



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

TELEPHONE: 020 8464 3333

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

DIRECT LINE: 020 8461 7743

FAX: 020 8290 0608

DATE: 16 November 2021

To: Members of the
LOCAL PENSION BOARD

Employer Representatives

Brayan Bernal-Gil
Emma Downie

Member Representatives

Lesley Rickards
Vinit Shukle (Chairman)

A virtual meeting of the Local Pension Board will be held on **WEDNESDAY 24 NOVEMBER 2021 AT 3.00 PM**

Please note that this will be a virtual meeting held on Microsoft Teams – members of the press and public can view the meeting by contacting the Clerk (details above) for the meeting details.

TASNIM SHAWKAT
Director of Corporate Services & Governance

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

AGENDA

- 1 **APOLOGIES FOR ABSENCE**
- 2 **DECLARATIONS OF INTEREST**
- 3 **MINUTES OF THE MEETING HELD ON 4 NOVEMBER 2020 (Pages 1 - 6)**
- 4 **MINUTES OF THE PENSIONS INVESTMENT SUB-COMMITTEE HELD ON 1 DECEMBER 202, 27 JANUARY 2021 AND 29 APRIL 2021, AND PENSIONS COMMITTEE HELD ON 14 JULY 2021 (Pages 7 - 32)**
- 5 **PENSIONS SHARED SERVICE UPDATES**

- 6 **PERFORMANCE MONITORING REPORT 2021** (Pages 33 - 56)
- 7 **BROMLEY PENSION UPDATE** (Pages 57 - 62)
- 8 **LOCAL PENSION BOARD ANNUAL REPORT** (Pages 63 - 74)
- 9 **TRAINING FOR LOCAL PENSION BOARD** (Pages 75 - 84)
- 10 **WORKPLAN 2021/22** (Pages 85 - 86)
- 11 **APPOINTMENT OF NEW CHAIRMAN**
- 12 **DATE OF NEXT MEETING**
- 13 **LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000**

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

Items of Business

Schedule 12A Description

- | | |
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| <ul style="list-style-type: none"> 14 EXEMPT MINUTES OF THE PENSIONS INVESTMENT SUB-COMMITTEE MEETINGS HELD ON 1 DECEMBER 2020, 27 JANUARY 2021 AND 29 APRIL 2021 AND PENSIONS COMMITTEE ON 14 JULY 2021 (Pages 87 - 96) | <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p> |
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LOCAL PENSION BOARD

Minutes of the meeting held at 3.00 pm on 4 November 2020

Present:

Emma Downie (Chairman)
Brayan Bernal-Gil and Vinit Shukle

Also Present:

Thi Bang Hoang, Pensions Manager
Graham Walton, Democratic Services Manager

29 APOLOGIES FOR ABSENCE

Apologies for absence were received from Lesley Rickards. Brayan Bernal-Gil was welcomed to his first meeting.

30 DECLARATIONS OF INTEREST

There were no declarations of interest.

31 MINUTES OF THE MEETING HELD ON 22 JANUARY 2020

RESOLVED that the minutes of the meeting held on 22nd January 2020 be confirmed.

32 MINUTES OF THE PENSIONS INVESTMENT SUB-COMMITTEE MEETINGS HELD ON 30TH JANUARY 2020, 13TH FEBRUARY 2020, 28TH JULY 2020 AND 15TH SEPTEMBER 2020

The minutes of the meeting of the Pensions Investment Sub-Committee held on 30th January 2020 were noted. The draft minutes of the meetings of the Pensions Investment Sub-Committee held on 13th February, 28th July and 15th September 2020 were not yet available.

33 MINUTES OF THE GENERAL PURPOSES AND LICENSING COMMITTEE MEETINGS HELD ON 11TH FEBRUARY 2020, 18TH MAY 2020, 30TH JULY 2020 AND 30TH SEPTEMBER 2020

The minutes of the meetings of the General Purposes and Licensing Committee held on 11th February, 18th May, 30th July and 30th September 2020 were noted.

34 TRAINING AND CONSULTATION UPDATES

The Pensions Manager summarised recent consultations, changes and developments which affected the Pension Fund.

(A) The £95k Cap

The £95k cap restricted the value of exit payments for those aged over 55. It came into effect on 4th November 2020 for public sector schemes, but amendments to the LGPS had not yet been announced. There was considerable uncertainty and local authorities were encouraged to take legal advice on redundancies. Some local authorities had suspended redundancies altogether pending clarification from Government.

(B) Employer Contribution and Exit Payment Flexibility

The Regulations had come into effect on 23 September 2020. The new rules enabled employers leaving the fund to pay off any liabilities arising from their termination assessment over a period of time. Employers leaving with a surplus were entitled to receive a refund within six months (although surpluses on leaving were rare.)

(C) McCloud Judgement (Amendments to the Statutory Underpin)

In 2014, the LGPS had moved from being a final salary scheme to pensions being assessed on a career average basis. Members within ten years of retirement on 1st April 2012 benefitted from transitional protection, a statutory underpin enabling their pension to be assessed on the most favourable method. In the McCloud case, similar arrangements in the Judges and Firefighters' Schemes were found to be age discriminatory. As a result, all active LGPS scheme members on 31st March 2012 were entitled to the same protection. This involved a considerable amount of additional administrative work – unlike many Funds, Bromley had already started collecting data on this, but additional resources would be required.

(D) The Goodwin Case (Widower Benefit Equalisation)

This issue arose from a successful challenge against the Teachers' Pension Scheme, and the Treasury had issued a statement in July 2020 announcing that widower benefits would be equalised in public service schemes. No details had been announced and a consultation was expected next year.

(E) Code of Practice Review

There were currently fifteen codes of practice relating to public service pension schemes, and the Pensions Regulator was intending to consult, next year, on combining these into a single code.

(F) Covid-19: Scheme Administration

During the pandemic the Council was continuing to work closely with its contractor, Liberata, focussing on critical processes and taking a pragmatic approach on issues such as allowing scanned copies of documents and electronic signatures. There had been a significant increase in the number of queries, causing problems for the Administrator, whose staff were mainly working from home, but the

situation had largely returned to business as usual now.

35 PENSION FUND ANNUAL DRAFT REPORT 2019-2020
Report FSD20078

The Board received the draft annual report and accounts of the Bromley Pension Fund for the year ended 31st March 2020 which the Council was required to publish by 1st December 2020 under the Local Government Pension Scheme Regulations 2013. This was still being reviewed by the Council's external auditor, Ernst and Young. The total net assets of the Fund had reduced due to Covid-19 from £1,039m on 31st March 2019 to £1,007m on 31st March 2020.

RESOLVED that the draft Pension Fund Annual Report 2019/20 be noted.

36 LOCAL PENSION BOARD DRAFT ANNUAL REPORT
Report FSD20079

The Local Pension Board Terms of Reference required that an Annual Report was produced and provided to the Pensions Manager each year. In a report to the Pensions Investment Sub Committee, General Purposes and Licensing Committee and Council in February 2015, it was also confirmed that the Local Pension Board's Annual Report would be provided to Council via the Pensions Investment Sub-Committee and the General Purposes and Licensing Committee.

Since the last report, Brayan Bernal Gil had been confirmed as a Board member on 12th October 2020. The Pensions Manager was supplying Board members with updates on key issues from the actuaries, and news from key bodies such as the Scheme Advisory Board. Two Board members had attended the CIPFA autumn seminar, and details would be circulated for the spring seminar. The Pensions Manager encouraged Board members to contact her with any questions or concerns, and stated that she would be happy to arrange training sessions to help them with their role. Board members had not raised any issues of concern during the last year.

RESOLVED that the draft Local Pension Board Annual Report (at Appendix 1 to the report) be approved for submission to Council via the Pensions Investment Sub-Committee and the General Purposes and Licensing Committee.

37 PERFORMANCE MONITORING REPORT
Report FSD20080

The Board received a report prepared by the Pensions Manager to provide which provided information to assess whether the 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 assessment covering four key areas of scheme governance. Board Members were encouraged to report any suggested changes to the ratings.

Performance by Liberata continued to be very high. Despite high levels of enquires, 99% of enquiries were successfully met or exceeded. Between April and September 2020. Under the new contract, a new SLA was in place with different timescales for different types of enquiries.

Annual Benefit Statements were issued to all active and deferred members by the statutory deadline of 31 August 2020; Pension Increase letters were issued to all pensioners in April 2020. At the last meeting one of the Board members stated that she had not received the annual newsletter, but a link to the newsletter had now been provided.

There had been an increase of about 40% in enquiries in the first six months of 2020/21 compared to the previous year. Enquiries had risen by about 7% between August and September. Liberata staff had been mainly working from home, but with some staff working safely in the office to handle post. A breakdown of key performance indicators was provided in the report. Transfer processes had been split into additional categories.

The Pensions Manager carried out a quarterly reconciliation exercise for contributions. During Q1 2020, some academies were found to have made incorrect employer contributions – this had been drawn to their attention and was being resolved.

Two complaints had been recorded since April 2020, both in relation to transfer value. In 2019/20, there had been eight complaints during the year. The Pensions Ombudsman had recently found in favour of a complainant regarding a complaint from March 2018 – this complaint was more about the employer than specifically the Pension Fund.

Membership numbers had remained about the same, although there was a slight decrease in active members. There had been no breaches of regulatory compliance since April 2020. Administration costs had increased slightly compared to the previous year – this appeared to relate to fund management fees, possibly as a result of changes to asset allocation.

The report also covered Liberata's cyber security measures including disaster recovery and communications on cyber security issues with their staff.

Board Members had no concerns arising from the report.

RESOLVED that the following be noted -

- (1) The Pensions Regulator Code of practice 'Governance and administration of public service pension schemes' as a guide to good governance;**
- (2) The procedures and policies in place to monitor Liberata's performance;**
- (3) Liberata's current performance levels.**

38 LOCAL PENSION BOARD WORKPLAN

The Board noted its annual work plan.

39 ANY OTHER BUSINESS

There was no other business.

40 DATE OF NEXT MEETING

It was agreed that the Board would meet at roughly the same time in November 2021.

Emma Downie was happy to continue as chairman, but it was necessary for the chairmanship to rotate between Employer and Member representatives. (Note: After the meeting it was agreed that Vinit Shukle would take over as chairman.)

41 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**

42 EXEMPT MINUTES OF THE PENSIONS INVESTMENT SUB-COMMITTEE MEETINGS HELD ON 13TH FEBRUARY 2020 AND 15TH SEPTEMBER 2020

It was noted that the exempt minutes of the meetings of the Pensions Investment Sub-Committee held on 13th February and 15th September 2020 were not yet available.

43 EXEMPT MINUTES OF THE GENERAL PURPOSES AND LICENSING COMMITTEE ON 11TH FEBRUARY 2020

The exempt minutes of the meeting of the General Purposes and Licensing Committee held on 11th February 2020 were noted.

The Meeting ended at 4.00 pm

Chairman

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PENSIONS INVESTMENT SUB-COMMITTEE

Minutes of the meeting held at 6.00 pm on 1 December 2020

Present:

Councillor Keith Onslow (Chairman)
Councillor Gareth Allatt (Vice-Chairman)
Councillors Simon Fawthrop, Simon Jeal, David Jefferys,
Christopher Marlow and Gary Stevens

Also Present:

John Arthur, MJ Hudson Allenbridge

88 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

All Members were present – there were no apologies for absence.

89 DECLARATIONS OF INTEREST

There were no declarations of interest.

90 CONFIRMATION OF MINUTES OF THE MEETINGS HELD ON 13 FEBRUARY, 28 JULY AND 15 SEPTEMBER 2020, EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

RESOLVED that the minutes of the meetings held on 13th February, 28th July and 15th September 2020 (excluding exempt information) be confirmed.

91 QUESTIONS BY MEMBERS OF THE PUBLIC

One question had been received from Gill Slater regarding agenda items 3 – (Minutes) and 7 (Pension Fund Performance - Appendix 5) -

As offered by the Sub-Committee on 28th July 2020, can the Advisor provide information as to which of the funds involve fossil fuel investments and the extent of that investment? (This information is not apparent from the report in Appendix 5.)

The Sub-Committee noted that the Pensions Advisor had provided a Fossil Fuels Report which had been published with the agenda papers.

92 LONDON CIV

The Chairman welcomed Brian Lee (Chief Operating Officer), Jason Fletcher (Chief Investment Officer), Cameron McMullen (Client Relations Director), and Stephanie Aymes (Client Relations Manager) from the London CIV to the meeting. Jason Fletcher, led the Sub-Committee through a presentation on the CIV, beginning by stating that although Bromley had no investments with the CIV it was a valued member and they hoped Bromley would be more involved in the future. Pooling was set up to deliver improved performance, provide a broader range of investment opportunities, deliver cost savings to clients and provide transparent reporting and oversight. He also covered the funding model, the latest staff appointments, procurement of an investment tool to select and monitor fund managers and the development of an investment governance document which would be shared soon with all client funds and advisors.

The CIV was aiming to add value across the investment lifecycle – Design, Select, Manage, Sell. He highlighted manager selection, manager monitoring, fund monitoring and key turning points in the markets. The CIV had fifteen funds; eight were equities funds while the other were global markets funds. Since inception, the average fund had out-performed their benchmarks – the best performer was the Baillie Gifford Global Alpha Growth Fund which Bromley was also invested in. This had thirteen investors, and there were discussions with Baillie Gifford and investors about making the fund more Paris-aligned. It was possible that two streams could be set up within the fund, if there was demand for different approaches. All reports on funds were available on the client portal. There were plans to launch three new funds over the next four months, and a further two in the next six months.

In response to questions from Cllr Stevens, Mr Fletcher confirmed that the CIV was neutral on Paris-aligned funds, but was responding to client demand and to the issue being raised by Baillie Gifford. Mr Fletcher also gave further details about the staffing of his team – he had filled two posts since joining, expected to recruit to two new roles in the new financial year and was keen to convert contractors to permanent employees and reduce key-person risk. Mr Lee confirmed that the staffing position was stable and recruitment was in line with budget plans.

Councillor Jefferys asked about the CIV's vision for five to ten years ahead, and how the CIV viewed clients with a more passive attitude to investment. Mr Fletcher responded that he intended to launch more alternatives and that although he preferred to take an active approach the CIV would be providing for all its investors.

Cllr Fawthrop asked whether the CIV was subject to Freedom of Information regulations, particularly in respect of the agreements behind the setting up of the CIV. Mr Lee confirmed that the CIV was subject to Freedom of Information regulations. Mr Fletcher stated that he was fully committed to transparency particularly around costs. Cllr Fawthrop queried whether funds were really performing well, but Mr Fletcher stated that this was on a pound for pound basis and the majority of the funds had out-performed their benchmark as well, particularly the larger funds. Cllr Fawthrop suggested that the funds

ported in appeared to be doing well, whereas funds set up by the CIV were not performing so well. Cameron McMullen added that the CIV was working in collaboration and through seed investment groups. He also emphasised that a range of policies were available to client funds and investors through the portal.

Cllr Jeal asked about managing the demands of Councils as both shareholders and clients, whether there were measures in place to maintain scale to deliver savings as more funds were added and assets spread more widely, and whether the CIV model could sit alongside what Bromley already did in terms of receiving regular monitoring reports, scrutinising fund managers and selecting new fund managers. Mr Lee responded that the CIV had strong governance processes with quarterly shareholder committees and two additional meetings each year that were not investment focussed, maintaining the separate roles of investors and shareholders. Mr Fletcher explained that the smaller funds with less economies of scale were in private markets where there were great opportunities. He accepted that all pools were struggling with reporting, but the CIV would work closely with fund managers to make reports useful. The CIV was hoping to bring fund managers in similar areas together to speak against each other, and all clients would have access to these sessions. The aim was to give more access to more managers. Mr McMullen clarified that where the Sub-Committee interviewed a fund manager there would need to be a CIV representative present to deal with issues such as fees. Cllr Fawthrop suggested that there had to be a cost involved for the CIV in attending, which ultimately would be passed to clients – CIV representatives stated that this would not be a separate invoice but would be borne within the overall fees. Cllr Jeal also asked whether the opportunity to take money out of an investment through the CIV would apply to all investments. Mr Lee stated that this was correct, and was set out in the prospectus - the Council could redeem in cash or in specie.

The Director of Finance asked about the timeframes that might be involved in the termination of a fund, and what factors, apart from performance, would be considered - for example if differing approaches to Paris/ESG issues led to a fund manager being removed that Bromley wanted to retain, could Bromley's investment stay within the CIV or would there be additional transfer costs for Bromley to take it back? Mr Fletcher responded that historically, funds might be on enhanced monitoring for up to six months as a means of trying to guide them back to good performance. Where there were more drastic events then action might need to be taken much more quickly. As well as performance, a number of issues were taken into account and RAG rated, including strategy and demand, resources, risk management, responsible investment, compliance, operational issues and transparency. Cost transparency mattered, and making use of cost information.

The presentation continued in part 2.

93 PENSION FUND PERFORMANCE Q2

Report FSD20090

The Sub-Committee received a summary of the investment performance of Bromley's Pension Fund in the 2nd quarter of 2020/21. More detail on investment performance was provided in a separate report from the Fund's external adviser, MJ Hudson Allenbridge (Appendix 5 to the report). The report also contained information on general financial and membership trends of the Pension Fund and summarised information on early retirements. An additional Fossil Fuel Report appendix was circulated from the Investment Advisor.

John Arthur of MJ Hudson Allenbridge introduced the report and confirmed that the fund was performing well, with returns at 9% per annum over the last 23 years, which was above inflation and actuarial expectations. All the managers were performing as expected, with Baillie Gifford driving much of the out-performance. During the quarter, £40m had been removed from Baillie Gifford and re-invested into Multi-Asset Investment Funds – it was important to keep the portfolio balanced.

The Chairman referred to the additional liabilities resulting from the McCloud judgement and the information on cost transparency in the report. He reminded Members that it was important to challenge very good performance as well as poor performance, and Baillie Gifford would be invited to attend the next meeting as the normal round of updates was resumed.

Responding to a question about the prospects for the UK Property Fund, Mr Arthur commented that there appeared to be a change in what tenants required from their property, particularly from office space. Offices were likely to be less densely occupied with more space for meetings and the interaction that would support innovation. The old definitions of prime and sub-prime would have to be challenged and property managers would have to adapt to this in the office sector as well as in retail. The Fidelity UK Property Fund was well-placed, but at a point of high risk. There was a good selection of properties with little exposure to retail, including no Debenhams or Arcadia properties. Across the industry, retailers were paying about 50% of rents at present, but Fidelity were receiving about 93% of rent against an expected 98%. Four properties were being refurbished, which should allow them to take advantage of current trends and drive good returns once new tenants were found.

In terms of the general outlook, Mr Arthur saw continuing conflict and gridlock in the US system, and a rocky start to 2021 given the impact of Covid-19, but he expected a strong recovery, leading to a reversion to a low-growth, low inflation regime. A significant rise in inflation was a relatively low probability over the next three to four years, but if it did happen this would undermine both fixed interest and equity portfolios. Inflation above 3.5-4% could see a fall of 20-30% in fixed interest and a 20% fall in equities. How the industry dealt with spending on climate change was also a major issue. The fund should not be complacent, but should continue to monitor inflation and challenge itself and re-balance where necessary.

The Chairman suggested that, in the light of the current position, the three-year cycle of reviewing asset allocation might have to be re-visited. He also noted that the cash-flow position was on target.

RESOLVED that the report be noted.

94 PENSIONS ADMINISTRATION

Report FSD20093

The Sub-Committee considered a report providing information on the forthcoming changes to the Local Government Pension Scheme and how these would impact on the Pension Fund's administration, which was split between Liberata and in-house officers. The issues to be addressed included a number of new regulatory requirements and the impact of the McCloud judgement and the £95k cost cap. The report also covered the proposed member self-service portal (which would be reported to Members in the new year) and issues such as improving data governance. The result of these issues was that additional resources were required for pensions administration.

The Chairman agreed that, in view of the large number of issues, resources needed to be considered very carefully. He confirmed that any additional resources would have to be found from within the Pension Fund, and not the Council's General Fund.

Councillor Fawthrop stated that he was not convinced that additional resources were needed - the risks were not identified, the scope of the additional work was not set out and there were no targets. He felt that there were other solutions that did not involve employing more people. The Vice-Chairman argued strongly that more resources were needed in the Finance Team; other Members were also convinced of the need for more resources, but sought additional details including whether the additional resources were needed for one-off projects or ongoing work, and how additional costs from Liberata could be limited and benchmarked.

The Director of Finance confirmed that the McCloud judgement in particular resulted in additional complication which led to greater risk – this was both retrospective and on-going. There would continue to be rigour in terms of ensuring that the Liberata contract offered value for money for Bromley.

The Sub-Committee agreed to cover the cost aspects of the report further in part 2.

RESOLVED that

(1) The ongoing and proposed changes to the Local Government Pension Scheme and the impact that these changes will have on fund administration at the Council be noted.

(2) The updated assessment of resourcing needs for pension administration, including the changes outlined for the outsourced (Liberata) and client-side (Council) arrangements be noted.

(3) It is agreed that the Director of Finance will discuss the finalised resource requirements with the Sub-Committee Chairman and Vice-Chairman, with the outcome reported to the Sub-Committee, and subject to a cost limit being agreed in part 2.

(4) The Council's proposed approach concerning the implementation of the £95k Exit Cap be noted.

95 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**

96 CONFIRMATION OF EXEMPT MINUTES - 13 FEBRUARY AND 15 SEPTEMBER 2020

The exempt minutes from the meetings held on 13th February and 15th September 2020 were confirmed.

97 LONDON CIV (PART 2)

The Sub-Committee continued their presentation from London CIV representatives.

98 PENSIONS ADMINISTRATION

The Sub-Committee continued its consideration of pensions administration.

99 TERMINATION POLICY - MINIMUM RISK BASIS

The Sub-Committee approved changes to the Council's Termination Policy.

The Meeting ended at 9.53 pm

Chairman

PENSIONS INVESTMENT SUB-COMMITTEE

Minutes of the meeting held at 6.30 pm on 27 January 2021

Present:

Councillor Keith Onslow (Chairman)
Councillor Gareth Allatt (Vice-Chairman)
Councillors Simon Fawthrop, Simon Jeal, David Jefferys,
Christopher Marlow and Gary Stevens

Also Present:

John Arthur, MJ Hudson Allenbridge

100 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

There were no apologies for absence.

101 DECLARATIONS OF INTEREST

There were no declarations on interest.

102 QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions had been received.

103 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 1 DECEMBER 2020, EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

RESOLVED that the minutes of the meeting held on 1st December 2020 (excluding exempt information) be confirmed.

104 PENSION FUND PERFORMANCE Q3 2020/21 Report FSD20100

The Sub-Committee received a report providing a summary of the investment performance of Bromley's Pension Fund in the 3rd quarter of 2020/21. Further detail on investment performance was provided in a separate report from the Fund's external adviser, MJ Hudson Allenbridge, at Appendix 5. The report also contained information on general financial and membership trends of the Pension Fund and summarised information on early retirements.

The Chairman invited John Arthur of MJ Hudson Allenbridge to summarise his report. His report had been written before final performance data was available, but it was clear that it had been a good quarter with the Fund outperforming against the benchmark by 2.17% and reaching £1.313bn. The

three main factors were the strong performance of the Baillie Gifford Global Alpha Fund (which provided about half of the added performance), being overweight in equities, the best performing asset class, and the straight line increases of the multi asset income funds.

The Fund was 4.6% overweight in equities at the end of 2019 and underweight in other classes. The re-allocation towards added value property had now started and about \$70-80m would be drawn down over the next four years, with roughly \$5m a quarter going out to Morgan Stanley. It was important that this was managed, and he recommended holding an element of cash, probably \$10m, for this purpose. As the Fund would be gently selling equities to finance the move into international property, he proposed, to keep the fund stable, that some profits when equities outperformed were banked into the multi asset income fund. This would control risk while there was a cash outflow from the Fund. He suggested that if multi asset income dropped below 18% of the Fund at quarter end then equity should be moved across.

There had been a steady improvement in the equity portfolios, despite the drop in March 2020. In terms of cash-flow, the Fund remained roughly in balance. He viewed March 2020 as a liquidity crisis, with central banks stepping in with massive quantitative easing which stopped further deterioration. There had then been a hope phase followed by a solvency phase, when the long-term effects of the covid crisis on the economy were being assessed.

The UK had performed poorly over the quarter compared to the US market which was more tech-heavy. In terms of the global outlook, the massive build up in debt (UK Government borrowing had reached £280bn) would lead to inflation and a volatile return on assets over the year. With personal spending across the world depressed by the crisis, as the vaccines were rolled out he expected an urge to spend and a rapid recovery later in the year. The question would be whether this would lead to inflation. In the medium term, he suggested that the recovery would be as transitory as the crisis caused by the pandemic, and high government debt would reduce economic growth.

In terms of the individual fund managers' reports, Baillie Gifford's performance continued to be exceptional. MFS performance was slightly behind the index for the quarter, and they had not caught up since the initial impact of the pandemic in Q2. The Fidelity Fixed Interest portfolios both outperformed their indexes, and the two multi-asset income funds performed well in a rising market. Schroders had a higher target of cash plus five, with more equities, whereas Fidelity were cash plus four. The assumed ten year returns for gilts and index linked gilts were surprisingly poor with relatively high levels of volatility, supporting the Sub-Committee's move away from gilts to investment-grade. The Fidelity Property Fund was going through a number of refurbishments, and Mr Arthur suggested calling in the fund manager to discuss this. The fund could be positioned well, but this depended on their success with renting out these redeveloped properties.

The Sub-Committee discussed Mr Arthur's recommendations. Members supported the idea of holding cash available for the draw-downs for the Morgan Stanley fund, but Cllr Fawthrop argued that this should come from fixed income funds, not from equities. Other members argued that they should not re-visit the decision to reduce equity allocation.

The Chairman asked for an update on the cash-flow position – problems had been anticipated at the last but one revaluation, but this appeared to have been largely overcome. Mr Arthur responded that officers would have a better view on this, but he understood that the multi-asset income fund and the UK commercial property fund were producing enough income to cover the cash outflow, but it would be necessary to top up the multi-asset portfolio periodically.

Asked whether it was realistic that property funds were still expecting to achieve high rental income from office property, Mr Arthur commented that fund managers were surprisingly confident that specific markets and assets in refurbished office space would provide a premium, and he would welcome the opportunity to question their assumptions. The Chairman reported that MFS were due to attend the next meeting, and some Members proposed inviting Fidelity to talk about their UK Property Fund as well. A motion to invite both was defeated, but the Chairman stated that he would consider this with the Vice-Chairman and officers in the light of the overall agenda.

A Member asked about re-investing surplus funds. The Director of Finance reported that there was a surplus of around £6.1m to be re-invested in the current year, and multi-asset income funds had made a positive impact on cash-flow. John Arthur commented that he understood that the Baillie Gifford equity fund, MFS and the two Fidelity fixed interest funds did not pay out income and money was naturally re-invested, but the multi asset income funds and the UK property fund did. This currently covered net outflow on benefit payments with some spare. He expected the Morgan Stanley fund to scoop up any surplus funds over the next few years.

Cllr Fawthrop commented that the Sub-Committee should decide the guiding principles for this, and requested a report to the next meeting.

John Carnegie and Tim Gooding from Baillie Gifford attended the meeting to give a presentation on the Global Alpha fund, which had risen in value to over the £585m shown on the slide. They were continuing to invest in the future by recruiting thirteen graduate trainees, and had opened a Shanghai research office. Charles Plowden, who had been involved in managing Bromley funds since 1999, was due to retire shortly, and would be replaced by Helen Xiong. The target was to outperform by 2-3% per annum over the long term, and they had exceeded this since moving into global equity in 2013. In 2020, the fund had outperformed by about 20%, with a huge acceleration in trends that the fund was exposed to – particularly the success of technology companies and the movement towards online.

Tim Gooding commented on the fund's Tesla holding. The company was continuing to grow its car, autonomous driving software and stationary energy storage businesses and with strong governance now in place was likely to continue to provide exceptional performance. The Fund's holdings in Tesla had been reduced three times to maintain the balance of the Fund, but Baillie Gifford's view was that this remained a technology-led company likely to continue to grow.

In terms of the overall balance of the Fund, with the success of technology stocks there was now a weighting towards Growth Stalwarts and Rapid Growth, and they were looking for opportunities in Cyclical Growth and Latent Growth to re-balance – this was particularly with companies in difficult markets which were poised to exploit the current opportunities. There was a growing taxation and regulatory threat for digital businesses, and Baillie Gifford carried out annual tax audits across the portfolio and was actively engaging with companies that were pursuing inequitable policies aimed at artificially reducing their tax bills – to be sustainable in the longer term these businesses need to have a good relationship with their customers and stakeholders. Although the move online had fuelled enormous growth it was important to distinguish between growth pulled forward from future years, and real long-term potential. Baillie Gifford was now looking for opportunities in sectors such as education and healthcare. Finally, he explained that the Global Alpha Paris-Aligned portfolio had now been launched, partly in response to demand from LGPS clients for an ultra-low carbon scheme.

In response to questions, Mr Gooding explained that they tried to keep abreast of technological changes and opportunities by judging the correct themes and directions, and the potential winners, rather than trying to be too accurate about detail. The focus was on research and talking to experts and academics about long-term trends, rather than on broker's notes on short term performance.

Asked about SpaceX, Mr Carnegie explained that this was a private company and likely to remain so. In terms of changes in US energy policy, their focus was on longer term trends rather than the political atmosphere. The issues surrounding China's persecution of Uighur people in Xinjiang were difficult to respond to, but he emphasised that there were no blameless companies, and the aim was to support and encourage good practice and progress. Tim Gooding added that the small number of private Chinese companies they invested in tended not to be government owned, and it was companies like these that had driven three quarters of the rapid growth in China over the past forty years. The Chairman suggested that there was a potential contradiction with technology companies so dependent on precious metals for their batteries which allegedly were sometimes mined by slave or child labour. John Carnegie commented that Tesla were trying to develop their own infrastructure to have a greater influence on their supply chain. Paris-aligned funds were intended to reduce carbon emissions, and this was central to Tesla's activities. He added that companies chastened by being involved in difficult issues were more likely to improve their environmental and social policies in future. Members also mentioned Chinese activities in Hong Kong,

and investment in the South African company Naspers, although it was explained that Naspers was mainly owned by a Chinese company and its headquarters was in the Netherlands.

Mr Gooding confirmed that in his view AI and accumulation of data would be critical, particularly in fields such as healthcare. Baillie Gifford were seeking to invest in companies that could strip costs from systems and use data effectively. They were also looking at leisure to similarly identify the companies well-placed to profit from long term trends.

Asked whether projections for Tesla's growth in Chinese markets were realistic, and what the implications of the Chinese/American rivalry were, Mr Carnegie agreed that Chinese/American relations were likely to be strained for a long time. The key was to pick winners both inside and outside China, and Tesla was in a good position to exploit Chinese priorities for electric vehicles and exploiting solar energy.

Tim Gooding confirmed that only seven stocks had been excluded from the Paris-aligned Fund; three companies were automatically excluded in view of their role in exploiting fossil fuels, but with other companies the broad issue was whether they were making a positive contribution to the climate issues or were part of the problem. The Paris-aligned Fund had exactly the same target as the core Fund, and as the overlap of funds was high there was not expected to be a material difference in performance between the two models.

Asked about the biggest risk to financial markets at the moment, Mr Carnegie emphasised that Baillie Gifford were looking to find the companies that would be flexible enough to cope with challenges, and well-placed to recover from the current problems. The company felt that its greatest risk was not having the talent to perform its job - this was why the largest number of graduate trainees in the company's history had just been recruited.

The chairman thanked Baillie Gifford for their service to Bromley and John Carnegie and John Gooding for attending the meeting; he also asked them to pass on the Sub-Committee's best wishes to Charles Plowden for his retirement.

RESOLVED

(1) That the report be noted.

(2) That the Fund holds 6 months forecast drawdown into the Morgan Stanley International Property Fund as cash (approximately \$10m); to rebalance the Fund from Equities into Multi-Asset Income if the Multi-Asset Income weight in the Fund is more than 2% below the SAA benchmark (i.e. 18%).

(Councillor Simon Fawthrop requested that his contrary vote be recorded.)

105 MEMBER SELF-SERVICE AND I-CONNECT (PART 1)
Report FSD21009

The Sub-Committee received a report providing information about the forthcoming implementation of the Member Self-service portal and i-Connect, the data management portal. It was confirmed that normal communications with scheme members were continuing outside the system, and the proposals in the report were to implement an updated solution from the existing contractor after elements of the system had been turned off at Bromley's request in August 2019 due to security concerns. It was confirmed that the self-service portal would hold scheme documentation and allow scheme members to make inquiries about their entitlements, automating manual processes for maintaining and changing personal information.

Some Councillors questioned whether the costs should exceed the savings from automation, and asked whether there had been a procurement exercise. It was explained that this was an extension of the existing contract so the Council was restricted to using this one solution for the remainder of the contract until 2023, unless it was prepared to re-configure the whole IT system overlay. The proposal would future-proof interactions with scheme members and also assist with the changes to regulations expected in the next few years.

RESOLVED that the proposed changes to the contract for the Pension System with Aquila Heywood, the impact these changes will have on fund administration for the Council and the pricing details included in the part 2 report based on the package of implementing both Member Self-service and i-Connect, be noted and supported.

106 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**

107 CONFIRMATION OF EXEMPT MINUTES - 1ST DECEMBER 2020

The exempt minutes of the meeting held on 1st December 2020 were confirmed, subject to a minor correction.

108 MEMBER SELF-SERVICE AND I-CONNECT (PART 2)

See minute 105.

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

The Chairman and Director of Finance updated Members on a number of issues affecting the Pension Fund.

The Meeting ended at 9.30 pm

Chairman

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PENSIONS INVESTMENT SUB-COMMITTEE COMMITTEE

Minutes of the meeting held at 6.30 pm on 29 April 2021

Present:

Councillor Keith Onslow (Chairman)
Councillor Gareth Allatt (Vice-Chairman)
Councillors Simon Fawthrop, Simon Jeal, David Jefferys,
Christopher Marlow and Gary Stevens

Also Present:

John Arthur, MJ Hudson Allenbridge

110 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

There were no apologies for absence.

111 DECLARATIONS OF INTEREST

There were no declarations of interest.

112 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received.

113 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 27 JANUARY 2021, EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

RESOLVED that the minutes of the meeting held on 27 January 2021 be confirmed.

114 MATTERS OUTSTANDING FROM PREVIOUS MEETINGS

There were no matters outstanding not covered elsewhere.

115 PENSION FUND PERFORMANCE Q4, 2020/21 Report FSD21026

The report provided a summary of the investment performance of Bromley's Pension Fund in the final quarter of 2020/21. More detail on investment performance was provided in a separate report from the Fund's external adviser, John Arthur of MJ Hudson Allenbridge, which was attached as Appendix 1.

Mr Arthur reported that the Funds were performing as expected, with most managers exceeding benchmarks in the last quarter. With Baillie Gifford there was a slight under performance, but this followed massive over performance – outperforming its benchmark by 17% over a year. This was unlikely to occur again, and had to be viewed as an isolated event in an unusual year. With the scale of government stimulus, there had been a rapid recovery, but there were concerns about inflation, and falls in government bond yields in the UK and the USA.

Asked about the different investment strategies of MFS and Baillie Gifford, Mr Hudson responded that different approaches were needed for diversification and balance, and it was likely that in the high growth environment of the next eighteen months MFS was more likely to continue to outperform the benchmarks. However, Baillie Gifford's expertise in research and stock selection was still resulting in impressive performance. His expectation was rapid growth for two years, leading to a relatively stable and slow moving global economy by 2025. He recommended maintaining long-term relationships with managers, rather than facing the transition costs and risks associated with chasing short term performance.

The Director of Finance reported that the overall fund had increased by 34.1% over the year, outperforming the benchmark by around 11%. Full details would be reported to the next meeting. It was confirmed that the market value of the fund had been £1,000.3m as at 31st March 2020, and had risen to £1,313m as at 31st December 2020. The Chairman thanked members of the Sub-Committee and the Director and his team for their contributions to the success of the fund.

John Arthur outlined his thoughts on inflation, which he saw as a key issue for at least the next two years. He considered that inflation in the USA was likely to be over 3% for the rest of the year, and there was a possibility of a period of 10- 20 years of higher inflation. It was important to position the Fund for this – fixed interest investments would remain relatively unattractive, and the Fund was already addressing this. Property was a better hedge against inflation than fixed interest or equities – changes in inflation expectations could undermine equity values. In view of the current asset allocation situation, which was overweight in equities as they had performed well, he recommended adding £20m to the UK Property Portfolio, where fund managers were confident of good returns from properties currently being refurbished, to bring the weighting back to 5%. He also recommended allocating an additional £20m to the Fund's Multi-Asset Income portfolios.

The Sub-Committee considered these recommendations. Liquidity was a concern for some Members with property funds, but there was general support for adding £20m to the property portfolio, and some members suggested moving an additional £20m to property rather than to Multi Asset Income, although this was not pursued. The Sub-Committee also discussed whether it was right to adjust their asset allocation, but Mr Arthur advised that his recommendations were intended to re-balance the Fund in line with the principles established at the last asset allocation review in 2020.

A third recommendation in Mr Arthur's report relating to the drawdown into the Morgan Stanley International Property Fund required no action but the situation would be monitored.

The report mentioned the Shareholder Rights Directive 11 (SRD11) which required EU and UK institutional investors and fund managers to make disclosures about their shareholder engagement and stewardship activities. It was confirmed that no action was required from the Fund.

The Chairman recommended that Sub-Committee members take advantage of training on public sector pensions/LGPS issues.

RESOLVED that

(1) The contents of the report be noted.

(2) £20m be added to the Fidelity UK property portfolio to bring its weighting back into line with the SAA, the money to come from the Baillie Gifford equity fund.

(3) No action be taken on the recommendation to allocate an additional £20m from the Baillie Gifford fund to the Multi Asset Income portfolio to bring the weighting back to the SAA.

116 FUND MANAGER - MFS

The Sub-Committee received a presentation from Elaine Alston, Relationship Manager, Paul Fairbrother, Institutional Portfolio Manager and Gary Hampton, Investment Product Specialist, of MFS. Paul Fairbrother began with a summary of world market conditions, describing five phases of global equity performance during the crisis – pre-crisis, crisis, recovery, reappraisal and, since February 2021, rotation. There had been a remarkable recovery of 78% since the lowest point. There was pent-up inflationary pressure, with the Biden stimulus and governments unlikely to return to austerity. The OECD was predicting growth of 5.5% for 2021 (6.5% in the USA.) The biggest opportunities for investors now were likely to be in businesses or sectors that had not yet seen large growth, such as consumer staples and healthcare.

Gary Hampton continued the presentation, emphasising that MFS were concentrating on identifying high quality companies rather than short-term growth. They were wary of a technology bubble, and had not made major investments in the large technology companies - the portfolio was under-weight in the Information Technology and Consumer Discretionary sectors. Recent major purchases included Tesco, Bank of America, T-Mobile, BNP Paribas and Boston Scientific.

In response to questions, the MFS representatives commented that ESG issues were fully integrated into their investment approach; they had no separate ESG team, but focussed on influencing management teams to be

part of the solution on ESG issues. They were expecting markets to return to some normality after the last year or so, and there were good prospects for sectors such as elective healthcare and hospitality. Stocks had performed exceptionally well over the past ten years, but this was unlikely to be repeated over the next ten years. MFS were looking for stocks with reliable 5-6% growth per annum – these stocks were not always easy to buy, but the unusual conditions of recent months opened up opportunities that were not always noticed by other investors. There were signs of inflationary pressure in the USA, so they were looking for companies with strong market positions and a sustainable business model. Turnover of stocks within the fund was low at around 15%, and most stocks were held for 6-7 years. Regulation would be a big factor affecting technology companies in the coming years.

A Councillor asked what the attitude of MFS was to issues around working from home. Elaine Alston confirmed that most staff had been working from home, but they were planning a gradual return to the office, particularly for the investment team who benefitted from face to face collaboration and exchange of ideas. During lockdown they had rolled out MS Teams, and used various video conferencing platforms – they anticipated continuing to work in a hybrid environment.

The Chairman thanked the MFS representatives for their presentation.

117 FUND MANAGER - FIDELITY

The Sub-Committee received a presentation from Paul Harris, relationship Director, Suzy Fredjohn, Associate Relationship Director and Alison Puhar, Director, UK Real Estate, of Fidelity on their UK Real Estate Fund.

Paul Harris introduced the presentation by explaining that the Council had invested in four tranches in 2018, with a current valuation of over £46m. The fund was UK and income focussed, producing income of around 4%. There was a bias towards retail, and a wide geographical diversification.

Alison Puhar explained that rental recovery was around 95%, and most of the remainder was deferred rather than lost. This was because there was a focus on good quality companies. Fidelity took the view that sustainability and ESG would deliver performance in the medium to long term, even if there were shorter term costs. The aim was to achieve rental growth through investment in the properties in the portfolio. There was currently a 19.5% vacancy rate, but a number of properties were close to being let, and there was latent performance potential of 26% income growth.

In response to questions, she was confident that there were attractive deals available in the market on which to use money coming into the fund. Institutional investors were cautious about investing in property at the moment, but the Fund was well-placed to take advantage of the current situation. Asked about opportunities for installing solar panels on the flat roofs of warehouse buildings, she explained that often there were technical difficulties with this, and sometimes tenants were reluctant to allow landlords

to do this because of the potential complications. Bromley's contribution to the Fund of around £50m was just under 10%; the largest investor, another public sector organisation, had contributed £130m, or about 25% of the Fund. Of the thirty investors, about ten had invested more than £20m. Asked about how properties were valued in the Fund, she explained that valuers were very aware of where voids existed and allowed more value as properties got closer to letting. She felt that the market was more positive now than six or twelve months previously. The demand for properties related to distribution and warehousing was still strong; availability of land, planning permission and power supply continued to be issues. The impact of Government policy in terms of levelling up and encouraging investment in northern England was difficult to assess; the impact was possibly less than that of Brexit. They had not looked at investing in freeports – they were more likely to target properties in adjoining areas. There was likely to be some fallout from the ending of Covid protections such as the furlough scheme and tenants being protected from eviction, but as very few of the companies in the portfolio were struggling the Fund would be in a good position. A Member commented that the Fund had done well to ride out the one-in- a-hundred year event of Covid.

The Chairman thanked Fidelity for their presentation.

118 GOVERNANCE REVIEW OF THE LGPS
Report FSD21023

The Sub-Committee considered a report setting out the results of the Good Governance Phase III report published by Hymans Robertson in relation to Local Government Pension Schemes in February 2021 commissioned by the Scheme Advisory Board (SAB). The report was a continuation of the Good Governance project and it provided further detail on the implementation of the proposals that were included in the Phase II report as accepted by the SAB in February 2020. The Ministry for Housing, Communities and Local Government (MHCLG) attended meetings of the SAB and was expected to accept most of the recommendations from the Review.

Members accepted that there were some good points in the Review, notably the requirements for training, but there was also a likelihood that additional costs and regulation would be involved. There were proposals relating to representation from scheme members and non-administering employers on Pensions Committees, and Members considered that voting ought to be the responsibility of elected Members only. The original proposals for each fund to have a separate S.151 Officer had been modified.

RESOLVED that the contents of the report be noted.

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

The Sub-Committee agreed to extend the meeting beyond the normal three hours.

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**

120 CONFIRMATION OF EXEMPT MINUTES - 27 JANUARY 2021

The exempt minutes of the meeting held on 27 January 2021 were confirmed.

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

The Sub-Committee received an update from the Chairman.

As this was the last meeting of the Council year, the Chairman thanked the members of the Sub-Committee, the officers and Mr Arthur for their work. In particular, he thanked the Vice-Chairman, Councillor Gareth Allatt, who was stepping down from the Sub-Committee.

The Meeting ended at 9.49 pm

Chairman

PENSIONS COMMITTEE

Minutes of the meeting held at 7.00 pm on 14 July 2021

Present:

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

Also Present:

John Arthur, MJ Hudson Allenbridge

122 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

There were no apologies for absence – all Members were present.

123 DECLARATIONS OF INTEREST

Councillor Simon Fawthrop declared an interest as his daughter worked for Barnett Waddingham.

Councillor Tony Owen declared an interest as he was a Bromley pensioner.

124 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received.

125 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 29 APRIL 2021, EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

RESOLVED that the minutes of the meeting held on 29 April 2021 be confirmed.

126 PRESENTATION FROM BAILLIE GIFFORD

The Committee received a presentation from John Carnegie and Tim Gooding from Baillie Gifford on their Global Alpha Fund. John Carnegie began by reporting that as at 31st March 2021, the Fund had been worth nearly £600m and it was now at about £620m. The approach to investment was to seek out companies that were well-placed to grow, rather than to focus on markets and cycles. Growth of 7-10% from equity markets was expected and Tesla and SEA Limited had contributed strong performance in recent quarters. A table of the Global Alpha portfolio and transactions showed companies divided into

four categories – growth stalwarts, rapid growth, cyclical growth and latent growth.

Tim Gooding addressed the issue of investing in China. He recognised the concerns about human rights and government control but emphasised that the opportunities in China could not be ignored and that their focus was on investing in a small number of privately owned companies, not state-owned enterprises. Baillie Gifford's research agenda was wide ranging and covered issues such as Web 3.0 and energy transition. Stewardship was important and focused through five key principles – prioritisation of long-term value creation, having a constructive and purposeful board, long-term focussed remuneration with stretching targets, fair treatment of all stakeholders and sustainable business practices. He gave a number of examples where these principles had supported engagement with particular companies.

Members then asked questions, focussing initially on China, and noting that no engagement examples had been given involving Chinese Companies. There were 11 Chinese companies in the portfolio, making up about 10% of the Fund, and a brief description was given for each. There would be engagement examples in the next report, including Alibaba. Baillie Gifford were aware of the risks around trade wars, the technology battle between China and the USA, the situation in Taiwan, and governance, but emphasised their focus on investing in the right companies. Members had concerns around forced labour in supply chains, but Baillie Gifford confirmed that they did carry out due diligence to at least tier 3 suppliers. Members raised concerns about hostile governments spying on companies and investors, but Baillie Gifford responded that this was always a risk, and the greater risks came from government regulation impacting on these companies. The fund also had a small holding in a Russian company - Baillie Gifford were aware of the risks, but these were factored into the price.

A Member asked whether the rapid growth seen in companies like Tesla, Spotify and Netflix was sustainable over the long term. Baillie Gifford considered that there was a huge market for electric vehicles, but accepted that it was possible that disruptors in the market could themselves be quickly overtaken by new disruptors. On the issue of ESG, they commented that information was often poor, and one of their first engagements with any company was to seek metrics on ESG issues.

John Arthur commented that fund performance had been exceptional in the last year, but Members should be wary of expecting this to continue. He asked for comments on Paris-aligned funds and on the likelihood of continuing high growth. Baillie-Gifford explained that they did run a couple of screens, but some good companies, such as airlines, would always have difficulty becoming carbon-neutral.

The Chairman thanked Mr Carnegie and Mr Gooding for their attendance and their valuable presentation.

127 PENSION FUND PERFORMANCE Q4, 2020/21
Report FSD21043

The Committee received a summary of the investment performance of Bromley's Pension Fund in the 4th quarter of 2020/21. The report also contained information on general financial and membership trends and summarised information on early retirements. The report gave an update on the repayment plan variation for Mytime which had now been agreed – the Director of Finance confirmed that the April, May and June payments had been received on 28th June as agreed.

The report also included a quarterly report from John Arthur of MJ Hudson. Mr Arthur commented that the meeting was slightly too close to the end of the quarter, so final figures were not yet available, but he confirmed that performance for the quarter was still good. (He suggested that ideally for these reports meetings should be about six weeks after the end of each quarter.) He highlighted that the fund had deviated further from the Strategic Asset Allocation benchmark, and the cashflow situation was comfortable. He recommended taking the income from the two Fidelity Bond portfolios into the fund as cash, rather than re-investing. He also recommended taking up to £10m from global equity portfolios to cover expected future drawdowns, and that the sales be split within global equities with a target of achieving a 60/40 split between Baillie Gifford and MFS.

The Committee discussed these recommendations. On the first recommendation, Councillor Simon Fawthrop suggested that the conversion of Fidelity Bond portfolios should be staggered to create a gradual transition, with 50% in year one, 75% in year two and 100% in year three. Other Members suggested that this was over-complicating the issue. The Director of Finance assured the Committee that he could use treasury management facilities to ensure that the money was used, and would report back to the Committee if the surplus became significant.

The Committee discussed the second recommendation, which was to give delegated authority to the Director of Finance in consultation with the Chairman to raise up to £10m from global equity portfolios to cover future drawdowns to the Morgan Stanley International Property Fund. The Director informed Members that he would use treasury management flexibilities rather than hold cash. Councillor Christopher Marlow commented that there was a foreign exchange risk over the four year period, and suggested liquidating funds sooner to provide a pool of US dollars for the Morgan Stanley fund. He proposed that this could be done by purchasing US corporate bonds.

The third recommendation was to discuss the desired balance between the two global equity portfolios (Baillie Gifford and MFS) to inform the level of sales. He proposed a 60/40 split, and this was agreed by the Committee.

The Committee discussed other issues from the report. It was noted that in Appendix 4 to the report the membership total as at 31/3/20 added up to 17,790, not 17,568. Auto enrolment had caused increases in membership,

and the Chairman requested a more detailed breakdown of where the increases were occurring.

It was noted that the Taskforce for Climate Related Financial Disclosure (TCFD) recommendations would require additional reporting requirements. John Arthur reported that the extra costs would be borne by investment managers, and he would provide a consolidated report for Bromley. The Committee could consider at its next meeting the level of reporting that it would need in future.

Mr Arthur rounded up a number of other significant points from his report – in particular he mentioned that the Fund now had a 60% exposure to equities, but it was well funded and could afford to bear this level of risk. He also commented that inflation was likely to be around 4% in both the USA and the UK by the end of the year. He suggested that the Committee should begin to think about the next asset allocation review and the level of risk it wanted to take. The next review was likely to be more complex than the last one.

RESOLVED that the report be noted and

(1) Fidelity Bond portfolios be converted to income distribution rather than reinvestment as at present.

(2) The Director of Finance be authorised to divest up to \$20m from the global equity portfolio to purchase US corporate bonds for funds to be available for drawdown to the Morgan Stanley International Property Fund.

(3) The desired balance between the two global equity portfolios (Baillie Gifford and MFS) so as to inform the sales be targeted at 60/40.

(Councillor Simon Fawthrop requested that his vote against the first recommendation be recorded.)

128 PENSION FUND INVESTMENT STRATEGY STATEMENT
Report FSD21045

The Committee considered the Council's draft Funding Strategy Statement (FSS). The Statement had been updated to reflect the Fund's draft policies on operating the employer contribution flexibilities introduced in the Regulations late last year, and the introduction of the "low risk" termination basis that had been agreed (for admissions without a guarantor but where a contract was in place between the letting employer and the admission body.) Once agreed, the Statement would be issued to the Fund's employers for a four-week consultation period.

The Director of Finance introduced the report and confirmed that Mercers had advised on the wording of the Statement. The overall aim was to protect the Pension Fund, and in some circumstances it was better for an employer to

make up a deficit in tranches than to have to pay up front, putting the organisation at risk.

Councillors commented on the following sections –

6. Solvency Funding Target: The Policy for employers who have a guarantor participating in the Fund: Councillor Simon Fawthrop asked whether the deficit/surplus was for the particular employer or the whole scheme.

Appendix C – Policy for spreading exit payments – Paragraph 4: Councillor Marlow commented that spreading payments over six months seemed too long and the period should be shortened.

Councillors also discussed elements of the Statement in Part 2.

RESOLVED that

(1) The draft Funding Strategy Statement at Appendix 1 to the report be approved.

(2) Any final changes needed to the Statement be undertaken by the Director of Finance with the agreement of the Chairman and Vice-Chairman.

129 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**

130 CONFIRMATION OF EXEMPT MINUTES - 29 APRIL 2021

The exempt minutes of the meeting held on 29 April 2021 were confirmed.

131 LONDON COLLECTIVE INVESTMENT VEHICLE

The Committee considered a report on the Council's membership of the London Collective Investment Vehicle (LCIV.)

The Meeting ended at 10.04 pm

Chairman

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Report No.

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: LOCAL PENSION BOARD

Date: 24 November 2021

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

Title: PERFORMANCE MONITORING REPORT 2021

Contact Officer: Martin Doyle – Head of Pensions Shared Service
Tel No: 020 8871 6522
E-mail: martin.doyle@richmondandwandsworth.gov.uk

Chief Officer: Director of Finance

Ward: Borough Wide

1. Reason for report

- 1.1 This report is prepared by the Head of Pensions Shared Service to provide the Local Pension Board with information to assess whether the Fund is complying with the Pension Regulator's Code of Practice on Governance and Administration of public service pension schemes.
-

2. RECOMMENDATIONS

2.1 Members of the Local Pension Board are asked to note:

- 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.

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
-

Corporate Policy

1. Policy Status: Existing Policy. The Council's pension fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.
 2. BBB Priority: Excellent Council
-

Financial

1. Cost of proposal: No Cost
 2. Ongoing costs: TBC
 3. Budget head/performance centre: Pension Fund
 4. Total current budget for this head: TBC
 5. Source of funding: Contributions to Pension Fund
-

Personnel

1. Number of staff (current and additional): The Local Pension Board comprises of 2 Employer Representatives and two Member Representatives. The Board is supported by the Head of Pensions Shared Service.
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement Local Government Pension Scheme Regulations 2013 (as amended).
 2. Call-in: Not Applicable.
-

Procurement

1. Summary of Procurement Implications: N/A
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,075 current active members, 6,972 deferred pensioners and 5,734 pensioner members (for all employers in the Fund) as at 30th September 2021.
-

Ward Councillor Views

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

3. COMMENTARY

3.1 The Public Service Pensions Act 2013 (the 2013 Act) introduced the framework for the governance and administration of public service pension schemes and provides an extended regulatory oversight by the regulator. The Pensions Regulator under the requirements of the Pensions Act 2013 issued a Code of Practice on governance and administration of public sector pension schemes. This provides practical guidance and sets the standards of conduct expected of those exercising those functions. The Code of Practice provides practical guidance to the Council, as the administering authority and “scheme manager” and Local Pension Board members in relation to the exercise of functions under relevant pension legislation.

Further detail was provided to the Local Pension Board meeting on 6th November 2018 and to the General Purposes and Licensing Committee on 27th November 2018.

3.2 The Code is structured into four core areas of scheme governance and administration and these have been RAG rated to show current levels of compliance. A summary is attached at Appendix 1.

3.3 The Bromley Pension Fund Administration is carried out by Liberata and monitored by the Head of Pensions Shared Service. The following procedures and policies are in place to monitor Liberata’s performance:

- **Monthly Service Review:** a service review meeting is carried every month with Liberata Pensions, Head of Pensions Shared Service and Assistant Director of Exchequer Services.

The review aims to help monitor performance and service quality, and support continuous improvement. A comprehensive Pensions Administration report is produced by Liberata covering the following:

- Monthly summary of regulations and circulars, general updates, training, data backup and reporting
- SLA monitoring and KPIs
- Membership analysis
- Operation plan (continuous improvement plan)
- Complaints and compliments
- Long term costs for retirements
- Monthly contributions schedule

In addition, Liberata also provides a summary of their current work statistics, a breakdown of all cases completed during the month and all cases outstanding at the end of the month.

Depending on the outstanding casework, recommendations will be provided to Liberata, such as clearance of failed cases to improve the overall level of performance moving forward and focus on cases with the highest volume of outstanding work.

- **Quality Checking:** this is a process to assess an individual’s competence in a particular area or if the complexity or risk of the task determines checking is required. It is always completed prior to the issue of any output.

Although Liberata has a quality checking process in place additional review is carried out by the Head of Pensions Shared Service or Head of Corporate Finance and Accounting for the following tasks:

- Flexible retirement
- Payment of Death grants
- Large/ complex transfer value
- Complex queries

Quality checking must be undertaken by a different person than the officer who processed the case.

Quality checking provides an assurance on customer experience, accuracy of processing and ongoing achievement of competency levels. Customer satisfaction is monitored through the volume of repeat enquiries and complaints.

If an error is identified, feedback is provided to the officer who processed the case. As we gather more information, this may provide an opportunity to create a valuable set of training notes.

- 3.4 The performance monitoring report attached in Appendix 2 provides detailed statistics, prepared based on Liberata’s performance statistics between 1st April 2021 and 30th September 2021.

4. POLICY IMPLICATIONS

- 4.1 The Council’s Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.

5. FINANCIAL IMPLICATIONS

- 5.1 None arising from directly from this report.

6. LEGAL IMPLICATIONS

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

Non-Applicable Sections:	Procurement Implications Impact on Vulnerable Adults and Children Personnel Implications Procurement Implications
Background Documents: (Access via Contact Officer)	Public Service Pensions Act 2013; Local Government Pension Scheme Regulations 2013 (as amended); Code of Practice ‘Governance and Administration of Public Service Pension Schemes’ The Pensions Regulator Engagement Report “Governance and administration risks in public service pension schemes”

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Governing your scheme - Local Pension Board

Knowledge and Understanding	Requirement Level	Source of knowledge/information	Rating
The board members are aware of their legal responsibilities and accountabilities	Legal	Terms of reference	
The Pension Board is conversant with scheme rules and documented Administration Policies	Legal	Internal and external	
Pension Board members have access to scheme rules and regulations	Legal	Pension Website	
The Pension Board invest sufficient time in their learning and development	Recommended	Internal and external	
Training provided to support Board members in acquiring and retaining knowledge and understanding of the LGPS	Legal	Internal and external https://education.thepensionsregulator.gov.uk/login/index.php	
The council provides on-going support and helps determine skills requirements	Recommended	Internal	
The roles and responsibilities of the board are clearly set out	Legal	Terms of reference	
The Council maintains a log of training attended by Board Members	Recommended	Pension Website	
The Council publishes and the Board are conversant in the following policies: - Conflicts of Interests and register of interests - record-keeping - Internal dispute resolution - reporting breaches - maintaining contributions to the scheme - appointment of pension board members - Risk management policies/risk register for scheme Discretionary policy - Funding strategy statement	Legal	Pension Website	
Board members are conversant in the performance of the outsourced service providers, assurances provided and the service level agreements	Legal	Pension Website	

Board members are conversant in the scheme annual returns and accounting requirements relevant to the scheme.	Legal	Pension Website	
Conflicts of interest and representation	Requirement Level	Source of knowledge/information	Rating
The Pension Board discloses and publishes conflicts of interests	Legal	Pension Website	
There is conflicts of interest policy available to board members	Recommended	Pension Website	
The authority is satisfied that members have no conflict of interest relating to their role as a Pension Board Member	Legal	Pension Website	
There is an equal representation of employer and member representation	Legal	Pension Website	
Conflicts of interest should be regularly reviewed	Recommended	Pension Website	

Publishing information about schemes	Requirement Level	Source of knowledge/information	Rating
Information about the pension board is published	Legal	Pension Website	
Information about board is up-to-date	Legal	Pension Website	
Terms of reference for the board are published	Recommended	Pension Website	

Managing Risks

Internal Controls	Requirement Level	Source of knowledge/information	Rating
Internal controls in place to manage risks	Legal	Pension Website	
The risk register is regularly reviewed	Legal	Pension Website	
Scheme is run in accordance with scheme regulations	Legal	Internal controls	

Scheme manager employs a risk based approach and ensures sufficient time and attention is spent on identifying and managing risks and developing and monitoring appropriate controls	Legal	Risk Register	
Administration			
Scheme Record Keeping	Requirement Level	Source of knowledge/information	Rating
Member records and the information they store are in accordance with 'Record Keeping Regulations' 2014 and GDPR Regulations 2018	Legal	Pensions Software	
Scheme manager establishes and operates adequate internal controls to include processes and systems to support record keeping requirements	Legal	Pensions Software	
Scheme employers are aware of appropriate procedures and timescales for providing scheme data	Legal	Administration Policy	
Scheme employers provide timely and accurate data to the Scheme administrator in order for the Scheme to fulfil its legal obligations	Legal	Administration Policy	
Scheme manager takes necessary action against breaches of law by scheme employer in regards to employee records and data	Legal	Administration Policy	
There is a clear and accurate record of transactions in and out of the scheme	Legal	Audit	
Records of pension board meetings, minutes and decisions are kept and available for public access	Legal	Council Website	
The scheme reviews member data for quality and accuracy at least annually.	Recommended	Internal processes	

Maintaining Contributions	Requirement Level	Source of knowledge/information	Rating
Employer contributions are received in accordance with scheme regulation timelines	Legal	Internal controls	
Member contributions are paid to the scheme by the 19th day of the month following the deduction where non-payment of contributions (employee & employer) is deemed to be of material significance, the scheme manager reports this to the Pensions Regulator as soon as reasonably practicable	Legal	Internal controls	
	Legal	Internal controls	

Providing Information to members	Requirement Level	Source of knowledge/information	Rating
Provide Annual Benefit Statements to all active members of the scheme	Legal	Liberata	
Provide annual benefit statement to all active, deferred and pension credit members when requested (if not already provided in the previous 12 months)	Legal	Liberata	

Resolving issues

Internal Dispute Resolution	Requirement Level	Source of knowledge/information	Rating
Internal Dispute Resolution Procedure in place	Legal	Internal controls	

Reporting Breaches of Law	Requirement Level	Source of knowledge/information	Rating
Scheme is satisfied that those responsible for reporting of breaches are aware of the legal requirements	Legal	Internal controls	

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LONDON BOROUGH OF BROMLEY

PERFORMANCE MONITORING REPORT

2021

**LONDON BOROUGH OF BROMLEY - LOCAL PENSION BOARD
PERFORMANCE REPORT
INDEX**

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1. Executive Summary

Appendix 2 provides tables for performance of key work items and customer feedback. The achievements against the performance indicators, customer feedback and the relatively small number of complaints indicate generally that the service standards are strong.

The significant tasks completed by Liberata since 1 April 2021 are:

FRS 101 - the data for the full year for the Academies has been provided to LBB for submission to the Actuary.

SF3 - the data has been supplied to LBB.

Annual Allowance - all annual allowance calculations have been checked and statements have been issued by the 5th October 2021 deadline.

Annual Benefit Statements were issued to all active and deferred members by the statutory deadline, 31st August 2021.

The pensions increase letters were issued to all pensioners in April 2021.

2. Performance Monitoring

In order to provide a greater understanding of the key transactions completed in the period, the following tables provide some key performance data.

2.1 Key Performance Indicators (KPI)

A breakdown of the Process Cycle Times for general queries (excluding transfers) is below:

Correspondence

All Written Correspondence replied to within 10 days

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	94	54	79	75	46	53						
<=10 days	94	54	79	75	46	53						
%<=10 days	100	100	100	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Deferred Benefits

All Deferred Benefits processed within 15 days

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	34	21	36	34	56	26						
<=15 days	34	21	36	32	55	26						
%<=15 days	100	100	100	94	98	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Estimates

All Estimates processed within 10 days

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	23	23	23	14	20	13						
<=10 days	20	16	19	14	18	13						
%<=10 days	87	70	83	100	90	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

AVC / Added Years / ARCs

AVC, Added Years and ARCs Actuals within 10 days

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	1	0	0	0	0	0						
<=10 days	1	0	0	0	0	0						
%<=10 days	100	100	100	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Starters

Starter Cases within 20 days

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	68	84	44	60	68	53						
<=20 days	65	55	41	58	67	53						
%<=20 days	96	65	93	97	99	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Combining

Combining Cases within 10 days

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	14	5	2	7	18	10						
<=10 days	11	5	2	7	18	10						
%<=10 days	79	100	100	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Opt Out

Process Opt out Cases within 10 days

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	12	9	4	2	0	8						
<=10 days	11	5	4	2	0	8						
%<=10 days	92	56	100	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Refunds

All Refunds to be processed within 10 days

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	37	5	8	11	6	11						
<=10 days	37	4	8	11	6	11						
%<=10 days	100	80	100	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Redundancy

All Redundancies to be processed within 5 days

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	0	0	1	0	0	1						
<=5 days	0	0	1	0	0	1						
%<=5 days	100	100	100	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Retirement Notification

Issue of Retirement documentation 10 days before retirement or on notification of retirement, whichever is the later.

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	39	13	25	49	23	39						
<=10 days	38	12	24	49	21	39						
%<=10 days	97	92	96	100	91	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Retirement Grants

All Retirement Grants to be paid 10 days from date of retirement or notification of retirement, whichever is the later.

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	39	13	25	49	23	39						
<=10 days	38	12	24	49	21	39						
%<=10 days	97	92	96	100	91	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Retirement Pension Paid

All Retirement Pension Paid to be paid 10 days from date of retirement or notification of retirement, whichever is the later.

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	39	13	25	49	23	39						
<=10 days	38	12	24	49	21	39						
%<=10 days	97	92	96	100	91	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Death - Initial Acknowledgement Letter

All Death benefits notified within 5 days of notification

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	13	11	7	12	9	6						
<=5 days	13	11	7	12	9	6						
%<=5 days	100	100	100	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Deaths - Processed

All Death benefits processed within 5 days of receipt of necessary information

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	6	17	2	20	10	8						
<=5 days	6	17	2	20	9	8						
%<=5 days	100	100	100	100	90	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Deaths - Death Grant Payment

All Death Grants processed within 5 days of receipt of necessary information

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	4	1	0	2	3	1						
<=5 days	2	1	0	2	1	1						
%<=5 days	50	100	100	100	33	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

2.2 Transfers

In the year to September 2021, there were 32 enquiries in relation to transfer, of which all were met. This is equivalent to a performance standard level of 100%.

A breakdown of the Process Cycle Times for transfers is below:

Transfer-In Quote

All Transfer-in quotations to be processed within 10 days of notification

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	10	4	0	3	11	4						
<=10 days	10	4	0	3	11	4						
%<=10 days	100	100	100	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Transfer-In Request Payment

Request Transfer in Payments Transfer-in payments within 10 days of notification

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	0	1	0	1	4	2						
<=10 days	0	1	0	1	4	2						
%<=10 days	100	100	100	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Transfer-In Payment

All Transfer-in payments to be processed within 10 days of notification

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	3	1	1	0	3	2						
<=10 days	3	1	1	0	3	2						
%<=10 days	100	100	100	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Interfund-In Quote

All Interfund-in quotations to be processed within 10 days of notification

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	7	8	7	9	4	8						
<=10 days	7	8	7	9	4	8						
%<=10 days	100	100	100	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Interfund-In Request Payment

Request Interfund-in payments within 10 days of notification

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	6	5	1	3	1	3						
<=10 days	6	5	1	3	1	3						
%<=10 days	100	100	100	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Interfund-In Payment

All Interfund-in payments to be processed within 10 days of notification

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	6	12	4	8	4	4						
<=10 days	6	12	4	8	4	4						
%<=10 days	100	100	100	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Transfer-Out Quote

All Transfer-out quotes to be processed within 10 days of notification

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	5	14	5	7	6	6						
<=10 days	5	14	4	7	6	6						
%<=10 days	100	100	80	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Transfer-Out Payment

All Transfer-out payments to be processed within 10 days of notification

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	2	1	1	1	0	2						
<=10 days	2	1	1	1	0	2						
%<=10 days	100	100	100	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Interfund-Out Quote

All Interfund-out quotations to be processed within 10 days of notification

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	8	8	9	7	10	7						
<=10 days	8	8	9	7	10	7						
%<=10 days	100	100	100	100	100	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

Interfund-Out Payment

All Interfund-out payments to be processed within 10 days of notification

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Processed	9	9	5	14	7	2						
<=10 days	6	9	5	14	6	2						
%<=10 days	67	100	100	100	86	100						
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

2.3 Complaints

Customer satisfaction is monitored through the volume of repeat enquiries and complaints.

Zero complaints have been recorded since 1st April 2021 and 2 items of customer praise.

Complaints:		Total number received
Stage 1		0
Stage 2		
Total		0
How many were	justified	
	unjustified	0
Replied within procedure (ie within Council time scales) Total Number		0
Operational		
Council Policy		
Legislation		0
Info		
Lack of action		
Total		0
Writing		
Web/ e-mail		
Telephone		0
Person		
Total		0
Public		0
Cllr		
MP		
Ombudsman		
Total		0
Equalities (ie racial motivation)		
Compliments		2

3. Analysis of Fund membership data

The table below shows the latest membership data, as at 30th September 2021 and for the preceding months:

Date of Report	13-Apr-21	10-May-21	04-Jun-21		02-Jul-21		17-Aug-21		09-Sep-21		08-Oct-21	
Status as at	31-Mar-21	30-Apr-21	30-Apr-21	31-May-21	31-May-21	30-Jun-21	30-Jun-21	31-Jul-21	31-Jul-21	31-Aug-21	31-Aug-21	30-Sep-21
1 Active	6411	6402	6402	6384	6384	6271	6271	6135	6135	6128	6128	6075
2 Undecided leaver	545	541	541	559	559	640	640	777	777	783	783	797
4 Deferred pensioner	6120	6105	6105	6109	6109	6131	6131	6154	6154	6150	6150	6175
5 Pensioner	4922	4933	4933	4923	4923	4945	4945	4960	4960	4977	4977	5005
6 Widow/dependant	747	744	744	732	732	729	729	730	730	731	731	729
9 Frozen refund	1049	1053	1053	1056	1056	1056	1056	1058	1058	1061	1061	1067
Total membership	19794	19778	19778	19763	19763	19772	19772	19814	19814	19830	19830	19848
3 Leaver - no liab	9595	9621	9621	9634	9634	9648	9648	9677	9677	9686	9686	9708
7 Death	4464	4510	4510	4547	4547	4561	4561	4581	4581	4586	4586	4598
8 Opt out within 3 mths	2942	2957	2957	2966	2966	2973	2973	2981	2981	2982	2982	2993
Total on stats report	36795	36866	36866	36910	36910	36954	36954	37053	37053	37084	37084	37147

4. Regulatory Compliance

There have been no breaches logged since 1st April 2021.

4.1 The Pensions Ombudsman

The Pensions Ombudsman is an independent organisation set up to investigate complaints about pension administration.

When a member has tried to resolve a problem with the London Borough of Bromley regarding their pensions and isn't satisfied with the outcome, they can contact the Pensions Ombudsman for support and advice.

When a complaint is submitted to the Pensions Ombudsman, the London Borough of Bromley will be notified and rigorous procedure has been set up to deal with the complaint.

Commentary: A member took her complaint to the Ombudsman in March 2018. In May 2019, the Ombudsman asked the member's employer to reconsider her ill-health application and was ordered to pay the complainant £1,000 in compensation for the delay and distress caused. Her employer reconsidered her application and upheld their original decision and the member has repealed at stage 1 of the IDRP.

5. Liberata's Cyber Security measures

5.1 Disaster Recovery (DR)

This annual DR test is undertaken to comply with Trustmarque's contractual obligations to Liberata. The test deals with recovery of data via Trustmarque's Cloud Infrastructure in situ at the Studley Recovery facility. The DR test will include total loss of the Altair Pension Database.

Once the infrastructure in scope has been successfully recovered, network connectivity to the recovered environment will be established to enable remote testing by nominated client end users. Test objectives below have been submitted and testers shall be based in their client service sites as in the live production environment.

Test Objective	Process tested
1	Access to the Altair Pension Database
2	To be able to run calculation within Altair
3	To be able to produce letters via Altair
4	The ability to view scanned documents held on member's record on Altair
5	Connect to Resourcelink
6	Connect to I-Trent
7	Add a printer and print documents locally
8	Access to Pensions and Windows profiles shared Network Drive or equivalent
9	Able to access the Bromley Pensions, and Bromley Pensions (pensions@bromley.gov.uk)

After testing has been completed, a report is produced to confirm disaster recovery contingency plan was successful.

5.2 Communications

Communications regarding Cyber Security are shared regularly with Liberata's staff members, including information on GDPR, phishing emails, data protection, and communication. Staff members are required to take a small test every two/four weeks to ensure they are aware of the potential risks and understand what procedure they need to take in the event of a cyberattack or data breach.

Bromley

Pension Update



Autumn 2021



THE LONDON BOROUGH
www.bromley.gov.uk



Pension key performance standards

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

Liberata's commitment to Scheme members is:

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

- Respond to e-mails and written enquiries within 10 working days of receipt. 855 pieces of correspondence responded to in the last year, of which 99.84% were within the performance standard (99.7% in 2019/20)
- Process each stage of a transfer of pension rights (to or from the Fund) within 10 days of receiving the required information. 98.21% of 132 transfer-in quotations (98.04% in 2019/20) and 98.38% of 154 transfer-out quotations (97.40 % in 2019/20) issued within the performance standard

- Process retirement grants (lump sums) within 10 working days of retirement, provided that Liberata have all the necessary information. 99.00% of 347 retirement grants paid within the performance standard (100% in 2019/20)
- Issue a benefit statement annually to all active and deferred members Statements issued to all active and deferred members by end of August
- Advise pensioners in April of the annual increase to their local government pension. Pensions increase letters issued to all pensioners in April

Contributions Rates For 2021/2022

The rate of pension contributions that you pay each year is reassessed by your employer at the beginning of each tax year, according to your level of pensionable earnings. The earnings bandings are reviewed each year in accordance with changes to the Consumer Prices Index, and the bandings for 2021/22 are shown below:

Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £14,600	5.5%	2.75%
2	£14,601 to £22,900	5.8%	2.9%
3	£22,901 to £37,200	6.5%	3.25%
4	£37,201 to £47,100	6.8%	3.4%
5	£47,101 to £65,900	8.5%	4.25%
6	£65,901 to £93,400	9.9%	4.95%
7	£93,401 to £110,000	10.5%	5.25%
8	£110,001 to £165,000	11.4%	5.7%
9	£165,001 or more	12.5%	6.25%

Pension Taxation

There are two types of pension taxation that you need to be aware of, the lifetime allowance and the annual allowance.

The Lifetime Allowance

The lifetime allowance is the total value of all pension benefits you can have during your working life without triggering an excess benefits tax charge. To calculate your lifetime allowance percentage, multiply your annual pension by 20, adding in any lump sum and Additional Voluntary Contributions (AVCs), then divide the total of that by the lifetime allowance limit x 100.

The lifetime allowance covers any pension benefits you may have in all tax-registered pension arrangements – not just the LGPS.

Lifetime Allowance by Year:

Tax year	Lifetime Allowance
2011/12	£1.8m
2012/13	£1.5m
2013/14	£1.5m
2014/15	£1.25m
2015/16	£1.25m
2016/17	£1m
2017/18	£1m
2018/19	£1.03m
2019/20	£1.055m
2020/21	£1.0731m
2021/22	£1.0731m

If the value of your pension benefits when you draw them is more than the lifetime allowance or more than any protections you may have, you will have to pay a tax charge on the excess benefits.

The lifetime allowance tax charge is:

- 55% of any amount you take from your pension savings as a lump sum that is over the lifetime allowance, and
- 25% of any amount you take from your pension savings as pension income that is over the lifetime allowance.

If you have not contributed to the Pension Scheme since 5 April 2016, and your pension benefits were worth more than £1.25 million at 5 April 2016, you may apply for **Fixed Protection 2016 (FP16)**. You can still apply if you already have individual protection 2014 or 2016 in place (FP16 will be dormant until you lose your previous protection - you should tell HMRC in writing). FP16 protects your lifetime allowance at £1.25 million, but if you later make further contributions to your pension, then this protection will be lost. There is no deadline for applications for FP16.

You may apply for **Individual Protection 2016 (IP16)** if your pension benefits were worth more than £1 million at 5 April 2016. You can still apply if you already have some previous protection in place. IP16 protects your lifetime allowance to the lower of the value of your pension at 5 April 2016 and £1.25 million.

FP16 and IP16 will stay dormant until you lose or give up your previous protection - you should tell HMRC in writing if this happens.

For further information on lifetime allowance including applying for any protection visit HMRC's website:

www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance





The Annual Allowance

This is the amount by which your pension benefits may increase in any one year without having to pay a tax charge.

The 'pension input period' (PIP) is the period over which your pension growth is measured.

The annual allowance for tax years 2011/12 to 2013/14 was £50,000.00 and since 2014/15 (including 2021/22) it has remained £40,000.00. You may be able to top this up with unused allowance from the previous 3 tax years.

How is pension growth calculated?

Step 1: Determine the value of your benefits immediately before the start of the PIP and multiplying a factor defined by HMRC – currently 16

Step 2: Add any lump sum you are automatically entitled to the amount calculated in Step 1.

Step 3: Adjust the total amount for inflation. This is 0.5% for 2020/21. This is the value at the start of the Pension Input Period

Step 4: Determine the value of your benefits built up at the end of the PIP and multiplying by the same factor in Step 1

Step 5: Add any lump sum you are automatically entitled to and any Additional Voluntary Contributions (AVCs) you or your employer have paid during the year to the amount calculated in Step 4.

Step 6: Deduct the value in Step 3 from the value in Step 5 to get the Pension Input Amount

If the Pension Input Amount is greater than the annual allowance limit, you may be liable to pay a tax charge.

Each year you will be sent a pensions savings statement if your pension savings in the Bromley Fund exceeds the annual allowance limit for that year. The statement is based on the information held on your pension record at the time of the calculation. If you breach the annual allowance, the statement will provide the options you have in dealing with the tax charge.

Important information:

Since 6 April 2016, PIPs for all pension schemes are aligned with the tax year – 6 April to 5 April. Prior to 2016/17 the PIP for the LGPS was 1 April to 31 March, except for the year 2015/16 when special transitional rules applied.

From 6 April 2016 the annual allowance was reduced for those individuals who have income over certain levels, broadly affecting those whose "threshold income" is above £110,000 and "adjusted income" is above £150,000.

- Threshold income is broadly defined as total earnings, less what you pay in pension contributions.
- Adjusted income is broadly threshold income plus the value that your pension grows by over the year.

If you satisfy both points the annual allowance will be reduced by £1 for every £2 that the adjusted income exceeds £150,000. However, the maximum reduction that can apply to the annual allowance is £30,000 leaving an annual allowance of £10,000.

HMRC provides information to help you: www.tax.service.gov.uk/paac

If you have pension benefits elsewhere, you will also need to take these into consideration. It is your personal responsibility to pay the correct amount of tax.

This newsletter provides an overview of the rules governing taxation of pension savings. It is your personal responsibility to pay the correct amount of tax. Neither the London Borough of Bromley nor the Pensions Team is able to provide financial advice. If you are unsure about the best course of action, you should contact HMRC on telephone number 0300 200 3300. You may need to take independent financial advice in order to ensure that you understand your tax position.

The 50/50 Section

If you are concerned about the cost of remaining in the pension scheme, then rather than opting out completely you may wish to consider moving to the '50/50' section of the scheme. The local Government Pension Scheme now allow members to elect to contribute 50% of the normal rate of contribution and receive 50% of the pension benefit. This means that the pension will accrue at the rate of 1/98th of pensionable

pay, instead of 1/49th, for the period that the election is in force. Regardless of which section you are in you get full life assurance cover, full ill health cover and full survivor benefits in the event of your death.

A person cannot elect for the 50/50 section before the employment has commenced, before being enrolled automatically by their employer, or before opting in. Members can elect to move from the main section to the 50/50 section and back again as many times as they wish. A member in the 50/50 section always has the right to elect to re-join the Main section following the beginning of the next pay period after their election.

If you have more than one job you can elect for the 50/50 section in one, some or all of your jobs.

If you choose to move to the 50/50 section any extra pension contributions or additional voluntary contributions (APCS) you are paying to purchase extra pension would have to cease (unless those APCS are to purchase pension 'lost' during a period of authorised unpaid leave of absence or during a period of unpaid additional maternity, paternity or adoption leave.



The 50/50 section is designed to be a short-term option for when times are tough financially. Because of this, your employer is required to put you back into the main section of the LGPS approximately three years from the date they first have to comply with the automatic enrolment provisions of the Pensions Act 2008 (and approximately every three years thereafter). Your employer will move you back into the Main section of the scheme at that time irrespective of when your election to join the 50/50 section took place (even if, for example, you had only elected for 50/50 the previous month). Your employer will tell you when this is about to happen. If you wish to continue in the 50/50 section at that point you would need to make another election to remain in the 50/50 section.

Your employer cannot ask you or force you to join the 50/50 section. If, however, you wish to do so, you can do this by completing and returning an election to change from Main section to 50/50 section form, which is available to download from www.bromley.gov.uk/lgps

Transfer Time Limits

Transfer In

You should be aware that, if you have previous pension benefits, you may elect to transfer these to the Local Government Pension Scheme. A request to investigate a transfer must be received within 12 months of commencing your current Local Government employment.

Transfer Out

If you're thinking about leaving the pension scheme and transferring your LGPS pension to another provider, please remember that to be entitled to transfer your pension you must leave this scheme and choose to transfer your pension at least one year before your normal pension age. (NPA).

We also suggest that you watch the following video link if you are considering transferring your pension to a defined contribution scheme: <https://www.lgpsmember.org/more/Videos.php>

Death Grant Expression of Wish Forms

From the moment you join the Scheme until you leave or retire, and sometimes even beyond, you have valuable life cover in the form of a lump sum death grant. As an 'active' contributing member, if you die whilst paying into the Fund, we will pay out a death grant equal to three times your final years' pay.

Although the amount of death grant is governed by the Scheme rules, the Council has absolute discretion in deciding on who to pay any death grant to. The Council may pay the money in one sum or split it among a number of beneficiaries. The LGPS allows you to nominate one or more beneficiaries to whom you would like any death grant to be paid. You can do this by completing and returning an Expression of Wish Form which is sent out with the Annual Benefit Statements each year or can be downloaded from www.bromley.gov.uk/lgps. The Council will normally follow your wishes, but may not do so if your circumstances have changed since you completed the form, for instance if your marital status has changed, or the person you have nominated has died. It is therefore extremely important that you keep your nomination up to date.



Moving House?

If you move house we need to know your new address, not only to keep your records up to date but to make sure personal or sensitive information doesn't go to your old address, putting you at risk of identity fraud.

Therefore, please inform us and your employer of your new address as soon as you have moved.

Please note that we are unable to accept notifications of changes of address over the phone. Please write at pensions@bromley.gov.uk or via post at Liberata UK Ltd, PO Box 1598, Croydon, Surrey, CR0 0ZW.

Money and Pensions Service

The Money and Pensions Service (MaPS) brings together three respected financial guidance bodies: the Money Advice Service, The Pensions Advisory Service and Pension Wise. MaPS is an arm's-length body sponsored by the Department for Work and Pensions, established at the beginning of 2019, and also engages with HM Treasury on policy matters relating to financial capability and debt advice.

Their aim is to ensure everyone in the UK can easily access the information they need to make the right

financial decisions for them throughout their lives, making the most of their money and pensions.

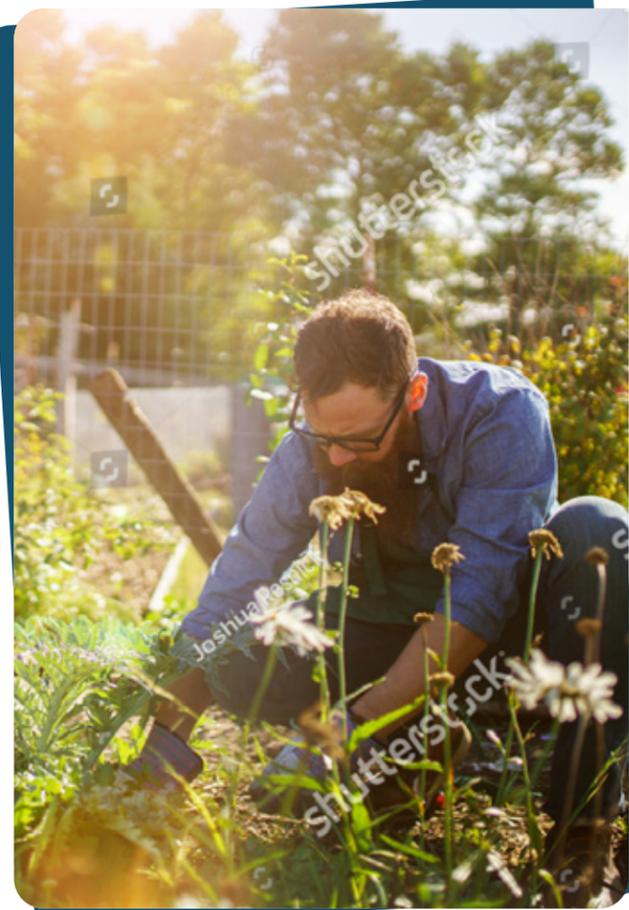
The weblink for further information is moneyandpensionservice.org.uk

Don't let a scammer enjoy your retirement!

Latest statistics revealed the average loss between January and June 2021 was £50,949, compared with £23,689 during 2020.

The Financial Conduct Authority (FCA) and The Pensions Regulator (TPR) have the **ScamSmart** advertising campaign targeting pension holders aged 45 to 65, the group most at risk of pension scams. The regulators have urged the public to be on their guard when receiving unexpected offers about their pension and to check the people being dealt with are legitimate. Please watch out for the five common warning signs:

- Being offered a free pension review out of the blue
- Being offered guaranteed higher returns - people who claim they can get you better returns on your pension savings



- Being offered help to release cash from your pension, even though you are under 55
- High-pressure sales tactics - scammers may try to pressure you with “time-limited offers” or send a courier to your door to wait while you sign documents
- Unusual investments which tend to be unregulated and high-risk

If you are contacted about your pension, visit ScamSmart before going any further, so that you don't end up becoming the victim of a scammer. FCA and TPR are part of Project Bloom, a multi-agency taskforce which is working to combat pension scams. The taskforce includes the DWP, HM Treasury, the Serious Fraud Office, City of London Police, the National Fraud Intelligence Bureau, The Pensions Advisory Service, and the National Crime Agency.

Pension scams can cause victims significant harm – both financially and mentally. If you are ever in doubt about a pension offer, visit the ScamSmart website at www.fca.org.uk/scamsmart

We also suggest that you watch the following video link if you are considering transferring your pension to a defined contribution scheme: www.lgpsmember.org/more/Videos.php

National Fraud Initiative

The London Borough of Bromley is required by law to protect the public funds it administers. It may share information provided to it with other bodies responsible for auditing or administering public funds, in order to prevent and detect fraud.

Data matching involves comparing computer records held by one body against other computer records held by the same or another body to see how far they match. This is usually personal information. Computerised data matching allows potentially fraudulent payments to be identified. Where a match is found it may indicate that there is an inconsistency which requires further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out. For further information on the Cabinet Office's legal powers and the reasons that it matches particular information, see www.gov.uk/government/collections/national-fraud-initiative.

Other Data Sharing

London Borough of Bromley participates in a data sharing project with other LGPS pension funds in England, Wales and Scotland. This is undertaken in order to comply with legal requirements contained in the LGPS's governing regulations.

Provisions contained in the LGPS Regulations 2013 mean that, if a member of the LGPS dies, it is necessary for the scheme's administrators to know if the individual also had other periods of LGPS membership elsewhere in the country so that the right death benefits can be calculated and paid to the deceased member's dependants.

As the LGPS is locally administered, each pension fund has its own membership records and it can be difficult to tell if an individual has other LGPS records and where these are held. To comply with the requirements set out above, a national Database, hosted at the South Yorkshire Pensions Authority, has been developed that enables funds to check if their members have LGPS pension records in other pension funds.

What data is shared?

For each member of the LGPS, the Database contains a short entry containing:

- The individual's National Insurance Number,
- A number to denote the individual's membership status,
- The last calendar year that the membership status changed, and
- A four digit number confirming the LGPS pension fund where that member's record is held.

How is the data held on the Database processed?

The data held on the Database is processed in accordance with the Data Protection Act 1998 and other relevant legislation.

Are there any other purposes that the Database is used for?

An extract of the membership information contained in the Database is periodically shared with the Department for Work and Pensions (DWP) so that the

LGPS can join the Tell Us Once service. Tell Us Once is a service offered in most parts of the country when an individual registers a death.

Who is the data shared with?

Other LGPS pension funds. These are all public bodies named in legislation as administering authorities of the LGPS.

For the Tell Us Once service, an extract of the Database containing individuals' NI Numbers is securely shared with DWP every month so that they may maintain an up-to-date record of the LGPS's membership.

How long will this data sharing be undertaken for?

For as long as a) the relevant regulatory requirements remain, and b) the LGPS participates in the Tell Us Once service.

In the event that neither of the above apply, the data sharing will cease to be undertaken.

Can I opt out of this data sharing?

No. As this data sharing is partly being undertaken to comply with a legal requirement, it is not possible for scheme members to opt out of the data sharing.



Enquiries and Complaints

If you are not sure which benefits you are entitled to, or if you have a question concerning your benefits, please contact the Liberata Pensions Team. They will try to deal with your query as quickly and efficiently as possible, and it may be possible to arrange a meeting in order to resolve any issues.

In case you are dissatisfied with the way the Council or your employer has interpreted or applied the pension regulations; in order to protect your interests, the council is required under the scheme regulations to set up a two-stage appeal procedure. Full details of this can be obtained from the Liberata Pensions team.

Their full address and telephone details are shown below. In addition to the internal dispute processes you also have access to a number of external advisors or regulators who are there to assist you with any issues you may have relating to your pension.

Further details of these organisations are given below.

Liberata UK Ltd
P O Box 1598, Croydon, Surrey CR0 0ZW

Telephone 020 8603 3429
E-mail pensions@bromley.gov.uk
Website www.liberata.com

Large Print Version Available

The text of this newsletter is available in a large print format from Liberata Pensions on 020 8603 3429.

Further information about the Scheme is available on www.lgps.org.uk

NOTHING IN THIS NEWSLETTER CAN OVERRIDE THE PROVISIONS OF THE LOCAL GOVERNMENT PENSION SCHEME REGULATIONS OR RELATED LEGISLATION

Useful Contacts

London Borough of Bromley

Chief Executive's Department
Civic Centre
Stockwell Close
Bromley
BR1 3UH

Telephone: 020 8464 3333

Website: www.bromley.gov.uk

Pension Tracing Service

This is a tracing service for ex-members of schemes with pension entitlements, who have lost touch with their previous employers.

The Pension Service 9

Mail Handling Site A
Wolverhampton
WV98 1LU

Telephone: 0800 731 0193

Website: www.gov.uk/find-pension-contact-details

Please note the Pensions Tracing Service are currently not accepting requests for details by post.

The Pensions Ombudsman (TPO)

TPO provides a service to assist members with any difficulties that they cannot resolve with their pension schemes, and to investigate and determine any complaint or dispute involving maladministration of the Scheme or matters of fact or law.

The Pensions Ombudsman

10 South Colonnade
Canary Wharf
London
E14 4PU

Telephone 0800 917 4487

Website www.pensions-ombudsman.org.uk

The Pensions Advisory Service

The Pensions Advisory Service (TPAS) dispute resolution function has moved to TPO. However, individual can approach both TPO and TPAS for help when dealing with a pension complaint. TPAS tends to focus on complaints before the pension scheme's internal dispute resolution procedure (IDRP) has been completed, while TPO typically deals with complaints that have been through IDRP.

The Pensions Advisory Service

120 Holborn
London EC1N 2TD

Telephone 0800 011 3797

Website: www.moneyhelper.org.uk/en/pensions-and-retirement

The Pensions Advisory Service now operates under 'Money Helper'.

The LGPS's member site

The national website for members of the LGPS in England and Wales provides information and guidance to help members understand their LGPS membership from joining to leaving.

The website has recently launched a series of videos to educate members on their pensions, how to look after it, protection for their family, life after work, lifetime allowance and annual allowance.

Also, the website has several calculators that will be able to help members with their pension benefits.

- Contributions Calculator
- Pension Account Modeller
- Lifetime Allowance Quick Check Tool
- Additional Pension Calculator
- Lump Sum Calculator
- Annual Allowance Quick Check Tool

Website: www.lgpsmember.org

Report No.

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: LOCAL PENSION BOARD
PENSIONS COMMITTEE
COUNCIL

Date: 24th November 2021
2nd December 2021
6th December 2021

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

Title: LOCAL PENSION BOARD - ANNUAL REPORT

Contact Officer: Martin Doyle – Head of Pensions Shared Service
Tel No: 020 8871 6522
E-mail: martin.doyle@richmondandwandsworth.gov.uk

Chief Officer: Director of Finance

Ward: Borough Wide

1. Reason for report

- 1.1 The Local Pension Board Terms of Reference require that an Annual Report is produced and provided to the Pensions Manager each year. In a report to the Pensions Investment Sub Committee, General Purposes and Licensing Committee and Council in February 2015, it was also confirmed that the Local Pension Board's Annual Report, would be provided to Council via the Pensions Investment Sub-Committee and the General Purposes and Licensing Committee.
-

2. **RECOMMENDATIONS**

- 2.1 **Members of the Local Pension Board are asked to approve the draft LPB Annual Report at Appendix 1.**
- 2.2 **Members of the Pensions Investment Sub Committee, General Purposes and Licensing Committee and Council are asked to note the contents of the report.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
-

Corporate Policy

1. Policy Status: Existing Policy. The Council's pension fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations for the purpose of providing pension benefits for its employees.
 2. BBB Priority: Excellent Council
-

Financial

1. Cost of proposal: No Cost
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Any costs associated with the reimbursement to Board Members of directly incurred expenses are chargeable to the Pension Fund.
 4. Total current budget for this head: £43.9m expenditure (pensions, lump sums, etc); £56.8m income (contributions, investment income, etc); £1,000.3m total fund market value at 31st March 2020.
 5. Source of funding: Contributions to Pension Fund
-

Personnel

1. Number of staff (current and additional): The Local Pension Board comprises of two Employer Representatives and two Member Representatives. The Board is supported by the Pensions Manager.
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement Local Government Pension Scheme Regulations 2013 (as amended).
 2. Call-in: N/A
-

Procurement

1. Summary of Procurement Implications: N/A
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Estimated number of users/beneficiaries (current and projected): 6,253 current employees; 5,592 pensioners; 5,945 deferred pensioners as at 31st March 2020.
-

Ward Councillor Views

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

3. COMMENTARY

- 3.1 The London Borough of Bromley Local Pension Board was established by Council on 23rd February 2015. The Board held an introductory meeting on 27th July 2015 and its first formal annual meeting on 26th October 2015.
- 3.2 In accordance with the Terms of Reference the Board are required to produce a single annual report to the Pensions Manager. This report should include:
- A summary of the work of the Local Pension Board and a work plan for the coming year
 - Details of areas of concern reported to or raised by the Board and recommendations made
 - Details of any conflicts of interest that have arisen in respect of individual Local Pension Board members and how these have been managed
 - Any areas of risk or concern the Board wish to raise with the Scheme Manager
 - Details of training received and identified training needs
 - Details of any expenses and costs incurred by the Local Pension Board and any anticipated expenses for the forthcoming year.
- 3.3 Members are asked to note the contents of the Local Pension Board Annual Report.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

N/A

5. POLICY IMPLICATIONS

- 5.1 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.

6. FINANCIAL IMPLICATIONS

- 6.1 Although permitted under Regulations, Local Pension Board members are not paid an allowance. As set out in the terms of reference, remuneration for Board members is limited to a refund of actual expenses incurred in attending meetings and training.
- 6.2 As the administering authority the Council is required to facilitate the operation of the Local Pension Board including providing suitable accommodation for Board meetings as well as administrative support, advice and guidance. This is currently done within existing in-house resources.
- 6.3 Any costs arising from the establishment and operation of the Local Pension Board are treated as appropriate administration costs of the scheme and, as such, are chargeable to the Pension Fund.
- 6.4 There were reimbursement claims for cost of travel totalling £10.10 within the relevant period.

7. PERSONNEL IMPLICATIONS

N/A

8. LEGAL IMPLICATIONS

- 8.1 The Public Service Pensions Act 2013 provides primary legislation for all public service schemes including the LGPS 2014. A requirement is the establishment of Local Pension Boards.

9. PROCUREMENT IMPLICATIONS

N/A

Non-Applicable Sections:	Procurement Implications; Personnel Implications; Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Public Service Pensions Act 2013; Local Government Pension Scheme (Amendment) (Governance) Regulations 2015; Local Government Pension Scheme Regulations 2013; Local Pension Board Report, Supplementary Report and Appendices to Pensions Investment Sub-Committee, General Purposes & Licensing Committee and Council 3rd, 10th and 23rd February 2015.



LONDON BOROUGH OF BROMLEY

LOCAL PENSION BOARD

ANNUAL REPORT OCTOBER 2021

**LONDON BOROUGH OF BROMLEY - LOCAL PENSION BOARD
ANNUAL REPORT
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1. Foreword

- 1.1 The purpose of this London Borough of Bromley Local Pension Board Annual report is to provide information regarding the activities and role of the Board for Scheme Members, Scheme Employers and the Scheme Manager (Administering Authority).
- 1.2 The Local Pension Board was established by the London Borough of Bromley Pension Fund in response to new regulatory requirements introduced into the Local Government Pension Scheme Regulations 2013.
- 1.3 The role of the Local Pension Board is to provide assistance to the London Borough of Bromley in its role as an Administering Authority within the Local Government Pension Scheme in ensuring it remains compliant with the relevant legislation and requirements of the Pensions Regulator.

2. Background

- 2.1 The Local Government Pension Scheme Regulations 2013 (as amended) required that the Local Pension Board be established by 1st April 2015 to assist the Administering Authority (London Borough of Bromley) to:
- Secure compliance with the Local Government Pension Scheme (LGPS) regulations and the requirements imposed by the Pensions Regulator.
 - Ensure effective and efficient governance and administration of the LGPS
- 2.2 The Local Pension Board is not a decision making body but is expected to support the Council's current committee structure.
- 2.3 The London Borough of Bromley Local Pension Board was approved at Full Council on 23rd February 2015.

3. Board Membership

- 3.1 The London Borough of Bromley Local Pension Board requires a total of four members. The membership is constituted as follows:
- 2 members representing the interests of the Fund's employers – Employer Representatives.
 - 2 members representing the interests of the Fund's members – Member Representatives.
- 3.2 At the last meeting of Local Pension Board held on 4th November 2020, the board members were:
- Employer Representatives:
- Brayan Bernal-Gil
 - Emma Downie
- Member Representatives:
- Lesley Rickards
 - Vinit Shukle

4. Board Meetings

- 4.1 Following an introductory meeting of the Local Pension Board Members which took place on Monday 27th July 2015, formal meetings of the Board took place on Monday 26th October 2015, Thursday 10th November 2016, Tuesday 10th April 2018, Tuesday 6th November 2018, Wednesday 12th June 2019, Wednesday 22nd January 2020 and 4th November 2020. The table below shows the attendance of those meetings:

	Employer Representatives						Member Representatives				
	Mr B Toms	Ms J Harding	Ms J Reynolds	Ms P Borg	Ms E Downie	Mr Brayan Bernal-Gil	Mr G Kelly	Mr T Conboy	Mrs L Rickards	Mr G Wright	Mr V Shukle
Introductory Meeting 27-07-15	✓	✓	N/A	N/A	N/A	N/A	✓	N/A	✓	N/A	N/A
Formal Meeting 26-10-15	✓	✓	N/A	N/A	N/A	N/A	X	N/A	✓	N/A	N/A
Formal Meeting 10-11-16	✓	✓	N/A	N/A	N/A	N/A	N/A	X	✓	N/A	N/A
Formal Meeting 10-04-18	N/A	N/A	✓	✓	N/A	N/A	N/A	N/A	✓	✓	N/A
Formal Meeting 06-11-18	N/A	N/A	N/A	✓	✓	N/A	N/A	N/A	✓	X	N/A
Formal Meeting 12-06-19	N/A	N/A	N/A	✓	✓	N/A	N/A	N/A	✓	N/A	✓*
Formal Meeting 22-01-20	N/A	N/A	N/A	✓	✓	N/A	N/A	N/A	✓	N/A	✓
Formal Meeting 04-11-20	N/A	N/A	N/A	N/A	✓	✓	N/A	N/A	X	N/A	✓

* The member had not been formally appointed and was acting as an observer at the meeting

- 4.2 At the Local Pension Board meeting held on 10th November 2016, Mrs Lesley Rickards was elected by the members of the Board to act as its Chair for a period of 12 months, succeeding Mr Brian Toms, in line with the requirements of the Terms of Reference.
- 4.3 A meeting of the Local Pension Board was held on 10th April 2018 at which Pinny Borg was elected the Chair of the Pension Board. At the meeting on 6 November 2018, it was agreed that Pinny Borg would continue as Chair of the Pension Board until the term of office for all Board Members expires on 30th June 2019.
- 4.4 At the meeting on 12th June 2019, Emma Downie was elected the new Chair of the Pension Board, effective from 1 July 2019.

- 4.5 At the meeting on 22nd January 2020, it was agreed that Emma Downie's appointment would be extended to November 2020 to coincide with the next annual meeting of the Board when a new chairman would be appointed.
- 4.6 At the 4th November 2020 meeting, it was noted that Emma Downie was happy to continue as chairman, but it was necessary for the chairmanship to rotate between Employer and Member representatives. (Note: After the meeting it was agreed that Vinit Shukle would take over as chairman.).

5. Board Activity

- 5.1 Members of the Board are also invited to attend meetings of the Pensions Investment Sub-Committee and where appropriate meetings of the General Purposes and Licensing Committee.
- 5.2 In accordance with the work plan agreed by the Local Pension Board members, members have been provided throughout the year with monthly Pensions Administration Reports for review. These reports are produced by Liberata UK Ltd, and include a monthly summary of activity, and details of key Performance Indicators (KPI's). To date no issues have been raised by Board members in connection with such reports.
- 5.3 The Pension Act 2004 and the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 require the Administering Authority to hold accurate data on scheme members. It is also essential to hold accurate data for efficient administration.

6. Training

- 6.1 It is a requirement of the Public Service Pensions Act that Board members have the capacity to become conversant with the rules governing the Local Government Pension Scheme and the policy documents of the Administering Authority.
- 6.2 The following training has been made available to the Local Pension Board members:
- The Pensions Regulator e-learning package, covering conflicts of interest, managing risk and internal controls, maintaining accurate member data, maintaining member contributions, providing information to members and others, resolving internal disputes and reporting breaches of the law.
 - A presentation on the Introduction to the LGPS was presented to the Local Pension Board Meeting on Tuesday 6th November 2018 by the Pensions Manager.
 - A training update on "Pensions Made Simple" was carried out verbally by the Pensions Manager at the Local Pension Board Meeting on Wednesday 22nd January 2020.
 - Board members are invited to attend the Members Pension Seminar led by the Director of Finance.

- Emma Downie and Brayan Bernal-Gil attended the CIPFA's LGPS Local Pension Board Members' Autumn Seminar 2020 on Thursday 1st October 2020.
- A training/consultation update on recent consultations, changes and developments affecting the Pension Fund was carried out by the Pensions Manager at the Local Pension Board Meeting on Wednesday 4th November 2020.

6.3 Members have also been provided with the following documentation;

- The Local Government Pension Scheme Regulations
- Administration, HR, Payroll and Member Guides to the Local Government Pension Scheme
- Guidance on the creation and operation of Local Pension Boards
- Mercer Newsletters 'Local Government Pension Scheme – Current Issues'
- Agendas and reports for the Pensions Investment Sub-Committee meetings

7. Board Observations and Comments

7.1 The Local Pension Board terms of reference set out that the Board should raise any areas of risk or concern with the Scheme Manager in the first instance. No such matters have been raised during the reporting period.

8. Conflicts of Interest

8.1 It is explained to each Board member that they are required to observe both the Code of Conduct for Councillors/Co-opted Members and Data Protection policies of the London Borough of Bromley. Members are also required to complete 'The Notification of Disclosable Pecuniary Interests Form', 'The Notification of Non-Pecuniary Interests Form' and a 'Declaration of Acceptance of Office Form'.

8.2 No declarations of interests were made at the formal meeting of the Board on 6th November 2018, 12th June 2019, 22nd January 2020 or 4th November 2020.

9. Expenses and Costs

9.1 All costs regarding the administration of the Local Pension Board have been contained within existing resources.

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Local Pension Board

Assisting the Scheme Manager

Martin Doyle – Head of Pensions Shared Service

27 October 2021



The Statutory Position for Local Pension Boards



**To assist Administering Authorities
(Reg 106)**

- (a) to secure compliance with-
 - ❑ the Regulations,
 - ❑ any other legislation relating to the governance and administration of the Scheme, and
 - ❑ any requirements imposed by the Pensions Regulator; and
- (b) to ensure the effective and efficient governance and administration of the Scheme



**Sufficient degree of knowledge
and understanding**

What is your role?

Each administering authority has a legal responsibility to maintain and manage their LGPS fund. This role is referred to as the scheme manager in the Public Service Pensions Act 2013

Although these legal responsibilities lie with the organisation as a whole, they are usually delegated to committees, sub-committees and/or senior officers.

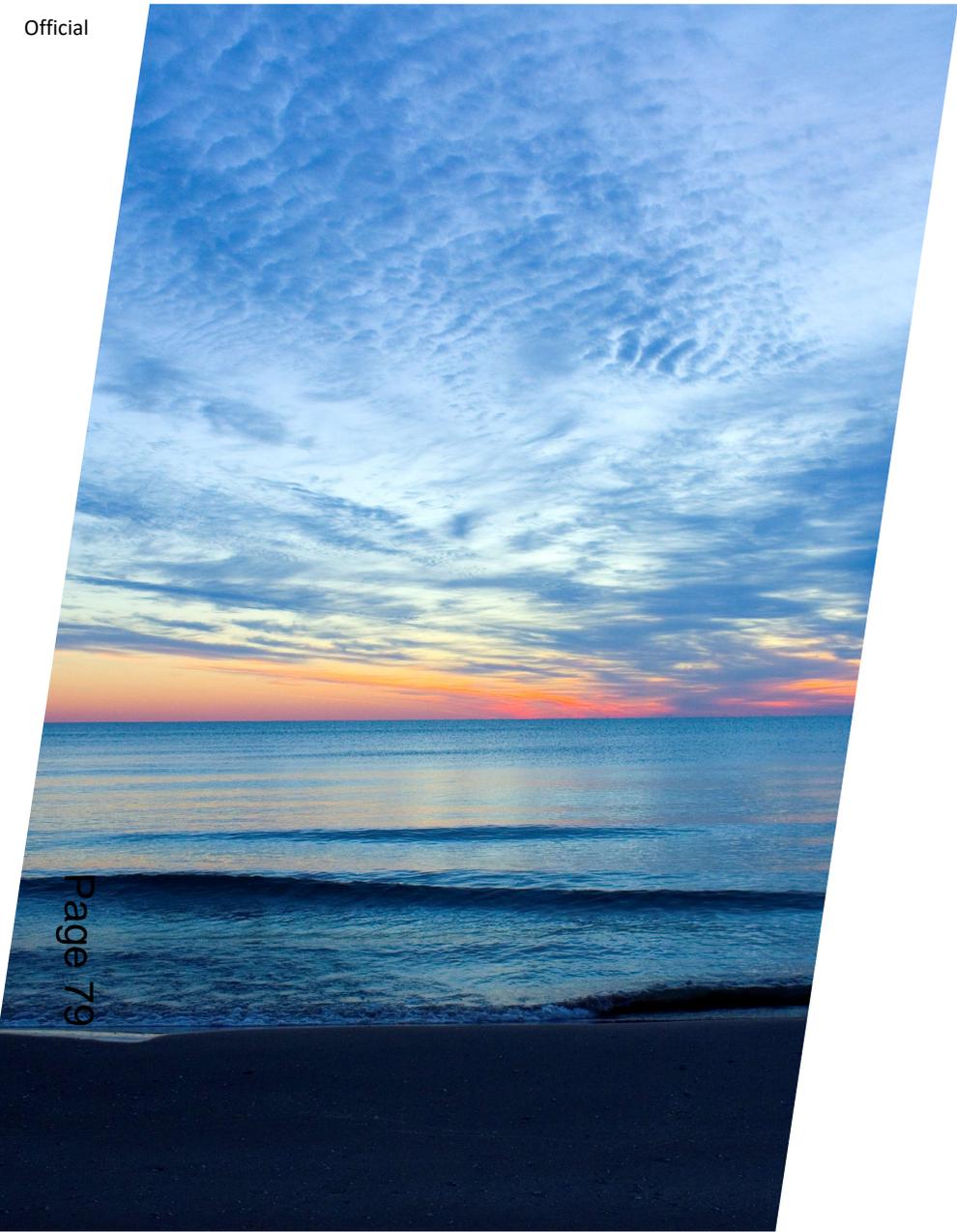
The local pension board has a legal responsibility to “assist the scheme manager” in securing compliance with its obligations and so is expected to work closely with those who are managing the LGPS fund ensuring that those responsibilities are met.

A key part of this role is also ensuring that the Pension Regulator’s requirements are met, many of which are focused on efficient and effective administration.

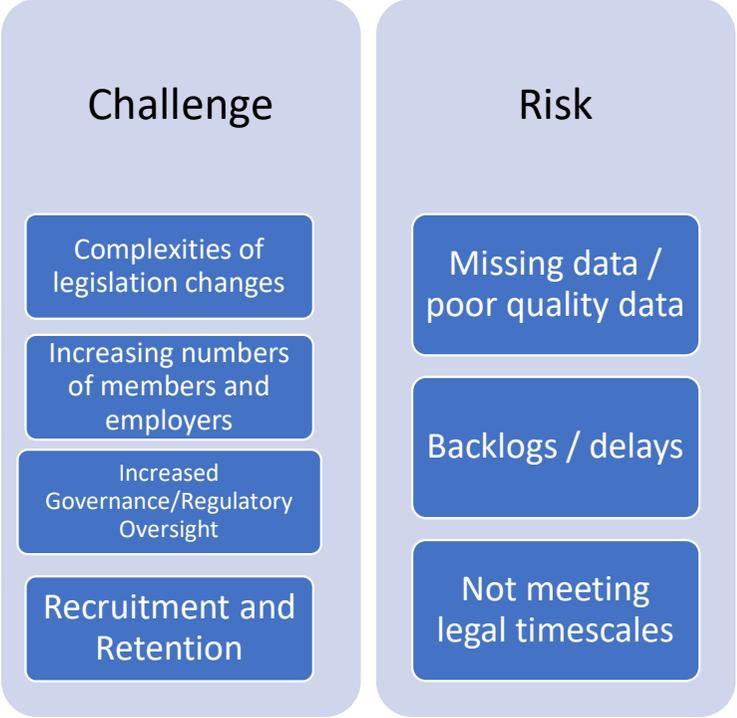
Consequently, senior officers and committee and board members have a collective responsibility for the proper governance of the fund, including administration and communications matters

CIPFA Guidance on the Board Member Role

- ensure you have administration and communications strategies in place and that they are regularly reviewed
- engage with your administration team. Encourage transparency and be supportive
- identify the current challenges your administration teams are faced with – for example backlogs, data gaps, poor satisfaction scores or lack of time/resources to develop efficiencies and improvements
- developing a plan with clear actions and timescales to overcome the current challenges. This should be part of the fund's business plan and is likely to involve some or all of the following: reviewing priorities, increasing resource, implementing new systems or procedures and outsourcing some or all of the rectification
- getting regular updates showing progress against the action plan to ensure your remedial work is delivering
- No “silver bullet” but clear plan of action



What are the administration and communication challenges?



Current LGPS Topics

- **Pensions Schemes Act 2021**
 - Additional ESG requirements: require schemes to assess and report on the financial risks of climate change within their portfolios by October 2021 – LGPS to follow - TCFD Checklist
- **Pensions dashboard:** a new platform allowing individuals to view all their pension information in a single place - 2023
- **Cost control mechanisms** - Government has consulted on its proposals:
 - Moving to a reformed scheme only design: to remove any allowance for legacy schemes in the cost control mechanism
 - Widening the corridor: to widen the corridor from 2% to 3% of pensionable pay
- **Exit Payment Cap** – new regs this financial year?
- **McCloud** - legislation to be in place by April 2023
- **Increase to the minimum pension age 55 to 57 in 2028** – in the next Finance Bill

Causes and Impacts of Poor Data

Causes

Employers are confused by LGPS complexity

Many more employers and outsourced payrolls

Lack of Employer priority

Impacts

Incorrect contributions and benefits

Admin processes more complex

Liabilities could be incorrect and contribution rates

Regulatory Oversight - The Pensions Regulator (the tPR)

- ▶ Since 1 April 2015 – role to supervise Public Sector Pensions
- ▶ One-to-one supervision is part of their evolving approach to regulating pensions
- ▶ Civil penalties – up to £5,000 to an individual or £50,000 to a corporate body

“We have changed as a regulator; we are being clearer with those we regulate, quicker to act where our expectations are not being met - and tougher on employers that do not comply with their duties and trustees who do not act in the interests of their members.”



tPR Employer Responsibilities

Two way engagement approach:

Employers:

- required to provide information requested
- abide by contract terms / obligations under regulations
- manage HR / payroll systems
- provide quality data (eg member joiner and leaver forms)
- report a material breach of law

Scheme managers:

- follow scheme regulations, rules and requirements
- have clear, robust, published processes / deadlines / communications
- designate a scheme contact point
- follow through on non compliance
- understand material breach of law reporting requirements

Regular
monitoring
– what
should you
be looking
for?

- CIPFA Guidance
 - Are KPI's being met?
 - Breaches and errors
 - Trends over time on tasks
 - Customer feedback
 - Data issues?
 - Are employers meeting their requirements?
 - Is the administration team delivering on the priorities on the business plan?

**London Borough of Bromley
Local Government Pension Scheme**

Local Pension Board Annual Work-Plan

Task	Method	Frequency
1. Review monthly Pensions Administration Reports and Key Performance Indicators (KPI's). These are produced by our third party administrator and will be circulated on a monthly basis to all Board Members.	By consideration of the Pensions Administration Reports sent by email to Board members.	Monthly
2. Review the compliance of scheme employers (i.e. LBB, Schools, Academies & Admission Bodies) with their duties under the Regulations and relevant legislation.	By consideration of Pensions Administration Reports sent by email to Board members, together with attendance at General Purposes and Licensing Committee meetings where appropriate.	As and when required.
3. Assist in the development and review of scheme documentation as is required by the Regulations.	By consideration of draft documentation as and when it is produced or reviewed, together with attendance at and/or participation in Pensions Investment Sub-Committee meetings and General Purposes and Licensing Committees where appropriate.	As and when required.
4. Consider Fund Investment reports to ensure compliance with the published Statement of Investment Principals and relevant legislation.	By consideration of the Fund Investment reports sent to Board members, together with attendance at and/or participation in Pensions Investment Sub-Committee meetings.	In line with meetings of the Pension Investment Sub-Committee.
5. Assist with the development and review of scheme member communications, as required by the Regulations and relevant legislation.	By consideration of draft documentation produced by the Pensions Manager and/or Liberata UK Ltd, as and when produced or reviewed, at which time Board members will be invited to provide comments and recommend amendments.	As and when required.

6. Review the outcome of both internal and external audit reports for any issues of non-compliance.	By consideration of internal and external Audit reports together with the Annual Audit Letter.	Annually
7. Review of the Pension Fund Annual Accounts and Statutory Accounts.	Consideration of documents issued directly to Board members.	Annually
8. Monitor complaints relating to the Administration and Governance of the Scheme.	By consideration of the Pensions Administration Reports sent by email to Board members. Together with individual cases brought to the attention of the Board.	Monthly
9. Review the training requirements of Board members.	Self-assessment against the standards expected of Board members.	Ongoing
10. Any other activities within the stated purpose (i.e. assisting the Administering Authority) to secure compliance with the Regulations and other associated legislation.	By whatever means is appropriate to the task	As and when required.

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

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