



THE LONDON BOROUGH
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DATE: 14 February 2022

To: Members of the
PENSIONS COMMITTEE

Councillor Keith Onslow (Chairman)
Councillor Gary Stevens (Vice-Chairman)
Councillors Simon Fawthrop, Kira Gabbert, Simon Jeal,
Christopher Marlow and Tony Owen

A meeting of the Pensions Committee will be held at Bromley Civic Centre on
TUESDAY 22 FEBRUARY 2022 AT 7.00 PM

Members of the Local Pension Board are also invited to attend this meeting.

PLEASE NOTE: This meeting will be held in the Council Chamber at the Civic Centre, Stockwell Close, Bromley, BR1 3UH. Members of the public can attend the meeting for items 1-3. There will be limited space for members of the public to attend the meeting – if you wish to attend please contact us, before the day of the meeting if possible, using our web-form:

<https://www.bromley.gov.uk/CouncilMeetingNoticeOfAttendanceForm>

Please be prepared to follow the identified social distancing guidance at the meeting, including wearing a face covering.

TASNIM SHAWKAT
Director of Corporate Services & Governance

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 BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

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 8th February 2022).

Questions specifically relating to 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 Wednesday 16th February 2022.

4 CONFIRMATION OF MINUTES OF THE MEETINGS HELD ON 15 NOVEMBER AND 2 DECEMBER 2021, EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

(Pages 3 - 4)

(Minutes from 2 December 2021 to follow)

5 MATTERS OUTSTANDING FROM PREVIOUS MEETINGS

6 PENSION FUND PERFORMANCE Q3 2021/22

(Pages 5 - 18)

(The report from MJ Hudson is to follow)

7 UPDATES FROM THE CHAIRMAN/DIRECTOR OF FINANCE/PENSIONS INVESTMENT ADVISOR

8 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

9 CONFIRMATION OF EXEMPT MINUTES - 15 NOVEMBER AND 2 DECEMBER 2021

(Pages 19 - 22)

(Part 2 Minutes from 2 December 2021 to follow.)

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

10 PENSION FUND PERFORMANCE Q3 2021/22- APPENDIX 6

(To follow)

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

11 UPDATES FROM THE CHAIRMAN/DIRECTOR OF FINANCE/PENSIONS INVESTMENT ADVISOR (PART 2)

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

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PENSIONS COMMITTEE

Minutes of the special meeting held at 7.00 pm on 15 November 2021

Present:

Councillor Keith Onslow (Chairman)
Councillor Gary Stevens (Vice-Chairman)
Councillors Simon Fawthrop, Christopher Marlow and
Tony Owen

Also Present:

John Arthur and Stephen Sims , MJ Hudson Allenbridge
Nigel Giffin QC

144 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Cllr Kira Gabbert. The Committee noted that the Leader of the Council, Cllr Colin Smith, was listening to the discussion via conference call.

145 DECLARATIONS OF INTEREST

There were no declarations of interest.

146 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 summary
refers to matters
involving exempt information**

147 LONDON COLLECTIVE INVESTMENT VEHICLE (LCIV)

The Committee considered a report concerning the London Collective Investment Vehicle (LCIV.)

The Meeting ended at 9.03 pm.

Chairman

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Report No.
FSD22017

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker: PENSIONS COMMITTEE

Date: February 22nd 2022

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

Title: PENSION FUND PERFORMANCE Q3 2021/22

Contact Officer: Dan Parsons, Senior Accountant
Tel: 020 8313 3176 E-mail: dan.parsons@bromley.gov.uk

Chief Officer: Peter Turner, Director of Finance Tel: 020 8313 4668
Email: peter.turner@bromley.gov.uk

Ward: Borough Wide

1. Reason for report

- 1.1 This report provides a summary of the investment performance of Bromley's Pension Fund in the 3rd quarter of 2021/22. The report also contains information on general financial and membership trends of the Pension Fund and summarised information on early retirements.
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2. **RECOMMENDATION**

- 2.1 **The Pensions Committee is asked to note the contents of the report and information contained in related appendices.**

Corporate Policy

1. Policy Status: Existing policy. The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations, for the purpose of providing pension benefits for its employees. The investment regulations (The LGPS (Management and Investment of Funds) Regulations 2016) allow local authorities to use all the established categories of investments, e.g. equities, bonds, property etc, and to appoint external investment managers who are required to use a wide variety of investments and to comply with certain specific limits.
 2. BBB Priority: Excellent Council .
-

Financial

1. Cost of proposal: No cost
 2. Ongoing costs: Recurring cost . Total administration costs estimated at £5.9m (includes fund manager/actuary/adviser fees, Liberata charge and officer time)
 3. Budget head/performance centre: Pension Fund
 4. Total current budget for this head: £49.6m expenditure (pensions, lump sums, etc); £57.6m income (contributions, investment income, etc); £1,431.4m total fund market value at 31st December 2021
 5. Source of funding: Contributions to Pension Fund
-

Staff

1. Number of staff (current and additional): 1 FTE
 2. If from existing staff resources, number of staff hours: 36 hours per week
-

Legal

1. Legal Requirement: Statutory requirement. Local Government Pension Scheme (LGPS) Regulations 2013 (as amended), LGPS (Management and Investment of Funds) Regulations 2016
 2. Call-in: Call-in is not applicable.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,242 current employees; 5,752 pensioners; 6,184 deferred pensioners as at 31st December 2021
-

Ward Councillor Views

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

3. COMMENTARY

3.1 Fund Value

3.1.1 The market value of the Fund ended the December quarter at £1,431.4m, up 26.4m as at 30th September. The comparable value as at 31st December 2020 was £1,314.7m. Historic data on the value of the Fund are shown in a table and in graph form in Appendix 1.

3.2 Performance Targets and Investment Strategy

3.2.1 Historically, the Fund's investment strategy was broadly based on a 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). Between 1998 and 2012, Baillie Gifford and Fidelity managed balanced mandates along these lines, and, a comprehensive review of the Fund's investment strategy in 2012 confirmed this high-level strategy. It concluded that the growth element would, in future, comprise a 10% allocation to Diversified Growth Funds (DGF) and a 70% allocation to global equities, with a 20% protection element remaining in place for investment in corporate bonds and gilts.

3.2.2 The asset allocation strategy was reviewed again during 2016/17, mainly to address the projected cash flow shortfall in future years, and a revised strategy was agreed on 5th April 2017. The revised strategy introduced allocations to Multi Asset Income Funds (20%) and Property Funds (5%), removed Diversified Growth Funds, and reduced the allocations to Global Equities (to 60%) and Fixed Income (to 15%). In order to implement the revised strategy, it was agreed to sell all of the Diversified Growth Funds and the Blackrock Global Equities assets.

3.2.3 At the meetings on 21st November and 14th December 2017 the Committee appointed Schroders (60%) and Fidelity (40%) to manage the MAI fund mandates and Fidelity to manage a UK pooled property fund mandate. The Fidelity MAI and initial drawdown of the property fund were completed in February 2018 and the Schroders MAI investment completed in May 2018. A further drawdown of the Fidelity property fund was completed in August 2018. The final drawdown of the Fidelity property was completed in December 2018. The sale of the balance of the Blackrock fund was completed in May 2019 and transferred to Fidelity's MAI Fund, as agreed by this Committee at its meeting held on 15th May 2019.

3.2.4 The asset allocation strategy was reviewed again during 2019/20, and a revised strategy has been finalised. The revised strategy has amended the allocations as follows: Equities (58%), Multi Asset Income Funds (20%), Fixed Income (13%), UK Real Estate (4%) and International Property (5%).

3.3 Summary of Fund Performance

3.3.1 Performance data for 2021/22 (short-term)

A detailed report on fund manager performance in the quarter ended 31st December 2021 is provided by the fund's external adviser, MJ Hudson in Appendix 5, with information about fund manager fees detailed in Appendix 6, to be considered in Part 2 of the agenda. The total fund return for the second quarter was 0.37% against the benchmark of 1.20%. Further details of individual fund manager performance against their benchmarks for the quarter, year to date, 1, 3 and 5 years and since inception are provided in Appendix 2.

3.3.2 Medium and long-term performance data

The Fund's medium and long-term returns have remained extremely strong overall, with a return of 34.1% against a benchmark of 23.6% in 2020/21. The returns for 2019/20 and 2018/19 were -2.74% and 8.0% against the benchmark of -1.87% and 8.3% respectively.

The overall Fund ranked second against the 63 funds in the PIRC LGPS universe for the year to 31st March 2021, second over 3 years, first over 5 years, first over 10 years and second over 20 and 30 years.

The following table shows the Fund's long-term rankings in all financial years back to 2005/06 and shows the medium to long-term returns for periods ended 31st March. The medium to long-term results have been very good and have underlined the fact that the Fund's performance has been consistently strong over a long period.

Year	Whole Fund Return	Benchmark Return	Local Authority Average*	Whole Fund Ranking*
	%	%	%	
Financial year figures				
2020/21	34.1	23.6	22.8	2
2019/20	-2.74	-1.87	-4.8	22
2018/19	8.0	8.3	6.6	11
2017/18	6.7	3.1	4.5	3
2016/17	26.8	24.6	21.4	1
2015/16	0.1	0.5	0.2	39
2014/15	18.5	16.4	13.2	7
2013/14	7.6	6.2	6.4	29
2012/13	16.8	14.0	13.8	4
3 year ave to 31/3/21	12.1	9.4	7.6	2
2015/16	10.6	8.9	8.3	1
2014/15	14.6	13.4	11.2	1
2013/14	8.4	7.5	6.4	6
2012/13	14.2	12.1	11.1	5
2011/12	2.2	2.0	2.6	74
2010/11	9.0	8.0	8.2	22
5 year ave to 31/3/21	13.8	11.0	9.5	1
2013/14	11.5	9.8	8.8	2
2012/13	13.6	12.0	10.7	1
2011/12	8.8	7.6	7.1	6
2010/11	10.7	9.2	8.8	11
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 31/3/21	11.2	n/a	8.3	1
20 year ave to 31/3/21	9.0	n/a	6.9	2
30 year ave to 31/3/21	9.5	n/a	8.4	2

*The most recent LA averages and ranking as at 31/03/21 are based on the PIRC LA universe containing 63 of the 89 funds.

3.3.3 In addition to winning the LGPS Investment Performance of the Year in 2017, the LGPS Fund of the Year (assets under £2.5bn) in 2018, Bromley was also in the final shortlist for 2019 and 2020. Bromley also recently won the Pensions, Treasury and Asset Management Award at CIPFA's Public Finance Awards 2021, recognising the consistent high performance of the Fund.

3.3.4 Performance Measurement Service

As previously reported in April 2016, the Council was informed that WM Company (State Street) would cease providing performance measurement services to clients to whom they do not act as custodian with effect from June 2016. There are currently no providers offering a like for like service, so the Council is using its main custodian, BNY Mellon, to provide performance measurement information and the 2nd quarter summary of manager performance is provided at Appendix 2. PIRC currently provide LA universe comparator data and, at the time of writing, has 63 of the 89 LGPS funds (71%) signed up to the service including the London Borough of Bromley.

3.4 **Early Retirements**

3.4.1 Details of early retirements by employees in the Fund are shown in Appendix 3.

3.5 **Admission agreements for outsourced services**

3.5.1 Bromley MyTime has made its pension deficit repayments in line with the draft repayment plan. The variation agreement is with London Borough of Bromley's Legal team.

3.5.2 The 31 December Year End Accounting exercise for Liberata has been completed by Mercer.

3.5.3 Member Self Service pensions portal and I-Connect (employer) portal are being implemented by Aquilla Heywood. Estimated date for implementation of MSS is May 2022.

3.6 **Fund Manager attendance at meetings**

3.6.1 Meeting dates have been set to February 2023. While Members reserve the right to request attendance at any time if any specific issues arise, the timetable for subsequent meetings is as follows although this may be subject to change given future social-distancing requirements:

Meeting TBC May 2022 – Schroders

Meeting 30th August 2022 - TBC

Meeting 1st December 2022 - TBC

Meeting 22nd February 2023 - TBC

4. **POLICY IMPLICATIONS**

4.1 The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations, for the purpose of providing pension benefits for its employees. The investment regulations (The LGPS (Management and Investment of Funds) Regulations 2016) allow local authorities to use all the established categories of investments, e.g. equities, bonds, property etc, and to appoint external investment managers who are required to use a wide variety of investments and to comply with certain specific limits.

5. **FINANCIAL IMPLICATIONS**

5.1 Details of the provisional outturn for the 2020/21 pension fund revenue account and the position after the second quarter of 2021/22 are provided in Appendix 4 together with fund membership numbers. A net provisional surplus of £15.2m including re-invested income or £4.7m excluding re-invested income occurred during 2020/21 and membership numbers rose by 410. In the third

quarter of 2021/22, a provisional net surplus of £10.1m including re-invested income has arisen and total membership numbers increased by 194.

- 5.2 It should be noted that the net surplus of £15.2m in 2020/21 includes investment income of £10.5m which was re-invested in the funds so, in cashflow terms, there would have been a £4.7m cash surplus for the year. The third quarter of 2021/22 would be a cash surplus of £0.98m excluding re-invested income.
- 5.3 It should be noted that due to the timing of investments, USD investments of £14.4m from the newly opened USD account are now shown in the performance figures from Q3 onwards.
- 5.4 A projection for the remainder of the year has been added. This projection is to be treated with caution due to the uncertain nature (volatility) of investment income.

6. LEGAL IMPLICATIONS

- 6.1 The statutory provisions relating to the administration of the Local Government Pension Scheme are contained in the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended). The investment regulations (The LGPS (Management and Investment of Funds) Regulations 2016) set out the parameters for the investment of Pension Fund monies.

Non-Applicable Sections:	Personnel Implications, Impact on Vulnerable Adults and Children, Procurement Implications
Background Documents: (Access via Contact Officer)	Monthly and quarterly portfolio reports of Baillie Gifford, Fidelity, MFS and Schroders.

MOVEMENTS IN PENSION FUND MARKET VALUE SINCE 2002

Date	Baillie Gifford					Fidelity							Blackrock	MFS		Schroders	CAAM	GRAND TOTAL
	Balanced Mandate	DGF	Fixed Income	Global Equities	Total	Balanced Mandate	Fixed Income	MAI	Property	Sterling Bond	USD ILF	Total	Global Equities	Global Equities	DGF	MAI	LDI Investment	
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
31/03/2005	128.5				128.5	126.7						126.7						255.2
31/03/2006	172.2				172.2	164.1						164.1						336.3
31/03/2007	156				156	150.1						150.1					43.5	349.6
31/03/2008	162				162	151.3						151.3					44	357.3
31/03/2009	154.4				154.4	143						143						297.4
31/03/2010	235.4				235.4	210.9						210.9						446.3
31/03/2011	262.6				262.6	227						227						489.6
31/03/2012	269.7				269.7	229.6						229.6						499.3
31/03/2013#	315.3	26.5			341.8	215.4						215.4			26.1			583.3
31/03/2014@	15.1	26.8	45.2	207.8	294.9		58.4					58.4	122.1	123.1	27			625.5
31/03/2015		45.5	51.6	248.2	345.3		66.6					66.6	150.5	150.8	29.7			742.9
31/03/2016		44.8	51.8	247.9	344.5		67.4					67.4	145.5	159.2	28.3			744.9
31/03/2017		49.3	56.8	335.3	441.4		74.3					74.3	193.2	206.4	28.5			943.8
31/03/2018\$&			58	380	438		75.6	79.2	15.9			170.7	155.2	206.8				970.7
31/03/2019			59.2	416.5	475.7		78.7	78.8	48.6			206.1	11.4	230.2		115.8		1,039.20
31/03/2020			60.9	411.85	472.7		83.5	80.6	47			211.1		220.3		96.1		1,000.30
30/06/2020			65	529.8	594.8		88.4	87.5	45.6			221.5		254.3		106.8		1,177.40
30/09/2020/			65.4	524.8	590.2		89	128.3	44.7			262		259.2		106.6		1,218.00
31/12/2020\				585.3	585.3		91	133	45.5	67.7		337.2		278.8		111.7		1,313.00
31/03/2021				597.7	597.7		85.7	131.4	46.3	64.8		328.2		293.1		110.9		1,329.90
30/06/2021*				621.2	621.2		87.4	134.8	69.5	66.2		357.9		311.2		114.5		1,404.80
30/09/2021				614.6	614.6		86.5	134	71.6	65.4		357.5		319.5		113.3		1,404.90
31/12/2021				602.3	602.3		87.4	132.1	75.5	65.8	14.1	374.9		340		114.2		1,431.40

£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

\$ £32m Blackrock global equities sold in July 2017 to pay group transfer value re Bromley College

& Assets sold by Baillie Gifford (£51m), Standard Life (£29m) and Blackrock (£19m) in Feb 2018 to fund Fidelity MAI and Property funds.

£ Assets sold by Blackrock (£120m) in May 2018 to fund Schroder MAI fund.

^ Assets sold by Blackrock (£20m) in August 2018 to fund Fidelity Property fund

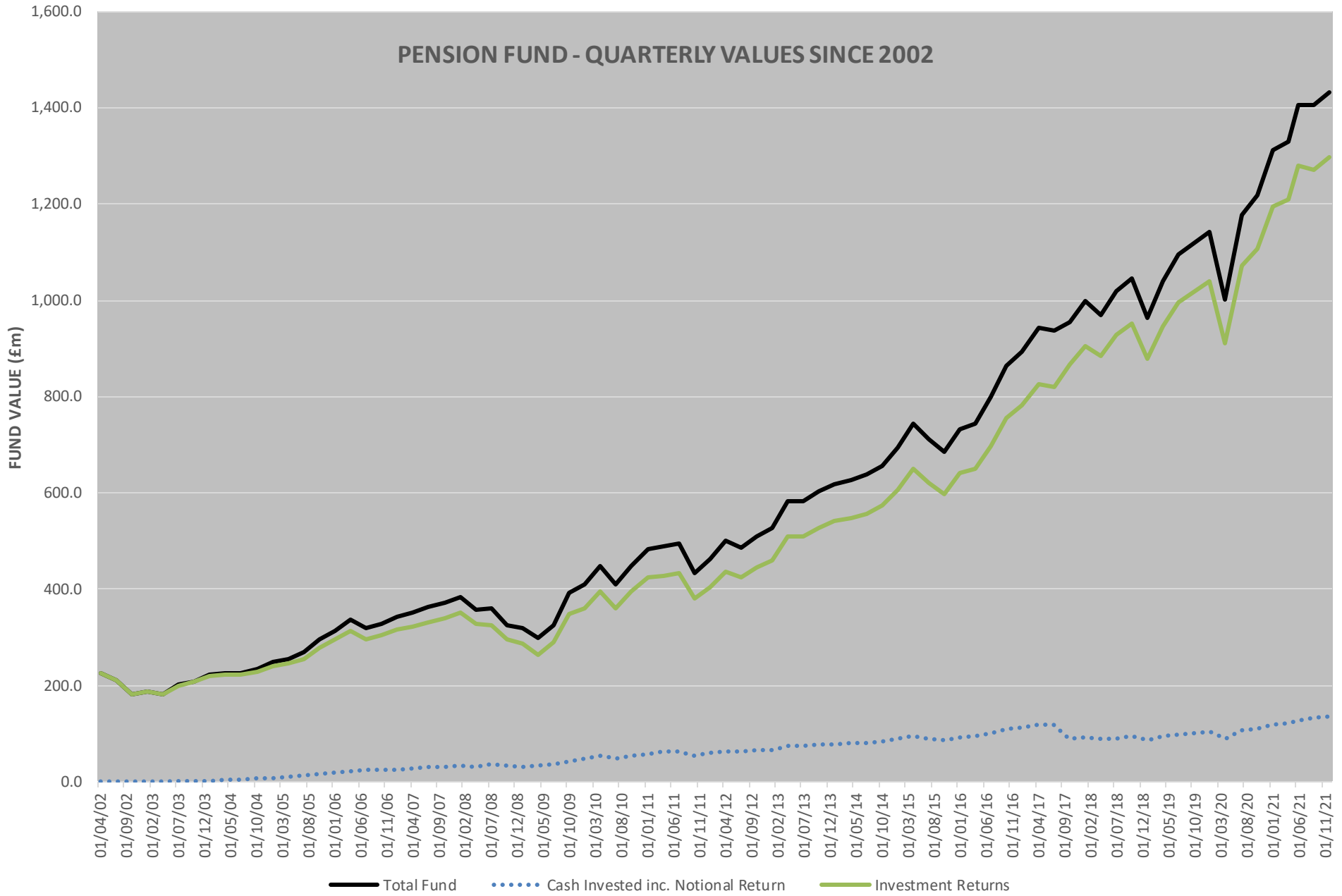
* Assets sold by Blackrock (£13.7m) in December 2018 to fund Fidelity Property fund.

" Assets sold by Blackrock (£11.6m) in May 2019 to fund Fidelity MAI

/ Assets sold by Baillie Gifford (£41.2m) in Aug 2020 to fund Fidelity MAI fund

\ Assets sold by Baillie Gifford (£65.5m) in Oct 2020 to fund Fidelity Sterling Corporate Bond fund

*Assets sold by Baillie Gifford (£14.4m) in June 2021 to fund Fidelity Property fund



Appendix 2

PENSION FUND MANAGER PERFORMANCE TO DECEMBER 2021

Portfolio	Month %	3 Months %	YTD %	1 Year %	3 Years %	5 Years %	Since Inception %
Baillie Gifford Global Equity	(2.97)	(0.08)	6.40	8.78	23.05	17.30	9.97
Benchmark	1.62	6.29	15.83	20.13	18.51	12.88	8.69
Excess Return	(4.59)	(6.36)	(9.43)	(11.35)	4.54	4.42	1.28
Fidelity Fixed Income	(1.69)	0.62	1.54	(3.68)	4.92	3.75	6.26
Benchmark	(1.92)	1.43	1.70	(4.13)	4.00	2.92	5.44
Excess Return	0.23	(0.81)	(0.16)	0.45	0.92	0.83	0.82
Fidelity MAI	0.88	(0.03)	3.79	3.40	4.99		3.30
Benchmark	0.33	0.99	2.99	4.00	4.00		4.00
Excess Return	0.55	(1.01)	0.80	(0.60)	0.99		(0.70)
Fidelity Property	2.57	6.31	17.90	21.12	7.08		5.91
Benchmark	7.50	11.42	26.16	30.16	9.67		8.69
Excess Return	(4.93)	(5.11)	(8.26)	(9.04)	(2.59)		(2.78)
MFS Global Equity	3.12	6.10	15.70	21.65	17.39	11.54	13.70
Benchmark	1.59	6.20	15.47	19.63	17.94	12.32	12.98
Excess Return	1.54	(0.09)	0.24	2.02	(0.55)	(0.78)	0.72
Schroder MAI	1.47	1.65	5.51	5.51	4.95		2.79
Benchmark	0.41	1.23	3.73	5.00	5.00		5.00
Excess Return	1.06	0.43	1.78	0.51	(0.05)		(2.21)
Lon Borough Bromley USD	(2.32)						(3.17)
Total Fund	(0.45)	1.87	8.13	9.78	15.28	11.41	9.20
Benchmark	1.12	4.73	11.46	13.34	12.90	9.48	
Excess Return	(1.56)	(2.86)	(3.33)	(3.56)	2.38	1.93	

N.B. returns may differ to fund manager reports due to different valuation/return calculation methods

EARLY RETIREMENTS

A summary of early retirements and early release of pension on redundancy by employees in Bromley's Pension Fund in the current year and in previous years is shown in the table below. With regard to retirements on ill-health grounds, this allows a comparison to be made between their actual cost and the cost assumed by the actuary in the triennial valuation. If the actual cost of ill-health retirements significantly exceeds the assumed cost, the actuary will be required to consider whether the employer's contribution rate should be reviewed in advance of the next full valuation. In the last valuation of the Fund (as at 31st March 2019) the actuary assumed a figure of 0.9% of pay (approx. £1.4m p.a from 2020/21) compared to £1.2m in the 2016 valuation, £1m in the 2013 valuation and £82k p.a. in the 2010 valuation. In 2015/16 there were nine ill-health retirements with a long-term cost of £1,126k, in 2016/17 there were six with a long-term cost of £235k, in 2017/18 there were five with a long-term cost of £537k, in 2018/19 there were five with a long-term cost of £698k, in 2019/20 there were three with a long-term cost of £173k, and in 2020/21 there were six with a long-term cost of £520k. Provision has been made in the Council's budget for these costs and contributions have been and will be made to reimburse the Pension Fund as result of which the level of costs will have no impact on the employer contribution rate.

The actuary does not make any allowance for other (non-ill-health) early retirements or early release of pension, however, because it is the Council's policy to fund these in full by additional voluntary contributions. In 2015/16 there were 14 non ill-health retirements with a total long-term cost of £734k, in 2016/17 there were 22 with a total cost of £574k, in 2017/18 there were 10 with a long-term cost of £245k, in 2018/19 there were eight with a long-term cost of £392k, in 2019/20 there were 14 with a long-term cost of £433k and in 2020/21 there were 14 with a long-term cost of £203k. Provision has been made in the Council's budget for severance costs arising from LBB staff redundancies and contributions have been and will be made to the Pension Fund to offset these costs. The costs of non-LBB early retirements are recovered from the relevant employers.

Long-term cost of early retirements	Ill-Health		Other	
	No	£000	No	£000
Oct 21–Dec 21 - LBB	0	0	0	0
- Other	0	0	0	0
- Total	0	0	0	0
2021/22 total - LBB	1	618	0	0
- Other	0	0	0	0
- Total	1	618	0	0
Actuary's assumption - 2019 to 2022		1,400 p.a.		N/a
- 2016 to 2019		1,200 p.a.		N/a
- 2013 to 2016		1,000 p.a.		N/a
- 2010 to 2013		82 p.a.		N/a
Previous years – 2020/21	10	549	23	270
– 2019/20	3	173	14	433
– 2018/19	5	698	8	392
– 2017/18	5	537	10	245
– 2016/17	6	235	22	574
– 2015/16	9	1,126	14	734
– 2014/15	7	452	19	272
– 2013/14	6	330	26	548
– 2012/13	2	235	45	980

PENSION FUND REVENUE ACCOUNT AND MEMBERSHIP

	Draft Outturn 2020/21 £'000	Budget 2021/22 £'000	Draft to 31/12/21 £'000	Projections 2021/22 ² £'000
INCOME				
Employee Contributions	7,721	7,700	5,669	7,559
Employer Contributions				
- Normal	24,684	23,600	17,535	23,380
- Past-deficit	-	-	-	-
Transfer Values Receivable	2,409	2,400	2,394	3,192
Investment Income				
- Re-invested	10,500	9,500	9,147	13,028
- Distributed to Fund	10,872	14,412	9,774	13,032
Total Income	<u>56,186</u>	<u>57,612</u>	<u>44,519</u>	<u>60,191</u>
EXPENDITURE				
Pensions	29,821	31,300	22,655	30,207
Lump Sums	5,227	5,900	3,841	5,121
Transfer Values Paid	2,187	6,267	4,202	5,603
Administration				
- Manager fees	2,968	4,840	3,136	4,181
- Other (incl. pooling costs)	672	1,100	504	672
Refund of Contributions	74	200	53	71
Total Expenditure	<u>40,949</u>	<u>49,607</u>	<u>34,391</u>	<u>45,855</u>
Surplus/Deficit (-) - including re-invested income (RI)	<u>15,237</u>	<u>8,005</u>	<u>10,128</u>	<u>14,336</u>
Surplus/Deficit (-) - excluding RI 1	<u>4,737</u>	<u>(1,495)</u>	<u>981</u>	<u>1,308</u>
MEMBERSHIP				
	30/09/2021		31/12/2021	
Employees	6,075		6,242	
Pensioners	5,734		5,752	
Deferred Pensioners	6,175		6,184	
	<u>17,984</u>		<u>18,178</u>	

Note 1 It should be noted that the net surplus of £15.2m in 2020/21 includes investment income of £10.5m which was re-invested in the funds so, in cashflow terms, there would have been a £4.7m cash surplus for the year. The third quarter of 2021/22 would be a cash surplus of £0.98m excluding re-invested income.

Note 2 The projection for the remainder of the year has to be treated with caution as due to the uncertain nature (volatility) of investment income.

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Agenda Item 9

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

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