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DATE: 10 May 2020

To: Members of the

GENERAL PURPOSES AND LICENSING COMMITTEE

Councillor Pauline Tunnicliffe (Chairman)

Councillor Stephen Wells (Vice-Chairman)

Councillors Gareth Allatt, Vanessa Allen, Mary Cooke, Robert Evans, Kira Gabbert, Josh King, Christopher Marlow, Russell Mellor, Tony Owen, Neil Reddin FCCA, Melanie Stevens, Harry Stranger and Michael Turner

(Subject to re-appointment at the annual Council meeting on 13th May 2020.)

A meeting of the General Purposes and Licensing Committee will be held at Bromley Civic Centre on **MONDAY 18 MAY 2020 AT 5.00 PM**

PLEASE NOTE: This will be a 'virtual meeting', and a link will be available on the Council website to enable members of the press and public to see and hear the Committee. The link will be published before the start of the meeting.

MARK BOWEN

Director of Corporate Services

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

A G E N D A

- 1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**
- 2 DECLARATIONS OF INTEREST**
- 3 QUESTIONS**

In accordance with the Council's Constitution, questions that are not specific to reports on the agenda must have been received in writing 10 working days before the date of the meeting - by 5pm on 4th May 2020.

Questions specifically on reports on the agenda should be received within two working days of the normal publication date of the agenda. Please ensure that questions specifically on reports on the agenda are received by the Democratic Services Team by **5pm on 13th May 2020.**

Please note that all questions will answered by written reply.

- 4 **CONFIRMATION OF MINUTES OF THE MEETING HELD ON 11TH FEBRUARY 2020**
(Pages 3 - 12)
- 5 **APPOINTMENTS TO OUTSIDE BODIES 2020/21**
(Pages 13 - 20)
- 6 **AUDIT SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 26TH FEBRUARY 2020, EXCLUDING EXEMPT INFORMATION**
(Pages 21 - 30)
- 7 **PENSIONS INVESTMENT SUB-COMMITTEE: MINUTES OF THE MEETING HELD ON 30TH JANUARY 2020**
(Pages 31 - 38)
- 8 **LOCAL PENSION BOARD: MINUTES OF THE MEETING HELD ON 22ND JANUARY 2020**
(Pages 39 - 42)
- 9 **LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000**

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

<u>Items of Business</u>	<u>Schedule 12A Description</u>
10 EXEMPT MINUTES OF THE MEETING HELD ON 11TH FEBRUARY 2020 (Pages 43 - 44)	Information relating to the financial or business affairs of any particular person (including the authority holding that information)
11 AUDIT SUB-COMMITTEE: EXEMPT MINUTES - 26TH FEBRUARY 2020 (Pages 45 - 48)	Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

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GENERAL PURPOSES AND LICENSING COMMITTEE

Minutes of the meeting held at 7.00 pm on 11 February 2020

Present:

Councillor Pauline Tunnicliffe (Chairman)
Councillor Stephen Wells (Vice-Chairman)
Councillors Vanessa Allen, Aisha Cuthbert, Judi Ellis,
Robert Evans, Josh King, Christopher Marlow,
Russell Mellor, Keith Onslow, Neil Reddin FCCA,
Melanie Stevens, Harry Stranger and Michael Turner

Also Present:

Councillor Graham Arthur and Councillor Nicholas Bennett
MA J.P.

51 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies were received from Councillors Allatt, Owen and Cooke.
Councillors Onslow, Ellis and Cuthbert attended as their respective
substitutes.

Apologies for lateness were received from Councillor Melanie Stevens.

52 DECLARATIONS OF INTEREST

There were no additional declarations of interest.

53 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions were received.

54 CONFIRMATION OF MINUTES OF THE MEETINGS HELD ON 6TH AND 28TH NOVEMBER 2019

**RESOLVED that the minutes of the meetings held on 6th and 28th
November 2019, be confirmed.**

Matters Arising

Annual Complaints Report – the Chairman reported that she had been in
contact with the Chairmen of the PDS Committees regarding any concerns
they may have with complaints procedures. To date, one response had been
received from the Chairman of the Renewal, Recreation and Housing PDS

Committee. The Chairman would follow up with the remaining PDS Chairmen and would report back at the next meeting.

Audit of Financial Statements 2018/19 – At the request of the Chairman the Assistant Director for Strategic Property attended the meeting to provide an update on the issues relating to asset valuations. The Assistant Director reported that the Council was still waiting for Cushman and Wakefield to provide all the required information. The Assistant Director informed the Committee that following a meeting with Cushman and Wakefield earlier in the day, assurances had been received that answers to the final questions would be provided on 12th February 2020. Members noted that there was a significant amount of background work being undertaken, however the information required to update the accounts could not be provided to the Council's Finance Department until what was referred to as the "Master Spreadsheet" had been received.

In relation to the questions that had been raised as objections to the accounts, the Chief Accountant reported that one individual had objected to the last 3 years accounts. The Committee noted that the objections relating to 2016/17 and 2017/18 were over 90 pages in total, containing a large number of questions. The Chief Accountant explained that it was not possible for the Council's new external auditors to deal with the objection for 2018/19 until the issues with the previous two years' objections had been addressed. Members noted that the external auditors had been provided with answers to the questions but had themselves in turn further questions and requests for additional detail which required response. The Council had provided all of the requested information and was now waiting for the external auditors to respond.

The Portfolio Holder for Resources, Commissioning and Contracts Management reiterated that the current situation with regard to asset valuation was hugely frustrating for everyone and had arisen as a result of a number of factors. The Portfolio Holder reported that the majority of the work had now been completed and by identifying what remained outstanding it should be possible for the Council to receive the information that was required on 12th February.

The Chairman thanked all those involved for the additional work they had been undertaking in attempting to secure a satisfactory resolution for the Council. It was agreed that the Chairman and Vice-Chairman should be kept updated on the progress of the ongoing work with Cushman and Wakefield. The Committee requested that Cushman and Wakefield attend the most appropriate Committee (be it General Purposes and Licensing or Executive Resources and Contracts PDS Committee) to discuss this matter.

RESOLVED: That Cushman and Wakefield attend the most appropriate Committee (be it General Purposes and Licensing or Executive Resources and Contracts PDS Committee) to discuss the issues with regard to asset valuation.

**55 FEEDBACK ON THE 2019 UK PARLIAMENTARY (GENERAL)
ELECTION
Report CSD20031**

The Committee were advised on the key issues relating to the UK Parliamentary (General) Election held on Thursday 12 December 2019.

The Mayor, Councillor Nicolas Bennett, in his capacity of Returning Officer for the Parliamentary Election, explained that he had formally received the writ, however the practical arrangements for the election had been undertaken by the Acting Returning Officer and the Elections Team. The Mayor informed the Committee that on polling day he had visited 30 different polling places (approximately 50 polling stations) and had been impressed by the staff in all stations.

Polling day itself had been wet and windy which had provided additional challenges and had resulted in muddy conditions in some polling places. The Mayor noted that further consideration should be given to the deployment of hay bales at polling places where muddy footpaths could be an issue in order to improve the overall voter experience. Members also noted that the poor weather conditions had an impact on polling station signage and it was suggested that consideration should be given to laminating signage or investigating other longer lasting and weatherproof options such as correx boards.

The Mayor also suggested that consideration should be given to reviewing whether it would be possible to speed up the counting process, noting that the results for the Beckenham Constituency were declared at 4.15am.

Members also noted that a small number of overseas electors had not been able to return their vote in time. In response, the Director of Corporate Services (Acting Returning Officer for the Parliamentary Election) advised that Postal Votes were despatched in good time (as far as possible within the confines of the election timetable). It had to be recognised that absent voters had the option of either a postal vote or a proxy vote and where late applications were made for a postal vote electors were advised of their right to appoint a proxy.

Members also noted that with regard to roadworks near polling stations, the Elections Team worked closely with colleagues in the Highways Department to avoid inconvenience to voters however where roadworks were commissioned by TfL or utility companies, the Elections Team had little or no influence and control.

The Committee noted that the Returning Officer was under no obligation to count votes on a ward basis. For Parliamentary Elections, postal votes were issued for the constituency. The returned postal votes were then distributed across the wards within the constituency for the purposes of the count. It was recognised that these postal votes would distort the ward figures to some extent but this was unavoidable.

The Director of Corporate Services agreed to provide a Member with details of the total number of postal votes issued for Lewisham West and Penge Wards administered by Bromley Council.

In response to a question from a Member concerning different operational requirements in Lewisham Wards in respect of publishing hourly turnout figures, the Director of Corporate Services confirmed that the Lewisham Returning Officer had not required staff working in the Lewisham West and Penge Polling Stations serviced by LB Bromley to published hourly turnout figures.

The Committee thanked the Acting Returning Officer and the Elections Team for the delivery of a well organised election and noted that the Team had now commenced preparation for the London Mayoral Election in May 2020 – the third election this year.

RESOLVED that the report be noted.

56 2020/21 PAY AWARD

Under the local terms and conditions of employment framework, the Committee was required to make a recommendation on the annual staff pay award to Full Council. The pay award review was now part of the Council's budget planning process - this was a key driver for coming out of the national/regional pay negotiating frameworks.

The Chairman noted that when taken alongside the other incentives and benefits offered, the proposed 2.5% pay award represented a good deal for staff. The Committee also noted that at the current time the national offer was 2%.

Councillor Allen expressed disappointment that the offer meant that some of the lower grades fell below the London Living Wage. In response, the Director of Human Resources emphasised that there was no statutory requirement to pay the London Living Wage. It had to be recognised that Bromley pay across all grades was above the statutory national minimum wage and it was felt that the range of salaries on offer attracted the right calibre of talent to the Council.

In response to a question concerning the request made by the Unions for a review of workforce stress, the Director of Human Resources noted that figures relating to workforce stress had previously been reported. The figures were low and also notably included non-work stress. In recent years, Bromley Council had been at the forefront of employee mental health and wellbeing by introducing initiatives such as Mental Health First Aiders and Employee Stress and Resilience Seminars. The Committee noted that there were a number of measures in place across the Council to support employee mental health and wellbeing and the issue was taken seriously.

RESOLVED that

- 1. Full Council be recommended to approve the following:**
 - (i) A flat 2.5% pay increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process)**
 - (ii) The removal of the equivalent of spinal points 4-8 (affecting BR1, BR2 and BR3 grades) with assimilation to equivalent of spinal point 9 (BR3).**
 - (iii) The introduction of a 4p electric car lease mileage rate for business mileage**
 - (iv) That the Trade Union's pay claim for staff be rejected (see para 3.7 below and attached Appendices)**
- 2. Members note that, as in the previous years since coming out of the nationally/regionally negotiated frameworks, Bromley staff will receive the 2020/21 pay increase in time for the April pay.**

57 PAY POLICY STATEMENT 2020/21

Under the Localism Act 2011 the Council was required to publish a Pay Policy Statement which must be approved by Full Council every year.

In response to a question concerning the Chief Executive's appraisal of his Chief Officers, the Director of Human Resources confirmed that Chief Officer appraisals were conducted by the Chief Executive and included feedback from Lead Members. Each Chief Officer had discussions with the Chief Executive and were set their own individual targets.

RESOLVED that Full Council be recommended to approve the 2020/21 Pay Policy Statement.

**58 MEMBERS ALLOWANCES SCHEME 2020/21
Report CSD20005**

The regulations governing Members' Allowances required that, before the beginning of each financial year, the Council should make a scheme of allowances for that year, and the report detailed the proposed allowances for 2019/20. The allowances had remained frozen since 2009 due to the economic circumstances and the pressure on the Council's budgets, and most Members considered that it was now reasonable to allow an increase. The Chairman noted in particular that the allowances for the Leader and Portfolio Holders were considerably below the levels recommended by the 2018 London Councils Independent Panel recommendation.

The Mayoral and Deputy Mayoral Allowances were not part of the scheme, but were usually considered in conjunction with it.

The Chairman read out the following statement:

“The report suggests that if Members are minded to increase the allowances, then a reasonable guide would be that they increase in line with the proposed increase to staff salaries (2.5%).

In addition, the Majority Group propose to increase the Leader’s Allowance to £40,000 to reflect average parity with other London Boroughs and to reflect the extent of responsibility, pressures and competencies required for the job. It is proposed that the Leaders of the Opposition parties will receive the same percentage increase as the Leader.

The additional cost is £10.7k pa, which can be found from within existing budgets.”

The following amended recommendation was proposed:

“That Council be recommended to approve the Members Allowances Scheme 2020/21 and the Mayoral and Deputy Mayoral Allowances, on the basis of a 2.5% increase in all allowances, in line with the recommended increase for Council staff, with the allowance for the Leader of the Council increased to £40,000 and the allowances for the Leaders of the minority groups increased by similar percentages to £9,333 and £4,667.”

Councillor Allen reported that the Labour Group on the Council had not intended to support the raising of Member Allowances and certainly would not support the amended recommendation. Councillor King noted that if Member allowances were not raised in this way, the £10,700 saved could be used to fund the extra 15p for staff whose salaries fell below the London Living Wage.

Other members of the Committee noted the importance of ensuring that Members Allowances kept pace with increases in average earnings. In respect of the Special Responsibility allowance for the Leader, it was noted that the role came with significant personal responsibility and if it were an industry based role the remuneration would be significantly higher. Members noted that if allowances were set too low, a large number of people would be deterred from seeking elected office and in particular post holders with special responsibilities would be restricted to individuals who were either retired or those who were independently wealthy and would not represent a broad cross section of the residents represented by the Council. It was also noted that the allowances were an indication of the level required for the post and individuals were able to choose whether or not they claimed the allowance.

The proposed recommendations were put to the vote:

In favour 13
Against 2

The motion was therefore CARRIED

RESOLVED that Council be recommended to approve the Members Allowances Scheme 2020/21 and the Mayoral and Deputy Mayoral Allowances, on the basis of a 2.5% increase in all allowances, in line with the recommended increase for Council staff, with the allowance for the Leader of the Council increased to £40,000 and the allowances for the Leaders of the minority groups increased by similar percentages to £9,333 and £4,667.

**59 EXECUTIVE ASSISTANTS - ANNUAL REPORT 2019/20
Report CSD20006**

As part of its consideration of the Members Allowances Scheme, the Committee received reports from the Executive Assistants appointed by the Leader for 2018/19. These reports were intended to illustrate the work undertaken by Executive Assistants, who were in receipt of an annual special responsibility allowance of £3,575.

Members thanked the Executive Assistants for their interesting and insightful reports, noting that the reports were a clear demonstration of the harnessing of individual's talents. The Committee noted that the reports demonstrated the very high standards being set by the current posts holders and the talent that was available in the Council for delivering a range of initiatives that were having a positive impact across the Borough.

RESOLVED that the reports from the Executive Assistants be noted.

**60 PROGRAMME OF MEETINGS 2020/21
Report CSD20007**

The Committee considered the proposed Programme of Meetings 2020/21. The programme broadly followed previous years, and assumed no changes to the various committees and sub-committees that would be appointed by Members at the Annual Council meeting.

The Committee noted the date of the summer SACRE meeting had been moved to 24th June 2020 (from 8th July 2020).

The Chairman stressed the importance of keeping to the agreed Programme of Meetings as much as possible throughout the Municipal Year and to this end requested that changes be kept to a minimum and where possible agreed prior to Annual Council in May 2020.

RESOLVED that

(1) Subject to any changes of meeting arrangements subsequently approved by Members, the Programme of Meetings for 2020/21 be agreed.

(2) The Director of Corporate Services be authorised to adjust the programme in accordance with any changes made to committees by

Members, and to make minor corrections to the programme as necessary.

**61 LOCAL PENSION BOARD ANNUAL REPORT
Report FSD20013**

The Local Pension Board Terms of Reference require that an Annual Report is produced and provided to the Pensions Manager each year and referred to Full Council for consideration (via the General Purposes and Licensing Committee).

RESOLVED that the Local Pensions Board Annual Report be noted.

**62 WORK PROGRAMME AND MATTERS OUTSTANDING
Report CSD20008**

The report summarised the Committee's role and set out the Committee's proposed dates and work programme for the 2019/20 Council year.

It was noted that a further update on the asset valuation would be provided at the meeting on 18 May 2020.

RESOLVED that the report be noted.

**63 AUDIT SUB-COMMITTEE: MINUTES OF THE MEETING HELD
ON 17 OCTOBER 2019, EXCLUDING EXEMPT INFORMATION**

The draft minutes from the Audit Sub- Committee held on 17 October 2019, excluding exempt information, were received.

**64 PENSIONS INVESTMENT SUB-COMMITTEE: MINUTES OF THE
MEETINGS HELD ON 3RD AND 17TH DECEMBER 2019,
EXCLUDING EXEMPT INFORMATION**

The draft minutes from the Pension Investment Sub- Committee meetings held on 3rd and 17th December 2019, excluding exempt information, were received.

**65 APPEALS SUB-COMMITTEE: MINUTES OF THE MEETINGS
HELD ON 19TH NOVEMBER 2019 AND 10TH JANUARY 2020,
EXCLUDING EXEMPT INFORMATION**

The draft minutes from the Appeal Sub- Committee meetings held on 19th November 2019 and 10th January 2020, excluding exempt information, were received.

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

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

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

**67 PENSION FUND TRIENNIAL VALUATION
Report FSD20025**

The report included matters relating to the 2019 actuarial valuation for Bromley's Pension Fund. The report requested that Members note the outcome of the actuarial report, including the fully funded position which now applied and the changes in future service contribution which reflected the McCloud judgement. The changes had been reflected in the Draft 2020/21 Budget.

RESOLVED that the outcome of the Triennial Valuation be noted.

68 AUDIT SUB-COMMITTEE: EXEMPT MINUTES - 17 OCTOBER 2019

The draft exempt minutes from the Audit Sub- Committee held on 17 October 2019, were received.

69 PENSIONS INVESTMENT SUB-COMMITTEE: EXEMPT MINUTES - 3RD DECEMBER 2019

The draft exempt minutes from the Pension Investment Sub- Committee meeting held on 3rd December 2019, were received.

70 APPEALS SUB-COMMITTEE: EXEMPT MINUTES - 19TH NOVEMBER 2019 AND 10TH JANUARY 2020

The draft exempt minutes from the Appeal Sub- Committee meetings held on 19th November 2019 and 10th January 2020, were received.

The meeting ended at 8.06 pm

Chairman

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Report No.
CSD20067

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: Monday 18th May 2020

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

Title: APPOINTMENTS TO OUTSIDE BODIES 2020/21

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

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: All

1. Reason for report

- 1.1 This report requests that the Committee, on behalf of the Council, considers the appointment of Council representatives to serve on outside bodies and partnerships. Most appointments are made annually, following the municipal year, but a small number of appointments are for three or four year terms.
-

2. **RECOMMENDATION**

The Committee is recommended to consider the nominations made by party groups in Appendix 1 and make appointments to outside bodies and partnerships.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
-

Corporate Policy

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

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £361k
 5. Source of funding: Revenue Budget
-

Personnel

1. Number of staff (current and additional): 7 (6.66fte)
 2. If from existing staff resources, number of staff hours: Not Applicable
-

Legal

1. Legal Requirement: None:
 2. Call-in: Not Applicable: Call in does not apply to non-executive reports
-

Procurement

1. Summary of Procurement Implications: Not Applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable
-

Ward Councillor Views

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

3. COMMENTARY

- 3.1 The Committee is asked to make various appointments to partnerships and outside bodies on behalf of the Council. Most appointments are annual and follow the Council year, but there also a small number of longer appointments that run for three or four years.
- 3.2 The schedule of appointments to be made, with nominations from party groups, is attached at Appendix A. Nearly all of the nominations remain unchanged since 2019/20, although the Labour Group proposes that Cllr Wilkins replaces Cllr Ahmad on the Crystal Palace Community Foundation. There are a very small number of vacancies. Any further nominations from the party groups will be reported at the meeting.
- 3.3 There are proposals to change the constitution of Bromley Arts Council later in 2020 which, if approved, will mean that the Council no longer makes nominations. The trustees of the Phillips and Lubbock Foundations are in the process of winding up the charity, but it would be helpful if the existing nominees can be re-appointed to assist with this work.

Non-Applicable Sections:	Impact on Vulnerable Adults and Children/Policy/ Financial/Legal/Personnel/Procurement
Background Documents: (Access via Contact Officer)	2019 Outside Bodies report (GP&L, 16/5/19)

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**LONDON BOROUGH OF BROMLEY
ANNUAL APPOINTMENTS TO OUTSIDE BODIES
AND PARTNERSHIP BODIES 2020/21**

(i) London Councils' Appointments

Leaders' Committee (S.101 Joint Committee)

(One Member and up to two deputies)

Cllr Colin Smith

Cllr Peter Fortune (deputy)

Cllr Kate Lymer (deputy)

**London Councils Transport and Environment Committee – TEC
(Associated Joint Committee)**

(One Member and up to 4 deputies)

William Huntington-Thresher

Cllr Will Rowlands, Cllr Will Harmer, Cllr Kieran Terry & Cllr Colin Hitchins (deputies)

**Grants Committee
(Associated Joint Committee)**

(One Member and up to 4 deputies - must be on the Executive)

Cllr Colin Smith

Cllr Peter Fortune, Cllr Diane Smith, Cllr Kate Lymer & Cllr William Huntington-Thresher (deputies)

Greater London Employment Forum

(One Member and one deputy)

Cllr Pauline Tunnicliffe

Cllr Stephen Wells (deputy)

Lead Members for London Councils

Children & Young People/Safeguarding & Schools: Cllr Peter Fortune

Skills & Employment: Cllr Peter Morgan

Economic Development/Business: Cllr Peter Morgan

Crime and Public Protection: Cllr Kate Lymer

Arts/Culture, Tourism, Sport & Leisure: Cllr Peter Morgan

Health and Social Care including Adult Services : Cllr Diane Smith

Housing & Regeneration: Cllr Peter Morgan

Planning/Infrastructure/Development: Cllr Alexa Michael

Finance & Corporate Services: Cllr Graham Arthur

(ii) London LGPS CIV Ltd Appointments

London CIV (shareholder representative)

(One Member and up to 2 deputies)

Cllr Keith Onslow

Cllr Gareth Allatt & Cllr Simon Fawthrop (deputies)

(iii) Partnership Appointments

Safer Bromley Partnership Strategic Group

Cllr Kate Lymer

Safer Neighbourhood Board (3)

Cllr Kathy Bance, Cllr David Cartwright & Cllr Chris Pierce

Bromley Economic Partnership

Cllr Peter Morgan

(Cllr Vanessa Allen & Cllr Julian Benington to receive papers.)

Adult's Safeguarding Board (2)

Cllr Colin Smith & Cllr Diane Smith

Children's Safeguarding Board (2)

Cllr Peter Fortune & Cllr Colin Smith

(iv) Education, Children & Families Appointments

Management Committee of Wood Lodge Living Skills Centre

Cllr Kira Gabbert

Early Years Development & Child Care Partnership

Cllr Peter Fortune

Bromley “Y” Project (2)

Cllr Judi Ellis & Cllr Peter Fortune

Mentoring Steering Group

Cllr Kate Lymer

Cllr David Cartwright (deputy)

Bromley Duke of Edinburgh’s Award Support Committee (3 Year term) (2)

Councillor Peter Fortune (one vacancy)

The Court of the University of Kent (3 Year Term from 1/8/20)

Councillor Peter Fortune

Phillips and Lubbock Foundations (3 Year Terms) (4)

Cllr Julian Benington, Mr John Bowers, Mrs Brenda Powell & Mrs Jane Woodhead

(v) Environment & Community Services Appointments

London Road Safety Council

Cllr Kieran Terry

(vi) Renewal, Recreation & Housing Appointments

Bromley Arts Council (4)

Cllr Kim Botting, Cllr Robert Mcilveen & Cllr Alexa Michael (one vacancy)

The Crystal Palace Community Development Trust

(Crystal Palace Ward Councillor)

Cllr Angela Wilkins

Newable Ltd (formerly Greater London Enterprise – GLE)

Cllr Peter Morgan

London Youth Games

Cllr Graham Arthur

Proactive Bromley (2)

Cllr Peter Fortune & Cllr Michael Rutherford

Biggin Hill Airport Consultative Committee

Representative of the Council as freeholder:

Cllr Peter Morgan (deputy Cllr Harry Stranger)

Representative of Biggin Hill Ward:

Cllr Melanie Stevens (deputy Cllr Julian Benington)

Representative of Darwin Ward:

Cllr Richard Scoates (deputy Cllr Simon Fawthrop)

(vii) General Appointments

Bromley Town Twinning Association (3)

Cllr Kathy Bance, Cllr Kim Botting & Cllr Mary Cooke

Community Links Bromley (2)

Cllr Peter Fortune & Cllr Gareth Allatt

Leadership Committee of the Bromley Community Fund

Cllr Pauline Tunnicliffe

The Hayes (Kent) Trust (4 Year Terms) (1 of 2)

Mrs Carol Truelove

AUDIT SUB-COMMITTEE

Minutes of the meeting held at 7.00 pm on 26 February 2020

Present:

Councillor Neil Reddin FCCA (Chairman)
Councillor Robert Evans (Vice-Chairman)
Councillors Gareth Allatt, Ian Dunn, Keith Onslow,
Tony Owen and Stephen Wells

Also Present:

25 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

No apologies were received

26 DECLARATIONS OF INTEREST

There were no declarations of interest.

27 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 17th OCTOBER 2020--EXCLUDING EXEMPT INFORMATION

The Minutes of the meeting held on 17th October 2020 were agreed and signed as a correct record.

28 QUESTIONS TO THE AUDIT SUB COMMITTEE

No questions were received.

29 MATTERS OUTSTANDING FROM THE LAST MEETING-PART 1

CSD 20027

The Committee noted the report on matters outstanding. A Member referred to the matter pertaining to the audit that had taken place regarding Starters and Leavers. He asked if the status of the matter (marked as 'completed') was correct. The Head of Audit and Assurance explained that the matter was complete in that it had been flagged for the attention of the Chief Executive and that he had requested that Directors and Heads of Service deal with the recommendations as a priority. The Head of Audit and Assurance advised that follow up work would be undertaken to ensure that the recommendations were being implemented.

A query was raised in relation to progress being made concerning the objections to the Council's accounts. It was noted that in this regard, work was still being undertaken by KPMG.

RESOLVED that the Matters Outstanding report is noted.

30 QUESTIONS ON THE AUDIT REPORTS PUBLISHED ON THE BROMLEY COUNCIL WEBSITE

No questions had been received regarding the internal audit reports that had been published on the Council website.

31 ANNUAL INTERNAL AUDIT PLAN 2020-2021

FSD 20025

Members were presented with the draft Annual Internal Audit Plan for noting and approval. The processes undertaken to draft the Plan were outlined by the Head of Audit and Assurance. The Plan and Charter would be considered as part of a peer review in 2021. It was noted that an updated Internal Audit Charter had also been submitted for comment and approval. The Internal Audit Charter highlighted that as the reporting line for insurance matters was now through the Head of Audit and Assurance, it set out safeguards to preserve independence.

The Chairman referenced the planned audit of FOI and Subject Access Requests. He wondered how effective LBB was in managing demand. The Head of Audit and Assurance replied that a review of the arrangements in place would be undertaken, along with an identification of weaknesses.

The Chairman highlighted that following the introduction of the Criminal Finances Act, HMRC required a risk assessment to be undertaken to look at controls in place to prevent tax evasion by individuals, as well as corporate tax offences. All companies were required to undertake this risk assessment, and this had been requested by the Chief Accountant. LBB's Tax Advisors would be running a half day course on this.

The Chairman referred to the proposed audit of the Virtual School which fell under the remit of the Children's Social Care Division. It was noted that the former Head had now retired and that her replacement needed time to settle in. A meeting had taken place with Children's Services which had been useful, and they were keen for this audit to take place.

A Member asked a question regarding the monitoring of Environmental Services Contracts. It was clarified that Internal Audit would not be looking at all ECS contracts, but would be looking at a sample. A qualitative review of the contract monitoring information would be undertaken.

A Member enquired if an audit could be undertaken solely of the Carefirst system. The Head of Audit and Assurance answered that a designated project

team had been assigned to deal with the replacement for Carefirst. Some of the current problems associated with Carefirst usage related to user error, others to system design. It was envisaged that these issues would be factored into the new system design.

A Member made a comment with respect to the monitoring of contracts. He said that in the industry that he had been working in previously, a contractor had to deliver on time every time, otherwise the supplier would lose the contract. He expressed the view that it was a waste of time and money to keep monitoring contracts. The Head of Audit and Assurance responded that in his experience it was necessary to undertake in-house monitoring of contracts. In certain fields there was not always adequate competition to easily exit contracts.

A Member congratulated the Head of Audit and Assurance on a good Internal Audit Plan. He also referenced the Merit Award Scheme which was included in the plan and commented that in other organisations he had seen such schemes being abused.

A discussion took place regarding the Essential Car User Scheme, and what sort of checks should be undertaken.

A Member raised the matter of succession planning and asked if this could be audited. The Head of Audit and Assurance acknowledged the importance of succession planning and said that this was partly covered in the Workforce Planning audit carried out last year. It was an issue that could be looked at as part of the Transformation Programme.

A Member stated that he would appreciate if an update on the Mortuary Contract could come back to the Committee after the audit had been completed.

RESOLVED that

- 1) The 2020/2021 Audit Plan is approved.**
- 2) The Internal Audit Charter is approved.**
- 3) An update is provided to the Committee in due course regarding the audit of the Mortuary Contract.**

32 INTERNAL AUDIT PROGRESS REPORT

Members were appraised regarding progress made concerning the previous 4 Priority 1 recommendations that had been made with respect to Strategic Property. The Head of Audit and Assurance said that three out of the previous four recommendations had been implemented. However, the target to hit £1m savings via the Income Generation Plan had not been reached. The Head of Asset and Investment Management attended the Committee to update on this matter and to answer any questions that Members wished to ask.

The Head of Asset and Investment Management explained that a report had gone to the Executive, Resources and Contracts Committee in November 2019, whereby Cushman and Wakefield (C&W) had estimated that they had achieved savings up to that point of £850k. It was explained that C&W were contractually not entitled to any incentive payments unless they had achieved real savings of £1m or more.

The Head of Asset and Investment Management expressed the view that some of the savings that had been claimed by C&W had been achieved prior to out sourcing. He said that eight areas where C&W had claimed to have made savings were invalid. This meant the £850k figure would reduce. Resultantly, no incentive payment had been paid to C&W. It was reported that C&W had not been providing support to local teams on site, and had been penalised for this. The Head of Asset and Investment Management expressed the view that the £1m target would not be achieved.

A Member referred to the figure of eight cases where the savings outlined were likely to be invalid. He asked what this meant in percentage terms. Mr Watkins answered that the list of savings/income generation received from C&W contained a total of 70-80 items, and so the percentage was in the region of 10%. The £1m income generation target was over a three year period. It was explained that the total value of the eight cases being removed from the list relating to income generation would account for income in the region of £77k. If this figure was therefore deducted from the £850k figure claimed by C&W, it would mean that in real terms C&W would need to produce in the region of another £225k in savings to hit the income generation target.

Members were presented with the Internal Audit Progress Report which updated Members of recent audit activity across the Council and provided updates on matters that had arisen from previous meetings of the Committee. Members were being asked to note and comment on the report. They were also being asked to note the list of Internal Audit Reports that had been published on the Council's website.

Members were informed that the audit of the Transformation Programme had gone well and the audit opinion was 'Substantial'.

The Head of Audit and Assurance appraised Members regarding the Council Tax audit, the purpose of which was to review governance and mitigate risk. The audit had resulted in two Priority 2 recommendations and one Priority 3 recommendation. The Audit opinion was 'Reasonable'. It was noted that a new Revenues Monitoring Officer had been appointed who would monitor the timeliness of the authorisation of write off batches.

The Head of Audit and Assurance summarised the main issues arising from the audit of **Deferred Payments**. He said that the Policy Agreement needed to be reviewed and reported that there were inconsistencies with the way that data was entered into the Carefirst system. Letters to service users were in

some cases not clear and some contained errors. There had also been delays in the processing of the deferred payment applications. A Member hoped that the current problems being experienced around Carefirst would be eradicated when the replacement system was operational.

A Member expressed the view that the approach taken by Internal Audit was process driven rather than people driven. He asked if this was going to change. The Head of Audit and Assurance responded that the Internal audit Team was also concerned with customer impact and customer experience. They hoped that their audits would result in outcomes that would enhance customer experience. He added that these cases often involved people with complex situations and other auditors were mindful of other factors that had to be dealt with like staff turnover. Internal Audit was keen to ensure that people were receiving a good service.

A Member asked if process maps were used. The Head of Audit and Assurance responded said that process maps were used in some cases, and in cases where they were available they were helpful to Internal Audit.

The Audit opinion for Deferred Payments was '**Reasonable**'. Six recommendations had been made, four of these were Priority 2 recommendations, and two were Priority 3 recommendations.

An update was provided on the audit of **Emergency Planning and Business Continuity**. The Head of Audit and Assurance expressed the view that Mr David Tait (LBB Lead for Business Continuity and Emergency Planning) was doing a good job. Mr Tait had commented that the audit report had been helpful. At the time of the audit it had been found that not all of the Business Continuity Plans were ready. However, this was no longer the case, and all departments now had business continuity plans in place.

A Member asked if plans were in place to deal with a possible expansion of Coronavirus infections. It was noted that Public Health were leading on this. He also asked if plans were in place to deal with the possibility of social workers being infected which would affect the support that they provided to those who were vulnerable or in need of help and support in some way. The Head of Audit and Assurance responded that plans were in place, and that a co-ordinated response was being led by Public Health England but he was not sure what the precise plans were with respect to social workers.

The Committee heard that the audit of **Procurement Cards** had caused some cause for concern and consequently three new Priority 1 recommendations had been made. At the time of the audit, the signed contract with the bank could not be found, but it had been produced subsequently. The audit had identified that controls were either not in place or had not been working properly. Cards had been used to purchase meals for individuals and teams and the appropriateness of this had been questioned. This had the knock on effect of possible tax and national insurance issues which resulted in a separate report on this being issued.

It had also been identified that a large number of procurement transactions had not been submitted and/or approved in a timely manner. It was reported that since the audit was undertaken, a number of the identified issues had been addressed by management. The audit had resulted in three Priority 1 recommendations and seven Priority 2 recommendations. The Audit opinion was 'Limited'.

An update was provided on the matter of **Tax and National Insurance** payable as a result of the use of procurement cards for things like a 'thank you' meal for officers at the end of a long project, or for a celebration meal to acknowledge long service. In other cases, merit awards had been paid to agency staff and contractors. In both of these areas, Tax and National Insurance should have been paid to HMRC but was not. LBB had applied retrospectively to HMRC for permission to pay any amounts outstanding, together with any penalties. Fresh guidance had been issued, along with Managers' briefings and there would be a follow up audit regarding tax and NI contributions in the next financial year.

In this case, Internal Audit did not provide an audit opinion as they had not assessed the full range of controls in this area.

The Chairman enquired if certain types of transactions could be blocked by the card provider. The Head of Audit and Assurance said that this was possible. It was pointed out that in some cases, cash was required. Cash was normally used by the Trading Standards Team when undertaking test purchases. If there was an emergency type situation (like Grenfell) then access to cash would probably be required.

The Chairman queried the payment of merit awards to agency staff. The Head of Audit and Assurance responded that the guidance from Human Resources was that agency staff had the right to be treated the same way as permanent staff in this regard. It was expected that a clear policy would be developed.

An update was provided on the audit of the **Main Accounting System and General Ledger for 2019/2020**. Controls were operating effectively in a number of areas and cost centres and account codes were being created following the correct procedures. A Member queried if staff could 'miscode' to keep within budget. The Head of Audit and Assurance responded that this should not happen as it should be picked up by the Budget Manager.

There were several areas where management attention was required and the Audit opinion was 'Reasonable'. One Priority 2 recommendation was made, along with two Priority 3 recommendations.

The Committee received an update regarding the audit of the **SFT (Schools' Finance Team)**. The SFT was previously an in house department, but had been out-sourced as part of the Exchequer Services Contract. The Council staff had been working in the LBB SFT had been TUPE transferred across.

The Audit opinion was 'Reasonable' for the Exchequer contractor, but was 'Limited' with respect to the way the Council was managing the contract. A new Priority 1 recommendation had been raised with regard to contractual reporting.

Members were updated regarding the audit of **Insurance**. It was noted that in this case, to avoid a possible conflict of interest, the audit was undertaken by Mazars, and this was reported back to the Director of Finance. The Head of Audit and Assurance commented that the appointment of an Insurance and Risk Manager had proved invaluable.

A brief discussion took place regarding the possibility of insuring in house.

It was noted that there were two areas where management attention was required and consequently one Priority 2 recommendation was made, along with one Priority 3 recommendation. The Audit opinion was 'Reasonable'.

An update was provided regarding the follow up work undertaken subsequent to the **Leaving Care Audit of October 2018**. A new Head of Service had been appointed and new reconciliation procedures had been introduced. Resultantly, audit testing could only be undertaken for transactions carried out during December 2019. A follow up would be undertaken prior to the June 2020 meeting of the Committee.

Members were pleased to note that significant improvement had been made with respect to the management of the **Arboricultural Services contract**.

An update was provided on the follow up audit regarding **No Recourse to Public Funds**. Members were pleased to note that working practices had changed and these were supported by procedure notes. There had also been some redesign of services which had enabled the consolidation of a central point of responsibility to be facilitated. It was too early to conduct an effective audit to give assurance that the Priority 1 recommendation had been fully implemented. However, Internal Audit was able to confirm that satisfactory progress was being made.

The Head of Audit and Assurance updated Members with progress being made to implement the Priority 1 update for the audit of **Domiciliary Care Contract Management**. All three providers had now been contacted in an effort to complete the sign off of the extension letters. In one case this had been successful, and in another case the documentation had not been returned. In the third case, the LBB Head of Service had made contact with the Company Director, and the extension document had been signed and returned. It was reported that this provider had subsequently requested an uplift to their rates.

The Head of Audit and Assurance summarised by saying that the recommendation would remain open until Internal Audit were satisfied that the new procedures and checks were fully implemented, and that all of the

providers in the original audit had completed and returned all the relevant documentation.

It was noted that the Priority 1 recommendation regarding **Creditors** had been implemented.

Members received an update regarding progress that had been made since the **Starters and Leavers** audit. Managers had been instructed by the Chief Executive to follow the procedures. Although some improvement had been made, further work was required and so at the time of the meeting the recommendation was still in progress.

Members were briefed that it was too early to say if the recommendations relating to the audit of **Highways Maintenance** had been implemented. Internal Audit would review the information provided by management and report back to the next meeting.

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

RESOLVED that the press and public be excluded during consideration of the items of business listed below as it was 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.

34 INTERNAL AUDIT FRAUD, INVESTIGATION & EXEMPT ITEMS REPORT

FSD20021

Members noted the Part 2 report that dealt with matters relating to internal audit fraud, investigations and other matters relating to exempt information.

The record of these minutes are noted in the Part 2 section of the minutes.

35 MATTERS OUTSTANDING--PART 2

CSD 20028

Members noted matters outstanding (Exempt Information) from the previous meeting.

RESOLVED that the Matters Outstanding Report (Exempt Information) is noted.

36 EXEMPT MINUTES OF THE MEETING HELD ON 17th OCTOBER 2020

Members noted the minutes (Exempt Information) of the meeting that took place on 17th October 2019.

RESOLVED that the minutes (Exempt Information) of the meeting that took place on 17th October 2019 be agreed and signed as a correct record.

The meeting ended at 9.17 pm

Chairman

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PENSIONS INVESTMENT SUB-COMMITTEE

Minutes of the meeting held at 7.00 pm on 30 January 2020

Present:

Councillor Gareth Allatt (Vice-Chair, in the Chair)
Councillors Simon Fawthrop, Simon Jeal, David Jefferys,
Christopher Marlow and Gary Stevens

Also Present:

John Arthur, MJ Hudson Allenbridge
Leanne Johnston, Mercer Limited

53 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from the Chairman, Cllr Keith Onslow, and the Vice-Chairman, Cllr Gareth Allatt, took the chair.

54 DECLARATIONS OF INTEREST

There were no declarations of interest.

55 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

Two questions had been received from Gill Slater - the questions and replies are set out in Appendix A to these minutes.

56 CONFIRMATION OF MINUTES OF THE MEETINGS HELD ON 3RD AND 17TH DECEMBER 2019, EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

RESOLVED that the minutes of the meetings held on 3rd December 2019 (excluding exempt information) and 17th December 2019 be confirmed.

57 PENSION FUND ASSET ALLOCATION STRATEGY REVIEW - FOLLOW UP REPORT Report FSD20023

As requested at its last meeting, the Sub-Committee received a follow-up report from MJ Hudson Allenbridge presenting further information and options for the future asset allocation strategy for the Pension Fund on the choice between investing in International Property Funds and in US Property Funds for the as yet unallocated 5% remaining.

John Arthur of MJ Hudson Allenbridge attended the meeting to brief the Sub-Committee. He reminded Members that the aim was to manage risk, and drew attention to the efficient frontier chart on page 3 of the report. He recommended investing in international property, rather than US property, which gave wider diversification. He explained the broad categories of property fund set out in the report – in particular Core, Core-Plus, Value-Add and Opportunistic – and suggested a Value-Add approach which, although involving more risk, would allow fund managers to invest where they saw the most value. He did not recommend investing in US or international REITS (Real Estate Investment Trusts) given their correlation with equities and the objective to seek diversification of risks.

The Sub-Committee discussed the options available. It was noted that the aim was to reduce risk, and a member commented that some of the returns suggested for property of up to 10% appeared to be too high – risky and unrealistic. Members also raised issues around the different rules in different countries, the risk of a downturn, currency risk and the need for diversification. A member raised the position of WeWork, and the risk of a bubble. John Arthur responded that the situation with WeWork was already well known, and that with property location of individual sites was always crucial. He explained that investing in buying property would not produce immediate value, as rental streams would be low until work had been undertaken to improve the property.

Some members were not supporters of investing in property, but suggested that if the Council did go for property it should reduce the risk by going through a fund. A motion to invest in REITS was moved by Councillor Stevens and seconded by Councillor Fawthrop, but this was not supported.

John Arthur advised that investing in core real estate required going through a large property house with substantial resources. However, he favoured a more entrepreneurial approach, particularly as cash-flow was not a significant requirement over the next four to five years. A member commented that the debate was too hypothetical at this stage – the Sub-Committee needed to identify a manager or a fund. Mr Arthur suggested a shortlist of managers was required.

The Committee concluded that more information was needed for the next meeting on 13th February, although the turn-around was very tight. The Director of Finance suggested that he could ask Fidelity for a briefing and they could be asked to attend. It was also suggested that Mercer be asked for their advice on this issue.

RESOLVED that

(1) The contents of the report be noted.

(2) A further report be made to the next meeting to allow members to consider the options of core, core-plus and value-add international property investment opportunities.

**58 LONDON COLLECTIVE INVESTMENT VEHICLE (CIV) -
PENSION GUARANTEE AND RECHARGE AGREEMENTS**
Report FSD20019

The Sub-Committee considered a report seeking their agreement to sign the London Collective Investment Vehicle (CIV) Pension Guarantee and Pension Recharge Agreements, so that the scheme could be closed to new members. Nineteen boroughs had now signed, but all thirty two boroughs would need to sign.

Members agreed that additional wording should be added to the decision to ensure that the scheme remained closed to new members. It was also considered that further legal clarification was needed, including from the London CIV if possible, that the agreement was binding.

RESOLVED that

(1) The contents of the report be noted.

(2) It is agreed that the guarantee and recharge agreements be signed on the basis that the LGPS scheme is closed to new starters and remains closed, subject to further clarification of the legal position which will be reported to the next meeting.

59 LOCAL PENSION BOARD ANNUAL REPORT
Report FSD20013

The terms of reference of the Local Pension Board required that an annual report was produced and considered by full Council each year, as well as by this Sub-Committee and the General Purposes and Licensing Committee. The report for 2019 had been approved at the Board's meeting on 22nd January 2020.

The Vice-Chairman noted that the report referred to a monthly Pensions Administration report from Liberata being provided to Board members.

RESOLVED that the contents of the Local Pension Board Annual Report for 2019 be noted.

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

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

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

61 CONFIRMATION OF EXEMPT MINUTES - 3RD DECEMBER 2019.

RESOLVED that the exempt minutes of the meeting held on 3rd December 2019 be confirmed.

62 PENSION FUND TRIENNIAL VALUATION
Report FSD20025

The Sub-Committee received a report on the triennial actuarial valuation of Bromley's Pension Fund, which had been carried out by Mercer Limited. Leanne Johnston of Mercer Limited attended the meeting to present her findings. The report would also be considered by General Purposes and Licensing Committee on 11th February 2020.

Since the previous valuation (31st March 2016), the fund had increased in value from £748m to £1,032.2m as at 31st March 2019, and from being 91% funded to being in surplus - Bromley's investment returns were amongst the very best in the country.

Members discussed whether the report should be published in part 1. As the final report would be published on 31st March, the Sub-Committee agreed that it should remain in part 2, but that the minutes could be in part 1.

The Sub-Committee thanked Ms Johnston for her excellent report. The Director of Finance added that Mercer had also been particularly helpful in agreeing the "gifting" of the Mears scheme to the pension fund towards meeting any future year deficits.

RESOLVED that the outcome of the 2019 Triennial Valuation report be noted.

63 UPDATES FROM THE CHAIRMAN AND/OR DIRECTOR OF FINANCE ON ANY EXEMPT MATTERS

The Vice-Chairman reported that the Chairman had attended the CIV meeting that morning, and would give a full update at the next meeting on 13th February.

The Meeting ended at 8.43 pm

Chairman

Appendix A

PENSIONS INVESTMENT SUB-COMMITTEE

30TH JANUARY 2020

QUESTIONS FROM MEMBERS OF THE PUBLIC

From Gill Slater

(1) The LA Pension Fund Forum Chair advises '*it is becoming increasingly clear that local authority investors must press investee companies to take all possible steps to stem the climate crisis*'. Given the 17th Dec report omits to consider the impact of fossil fuel investments on the climate, what steps are being taken in response to that advice?

The Investment Strategy Statement sets out that the Authority's primary responsibility is to secure the best returns for the fund in the interests of council tax payers and pension fund members. In April 2014 the Local Government Association published legal advice on the fiduciary duties of LGPS administering authorities confirming that the power of investment must be exercised for investment purposes and not wider purposes.

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 has decided to take no action at this time in developing an ethical investment policy.

Notwithstanding this, the Sub-Committee works with investment managers over the long-term and following discussions it is evident that environmental issues are central to the value that our managers place on the investments that they make on behalf of the pension fund.

The managers employed by the pension fund dedicate considerable resources to engagement with companies favoured with investment in relation to environmental, social, and governance issues, and have a proactive approach to ensure that long term value is not eroded by unsustainable behaviours or activities which are incompatible with responsible investing. The Sub-Committee is in the process of revising its Statement of Investment Principles.

Supplementary question:

When revising the Statement of Investment it will be important to note that no oil or gas companies are close to Paris Agreement compliance to keep temperatures below 2 degrees. Will this committee investigate divestment acknowledging that investment in these companies is at odds both with the Council's intentions of reducing carbon emissions through its net zero strategy, and with public expectation made clear, I understand, to the Environment and Community Services PDS Committee yesterday?

Reply:

The Vice-Chairman responded that the Council had considered divestment, but preferred a strategy of engagement. As a long term investor that Council did not want to do anything at variance with its own interests, and the whole subject would evolve over an investment horizon of ten years or more.

Additional Supplementary Question from Cllr Simon Jeal:

Councillor Jeal raised the issue of ESG (Environmental, Social and Governance) investment, suggesting that stewardship should be discussed.

Reply:

The Vice-Chairman responded that individual investment managers were very attuned to ESG issues, but the issue was not just about ESG – it was about good investment, which took into account ESG.

Additional Supplementary Question from Cllr Simon Fawthrop:

Councillor Fawthrop commented that divestment would be a drastic measure. He argued that not all the products of any company were equally bad – for example the plastics produced by oil companies were put to many good purposes. It was therefore important not to “throw the baby out with the bathwater” as the negative elements would diminish over time.

Reply:

The Vice-Chairman agreed with this and stated that he thought the Council had a responsible approach to ESG and was going in the right direction.

Additional Supplementary Question from Cllr Simon Fawthrop:

Councillor Fawthrop clarified that the Pension Fund had been excluded from the 2029 target when the motion had been passed by full Council.

Reply:

The Vice-Chairman agreed.

(2) Warnings regarding stranded ‘stranded fossil fuel assets’ continue to flood in from ‘Global investor groups’ (FT Dec 2019), Switzerland’s financial market supervisor (FINMA) etc. If, as minuted (17th December) the ISS is to be finalised by the end of Jan 2020, when, and on what evidence, will consideration be given to Fossil Fuel investment risks?

Reply:

Please see the response to the previous question.

Supplementary Question:

Mark Carney, Governor of the Bank of England, chairing the Financial Stability Board Task Force on Climate-related Financial Disclosures stated that a carbon budget consistent with a 2°C Paris Agreement target “would render the vast majority of reserves ‘stranded’”. How can informed decisions about our pension funds be made without a detailed report to this Sub- Committee for you to consider and for the public to see?

Reply:

The Vice-Chairman responded that, taking risk management at a macro level, there were hundreds of thousands of risks. The Council’s actions were responsible; it was important not to make rash value judgements which might not match up with the fiduciary duties involved in managing the pension Fund.

Additional Supplementary Question from Cllr David Jefferys

Councillor Jefferys commented that the major energy companies would be leading the way on environmental issues by investing more in offshore wind and battery technology.

Additional Supplementary Question from Cllr Simon Jeal

Councillor Jeal commented that some sectors were more exposed to climate change risk than others. He therefore suggested that MJ Hudson Allenbridge, as the Council’s investment advisor, should be asked to provide an analysis of climate change risk to the Pension Fund.

Reply:

The Vice-Chairman responded that he was not drawn to this, and he was not sure that the output would be very helpful or relevant, or support the Council’s fiduciary duty.

Additional Supplementary Question from Cllr Simon Fawthrop

Councillor Fawthrop suggested that if any trade union members were unhappy with the Council’s investment strategy they could withdraw from the fund and invest elsewhere. He asked whether the unions had clean hands – whether their headquarters were green, and whether they had targets for becoming carbon neutral.

Additional Supplementary Question from Cllr Christopher Marlow

Councillor Marlow stated that holding shares in gas and oil companies was unlikely to affect investment in new oil or gas fields

In response to Councillor Fawthrop, Ms Slater clarified that she was not attending the meeting as a trade union representative.

The Vice-Chairman thanked Ms Slater for her questions which had sparked an interesting debate.

LOCAL PENSION BOARD

Minutes of the meeting held at 3.00 pm on 22 January 2020

Present:

Emma Downie (Chairman)

Pinny Borg, Lesley Rickards and Vinit Shukle

Also Present:

Thi Bang Hoang, Pensions Manager

Tracey Pearson, Chief Accountant

Graham Walton, Democratic Services Manager

15 APOLOGIES FOR ABSENCE

There were no apologies for absence.

16 DECLARATIONS OF INTEREST

There were no declarations of interest.

17 MINUTES OF THE MEETING ON 12 JUNE 2019

The minutes of the meeting held on 12th June 2019 (excluding exempt information) were agreed.

18 MINUTES OF THE PENSIONS INVESTMENT SUB-COMMITTEE MEETINGS HELD ON 15TH MAY 2019, 24TH JULY 2019, 27TH AUGUST 2019, 3RD DECEMBER 2019 AND 17TH DECEMBER 2019

The Board reviewed the minutes of the Pensions Investment Sub-Committee meetings held on 15th May, 24th July, 27th August, 3rd December and 17th December 2019 (excluding exempt information.)

15th May 2019: Minute 7: Good Governance Survey: It was noted that there was an expectation of a greater role for the Local Pension Board.

17th December 2019: Minute 51: Asset Allocation: It was noted that there would be a report to the Pensions Investment Sub-Committee on 30th January 2020 on Asset allocation. There had been an increased focus around ESG investments, and an increase in Freedom of Information requests relating to this. This appeared to be reflected across all local authorities and in the private sector. It was confirmed that a summary of the Council's investments, and investment performance, was published in the quarterly reports to Pensions Investment Sub-Committee.

19 MINUTES OF THE GENERAL PURPOSES AND LICENSING COMMITTEE MEETINGS HELD ON 19TH SEPTEMBER 2019, 6TH NOVEMBER 2019 AND 28TH NOVEMBER 2019

The Board reviewed the minutes of the General Purposes and Licensing Committee meetings held on 19th September, 6th November and 28th November 2019.

28th November 2019: Audit of Financial Statements 2018/19: The Board noted that the audit of the Council's 2018/19 accounts had been delayed, so the Pension Fund accounts for 2018/19 had been approved at this meeting to meet the statutory deadlines for publication of the Pension Fund Annual Report.

20 TRAINING UPDATES - PENSIONS MADE SIMPLE

A link to the LGPS website had been circulated – this contained useful videos. The link would also be included in the next Pensions newsletter. Board Members would be sent the newsletter before publication to seek their views on the content – it was noted that plain language was important.

The newsletter was published on the Council website and circulated by Liberata to all scheme members, but Lesley Rickard stated that she did not recall seeing it recently - this would be checked. Emma Downie offered to set up a link from the HR self-service site. Post meeting note: the newsletter is only circulated to active scheme Members. Consideration will be given to how improve communication of the availability of an online version to deferred and pensioner members.

Board members were invited to contact Thi Bang Hoang with any training needs or requests, and any issues that should be covered in the newsletter.

21 PENSION FUND ANNUAL REPORT 2018/19
Report FSD20014

The Board received the Pension Fund Annual Report 2018/19 – this showed that fund performance remained strong overall, ranking 11th in the LGPS universe in 2018/19. Over the medium to longer term, rankings have been excellent – 1st over 10, 20 and 30 years. There had been a slight increase in members to 18,681, leading to an increase in total administration costs, but a decrease in costs per member from £61.82 to £59.47. There was a higher cost per member in 2016/17 (£70.35) and one factor was possibly the extra work needed around the triennial revaluation.

The Independent Auditors had given an unqualified opinion on the pension fund accounts, and no issues of concern had been raised. The report for 2019/20 would need to reflect the updated fund valuation and regulatory changes including more benchmarking and performance information.

It was agreed that the Pension Fund annual Report 2018/19 be noted.

22 LOCAL PENSION BOARD DRAFT ANNUAL REPORT
Report FSD20013

The Board received the draft Local Pension Board Annual Report 2019. The report was due to be considered by the Pensions Investment Sub-Committee on 30th January, General Purposes and Licensing Committee on 11th February and Council on 24th February.

It was confirmed that Board Members were very welcome to attend not only meetings of the Pensions Investment Sub-committee and General Purposes and Licensing Committee, but also the annual Pensions Seminar run by the Director of Finance. The Pensions Manager agreed to check the date of the next seminar and circulate an invite to Board Members.

The Pensions Manager noted that the standard timetable for the Board's annual meetings was November but this year's meeting had been delayed. The next formal annual meeting will therefore take place in November 2020.

Emma Downie was currently the chairman until July 2020 and it was agreed that this would be extended to November 2020 to coincide with the next annual meeting of the Board when a new chairman would be appointed.

It was agreed that the draft Local Pension Board Annual Report 2019 be approved.

23 PERFORMANCE MONITORING REPORT
Report FSD20015

The Board received a performance report to enable it to assess whether the Pension Fund was complying with the Pension Regulator's Code of Practice on Governance and Administration of public service pension schemes. The report included a RAG rated table showing levels of compliance across the four core areas of governance and administration (it was pleasing to note that there were no reds, but there were some ambers and the Pensions Manager would work with Board Members to consider what action could be taken with a view to moving these to greens by the Board's next meeting at the end of November). The report also provided a link to the Pensions Regulator's recent engagement report. It was reported that another scheme had received the first ever improvement notice issued by the Pensions Regulator solely focused on internal control failures.

It was noted that this was a new report which would be presented to the Board annually. The report sought to provide some background into what the Code of Practice on governance and administration is about and how the Council and Liberata work to monitor performance through service review meetings and the monitoring of KPIs. Appendix 2 provided further data around performance monitoring, detailed statistics and information about complaints.

The Board noted the Internal Dispute Resolution Procedure, which had three stages, the final stage being the Pensions Ombudsman. The number of complaints remained low and there were no current outstanding cases to report,

but the Council had recently been ordered to pay £1,000 compensation by the Ombudsman in a case relating to historic service history being incorrectly recorded.

The Board noted:

- a) the Pensions Regulator Code of Practice 'Governance and Administration of Public Service Pension Schemes' as a guide to good governance;
- b) the procedures and policies in place to monitor Liberata's performance;
- c) Liberata's current performance levels.

24 LOCAL PENSION BOARD WORKPLAN

The Board considered its work plan, which contained ten tasks. Members were reminded again to ask for any training that they needed.

25 ANY OTHER BUSINESS

The Board was informed that the Investment Strategy Statement and Funding Strategy Statement would be reported to the Pensions Investment Sub-Committee in February.

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

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

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

27 EXEMPT MINUTES OF THE MEETING HELD ON 12 JUNE 2019

The Exempt minutes of the meeting held on 12th June 2019 were confirmed.

28 EXEMPT MINUTES OF THE PENSIONS INVESTMENT SUB-COMMITTEE MEETINGS HELD ON 15TH MAY 2019, 24TH JULY 2019, 27TH AUGUST 2019 AND 3RD DECEMBER 2019

The exempt minutes of the Pensions Investment Sub-Committee meetings held on 15th May, 24 July, 27th August and 3rd December 2019 were noted.

The Meeting ended at 3.53 pm

Chairman

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

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

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