



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: 2nd June 2014

To: **ALL MEMBERS OF THE COUNCIL**

GENERAL PURPOSES AND LICENSING COMMITTEE

Subject to the General Purposes and Licensing Committee being re-constituted and members of the Committee being re-appointed, there will be a meeting of the General Purposes and Licensing Committee held at Bromley Civic Centre on **TUESDAY 10 JUNE 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 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 26TH MARCH 2014
(Pages 3 - 6)

4 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 Wednesday 4th June 2014.

5 APPOINTMENT OF COUNCIL REPRESENTATIVES TO SERVE ON OUTSIDE BODIES (Pages 7 - 10)

6 LOCAL GOVERNMENT PENSION SCHEME 2014 (Pages 11 - 20)

7 LOCAL GOVERNMENT PENSION SCHEME FOR COUNCILLORS (Pages 21 - 24)

8 AUDIT SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 12TH MARCH 2014, EXCLUDING EXEMPT INFORMATION (Pages 25 - 30)

9 LOCAL JOINT CONSULTATIVE COMMITTEE: MINUTES OF THE MEETING HELD ON 19TH MARCH 2014 (Pages 31 - 32)

- 10 **APPEALS SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 14TH MAY 2014, EXCLUDING EXEMPT INFORMATION** (Pages 33 - 34)
- 11 **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

- 12 **AUDIT SUB-COMMITTEE: EXEMPT MINUTES - 12TH MARCH 2014** (Pages 35 - 40)
- 13 **APPEALS SUB-COMMITTEE: EXEMPT MINUTES - 14TH MAY 2014** (Pages 41 - 52)

Any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under the authority.

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Agenda Item 3

GENERAL PURPOSES AND LICENSING COMMITTEE

Minutes of the meeting held at 7.00 pm on 26 March 2014

Present:

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

154 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors Julian Grainger and Gordon Norrie.

155 DECLARATIONS OF INTEREST

The following declarations of interest were made –

- Councillors Roger Charsley and John Getgood in respect of minute 159, Appointment of Honorary Aldermen.
- Councillor Michael Turner, in respect of minute 161, as a member of the London Pensions Fund Authority Pension Fund.

156 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING

The following question for written reply had been received from Councillor Julian Grainger –

Can I ask you to highlight the matter of the Pension Deficit Recovery Parallel Fund contained in the Minutes of Pensions Investment Sub-Committee (11th February 2014) and GP&L (24th February 2014). In particular, Members (especially those on Pensions Investment Sub-Committee) might like to know:

- (i) whether the Parallel Fund has been established (and if not, when?)
- (ii) the initial amount (from earmarked reserves – recommended up to £10m)
- (iii) future annual payments (which would be inversely proportional to the initial amount)
- (iv) whether the investment vehicles (DGF's with Standard Life & Baillie Gifford) have been confirmed – and if not what alternative has been proposed?
- (v) Given that these matters are subject to report and decision under the aegis of GP&L, which of the above matters (i) to (iv) are non-executive decisions and which are executive?

Reply:

On 24th February 2014, Council agreed the recommendations of the Pensions Investment Sub-Committee to set up a Parallel Fund. It was recommended that the amount of capital invested in the Fund be up to £10m through a Diversified Growth Fund (DGF) type investment. Options relating to the type and value of investment will be reported to Executive in June when the 2013/14 final outturn figures are available and this will assist in the identification of funding options.

Therefore, the fund has not yet been established and will be subject to the outcome of the Executive meeting in June.

The Baillie Gifford DGF is closed to new investments and no decision has yet been taken regarding an alternative. This will be included in the June Executive report when options are considered.

These matters are all executive decisions as the establishment of the Parallel Fund relates to the setting aside of an earmarked reserve (although as stated above funding options are yet to be confirmed) as opposed to a direct Pension Fund Investment decision. There may also be an impact on the Council's Treasury Management Strategy which would require approval of full Council.

157 CONFIRMATION OF MINUTES OF THE MEETINGS HELD ON 4TH AND 24TH FEBRUARY 2014 (EXCLUDING EXEMPT ITEMS)

RESOLVED that the minutes of the meetings held on 4th and 24th February 2014 (excluding exempt items) be confirmed.

158 COUNCIL TAX SETTING - RECORDED VOTING
Report CSD14059

The Government had 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. The report proposed changes to the Council's Constitution, to be recommended to full Council, to reflect the new requirement in the Council Procedure Rules.

RESOLVED that 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.

159 APPOINTMENT OF HONORARY ALDERMEN
Report CSD14058

An informal cross party meeting had been held to consider potential Honorary Aldermen from amongst those Members known to be standing down at the forthcoming local election who had qualified by serving for three terms and rendering eminent service to the borough. A special meeting of the Council would be held just before the annual meeting on 4th June 2014 to make the appointments.

The Chairman recorded his thanks to Councillors Reg Adams and Peter Fookes who had assisted in considering the candidates.

RESOLVED 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.

160 LICENSING SUB-COMMITTEE: SCHEDULE OF MEETINGS
Report CSD14056

The Committee considered a schedule of proposed meeting dates for the Licensing Sub-Committee for the period June to December 2014.

RESOLVED that, subject to the re-appointment of Committees and Sub-Committees at the Council's annual meeting on 4th June 2014, the schedule of Licensing Sub-Committee meetings attached at Appendix 1 to the report be approved.

161 LONDON PENSION FUND AUTHORITY
Report FSD14028

The London Pension Fund Authority (LPFA) had carried out a cessation valuation following the retirement of the one remaining active London Borough of Bromley employee in the Fund. There were now thirteen former Council employees in receipt of a pension from the fund. Under Local Government Pension Scheme (LGPS) Regulations, an exit payment became payable once a Scheme employer ceased to have active members contributing to the Fund.

RESOLVED that

(1) Deficit liabilities continue to be measured using ongoing funding assumptions.

- (2) An initial deficit recovery period of 17 years be agreed.
- (3) A payment plan with no set exit date and a flat rate payment of £40k per annum be approved.
- (4) It is noted 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.

162 PENSIONS INVESTMENT SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 11TH FEBRUARY 2014, EXCLUDING EXEMPT INFORMATION

The minutes of the Pensions Investment Sub-Committee meeting held on 11th February 2014 (excluding exempt information) were received.

163 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

164 EXEMPT MINUTES OF THE MEETINGS HELD ON 4TH AND 24TH FEBRUARY 2014

In respect on Minute 148/1, it was noted that issues arising from the Domiciliary Care Appeal would be reported to the next meeting of the Care Services PDS Committee.

RESOLVED that the exempt minutes of the meetings held on 4th and 24th February 2014 be confirmed.

165 PENSIONS INVESTMENT SUB-COMMITTEE: EXEMPT MINUTES - 11TH FEBRUARY 2014

The exempt minutes of the Pensions Investment Sub-Committee meeting held on 11th February 2014 were received.

The Meeting ended at 7.01 pm

Chairman

Report No.
CSD14070

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: 10 June 2014

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

Title: APPOINTMENT OF COUNCIL REPRESENTATIVES TO SERVE ON OUTSIDE BODIES

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: All

1. Reason for report

- 1.1 This report requests that the Committee, behalf of the Council, considers the appointment of Council representatives to serve on outside bodies and partnerships. Most appointments are made annually, following the municipal year, but there are also three and four year appointments to be made. The nominations will be to follow.
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2. **RECOMMENDATION(S)**

The committee is recommended to consider the nominations made by party groups and make appointments to outside bodies and partnerships.

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Children and Young People Excellent Council Quality Environment Safer Bromley Supporting Independence Vibrant, Thriving Town Centres Not Applicable: Further Details
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Democratic Representation
 4. Total current budget for this head: £1,159,600
 5. Source of funding: 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: None:
 2. Call-in: Not Applicable: This report does not involve an executive decision.
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Customer Impact

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

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

3. COMMENTARY

- 3.1 The Committee is asked to make various appointments to partnerships and outside bodies. Most appointments are annual and following the Council year, but there are a number of longer appointments, in particular, in an election year, a number that run for the four years of the new Council.
- 3.2 Nominations have been sought from the party groups and these will be circulated as soon as possible once they are received.

Non-Applicable Sections:	Policy/Financial/legal/Personnel
Background Documents: (Access via Contact Officer)	2013 Outside Bodies report (GP&L 23/05/14)

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Report No.
FSD14041

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

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

Date: **10th June 2014**

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

Title: **LOCAL GOVERNMENT PENSION SCHEME 2014**

Contact Officer: Tracey Pearson, Chief Accountant
Tel: 020 8313 4323 E-mail: tracey.pearson@bromley.gov.uk
Sue Sydney, Assistant Director, Human Resources
Tel: 020 8313 4359 E-mail: sue.sydney@bromley.gov.uk

Chief Officer: Director of Finance
Director of Human Resources

Ward: Borough Wide

1. Reason for report

- 1.1 This report provides details of the discretionary functions for which the Council, as both an administering and employing authority, is required to publish a written statement of its policy. It also seeks to provide an overview of the key changes to the Local Government Pension Scheme (LGPS) which came into effect on 1st April 2014.
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2. **RECOMMENDATION(S)**

The General Purposes and Licensing Committee is requested to:

- 2.1. Note the changes to the LGPS from 1st April 2014;
- 2.2 Note the position regarding Academies and Admission Agreements for outsourced services as set out in section 3.13;
- 2.3 Note that those discretionary policies discussed in paragraphs 3.8, 3.10 and 3.11 are as agreed and published by full Council as part of the 2014/15 Pay Policy Statement on 24th February 2014;
- 2.4 Agree that the Council's Policy as regards discretion relating to the funding of additional pension will be as set out in paragraph 3.9.2.

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.
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Financial

1. Cost of proposal: No cost
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Pension Fund
 4. Total current budget for this head: £35.5m expenditure (pensions, lump sums, etc.), £39.5m income (contributions, investment income, etc.), £626.1m total fund market value at 31st March 2014
 5. Source of funding: Contributions to Pension Fund
-

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: Statutory requirement. Local Government Pension Scheme Regulations 2013
 2. Call-in: Call-in is not applicable.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 5,254 current employees in the pension fund and 4,819 deferred pensioners as at 31st March 2014.
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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 The Local Government Pension Scheme (LGPS) Regulations 2013 introduced changes to the LGPS which came into force on 1st April 2014. This followed a period of over two years of discussion and consultation which began after the publication of the Independent Public Service Pensions Commission's final report in March 2011.

3.2 The LGPS Regulations 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 resulted in significant changes from 1st April 2014. The key changes are summarised below:

- benefits for membership after 31st March 2014 will accrue on a Career Average Revalued Earnings (CARE) basis rather than the current final salary scheme;
- change in the annual accrual rate from the current 1/60th to 1/49th (previously 1/80th under the 2008 Scheme);
- a new 50/50 option where members can choose to pay half contributions and build up half of the pension - there is no restriction on the number of times a member can elect to take this option and the full value of life and ill-health cover is retained;
- an increase in the vesting period (ie. the period of time a member has to pay into the scheme in order to be entitled to a pension) from 3 months to 2 years from April 2014 - members who leave with less than 2 years will receive a refund of contributions;
- increased flexibility allowing members to draw their pension anytime from the age of 55 without employer consent (subject to actuarial reduction);
- normal pension age being linked to state pension age with a minimum age of 65 (rather than the pre 2014 Scheme which had a normal pension age of 65);
- changes to the definition of pensionable pay to include non-contractual overtime and additional hours;
- new contribution rates as set out in the table below;
- the contribution rate for part-time staff will now be based on their part-time pensionable pay rather than the full-time equivalent payable under the previous Scheme.

3.3 The table below shows the revised employee contribution rates that apply both before and after the 1st April 2014 changes:

Contribution Rates			
post 1 st April 2014		pre 1 st April 2014	
Pay Bands	Rate	Pay Bands	Rate
Up to £13,500	5.5%	Up to £13,700	5.5%
£13,501 to £21,000	5.8%	£13,701 to £16,100	5.8%
£21,001 to £34,000	6.5%	£16,101 to £20,800	5.9%
£34,001 to £43,000	6.8%	£20,801 to £34,700	6.5%
£43,001 to £60,000	8.5%	£34,701 to £46,500	6.8%
£60,001 to £85,000	9.9%	£46,501 to £87,100	7.2%
£85,001 to 100,000	10.5%	More than £87,100	7.5%
£100,001 to £150,000	11.4%		
More than £150,000	12.5%		

- 3.4 All pension built up in the LGPS before 1st April 2014 is fully protected meaning that pension accrued up to this date will continue to be based on final pay, and that a scheme member's normal pension age will be protected and not be linked to state pension age (for most members this is age 65 although some members have a lower normal pension age through protections applied when the scheme was changed in 2008). The definition of final pay for service before 1st April 2014 has not changed, and is normally the full-time equivalent pay in respect of the final year of scheme membership or one of the previous 2 years if this is higher.
- 3.5 Protections are also in place for scheme members nearing retirement to ensure that they will receive a pension at least equal to that they would have received if the Scheme had not changed. This is referred to as the 'underpin' and applies to people paying into the Scheme on 31st March 2012 who, on 1st April 2012, were within 10 years of their normal pension age. The 'underpin' will not apply if there has been a disqualifying break in service of more than 5 years or if a member elects to opt out of the scheme or draws any benefits before their normal pension age.

Publication of policies

- 3.6 Regulation 60 requires a scheme employer or an administering authority to publish a written statement of its policy relating to certain discretionary functions. Although there are a number of individual discretions, as set out in appendix 1, they can be summarised as relating to flexible retirement (section 3.8), funding of additional pension contributions (section 3.9), the waiver of actuarial reductions of pension benefits drawn before normal retirement age (section 3.10), and the award of additional pension (section 3.11).
- 3.7 The Regulations require the Council to publish its policy statements by 30th June 2014 and these must be kept under review and be revised where appropriate. At this stage, Members are therefore asked to:
- note those existing policies included within the Pay Policy Statement 2014/15 agreed by full Council in February 2014 as recommended by this Committee; and
 - consider and agree the policy to be applied in new areas of discretion afforded by the 2013 Regulations as set out in section 3.9 below.

3.8 Flexible Retirement

- 3.8.1 An active member of the LGPS who has attained the age of 55 may, with employer consent, reduce his/her contractual hours and/or transfer to work of a lower grade, and at the same time apply to receive all or part of his/her pension benefits and continue working rather than retire fully.
- 3.8.2 The Council's policy on flexible retirement was introduced when this became an option in December 2008 and is included as part of the 2014/15 Pay Policy Statement. Each application is considered on its individual merits by a Panel of four Chief Officers including the Director of Finance and Director of Human Resources and the Policy requires there to be a sound business case taking any cost, service impact/benefit, the employee's contribution to the Council's service to date and any compassionate grounds into account. The policy is sufficient to meet the requirements of the new Regulations and no changes are required to be made.

3.9 Funding of Additional Pension

3.9.1 Active members may purchase additional annual pension (up to a maximum amount of £6,500 from 1st April 2014 to be increased by annual pensions increase) by entering into an agreement to pay additional pension contributions. The cost is determined by the Government actuary and contributions can be made by way of either a lump sum payment or regular contributions.

3.9.2 A scheme employer now has discretion to contribute to the cost of these additional contributions, either in full or in part. Although the total cost would be dependent on the number of members wishing to enter into such an agreement and the financial information from the actuary, it is recommended that the Council adopts a policy whereby it would not normally apply this discretion due to the additional costs that would be incurred. However, exceptionally it may be in the Council's interests to consider this option in which case Members' agreement would be required taking into account legal, financial and HR advice appropriate to the individual circumstances.

3.10 Waiver of Actuarial Reductions

3.10.1 An employer, former employer or an administering authority where the employer no longer participates in the Fund may agree to waive, in whole or in part, any reduction to benefits that applies on early retirement (from age 55) or flexible retirement. Currently in considering applications for early/flexible retirement the Chief Officer's Early Retirement Panel may exercise discretion to waive any actuarial reduction of pension benefits in individual cases based on the demonstrable benefits of the business case including the cost, impact on the service, officer's contribution to the service and any compassionate grounds. The cost factor is a key consideration.

3.10.2 Under the new scheme, active members and deferred members with benefits awarded under the new scheme may now choose to take their pension benefits from age 55 (previously age 60) without their employer's consent although actuarial reductions will be applied unless the employing authority agrees to waive them. Consideration of any such applications is consistent with the current discretions delegated to the Chief Officers' Early Retirement Panel as set out in paragraph 3.10.1 above. The Council's current policy is sufficient to comply with the new Regulations and no changes are required to be made.

3.11 Award of Additional Pension

3.11.1 An employer may award an active pension scheme member, or someone who leaves employment on grounds of redundancy or business efficiency, additional pension of up to the additional pension limit (£6,500 from 1st April 2014 increased by annual pensions increase). This replaces a previous discretion to award additional service ("added years") for pension purposes. The cost of awarding additional pension is determined by the Government actuary and is met in full by the employer.

3.11.2 The Council's current policy, as reflected in the 2014/15 Pay Policy Statement for Chief Officers, is that the Council would not normally agree any discretionary increase in or enhancement of pension entitlement. However exceptionally it may be in the Council's interests to consider this option in which case Members' agreement would be required taking into account legal, financial and HR advice appropriate to the individual circumstances. As this is sufficient to comply with the new Regulations, no changes are required to be made to the policy.

3.12 There are a large number of other existing policies and discretions relating to the Council's responsibilities under LGPS Regulations which do not come under the time-limited requirement to publish under Regulation 60 and which will be reviewed over coming months to ensure that they remain fit for purpose and compliant with Regulations. Any changes to existing policies requiring Member approval will be reported to the relevant Committee as appropriate.

3.13 Admission Agreements / Academies

3.13.1 Three of our Academies have, or are in the process of, outsourcing their cleaning contracts and have requested that the contractors enter into admission agreements. Provided the scheme employer (in this case the Academy) and the contractor undertake to meet the requirements of the Regulations the Council, as administering authority, has no power to refuse admitted status. Unlike statutory guidance where we have limited discretion there is no discretion that can be applied to the Regulations. The choice lies with the individual academy and the contractor not the Council although we are able to agree the terms of the agreement.

3.13.2 We are in the process of drawing up admission agreements in consultation with colleagues in legal and the Council's actuary. Each contractor will be required to provide a bond and the academies will be required to act as guarantor. The admission agreements will be on a 'closed' basis meaning that only those staff who transfer will be allowed to join the scheme although future agreements may be 'open' at the determination of an Academy and contractor.

3.13.3 It is likely that we will receive further requests for admitted body status as more schools convert to Academy status and as more Academies look to outsource work to external contractors.

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 There are no additional costs arising from the discretionary policies set out in this report as they are, in the main a continuation of existing policies.

5.2 The 2013 actuarial valuation took into account the impact of changes to the LGPS 2014 to determine the financial implications on past deficit liabilities as well as future service costs. Further details were reported to Pensions Investment Sub-Committee on 11th February 2014.

6. LEGAL IMPLICATIONS

6.1 The Public Service Pensions Act 2013 provides primary legislation for all public service schemes including the LGPS 2014.

6.2 LGPS Regulations 2013 came into force on 1st April 2014 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 were published on 10th March 2014.

- 6.3 Regulation 60 of the LGPS Regulations 2013 requires the Council to prepare and publish a written policy on certain discretions by 30th June 2014.
- 6.4 Part 3 of Schedule 2 to the 2013 Regulations provides that an administering authority must admit to the Scheme the eligible employees of a transferee admission body where the transferee admission body and the scheme employer undertake to meet the requirements of the Regulations.

7. PERSONNEL IMPLICATIONS

- 7.1 The Council is required to enrol all Council employees with new contracts of employment of three months or more into the LGPS unless they are entitled to belong to the Teachers' Pension Scheme or the NHS Pension Scheme. Employees may opt out of the Scheme thereafter if they so wish. Currently 83% of eligible employees are active members of the LGPS (excluding casual staff).
- 7.2 All employees who are either active or potential scheme members have been informed of the LGPS changes with effect from 1 April 2014, including their increased contribution rates where applicable (paragraph 3.3 above refers).

Non-Applicable Sections:	None
Background Documents: (Access via Contact Officer)	Public Service Pensions Act 2013 Local Government Pension Scheme Regulations 2013; Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.

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Local Government Pension Scheme Regulations 2013 (as amended) and other related Local Government Pension Scheme legislation

Areas where the Council is required to prepare and publish a written statement on how they will exercise certain discretions under the new Scheme

Regulations	Policy
<p>Regulation 16(2)(e) & 16(4)(d) - Additional pension contributions</p> <p>Discretion: whether, how much, and in what circumstances the Council will contribute to a shared cost additional pension contribution (SCAPC) scheme.</p> <p>Where an active member elects to pay additional pension contributions to purchase extra annual pension of up to £6,500 (amount at 1 April 2014), the Scheme employer may contribute towards the cost.</p>	<p>The Council will not normally exercise this discretion, other than in exceptional circumstances with Members' agreement where it can be demonstrated that there is a clear financial, operational or strategic benefit to the Council in doing so.</p>
<p>Regulation 30(5) & 30(8) and transitional regulations - Benefits on voluntary retirement, and early payment of deferred benefits</p> <p>Discretion: whether to waive, in whole or in part, actuarial reduction where a member voluntarily draws their benefits before normal pension age.</p> <p>Where a member who has attained age 55 but has not attained normal pension age ceases their employment they may elect to receive immediate payment of their accrued retirement benefits. The Scheme employer may waive in whole or in part any actuarial reduction for early payment.</p> <p>Additionally, where a person was a member of the LGPS before 1 October 2006, the Scheme employer may preserve the transitional arrangements that were introduced in 2006 enabling a member whose age and scheme membership add up to 85 (rule of 85) to receive unreduced pension benefits.</p>	<p>A Chief Officers' Panel is authorised to consider applications from staff aged 55 and over for early retirement without enhancement. The Panel may exercise discretion to waive any actuarial reduction of pension benefits in individual cases based on the demonstrable benefits of the business case including the cost, impact on the service, officer's contribution to the service and any compassionate grounds.</p>

<p>Regulation 30(6) & 30(8) and transitional regulations - Benefits on flexible retirement</p> <p>Discretion: whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement) and whether to waive any actuarial reduction that would otherwise apply.</p> <p>Where an active member who has attained the age of 55 reduces their working hours and/or grade of employment, the Scheme employer may consent to the immediate payment of all or part of their accrued retirement pension. The Scheme employer may waive in whole or in part any actuarial reduction for early payment.</p>	<p>The Council has adopted a Flexible Retirement Policy under which a Chief Officers' Panel may agree to release an employee's pension benefits whilst allowing them to continue working for the Council on the basis of a reduced salary resulting from a reduction in their hours and/or grade. The policy requires that the employee is aged 55 or over and that there is a sound business case for any such decision taking any cost, service impact/benefit, the employee's contribution to the Council's service to date and any compassionate grounds into account.</p>
<p>Regulation 31 - Award of additional pension</p> <p>Discretion: whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency.</p> <p>An employer may award an active member, or a member who left employment by reason of redundancy or business efficiency, an additional annual pension up to £6,500 (1 April 2014).</p>	<p>The Council will not normally exercise this discretion, other than in exceptional circumstances with Members' agreement where it can be demonstrated that there is a clear financial, operational or strategic benefit to the Council in doing so.</p>

Report No.
FSD14043

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

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

Date: **10th June 2014**

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

Title: **LOCAL GOVERNMENT PENSION SCHEME FOR COUNCILLORS**

Contact Officer: Tracey Pearson, Chief Accountant
Tel: 020 8313 4323 E-mail: tracey.pearson@bromley.gov.uk
Sue Sydney, Assistant Director, Human Resources
Tel: 020 8313 4359 E-mail: sue.sydney@bromley.gov.uk

Chief Officer: Director of Finance
Director of Human Resources

Ward: Borough Wide

1. Reason for report

- 1.1 This report updates Members on the Government's decision with withdraw access to the Local Government Pension Scheme (LGPS) for Councillors and sets out the discretionary functions for which a formal policy is required to be made.
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2. **RECOMMENDATIONS**

The General Purposes and Licensing Committee is requested to:

- 2.1. **Note the Government's decision to withdraw access to the LGPS for Councillors;**
- 2.2 **Agree to the proposed discretionary policies with regard to Councillor pensions as set out in paras. 3.6 to 3.8 including recommending the delegations in 3.8 to Council.**

Corporate Policy

1. Policy Status: Existing policy. Under the provisions of the Local Government Pension Scheme (LGPS) Regulations, Councils are required to agree a formal policy for the exercise of certain discretionary functions.
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: No cost
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Pension Fund
 4. Total current budget for this head: £35.5m expenditure (pensions, lump sums, etc.), £39.5m income (contributions, investment income, etc.), £626.1m total fund market value at 31st March 2014
 5. Source of funding: Contributions to Pension Fund
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Staff

1. Number of staff (current and additional): n/a
 2. If from existing staff resources, number of staff hours: n/a
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Legal

1. Legal Requirement: Statutory requirement. Local Government Pension Scheme Regulations
 2. Call-in: Call-in is not applicable.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): There are currently 37 deferred pensioner Members in the Scheme.
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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 In a written ministerial statement issued on 19th December 2012, the Government announced its intention to remove access to the Local Government Pension Scheme (LGPS) for Councillors in England. On 10th March 2014, following a period of statutory consultation between April and July 2013, Regulations were laid to withdraw access to the LGPS for new Councillors from 1st April 2014 and for existing Councillors from the end of their current term of office.
- 3.2 As a result of the Government's decision, membership for Councillors ceased on 26th May 2014 and they became entitled to deferred benefits. The following options are available to Councillors with regard to when the deferred benefits can be paid:
- at age 65;
 - between age 65 and 75 (should a Councillor elect to defer payment beyond age 65 the amount of pension payable will be actuarially increased);
 - on or after age 60 and before age 65 without the Council's consent;
 - on or after age 50 and before age 60 with the Council's consent (benefits paid between age 50 and age 55 are usually subject to an additional tax charge);
 - on permanent ill health;
 - on death where a survivor benefit is payable.
- 3.3 Councillors also have the option, if under the age of 64 and providing benefits have not yet come into payment, to transfer the value of their LGPS pension rights to another occupational pension scheme, personal pension plan, stakeholder pension scheme or a buy-out insurance policy. Councillors are recommended to obtain independent financial advice if considering this option. A transfer value quotation can be provided by Liberata pensions on request.
- 3.4 In April 2014, Liberata pensions wrote to all Councillors advising of these changes and, over coming weeks, will be writing again to provide Councillors with their accrued pension benefits and the options available to them.
- 3.5 Where benefits are taken before the age of 65, either with or without the Council's consent, benefits will be actuarially reduced to reflect early payment but the Council has discretion to waive the reduction, in whole or in part, on compassionate grounds. The Council is required to agree a formal policy for the application of this discretion.
- 3.6 To provide consistency with the Council's current policies relating to employees, it is recommended that any application for the early payment of benefits requiring the Council's consent (ie. between ages 50 and 60) be considered by a Chief Officer's Early Retirement Panel. The Panel consists of four Chief Officers, including the Director of Finance and Director of Human Resources.
- 3.7 In considering applications for the early payment of benefits the Panel may exercise discretion to waive any actuarial reduction in individual cases having regard to the health of the Councillor, any financial or emotional hardship they may be suffering and the contribution the Councillor has made to public service.
- 3.8 In the event that a Councillor is not satisfied with the decision of the Panel, it is recommended there be a right of appeal to a Members Appeals Panel consisting of three Members who are not Members of the same Committee(s) as the Councillor.

3.9 Members are requested to consider and agree the policy to be applied with regard to the early payment of benefits as set out paras. in 3.6 to 3.8 above.

4. POLICY IMPLICATIONS

4.1 Under the provisions of the Local Government Pension Scheme (LGPS) Regulations, Councils are required to agree a formal policy for the exercise of certain discretionary functions.

5. FINANCIAL IMPLICATIONS

5.1 The decision to withdraw access to the LGPS for Councillors will result in savings of £68k in 2014/15 and £80k from 2015/16 arising from the fallout of employer contributions.

6. LEGAL IMPLICATIONS

6.1 The Public Service Pensions Act 2013 provides primary legislation for all public service schemes including the LGPS 2014.

6.2 The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 were published on 10th March 2014. Regulation 26 reflects the Government's decision that Councillors and other elected office-holders in England shall no longer have access to the LGPS.

Non-Applicable Sections:	Personnel
Background Documents: (Access via Contact Officer)	Public Service Pensions Act 2013; Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.

AUDIT SUB-COMMITTEE

Minutes of the meeting held at 7.30 pm on 12 March 2014

Present:

Councillor Neil Reddin FCCA (Chairman)
Councillor Simon Fawthrop (Vice-Chairman)
Councillors Reg Adams, Nicholas Bennett J.P.,
Julian Grainger, Will Harmer and Stephen Wells

Also Present:

Councillor Peter Fookes

59 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

No apologies for absence were received.

60 DECLARATIONS OF INTEREST

Councillor Neil Reddin declared an interest as a governor of St Olave's School, and as the parent of a child at Warren Road Primary School.

Councillor Reg Adams declared an interest as a governor of Churchfield and Stewart Fleming Primary Schools.

Councillor Simon Fawthrop declared an interest as the parent of a child at a Bromley School.

Councillor Julian Grainger declared an interest as a governor at St Olave's School and Chelsfield Primary School.

Councillor Will Harmer declared an interest as a member of The Ravensbourne School advisory body.

61 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received.

62 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 6TH NOVEMBER 2013 EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

RESOLVED that the minutes held on 6th November 2013 (excluding exempt information) be confirmed.

63 MATTERS ARISING

Report CSD14040

The Sub Committee received a summary of matters arising from previous meetings and considered the following matter in particular:

- In relation to minute 48/1 (6th June 2013) regarding the internal fraud and investigation report concerning expenditure on play equipment at Hookwood Road, Pratt's Bottom, it was noted that the investigation was completed and that no issues of concern were found. However Councillor Grainger felt that even though there was no evidence of fraud and tendering procedures were complied with, the play equipment in this case seemed to be of a higher specification and more expensive than those used in similar play areas. Councillor Grainger felt that there might be over specification, and a possible waste of taxpayer's money. It was decided that the specification should be looked into further.

RESOLVED

(1) That the report be noted.

(2) That the reason for the high cost/specification of the play equipment at Hookwood Road, Pratt's Bottom be clarified by internal audit.

64 EXTERNAL AUDIT - ANNUAL AUDIT PLAN 2013-14

Report CEO1405

This report was written to review the external auditor's annual plan arrangements for 2013-14. It was noted by the Sub Committee that the cost element in auditing the accounts for 2013-14 would be in the region of £196,000. It was further noted that there was a legal requirement to externally audit the accounts and subsequently report back to the Audit Commission.

The Sub Committee was informed of external audit activity for 2013-2014 within the scope of the Annual Audit Plan 2013-14. The Plan had been prepared to inform officers and Members about the responsibilities the external auditors had, and how they planned to discharge them.

Janet Dawson from PwC explained that the audit approach would be based around Risk Management, and the classification of these risks as either "significant" or "elevated". The differences between these terms was explained.

Clarification was sought from the Sub Committee by PwC on their views of the proposed de minimus thresholds; these were proposed at £650,000 in respect of the main accounts and £500,000 with respect to the Pension Fund. The "de

minus” level (proposed at £650,000) had been referred to in the PwC audit report by another term which was the level of “Triviality”. Several of the Committee Members felt that this was not an appropriate term as this was not a trivial amount of money. Members requested assurances that all errors would be highlighted by the auditors to management, and assurances were provided to this effect. It was pointed out that the term “trivial” was terminology used in the International Standards on Auditing.

Clarification was sought by Members with respect to elevated risk regarding Pensions. Councillor Grainger pointed out that there was a 20% average volatility risk associated with core equity funds, but that now the council had agreed to move to a Diversified Growth Fund where volatility was decreased to 14%, so risk should decrease.

A Member noted Appendix C, and the sub heading, “The Local State We’re In.” The question was asked if Bromley was going to be solvent in the future. Janet Dawson responded by stating that the auditors were going to meet shortly with the Chief Executive and Senior Officers to discuss a strategy to understand key risks and long term planning.

PwC assured that they believed fundamentally in the value of audit, and that they were looking to provide value for money and meaningful conclusions.

The Audit Plan would also look at the risk of fraud, identifying fraud, and how detected or suspected fraud could be responded to. The Audit Fees were clarified and noted that they would be £196,668 this compared with £210,653 for the previous financial year. It was noted by the Committee that the total fee for 2012/13 did not include current work ongoing to respond to an objection to the 2012/13 accounts raised by a local elector. At the time of writing the audit report, the estimated cost of this work was £15,000.

RESOLVED that

- (1) The external auditor’s arrangements for the Annual Audit Plan 2013-14 are noted.**
- (2) A de-minimus level of £650,000 for the reporting of differences and misstatements to the Sub Committee is agreed.**
- (3) The proposed audit fees for 2014/15 are agreed.**
- (4) Members of Audit Sub Committee were satisfied with the arrangements for fraud detection, fraud monitoring and fraud prevention procedures.**

65 EXTERNAL AUDIT - ANNUAL CERTIFICATION AUDIT

Report CEO1406

This document had been submitted to inform members of the findings of the external auditor's report on the annual certification for 2012/13.

The auditors requested that:

- Members note and comment on the attached report from themselves covering their findings in respect of the annual certification of Housing and Council Tax Benefits, National Non Domestic Rates, and the Teachers' Pension Return.
- Members were asked to consider the adequacy of the proposed Management Action Plan for 2012/13.
- Members were also asked to note and comment on the adequacy of progress made in implementing the 2011/12 action plan.

It was noted that with the certification audit discrepancies had to be reported on down to the last £1.00; hence the £4,344.00 discrepancy reported on with respect to Housing Benefit.

Attention was drawn to a matter on page 61 of the agenda with respect to the testing of the teacher's pension return. It was stated by the Head of Audit that those issues had now been resolved and would be tested in the pensions audit planned for 2014/15.

RESOLVED that

(1) The contents of the report are noted

(2) The proposed Management Action Plan for 2012/13 is adequate, and that satisfactory progress has been made in implementing the plan.

66 ANNUAL INTERNAL AUDIT PLAN 2014/15

Report CEO 1402

This report was drafted to inform Members in relation to the Internal Audit Plan for 2014-15. Members agreed that they were happy with the internal audit plan.

RESOLVED that the report be noted.

67 INTERNAL AUDIT PROGRESS REPORT

Report CEO 1403

This report was written to inform members of recent audit activity across the Council, and to provide an update on matters arising from the previous meeting.

Members discussed waivers as outlined in the appendix attached to the report, and commented as appropriate. Members were concerned that waivers should be reported to PDS Committees for scrutiny. It was agreed that verification be sought that the Care Services PDS Committee scrutinise placement waivers and if this was the case, to be reported back to Audit Sub Committee to allow members to decide if care services placements need to be included on the waiver list presented to this committee. It was confirmed by Cllr Wells that Education placements are reported to Education PDS but these were just a few.

Cllr Harmer raised an issue on value for money and Cllr Grainger raised the report commissioned from CIPFA in 2008 that members found very useful. This was discussed at the previous meeting when it was agreed that the Director of Finance would explore this option.

The update on financial impact on high risks was noted.

RESOLVED that

(1) The contents of the report be noted

(2) The waivers approved from October 2013 to February 2014 be noted; the Committee is content with the revised format for reporting waivers, but felt that another column may need to be added to indicate details of PDS scrutiny.

(3) The Committee notes the list of Internal Audit Reports on the web, and approves the reports where exemptions are sought. In future members wanted more detail for exemptions sought for reports not to be published within Part 2 of the agenda to include exemption reasons for reports already indicated within the Progress report. This will be reviewed every six months.

(4) The Sub Committee notes the continuing achievements of the counter fraud benefit partnership with the Royal Borough of Greenwich.

(5) The Committee agrees that placement waivers should in the future be scrutinised by PDS Committees and this should be reported to the Audit Sub Committee.

(6) That the Director of Finance pursues the Value for Money study offered by CIPFA.

68 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.

69 EXEMPT MINUTES OF THE MEETING HELD ON 6TH NOVEMBER 2013

RESOLVED that the exempt minutes of the meeting held on November 6th 2013 be agreed.

70 INTERNAL AUDIT FRAUD & INVESTIGATION REPORT

Report CEO 1404

The report was drafted to update Members regarding recent internal audit activity on fraud and investigations across the Council. The report also provided an update on matters arising from previous meetings, and provided a further update on results of the 2012 National Fraud Initiative (NFI).

RESOLVED that the contents of the report be noted.

The Meeting ended at 10.30 pm

Chairman

LOCAL JOINT CONSULTATIVE COMMITTEE

Minutes of the meeting held at 6.30 pm on 19 March 2014

Present:

Employer's Side

Councillor Nicholas Bennett J.P.
Councillor Stephen Carr
Councillor Russell Mellor
Councillor Diane Smith
Councillor Michael Turner

Staff Side and Departmental Representatives

Glenn Kelly, Staff Side Secretary
Max Winters, Education & Care Services

7 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors Eric Bosshard, Tony Owen and Ellie Harmer. From the Staff Side, apologies were received from Kathy Smith(Vice Chairman), and also from Mary Odoi.

It was noticed by the Chairman that the Staff Side only had two representatives.

The LJCC Constitution states that, "The quorum of the LJCC shall be three representatives of the employers and three representatives of the employees; comprising one trade union representative and two departmental representatives who are drawn from from two different departments."

This being the case, it was agreed by all parties that the meeting was not quorate, and that it therefore had to be abandoned.

The LJCC Committee is next due to meet on July 22nd 2014.

The Meeting ended at 6.45 pm

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APPEALS SUB-COMMITTEE

Minutes of the meeting held at 2.00 pm on 14 May 2014

Present

Councillor Nicholas Bennett J.P. (Chairman)
Councillors Councillor Tony Owen and Councillor Michael
Turner

1 APPOINTMENT OF CHAIRMAN

Councillor Nicholas Bennett J.P. was appointed Chairman.

2 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

There were no apologies.

3 DECLARATIONS OF INTEREST

Councillor Tony Owen declared that the appellant was known to him by virtue of the appellant's service some years previously at the L B Bromley social club facilities and by virtue of being a former constituent of the Petts Wood and Knoll ward for which Councillor Owen held office as a Ward Councillor. Councillor Owen had recently asked questions at Full Council on behalf of the appellant's former wife who continued to reside in the Petts Wood and Knoll ward.

Councillor Michael Turner also declared that he knew the appellant from the appellant's association with the L B Bromley social club. Councillor Turner added that when Deputy Mayor he had occasion to consult with the appellant.

The Chairman declared that he was a member of the L B Bromley social club.

Having heard the Member declarations, the appellant's representative confirmed the willingness of both he and the appellant to continue with the hearing.

4 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 item 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 summary
Refers to matters
involving exempt information**

5 ILL-HEALTH DISMISSAL APPEAL: MR T.B.

In accordance with the Council's established Procedure for managing Ill-Health, the Sub-Committee determined an appeal from a former member of staff against dismissal from Council employment on ill health grounds.

The Meeting ended at 5.50 pm

Chairman

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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By virtue of paragraph(s) 4 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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