

LOCAL PENSION BOARD

Minutes of the meeting held at 3.00 pm on 7 February 2023

Present:

Emma Downie (Board Member, in the Chair)
Brayan Bernal-Gil, and Lesley Rickards

Also Present:

Carrie Adubufour, Martin Doyle, Dan Parsons and Kerry Nicholls

ELECTION OF CHAIRMAN FOR THE MEETING

In the absence of the Chairman, the Board appointed Emma Downie as Chairman for the meeting.

RESOLVED: That the Local Pension Board appoint Emma Downie as Chairman for the meeting.

21 APOLOGIES FOR ABSENCE

Apologies for absence were received from Vinit Shukle.

22 DECLARATIONS OF INTEREST

There were no additional declarations of interest.

23 MINUTES OF THE MEETING HELD ON 22 NOVEMBER 2022

RESOLVED: That the minutes of the meeting on 22 November 2022 be agreed.

24 MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 1 DECEMBER 2022

RESOLVED: That the minutes of the meeting of the Pensions Committee on 1 December 2022 be noted.

25 REPORT FROM THE PENSION FUND COMMITTEE Report CSD23028

The Board considered a report presenting the minutes and documents reviewed at the meeting of the Pensions Committee on 1 December 2022 which comprised the MJ Hudson report on Pension Fund Performance Q2 2022/23; key developments in the Local Government Pension Scheme; the response to the Taskforce for Climate Related Financial Disclosure consultation; and the Abatement Policy which had now been formalised.

With regard to the response to the Taskforce for Climate Related Financial Disclosure, the Head of the Pensions Shared Service advised that going forward a minimum of two scenarios would be required for the Pension Fund. These would comprise a scenario aligned to the Paris Agreement, a legally binding international treaty on climate change with a goal of limiting global warming to below 1.5°C compared to pre-industrial levels, and a scenario setting out the approach should the Paris Agreement not be followed. In response to a question from a Board Member on the Abatement Policy, the Head of the Pensions Shared Service explained that every Pension Fund was required to make a decision on whether pensioners in receipt of a Local Government Pension Scheme would be subject to an earnings test should they be re-employed by a Local Authority, and that abatement did apply to the Bromley Pension Scheme.

RESOLVED: That the Local Pension Board note:

- **The minutes of the meeting of the Pensions Committee held on 1 December 2022;**
- **Report of MJ Hudson on Pension Fund Performance Q2 0222/23;**
- **Key developments in the Local Government Pension Scheme;**
- **The response to the Taskforce for Climate Related Financial Disclosure consultation; and,**
- **The Formalising Abatement Policy.**

26 PENSION FUND ANNUAL REPORT 2021/22
Report CSD23026

The Board considered the draft annual report and accounts of the Bromley Council Pension Fund for the year ended 31 March 2022 which was approved by the Pensions Committee at its meeting on 1 December 2022. The annual report and accounts were subject to external audit so it was possible further revisions would be required prior to finalisation.

The Senior Accountant: Pensions advised that the key message of the Pension Fund Accounts 2021/22 had been one of stability with strong performance in Quarters 1 and 2 offsetting the more variable performance during Quarters 3 and 4 which was caused by global events. The results of the Triennial Valuation of the Bromley Pension Fund would be reported to the next meeting of the Pensions Committee on 22 February 2023, but initial indications suggested that the Bromley Pension Fund continued to perform strongly and had improved its position over the past three years. A Board Member noted that there had been no Internal Audit work related to the Bromley Pension Fund for the 2021/22 financial year. The Senior Accountant: Pensions confirmed that there was no requirement for Internal Audit to undertake work related to the Bromley Pension Fund on annual basis, but that the annual report and accounts were subject to a robust external audit process prior to finalisation.

RESOLVED: That the Local Pension Board note:

- **The draft annual report and accounts of the Bromley Council Pension Fund for the year ended 31 March 2022;**
- **That the Board would be notified of the completion of the external audit for both the Bromley Pension Fund and the Council; and,**
- **That the Board would be notified when the annual report and accounts were published as final.**

**27 PERFORMANCE MONITORING REPORT 2022/23
 Report CSD23025**

The Board considered a report providing the Local Pension Board with information to assess whether the Bromley Pension Fund was complying with the Pension Regulator's Code of Practice on Governance and Administration of public service pension schemes.

In introducing the report, the Head of the Pensions Shared Service outlined key achievements of Liberata since 1 April 2022 which included provision of Member Data to the Actuary to support the valuation of the Bromley Pension Scheme and the Annual Benefit Statements and Annual Allowance Statements which were issued by the required deadlines of 31 August and 5 October 2022 respectively. Liberata also delivered a pension webinar to 300+ employees on 8 December 2022 which gave an overview of the Pension Scheme, entitlement and explanation of figures provided in the Annual Benefit Statements. Annual Disaster Recovery testing had been successfully completed; however, further information had been requested from Liberata regarding their internal cyber policies and security accreditations. The main software provider used by the Local Authority was Heywood Pension Technologies which was used by a number of administrators of local government pensions. It was proposed to extend the existing contract with Heywood Pension Technologies to deliver service continuity in the run-up to the introduction of Pensions Dashboard functionality in December 2024, and this would be subject to a full tender exercise in Summer 2023 to ensure best value.

RESOLVED: That the Local Pension Board note:

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

**28 REPORT ON THE REVIEW OF THE FUNDING STRATEGY STATEMENT TO APPLY TO THE PENSION FUND VALUATION
Report CSD23027**

The Board considered a report setting out the revised Funding Strategy Statement to apply to the Pension Fund Valuation. Any concerns raised by the Board with regard to the revised Funding Strategy Statement would be reported to the next meeting of the Pensions Committee on 22 February 2023.

The Head of the Pensions Shared Service advised that the revised Funding Strategy Statement look a long-term view of the economy and investments applied to the Pension Fund Valuation and that the current long-term assessment was one of stability. A consultation on the revised Funding Strategy Statement would be undertaken with all Bromley Pension Scheme employers prior to its presentation to the Pensions Committee for approval.

RESOLVED: That the Local Pension Board note:

- **The revised Funding Strategy Statement; and,**
- **The draft communication to all scheme employers to consult on the revised Funding Strategy Statement.**

Lesley Rickards, Member Representative left the meeting at 3.36 pm. As the Board was no longer quorate, the formal meeting ended; however, the meeting continued on an informal basis to 3.55 pm.

29 LOCAL PENSION BOARD - VERBAL UPDATE ON LATEST LGPS MATTERS

The Board received a presentation from the Head of the Pensions Shared Service on the latest matters related to the Local Government Pension Scheme which was attached at Appendix A.

In considering current matters, a requirement for climate risk reporting would be introduced from 1 April 2023 and a consultation was being undertaken on moving the revaluation date for 2023 to 6 April to mitigate the impact of annual allowance charges arising from the high inflation climate. The Royal Borough of Kensington and Chelsea had also given notice to leave the London CIV which had served as the LPGS pool for London since 2015. With regard to forthcoming changes, the McCloud remedy which removed the age discrimination judged within public sector pension schemes as a result of allowing older members to remain in legacy schemes continued to progress and would become law on 1 October 2023. Work was also being undertaken to equalise survivor benefits for widowers and progress a draft Bill implementing changes to Boycotts, Divestment and Sanctions.

In response to a question from the Chairman, the Head of the Pensions Shared Service advised that whilst the Local Authority was not currently using i-Connect, this secure platform automating the submission of pension data would be

implemented once the Member Self Service workstream had been delivered.

RESOLVED: That the update be noted.

30 DATE OF NEXT MEETING

The Committee agreed that a minimum of three meetings be held per annum and that the next meetings be arranged for June and October 2023. The dates of these meetings would be confirmed shortly.

31 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**

32 EXEMPT MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 1 DECEMBER 2022

The Part 2 (Exempt) minutes of the meeting of the Pensions Committee on 1 December 2022 were noted.

The Meeting ended at 3.36 pm

Chairman

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Pensions Shared Service
Camden • Merton • Richmond
Waltham Forest • Wandsworth



Local Pension Board

PENSIONS UPDATE

MARTIN DOYLE – HEAD OF PENSIONS SHARED SERVICE

7 FEBRUARY 2023



1

Official

Ministerial changes

LGPS minister DLUHC	Secretary of State DLUHC	Pensions Minister DWP
Kemi Badenoch Sept 2021 to 6 July	Michael Gove Sept 2021 to 6 July	Guy Opperman June 2017 to 8 Sept
Paul Scully 7 July to 27 Oct	Greg Clark 7 July to 6 Sept	Alex Burghart 20 Sept to 27 Oct
Lee Rowley 27 Oct	Simon Clarke 6 Sept to 25 Oct	Laura Trott 27 Oct
	Michael Gove 25 Oct	

2

Official

On the Horizon



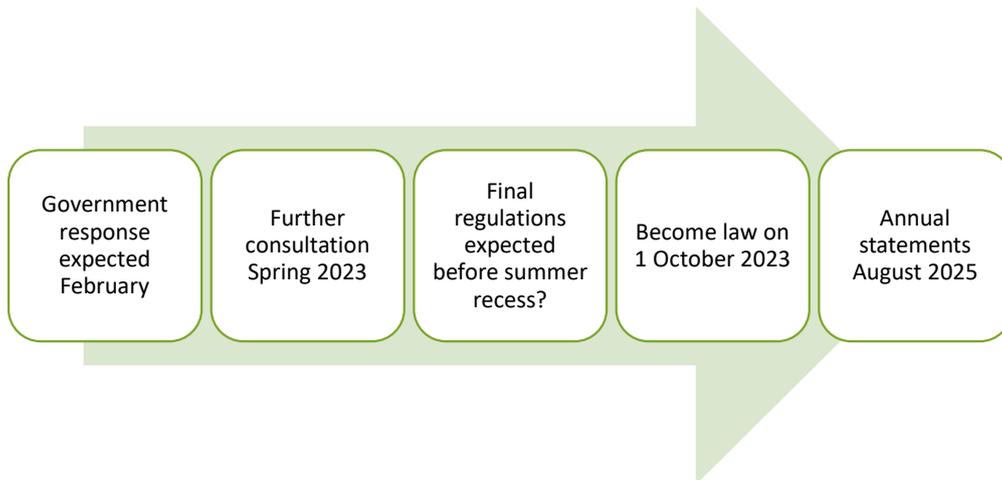
- McCloud remedy
- Survivor benefits
- Revaluation date
- Good governance
- Pooling
- Climate risk reporting
- Boycotts, divestments and sanctions
- Cost control



3

Official

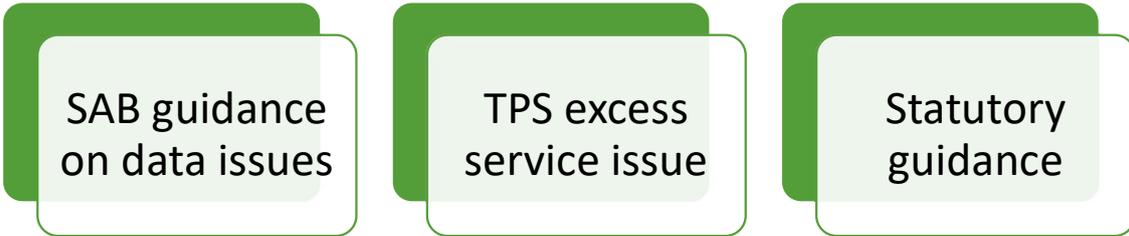
McCloud timeline



4

Official

McCloud remedy



5

Survivor benefits

- Equalising widower's benefits
- Removing age 75 limit for death grant
- Both retrospective
- Consultation in Spring

6

Official

Revaluation date

lgps | Local Government
Pension Scheme

- Consultation on moving from 1 to 6 April
- To fix annual allowance issue
- Scheme year stays the same
- Too late for software suppliers to automate pensions increase
- Overpayments / Manual calculations / Club transfers?
- Impact on McCloud?



7

Official

Good governance

lgps | Local Government
Pension Scheme

- Almost all SAB's recommendations being taken forward
- Workforce strategy
- Monthly data collection mandated
- Administration KPIs
- Enhanced training requirements
- Demonstrating compliance and offering resilience

8



Investment Policy - pooling

Since the 2015 Budget...

A variety of models are still being explored

Lack of direction and consistency of interest from Ministers

RBKC decision not entirely unexpected

When will the long-awaited consultation emerge?

Greater clarity and transparency are the keys

Focus on desired outcomes and success criteria

We need a firm decision, but the right one

Is consensus possible?

9

Investment Policy – now for a bit of politics

Climate risk reporting

- DLUHC consultation closed in November (120 responses)
- Regulations unlikely by 1 April
- But data collection needs to be in place by then
- Role of pools in delivering consistency and excellence

Boycotts, Divestment and Sanctions

- We understand a draft Bill is nearly ready
- How prescriptive, how monitored and how enforced?
- This isn't straightforward – Israel/OPT, Russia, China

10

Cost Control

- 2016 Scheme valuation concluded but judicial review pending
- 2020 Scheme valuation - reformed process
- Consultation on changes to SAB cost control expected