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THE LONDON BOROUGH
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DATE: 16 October 2015

To: Members of the
LOCAL PENSION BOARD

Employer Representatives

Jane Harding
Brian Toms

Member Representatives

Glenn Kelly
Lesley Rickards

A meeting of the Local Pension Board will be held at Bromley Civic Centre on
MONDAY 26 OCTOBER 2015 AT 2.00 PM

MARK BOWEN
Director of Corporate Services

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

AGENDA

1 DECLARATIONS OF INTEREST

2 APPOINTMENT OF CHAIRMAN 2015-16

3 MINUTES OF THE PREVIOUS MEETING HELD ON 27 JULY 2015 (Pages 3 - 8)

4 MINUTES OF THE GENERAL PURPOSES AND LICENSING COMMITTEE MEETING 17TH SEPTEMBER 2015

To Follow

5 MINUTES OF THE PENSIONS INVESTMENT SUB-COMMITTEE MEETING 23RD SEPTEMBER 2015

To Follow

6 LOCAL PENSION BOARD WORK PLAN

7 PENSION FUND ANNUAL REPORT AND AUDITED ACCOUNTS (Pages 9 - 78)

8 LOCAL PENSION BOARD TRAINING PLAN

9 ANY OTHER BUSINESS

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

The Chairman to move 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.

Items of Business	Schedule 12A Description
11 EXEMPT MINUTES OF THE PENSIONS INVESTMENT SUB COMMITTEE MEETING 23RD SEPTEMBER 2015 To Follow	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

LOCAL PENSION BOARD

Minutes of the meeting held at 2.00 pm on 27 July 2015

Present

Jane Harding, Glenn Kelly, Lesley Rickards and Brian Toms

Also Present

David Kellond, Pensions Manager
Keith Pringle, Democratic Services

1 INTRODUCTIONS AND APPOINTMENT OF CHAIRMAN

Following introductions, it was agreed to elect a Chairman at the Board's next meeting.

The first meeting provided an opportunity to explore the purpose of the Pension Board and the role of Board members. To facilitate this, Mr Kellond, L B Bromley Pensions Manager, chaired the meeting.

2 EXPLANATION OF STATUTORY REQUIREMENT ON CONFLICTS OF INTEREST

The 'seven principles of public life' would be applied to members of the Pension Board and Board members would be required to observe both the Code of Conduct for Councillors/Co-opted Members and Data Protection policies of the L B Bromley.

In line with the Public Service Pension Act 2013, a Board Member must not have a financial or other interest that could prejudice them in carrying out their Board duties (excluding a financial or other interest by virtue of LGPS membership).

Material on declarations and interests provided to L B Bromley Councillors and Co-opted Members was handed to each Board Member with a request that the Notification of Interests form be completed and returned to the Pensions Manager. An enquiry was made on whether the Council would be prepared to indemnify Board members should they incur any liabilities in their role. However, this was felt unnecessary as the Board had no decision making powers and a remit to assist the administering authority.

3 DECLARATIONS OF INTEREST

There were no declarations.

In line with advice above and the Board's terms of reference, declarations of interest would be a standard item at the start of each Local Pension Board meeting.

4 ADOPTION OF THE TERMS OF REFERENCE

It was felt that a role on the Board involved a significant amount of work which needed more than one meeting per year. It was proposed the Board meet on no less than four occasions per year to correspond with the frequency of Pensions Investment Sub Committee meetings. The frequency could be amended if necessary after twelve months. This was unanimously agreed by Board Members and would be referred to the Director of Finance for consideration, in consultation with the Chairman of Pensions Investment Sub Committee and the Chairman of General Purposes and Licensing Committee, in line with approved delegations. Board members were encouraged to attend meetings of the Pensions Investment Sub Committee. The Pensions Manager would also ensure that links to relevant guidance is provided to members.

It was noted that the Terms of Reference did not include a budget for the Board's work, the Board being funded from the Pension Fund. It was felt necessary to consider costs such as Board member training, meeting attendance, and costs associated with the Board's work programme.

Consideration would be given to such matters when the Board was clear on its work programme although no provision had been made or approved to provide an annual budget for the Board. Requests for re-imbursement of travel expenses for attending Board meetings or training were to be sent to the Council's Chief Accountant.

5 ROLE OF THE LOCAL PENSION BOARD

Paragraph 3 of the Terms of Reference outlined the role of the Local Pension Board and paragraph 6 highlighted some principle functions of the Board.

The Board would oversee matters such as communications with employers and scheme members, and review proposed new and existing policies before consideration by the Pensions Investment Sub Committee. The Board would also receive Liberata's monthly service level report linked to administration performance. Compliance on Pension Fund investment regulations would continue to be for the Pension Investment Sub Committee rather than Local Pension Board. However, a focus for the Board would be the administration behind paying the pension to fund members. The Liberata monthly report provided an informative document in this respect.

It was suggested that members had particular interests and skills which could enable a degree of specialisation on matters. It was also suggested that issues could be looked at on an annual basis.

The number of members on Local Pension Boards across local authorities varied. Some authorities such as Bromley had four members, others had more. However, the composition of Bromley's Board was entirely in line with the minimum statutory

requirement i.e. two member representatives and two employer representatives.

The Pensions Investment Sub Committee was due to next meet on 23rd September 2015 and it was suggested that the Board meet in October following the Sub-Committee's meeting. The Annual Report of the Pension Fund would be available as would the external Audit Report on the Fund. Issues concerned with how the authority communicates with scheme members could also be considered.

6 SUMMARY OF THE PENSION FUND POSITION

The Pensions Manager agreed to enquire whether members could receive copies of the quarterly Fund Manager reports provided to Pension Investment Sub Committee meetings **(ACTION: Pensions Manager)**.

As far as possible, officers would submit information to Board members electronically (including links to documents). Board Members would be able to ask questions at Pensions Investment Sub Committee meetings.

It was suggested that hearing advice on how the scheme operated along with concerns (e.g. costs) could assist the Board consider areas to examine. Administration costs were important along with the balance of active and passive investment. Establishing the actual charges of Fund Managers was also highlighted - it could be beneficial to the authority if the Board were able to help achieve savings in this area.

If required information was unavailable from documents to be provided (or from reports to the Pensions Investment Sub Committee), the Pensions Manager invited members to make contact. It could also be possible for the Director of Finance or the Principal Accountant to give advice at a Board meeting. Attendance at Pension Investment Sub Committee meetings would also enable Board members to understand the latest position on matters.

Work was being taken forward across London to establish a Collective Investment Vehicle although L B Bromley was currently opposed to any mandatory inclusion in the scheme. Bromley's Fund had performed well over a number of years without the need for a collective investment approach. Further information could be provided by the Director of Finance at a future Board meeting if required.

7 PENSION SCHEME DOCUMENTATION

Examples of available online documents include:

- Pension Fund Annual Report (2014)
- Actuarial Valuation Report (March 2013)
- Statement of Investment Principles
- Compliance principles and

- Communications policy

Work was being taken forward on an administration strategy and the views of members would be sought on this (possibly between meetings).

A cessation policy document was also being considered related to the ending of a contracted out service involving LGPS members (e.g. service being taken in-house). It was necessary to be clear on how pension considerations at the end point would be dealt with.

Board members were encouraged to check online the dates of future Pension Investment Sub Committee meetings.

Pension items could also be considered by the Council's General Purposes and Licensing Committee (parent Committee to the Pensions Investment Sub Committee) and the Pensions Manager would alert members to any future item of interest. On key matters where an existing policy was being reviewed or a new policy developed, relevant documents would be submitted to Board members in any case.

8 TRAINING REQUIREMENTS AND TIMETABLING

Training could be provided by certain providers or it could be Local Government specific. Members were recommended to study the Public Service Toolkit on the Pensions Regulator website and a link to the toolkit would be provided to members.

A member preferred to undertake training as and when needed rather than attend bulk training which might not be needed. Another member preferred a general overview during daytime. Similarly, a further member would appreciate general training on the role of the board and training to improve LGPS knowledge. A further view expressed merit in starting training at basic level.

The Pensions Manager would look at whether there were any suitable training opportunities being provided by the Local Government Association; it may be beneficial to combine training with other local authorities if possible.

As set out in the approved Terms of Reference, no remuneration would be paid for membership of the Local Pension Board. A member felt it important that adequate resources be provided and that members should not lose out financially in their role. There may be instances, such as the need to take unpaid leave for Board attendance, where a member would need to be compensated. However, this would require a change to the current Terms of Reference which would need the relevant approval.

It was confirmed that those administering the Pension Fund would need to approve expenditure and resourcing. Another member preferred to provide a receipt for car mileage and printer costs as and when rather than have to submit within a month of expenditure.

Noting comments made, the Pensions Manager offered to take these back and establish what amendments could be made to the Terms of Reference under approved delegations. Further enquiries would also be made on training provision and dates. These would-be emailed to members. Where possible, training would be arranged before the Board's next meeting.

Concerning administration of the Pension Fund and payment of pensions, members were handed a copy of the Liberata performance report for June 2015.

9 WORK PROGRAMME AND ANY OTHER BUSINESS

For the Board's October meeting it was suggested that the agenda include:

- Training
- Pension Fund Audit Report and
- Pension Fund Annual Report

A Pension Fund Strategy document was available online and could be provided to members; however, the Board's key role was to monitor compliance with regulations and monitor the validity of decisions. If, in confirming compliance, members felt that a matter could be achieved in a better way, members could make suggestions if they so wished.

As a standing item, a member also suggested having a forward look item on future agendas.

It was agreed that member contact details could be shared amongst the Board's membership and officers.

The next meeting was provisionally agreed for 26th October 2015.

The Meeting ended at 3.12 pm

Chairman

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LONDON BOROUGH OF BROMLEY PENSION FUND

ANNUAL REPORT 2014/15

LONDON BOROUGH OF BROMLEY PENSION FUND
ANNUAL REPORT 2014/15
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FOREWORD

This Annual Report has been produced to keep pensioners and other interested stakeholders informed about the administration and performance of the London Borough of Bromley Pension Fund ("the Fund"). Regulation 34(3) of the Local Government Pension Scheme (Administration) Regulations 2008 and Regulation 57(3) of the Local Government Pension Scheme Regulations 2013 requires an administering authority to have regard to guidance given by the Secretary of State when preparing and publishing its Pension Fund Annual Report. Revised CIPFA guidance was issued by the Secretary of State on 18th August 2014 and this report complies with the regulations and with the CIPFA guidance and includes additional disclosures required therein.

The Local Government Pension Scheme (LGPS) was established to provide death and retirement benefits for all eligible employees, mainly local government staff. The LGPS is a funded final salary scheme, with earnings-banded fixed employee contribution rates and variable employer rates depending on the funding level assessed every three years by the Fund's actuary. Benefits are defined in law and inflation-proofed in line with increases in the Consumer Prices Index for September. The scheme is operated by designated administering authorities - each maintains a pension fund and invests monies not needed immediately.

The Council's Pension Fund is a funded defined benefit career average (final salary until 31st March 2014) statutory scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations 2013. The Authority and employees pay contributions into the Fund, calculated at a level intended to ensure that pensions liabilities balance with investment assets over a period of time. The Fund provides benefits for members, including retirement pensions, lump sum retirement grants and widows' pensions.

The Fund is governed by the Superannuation Act 1972 and is administered in accordance with the following legislation:

- The LGPS (Benefits, Membership and Contributions) Regulations 2007 (as amended)
- The LGPS (Administration) Regulations 2008 (as amended)
- The LGPS (Management and Investment of Funds) Regulations 2009.
- The LGPS Regulations 2013 (effective from 1st April 2014).

Pension benefits accrued prior to 1st April 2014 are based on final pensionable pay and length of pensionable service and are calculated as follows:

Service pre 1 April 2008:
- Pension: each year worked is worth 1/80 x final pensionable salary.
- Lump sum: automatic lump sum of 3/80 for each year worked x final pensionable salary. A proportion of the accrued pension may be exchanged for a one-off tax free cash payment (£1 pension equates to a £12 lump sum).

Service post 31 March 2008:
- Pension: each year worked is worth 1/60 x final pensionable salary.
- Lump sum: no automatic lump sum, but a proportion of the accrued pension may be exchanged for a one-off tax free cash payment (£1 pension equates to a £12 lump sum).

With effect from 1st April 2014, the LGPS became a career-average scheme and pension benefits accrued from that date are calculated as follows:

- Pension: for each year of scheme membership, a pension equal to 1/49 of pensionable pay for that year will be added to an employee's pension account. Annual additions are then made to ensure the accrued pension keeps pace with inflation.
- Lump sum: no automatic lump sum, but a proportion of the accrued pension may be exchanged for a one-off tax free cash payment (£1 pension equates to a £12 lump sum).

As well as a change to the way in which benefits are calculated, the normal retirement age for benefits accrued after 31st March 2014 changed to State Pension Age or 65, whichever is later.

There is a range of other benefits provided under the scheme including, but not limited to, early retirement, disability/ ill-health retirement and death benefits.

The London Borough of Bromley is a designated administering authority and is responsible for the administration of the scheme for its employees (and certain admitted bodies), excluding teachers, who have their own specific scheme. The Council discharges this responsibility through the Pensions Investment Sub-Committee consisting of seven councillors appointed by the Council and one staff representative. The Pensions Investment Sub-Committee is primarily responsible for investment and monitoring matters and reports to the General Purposes and Licensing Committee, which has overall responsibility for the administration of the scheme.

The Pensions Investment Sub-Committee has delegated the management of the Fund's active investments to professional investment managers, whose activities are specified in detailed investment management agreements and whose performance is monitored quarterly. The investment managers of the Fund are appointed by the Sub-Committee and, as at 31 March 2015, comprise Baillie Gifford, Blackrock, Fidelity, MFS International and Standard Life. They are regulated by the Financial Conduct Authority (FCA). The Fund's investment managers are set individual performance targets marked against relevant market benchmarks.

2014/15 was a good year overall in terms of returns for markets and the total Fund value rose from £628.3m at 1st April 2014 to £745.4m at 31st March 2015. In 2014/15, the Fund outperformed the benchmark by 2.1% overall, achieving a return of +18.5% compared to the benchmark return of +16.4%. With regard to the local authority universe, the Fund return was 5.3% above the average and the Fund's overall performance for the year was in the 5th percentile. Further details about the Fund's performance can be found on pages 13 to 17. Our investment policy is summarised on pages 12 to 13 and further details are set out in the Statement of Investment Principles on pages 61 - 68.

This Annual Report was reported to the meeting of the Pensions Investment Sub-Committee on 23rd September 2015.

LONDON BOROUGH OF BROMLEY PENSION FUND

MANAGEMENT AND FINANCIAL PERFORMANCE REPORT

The Fund

The London Borough of Bromley Pension Fund is part of the national Local Government Pension Scheme (LGPS), which is a statutory career average (final salary until 31st March 2014) scheme set up to provide pensions and retirement benefits for most local government employees including non-teaching staff in schools and for the employees of certain other bodies. It does not provide for teachers, who have a separate national scheme. Up to the local elections in May 2014, Councillors were eligible to join the scheme at the discretion of individual councils, although councillors' pensions were based on career average Members' allowances. Since May 2014, however, Councillors can no longer be active members of the scheme.

As well as for its own employees, the Fund provides for employees who transferred from the Council to Affinity Sutton (formerly Broomleigh Housing Association), Bromley Mytime and Liberata UK. These bodies are permitted under the regulations to contribute to the Fund and are termed Admission Bodies. It also provides for non-teaching staff in the colleges of further education within the borough (Ravensbourne College and Bromley & Orpington College) and these are termed Scheduled Bodies. As at 31st March 2015, the Fund also provided for 62 school academies, which are also termed Scheduled Bodies. The Council is responsible for administering the Fund in accordance with various statutory regulations, the principal regulations being the Local Government Pension Scheme Regulations 2013. Day-to-day administration of the Fund, such as the collection of contributions and the payment of pensions, is contracted out to Liberata UK Ltd.

Fund management and advisers

Any decisions on discretionary matters, most of which are prescribed by the regulations, are either taken by officers under delegated authority (generally by the Director of Finance) or referred to the General Purposes and Licensing Committee. The Pensions Investment Sub-Committee oversees the investment of the Fund and has a general responsibility to monitor the Fund's financial position. The Governance Policy Statement (pages 29 – 30) sets out the responsibilities of the various parties involved in managing the Fund. Meetings are held quarterly and the Sub-Committee's membership for the year 1st April 2014 to 31st March 2015 comprised:

> Until May 2014: Councillor Paul Lynch (Chairman), Councillor Julian Grainger (Vice-Chairman), Councillor Eric Bosshard, Councillor Russell Mellor, Councillor Neil Reddin, Councillor Richard Scoates, Councillor Stephen Wells and Glenn Kelly (Non-voting staff representative).
> From May 2014: Councillor Simon Fawthrop (Chairman), Councillor Alan Collins (Vice-Chairman), Councillor Eric Bosshard, Councillor Peter Fookes (replaced by Councillor Richard Williams from February 2015), Councillor David Livett, Councillor Russell Mellor, Councillor Neil Reddin and Glenn Kelly (Non-voting staff representative).

Member attendance at Pensions Investment Sub-Committee meetings in 2014/15.

Councillor	19/08/2014	02/12/2014	03/02/2015	24/02/2015
Simon Fawthrop (Chairman)	Y	Y	Y	Y
Alan Collins (Vice-Chairman)	Y	Y	Y	Y
Eric Bosshard	Y	Y	Y	Y
Peter Fookes	Y	Y	Y	Y
David Livett	Y	Y	Y	Y
Russell Mellor	Y	Y	Y	Y
Neil Reddin	N	Y	Y	Y
Richard Williams				N
Notes: Councillor Keith Onslow attended on 19/08/2014 in lieu of Councillor Reddin.				
Councillor Fookes was replaced by Councillor Williams after the meeting on				
03/02/2015, but then attended the meeting on 24/02/2015 in lieu of Councillor				
Williams.				

In 2014/15, the Council used the services of a number of professional advisers, including:

Scheme Actuary
Mercer LLP, Mercury Court, Tithebarn Street, Liverpool, L2 2QH
Scheme adviser
AllenbridgeEpic Investment Advisers Ltd, 26th Floor, 125 Old Broad Street, London, EC2N 1AR
Auditors
PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT
Investment managers
Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN
Blackrock, Drapers Gardens, 12 Throgmorton Avenue, London, EC2N 2DL
Fidelity Investment Management Ltd, Beechgate, Millfield Lane, Lower Kingswood, Surrey, KT20 6RP
MFS International, Paternoster House, 65 St Paul's Churchyard, London, EC4M 8AB
Standard Life Investments, 1 George Street, Edinburgh, EH2 2LL
Legal adviser
Director of Corporate Services, Civic Centre, Stockwell Close, BR1 3UH
Administrator of scheme benefits
Liberata UK Ltd, PO Box 1598, Croydon, Surrey, CR0 0ZW
Custodians of scheme assets
Bank of New York Mellon, 160 Queen Victoria Street, London, EC4V 4LA
Banker
HSBC plc, 60 Queen Victoria Street, London, EC4N 4TR
Secretary to the trustees
Director of Corporate Services, LB Bromley
AVC providers
Aviva, Rose Lane Business Centre, PO Box 520, Norwich, NR1 3WG
Equitable Life, PO Box 177, Walton Street, Aylesbury, Bucks, HP21 7YH
Performance monitoring
WM Company, Deutsche Bank House, 525 Ferry Road, Edinburgh, EH5 2AW
Council officers
Peter Turner, Director of Finance
Martin Reeves, Principal Accountant (Technical & Control)

Local Pension Board

From April 2015, a new governance structure for the LGPS and other public sector pension schemes came into force, which, among other things, requires the administering authority to

set up a Local Pension Board to assist in the management and administration of the LGPS. The Board had to be established by 1st April 2015 and is required to be operational by 1st August 2015. The Board's composition and terms of reference were approved by Council in February and its membership comprises two employer and two member representatives. Its main function is to assist the administering authority with the good governance of the scheme, ensuring the Fund's adherence to legislation, statutory codes of practice and guidance. The Board will meet annually and will submit an annual report on its work to the Council's Pensions Manager.

Risk Management

There are many factors that could have an adverse impact on achievement of the funding strategy and target funding levels. These can be categorised as administrative, management and investment risks. Some of the key potential risks are listed in a section of the Funding Strategy Statement (pages 55 - 56), together with comments on their materiality, on the procedures for monitoring them and on measures available to mitigate them. The risks listed there have been categorised in four main areas, i.e. financial, demographic, regulatory and governance risks.

The Pensions Investment Sub-Committee is responsible for the prudent and effective stewardship of the London Borough of Bromley Pension Fund. As part of this duty, the Sub-Committee oversees the monitoring and management of risk. The risk management process involves the identification, analysis, control and monitoring of risk. A key tool for the management of risk is the risk register. The register incorporates an assessment of likelihood and impact of risk events as well as control measures in place and an overall risk score. The risk register is kept under review by the Director of Finance and is presented to Members.

Officers operate within the financial procedures and control environment of the Administering Authority. These are regularly audited by internal and external audit.

Management of Third Party Risk

The Fund's investment managers and its custodian issue annual internal control documents. These documents identify internal processes and procedures and details of the audit testing done on them during the year. These provide comfort to the Fund that risk management and control policies and procedures are in place within these organisations. The Director of Finance analyses and reconciles information provided by the custodian to that of the investment manager.

The Pensions Investment Sub-Committee receives quarterly performance reports in which manager performance is reviewed. Any issues arising out of these reviews are raised at the Sub-Committee meeting. The Fund's independent investment adviser monitors the market and the activities of investment managers and informs officers if there are any concerns such as key changes of staff.

Financial Performance

The Council prepares accounts as at 31st March each year, which comply with the CIPFA Code of Practice on local authority accounting 2014/15 and the provisions of Chapter 6, Section 5 "Accounting and Reporting by Pension Funds". The Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations 2013 for the purpose of providing pension benefits for its employees. In addition to the provision of retirement pensions, the benefits include lump sum retirement grants and widows' pensions.

Day-to-day income and expenditure into and out of the Fund are recorded in the Pension Fund Revenue Account, which showed an overall surplus of £5.3m in 2014/15, which mainly comprised investment income. The Fund's investment assets appear in the Council's Annual Statement of Accounts and the total value of the Fund's net assets increased in 2014/15 from £628.3m as at 1st April 2014 to £745.4m as at 31st March 2015. The Pension Fund Accounts and Net Assets Statement, together with supporting notes, are attached (pages 35 - 49).

Results of participation in National Fraud Initiative (NFI) exercises (data matches, overpayments identified, actions taken, etc).

As part of the National Fraud Initiative 2014 data matching exercise, the LB Bromley pension data was matched to other data such as the DWP deceased register and payroll data. No evidence of fraud was identified but there were 9 cases of overpayments in respect of pensioners who were deceased. The total amount involved was £3,353. The data matching exercise is run every two years; however, management has agreed to join the flexible data matching scheme offered by the National Fraud Team which matches pension data to the latest DWP deceased register. This was recently matched and the results referred to the Pension Manager for investigation.

In 2014/15, an annual internal audit was completed and the report concluded controls were in place and working well in the areas of**:**

- Payments were being made to the correct person according to source documentation.
- Controls were in place to ensure staff who have changes in hours are accurately adjusted on the Pension system.
- Pension Retirement Grants were paid at the correct level and after the retirement date.
- Adequate scheme funds were available to meet scheme commitments.
- Scheme assets were adequately monitored and reconciled.
- Payment of death grants have been made accurately and promptly.
- Life Certificates were regularly sent out and chased up to ensure payments were accurately made for pensioners abroad.
- Arrangements were in place to identify staff whose contributions surpass individual annual allowances.

As a result, a substantial assurance opinion was given.

Analysis of pension overpayments, recoveries and amounts written off.

During 2014/15 there were:-

- 41 overpayments to pensioners (25 in 2013/14)
- Total Sum £18,073.79 (£4,727.87 in 2013/14)
- Total Outstanding £335.44 (£1,258.71 in 2013/14)
- Included in the above is 1 write off (total £188.07) (2 in 2013/14 totalling £208.18)

In addition to the above there were a further 25 overpayments below £50 (20 in 2013/14) and, in such cases, the Council's policy is not to pursue.

This is the 2nd year this information has been required and, in future years, data will be built up to enable a 5-year analysis to be provided.

Management Performance

Liberata UK Ltd manage the general administration of the Local Government Pension Scheme for the London Borough of Bromley. Performance standards are used to monitor and improve performance. Performance is reported regularly to the Council and is published annually for the information of Scheme members.

Liberata's commitment to Scheme members is:

As administrators of the Bromley Fund, we aim to provide you with good quality service and to communicate effectively. Liberata aim to:

- Respond to e-mails and written enquiries within 10 working days of receipt
  537 pieces of correspondence responded to in the last year, of which 99.81% were within the performance standard (99.50% in 2013/14)

- Process each stage of a transfer of pension rights (to or from the Fund) within 10 days of receiving the required information
  93.68% of 95 transfer-in quotations (98.25% in 2013/14) and 92.00% of 89 transfer-out quotations (96.54% in 2013/14) issued within the performance standard

- Process retirement grants (lump sums) within 10 working days of retirement, provided that Liberata have all the necessary information
  99.00% of 221 retirement grants paid within the performance standard (98.25% in 2013/14)

- Issue a benefit statement annually to all active and deferred members
  Statements issued to all active and deferred members in September

- Advise pensioners in April of the annual increase to their local government pension
  Pensions increase letters issued to all pensioners in April

Five-year analysis of the Fund's membership data.

Status	**31/03/2015**	**31/03/2014**	**31/03/2013**	**31/03/2012**	**31/03/2011**
	No.	**No.**	**No.**	**No.**	**No.**
Active Members	5,782	5,254	5,065	5,040	5,225
Pensioners - widow/dependant	700	706	705	705	706
- other	4,248	4,156	4,026	3,923	3,816
Deferred Pensioners	5,066	4,819	4,457	4,165	3,859
	15,796	14,935	14,253	13,833	13,606
Undecided Leavers	174	147	15	16	21
Frozen Refunds	632	610	608	603	608
Total Membership	16,602	15,692	14,876	14,452	14,235

Administration costs (including fund management fees) – budget v outturn

Actual costs of administering the Fund and its investments are compared to the original budget in the following table:

	2014/15 Budget £000	**2014/15 Actual £000**	**2013/14 Budget £000**	**2013/14 Actual £000**
Audit fee	20	21	20	21
Bank charges	30	40	30	26
Advice & other costs	120	90	120	120
Internal recharges	480	534	420	418
Total administration costs	650	685	590	585
Fund Management fees #	1,850	2,495	1,410	1,828
Total	2,500	3,180	2,000	2,413

Note:# The increase in fund management fees is due to the full-year effect of new mandates awarded in December 2012 and 2013.

Unit cost of administration per Fund member.

	2014/15	2013/14	2012/13	2011/12	2010/11
	£	£	£	£	£
Total administration costs (gross)	3,179,862	2,413,062	1,889,289	1,818,731	3,049,450
Fund Management fees	2,494,614	1,827,549	1,357,227	1,189,571	2,317,999
Total administration costs (net)	685,248	585,513	532,062	629,160	731,451
Cost per member:					
Net (excluding management fees)	£41.28	£37.31	£35.77	£43.53	£51.38
Gross (including management fees)	£191.53	£153.78	£127.00	£125.85	£214.22

Details of contributions received from each employer in the Fund.
A list of contributing employers and details of contributions received is given below. Summary details are provided in the notes to the Pension Fund Accounts (pages 39 and 42).

Contributions are required by statute to be paid into the Fund by the 19th day of the following month to that which they relate if paid by cheque or by 22nd if paid by bank transfer. The Pension Regulations allow the Council to charge interest on contributions that are not paid on time, but this power was not exercised in 2014/15.

Employer	Contributions 2014/15		
	Employee	Employer	TOTAL
	£	£	£
LB Bromley (inc. community schools)	3,927,918	16,571,639	20,499,557
Primary Schools/academies			
Alexandra Infants	14,069	50,059	64,128
Alexandra Junior	9,671	41,264	50,935
Balgowan Primary	24,762	102,387	127,149
Biggin Hill Primary	17,626	74,466	92,092
Bromley Trust Academy (academy from 1/9/14)	9,113	40,017	49,130
Castlecombe Primary	15,673	65,595	81,268
Chislehurst CE Primary (academy from 1/11/14)	4,013	18,625	22,638
Crofton Infants	24,527	106,097	130,624
Crofton Juniors	21,507	88,824	110,331
Darrick Wood Infants	13,111	54,289	67,400
Farnborough Primary	9,323	39,633	48,956
Grays Farm Primary	22,373	94,279	116,652
Green St Green Primary	24,095	98,757	122,852
Harris Aspire	6,840	27,032	33,872
Harris Crystal Palace	23,970	90,042	114,012
Harris Kent House	16,335	68,566	84,901
Harris Shortlands (academy from 1/9/14)	2,365	11,030	13,395
Hayes Primary	29,568	125,090	154,658
Highfield Infants	9,901	41,279	51,180
Highfield Junior	10,270	43,037	53,307
Hillside Primary	18,487	77,971	96,458
Holy Innocents RC Primary	5,731	24,132	29,863
Keston CE Primary (academy from 1/4/14)	8,273	35,456	43,729
La Fontaine Academy (academy from 1/9/14)	3,515	7,906	11,421
Leesons Primary (academy from 1/9/14)	9,787	40,521	50,308
Manor Oak Primary	11,053	46,620	57,673
Midfield Primary (academy from 1/1/15)	7,096	30,224	37,320
Parish Primary	27,361	95,606	122,967
Perry Hall Primary	11,254	47,815	59,069
Pickhurst Infants	15,305	65,024	80,329
Pickhurst Junior	16,531	67,533	84,064
Princes Plain Primary (academy from 1/1/15)	14,424	59,928	74,352
Raglan Primary	20,493	87,809	108,302
Scotts Park Primary (academy from 1/4/14)	13,078	56,733	69,811
Stewart Fleming Primary	20,270	85,901	106,171
St James RC Primary	6,169	24,835	31,004
St John's CE Primary (academy from 1/4/14)	17,550	74,099	91,649
St Joseph's Primary (academy from 1/12/14)	2,576	11,118	13,694
St Mark's CE Primary (academy from 1/12/14)	8,043	35,543	43,586
St Mary Cray Primary (academy from 1/11/14)	7,379	31,243	38,622
St Mary's RC Primary	14,637	62,200	76,837
St Peter & St Paul Primary (academy from 1/8/14)	8,311	35,567	43,878
St Philomena's Primary (academy from 1/10/14)	5,211	22,317	27,528
St Vincents RC Primary (academy from 1/10/14)	3,911	15,236	19,147
Tubbenden Primary	29,933	126,605	156,538
Valley Primary	28,729	116,395	145,124
Warren Road Primary	31,438	126,699	158,137
Secondary schools/academies			
Beaverwood	46,762	176,302	223,064
Bishop Justus CE	57,630	226,196	283,826
Bullers Wood	58,378	234,169	292,547
Charles Darwin	36,869	135,687	172,556
Coopers	59,447	208,593	268,040
Darrick Wood	72,142	280,881	353,023
Harris Beckenham	64,461	261,870	326,331
Harris Bromley	64,891	253,893	318,784
Hayes	32,418	132,087	164,505
Kemnal Technology College	94,852	362,105	456,957
Langley Park Boys	44,737	212,009	256,746
Langley Park Girls	58,637	231,377	290,014
Newstead Wood	40,810	158,416	199,226
Ravens Wood	59,347	231,298	290,645
St Olave's & St Saviour's	34,590	134,082	168,672
The Priory	79,184	298,484	377,668
The Ravensbourne	54,994	203,256	258,250
Special schools			
The Glebe Special School	38,332	156,117	194,449
Other bodies			
Bromley & Orpington College	255,651	750,025	1,005,676
Ravensbourne College	169,976	523,737	693,713
Beckenham & Lewisham MIND	0	0	0
Bromley MyTime	11,182	28,639	39,821
Affinity Sutton	0	100,600	100,600
Liberata UK	66,855	210,095	276,950
GRAND TOTAL	**6,105,720**	**24,872,961**	**30,978,681**

INVESTMENT POLICY AND PERFORMANCE REPORT

Investment Principles

In accordance with the requirements of regulation 12 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 ("the Regulations"), as amended, the Council has produced a Statement of Investment Principles (SIP). The SIP for 2014/15 was approved by the Pensions Investment Sub-Committee on 23rd September 2015. This is published on the Council's website (see pages 61 - 68).

Investment Managers

Investment of the Fund is governed by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, which define the categories of investments that may be used and set various limits to prevent over-concentration in single asset types or single investments. In practice, investment in all the principal classes of assets is permitted. Most of the Pensions Investment Sub-Committee's work relates to the monitoring of investment performance, which can have a critical impact on the value of the Fund's assets.

The Council currently employs five investment managers:

- Baillie Gifford & Company (initially appointed in December 1999 and still running a fixed income mandate as well as a Diversified Growth Fund (DGF) mandate from December 2012 and a global equities mandate from December 2013);
- Blackrock (appointed from December 2013 to manage a global equities mandate);
- Fidelity Pensions Management (originally appointed in April 1998, but now only running a fixed income mandate);
- MFS International (appointed from December 2013 to manage a global equities mandate); and
- Standard Life Investments (appointed to run a DGF mandate from December 2012).

It also employs an independent custodian, the Bank of New York Mellon, to hold the Fund's investments and perform related functions such as the collection of investment income and operation of bank accounts in various currencies. The Pensions Investment Sub-Committee is responsible for all these appointments.

The regulations require the performance of the investment managers to be reviewed at least once every three months. Quarterly meetings of the Sub-Committee are held for this purpose and each manager submits a report on his activities in the previous quarter. The Fund managers attend meetings as requested to present and discuss reports on performance. The Director of Finance presents a separate report on investment performance to each meeting, based on data prepared by the independent WM Company and including comments from the Fund's external advisers, AllenbridgeEpic.

The investment managers have to operate within the investment powers set out in the regulations and in accordance with their benchmarks. These determine the broad allocation of investments over different asset classes and the extent to which they can diverge from that allocation. Details are included in the Fund's Statement of Investment Principles (pages 61 - 68). The Pensions Investment Sub-Committee is responsible for determining and reviewing the asset allocation strategy of the Fund and this is reviewed on a regular basis. The asset allocation strategy agreed in 2006 (two balanced portfolios managed by Fidelity and Baillie Gifford with benchmarks based on a broad 80:20 ratio of equities to bonds) remained in place until the comprehensive strategy review that took place during 2011/12 (see below).

The regulations also require the authority to review periodically whether to retain their managers. The section on investment performance on pages 13 - 17 shows that the Fund has done very well in comparison with other local authority funds over all measured periods (out to 10 years), as a result of which, prior to 2011/12, it had been concluded that there was no reason to seek to terminate either of the current agreements. However, following relatively poor performance in 2011/12, a comprehensive strategy review was carried out, which concluded that, in view of ongoing world market problems, a change of direction was required. Consequently, the Sub-Committee agreed to maintain the high level 80%/20% split between growth seeking assets (representing the long-term return generating part of the Fund's assets) and protection assets (aimed at providing returns to match the future growth of the Fund's liabilities). The growth element would, however, comprise a 10% investment in Diversified Growth Funds (DGF - a completely new mandate) and a 70% allocation to global equities. The latter involved the elimination of our previous arbitrary regional weightings, which now provides new managers with greater flexibility to take advantage of investment opportunities in the world's stock markets, thus, in theory at least, improving long-term returns. A 20% protection element would remain in place for investment in corporate bonds and gilts. The first phase of the new strategy (an allocation of £50m (10% of the total Fund value at that time) to two Diversified Growth Fund (DGF) managers, Baillie Gifford and Standard Life) was implemented in December 2012. Phase 2 (the award of three separate global equities mandates – 70% (£440m) of the total Fund value at that time – to Baillie Gifford, Blackrock and MFS International) was implemented in December 2013. Phase 3 (the award of two/three separate fixed income mandates – 20% of the total Fund value) is still under discussion and is expected to be implemented in 2015/16.

Fees paid to the investment managers are charged to the Fund. In 2014/15, these were calculated on the following bases:

Baillie Gifford (global equities) - Base fee (quarterly) 01/04/14 to 31/12/14 0.50% of first £30m of Fund value (increased to 0.55% from 01/01/15), 0.40% of next £30m (increased to 0.45% from 01/01/15) and 0.35% of remainder (unchanged from 01/01/15).
Baillie Gifford (fixed income) - Base fee (quarterly) 0.25% of total Fund value.
Baillie Gifford (DGF) - Base fee (quarterly) 0.65% of total Fund value.
Blackrock (global equities) - Base fee (quarterly) 0.30% of total Fund value.
Fidelity (fixed income) - Base fee (quarterly) 0.35% of first £10m of Fund value, 0.30% of next £10m, 0.21% of next £30m and 0.18% of remainder.
MFS (global equities) - Base fee (quarterly) 0.60% of first £25m of Fund value, 0.45% of next £25m and 0.40% of remainder.
Standard Life (DGF) – Base fee (quarterly) 0.70% of total Fund value.

Review of Investment Performance

The WM Company provides an independent performance measurement service for the Fund and attends the Pensions Investment Sub-Committee once a year to present an annual report.

Performance data for 2014/15

Fund Value

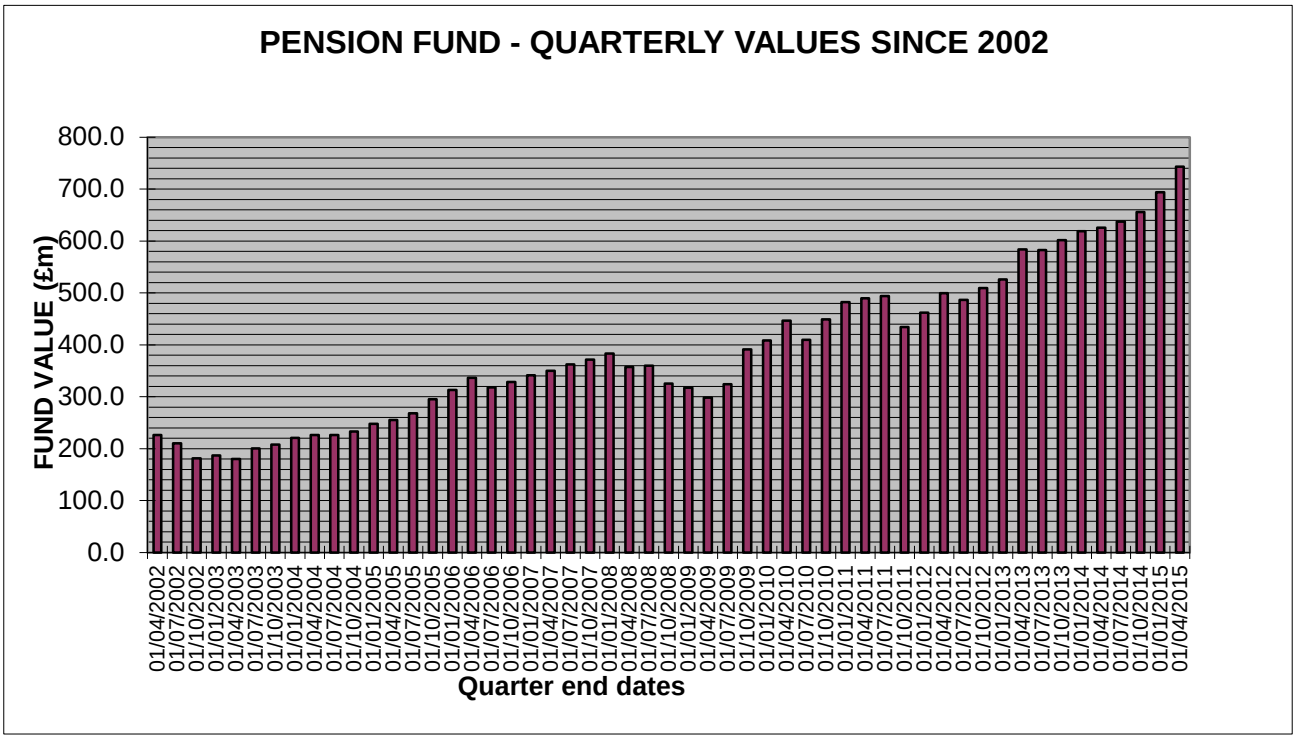
The total market value of the Fund has fluctuated considerably in the last few years. Since 2002, however, increases in the good years (most notably 2005/06, 2009/10, 2012/13 and 2014/15) have far exceeded decreases in the bad years (2002/03 and 2008/09). As a result, the total value of Fund investments has increased from £180.3m as at 31st March 2003 to

£745.4m as at 31st March 2015. In 2014/15, the value rose by 18.6% from £628.3m to £745.4m.

MOVEMENTS IN PENSION FUND MARKET VALUE (NET ASSETS) SINCE 2002

Date	Baillie Gifford					Fidelity			Blackrock	MFS	Standard Life	CAAM	
	Balanced Mandate	DGF	Fixed Income	Global Equities	Total	Balanced Mandate	Fixed Income	Total	Global Equities	Global Equities	DGF	LDI Investment	GRAND TOTAL
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
31/03/2002	113.3				113.3	112.9		112.9					226.2
31/03/2003	90.2				90.2	90.1		90.1					180.3
31/03/2004	113.1				113.1	112.9		112.9					226.0
31/03/2005	128.5				128.5	126.6		126.6					255.1
31/03/2006	172.2				172.2	164.1		164.1					336.3
31/03/2007	156.0				156.0	150.1		150.1				43.5	349.6
31/03/2008	162.0				162.0	151.3		151.3				44.0	357.3
31/03/2009	154.6				154.6	143.5		143.5					298.1
31/03/2010	235.5				235.5	210.9		210.9					446.4
31/03/2011	262.7				262.7	227.0		227.0					489.7
31/03/2012	269.9				269.9	229.6		229.6					499.5
31/03/2013#	315.6	26.5			342.1	215.7		215.7			26.1		583.9
31/03/2014@	15.1	26.8	45.2	207.8	294.9		58.4	58.4	122.1	123.1	27.0		625.5
30/06/2014		43.0	46.1	208.9	298.0		59.7	59.7	126.5	125.5	27.3		637.0
30/09/2014		43.8	48.1	213.3	305.2		61.5	61.5	131.6	129.5	28.1		655.9
31/12/2014		44.0	50.2	227.7	321.9		64.9	64.9	139.3	139.2	28.4		693.7
31/03/2015		45.5	51.6	248.2	345.3		66.6	66.6	150.5	150.8	29.7		742.9

£50m Fidelity equities sold in Dec 2012 to fund Standard Life and Baillie Gifford DGF allocations.
@ Assets sold by Fidelity (£170m) and Baillie Gifford (£70m) in Dec 2013 to fund MFS and Blackrock global equities.



Investment Performance

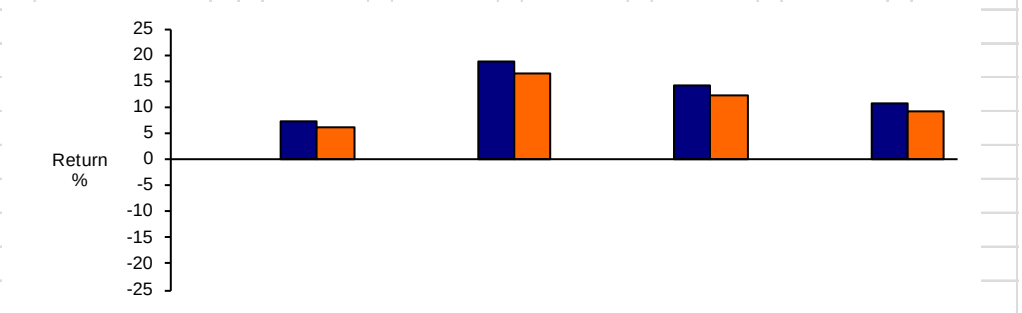
2014/15 was another good year for the London Borough of Bromley Pension Fund. An overall return of +18.5% was achieved compared to the benchmark return of +16.4% and the local authority universe average of 13.2% (overall ranking in the 5th percentile (the lowest rank being 100%)). For comparison, the rankings in recent years were 29% in 2013/14, 4% in 2012/13, 74% in 2011/12, 22% in 2010/11, 2% in 2009/10 (the second best in the whole local

authority universe), 33% in 2008/09, 5% in 2007/08, 100% in 2006/07 (equal worst in the whole local authority universe), 5% in 2005/06, 75% in 2004/05, 52% in 2003/04, 43% in 2002/03 and 12% in 2001/02.
Since the implementation of Phase 2 (global equities) of the revised Investment Strategy in December 2013, the Fund has employed a total of five managers, all of which are measured against specific benchmarks and are given specific performance objectives, as follows:

> Global equities – Baillie Gifford, Blackrock and MFS are all required to outperform the MSCI All Countries World Index.
> Fixed income – Baillie Gifford are required to outperform 50% FTSE UK Gilts All Stocks/50% BAML Sterling Non-Gilts Index; Fidelity are required to outperform 50% iBoxx Gilts/50% iBoxx non-Gilts.
> DGF – Baillie Gifford are required to achieve Base Rate + 3.5%; Standard Life are required to achieve 6 month Libor + 5%.

The WM Company measures their results against these benchmarks instead of against its local authority indices and averages. At total Fund level, however, it continues to use the local authority indices and averages and other comparisons with local authority averages may be highlighted from time to time to demonstrate, for example, whether the benchmark itself is producing good results. The following tables show total Fund performance and the performance returns of the individual managers in periods ended 31st March 2015.

Fund Returns



	Latest Quarter	1 Year	3 Years % pa	5 Years % pa
Fund	7.3	18.5	14.2	10.7
Benchmark	6.0	16.4	12.1	9.2
Relative Return	1.3	2.1	2.1	1.5

The graphs show the performance of the Fund and Benchmark over the latest period and longer term.
The relative return is the degree by which the Fund has out or underperformed the Benchmark over these periods

Summary of Manager Performance - Rates of Return

LONDON BOROUGH OF BROMLEY SUPN. - TOTAL COMBINED — **Periods to end March 2015**

Pound Sterling

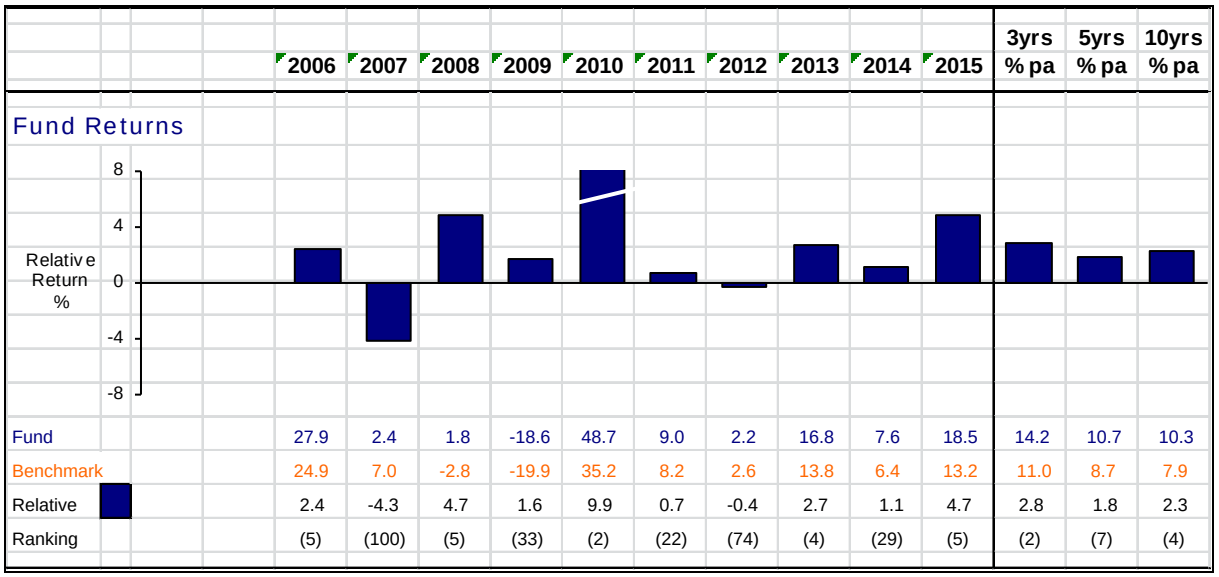
	Mkt Val (GBP 1000)	% of Fund	Latest Quarter	12 Months	3 Years	5 Years	10 Years	Since Inception	Incept. Date
Multi Asset									
BAILLIE GIFFORD & CO	248,249	33.4	9.2	19.0	14.7	11.5	10.8	7.3	30/11/199
LB OF BROMLEY BGIFFORD BM			7.6	19.0	13.0	9.5	9.0	6.3	
			1.5	0.0	1.6	1.8	1.7	0.9	
Bonds - Sterling									
FIDELITY INVESTMENT SERVICES LIMIT	66,614	9.0	2.9	14.2	13.5	9.7	9.9	7.1	30/4/1998
LB OF BROMLEY FIDELITY BM			2.8	13.9	11.2	8.8	8.2	6.2	
			0.1	0.3	2.1	0.8	1.5	0.8	
BAILLIE GIFFORD & CO	51,574	6.9	2.8	14.0				12.4	9/12/2013
LB of Bromley B Gifford Fixed Interest Benc			2.8	13.6				11.9	
			0.0	0.3				0.5	
Structured Products									
BAILLIE GIFFORD & CO	45,464	6.1	3.2	8.0				6.6	6/12/2012
BANK OF ENGLAND BASE RATE + 3.5%			1.0	4.0				4.0	
			2.2	3.8				2.5	
STANDARD LIFE	29,676	4.0	4.4	10.1				7.7	7/12/2012
GBP 6 MONTH LIBOR + 5%			1.4	5.6				5.6	
			3.0	4.2				2.0	
Equity - World									
BLACKROCK	150,533	20.3	8.3	22.9				19.6	17/12/201
MSCI AC WORLD GDR			7.6	19.0				16.8	
			0.7	3.3				2.4	
MFS	150,773	20.3	8.6	22.3				19.7	18/12/201
MSCI AC WORLD NDR			7.5	18.4				16.0	
			1.1	3.3				3.2	
TOTAL FUND									
TOTAL COMBINED	742,883	100.0	7.3	18.5	14.2	10.7	10.3	9.7	31/12/199
LB OF BROMLEY STRATEGIC BENCHMA			6.0	16.4	12.1	9.2	8.7	9.2	
			1.2	1.8	1.9	1.4	1.5	0.4	

Medium and long-term performance data

As is shown in the table above, the Fund's medium and long-term returns have remained very strong. Long-term rankings to 31st March 2015 were in the 2nd percentile for three years, in the 7th percentile for five years and in the 4th percentile for ten years, all of which were very good and underlined the fact that the Fund's performance has been consistently strong over a long period. Whole Fund returns and rankings for individual years are shown in the following table:

Year	Whole Fund Return	Benchmark Return	Local Authority average	Whole Fund Ranking
	%	%	%	
2014/15	18.5	16.4	13.2	5
2013/14	7.6	6.1	6.4	29
2012/13	16.8	14.0	13.8	4
3 year ave to 31/3/15	***14.2***	***12.1***	***11.0***	***2***
2011/12	2.2	2.0	2.6	74
2010/11	9.0	8.0	8.2	22
5 year ave to 31/3/15	***10.7***	***9.2***	***8.7***	***7***
2009/10	48.7	41.0	35.2	2
2008/09	-18.6	-19.1	-19.9	33
2007/08	1.8	-0.6	-2.8	5
2006/07	2.4	5.2	7.0	100
2005/06	27.9	24.9	24.9	5
10 year ave to 31/3/15	***10.3***	***9.2***	***7.9***	***4***

The graph below shows total Fund performance to 31st March 2015 over 1, 3, 5 and 10 years compared to the local authority universe.



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	3yrs % pa	5yrs % pa	10yrs % pa
Fund	27.9	2.4	1.8	-18.6	48.7	9.0	2.2	16.8	7.6	18.5	14.2	10.7	10.3
Benchmark	24.9	7.0	-2.8	-19.9	35.2	8.2	2.6	13.8	6.4	13.2	11.0	8.7	7.9
Relative	2.4	-4.3	4.7	1.6	9.9	0.7	-0.4	2.7	1.1	4.7	2.8	1.8	2.3
Ranking	(5)	(100)	(5)	(33)	(2)	(22)	(74)	(4)	(29)	(5)	(2)	(7)	(4)

Custodial arrangements

The Fund uses the Bank of New York (BNY) Mellon as custodian of the cash and securities deposited for safe custody, including stocks, shares, bonds, notes, coupons, certificates of deposit or commercial paper, whether in certificated, uncertificated, registered or bearer form. BNY also effect settlements and other transfers and arranges for the collection of dividends and other receipts.

FUND ADMINISTRATION REPORT

Pension Fund Governance Policy and Compliance Statement

In accordance with regulation 73A of the Local Government Pension Scheme Regulations 1997, the Council has produced a Pension Fund Governance Policy Statement. This is attached at pages 29 – 30. In June 2007, the regulations were amended to require administering authorities to report the extent of compliance against a set of best practice principles published by the government. This Governance Compliance Statement was reported to the General Purposes and Licensing Committee in July 2008 and is attached at pages 31 - 34.

Fund Administration

Liberata UK Ltd manage the general administration of the Local Government Pension Scheme for the London Borough of Bromley. Details of their performance against standards are shown in the Management and Financial Report above.

Details of administration costs, including investment management fees, adviser fees and fees paid to Liberata are shown on pages 9 and 10 and in the supporting notes to the Pension Fund accounts (page 43).

Liberata UK Ltd

As administrators of the Fund, Liberata aim to provide Members with good quality service and to communicate effectively. They undertake the administration of the LGPS Regulations and associated legislation for over 15,000 Fund members, including LB Bromley staff, non-teaching staff employed by LB Bromley, Affinity Sutton (formerly Broomleigh Housing Association), Bromley MyTime, Liberata UK, Bromley & Lewisham MIND, the Council's colleges (Bromley & Orpington and Ravensbourne), academies and elected Members of the Council.

Administrator functions include:

- Provision of retirement benefits, life cover and dependants' benefits for current and former staff and their dependants.
- Maintenance of member pension records via interface from the Council payroll.
- Implementation of changes in the regulations affecting benefit (or potential benefit) entitlements and keeping members informed of their options.
- Provision of illustrations for transfer of members' previous pension benefits into the Fund and, where appropriate, affecting the transfer.
- Provision, on request, of illustrations of the benefits of paying additional contributions.
- Provision of details of preserved entitlements for early leavers and transfers out and payment as necessary.
- Provision of forecasts of redundancy and early retirement benefits and payment as necessary.
- Calculation and recovery of employer costs associated with the capital impact on the Fund of early payment of benefits – including one-off payments.
- Operation of special provisions of the LGPS relating to elected Members who have opted to join the Fund.
- Provision of data to the Council's actuary for the annual IAS19 exercise and for triennial full valuations of the Fund.
- Submission of statutory returns to government bodies as required.
- Maintenance of Pensions IT system, with updated versions and revisions to tables as advised by the actuary or the Government's Actuary Department.

- Advice and assistance on pension issues where members' employment is being transferred to a contractor under TUPE. Arranging terms for admission agreements to the Fund for new employers.

Key activity in 2014/15 included:

- NFI exercise for deceased members and re-employed pensioners.
- Introduction of new scheme structure and processes from April 2014 and new design for all documentation in relation to the changes.
- Implementation of end of year template for all employers and external payroll users.
- Submission to the actuary of various TUPE data for possible admission body membership.
- Reconciliation of all transfer in/out payments and retirement grants and death grants for 2014/15 completed.

Enquiries and Complaints

In order to protect Members' interests, the Council is required by the LGPS regulations to set up a two-stage appeal procedure. Full details of these can be obtained from the Liberata Pensions Team (contact details shown below). In addition to the internal dispute process, Members also have access to a number of external advisers or regulators who are there to assist with pension matters.

Contacts for further information

Liberata UK Ltd, PO Box 1598, Croydon, Surrey, CR0 0ZW	Tel: 020 8603 3429 E-mail: pensions@bromley.gov.uk Website: www.liberata.com
London Borough of Bromley, Director of Finance, Civic Centre, Stockwell Close, Bromley, Kent, BR1 3UH	Tel: 020 8464 3333 Website: www.bromley.gov.uk

Pension Tracing Service (for ex-members no longer in touch with former employers)

The Pension Service, The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU	Tel: 0845 600 2537

The Pensions Advisory Service (if problems can not be resolved with pension schemes)

11 Belgrave Road, London, SW1V 1RB	Tel: 0300 123 1047 Website: www.pensionadvisoryservice.org.uk

Pensions Ombudsman

Tel: 020 7630 2200	Website: www.pensions-ombudsman.org.uk

Self-Service Pensions

Members of the Fund can access their own pension records online, through the Altair Member Self Service (MSS). This service allows Members to view their own records and

carry out their own pension benefits calculations, including deferred benefits, pension predictions, lump sum commutation options and redundancy estimates. Members also have the option of updating their Expression of Wish records (by downloading and submitting a signed form) and personal details such as change of address or name. An activation key to access the Altair Member Self Service function can be requested by accessing https://bromleypensionsonline.bromley.gov.uk and a key and details of how to use MSS will be sent direct to the member.

The Fund's Internal Dispute Resolution Procedure.
Members are initially encouraged to contact Liberata UK if they are not sure which benefits they are entitled to or if they have a problem with their benefits. Many problems are resolved informally in this way before they escalate.

If, however, Members are not satisfied with anything relating to their membership of the Fund, their pension benefits or decisions taken that affect them (or their dependants), they have the right to ask for a review under the formal complaint procedure. This procedure is called the Internal Dispute Resolution Procedure (IDRP).

The IDRP has two stages:
Stage 1: the complaint should be made formally, in writing, within 6 months of the date of notification of the decision against which the member wishes to complain. A person nominated by the employer will review the decision and inform the complainant in writing within 3 months of the date on which the complaint was logged.
Stage 2: the member can ask for a 2nd look at the complaint (by a person not involved in the 1st stage decision) if he/she is not satisfied with the 1st stage decision or if the 1st stage decision has not been made within 3 months of the date on which it was logged.

If the complainant is still unhappy with the decision after the 2nd stage, he/she can take the case to the Pensions Ombudsman, provided this is within 3 years of the original decision or problem.

There were no formal complaints raised through the IDRP in 2014/15.

Membership of Bodies
The Fund is a member of the following bodies:

Local Government Pensions Committee – provides technical advice, guides, communications and training on the Local Government Pension Scheme.

National Association of Pension Funds – the voice of workplace pensions in the UK. Spreads best practice among members, challenges regulation and promotes policies that add value. Also provides technical advice, guides, communications and training.

ACTUARIAL REPORT

The regulations require an actuarial valuation of the Fund's assets and liabilities every three years and the Pensions Investment Sub-Committee is responsible for considering the actuary's report. In the report on the most recent valuation as at 31st March 2013, the Fund's actuary, Mercer Ltd, determined the level of employers' contributions for the three years 2014/15 to 2016/17. Employers' contributions have to provide both for the ongoing cost of pensions in respect of employees' future service and for the eventual elimination of the shortfall in respect of past service. Contribution rates for the years 2011/12 to 2013/14 were set by the Council's previous actuary, Barnett Waddingham, in the 2010 valuation. The next full valuation of the Fund (as at 31st March 2016) will be carried out during 2016/17.

In the 2013 valuation, the actuary found that the value of the Fund's assets represented 82% of the value of its liabilities, down from 84% in 2010. The actuarially assessed position at 31 March 2013 is summarised in the table below.

Valuation	**31 March 2010**	**31 March 2013**	**% change**
	£m	£m	%
Liabilities	511	712	+39.3
Assets	429	584	+36.1
Shortfall	82	128	+56.1
Funding level	84%	82%	-2.0

The key actuarial assumptions as at 31st March 2010 and 2013 are shown below:

Financial Assumptions	**2010**	**2013**
Future investment returns	**% p.a.**	**% p.a.**
Discount Rate (future service)	7.2	5.6
Pay increases – long term	5.0	4.1
Pay increases – short term (3 years)	n/a	1.0
General inflation	3.5	2.6
Pension increases	3.0	2.6

In the 2010 Valuation, the employer contribution rate in respect of future service with effect from 1st April 2011 to 31st March 2014 was set at 14.7% for all London Borough of Bromley employees. The 2013 Valuation increased this to 15.3% for the three years 1st April 2014 to 31st March 2017. In addition to contributions in respect of Fund members, the Council is also required to make contributions to eliminate the Fund deficit. These were fixed in the 2010 valuation at £5.5m in 2011/12, £5.8m in 2012/13 and £6.1m in 2013/14 with the aim of recovering the deficit over a period of 12 years. The 2013 Valuation set these at £5.9m per annum in 2014/15, 2015/16 and 2016/17 with the aim of recovering the deficit over a period of 15 years.

The 2013 valuation report also contained contribution rates for the other employers in the Fund, including Bromley & Orpington and Ravensbourne Colleges, Affinity Sutton (Broomleigh Housing Association), Liberata UK and Bromley MyTime, as well as for schools. Separate contribution rates were also set for those schools that had adopted academy status. A deficit recovery period of no more than 15 years was set for all these employers, in line with the period set for the Council. The Contribution Schedule set by the actuary is shown on pages 26 - 28.

The Fund income from employer contributions by the Council has increased steadily over the years, principally because there has been a funding shortfall in the Fund since the early

nineties. Since then, a programme of annual increases in employer contributions has been implemented with the aim of eliminating the shortfall over an extended period. For a variety of reasons, however, the shortfall has persisted and, in common with all defined benefit schemes, both public and private, there has been a sharp deterioration since the turn of the century as the result of adverse market conditions and improved longevity. The Fund's current strategy is to achieve a funding level of 100% by 2028, but this will be reassessed in the next full valuation (as at 31st March 2016), the results of which will be known towards the end of 2016/17.

The latest Fund valuation report (as at 31st March 2013) can be found at http://www.bromley.gov.uk/downloads/file/2097/pension_fund_actuarial_valuation_report_31_march_2013. No interim valuations were carried out between that date and the previous full valuation as at 31st March 2010.

The actuary's Summary Funding Statement and Rates and Adjustments certificate are attached at pages 23 - 24 and 25 - 28 respectively.

LONDON BOROUGH OF BROMLEY PENSION FUND
ACTUARIAL VALUATION 31 MARCH 2013 – PAST SERVICE FUNDING POSITION
(Sections 2.1, 2.2 and 2.3 of the Funding Report of the Actuarial Valuation as at 31 March 2013)

Section 2. Key results of the funding assessment

2.1 Past service funding position

The table below compares the assets and liabilities of the Fund at 31 March 2013. Figures are also shown for the last valuation as at 31 March 2010 for comparison.

	£m	
	31 March 2013	**31 March 2010**
Total assets	584	429*
Liabilities:		
Active members	237	195
Deferred pensioners	131	70
Pensioners	344	246
Total liabilities	712	511
Past service surplus / (shortfall)	(128)	(81)
Funding level	82%	84%

*smoothed asset value at 31 March 2010

The table shows that at 31 March 2013 there was a shortfall of £128m. An alternative way of expressing the position is that the Fund's assets were sufficient to cover 82% of its liabilities – this percentage is known as the funding level of the Fund.

At the previous valuation at 31 March 2010 the shortfall was £81m, equivalent to a funding level of 84%.

The liability value at 31 March 2013 shown in the table is known as the Fund's "funding target". The funding target is calculated using assumptions that the Administering Authority has determined are appropriate, having consulted with the actuary, and are also set out in the Administering Authority's Funding Strategy Statement (FSS).

2.2 Normal Contribution Rate

The valuation looks at the normal employer contribution rate required to cover the cost of the benefits (including death benefits and expenses) that will be built up over the year after the valuation date (the "Common Contribution Rate"). The table below gives a breakdown of the Common Contribution Rate at 31 March 2013 and also shows the corresponding rate at 31 March 2010 for comparison.

	% of pensionable pay	
	31 March 2013	**31 March 2010**
Normal contribution rate for retirement and death benefits	21.2	21.3
Allowance for administrative expenses	0.7	0.0
Total normal contribution rate	21.9	21.3
Average member contribution rate	6.6	6.6
Common Contribution rate	15.3	14.7

The benefits earned under the LGPS changed with effect from 1 April 2014, and the Common Contribution Rate at 31 March 2013 allowed for these changes.
Active members pay contributions to the Fund as a condition of membership in line with the rates required under the governing Regulations.

2.3 Correcting the shortfall

The funding objective as set out in the FSS is to achieve and maintain a funding level of 100% of liabilities (the Funding Target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall (or contribution reductions to refund any surplus). The maximum deficit recovery period for the Fund has been set as 15 years.

In practice, each employer's position is assessed separately. The Schedule to the Rates and Adjustments Certificate (see pages 26 - 28) sets out the contributions for each employer over the three year period to 31 March 2017. The individual rates take into account the differing circumstances of each employer or employer group and the funding plan, as laid down in the FSS. Contribution requirements for the period from 1 April 2017 onwards will be revised as part of the next actuarial valuation as at 31 March 2016 and will be confirmed in the Rates and Adjustments Certificate and Schedule accompanying that valuation report.

LONDON BOROUGH OF BROMLEY PENSION FUND
ACTUARIAL VALUATION 31 MARCH 2013 – RATES AND ADJUSTMENTS CERTIFICATE ISSUED IN ACCORDANCE WITH REGULATION 36 OF THE ADMINISTRATION REGULATIONS
(Appendix G of the Funding Report of the Actuarial Valuation as at 31 March 2013)

Primary Contribution Requirements

I hereby certify that, in my opinion, the common rate of employers' contributions payable in each year of the period of three years beginning 1 April 2014 should be at the rate of 15.3 per cent of Pensionable Pay.

I hereby certify that, in my opinion, the amount of the employers' contributions payable in each year of the period of three years beginning with 1 April 2014, as set out above, should be individually adjusted as set out in the attached schedule. Contributions will be payable monthly in arrears with each payment normally being due by the 19th of the following month (or the 22nd if paid electronically) unless otherwise noted in the schedule or in a separate agreement with an individual employer, and the contributions in the attached schedule take account of any such agreements.

Further Adjustments

A further individual adjustment shall be applied in respect of each non-ill health early retirement occurring in the period of three years covered by this certificate. This further individual adjustment will be calculated in accordance with methods agreed from time to time between the Fund's actuary and the Administering Authority.

The contributions set out in the attached schedule represent the minimum contribution which may be paid by each employer in total over the 3 years covered by the certificate. Additional contributions or a different pattern of contributions may be paid if requested by the employer concerned at the sole discretion of the Administering Authority as agreed with the Actuary. The total contributions payable by each employer will be subject to a minimum of zero.

The individual employer contributions may be varied as agreed by the Actuary and Administering Authority to reflect any changes in contribution requirements as a result of any benefit costs being insured with a third party or parties including where the third party or parties participate in the Fund.

In cases where an element of an existing Scheme employer's deficit is transferred to a new employer on its inception, the Scheme employer's deficit recovery contributions, as shown on the schedule to this Certificate, may be reallocated between the Scheme employer and the new employer to reflect this, on advice of the Actuary and as agreed with the Administering Authority so that the total payments remain the same overall.

Regulation 36(8)
No allowance for non-ill health early retirements has been made in determining the results of the valuation, on the basis that the costs arising will be met by additional contributions. Allowance for ill health retirements has been included in each employer's contribution rate, on the basis of the method and assumptions set out in the report.

Ian Kirk
Fellow of the Institute and Faculty of Actuaries
31st March 2014

Schedule to the Rates and Adjustment Certificate dated 31 March 2014

Employers	2014/15		2015/16		2016/17	
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %
London Borough of Bromley (Council only)	£5,899,800	15.3% plus £5,899,800	£5,899,800	15.3% plus £5,899,800	£5,899,800	15.3% plus £5,899,800
London Borough of Bromley (Schools only)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Bromley College and Orpington College	4.0%	19.3%	4.0%	19.3%	4.0%	19.3%
Affinity Sutton	£100,600	£100,600	£104,700	£104,700	£109,000	£109,000
Ravensbourne College	7.8%	23.1%	7.8%	23.1%	7.8%	23.1%
St Olave's School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Bromley Mytime	4.0%	19.3%	4.0%	19.3%	4.0%	19.3%
Liberata UK Ltd	4.4%	19.7%	4.4%	19.7%	4.4%	19.7%
Kemnal Technology College	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Darrick Wood Secondary	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Beaverwood School	9.4%	24.7%	9.4%	24.7%	9.4%	24.7%
Bishop Justus	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Coopers Technology College	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Bullers Wood School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Charles Darwin School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Hayes Secondary School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Langley Park Boys School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Newstead Wood School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Ravens Wood School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Ravensbourne School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Langley Park Girls School	11.4%	26.7%	11.4%	26.7%	11.4%	26.7%
Hayes Primary School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Warren Road Primary School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Balgowan Primary School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Biggin Hill Primary School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Darrick Wood Infant School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Green Street Green Primary	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%

Employers	2014/15		2015/16		2016/17	
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %
Pickhurst Infant School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Pickhurst Junior School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Stewart Fleming School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Valley Primary School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Crofton Junior School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Harris Academy Bromley	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Harris Academy Beckenham	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Tubbenden Primary School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
St. James' RC	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
The Priory	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Hillside Primary School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Crofton Infants School	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Highfield Infants' School (see note 2)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Alexandra Junior School (see note 2)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Parish C of E Primary School (see note 2)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Raglan Primary School (see note 2)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Harris Academy Crystal Palace (see note 2)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Highfield Junior School (see note 2)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Harris Academy Kent House (see note 2)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Farnborough Primary School (see note 2)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Perry Hall Primary School (see note 2)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Manor Oak Primary School (see note 2)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Alexandra Infants School (see note 2)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Castlecombe Primary (see note 2)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
St John's Academy (see note 2)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Scott's Park Primary (see note 2)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Keston Primary (see note 2)	9.0%	24.3%	9.0%	24.3%	9.0%	24.3%
Churchill Cleaning Services (Harris Academy Bromley) (see note 2)	8.9%	24.2%	8.9%	24.2%	8.9%	24.2%
Churchill Cleaning Services (Harris Academy Beckenham) (see note 2)	7.8%	23.1%	7.8%	23.1%	7.8%	23.1%

Employers	2014/15		2015/16		2016/17	
	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %	Individual Adjustment %	Total Contribution Rate %
Birkin Services (Bullers Wood School) (see note 2)	8.7%	24.0%	8.7%	24.0%	8.7%	24.0%

Notes:

1. The percentages shown are percentages of pensionable pay and apply to all members.
2. These employers were admitted to the Fund after 31 March 2013.

LONDON BOROUGH OF BROMLEY PENSION FUND
GOVERNANCE POLICY STATEMENT

1. This statement has been published in accordance with regulation 55 of the Local Government Pension Scheme Regulations 2013.

2. It was published after consultation with the other employers in the Fund, namely Bromley & Orpington College, Ravensbourne College, Affinity Sutton (Broomleigh Housing Association), Bromley Mytime and Bromley & Lewisham MIND. The Council also consulted its employees through their departmental representatives and trade unions.

3. Before publishing the statement, the Council took into account guidance issued by the CIPFA Pensions Panel under the title "Local Government Pension Scheme: Pension Fund Decision Making – Guidance Notes (2006)".

4. Under Schedule 1, paragraph H1 of The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (SI 2000 No. 2853), functions relating to local government pensions are not to be the responsibility of an authority's Executive.

5. The Council has made the following arrangements for delegation of its functions relating to pensions:
   (a) Overall responsibility for administration of the Local Government Pension Scheme has been delegated to the General Purposes and Licensing Committee.
   (b) Responsibility for the following functions has been delegated to the Pensions Investment Sub-Committee, which is a sub-committee of the General Purposes and Licensing Committee:
      (i) Monitoring the financial position of the Pension Fund, including consideration of the triennial actuarial valuations.
      (ii) Investment of the Pension Fund, including the appointment of investment managers.
      (iii) Management of the Council's additional voluntary contributions (AVC) scheme.
   (c) Responsibility for day-to-day administration has been delegated to the Director of Finance. He has issued operational guidelines for internal use by staff, including staff employed by Liberata Pensions, for reference in determining the day-to-day issues that have been delegated to him.

6. The General Purposes and Licensing Committee normally meets six times a year. Its membership comprises 15 elected councillors, with its political make-up determined according to proportionality rules.

7. The Pensions Investment Sub-Committee normally meets four times a year. Its primary function is to review the investment performance of the Fund's external investment managers. Its membership comprises seven elected councillors, with its political make-up determined in accordance with proportionality rules, and one non-voting representative of the Council's employees.

8. Neither the General Purposes and Licensing Committee nor the Pensions Investment Sub-Committee includes any representatives of the other Fund employers. The Council does not believe that it would be practicable for these employers to be represented on

either committee, as this would result in an inappropriate balance of committee membership given that a large proportion of the Fund's members are the financial responsibility of the Council.

9. In addition to both the General Purposes and Licensing Committee and the Pensions Investment Sub-Committee, a Local Pension Board (hereinafter referred to as 'the Board') has been established to meet the requirements of The Local Government Pension Scheme Regulations 2013 (as amended). The role of the Local Pension Board is to "*assist*" administering authorities to secure compliance with the LGPS regulations and other legal and regulatory requirements, and generally to ensure the efficient and effective governance and administration of the LGPS.

   The Board is not a Local Authority committee, but has been established by Council. It may only operate within its Terms of Reference. A full copy of the Terms of Reference is available on request and a summary of the key points can be found below:

   - The Board must comprise of an equal number of Employer and Member Representatives, with no fewer than two of each;
   - Member Representatives are formally appointed by the General Purposes and Licensing Committee. Employer Representatives are formally appointed by full Council on the recommendation of the General Purposes and Licensing Committee;
   - The Board must meet officially on an annual basis, further ad hoc meetings may be convened as and when required;
   - The Board's role is to oversee and it is not a decision making body with regard to the management of the Pension Fund;
   - No independent Chairman will be appointed to the Board. Instead, Employer and Member representatives will rotate the chairing of meetings on an annual basis.

   In the event of a vote, Board members have one vote per member. However, it is anticipated that the Board will reach a consensus where possible.

GOVERNANCE COMPLIANCE STATEMENT

The objective of the Governance Compliance Statement is to make the administration and stewardship of the scheme more transparent and accountable to our stakeholders.

Principle A – Structure

a)	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Fully Compliant
b)	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Partly compliant
c)	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Partly compliant
d)	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Partly compliant

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations) Neither the General Purposes and Licensing Committee nor the Pensions Investment Sub-Committee includes any representatives of the other Fund employers. The Council does not believe that it would be practicable for these employers to be represented on either committee, as this would result in an inappropriate balance of committee membership given that a large proportion of the Fund's members are the financial responsibility of the Council. This matter will be kept under review. There is a non-voting representative of the Council's employees on the Pensions Investment Sub-Committee and there are also two employer representatives and two member representatives on the Local Pension Board.

Principle B – Representation

a)	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include :- i) employing authorities (including non-scheme employers, e.g, admitted bodies); ii) scheme members (including deferred and pensioner scheme members), iii) independent professional observers, and iv) expert advisors (on an ad-hoc basis).	Partly compliant

b)	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.	Fully compliant

Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations) The Pensions Investment Sub Committee includes an employee representative as part of its membership and the Local Pension Board membership comprises two employer representatives and two member representatives.

Please use this space if you wish to add anything to explain or expand on the ratings given above :- The employee representative on the Pensions Investment Sub Committee receives all non-exempt papers and can attend Sub-Committee meetings other than for exempt matters. Equal access is given to training and he also has a full opportunity to contribute to the decision making process but without voting rights.

Principle C – Selection and role of lay members

a)	That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee	Fully compliant

Principle D – Voting

a)	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Fully compliant

Please use this space if you wish to add anything to explain or expand on the ratings given above :- Before publishing the statement, the Council took into account guidance issued by the CIPFA Pensions Panel under the title “Local Government Pension Scheme: Pension Fund Decision Making – Guidance Notes (2006)”.

Principle E – Training, Facility time, Expenses

a)	That, in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	Fully compliant
b)	That where such a policy exists, it applies equally to all	Fully compliant

	members of committees, sub-committees, advisory panels or any other form of secondary forum.	

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

The policy is to ensure that there is regular and comprehensive access to training. An in-house training session for Councillors was held in July 2014 and another one is planned for September 2015. In addition, three Members of the Pensions Investment Sub-Committee attended an external training event in October 2014.

Principle F – Meetings (frequency/quorum)

a)	That an administering authority's main committee or committees meet at least quarterly.	Fully compliant
b)	That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Not applicable
c)	That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented	Partly compliant

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

As stated, an employee representative is currently a member of the Pensions Investment Sub-Committee. Presentations are made to the employee forum where opportunities exist for the representation of interests and issues.

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

The General Purposes and Licensing Committee meets six times per year plus any special meetings.
The Pensions Investment Sub Committee meets four times per annum plus any special meetings.

Principle G – Access

a)	That, subject to any rules in the Council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that fall to be considered at meetings of the main committee.	Fully compliant

Please use this space if you wish to add anything to explain or expand on the ratings given

above :- Equal access is given.

Principle H – Scope

a)	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	Fully compliant

Please use this space if you wish to add anything to explain or expand on the ratings given above :- Wider scheme issues are also part of the Council's governance arrangements.

Principle I – Publicity

a)	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Fully compliant

FUND ACCOUNT AND NET ASSETS STATEMENT

Regulation 34(1)(f) requires an administering authority to prepare a Pension Fund account and net assets statement with supporting notes and disclosures prepared in accordance with proper practice. These statements must be included in this annual report and must be drawn up in accordance with the Code of Practice on Local Authority Accounting issued by CIPFA.

The accounts have to be accompanied by a statement of responsibilities signed by the Director of Financeand by the independent auditor's report. These can be found on pages 36 and 37. The Fund Account and Net Assets Statement are on page 38, supporting notes are on pages 39 to 48 and details of the Pension Fund Revenue Account are on page 49.

During 2014/15, the total net assets of the Fund rose from £628.3m to £745.4m. The Pension Fund Revenue Account showed a surplus for the year of £5.3m (excluding changes in market value) and total Fund membership numbers increased in the year from 14,935 to 15,796.

STATEMENT OF RESPONSIBILITIES

The Authority's Responsibilities

The Authority is required:

* to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Finance;

* to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and

* to approve the Statement of Accounts.

The Director of Finance's Responsibilities

The Director of Finance is responsible for the preparation of the Fund's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts, the Director of Finance has:

* selected suitable accounting policies and then applied them consistently;

* made judgements and estimates that were reasonable and prudent; and

* complied with the Code of Practice.

The Director of Finance has also:

* kept proper accounting records which were up to date;

* taken reasonable steps for the prevention and detection of fraud and other irregularities.

Director of Finance

I certify that the Pension Fund accounts set out on pages 38 - 48 of the Pension Fund Annual Report present fairly the financial position of the Authority as at 31st March 2015 and its income and expenditure for the year ended 31st March 2015.

Peter Turner
Director of Finance
Dated……23/9/15……

The maintenance and integrity of the London Borough of Bromley website is the responsibility of senior officers. Uncertainty regarding legal requirements is compounded as information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements.

Independent auditors' statement to the Members of the London Borough of Bromley (the "Authority") on the Pension Fund financial statements

Statement on the financial statements

Our opinion

In our opinion, London Borough of Bromley's pension fund financial statements (the "financial statements"):

are consistent with the pension fund accounts included within the Statement of Accounts of the London Borough of Bromley for the year ended 31 March 2015; and

have been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

What we have examined

The financial statements comprise:

the Net Assets Statement as at 31 March 2015;

the Fund Account for the year then ended; and

the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Responsibilities for the financial statements and our examination

Our responsibilities and those of the Director of Finance

As explained more fully in the Statement of Responsibilities, the Director of Finance is responsible for the preparation of the financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Our responsibility is to express an opinion on the consistency of the financial statements within the pension fund annual report with the pension fund accounts in the Statement of Accounts of the London Borough of Bromley. Our report on the pension fund accounts describes the basis of our opinion on those pension fund accounts.

We also read the other information contained in the pension fund annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information consists of the Foreword, the Management & Financial Performance Report, the Investment Policy & Performance Report, the Fund Administration Report, the Actuarial Report, the Governance Policy and Compliance Statement, the Funding Strategy Statement, the Statement of Investment Principles and the Communications Policy Statement.

This report, including the opinions, has been prepared for and only for the Authority's members as a body in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies – Local Government, published by the Audit Commission in March 2010. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other matter

We have not considered the effects of any events between the date on which we signed our report on the Statement of Accounts, 28 September 2015, and the date of this statement.

Katy Elstrup (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, London
29 September 2015

The maintenance and integrity of the London Borough of Bromley website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Statement of Accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the Statement of Accounts may differ from legislation in other jurisdictions.

PENSION FUND

2013/14 £000	2013/14 £000	PENSION FUND ACCOUNT	Note	2014/15 £000	2014/15 £000
		Dealings with members and employers			
		Contributions and similar payments			
5,580		Contributions - from members	5	6,106	
15,612		- from employers - normal	5	17,941	
1,255		- augmentatio	5	931	
7,100		- deficit fundi	5	6,001	
5,074		Transfers in from other pension funds (individual)		2,896	
	34,621				33,875
		Benefits			
(23,409)		Pensions		(24,470)	
(5,525)		Lump sum benefits - retirement		(4,300)	
(359)		- death		(177)	
	(29,293)				(28,947)
		Payments to and on account of leavers			
(13)		Refunds of contributions		(88)	
(1,559)		Transfers out (individual)		(3,277)	
	(1,572)				(3,365)
	(585)	**Administrative expenses**	6		(685)
	3,171	**Net (withdrawal) / addition from dealings with Fund members**			878
		Returns on investments			
7,730		Investment income	7	6,867	
34,841		Change in market value		111,822	
(1,828)		Investment management expenses	8	(2,495)	
	40,743	Net return on investments			116,194
	43,914	**Net Fund increase during year**			117,072
	584,389	Opening net assets			628,303
	628,303	**Closing net assets**			745,375

31st March 2014 £000	31st March 2014 £000	NET ASSETS STATEMENT	Note	31st March 2015 £000	31st March 2015 £000
		Investment assets	9		
31,932		Equities - UK (quoted)		32,127	
290,641		- overseas (quoted)		361,510	
	322,573				393,637
	294,288	Pooled investment vehicles (managed funds - non-property)			343,854
	7,993	Cash deposits held by investment managers			6,472
2,134		Other investment balances - sales		480	
(1,479)		- purchases		(1,560)	
	655				(1,080)
	625,509	Net investment assets	9		742,883
		Current assets and liabilities			
2,096		Cash		1,006	
1,186		Current assets - debtors	10	2,104	
(488)		Current liabilities - creditors	10	(618)	
	2,794				2,492
	628,303	**Closing net assets**			745,375

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The Actuarial present value of promised retirement benefits is disclosed in Note 12.

PENSION FUND

Notes to the Accounts

1 *Description of Fund*

The following description of the Fund is a summary only. For more detail, reference should be made to the London Borough of Bromley Pension Fund Annual Report 2014/15 and the underlying statutory powers underpinning the scheme, which are listed below.

(a) General

The London Borough of Bromley Pension Fund is part of the LGPS and is administered by the London Borough of Bromley. It is a contributory defined benefit pension scheme to provide pensions and other benefits for pensionable employees of the Council and of other organisations with scheduled or admitted body status within the Fund. Teachers are not included as they are members of the Teachers' Pension Scheme, administered by the Department for Education. Former NHS public health staff who transferred to Bromley in April 2013 are also not included as they remain members of the NHS Pension Fund, administered by the Department for Health.

The Fund is governed by the Public Services Pensions Act 2013 and is administered in accordance with the following legislation:

- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The LGPS (Management and Investment of Funds) Regulations 2009.
- The LGPS Regulations 2013 (effective from 1st April 2014).

The Fund is overseen by the London Borough of Bromley Pensions Investment Sub-Committee.

(b) Membership

Membership of the Fund is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal pension arrangements outside the scheme.

Organisations participating in the Fund include:

- Administering Authority: The London Borough of Bromley
- Scheduled Bodies: Academies, Colleges and Foundation Schools whose staff are automatically entitled to be members of the Fund
- Admitted Bodies: Other organisations that participate in the Fund under admission agreements with the Fund. These may include voluntary, charitable and similar bodies or private contractors carrying out local authority functions after outsourcing to the private sector.

As at 31st March 2015, there were a total of 72 employer organisations in the Bromley Fund, including the Council itself. These are listed below.

Scheduled Bodies	***Scheduled Bodies***	***Scheduled Bodies***
Primary School Academies	***Primary School Academies (cont)***	***Secondary School Academies***
Alexandra Infants	Parish Primary	Beaverwood
Alexandra Junior	Perry Hall Primary	Bishop Justus CE
Balgowan Primary	Pickhurst Infants	Bullers Wood
Biggin Hill Primary	Pickhurst Junior	Charles Darwin
Bromley Trust	Princes Plain Primary	Coopers
Castlecombe Primary	Raglan Primary	Darrick Wood
Chislehurst CE Primary	Scotts Park Primary	Harris Beckenham
Crofton Infants	Stewart Fleming Primary	Harris Bromley
Crofton Junior	St. James RC Primary	Hayes
Darrick Wood Infants	St John's CE Primary	Kemnal
Farnborough Primary	St Joseph's RC Primary	Langley Park Boys
Grays Farm Primary	St Mark's CE Primary	Langley Park Girls
Green Street Green Primary	St Mary Cray Primary	Newstead Wood
Harris Aspire	St Mary's RC Primary	Ravens Wood
Harris Crystal Palace	St Peter & St Paul Primary	The Priory
Harris Kent House	St Philomena's RC Primary	The Ravensbourne
Harris Shortlands	St Vincent's RC Primary	
Hayes Primary	Tubbenden Primary	***Scheduled Bodies - Other***
Highfield Infants	Valley Primary	Bromley & Orpington Colleges
Highfield Junior	Warren Road Primary	Ravensbourne College
Hillside Primary		
Keston CE Primary	***Foundation Schools***	***Admitted Bodies***
La Fontaine	Holy Innocents RC Primary	Affinity Sutton
Leesons Primary	St Olave's & St Saviour's	Bromley & Lewisham MIND
Manor Oak Primary	The Glebe	Bromley Mytime
Midfield Primary		Liberata UK

1 *Description of Fund continued*

(b) Membership continued

The following table shows the total membership of the Fund as at 31st March 2015 and 2014.

	2014	2015
Members	5,254	5,782
Pensioners - widows / dependants	706	700
- other	4,156	4,248
Deferred Pensioners	4,819	5,066
Total	14,935	15,796

(c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active scheme members in accordance with the LGPS Regulations 2013 and, in 2014/15, ranged from 5.5% to 12.5% of pensionable pay. Contributions are also made by employers and these are set based on triennial actuarial valuations, the rates for 2014/15 being set by the most recent valuation as at 31st March 2013. In 2014/15, employer rates ranged from 15.3% to 26.7% of pensionable pay.

(d) Benefits

Pension benefits accrued prior to 1st April 2014 are based on final pensionable pay and length of pensionable service and are calculated as follows:

Service pre 1st April 2008:
- Pension: each year worked is worth 1/80 x final pensionable salary.
- Lump sum : automatic lump sum of 3/80 for each year worked x final pensionable salary. A proportion of the accrued pension may be exchanged for a one-off tax free cash payment (£1 pension equates to a £12 lump sum).

Service post 31st March 2008:
- Pension: each year worked is worth 1/60 x final pensionable salary.
- Lump sum : no automatic lump sum, but a proportion of the accrued pension may be exchanged for a one-off tax free cash payment (£1 pension equates to a £12 lump sum).

With effect from 1st April 2014, the LGPS became a career average scheme and pension benefits accrued after 31st March 2014 are calculated as follows:

- Pension: for each year of scheme membership, a pension equal to 1/49 of pensionable pay for that year will be added to an employee's pension account. Annual additions are then made to ensure the accrued pension keeps pace with inflation.
- Lump sum : no automatic lump sum, but a proportion of the accrued pension may be exchanged for a one-off tax free cash payment (£1 pension equates to a £12 lump sum).

As well as a change to the way in which benefits are calculated, the scheme normal retirement age for benefits accrued after 31st March 2014 changed to State Pension Age or 65, whichever is later. There is a range of additional benefits for members of the scheme including, but not limited to, early retirement, ill health retirement and death benefits.

2 *Basis of Preparation*

The Statement of Accounts summarises the Fund's transactions for the 2014/15 financial year and its position as at 31st March 2015. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The accounts have been prepared in accordanc with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The actuarial present value of promised retirement benefits, valued on the basis of International Accounting Standard (IAS) 19, for the fund is disclosed in Note 12 of these accounts and that for the London Borough of Bromley is disclosed in Note 45 to the main statements.

3 *Summary of Significant Accounting Policies*

(a) Contribution income

Normal contributions, both from members and employers, are accounted for on an accruals basis at the percentage rate recommended by the scheme actuary in the payroll period to which they relate. Employers' augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in the year but unpaid is classified as a current financial asset. Employer deficit contributions are accounted for in accordance with the agreement under which they are paid or, in the absence of an agreement, on a receipts basis.

3 *Summary of Significant Accounting Policies continued*

(b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

(c) Investment Income

(i) Interest income

Interest income is recognised in the Fund account as it accrues.

(ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amounts not received by the end of the reporting period are disclosed in the net assets statement as "current assets".

(iii) Distributions from pooled funds

Pooled investment vehicles are accumulation funds and, as such, the change in market value also includes income, net of withholding tax, which is re-invested in the fund.

(iv) Movement in the net market value of investments

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments.

(d) Benefits payable

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised. Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Fund, as appropriate.

(e) Taxation

The Fund is a registered public service scheme under the Finance Act 2004 and, as such, is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

(f) Administrative expenses

All administrative expenses are accounted for on an accruals basis. Staff costs of the pensions administration team and management, accommodation and other overheads are charged to the Fund in accordance with Council policy.

(g) Investment management expenses

All investment management expenses are accounted for on an accruals basis and investment manager fees are agreed in the respective mandates governing their appointments. Broadly, these are based on a percentage of the total market value of investments under management and therefore increase or decrease as the total value of investments changes.

(h) Financial assets

Equities traded through the Stock Exchange Electronic Trading Service are valued on the basis of the latest traded price. Other quoted securities are valued at their closing bid price. Pooled investment vehicles are valued at either the bid price where a bid price exists or on the single unit price provided by the investment managers.

(i) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

(j) Cash

Cash comprises cash investments placed by the Fund managers and cash held internally by the Fund.

(k) Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to it.

3 *Summary of Significant Accounting Policies continued*

(l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed every three years by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As is permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (see Note 12). A summary of the results of the last full actuarial valuation is shown in Note 11.

(m) Additional voluntary contributions (AVCs)

The Council provides an AVC scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVCs are managed independently of the fund by specialist providers (Aviva and Equitable Life) and each contributor receives an annual statement showing the amount held in their account and the movements in the year. In accordance with the LGPS (Management and Investment of Funds) Regulations 2009, AVCs are not included in the Pension Fund accounts, but are disclosed in Note 13.

4 *Critical Judgements in Applying Accounting Policies, Assumptions on the Future and Other Major Sources of Estimation Uncertainty*

The Pension Fund liability is calculated every three years by the scheme actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 11. The assumptions were determined after taking into account historical experience, current trends and other factors. This estimate is subject to significant variations based on changes to the underlying assumptions. Consequently, actual results may be materially different from estimates.

5 *Contributions receivable*

	2013/14 £000	2014/15 £000
Employer Contributions		
L.B. Bromley part of Fund		
L.B.Bromley - normal	9,653	9,740
- augmentations	1,255	931
- deficit funding	6,100	5,900
Scheduled bodies - Foundation Schools	373	350
	17,381	16,921
Other		
Scheduled bodies - normal - academies	4,433	6,338
- normal - colleges	946	1,274
Admitted bodies - normal	207	239
- deficit funding	1,000	101
	23,967	24,873
Member Contributions		
L.B. Bromley part of Fund		
L.B.Bromley	3,866	3,928
Scheduled bodies - Foundation Schools	101	87
	3,967	4,015
Other		
Scheduled bodies - academies	1,172	1,587
- colleges	368	426
Admitted bodies	73	78
	5,580	6,106

Details of the scheduled and admission bodies are included in Note 1 (b).

PENSION FUND

Notes to the Accounts

6 *Administrative Expenses*

	2013/14 £000	2014/15 £000
Audit fee	21	21
Bank charges	26	40
Advice & other costs	120	90
Internal recharges	418	534
	585	685

7 *Investment Income*

	2013/14 £000	2014/15 £000
Dividends from equities	7,695	6,849
Interest on securities	35	18
	7,730	6,867

8 *Investment Management Expenses*

	2013/14 £000	2014/15 £000
Baillie Gifford - global equities @	183	764
- balanced mandate (to 20/12/13)	477	-
- fixed income (from 20/12/13)	28	145
- Diversified Growth Fund	172	248
Fidelity - fixed income (from 20/12/13)	42	150
- balanced mandate (to 20/12/13)	463	-
MFS - global equities @	157	595
Blackrock - global equities @	121	397
Standard Life - Diversified Growth Fund	185	196
	1,828	2,495

@ Global equities mandates inception date 20th December 2013

9 *Investments*

Following a review of the Fund's investment strategy in 2012, contracts were awarded for Diversified Growth (10% of the Fund) from December 2012 and Global Equities (70% of the Fund) from December 2013. The managers as at 31st March 2015 were as follows:

Global equities: Baillie Gifford, Blackrock and MFS (all wef 20th December 2013).
Fixed income: Baillie Gifford and Fidelity.
Diversified Growth: Baillie Gifford and Standard Life (wef 6th December 2012).

The bid value of the Fund as at 31st March 2014 and 2015 was divided between the Fund managers as follows:

	31st March 2014		31st March 2015	
	£000	%	£000	%
Baillie Gifford - global	222,869	35.63%	248,249	33.42%
- fixed income	45,227	7.23%	51,574	6.94%
- DGF	26,822	4.29%	45,464	6.12%
Fidelity - fixed income	58,360	9.33%	66,614	8.97%
MFS - global	123,148	19.69%	150,773	20.30%
Blackrock - global	122,130	19.52%	150,533	20.26%
Standard Life -DGF	26,953	4.31%	29,676	3.99%
	625,509	100.00%	742,883	100.00%

The carrying amounts of financial assets held by Fund managers are held as fair value through profit and loss.

Pooled investments shown in the Net Assets Statement include the following:

	31st March 2014	31st March 2015
	£000	£000
Diversified Growth Funds (2)	53,775	75,140
Global Equity Fund (1)	122,130	150,533
Sterling Bond Funds (2)	103,587	118,181
Exchange Traded Fund (1)	14,796	-
	294,288	343,854

9 *Investments continued*

The table below analyses movements in market values between the start and end of the year.

	Value at 31st March 2014 £000	Purchases £000	Sales £000	Change in MV £000	Value at 31st March 2015 £000
Equities	322,573	57,740	(49,470)	62,794	393,637
Pooled investments	294,288	61,549	(61,011)	49,028	343,854
Sub-Total	616,861	119,289	(110,481)	111,822	737,491
Cash	7,993				6,472
Other investment balances	655				(1,080)
Total	625,509	119,289	(110,481)	111,822	742,883

Total purchases and sales in 2013/14 were £546,783,000 and £540,542,000 respectively.

The change in market value (MV) of investments during the year comprises all increases and decreases in the value of investments held at any time during the year, including gains and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles, which are accumulation funds, changes in value also include income, net of withholding tax, which is re-invested in the Fund. All gains and losses recognised arose from financial instruments valued at fair value through profit and loss.

Transaction costs, comprising costs charged directly to the scheme such as fees, commissions, stamp duty and other fees, are included in the cost of purchases and sale proceeds. Transaction costs incurred during the year totalled £115k (£1,241k in 2013/14). Indirect costs are also incurred through the bid-offer spread on investments within pooled investment vehicles, but amounts are not separately provided to the scheme.

The Code requires the Council to disclose any single investments exceeding either 5% of the net assets available for benefits or 5% of any class or type of security. Details are shown below.

	31st March 2014		**31st March 2015**	
	£000	% of total Fund	£000	% of total Fund
Baillie Gifford				
- Investment Grade Bond Fund @	23,986	3.83	-	-
- Active Gilt Plus Fund @	21,241	3.40	-	-
- Sterling Aggregate Plus Bond Fund @	-	-	51,574	6.95
- Diversified Growth Fund	26,822	4.29	45,464	6.13
Standard Life - Global Absolute Return Fund	26,953	4.31	29,676	4.00
Blackrock - Ascent Life Global Equities Func	122,130	19.52	150,533	20.29
Fidelity - Institutional Aggregate Bond Fund	58,180	9.30	66,607	8.98

@ Baillie Gifford fixed income holding transferred to new fund wef June 2014.

10 *Current assets and liabilities*

Current assets and liabilities are held respectively on the Balance Sheet as loans and receivables and financial liabilities at amortised cost.

	2013/14 £000	**2014/15** £000
Debtors (current assets)		
Contributions due from employers and employees	583	790
Investment income	597	1,271
Other	6	43
	1,186	2,104
Creditors (current liabilities)		
Fund management fees	488	618
	488	618

11 *Actuarial Position*

The Fund is valued triennially in accordance with the provisions of the Local Government Pension Scheme (Administration) Regulations 2008. The Fund's former actuary, Barnett Waddingham LLP, carried out a full valuation of the Fund at 31st March 2010, when its solvency level was calculated at 84%. The 2010 actuarial valuation set the level of employer contributions required to attain 100% solvency within 12 years. It set employer rates for the years ending 31st March 2012, 2013 and 2014 at an average of 14.7% and specified that lump sum past-deficit contributions of £5.5m, £5.8m and £6.1m should be made in those three years.

11 Actuarial Position continued

The most recent full valuation of the Fund (as at 31st March 2013) was carried out by Mercer Ltd the Fund's actuary since January 2013) during 2013/14. This calculated a new deficit position (82% funded) and set a common employer contribution rate of 15.3% and an annual lump sum past-deficit contribution of £5.9m from 1st April 2014 until 31st March 2017 with the aim of recovering that deficit over 15 years.

A significant number of schools adopted academy status during 2013/14 and 2014/15 and more are expected to follow in 2015/16. Calculations of deficit shares and contribution rates for academies are carried out individually by the Council's actuary and are set at either the same rate as the Council or at a rate sufficient to ensure that the deficit share is recovered within 15 years.

The following assumptions were employed in the 2010 and 2013 valuations.

	2010	**2013**
Economic assumptions	**% p.a.**	**% p.a.**
Increases in earnings - long term	5.0	4.1
- short term (3 years)	n/a	1.0
General Inflation	3.5	2.6
Increases in pensions	3.0	2.6
Investment return - Overall discount rate	7.2	5.6
Mortality assumptions	**Years**	**Years**
Life expectancy - male aged 65 now	21.3	22.9
- at 65 for male aged 45 now	22.2	25.1
- female aged 65 now	24.3	25.3
- at 65 for female aged 45 now	25.3	28.2

12 Actuarial Present Value of Promised Retirement Benefits

The net liability of the London Borough of Bromley part of the Fund in relation to the actuarial promised retirement benefits and the net assets available to fund these benefits (both based on IAS 19 information available as at 31st March) is shown in detail in Note 45 to the main financial statements. The figures shown in the Net Assets Statement are in respect of the Whole Fund. We are also required to disclose the actuarial present value of future benefits for the Fund as a whole. This was assessed by the Council's actuary under IAS 26 as £938m as at 31st March 2015 (£790m as at 31st March 2014).

The demographic assumptions used in the IAS 26 report were the same as those used for the 2013 full valuation (see Note 11) and the following financial assumptions were used:

	2014	**2015**
	% p.a.	**% p.a.**
Increases in earnings - long term	3.9	3.5
- short term (3 years)	1.0	1.0
Increases in pensions	2.4	2.0
Investment return - Overall discount rate	4.5	3.3

13 Additional Voluntary Contributions

Contributing members have the right to make AVCs to enhance their pensions. In accordance with the LGPS (Management and Investment of Funds) Regulations 2009, AVCs are not included in the Pension Fund accounts. A summary of contributions made by members in 2013/14 and 2014/15 and the total value of AVC Funds as at 31st March 2014 and 2015 is shown below.

	2013/14	**2014/15**
AVC contributions	**£000**	**£000**
- to Aviva	73	90
- to Equitable Life *	-	-
Total contributions	**73**	**90**

* the total contribution to Equitable Life was less than £500.

	2013/14	**2014/15**
Market Value	**£000**	**£000**
- Aviva	840	987
- Equitable Life	156	91
Total Market Value	**996**	**1,078**

14 *Related Parties*

Four members of the Pensions Investment Sub-Committee during the year were active members of the scheme (prior to the local elections in May 2014) and two were in receipt of a pension during the year. A special responsibility allowance of £1,971 was paid to the Chairman of the Sub-Committee in both 2013/14 and 2014/15. No other payments were made for meeting attendance.

The Council incurred costs of £534k (£418k in 2013/14) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses.

Two key management personnel of the Fund (the Director of Corporate Services and the Director of Finance) are active members of the Fund.

15 *Nature and extent of risks arising from financial instruments*

The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 requires disclosure of the nature and extent of risks arising from financial instruments. This requirement extends to the specific risks related to Pension Fund investments. Detailed disclosures concerning these risks are included in this note on the next two pages.

Risk and Risk Management

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk, price risk, currency risk and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet its forecast cash-flows. The Authority manages these investment risks as part of its overall Pension Fund risk management programme.

Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sector and individual securities. The Fund has an asset allocation rebalancing policy that ensures that diversification is maintained in the event that particular asset class values increase or decrease to an extent that rebalancing is required to retain diversification. These ranges are reviewed quarterly by the Director of Finance. Further details of current policy are included in the Fund's Statement of Investment Principles. To mitigate market risk, the Authority and the Fund's investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

Other price risk

Other price risk represents the risk that the value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The Fund's investment management agreements for non-pooled investments provide tolerances for investment manager deviation from market asset class returns expressed as the tracking error from benchmark returns. Fund officers review these metrics with Fund managers at each quarter.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Authority to ensure it is within limits specified in the Fund's investment strategy.

15 *Nature and extent of risks arising from financial instruments continued*

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the base currency of the Fund, i.e. £Sterling.

Many securities denominated in foreign currencies also gain significant proportions of their income and profits from jurisdictions outside of the market on which those securities are quoted. Over the long-term, currency rates reflect value in a particular territory and, to the extent that a particular security is exposed to currency risk in a particular territory, investment managers make decisions about this in their analysis of what securities to buy, sell or hold. The Fund manages this risk by setting investment benchmarks and comparing overall outcomes against those benchmarks. These outcomes are reported to the Director of Finance and the Pensions Investment Sub-Committee every quarter.

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Council has also set limits as to the maximum percentage of the deposits placed with any one bank or building society. In addition, the Council may invest in AAA-rated money market funds to provide diversification.

The Council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past five financial years. The Fund held £1.0m of Pension Fund cash under its treasury management arrangements at 31st March 2015 (£2.1m as at 31st March 2014). In practice, the Pension Fund Revenue Account cashflow position was at break-even or slightly negative for most of the year and, as a result, it was not considered viable to separate out Pension Fund cash from Council cash for investment purposes.

The Council reviews exposure to different classes of credit ratings for fixed-interest securities and these results are reviewed quarterly by the Director of Finance.

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Authority therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments.

The Fund has immediate access to its cash holdings that are invested by the Authority, although, as is stated above, the level of cash held was not sufficient to warrant separate investment. The levels of cash held are reviewed by the Authority as part of the periodic cash-flow forecasting and form part of the Fund's investment strategy. The Fund's investment strategy ensures that most, if not all, of the Fund is invested in assets that can be sold at short notice to avoid any liquidity risk. The Fund managers held no illiquid assets (i.e. assets that could not be sold within 10 days) as at both 31st March 2014 and 2015.

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Changes in interest rates principally affect investments held in cash or fixed interest securities. Changes in interest rates, currencies and credit risk are all inter-related and affected by many influences including sovereign interest rates and factors affecting each individual investment. Investment managers manage these risks through the choice of their investments, by having benchmark outputs to attain and reporting variances from benchmark returns. The Council reviews outcomes versus the assigned benchmark and the exposure to different classes of credit ratings and these results are reviewed quarterly by the Director of Finance.

15 *Nature and extent of risks arising from financial instruments continued*

Summary

The following table sets out the potential sums at risk, most of which are remote possibilities, under the various types of risk:

	Market Risk	Other Price Risk	Currency Risk	Interest Rate Risk	Credit Risk
	£000	£000	£000	£000	£000
UK Equities (quoted)	32,127	32,127	-	-	32,127
Overseas Equities (quoted)	361,510	361,510	361,510	-	361,510
Pooled Investments					
- Diversified Growth Funds *	75,140	75,140	75,140	75,140	75,140
- Global Equity Fund	150,533	150,533	150,533	-	150,533
- Sterling Bond Funds	118,181	-	-	118,181	118,181
Cash and cash equivalents	-	5,392	-	5,392	5,392
	737,491	624,702	587,183	198,713	742,883

* The Diversified Growth Funds invest in a wide range of assets, including equities, bonds and alternative investments, as determined by the Fund managers. As a result, there is exposure to all types of risk up to the value of the investments held.

16 *Determination of the fair value of assets*

All investment assets are held at fair value. The determination of the fair value can be complex depending on the investment and the complexity of measurement can be represented by the fair value hierarchy. The fair value hierarchy ranks fair values at levels between 1 and 3.

Valuations considered to be Level 1 are based on quoted prices, and the valuation of the fund's equities fall into this category.

Level 2 valuations are based on observable inputs relating to the assets, such as the quoted price of similar assets or market data relating to the assets held. The valuation of the fund's Sterling Bond Funds and Global Equities Fund fall into this category.

Level 3 valuations are based on non-observable inputs. These types of valuation are common to the valuation of private equity and other alternative investments which are held within the Diversified Growth Funds and so the valuation of the Diversified Growth Funds are considered to be level 3 valuations.

PENSION FUND REVENUE ACCOUNT AND MEMBERSHIP

	Final Outturn 2013/14 £'000's	Estimate 2014/15 £'000's	Final Outturn 2014/15 £'000's
INCOME			
Employee Contributions	5,580	5,600	6,106
Employer Contributions	23,967	23,000	24,873
Transfer Values Receivable	5,074	3,000	2,896
Investment Income	7,730	7,000	6,867
Total Income	42,351	38,600	40,742
EXPENDITURE			
Pensions	23,409	24,300	24,470
Lump Sums	5,884	6,000	4,477
Transfer Values Paid	1,559	3,000	3,277
Administration	2,413	2,500	3,180
Refund of Contributions	13	-	88
Total Expenditure	33,278	35,800	35,492
Surplus/Deficit (-)	9,073	2,800	5,250

MEMBERSHIP	**31/03/2014**	**31/03/2015**
Employees	5,254	5,782
Pensioners	4,862	4,948
Deferred Pensioners	4,819	5,066
	14,935	15,796

LONDON BOROUGH OF BROMLEY PENSION FUND
FUNDING STRATEGY STATEMENT (FSS)

This Statement has been prepared by London Borough of Bromley (the Administering Authority) to set out the funding strategy for the London Borough of Bromley Pension Fund (the LBBPF), in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 and the guidance paper issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Panel.

1. INTRODUCTION

The Local Government Pension Scheme Regulations 2013 ("the 2013 Regulations") and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 ("the 2014 Transitional Regulations") (collectively "the Regulations") provide the statutory framework from which the Administering Authority is required to prepare a FSS. The key requirements for preparing the FSS can be summarised as follows:

- After consulting with the external actuary, the Administering Authority will prepare and publish a funding strategy.
- In preparing the FSS, the Administering Authority must have regard to :-
  - the guidance issued by CIPFA for this purpose; and
  - the Statement of Investment Principles (SIP) for the LBBPF published under Regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended);
- The FSS must be revised and published annually and whenever there is a material change in either the policy on the matters set out in the FSS or the Statement of Investment Principles.

Benefits payable under the LBBPF are guaranteed by statute and thereby the pensions promise is secure. The FSS addresses the issue of managing the need to fund those benefits over the long term, whilst, at the same time, facilitating scrutiny and accountability through improved transparency and disclosure.

The Scheme is a defined benefit arrangement with principally final salary related benefits from contributing members up to 1 April 2014 and Career Averaged Revalued Earnings ("CARE") benefits earned thereafter. There is also a "50:50 Scheme Option", where members can elect to accrue 50% of the full scheme benefits and pay 50% of the normal member contribution.

The benefits provided by the LBBPF are specified in the governing legislation contained in the 2013 Regulations and the 2014 Transitional Regulations. The required levels of employee contributions from 1 April 2014 are also specified in the 2013 Regulations.

Employer contributions are determined in accordance with the 2013 Regulations, which require that an actuarial valuation is completed every three years by the actuary, including the provision of a rates and adjustments certificate. Contributions to the LBBPF should be set so as to "secure its solvency", whilst the actuary must also have regard to the desirability of maintaining as nearly constant a rate of contribution as possible. The actuary must have regard to the FSS in carrying out the valuation.

2. PURPOSE OF THE FSS IN POLICY TERMS

Funding is the making of advance provision to meet the cost of accruing benefit promises. Decisions taken regarding the approach to funding will therefore determine the rate or pace at which this advance provision is made. Although the Regulations specify the fundamental principles on which funding contributions should be assessed, implementation of the funding strategy is the responsibility of the Administering Authority, acting on the professional advice provided by the actuary.

The purpose of this Funding Strategy Statement is:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the regulatory requirement to maintain as nearly constant employer contribution rates as possible; and
- to take a prudent longer-term view of funding those liabilities.

The intention is for this strategy to be both cohesive and comprehensive for the LBBPF as a whole, recognising that there will be conflicting objectives that need to be balanced and reconciled. Whilst the position of individual employers must be reflected in the statement, it must remain a single strategy for the Administering Authority to implement and maintain.

3. AIMS AND PURPOSE OF THE LBBPF

The aims of the Fund are to:

- enable employer contribution rates to be kept as nearly constant as possible and at reasonable cost to the taxpayers, scheduled, resolution and admitted bodies
- manage employers' liabilities effectively
- ensure that sufficient resources are available to meet all liabilities as they fall due, and
- maximise the returns from investments within reasonable risk parameters.

The purpose of the Fund is to:

- receive monies in respect of contributions, transfer values and investment income,
- and pay out monies in respect of scheme benefits, transfer values, costs, charges and expenses as defined in the 2013 Regulations, the 2014 Transitional Regulations and in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

4. RESPONSIBILITIES OF THE KEY PARTIES

The Administering Authority should:

- collect employer and employee contributions
- invest surplus monies in accordance with the Regulations
- ensure that cash is available to meet liabilities as and when they fall due
- manage the valuation process in consultation with the LBBPF's actuary

- prepare and maintain an FSS and a SIP, both after due consultation with interested parties
- monitor all aspects of the LBBPF's performance and funding and amend FSS/SIP, and
- with effect from 1st April 2015, establish, support and monitor a Local Pension Board ("LPB") in accordance with the requirements set down in the Public Service Pensions Act 2013, the Regulations and the Pension Regulator's relevant Code of Practice..

The Individual Employer should:

- deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate (in accordance with the Regulations)
- pay all contributions, including their own as determined by the actuary, promptly by the due date
- exercise discretions within the regulatory framework
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits, early retirement strain, and
- notify the Administering Authority promptly of all changes to membership or, as may be proposed, which affect future funding.

The Fund actuary should:

- prepare valuations including the setting of employers' contribution rates after agreeing assumptions with the Administering Authority and having regard to the FSS
- prepare advice and calculations in connection with bulk transfers and individual benefit-related matters,
- advise on funding strategy, the preparation of the FSS, and the inter-relationship between the FSS and the SIP.

5. SOLVENCY ISSUES AND TARGET FUNDING LEVELS

Funding Objective

To meet the requirements of the Administration Regulations, the Administering Authority's long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities (the "**funding target**") assessed on an ongoing past service basis including allowance for projected final pay. In the long term, the employer rate would ultimately revert to the Future Service Rate.

Determination of the Funding Target and Recovery Period

The principal method and assumptions to be used in the calculation of the funding target are set out in Appendix 1.

Underlying these assumptions are the following two tenets:

- that the Scheme is expected to continue for the foreseeable future; and

- favourable investment performance can play a valuable role in achieving adequate funding over the longer term.

This allows us to take a longer term view when assessing the contribution requirements for certain employers. As part of this valuation when looking to potentially stabilise contribution requirements we will consider whether we can build into the funding plan the following:-

- allowance for interest rates and bond yields having reverted since the valuation date to higher levels

In considering this the Administering Authority, based on the advice of the Actuary, will consider if this results in a reasonable likelihood that the funding plan will be successful.

As part of each valuation separate employer contribution rates are assessed by the actuary for each participating employer or group of employers. These rates are assessed taking into account the experience and circumstances of each employer, following a principle of no cross-subsidy between the distinct employers (employer groups) in the Scheme. In attributing the overall investment performance obtained on the assets of the Scheme to each employer a pro-rata principle is adopted. This approach is effectively one of applying a notional individual employer investment strategy identical to that adopted for the Scheme as a whole.

The Administering Authority has adopted the following objectives for setting the individual employer contribution rates arising from the 2013 actuarial valuation:

- A default recovery period of 15 years will apply. Employers will, however, have the freedom to adopt a recovery plan on the basis of a shorter period if they so wish. A shorter period may be applied in respect of particular employers where the Administering Authority considers this to be warranted (see Deficit Recovery Plan below).

- In the current circumstances, as a general rule, the Fund does not believe it appropriate for contribution reductions to apply compared to the 2010 funding plan where substantial deficits remain.

- For any employers assessed to be in surplus at the valuation date, their individual contribution requirements will be adjusted to such an extent that any surplus is used (ie run-off) over a 15 year period. The current level of contributions will be phased down as appropriate.

- The employer contributions will generally be expressed as a percentage of pensionable payroll.

- On the cessation of an employer's participation in the Scheme, the actuary will be asked to make a termination assessment. Any deficit in the Scheme in respect of the employer will be due to the Scheme as a termination contribution, unless it is agreed by the Administering Authority and the other parties involved that the assets and liabilities relating to the employer will transfer within the Scheme to another participating employer.

In determining the above objectives the Administering Authority has had regard to:

- relevant guidance issued by the CIPFA Pensions Panel
- the need to balance a desire to attain the target as soon as possible against the short-term cash requirements which a shorter period would impose, and

- the Administering Authority's views on the strength of the participating employers' covenants in achieving the objective.

Deficit Recovery Plan

If the assets of the scheme relating to an employer are less than the funding target at the effective date of any actuarial valuation, a recovery plan will be put in place, which requires additional contributions from the employer to meet the shortfall.

Additional contributions will be expressed as a level percentage of pensionable payroll, subject to review based on the results of each actuarial valuation.

In determining the actual recovery period to apply for any particular employer or employer group, the Administering Authority may take into account some or all of the following factors:

- the size of the funding shortfall;
- the business plans of the employer;
- the assessment of the financial covenant of the employer; and the security of future income streams
- any contingent security available to the Fund or offered by the employer such as guarantor or bond arrangements, charge over assets, etc.
- length of expected period of participation in the Fund.

The assumptions used in these Recovery Plan calculations are set out in Appendix 1.

The Normal Cost of the Scheme (Future Service Contribution Rate)

In addition to any contributions required to rectify a shortfall of assets below the funding target, contributions will be required to meet the cost of future accrual of benefits for members after the valuation date (the "normal cost"). The method and assumptions for assessing these contributions are also set out in Appendix 1.

6. LINK TO INVESTMENT POLICY SET OUT IN THE STATEMENT OF INVESTMENT PRINCIPLES

The results of the 2013 valuation show the liabilities at 31 March 2013 to be 82% covered by the current assets, with the funding deficit of 18% being covered by future deficit contributions.

In assessing the value of the LBBPF's liabilities in the valuation, allowance has been made for asset out-performance as described in Appendix 1, taking into account the investment strategy adopted by the LBBPF, as set out in the SIP.

It is not possible to construct a portfolio of investments which produces a stream of income exactly matching the expected liability outgo. However, it is possible to construct a portfolio which closely matches the liabilities and represents the minimum risk investment position. Such a portfolio would consist of a mixture of long-term index-linked and fixed interest gilts. Investment of the LBBPF's assets in line with the least risk portfolio would minimise fluctuations in the LBBPF's ongoing funding level between successive actuarial valuations.

Departure from a least risk investment strategy, in particular to include equity type investments, gives the prospect that out-performance by the assets will, over time, reduce the contribution requirements. The funding target might in practice therefore be achieved by a range of combinations of funding plan, investment strategy and investment performance.

The current benchmark investment strategy, which was agreed by the Pensions Investment Sub-Committee in 2012 and is set out in more detail in the SIP, is:

- Global Equities 70%
- Fixed Income 20%
- Diversified Growth 10%

7. IDENTIFICATION OF RISKS AND COUNTER MEASURES

The funding of defined benefits is by its nature uncertain. Funding of the LBBPF is based on both financial and demographic assumptions. These assumptions are specified in Appendix 1 and in the actuarial valuation report. When actual experience is not in line with the assumptions adopted a surplus or shortfall will emerge at the next actuarial assessment and will require a subsequent contribution adjustment to bring the funding back into line with the target.

The Administering Authority has been advised by the actuary that the greatest risk to the LBBPF's funding is the investment risk inherent in the predominantly equity (or return seeking) based strategy, so that actual asset out-performance between successive valuations could diverge significantly from the overall out performance assumed in the long term.

What are the Risks?

Financial

- Investment markets fail to perform in line with expectations
- Market yields move at variance with assumptions
- Investment Fund Managers fail to achieve performance targets over the longer term
- Asset re-allocations in volatile markets may lock in past losses
- Pay and price inflation significantly more or less than anticipated
- Effect of possible increase in employer's contribution rate on service delivery and admitted/scheduled bodies

Demographic

- Longevity horizon continues to expand
- Deteriorating pattern of early retirements (including those granted on the grounds of ill health)

Insurance of certain benefits

The contributions for any employer may be varied as agreed by the Actuary and Administering Authority to reflect any changes in contribution requirements as a result of any benefit costs being insured with a third party or internally within the Fund.

Regulatory

- Further changes to Regulations, e.g. more favourable benefits package, potential new entrants to scheme, e.g. part-time employees
- Changes to national pension requirements and/or HMRC rules

Governance

- Administering Authority unaware of structural changes in employer's membership (e.g. large fall in employee numbers, large number of retirements)
- Administering Authority not advised of an employer closing to new entrants
- An employer ceasing to exist with insufficient funding or adequacy of a bond.
- Changes in Committee membership.

8. MONITORING AND REVIEW

The Administering Authority has taken advice from the actuary in preparing this Statement.

A full review of this Statement will occur no less frequently than every three years, to coincide with completion of a full actuarial valuation. Any review will take account of current economic conditions and will also reflect any legislative changes.

The Administering Authority will monitor the progress of the funding strategy between full actuarial valuations. If considered appropriate, the funding strategy will be reviewed (other than as part of the triennial valuation process), for example:

- if there has been a significant change in market conditions, and/or deviation in the progress of the funding strategy
- if there have been significant changes to the LBBPF membership, or LGPS benefits
- if there have been changes to the circumstances of any of the employing authorities to such an extent that they impact on or warrant a change in the funding strategy e.g. closure to new entrants
- if there have been any significant special contributions paid into the LBBPF

ACTUARIAL VALUATION AS AT 31 MARCH 2013

Method and assumptions used in calculating the funding target and recovery plan

Method

The actuarial method to be used in the calculation of the funding target is the Projected Unit method, under which the salary increases assumed for each member are projected until that member is assumed to leave active service by death, retirement or withdrawal from service. This method implicitly allows for new entrants to the scheme on the basis that the overall age profile of the active membership will remain stable. As a result, for those employers which are closed to new entrants, an alternative method is adopted (the Attained Age method), which makes advance allowance for the anticipated future ageing and decline of the current closed membership group.

Financial assumptions

Investment return (discount rate)

A yield based on market returns on UK Government gilt stocks and other instruments which reflects a market consistent discount rate for the profile and duration of the Scheme's accrued liabilities, plus an Asset Out-performance Assumption ("AOA") 1.75% per annum.

The asset out-performance assumptions represent the allowance made, in calculating the funding target, for the long term additional investment performance on the assets of the Fund relative to the yields available on long dated gilt stocks as at the valuation date.

Inflation (Consumer Prices Index)

The inflation assumption will be taken to be the investment market's expectation for RPI inflation as indicated by the difference between yields derived from market instruments, principally conventional and index-linked UK Government gilts as at the valuation date, reflecting the profile and duration of the Scheme's accrued liabilities, but subject to the following two adjustments:

- an allowance for supply/demand distortions in the bond market is incorporated, and
- due to retirement pensions being increased annually by the change in the Consumer Price Index rather than the Retail Price Index, the overall reduction to RPI inflation at the valuation date is 1.0% per annum.

Salary increases

The assumption for real salary increases (salary increases in excess of price inflation) will be determined by an allowance of 1.5% p.a. over the inflation assumption as described above. This includes allowance for promotional increases. In addition to the long term salary increase, assumption allowance has been made for expected short term pay restraint of 1% per annum for 3 years.

Pension increases/Indexation of CARE benefits

Increases to pensions are assumed to be in line with the inflation (CPI) assumption described above. This is modified appropriately to reflect any benefits which are not fully indexed in line with the RPI (e.g. Guaranteed Minimum Pensions in respect of service prior to April 1997).

Demographic assumptions

Mortality

The mortality in retirement assumptions will be based on the most up-to-date information in relation to self-administered pension schemes published by the Continuous Mortality Investigation (CMI), making allowance for future improvements in longevity. The mortality tables used are set out below, with a loading reflecting wider LGPS experience. Existing ill health retirees are assumed to exhibit average mortality equivalent to that for a good health retiree at an age 3 years older. Current members who retire on the grounds of ill health are assumed to exhibit average mortality equivalent to that for a good health retiree at an age 4 years older. For all members, it is assumed that the accelerated trend in longevity seen in recent years will continue in the longer term and as such, the assumptions build in a minimum level of longevity 'improvement' year on year in the future in line with the CMI projections subject to a minimum rate of improvement of 1.5% per annum.

Commutation

It has been assumed that, on average, 50% of retiring members will take the maximum tax-free cash available at retirement and 50% will take the standard 3/80ths cash sum. The option which members have to commute part of their pension at retirement in return for a lump sum is a rate of £12 cash for each £1 p.a. of pension given up.

Other Demographics

All other assumptions are as per the last valuation.

Expenses

Expenses are met out the Fund, in accordance with the Regulations. This is allowed for by adding 0.7% of pensionable pay to the contributions as required from participating employers. This addition is reassessed at each valuation. Investment expenses have been allowed for implicitly in determining the discount rates.

Discretionary Benefits

The costs of any discretion exercised by an employer in order to enhance benefits for a member through the Fund will be subject to additional contributions from the employer as required by the Regulations as and when the event occurs. As a result, no allowance for such discretionary benefits has been made in the valuation.

Method and assumptions used in calculating the cost of future accrual

The cost of future accrual (normal cost) will be calculated using the same actuarial method and assumptions as used to calculate the funding target except that the financial assumptions adopted will be as described below.

The financial assumptions for assessing the future service contribution rate should take account of the following points:

- contributions will be invested in market conditions applying at future dates, which are unknown at the effective date of the valuation, and which are not directly linked to market conditions at the valuation date; and
- the future service liabilities for which these contributions will be paid have a longer average duration than the past service liabilities.

The financial assumptions in relation to future service (i.e. the normal cost) are not specifically linked to investment conditions as at the valuation date itself, and are based on an overall assumed real return (i.e. return in excess of price inflation) of 3.0% per annum, with a long term average assumption for consumer price inflation of 2.6% per annum. These two assumptions give rise to an overall discount rate of 5.6% p.a (i.e. 3.0% plus 2.6%).

Adopting this approach the future service rate is not subject to variation solely due to different market conditions applying at each successive valuation, which reflects the requirement in the Regulations for stability in the “Common Rate” of contributions. In market conditions at the effective date of the 2013 valuation this approach gives rise to a slightly more optimistic stance (i.e. allows for a higher AOA) in relation to the cost of accrual of future benefits compared to the market related basis used for the assessment of the funding target.

At each valuation the cost of the benefits accrued since the previous valuation will become a past service liability. At that time any mismatch against gilt yields and the asset out-performance assumptions used for the funding target is fully taken into account in assessing the funding position.

Summary of key whole Fund assumptions used for calculating funding target and cost of future accrual (the “normal cost”) for the 2013 actuarial valuation

Long-term gilt yields	
Fixed interest	3.20% p.a.
Index linked	-0.40% p.a.
Past service Funding Target financial assumptions	
Investment return/Discount Rate	4.95% p.a.
CPI price inflation	2.60% p.a.
Long Term Salary increases	4.10% p.a.
Pension increases/indexation of CARE benefits	2.60% p.a.
Future service accrual financial assumptions	
Investment return	5.60% p.a.
CPI price inflation	2.60% p.a.
Long Term Salary increases	4.10% p.a.
Pension increases/indexation of CARE benefits	2.60% p.a.

Demographic assumptions

The post retirement mortality tables adopted for this valuation are as follows:

Life expectancy at 65 in 2013		Base table	Adjustment	Improvement model	Long term rate
CURRENT ANNUITANTS	Normal health	S1PxA	97% / 97%	CMI_2012	1.5%
	Ill health	S1PxA	Normal health + 3 years	CMI_2012	1.5%
	Dependants	S1PMA/S1DFA	159% / 109%	CMI_2012	1.5%
	Future Dependants	S1PMA/S1DFA	110% / 98%	CMI_2012	1.5%
CURRENT ACTIVES / DEFERREDS	Actives normal health	S1PxA	97% / 91%	CMI_2012	1.5%
	Actives ill health	S1PxA	Normal health + 4 years	CMI_2012	1.5%
	Deferreds	S1PxA	118% / 105%	CMI_2012	1.5%
	Future dependants	S1PMA/S1DFA	107% / 99%	CMI_2012	1.5%

Notes:

CMI = Continuous Mortality Investigation, which publishes mortality projections for the Institute and faculty of Actuaries.

S1P = the set of base tables used by the CMI.

Other demographic assumptions are as for the 2010 valuation.

LONDON BOROUGH OF BROMLEY PENSION FUND

STATEMENT OF INVESTMENT PRINCIPLES

Introduction

This statement has been produced in accordance with the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 ("the Regulations") and was reported to the Pensions Investment Sub-Committee on 23rd September 2015. The Regulations provide that an administering authority must prepare, maintain and publish a written statement of the principles governing its decisions about investments. The Regulations specify eight issues that must be addressed in the statement. The following sections of this statement address these issues in turn.

(a) The types of investment to be held

The fund's investment managers are authorised to invest in all assets permitted under the Regulations, subject to the provisions of their benchmarks and certain minor restrictions. Details of the Investment Guidelines and Restrictions are included below.

(b) The balance between different types of investments

The broad balance between different types of investments is defined in the investment managers' benchmarks, which were comprehensively reviewed and revised in 2012, following a review of the Fund's Investment Strategy. Details of the five managers' benchmarks are shown below. The Pensions Investment Sub-Committee will review its asset allocation strategy every three years.

(c) Risk

At the last full valuation of the Fund (as at 31st March 2013), the actuary valued the fund's assets at 82% of the fund's liabilities (84% in the previous valuation as at 31st March 2010). He determined employers' contribution rates with a view to achieving 100% solvency over a 15-year period, assuming a broad 80:20 asset allocation between "growth" assets (equities and Diversified Growth Funds) and "protection" assets (fixed income) as at the valuation date. The Pensions Investment Sub-Committee has set targets to out-perform various benchmarks and it believes that the risks associated with a high allocation to equities are justified by the need to improve its funding level.

Other key risks that could have an adverse impact on the achievement of the fund's funding strategy and target funding levels are analysed in the fund's Funding Strategy Statement, where they are analysed over financial, demographic, regulatory and governance risks.

(d) The expected return on investments

The fund's investment strategy is based on the long-term returns assumed by the actuary in the 2013 actuarial review. The assumed return (future service discount rate) for the Fund was 5.6%.

(e) The realisation of investments

The investment managers have full discretion to make decisions on the realisation of investments having regard to their benchmarks and their investment targets.

(f) The extent to which social, environmental or ethical considerations are taken into account in investments

The authority has been advised that its primary responsibility is to secure the best returns for the fund in the interests of its council taxpayers and its members. The Council has decided

to take no action at this time in developing an ethical investment policy, having also considered:

- the difficulties involved in identifying companies meeting any ethical investment criteria;
- the possibility of judicial review in the case of any company included in error;
- the difficulty and cost of monitoring any policy;
- the unpredictable impact on investment performance;
- the complications that would arise in relation to performance measurement; and
- the lack of support for such a policy from other employers in the fund.

The authority therefore does not impose any obligation on the investment managers to take account of such considerations in making investments. However, the managers seek to encourage best corporate practice in companies' management of the social, environmental and ethical impact of their activities. They seek to achieve this by engaging in dialogue with companies in which they invest in order to encourage them to improve policies and practices. In their investments they seek to favour those companies that pursue best practices provided it does not act to the detriment of the return or risk of the portfolio. They also take account of any social, environmental or ethical factors that they consider to be relevant to investment risk.

(g) The exercise of the rights (including voting rights), if any, attaching to the investments

The investment managers have been authorised to exercise voting rights on behalf of the Fund unless specifically instructed to vote in a particular way on any individual resolution. In exercising those rights, they will have regard to the Combined Code issued by the Hampel Committee on Corporate Governance. They have been instructed to report back to the Council's Pensions Investment Sub-Committee every quarter on any material divergence from the recommendations of the Combined Code by companies in which the Council is invested and on action taken by them in response to the divergence. They have also been instructed to report to the Sub-Committee at least every six months on their corporate governance activities generally, including their dialogue with companies' management to encourage sound social, environmental and ethical practices in their activities. The Sub-Committee will issue instructions on individual matters only in exceptional circumstances, when asked for instructions by a manager or when a specific resolution is brought to their attention. With regard to other rights such as the taking up of rights issues, this is left for the investment managers to decide in the light of their assessment of market conditions at the time.

(h) Stock Lending

The Pension Fund does not currently operate a stock lending programme through its custodian bank.

COMPLIANCE WITH MYNERS' PRINCIPLES

Under regulation 12 (3) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended), the Council is required to state the extent to which it complies with a set of principles of investment practice. Ten principles were originally set out in the document "CIPFA Pensions Panel Principles for Investment Decision Making in the Local Government Pension Scheme in the United Kingdom". This document was published in April 2002 in response to the recommendations of the Review of Institutional Investment in the United Kingdom undertaken by Paul Myners.

The principles were updated in a Treasury report in October 2008, “Updating the Myners’ Principles: A Response to Consultation”. This report set out six investment governance principles that the Council must comply with. These are set out below, together with details of the level of compliance.

INVESTMENT GUIDELINES AND RESTRICTIONS

General

Investment is permitted in all classes of assets, subject to the limits imposed by the Regulations on the proportion of the fund which may be invested in certain investments and certain other restrictions imposed by the authority. In addition, the investment managers do not use certain investments as a matter of policy.

All references to percentages in this appendix are to percentages of the total value of all existing investments in the fund before making the investment which is subject to the limit. The limits only apply at the time the investment is made.

Limits imposed by the Regulations

- All contributions to any single partnership: 2%
- All contributions to partnerships: 5%
- All deposits with any local authority or precepting body which is an exempt person (within the meaning of the Financial Services and Markets Act 2000) in respect of accepting deposits as a result of an order made under section 38(1) of that Act, and all loans: 10%
- All deposits with any single bank, institution or person (other than the National Savings Bank): 10%
- All investments in unlisted securities of companies: 10%
- Any single holding in unlisted securities: 2% (limit imposed by the authority)
- Any other single holding, apart from investments in OEICs and unit trusts: 10% (there is no limit on investment in single OEICs or unit trusts apart from the total limit below)
- All investments in unit trusts and open-ended investment companies (OEICs) managed by any one body: 35%
- Any single insurance contract: 25%
- All securities transferred under stocklending arrangements: 25%

Other restrictions imposed by the authority

- Cash held at custodian's bank is not to exceed £2,500,000 for each individual fund manager, with any excess placed on the money market with the main clearing banks or placed in institutional cash funds approved by the authority
- No sub-underwriting
- Certain limits on use of futures and options are recorded in the relevant investment management agreements and fund prospectuses

Asset Allocation

The current investment strategy comprises the following asset allocations:

Global Equities (70% allocation in agreed Investment Strategy)

	Value @ 31 March 2015 £m	% of total %
Baillie Gifford	245.9	
MFS International	147.7	
Blackrock	150.5	
	544.1	73.0%

Fixed Income (20% allocation in agreed Investment Strategy)

	Value @ 31 March 2015 £m	% of total %
Baillie Gifford	51.6	
Fidelity	66.6	
	118.2	15.9%

Diversified Growth (10% allocation in agreed Investment Strategy)

	Value @ 31 March 2015 £m	% of total %
Baillie Gifford	45.5	
Standard Life	29.7	
	75.2	10.1%

Other (cash, current assets/liabilities)	**Value @ 31 March 2015 £m**	**% of total %**
Cash held by Fund managers	5.4	
Current net assets	2.5	
	7.9	1.0%

Grand Total	**Value @ 31 March 2015 £m**	**% of total %**
Total assets held by Fund managers	742.9	
Current net assets	2.5	
	745.4	100.0%

The Fund managers have been set the following targets/benchmarks:

Global equities – Baillie Gifford, Blackrock and MFS are all required to outperform the MSCI All Countries World Index.

Fixed income – Baillie Gifford are required to outperform 50% FTSE UK Gilts All Stocks/50% BAML Sterling Non-Gilts Index; Fidelity are required to outperform 50% iBoxx Gilts/50% iBoxx non-Gilts.

DGF – Baillie Gifford are required to achieve Base Rate + 3.5%; Standard Life are required to achieve 6 month Libor + 5%.

The funding strategy adopted for the 2013 valuation is based on an assumed overall asset out-performance of 1.75% per annum.

Compliance with Myners Principles

The Principles, together with the Council's position on compliance *(in italics)*, are set out below:

Principle 1. Effective decision-making
Administering authorities should ensure that:
- decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effective and monitor their implementation; and
- those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.

Key points:
1. Elected members have a fiduciary duty to the Fund, Scheme members and local taxpayers.
2. Functions can be delegated and investment managers used, but overall responsibility rests with members.
3. Proper advice should be taken and the regulations define this as: "the advice of a person who is reasonably believed…to be qualified by his ability in and practical experience of financial matters."
4. The Wednesbury Principle (1945) applies to all parties involved in the arrangements and ensures they direct themselves properly in law and demonstrate reasonable behaviour.
5. All councils must appoint one of its officers to have responsibility for ensuring arrangements are in place for the proper administration of its financial affairs.
6. The role of the Pensions Committee and key officers should be clear in the Council's Constitution.
7. Best governance practices should be followed.
8. The Pensions Committee should ensure it has appropriate skills and is run in a way to facilitate effective decision-making.

Bromley complies with this principle in all major respects. The Fund produces a Statement of Investment Principles, a Funding Strategy Statement (which serves as the Fund's business plan) and a Governance Statement. The functions delegated and the administration of the Fund's activities are undertaken with appropriately trained staff and in accordance with the Council's constitution and the Fund's compliance procedures. The Council employs an independent professional adviser and the training requirements of Pensions Investment Sub-Committee members and officers are reviewed on an ongoing basis. Most recently, a training evening was held in July 2014, primarily for new Members of the Sub-Committee following the recent elections, but open to all Council Members. Three Sub-Committee members attended an external training course in October 2014 and a further internal training event is planned for September 2015.

Principle 2. Clear objectives
Overall investment objectives should be set for the Fund that take account of the Scheme's liabilities, the potential impact on local taxpayers, the strength of the covenant for non-local authority employers and the attitude to risk of both the administering authority and other scheme employers. These should be clearly communicated to advisors and investment managers.

Key points:
1. A three-yearly actuarial valuation as required by the regulations.
2. A full range of investment opportunities should be considered.
3. A strategic asset allocation should be used and reviewed regularly.
4. Robust investment management agreements should be in place.

5. The target investment return and associated risks should reflect the liabilities, assets held and link to the actuarial process.
6. The provision for taking proper advice should be demonstrated.

The Fund takes a range of specialist advice in formulating its SIP and FSS, ensuring that they link with the common objectives that arise from the actuarial process, with emphasis on managing investment risk relative to cash flows and the need for stable contribution rates. These policies are reviewed regularly and informal discussions with the actuary take place to track progress between valuations. The Pensions Investment Sub-Committee places significant emphasis on reviewing and monitoring the investment strategy with regular reviews and input from experienced professional advisors. Robust agreements are in place with the Fund's investment managers and their performance is monitored quarterly by the Sub-Committee, with the managers being required to attend those meetings on a regular basis. The Fund's overall investment objective, as recorded in its Funding Strategy Statement, is to improve its funding level from 82% as at the last full valuation (31 March 2013) to 100% by 31 March 2028.

Principle 3. Risk and Liabilities

In setting and reviewing the investment strategy, administering authorities should take account of the form and structure of the Fund's liabilities, including the implications for local taxpayers, the strength of the covenant for participating employers, the risk of their default and longevity risk.

Key points:

1. The Pensions Committee should set a clear investment objective.
2. Investment risk should be fully evaluated, monitored and the link to employing bodies' ability to meet liabilities recognised.
3. Appropriate guarantees should be used to protect against employer default.
4. The need for affordable, stable contributions should be reflected in the work of the Pensions Committee.
5. The Pensions Committee should satisfy itself that the standards of internal controls applied are sound and robust.
6. An understanding of risk should be demonstrated and reported upon.

Members approved the Funding Strategy Statement and the asset allocation strategy having regard to the Fund's liabilities and the need to achieve stable and affordable contributions, consulting with interested parties regularly. The investment setting process takes account of short-term market volatility, but, with strong positive cash flows, places great emphasis on the medium to long-term view. The Fund's Annual Report includes a statement of overall risk management of all activities.

Principle 4. Performance Assessment

Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisors. The administering authority should also periodically make a formal assessment of its own effectiveness as a decision-making body and report on this to Scheme members.

Key points:

1. Extensive formal performance measurement of investments, mangers and advisors should be in place and relate to the investment objectives.
2. Effectiveness of the Pensions Committee should be reported on at regular intervals.
3. Returns should be measured quarterly in accordance with the regulations; a longer time frame (three to seven years) should be used in order to assess the effectiveness

of fund management arrangements and review the continuing compatibility of the asset/liability profile.

The overall investment objectives of the Fund link to portfolios and individual investment objectives. Performance is measured quarterly against targets driven by the investment strategy and its component parts. The investment performance of the fund and its managers is measured by the independent WM Company in full compliance with this principle and a fund performance report is submitted to the Pensions Investment Sub-Committee each quarter. No arrangements are in place for formal assessment of the Sub-Committee's own procedures and decisions, although the Annual Report does detail the Sub-Committee's work and achievements.

Principle 5. Responsible Ownership

Administering authorities should:

- Adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents.
- Include a statement of their policy on responsible ownership in the statement of investment principles.
- Report periodically to Scheme members on the discharge of such responsibilities.

Key points:

1. Disclose approach to company governance matters and socially responsible issues in the SIP.
2. Define expectations of managers on company governance matters.
3. The Institutional Shareholders' Committee Statement of Principles for institutional shareholders and/or agents should be followed.

Bromley's approach to corporate governance is set out in the main body of the SIP, including its approach to voting rights and engagement with companies' management. This approach is broadly consistent with the Institutional Shareholders' Committee Statement of Principles.

Principle 6. Transparency and Reporting

Administering authorities should:

- Act in a transparent manner, communicating with stakeholders on issues relating to their management of investments, its governance and risks, including performance against stated objectives.
- Provide regular communication to Scheme members in the form they consider most appropriate.

Key points:

1. Maintain a sound governance policy and demonstrate its implementation.
2. Maintain a communication policy and strategy.
3. Ensure all required strategies and policies are published in a clear transparent manner.
4. Annual reports are a demonstration of accountability to stakeholders and should be comprehensive and readily available.

The Fund produces and reviews regularly its key policy and strategy documents, publishing them on its website. All members, actives, deferreds and pensioners receive communications on the Fund's activities and performance. A comprehensive Annual Report is produced, which includes the Council's formal Communications Policy Statement. The results of the monitoring of the managers are published in the public agendas of the Pensions Investment Sub-Committee, which are also published on the website.

LONDON BOROUGH OF BROMLEY PENSION FUND
COMMUNICATIONS POLICY STATEMENT

Regulation 61 of the Local Government Pension Scheme Regulations 2013 requires administering authorities to prepare, maintain and publish a Communications Policy Statement. This statement sets out the Council's policy concerning communications with members, members' representatives, prospective members and employing authorities.

Prospective Members		**Responsibility**
Employees' Guide to the Local Government Pension Scheme	**Council employees** All new prospective Scheme members are provided with a booklet before an appointment.	Booklet - Liberata. Distribution - Head of HR and Schools.
	Councillors All newly elected Councillors are provided with a booklet shortly after appointment.	Booklet – Liberata. Distribution - Head of Committee services.
	Employees of scheduled bodies other than the Council All new prospective Scheme members are provided with a booklet before or on appointment.	Booklet – Liberata. Distribution - Scheduled body.
	Employees of admitted bodies All new prospective Scheme members are provided with a booklet on meeting the body's admission requirements.	Booklet - Liberata. Distribution - Admitted body.
Annual newsletter	All prospective members are issued with the Scheme's annual newsletter, which carries information on joining the Scheme.	Production & distribution –Liberata in partnership with LBB.
Staff Intranet	The staff intranet contains outline information about the Scheme and details of where further information may be obtained.	Head of Human Resources in conjunction with Director of Finance.
National Website	The address of the LGPS website maintained by the Employer's Organisation for Local Government is published in the Scheme booklet, the annual newsletter and various other documents.	www.lgps.org.uk
Members		
Employees' Guide to the LGPS	A booklet is issued on or before appointment. A further copy is available on request.	
Annual Newsletter	An annual newsletter is issued to all active and prospective members covering relevant pension topics within the LGPS. It will also include any material changes or developments in the Scheme.	Production & distribution –Liberata in partnership with LBB.
Annual Benefit Statement	A statement of accrued and prospective benefits as at 31st March each year is sent to the home address of all active members. An explanation of the statement and a note of any material changes or developments in the	Production & distribution - Liberata.

	Scheme accompany this.	
	A statement of the current value of accrued benefits is sent annually to the home address of deferred members where the current address is known. An explanation of the statement and a note of any material changes or developments in the Scheme accompany this.	Production & distribution - Liberata.
Pay Advice to pensioners	A monthly pay advice is sent to Scheme pensioners.	Production & distribution - Liberata.
Annual pensions increase advice	A statement setting out increases to pensions is sent to pensioners annually in March/April. This is accompanied by a note of any relevant changes to the Scheme and a reminder to the pensioner to inform the Council of any changes in details.	Production & distribution - Liberata.
Staff Intranet	The staff intranet contains outline information about the Scheme and details of where further information may be obtained.	Head of Human Resources in conjunction with Director of Finance.
National website	The address of the LGPS website maintained by the Employer's Organisation for Local Government is published in the Scheme booklet, the annual newsletter and various other documents.	www.lgps.org.uk
Representatives of members		
Scheme booklet, annual newsletter and other literature	Available on request to Liberata.	
Consultative documents	Consultative documents issued by ODPM are distributed to the trades unions, departmental representatives and staff side secretary where relevant.	Head of Human Resources
Employing Authorities		
Procedure Manual	A manual setting out administrative procedures is issued to employing authorities.	Production & maintenance - Liberata.
Report of Actuarial Valuation	A report on the triennial valuation of the pension fund is distributed to employing authorities shortly after completion.	Director of Finance
Consultative documents	Consultative documents issued by ODPM are distributed to employing authorities where relevant.	Director of Finance