stephen Wells

28 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

There were no apologies.

29 DECLARATIONS OF INTEREST

Members present declared an interest as members of the Bromley Local Government Pension Scheme.

30 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 7TH NOVEMBER 2013 EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

The minutes were agreed.

31 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

There were no questions.

32 PENSION FUND PERFORMANCE Q3 2013/14

Report FSD14019

The report on Pension Fund Performance included summary details of the investment performance of Bromley's Pension Fund in the 3rd quarter of the financial year 2013/14. The report also contained information on the general financial and membership trends of the Pension Fund and summarised information on early retirements.

The market value of the Fund rose in the December quarter to £618.8m, compared to £601.8m as at 30th September 2013 and £526.0m as at 31st December 2012.

As the transition for Phase 2 of the Fund's revised strategy had only been implemented shortly before Christmas, it had not been possible to produce the usual full performance report. However, the detail on investment

performance for the parts of the Fund that had not undergone changes was provided in a separate report from the Fund's external advisers, AllenbridgeEpic.

RESOLVED that the report be noted.

**33 REVISED INVESTMENT STRATEGY - TRANSITION TO
GLOBAL EQUITIES (PHASE 2)**

Report FSD14017

Members considered a report from the Fund's advisers, AllenbridgeEpic, on the completion of Phase 2 (Global Equities) of the revised strategy agreed by the Sub-Committee in February 2012.

In February 2012, the Sub-Committee agreed a future strategy for the Fund, comprising a 10% allocation to Diversified Growth, a 70% allocation to global equities and a 20% allocation to fixed income. It was agreed that the revised strategy would be implemented in three separate phases and, following a "beauty parade" in November 2012, Phase 1 was completed on 6th December 2012 with the award of two £25m Diversified Growth mandates to Baillie Gifford and Standard Life.

On 17th October 2013, at a "beauty parade" for Phase 2 of the revised strategy, the Sub-Committee received presentations from four global equity managers (Baillie Gifford, Blackrock, MFS and Threadneedle) and agreed to award mandates to three of them (Baillie Gifford £200m, Blackrock £120m and MFS £120m). Transition to the new mandates was completed on 20th December 2013.

The update on the report and the transition was provided by the Council's advisor on investment matters, Mr Alick Stevenson from AllenbridgeEpic Investment Advisers. Mr Stevenson requested that his thanks to Mr Dave Starling and Mr Martin Reeves be noted.

RESOLVED that the report be noted.

**34 REVISED INVESTMENT STRATEGY - PHASE 3 UPDATE
(FIXED INCOME)**

Report FSD14018

This report provided an update on Phase 2 of the revised investment strategy (fixed income) and, in response to questions raised at the November 2013 meeting, asked the Sub-Committee to give additional consideration to the allocation of fixed income.

Mr Stevenson drew attention to the criteria that he looked at in assessing potential new fund managers to participate in phase 3 of the strategy. In excess of 20 potential new fund managers had been identified that met the

criteria and, if required, this could easily be reduced to a shortlist for further consideration. Mr Stevenson noted that the actuary had produced a Fund cash flow forecast to aid the discussions. Mr Stevenson advised that, in the current market conditions, it would be prudent to look more closely at alternative “protection-type” assets and offered to produce a report for the next meeting setting out options.

Mr Stevenson recommended that, in the interim, the Sub-Committee should consider moving funding for various income assets from Baillie Gifford to Fidelity. A Member questioned why this had to take place. The response to this was that the mandate had a heavy reliance on Gilts and Baillie Gifford would need a change of mandate to reflect changes in current arrangements. The Committee recommended that if the Baillie Gifford Mandate could be changed if they had an alternative product available to closely match Fidelity’s higher returns, then funds should stay with them. However, if this was problematic, then funds should be transferred to Fidelity. It was agreed that any movement of funds to Fidelity or to an alternative product within Baillie Gifford would only proceed following the agreement of the Chairman.

RESOLVED

(1) that the report be noted;

(2) the Committee agreed to defer a decision on the final allocation to fixed income and requested a report to the next meeting of the Sub Committee on alternative “protection type” assets as part of the fixed income allocation; and

(3) agreed that any movement of fixed income funds to Fidelity or to an alternative product within Baillie Gifford would only proceed following the agreement of the Chairman.

35 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND FREEDOM OF INFORMATION ACT 2000

RESOLVED that the Press and public be excluded during consideration of the items of business referred to below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

**The following summaries
refer to matters
involving exempt information**

36 CONFIRMATION OF EXEMPT MINUTES - 7TH NOVEMBER 2013

The exempt minutes were agreed.

37 PENSION FUND TRIENNIAL VALUATION

Report FSD14016

Members considered a report on matters related to the 2013 actuarial valuation for Bromley's Pension Fund. Recommendations were to be put to Council on **the period for the Pension Fund deficit to be recovered**. The Actuary attended the meeting to present his findings.

38 PENSION FUND - INVESTMENT REPORT

Quarterly performance reports (to 31st December 2013) from Baillie Gifford and Fidelity had been circulated to Sub Committee Members prior to the meeting along with quarterly reports (to 31st December 2013) from Standard Life Investments and Baillie Gifford in respect of the Diversified Growth Fund investments. Further quarterly reports were also provided from MFS International (UK) Ltd re Global Value and Baillie Gifford concerning Fixed Interest investments. A representative from Standard Life Investments attended the meeting to present their investment review and answer questions.

The Meeting ended at 10.10 pm

Chairman

Agenda Item 11

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Agenda Item 12

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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