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DATE: 19 June 2023

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 **TUESDAY 27 JUNE 2023 AT 3.00 PM**

PLEASE NOTE: This will be a virtual meeting held via Microsoft Teams. Members of the press and public can view the meeting by contacting the Clerk (details above) to request joining details for the virtual meeting.

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 7 FEBRUARY 2023** (Pages 1 - 6)

4 **MINUTES OF THE PENSIONS COMMITTEE MEETINGS HELD ON 22 FEBRUARY, 13 MARCH AND 24 MAY 2023** (Pages 7 - 18)

5 **REPORT FROM THE PENSION FUND COMMITTEE** (Pages 19 - 54)

6 **LOCAL PENSION BOARD ANNUAL REPORT** (Pages 55 - 68)

7 PERFORMANCE MONITORING REPORT 2022-23 FULL YEAR AND 2023-24 YEAR TO 31ST MAY 2023 (Pages 69 - 98)

8 ANY OTHER BUSINESS

9 DATE OF NEXT MEETING

3.00pm, Thursday 12 October 2023

10 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.

	dItems of Business	Schedule 12A Description
11	**EXEMPT MINUTES OF THE PENSIONS COMMITTEE MEETINGS HELD ON 22 FEBRUARY, 13 MARCH AND 24 MAY 2023** (Pages 99 - 110)	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

LOCAL PENSION BOARD

Minutes of the meeting held at 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 successful 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 COMMITTEE

Minutes of the meeting held at 7.00 pm on 22 February 2023

Present:

Councillor Keith Onslow (Chairman)
Councillor Kira Gabbert (Vice-Chairman)
Councillors Simon Fawthrop, Julie Ireland, Simon Jeal, Jonathan Laidlaw, Christopher Marlow, Ruth McGregor and Tony Owen

Also Present:

John Arthur, MJ Hudson

29 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Sam Webber and Councillor Julie Ireland attended as his substitute.

30 DECLARATIONS OF INTEREST

There were no additional declarations of interest.

31 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received.

32 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 1 DECEMBER 2022, EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

RESOLVED: That the minutes of the meeting held on 1 December 2022 be approved.

33 MATTERS OUTSTANDING FROM PREVIOUS MEETINGS

The Chairman observed that matters outstanding from previous meetings would be considered within the discussions on other agenda items.

RESOLVED: That matters outstanding be noted.

34 PENSION FUND PERFORMANCE Q3 2022/23 Report FSD23020

The report provided a summary of the investment performance of Bromley's Pension Fund in Quarter 3 of the 2022/23 financial year and included information on general financial and membership trends of the Pension Fund as well as details of key developments in the Local Government Pension Fund (LGPS) expected during the next five years.

With regard to the Strategic Asset Allocation Review undertaken by MJ Hudson, a Member noted that it was proposed to reduce equity exposure and increase diversification within the Fund by investing £20M into both the US Dollar account and the Fidelity Fixed Interest portfolio now that fixed interest returns had increased, as well as £15m into both of the Fund's Multi-Asset Income portfolios. Whilst this would serve to bring the Fund more into line with the Strategic Benchmark, the Member expressed a preference for greater investment in Multi-Asset Income portfolios as a potentially more lucrative long-term investment option. The Chairman observed the proposed investment represented a minor change within overall fund and that the rebalancing would help ensure the Fund had sufficient liquidity in the short to medium-term. Another Member expressed a preference for Fixed Interest investments as Multi-Asset Income portfolios outsourced the Fund's investment choices.

Work had also been undertaken by MJ Hudson to explore a potential investment in the Local Authority's Meadowship Homes Scheme which had concluded that the proposed investment currently offered relatively poor value in comparison with other opportunities. The Chairman suggested the investment not be pursued at this time; however, another Member argued that the wider benefits of the investment should be taken into account, including its long-term security. Other Members supported this view and the Committee agreed that further work be undertaken to compare the Meadowship Homes Scheme with another social housing investment and presented to a future meeting of the Pensions Committee.

The Senior Advisor: MJ Hudson advised the Committee that the Founder and Chief Executive Officer of MJ Hudson had recently stepped down and the company would be sold. Whilst this was not anticipated to impact overall service provision, the situation would be kept under review with regular updates provided to the Local Authority.

RESOLVED: That:

- **The contents of the report and information contained in the related appendices be noted including**:

  a) Appendix 5 which detailed:

  - **Bromley's Strategic Asset Allocation review by independent adviser MJ Hudson and proposed actions for rebalancing the portfolio;**
  - **Advice from MJ Hudson on the opportunity to rebalance and diversify into affordable housing in Bromley via a potential new phase in the Meadowship Homes project; and,**

- **Advice from MJ Hudson around currency hedging.**

b) Appendix 8 which set out the key developments in the LGPS expected during the next 5 years; and,

- **MJ Hudson's recommendation to rebalance the portfolio as outlined in Appendix 5 be agreed and funds transferred.**

35 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

36 CONFIRMATION OF EXEMPT MINUTES - 1 DECEMBER 2023

The Part 2 (Exempt) minutes of the meeting held on 1 December 2022 were approved.

37 PENSION FUND TRIENNIAL VALUATION

The Committee considered a Part 2 (Exempt) report on the Pension Fund Triennial Valuation.

38 PENSION FUND 2022 DRAFT FUNDING STRATEGY STATEMENT

The Committee considered a Part 2 (Exempt) report presenting the Pension Fund 2022 Draft Funding Strategy Statement.

39 POOLING MATTERS

The Committee considered a Part 2 (Exempt) report on Pooling Matters.

The Meeting ended at 10.45 pm

Chairman

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PENSIONS COMMITTEE

Minutes of the meeting held at 7.00 pm on 13 March 2023

Present:

Councillor Keith Onslow (Chairman)
Councillors Robert Evans, Simon Fawthrop, Simon Jeal, Jonathan Laidlaw, Christopher Marlow, Ruth McGregor, Tony Owen and Sam Webber

Also Present:

Councillor Kira Gabbert (observing)
John Arthur, MJ Hudson

40 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Kira Gabbert and Councillor Robert Evans attended as her substitute.

41 DECLARATIONS OF INTEREST

There were no additional declarations of interest.

42 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 22 FEBRUARY 2023, EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

In response to a question from a Committee Member, the Senior Advisor: MJ Hudson advised that it was anticipated that the sale of MJ Hudson would take place in the coming weeks.

RESOLVED: That the minutes of the meeting held on 22 February 2023 be approved.

43 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

44 CONFIRMATION OF EXEMPT MINUTES - 22 FEBRUARY 2023

The Part 2 (Exempt) minutes of the meeting held on 22 February 2023 were approved.

45 POOLING MATTERS

The Committee considered a Part 2 (Exempt) report on Pooling Matters.

The Meeting ended at 8.27 pm

Chairman

PENSIONS COMMITTEE

Minutes of the meeting held at 7.00 pm on 24 May 2023

Present:

Councillor Keith Onslow (Chairman)
Councillor Kira Gabbert (Vice-Chairman)

Councillors Dr Sunil Gupta FRCP FRCPath, Adam Jude Grant, Simon Jeal, Christopher Marlow, Ruth McGregor and Sam Webber

Also Present:

John Arthur, Apex Group Ltd (formerly MJ Hudson)

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors David Jefferys and Andrew Lee and Councillors Dr Sunil Gupta and Adam Jude Grant attended as their respective substitutes. Apologies for absence were also received from Councillor Jonathan Laidlaw.

2 DECLARATIONS OF INTEREST

Councillor Keith Onslow declared that a close family member was employed by Fidelity International but that they had no connection to the Local Authority's account.

Councillor Kira Gabbert declared that she had funds invested with Fidelity International.

Councillor Ruth McGregor declared that she had a pension fund invested with Fidelity International.

Councillor Christopher Marlow declared that his employer's pension fund was invested with Fidelity International.

3 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received.

4 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 13 MARCH 2023, EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

RESOLVED: That the minutes of the meeting held on 13 March 2023 be approved.

5 MATTERS OUTSTANDING FROM PREVIOUS MEETINGS

There were no matters outstanding.

6 PRESENTATION FROM FIDELITY INTERNATIONAL

The Committee received a presentation from Fidelity International representatives, Ian Fishwick, Portfolio Manager – Fixed Income and David Barber, Relationship Director – UK Institutional providing an investment update on the London Borough of Bromley Pension Fund.

As at the end of March 2023, the London Borough of Bromley Pension Fund had approximately £142M invested in two of Fidelity International's fixed income funds comprising the Sustainable UK Advocate Bond Fund and the Sterling Corporate Bond Fund. The Pension Fund also had £124.3M and £65M invested in Fidelity's multi-asset Diversified Income Fund and the UK Real Estate Fund respectively. Performance in the two Fixed Income funds had been reasonably successful over the past year compared with the benchmark and performance of the Diversified Income Fund had improved during Quarters 3 and 4 and was now achieving a return of around 5% growth per annum. The challenging economic climate had impacted performance of the UK Real Estate Fund during the 2022/23 financial year; however, the fund was now recovering and had outgrown its benchmark by 1% in the 12 months to the end of March 2023.

The Chairman asked the representatives of Fidelity International for their views on a potential UK recession. The Portfolio Manager – Fixed Income stated that in his view it was likely the United States of America would experience a period of recession in the short- to medium-term, in which case the UK would be affected and may also go into recession. The current economic focus of the UK was on reducing inflation and the associated cost of living via increased interest rates and this made a recession more likely. The Chairman also asked about confidence in property values in relation to the Pension Fund's investment in the UK Real Estate Fund and the Relationship Director – UK Institutional advised that whilst property values had undergone a revaluation over the past year, there was now increasing activity in this area.

A Member highlighted the difficulties in finding an appropriate benchmark for multi-asset funds which aimed to balance investments across different asset classes and queried whether a greater focus should be placed on fixed income funds now that returns were increasing. The Director of Finance further underlined the need for the case to be made for diversified investment over fixed income, particularly as these products tended to carry a higher risk, and the Relationship Director – UK Institutional confirmed that the yield from the Diversified Income Fund was increasing. On a related note, a Member was concerned at a potential increase in loan defaults due to rising interest rates and the Portfolio Manager – Fixed Income noted that an increase in defaults was anticipated for which banks were well-prepared, but there was concern that quantitative tightening would create some volatility in the market. In summing up, the Chairman suggested that whilst there were challenges inherent to investing in equity and bonds, this option also offered flexibility and therefore represented a valuable asset to the Pension Fund.

A Member queried the proportion of derivatives within Fidelity's fixed interest funds to which the Portfolio Manager – Fixed Income responded by explaining that this included the hedging of currency and the rate risk in these bonds as well as the use of a denominated Government bond future to mitigate the US interest rate risk. Performance risk was further managed by trading the 10-year interest rates of the UK, United States of America, European Union and six other countries with a view to reducing the exposure of the portfolio to interest rates. This measured approach required collateral to be held within the Portfolio which resulted in a higher proportion of derivatives.

The Chairman thanked the representatives of Fidelity International for their excellent presentation and asked that the Committee's thanks be conveyed to Paul Harris, the outgoing Relationship Director.

RESOLVED: That the presentation from Fidelity International be noted.

7 PENSION FUND PERFORMANCE Q4 2022/23
Report FSD23032

The report provided a summary of the investment performance of Bromley's Pension fund in Quarter 4 of the 2022/23 financial year and included information on general financial and membership trends of the Pension Fund as well as details of key developments in the Local Government Pension Fund (LGPS) expected during the next five years.

In considering the report, the Chairman was pleased to note that the London Borough of Bromley Pension Fund remained approximately 115% funded which represented a healthy position and advised that the Government guidance on potential new requirements within the LGPS regulations on mandatory pooling was expected to be published shortly. A Member noted that the SDA had also recently published a report on asset management market performance which was likely to impact future investment opportunities and the Director of Finance would follow this up with fund managers after the meeting. The Local Authority's existing investment with Baillie Gifford had recently been transferred to the London Collective Investment Vehicle following the decision by the Pensions Committee on 13 March 2023. In light of this transfer, the Committee agreed that that the published schedule of Fund Manager attendance for the 2023/24 financial year be amended to schedule presentations from Baillie Gifford and Morgan Stanley for the next meeting of the Pensions Committee on 11 September 2023, with the planned presentation from MFS to be rescheduled to 12 February 2024. It was further agreed that fund managers be requested to provide their presentations to the Committee at least one week prior to the meeting to allow more time for Members to review this information.

The Committee received an update from the Senior Advisor: Apex Group Ltd (formerly MJ Hudson) who confirmed that MJ Hudson had been bought by global financial services provider, Apex Group Ltd and that this was not anticipated to impact existing service provision. In presenting his quarterly report, the Senior Advisor: Apex Group explained that there had been a rebound across nearly all asset classes since October 2022 and that fund performance had slightly outperformed the benchmark over the same period. It was considered likely that there would be a period of recession impacting the United States of America and the UK in the short- to medium-term and it was likely that the next few years would be challenging from an investment perspective. The Bromley Pension Fund's tactical asset allocation continued to deviate from the Strategic Asset Allocation Benchmark in being overweight in equities although this disparity had reduced following a recent rebalancing exercise. Moving forward, Environmental, Social and Governance would be a key area of focus and the Senior Advisor would be meeting with the London Collective Investment Vehicle in Summer 2023 to explore this further, including carbon weighting on pensions investments. In response to a query from a Member, the Senior Advisor: Apex Group Ltd advised that whilst currency hedging offered an investment option, outcomes were often unpredictable and required the right entry point.

In considering the update, a Member was concerned that the Strategic Asset Allocation Benchmark continued to be overweight in equities and the Chairman provided reassurance that he would be reviewing this prior to the next meeting of the Pensions Committee on 11 September 2023. The Member expressed concern at reviewing the Strategic Asset Allocation on a six-monthly basis as it was important to take a longer-term view of investments and another Member underlined the need to differentiate between rebalancing the Strategic Asset Allocation, which was undertaken on a three-yearly basis, and rebalancing the Portfolio in line with the Strategic Asset Allocation Benchmark which could be taken forward at any time. The Strategic Asset Allocation had been considered at the meeting of the Pensions Committee on 1 December 2022, but no decisions had been made at that time in response to ongoing economic uncertainties. The Committee agreed that the three-yearly Strategic Asset Allocation be considered further at the meeting of the Pensions Committee on 6 December 2023 and a Member suggested that this include consideration of the impact of a potential recession on investments in the short- to medium-term.

RESOLVED: That:

- **The contents of the report and information contained in the related appendices be noted including:**

a) Appendix 5 which detailed:

- **Asset allocation after the rebalancing of Fund assets;**
- **A special note on MJ Hudson's assessment of the current banking crisis; and,**

- **A report in the Part 2 (Exempt) agenda which covered one of the options of the asset allocation review.**

b) Appendix 6 which set out the key developments in the Local Government Pension Fund expected during the next five years.

8 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

9 CONFIRMATION OF EXEMPT MINUTES - 13 MARCH 2023

The Part 2 (Exempt) minutes of the meeting held 13 March 2023 were approved.

10 MEADOWSHIP HOMES REPORT

The Committee considered a Part 2 (Exempt) report on Meadowship Homes.

The Meeting ended at 9.04 pm

Chairman

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Report No.
CSD23088

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**LOCAL PENSION BOARD**
Date:	**27 June 2023**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**REPORT FROM THE PENSION FUND COMMITTEE**
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 are recommended to review the minutes and selected appendices from the meetings of the Pensions Committee held on 22 February, 13 March and 24 May 2023 and report any comments or concerns to the Pensions Committee's next meeting.

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2. RECOMMENDATIONS:

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

- **Minutes of the meetings of the Pensions Committee on 22 February, 13 March and 24 May 2023 (see Agenda Items 4 and 11); and,**

- **Report on Pension Fund Performance Q4 2022/23 (see Appendix A) and Appendices considered at the meeting of the Pensions Committee on 24 May 2023;**

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: No Executive decision.

Procurement

1. Summary of Procurement Implications: N/A

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,499 current active members, 7,557 deferred pensioners and 6,017 pensioner members (for all employers in the Fund) as at 31st May 2023.

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 Reviewing these documents will assist the scheme manager in ensuring the efficient governance and administration of the Scheme. With regard to any comments that the Local Pension Board may have on any other papers on this agenda, it is proposed that these be notified to the next Pensions Committee.

3.2 Reviewing the Pensions Committee documents will ensure that the Board is fulfilling its oversight function.

3. 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.

4. 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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Report No. FSD23032

London Borough of Bromley

APPENDIX A

PART 1 - PUBLIC

Decision Maker:	**PENSIONS COMMITTEE**
Date:	**24 May 2023**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**PENSION FUND PERFORMANCE Q4 2022/23**
Contact Officer:	Dan Parsons, Senior Accountant Tel: 020 8313 3176 E-mail: dan.parsons@bromley.gov.uk
Chief Officer:	Peter Turner, Director of Finance Tel: 020 8313 4668 Email: peter.turner@bromley.gov.uk
Ward:	Borough Wide

1. <u>Reason for report</u>

1.1 This report provides a summary of the investment performance of Bromley's Pension Fund in the 4th quarter of 2022/23. The report also contains information on general financial and membership trends of the Pension Fund and summarised information on early retirements.

1.2 The report also includes key developments in the Local Government Pension Fund (LGPS) expected during the next 5 years.

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2. RECOMMENDATIONS

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

2.2 The Pensions Committee is asked to note;

a) Appendix 5 which details;

- **Asset allocation after the rebalancing of Fund assets,**
- **A special note on MJ Hudson's assessment of the current banking crisis, and**
- **A report in Part 2 which covers one of the options of the asset allocation review.**

b) Appendix 6 which sets out the key developments in LGPS expected during the next 5 years.

Corporate Policy

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

2. BBB Priority: Excellent Council .

Financial

1. Cost of proposal: No cost

2. Ongoing costs: Recurring cost. Total administration costs estimated at £5.9m (includes fund manager/actuary/adviser fees, Liberata charge and officer time)

3. Budget head/performance centre: Pension Fund

    3. Total current budget for this head: £49.6m expenditure (pensions, lump sums, etc); £57.6m income (contributions, investment income, etc); £1,269m total fund market value at 31st March 2023

    4.

5. Source of funding: Contributions to Pension Fund

Staff

1. Number of staff (current and additional): 1 FTE

2. If from existing staff resources, number of staff hours: 36 hours per week

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Legal

1. Legal Requirement: Statutory requirement. Local Government Pension Scheme (LGPS) Regulations 2013 (as amended), LGPS (Management and Investment of Funds) Regulations 2016

2. Call-in: Call-in is not applicable.

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,509 current employees; 6,019 pensioners; 6,443 deferred pensioners as at 31st March 2023

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.

2. Summary of Ward Councillors comments: N/A

3. COMMMENTARY

3.1 Fund Value

3.1.1 The market value of the Fund ended the March quarter at £1,269.6m, up £24.8m as at 31st December. The comparable value as at 31st March 2022 was £1,330.0m. Historic data on the value of the Fund are shown in a table and in graph form in Appendix 1.

3.2 Performance Targets and Investment Strategy

3.2.1 Historically, the Fund's investment strategy was broadly based on a high level 80%/20% split between growth seeking assets (representing the long-term return generating part of the Fund's assets) and protection assets (aimed at providing returns to match the future growth of the Fund's liabilities). Between 1998 and 2012, Baillie Gifford and Fidelity managed balanced mandates along these lines, and, a comprehensive review of the Fund's investment strategy in 2012 confirmed this high-level strategy. It concluded that the growth element would, in future, comprise a 10% allocation to Diversified Growth Funds (DGF) and a 70% allocation to global equities, with a 20% protection element remaining in place for investment in corporate bonds and gilts.

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

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

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

3.2.5 In February 2023, the portfolio was rebalanced. The Committee agreed to sell £70m of the Baillie Gifford Global Equity Fund to purchase £20m of the Fidelity Fixed Interest Fund, £15m each of the Fidelity and Schroders Multi-Asset Income Funds and put £20m into the US Dollar account awaiting drawdown into the Morgan Stanley International Property Fund.

3.2.6 The Committee voted to pool the remaining Baillie Gifford Global Equity Fund with the London Collective Investment Vehicle. As at the time of writing this report the in-specie transfer was due to finalise on 22nd May 2023. A verbal update will be given at the meeting.

3.3 Summary of Fund Performance

3.3.1 <u>Performance data for 2022/23 (short-term)</u>

A detailed report on fund manager performance in the quarter ended 31st March 2023 is provided by the fund's external adviser, MJ Hudson in Appendix 5. The total fund return for the fourth quarter was -1.03% against the benchmark of 3.24%. Further details of individual fund manager performance against their benchmarks for the quarter, year to date, 1, 3 and 5 years and since inception are provided in Appendix 2.

3.3.2 Medium and long-term performance data

The Fund's medium and long-term returns have remained strong overall, though this year there was variable performance in the first three quarters, and there has been underperformance versus benchmark. In 2021/22 there was a return of 0.7% against a benchmark of 8.69%. There was a return of 34.1% against a benchmark of 23.6% in 2020/21. The returns for 2019/20 and 2018/19 were -2.74% and 8.0% against the benchmark of -1.87% and 8.3% respectively.

Performance rankings were available at the time this report was drafted. The overall Fund ranked 60th against the 62 funds in the PIRC LGPS universe for the year to 31st March 2022, 52nd over 3 years, third over 5 years, second over 10 years and first over 20 and 30 years.

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

Year	Whole Fund Return	Benchmark Return	Local Authority Average*	Whole Fund Ranking*
	%	%	%	
Financial year figures				
2021/22	***0.7***	***8.7***	***8.6***	***60***
2020/21	34.1	23.6	22.8	2
2019/20	-2.74	-1.87	-4.8	22
2018/19	8.0	8.3	6.6	11
2017/18	6.7	3.1	4.5	3
2016/17	26.8	24.6	21.4	1
2015/16	0.1	0.5	0.2	39
2014/15	18.5	16.4	13.2	7
2013/14	7.6	6.2	6.4	29
2012/13	16.8	14.0	13.8	4
3 year ave to 31/3/22	***10.7***	***10.1***	***8.9***	***52***
2015/16	10.6	8.9	8.3	1
2014/15	14.6	13.4	11.2	1
2013/14	8.4	7.5	6.4	6
2012/13	14.2	12.1	11.1	5
2011/12	2.2	2.0	2.6	74
2010/11	9.0	8.0	8.2	22
5 year ave to 31/3/22	***9.4***	***8.4***	***7.5***	***3***
2013/14	11.5	9.8	8.8	2
2012/13	13.6	12.0	10.7	1
2011/12	8.8	7.6	7.1	6
2010/11	10.7	9.2	8.8	11
2009/10	48.7	41.0	35.2	2
2008/09	-18.6	-19.1	-19.9	33
2007/08	1.8	-0.6	-2.8	5
2006/07	2.4	5.2	7.0	100
2005/06	27.9	24.9	24.9	5
10 year ave to 31/3/22	***11.2***	***n/a***	***8.3***	***2***
20 year ave to 31/3/22	***9.0***	***n/a***	***6.9***	***1***
30 year ave to 31/3/22	***9.5***	***n/a***	***8.4***	***1***

*The most recent LA averages and ranking as at 31/03/22 are based on the PIRC LA universe containing 63 of the 89 funds.

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

3.3.4 Performance Measurement Service

As previously reported in April 2016, the Council was informed that WM Company (State Street) would cease providing performance measurement services to clients to whom they do not act as custodian with effect from June 2016. There are currently no providers offering a like for like service, so the Council is using its main custodian, BNY Mellon, to provide performance measurement information and the 2nd quarter summary of manager performance is provided at Appendix 2. PIRC currently provide LA universe comparator data and, at the time of writing, has 62 of the 89 LGPS funds (71%) signed up to the service including the London Borough of Bromley.

3.4 **Early Retirements**

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

3.5 **Admission agreements for outsourced services**

3.5.1 Bromley MyTime has made its pension deficit repayments in line with the draft repayment plan. The amount outstanding is approximately £0.8m.

3.5.2 The March Year End Accounting exercise for London Borough of Bromley is underway.

3.5.3 Member Self Service pensions portal and I-Connect (employer) portal are being implemented by Aquilla Heywood. The project is progressing well and the VPN connection between Liberata and Heywood is now established and working. Training has been completed and user acceptance testing is now underway. Estimated date for implementation of MSS is now mid-2023.

3.6 **Fund Manager attendance at meetings**

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

Meeting 11 Sept 2023 – MFS
Meeting 6 Dec 2023 – Schroders
Meeting 21 Feb 2024 – Baillie Gifford

4. POLICY IMPLICATIONS

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

5. FINANCIAL IMPLICATIONS

5.1 Details of the outturn for the 2021/22 pension fund revenue account are provided in Appendix 4 together with fund membership numbers. A net provisional surplus of £20.3m including re-invested income of £11m. A net provisional surplus of £9.3m excluding re-invested income occurred during 2021/22 and membership numbers rose by 521 in the year. In the fourth quarter of 2022/23 total membership numbers increased by 249.

6. LEGAL IMPLICATIONS

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

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

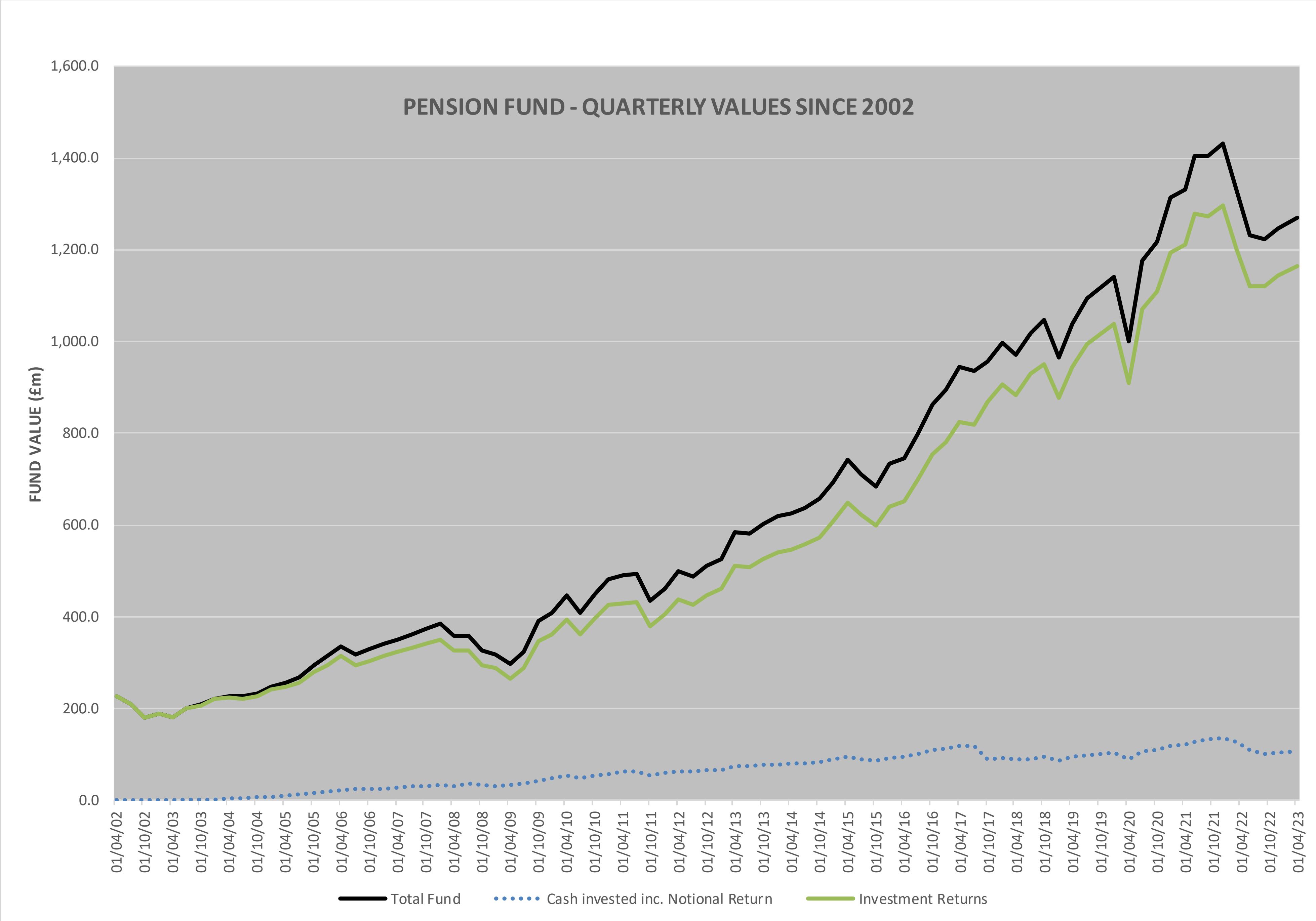
MOVEMENTS IN PENSION FUND MARKET VALUE SINCE 2002

	Baillie Gifford					Fidelity							Blackrock	MFS		Schroders	CAAM	
Date	Balanced Mandate	DGF	Fixed Income	Global Equities	Total	Balanced Mandate	Fixed Income	MAI	Property	Sterling Bond	USD ILF	Total	Global Equities	Global Equities	DGF	MAI	LDI Investment	**GRAND TOTAL**
31/03/2002	113.3				113.3	112.9						112.9						226.2
31/03/2003	90.2				90.2	90.1						90.1						180.3
31/03/2004	113.1				113.1	112.9						112.9						226
31/03/2005	128.5				128.5	126.7						126.7						255.2
31/03/2006	172.2				172.2	164.1						164.1						336.3
31/03/2007	156				156	150.1						150.1					43.5	349.6
31/03/2008	162				162	151.3						151.3					44	357.3
31/03/2009	154.4				154.4	143						143						297.4
31/03/2010	235.4				235.4	210.9						210.9						446.3
31/03/2011	262.6				262.6	227						227						489.6
31/03/2012	269.7				269.7	229.6						229.6						499.3
31/03/2013#	315.3	26.5			341.8	215.4						215.4			26.1			583.3
31/03/2014@	15.1	26.8	45.2	207.8	294.9		58.4					58.4	122.1	123.1	27			625.5
31/03/2015		45.5	51.6	248.2	345.3		66.6					66.6	150.5	150.8	29.7			742.9
31/03/2016		44.8	51.8	247.9	344.5		67.4					67.4	145.5	159.2	28.3			744.9
31/03/2017		49.3	56.8	335.3	441.4		74.3					74.3	193.2	206.4	28.5			943.8
31/03/2018$&			58	380	438		75.6	79.2	15.9			170.7	155.2	206.8				970.7
31/03/2019			59.2	416.5	475.7		78.7	78.8	48.6			206.1	11.4	230.2		115.8		1,039.20
31/03/2020			60.9	411.85	472.7		83.5	80.6	47			211.1		220.3		96.1		1,000.30
30/06/2020			65	529.8	594.8		88.4	87.5	45.6			221.5		254.3		106.8		1,177.40
30/09/2020/			65.4	524.8	590.2		89	128.3	44.7			262		259.2		106.6		1,218.00
31/12/2020\				585.3	585.3		91	133	45.5	67.7		337.2		278.8		111.7		1,313.00
31/03/2021				597.7	597.7		85.7	131.4	46.3	64.8		328.2		293.1		110.9		1,329.90
30/06/2021*				621.2	621.2		87.4	134.8	69.5	66.2		357.9		311.2		114.5		1,404.80
30/09/2021				614.6	614.6		86.5	134	71.6	65.4		357.5		319.5		113.3		1,404.90
31/12/2021				602.3	602.3		87.4	132.1	75.5	65.8	14.1	374.9		340		114.2		1,431.40

MOVEMENTS IN PENSION FUND MARKET VALUE SINCE 2002 CONTINUED

	Baillie Gifford					Fidelity							Blackrock	MFS		Schroders	MS	
Date	Balanced Mandate	DGF	Fixed Income	Global Equities	Total	Balanced Mandate	Fixed Income	MAI	Property	Sterling Bond	USD ILF	Total	Global Equities	Global Equities	DGF	MAI	USD Property	**GRAND TOTAL**
31/03/2022				527.8	527.8		81.2	125.5	77.9	61.2	14.8	360.6		332.9		108.7		1,330.09
30/06/2022				466.7	466.7		73.9	117.1	81.0	56.6	8.6	337.2		318.8		100.7	7.6	1,231.02
30/09/2022				474.4	474.4		65.5	109.8	78.0	50.6	5.3	309.2		329.2		97.6	11.8	1,222.20
31/12/2022				486.0	486.0		67.3	110.2	65.7	53.1	3.9	300.2		348.3		98.0	12.3	1,244.80
31/03/2023[x]				438.3	438.3		78.6	124.4	65.1	63.5	20.5	352.0		350.2		114.8	14.2	1,269.60

£50m Fidelity equities sold in Dec 2012 to fund Standard Life and Baillie Gifford DGF allocations.
@ Assets sold by Fidelity (£170m) and Baillie Gifford (£70m) in Dec 2013 to fund MFS and Blackrock global equities
$ £32m Blackrock global equities sold in July 2017 to pay group transfer value re Bromley College
& Assets sold by Baillie Gifford (£51m), Standard Life (£29m) and Blackrock (£19m) in Feb 2018 to fund Fidelity MAI and Property funds.
£ Assets sold by Blackrock (£120m) in May 2018 to fund Schroder MAI fund.
^ Assets sold by Blackrock (£20m) in August 2018 to fund Fidelity Property fund
* Assets sold by Blackrock (£13.7m) in December 2018 to fund Fidelity Property fund.
" Assets sold by Blackrock (£11.6m) in May 2019 to fund Fidelity MAI
/ Assets sold by Baillie Gifford (£41.2m) in Aug 2020 to fund Fidelity MAI fund
\ Assets sold by Baillie Gifford (£65.5m) in Oct 2020 to fund Fidelity Sterling Corporate Bond fund
*Assets sold by Baillie Gifford (£14.4m) in June 2021 to fund Fidelity Property fund
[x] Assets sold by Baillie Gifford (£70.0m) in Feb 2023 to rebalance the portfolio, and fund £20m of the Fidelity Fixed Interest Fund, £15m each of the Fidelity and Schroders Multi-Asset Income Funds and £20m into the US Dollar account awaiting drawdown into the Morgan Stanley International Property Fund.


PENSION FUND - QUARTERLY VALUES SINCE 2002
FUND VALUE (£m)
1,600.0
1,400.0
1,200.0
1,000.0
800.0
600.0
400.0
200.0
0.0
01/04/02
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01/04/20
01/10/20
01/04/21
01/10/21
01/04/22
01/10/22
01/04/23
Total Fund
Cash invested inc. Notional Return
Investment Returns

Page 31

PENSION FUND MANAGER PERFORMANCE TO MARCH 2023

Portfolio	Month %	3 Months %	YTD %	1 Year %	3 Years %	5 Years %	Since Inception %
Baillie Gifford Global Equity	1.37	5.05	(3.26)	(3.26)	12.28	8.95	8.64
Benchmark	1.00	4.53	(0.93)	(0.93)	16.00	10.21	8.05
Excess Return	0.36	0.52	(2.33)	(2.33)	(3.73)	(1.26)	0.59
Fidelity Fixed Income	1.35	1.51	(14.07)	(14.07)	(5.62)	(1.54)	5.00
Benchmark	2.07	2.38	(13.66)	(13.66)	(6.33)	(1.98)	4.25
Excess Return	(0.72)	(0.87)	(0.41)	(0.41)	0.71	0.43	0.75
Fidelity MAI	(0.97)	0.07	(9.12)	(9.12)	1.35	0.00	(0.24)
Benchmark	0.33	0.99	4.00	4.00	4.00	4.00	4.00
Excess Return	(1.29)	(0.91)	(13.12)	(13.12)	(2.65)	(4.00)	(4.24)
Fidelity Property	1.30	0.32	(14.00)	(14.00)	2.76	2.12	2.21
Benchmark	(0.07)	(0.22)	(14.47)	(14.47)	2.57	2.48	2.57
Excess Return	1.37	0.54	0.47	0.47	0.19	(0.36)	(0.36)
MFS Global Equity	(2.32)	0.57	5.24	5.24	16.66	11.10	12.12
Benchmark	0.93	4.39	(1.43)	(1.43)	15.47	9.66	10.66
Excess Return	(3.25)	(3.82)	6.68	6.68	1.19	1.44	1.46
Schroder MAI	(0.16)	2.62	(4.89)	(4.89)	4.72		0.12
Benchmark	0.41	1.23	5.00	5.00	5.00		5.00
Excess Return	(0.57)	1.39	(9.89)	(9.89)	(0.28)		(4.88)
Lon Borough Bromley USD	(3.17)	(6.78)	2.57	2.57			2.64
Total Fund	(0.27)	2.20	(3.72)	(3.72)	9.13	6.42	8.54
Benchmark	0.95	3.24	(2.59)	(2.59)	9.38	6.77	
Excess Return	(1.22)	(1.03)	(1.13)	(1.13)	(0.25)	(0.35)	

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

EARLY RETIREMENTS

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

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

Long-term cost of early retirements		**Ill-Health**		**Other**	
		No	£000	No	£000
Dec 22– Mar 23	- LBB	0	0	0	0
	- Other	0	0	0	0
	- Total	0	0	0	0
2022/23 total	- LBB	2	260	0	0
	- Other	1	56	1	25
	- Total	3	316	1	25
Actuary's assumption	- 2019 to 2022		1,400 p.a.		N/a
	- 2016 to 2019		1,200 p.a.		N/a
	- 2013 to 2016		1,000 p.a.		N/a
	- 2010 to 2013		82 p.a.		N/a
Previous years	– 2021/22	1	618	0	0
	- 2020/21	10	549	23	270
	– 2019/20	3	173	14	433
	– 2018/19	5	698	8	392
	– 2017/18	5	537	10	245
	– 2016/17	6	235	22	574
	– 2015/16	9	1,126	14	734
	– 2014/15	7	452	19	272
	– 2013/14	6	330	26	548
	– 2012/13	2	235	45	980

APPENDIX 4

PENSION FUND REVENUE ACCOUNT AND MEMBERSHIP

	Outturn 2021/22	Provisional as at 31 Mar 2023	Estimate 2023/24
	£'000	**£'000**	**£'000**
INCOME			
Employee Contributions	8,171	8,165	8,168
Employer Contributions			
- Normal	26,301	26,264	26,280
- Past-deficit	478	478	478
Transfer Values Receivable	4,567	5,859	5,213
Investment Income			
- Re-invested	11,057	11,200	11,130
- Distributed to Fund	14,169	13,071	13,620
Total Income	64,743	65,037	64,889
EXPENDITURE			
Pensions	30,353	29,447	29,900
Lump Sums	4,424	4,366	4,395
Transfer Values Paid	2,541	2,913	2,700
Administration			
- Manager fees	5,186	5,002	5,000
- Other (incl. pooling costs)	1,606	1,600	1,600
Refund of Contributions	271	226	250
Total Expenditure	44,381	43,554	43,845
Surplus/Deficit (-) - including re-invested income (RI)	20,362	21,483	21,044
Surplus/Deficit (-) - excluding RI[1]	9,305	10,283	9,914

MEMBERSHIP	**31/12/2022**	**31/03/2023**
Employees	6,371	6,509
Pensioners	5,966	6,019
Deferred Pensioners	6,385	6,443
	18,722	18,971

Note 1 It should be noted that the draft outturn net surplus of £20.4m in 2021/22 includes investment income of £11m which was re-invested in the funds so, in cashflow terms, there is a £9.3m cash surplus for the year.

London Borough of Bromley

Quarterly Report

Q4 2022

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Performance Summary

Market Indicators

	Index (Local Currency)	Q1 2023	Quarter-on-Quarter	YTD
Equities			**Total Return**	
UK Large-Cap Equities	FTSE 100	7,632	2.1%	2.1%
UK All-Cap Equities	FTSE All-Share	4,158	1.7%	1.7%
US Equities	S&P 500	4,109	7.9%	7.9%
European Equities	EURO STOXX 50 Price EUR	4,315	12.4%	12.4%
Japanese Equities	Nikkei 225	28,041	10.0%	10.0%
EM Equities	MSCI Emerging Markets	990	4.0%	4.0%
Global Equities	MSCI World	2,791	7.7%	7.7%
Government Bonds				
UK Gilts	FTSE Actuaries UK Gilts TR All Stocks	3,080	2.0%	2.0%
UK Gilts Over 15 Years	FTSE Actuaries Uk Gilts Over 15 Yr	3,797	2.8%	2.8%
UK Index-Linked Gilts	FTSE Actuaries UK Index-Linked Gilts TR All Stocks	4,172	4.3%	4.3%
UK Index-Linked Gilts Over 15 Years	FTSE Actuaries UK Index-Linked Gilts TR Over 15 Yr	4,786	4.9%	4.9%
Euro Gov Bonds	Bloomberg EU Govt All Bonds TR	213	2.5%	2.5%
US Gov Bonds	Bloomberg US Treasuries TR Unhedged	2,254	3.0%	3.0%
EM Gov Bonds (Local)	J.P. Morgan Government Bond Index Emerging Markets Core Index	130	4.8%	4.8%
EM Gov Bonds (Hard/USD)	J.P. Morgan Emerging Markets Global Diversified Index	818	1.9%	1.9%
Bond Indices				
UK Corporate Investment Grade	S&P UK Investment Grade Corporate Bond Index TR	338	2.4%	2.4%
European Corporate Investment Grade	Bloomberg Pan-European Aggregate Corporate TR Unhedged	217	2.0%	2.0%
European Corporate High Yield	Bloomberg Pan-European HY TR Unhedged	400	2.9%	2.9%
US Corporate Investment Grade	Bloomberg US Corporate Investment Grade TR Unhedged	3,072	3.5%	3.5%
US Corporate High Yield	Bloomberg US Corporate HY TR Unhedged	2,264	3.6%	3.6%
Commodities				
Brent Crude Oil	Generic 1st Crude Oil, Brent, USD/bbl	80	-7.1%	-7.1%
Natural Gas (US)	Generic 1st Natural Gas, USD/MMBtu	2.2	-50.5%	-50.5%
Gold	Generic 1st Gold, USD/toz	1,969	7.8%	7.8%
Copper	Generic 1st Copper, USD/lb	409	7.5%	7.5%
Currencies				
GBP/EUR	GBPEUR Exchange Rate	1.14	0.7%	0.7%
GBP/USD	GBPUSD Exchange Rate	1.23	2.1%	2.1%
EUR/USD	EURUSD Exchange Rate	1.08	1.3%	1.3%
USD/JPY	USDJPY Exchange Rate	132.86	1.3%	1.3%
Dollar Index	Dollar Index Spot	102.51	-1.0%	-1.0%
USD/CNY	USDCNY Exchange Rate	6.87	-0.4%	-0.4%
Alternatives				
Infrastructure	S&P Global Infrastructure Index	2,741	3.6%	3.6%
Private Equity	S&P Listed Private Equity Index	165	5.3%	5.3%
Hedge Funds	Hedge Fund Research HFRI Fund-Weighted Composite Index	17,820	1.7%	1.7%
Global Real Estate	FTSE EPRA Nareit Global Index TR GBP	3,519	-2.0%	-2.0%
Volatility			**Change in Volatility**	
VIX	Chicago Board Options Exchange SPX Volatility Index	19	-13.7%	-13.7%

Source: Bloomberg

All return figures quoted are total return, calculated with gross dividends/income reinvested.

The rebound across all asset classes since the October 2022 lows can be seen in the table above. I would note the heavy fall in oil and gas prices, which has been instrumental in inflation passing its peak, and the relatively strong performance of Gold in the face of continued economic uncertainty, both of these factors have continued since the quarter end.

Performance

The Fund rose by 2.2% over the first quarter of 2023, the Fund benchmark rose by 3.2% over the quarter. The 1% underperformance was driven by one of the Fund's managers MFS who underperformed their benchmark by 3.8% in the quarter and account for 28% of the Fund's assets. The Fund benefited from remaining overweight Global Equities against the Strategic Benchmark. This overweight was reduced late in the first quarter as the portfolio was partially rebalanced back towards the Strategic Benchmark weightings. Longer-term, the poor performance of the Baillie Gifford Global Equity portfolio during 2022 and difficult market conditions during this period of rapidly rising interest rates has taken the Fund performance below that of its Strategic Benchmark over 3 and 5 year period. Nonetheless the Fund has still returned 8.5% per annum since 1987 and it is this strong investment performance which has driven the improvement in the Fund's funding ratio.

Comment

Are we likely to enter a recession? My answer remains yes, we will find out over the next two quarters. (Probability 80%). Central banks are raising interest rates to slow demand and hence contain inflation. Historically, we have never seen central banks raise interest rates to just the right level to bring demand down to a non-inflationary level, that is why we have economic cycles and, across the globe, it usually takes longer than 5 years to bring inflation down to target levels after an inflationary spike, not 9 months.

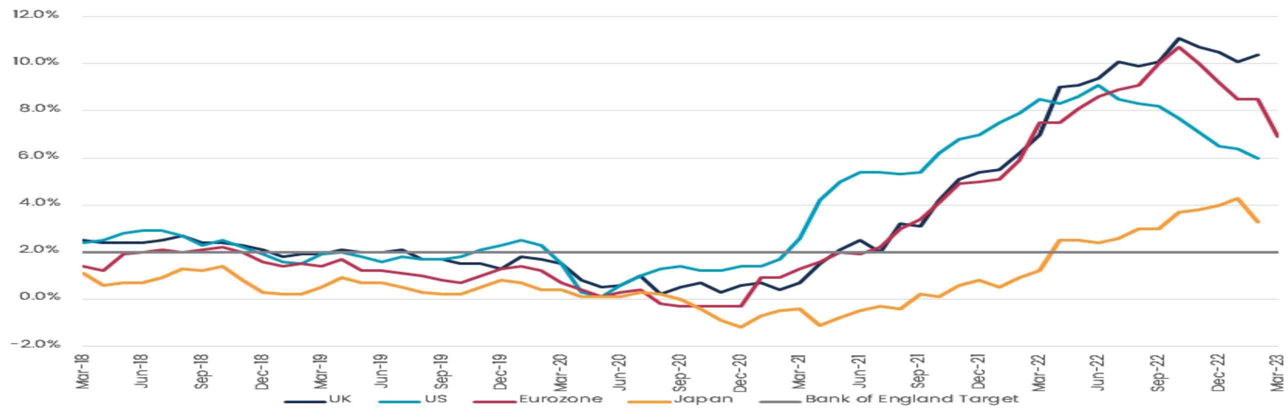
Will this be a shallow recession of a couple of quarters or a deeper longer lasting recession? The answer here is more balanced. Many developed economies continue to be driven by the consumer who still appears to have excess savings built up during the Covid pandemic. (Probability of a deep recession 50%; mild recession 30%).

Will the recent banking issues develop into a much more fundamental undermining of the banking industry? No, but the run on a number of US regional banks will have the effect of tightening credit conditions further and could be approximately equivalent to a 0.25-0.5% increase in interest rates. Banks borrow short-term money and lend it for a longer duration, When interest rates rise rapidly, as they have done, the cost of short-term deposits rises whilst it takes time for medium-term loans (e.g. mortgages) to roll off the books and reprice to reflect higher interest rates. If a bank has a concentrated and mobile deposit base and cannot realise their loan book or investments quickly and profitably, they are in danger of seeing a run on their deposits. Banks become more cautious and reticent about growing their lending book if they fear a loss of deposits, this leads to tighter credit conditions.

The chart below shows the Consumer Price Inflation (CPI) rate for the major economies. This is a year on year comparison and measures how much prices have changed against this time last year. We are now past the stage where the rapid rise in energy prices following the Russian invasion of Ukraine will fall out of the year on year comparison and be replaced by falling prices for energy as gas and oil prices have fallen back from their peak. This will push inflation lower at quite a pace and has the potential to push the headline inflation rate below 5% quite quickly in some regions.

As can be seen from this chart, US and then EU inflation have now peaked with the UK to follow.

Chart 1: CPI – Annual rate of Inflation - Five Years to March 2023



Source: Bloomberg

Notes: UK: UK CPI EU Harmonised YoY NSA (Ticker: UKRPCJYR Index); US: US CPI Urban Consumer YoY NSA (Ticker: CPI YOY Index); Eurozone: Eurostat Eurozone MUICP All Items YoY Flash Estimate (Ticker: ECCPEST Index); Japan: Japan CPI Nationwide YOY (Ticker: JNCPIYOY Index)

Already noted in the previous quarterly, other commodities and food prices are starting to fall and supply lines look to be functioning better as shown by falling shipping rates.

It is the consumer globally who is keeping the economy afloat at present as they work through the excess savings built up during the Covid pandemic but it is very difficult to understand how long this will last as the savings rate in any economy is not a fixed figure but varies considerably over time and, therefore, it is impossible to accurately calculate the level of excess savings and how long this will last at current spending rates. It is noticeable that spending on credit cards in the US has picked up recently suggesting current spending is starting to increase household debt rather than reduce savings.

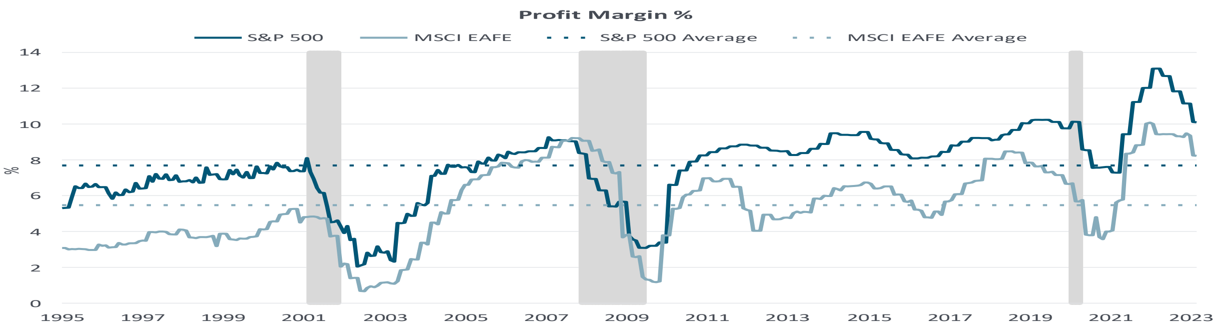
Inflation, like the pandemic, does not affect everyone equally. Both tend to have a more detrimental effect on the least well off. Businesses tend to be able to rise prices faster than workers can force wages higher, this can be particularly true in the public sector and those on benefits. In the UK, whilst average wages rose by 6.9% in the year to February 2023, that was a fall of 3.2% p.a in real terms given 10% annual inflation. The Rowntree Foundation estimates that UK unemployment benefit has fallen by 12% in real terms between March 2021 and March 2023. But even this underestimates reality for claimants as it is the basic food stuffs and necessities which have seen the steepest price rises in many cases. This unequal effect on individuals and countries of the Covid pandemic and then inflation is what is making it particularly difficult to understand when and how quickly the global economy will slow given the rise in interest rates. Inflation is often said to be a tax on the poor and whilst the effect of Covid and inflation on differing segments of society may be hidden within most economic figures it will have an effect on socio-economic factors and, in all likelihood, the political environment.

It is also noticeable that corporate profit margins remain high and many companies seem to be able to put through price rises and maintain margins at the current time, this will only last whilst the consumer continues to spend.

My expectation is for a pause to interest rate rises in the US and, potentially, elsewhere during the summer and for inflation to fall, but that the central banks will become concerned when they see that whilst headline inflation is falling, core inflation (excluding energy and food prices) is slower to respond and will require interest rates at current levels or higher for a considerable time. Markets are currently pricing in cuts to US interest rates by year end and I continue to see this as very unlikely with any attempt to cut rates into a slowing economy later in the year likely to be reversed during 2024 to combat stubbornly higher inflation.

Corporate profit margins are at extreme levels and suggests many companies have used inflation to push prices up in excess of costs. Some of this will be from the energy sector which had a bumper 2022 but the chart suggests there should be little further upside in profit margins from current levels and the potential for earnings downgrades during a recession is high. This would undermine current equity valuations. Note the collapse in margins during previous recessions as shown by the shaded areas in the chart below.

Cash Flows
Margins drive financial asset prices



Source: Bloomberg. Monthly data from 31 January 1995 to 31 March 2023. Shaded areas = US Recessions.
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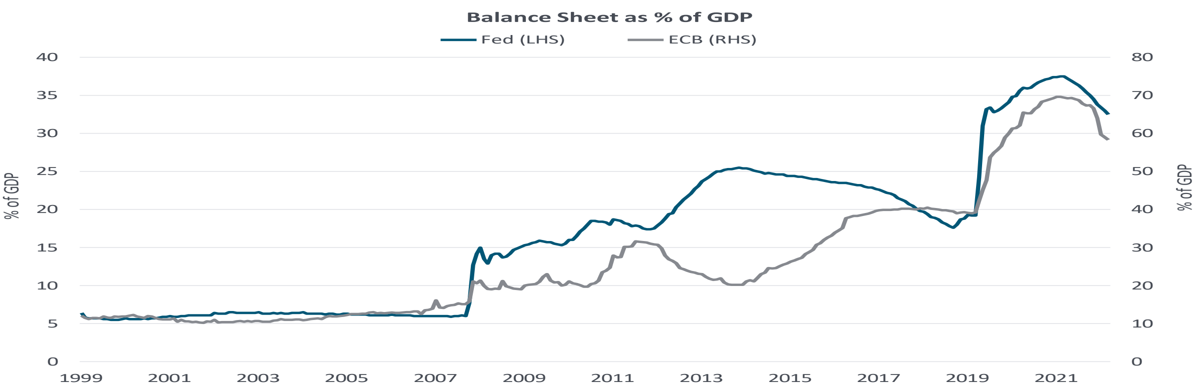
In the US there are signs of companies resorting to exceptional items to maintain profits with an increasing divergence of Generally Accepted Accounting Principles (GAAP) earnings and reported earnings. This again is a sign of coming stress in corporate earnings.

The last unknown is the effect of quantitative easing on the balance sheets of central banks. We have seen an unprecedented expansion of central bank balance sheets across the developed world as economies flirted with deflation during the 2010's. and again during the response to the economic impact of the Covid pandemic. Central banks would like to reduce their balance sheets and have started to sell off some of the accumulated bonds they have bought but this has only just begun and the effect of this is unlikely to be fully understood at the current time. We now recognise that quantitative easing inflated asset prices, it would therefore seem logical that quantitative tightening and the removal of cash from the monetary system will do the opposite?

A New Paradigm
Central Banks can no longer set market prices



Source: Bloomberg. Monthly data from 31 December 1999 to 28 February 2023. Fed = US Federal Reserve. ECB = European Central Bank.

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Asset Allocation

The Fund's tactical asset allocation continues to deviate from the Strategic Asset Allocation (SAA) Benchmark, being overweight equities. This has reduced following the rebalance last quarter with a £70m sale from the Baillie Gifford Global Equity portfolio transacted just before the collapse of Silicon Valley Bank and increased stress across the US regional banking sector. The money was reinvested into the Fidelity Fixed Interest portfolio (£20m); both the Fidelity and Schroders Multi-Asset Income portfolios (£15m each) and into US Dollar cash (£20m) awaiting drawdown into the Morgan Stanley International Property Fund. This approximately halved the deviations from the Funds Strategic Benchmark. With the sale coming from the Baillie Gifford Global Equity portfolio the split between the two Global Equity managers is now 55/45

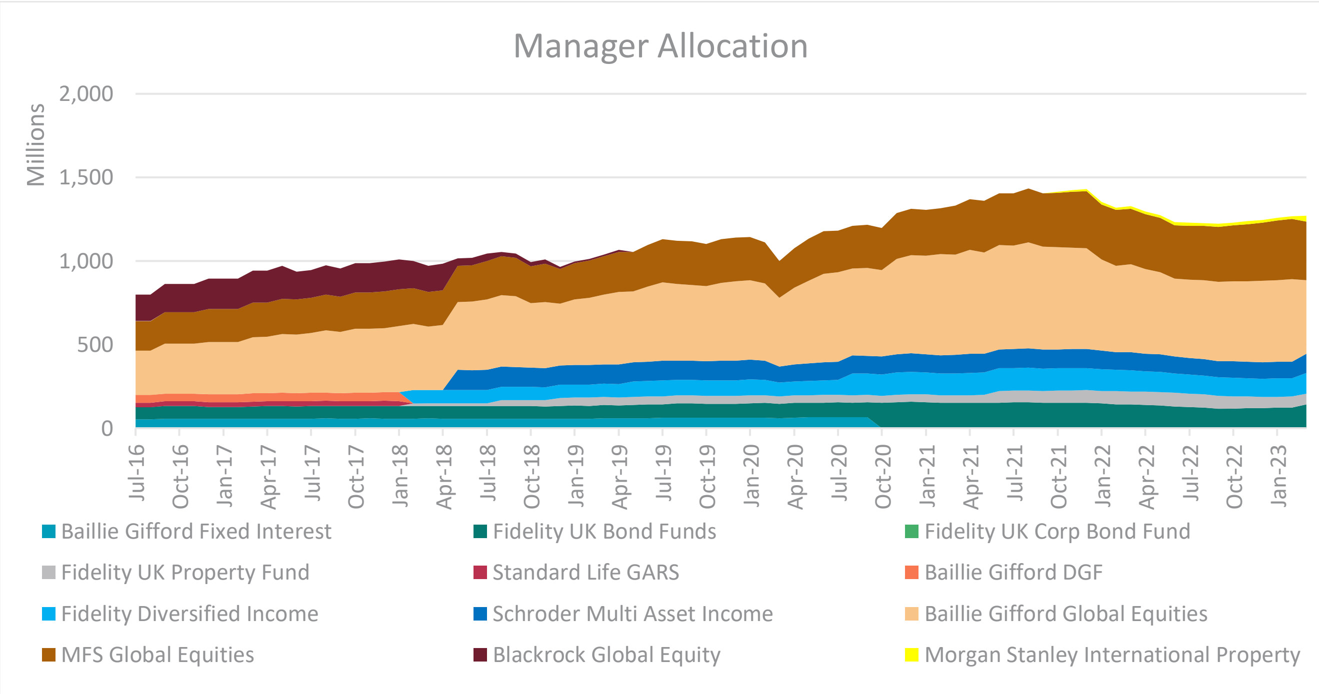
Given my comments above I would be happy to see a further reallocation to reduce the overweight in Global Equities and to reinvest into Fixed Interest as I see this as a more defensive asset class given my concerns about a pending recession.

Asset class	Asset Allocation as at 31/12/2022	New benchmark going forward	Position against the benchmark	Asset Allocation as at 31/3/2023	Position against the benchmark
Equities	67.0%	58%	+9.0%	62.1%	+4.1%
Fixed Interest	9.7%	13%	-3.3%	11.2%	-1.8%
Property	5.3%	4%	+1.3%	5.1%	+1.1%
Multi-Asset Income	16.7%	20%	-3.3%	18.8%	-1.2%
Int'l Property +US$	1.3%	5%	-3.7%	2.7%	-2.3%

Figures may not add up due to rounding

In early November your officers and the Chair held their triennial meeting with the Fund's asset managers to discuss expectations for future investment returns. There was a consensus on a major change in asset valuations driven by the rising Government Bond yields and, whilst a number of managers saw some attraction in various of the alternative asset classes such as Infrastructure, the main improvement in expected returns was in the liquid asset classes of equities and bonds, partly because these have been the fastest to reprice lower as interest rates have risen. Because of this and, as discussed at the last Pensions Committee meeting, I do not propose any changes to the Fund's Strategic Asset Allocation benchmark at this time.

The chart below shows the Fund's assets by manager/mandate.



Funding level

Date	Assets	Current Liabilities	Funding Level	Discount rate
31/3/10	£429m	£511m	84%	6.9%
31/3/13	£584m	£712m	92%	4.95%
31/3/16	£748m	£818m	91%	4.2%
31/3/19	£1,039m	£945m	110%	3.65%

31/3/22	£1,244m	£1,163m	115%	4.1%

The Funding level may deviate from the current assumption used in the table above due to the impact of legislative changes, changes to the actuarial discount rate or changes to inflation expectations as well as the level of investment returns achieved. The actuary assumes that future investment returns will cover the accrual of future pension liabilities. The actuarial revaluation from 31/3/2022 assumes CPI +2.0% to fund future accruals. I would expect the main challenge to be the assumptions used for long-term inflation which may have to rise from the 3.1% used in the 2022 revaluation. This will affect the assumptions used for pension increases and salary increases and is likely to increase the cash outflow from the Fund.

Cost Transparency Initiative (CTI)

In 2018, the CTI was tasked by the FCA with designing a standardised CTI template for asset managers to report all costs associated with managing an institutional client's money. The CTI is supported by Pensions and Lifetime Savings Association (PLSA), Investment Association (IA) and Local Government Pension Scheme - Scheme Advisory Board (LGPS SAB).

The CTI has now launched a standard template for managers to complete which details all costs borne by the investor, including management fees; admin and custody fees and transaction costs. The LGPS SAB has set up an LGPS Cost Transparency Compliance and Validation System with a company called BYHIRAS https://lgps.byhiras.com/ which can be accessed by LGPS Funds. The CTI Template is to be completed annually by investment managers but is voluntary.

I last reported on the CTI templates for the Fund in Q3 2020. This a repeat of that exercise.

All of the Fund's asset managers are a member of the CTI and I have reviewed the CTI templates for all the Fund's mandates with the exception of the International Property portfolio and regard them as fit for purpose. Because the International Property portfolio is in build-up phase, comparing costs to AuM will provide limited useful information at the current time. The management fees shown for each mandate are competitive and in line with the agreements that I am aware of and the transaction costs borne by each portfolio are acceptable. The two global equity portfolios, in particular, have low transaction costs compared to the industry average because both managers invest for the long-term and have a low turnover of holdings. Within the less liquid portfolios, the CTI templates are of less value and the reporting of the transaction cost much less detailed. This should improve going forward and the information in these reports should get more standardised over the coming years. Some of the managers have already provided these reports to Bromley, others are happy to do so upon request.

The table below shows the charges borne by the Fund for each mandate for the fiscal year 2019/20 as reported by the managers:

Mandate	AuM	Management Fee (inc VAT)	Transaction Costs	Comment
Baillie Gifford Global Equity	£438m	0.4513%	0.0518%	
MFS Global Equity	£350m	0.4369%	0.1091%	
Fidelity Fixed Interest	£142m	0.2303%[1]	-0.1484%	The manager added value by dealing within the spread when buying or selling securities.
Fidelity Multi-Asset Income	£124m	0.4193%[2]	0.1147%	Pooled fund so the transaction cost not fully included
Schroders Multi-Asset Income	£115m	0.554%	0.2685%	Management fee is 0.35% + VAT. Fees incurred within the pooled fund structure is 0.215%
Fidelity UK Property	£65m	0.89%	0.57%	Property, as an illiquid asset is more expensive to trade.

[1] Includes 40% fee discount for aggregation with Multi-Asset Income Fund
[2] Includes 33% fee discount for aggregation with Fixed Interest

I would treat these figures with care, there is plenty of scope for managers to interpret the requirements differently particularly around transition costs and the treatment of pooled funds. The management fees will not correspond exactly to fee rates agreed within your contracts as the CTI template presents annual information with costs calculated as a percentage of the period end Assets under Management (AuM) whereas the fees will be calculated and charged on a monthly or quarterly basis.

Environmental, Social and Governance

We are still awaiting a Government pronouncement on their Levelling-up agenda for LGPS Schemes and would expect that during this quarter. We are also awaiting comment on Taskforce on Climate-Related Financial Disclosure (TCFD) reporting for LGPS funds but it seems increasingly likely that this will slip into next year.

The Fund has commissioned Mercers to report on carbon emissions, I understand this report will look at the Fund's asset allocation and assume each portfolio is invested inline with the index for each asset class in order to produce an estimated carbon weighting for the entire Fund. Whilst this is of value, it will not take account of the actual managers used by the Fund. In the case of the Global Equity portfolios, in particular, the investment philosophy and process used by both Baillie Gifford and MFS leads them to invest away from carbon intensive industries and the figures they produce for the carbon intensity of their Bromley Global Equity portfolios are below the figures for the associated index which Mercers will be using in their calculation. In addition, both Schroders and Fidelity take carbon intensity into account when building their Multi-Asset Income and (for Fidelity) the Fixer Income portfolios. Again this has the effect of their portfolios showing a lower carbon intensity than the underlying index. Because of this, my assumption is that the figures produced by Mercers will overestimate the carbon intensity of the Fund but I will comment more on this report once it is published.

Executive Summary

- Q1 was a strong quarter for equities and bonds, however, the headline numbers obscure some dramatic market events that took place. Macroeconomic data was generally resilient in the quarter, as inflation continued to decline (with the exception of the UK), employment data generally showed tight labour markets and central banks continued their rate hikes, albeit at a slower pace. The focus on inflation and central bank outlooks took a backseat in early March, as a confidence crisis, which started with US-tech focused Silicon Valley Bank (SVB), spread to other similar US lenders (Signature Bank, First Republic), and then to struggling Swiss bank, Credit Suisse (CS). Central bank regulators acted swiftly to restore confidence: US Federal Reserve (US Fed) opened swap lines (providing liquidity to banks) and guaranteed depositors in the afflicted banks, while the Swiss National Bank (SNB) organised a rescue bid for CS from rival Swiss bank UBS. While these actions have restored confidence in the short-term, the underlying causes of the stress (mark-to-market losses on balance sheets combined with competition for deposits, both driven by the sharp rise in interest rates) remain, and are likely to have medium term repercussions.
- Despite the banking crisis mentioned, equity markets rose over the quarter and, in particular, were led by growth-oriented stocks (+14.9% for growth, +0.2% for value). However, the quarterly gain of +7.7% for the MSCI World (c. +6% in GBP terms) was not a smooth ride with the index up sharply in January, before declining in February and early March as the banking crisis unfolded and then rallying strongly to end the quarter up +7.7%. European and Japanese equities performed particularly strongly (around +12% and +7% in GBP terms respectively). The US Fed providing large amounts of liquidity led to long bond yields falling sharply in March despite a small upward move in short-term rates, resulting in performances between +2% and +5% for most fixed income and interest rate-sensitive alternative asset classes (except real estate, which continued to decline -2%). Index-linked gilts and EM debt performed particularly well. Energy prices softened (oil down -7%) and the US Dollar continued its weakening trend (-1%).
  - **It is worth highlighting the following themes, impacting investment markets:**
  - **Tighter credit conditions following the banking crisis makes recession more likely.** Keen competition between banks for deposits, together with the reaction to the SNB imposing losses on contingent "AT1" bondholders in the CS rescue, have put significant pressure on bank funding. This has fed quickly through to tighter credit conditions, which, by some measures, are as tight as they were following the 2008 financial crisis. So, while it is important to note that consumption and employment are still relatively strong in most developed economies, they are trending weaker, and the tight credit conditions will make survival tougher for any struggling businesses. This is likely to put pressure on corporate earnings in the second half of 2023, and increase defaults in credit portfolios.

- **Inflation – continuing to grind lower, but rates likely to remain elevated for some time.** The UK was the outlier in the quarter with annual CPI rising in February to +10.4%, having fallen for the prior 3 months. However, headline UK inflation is expected to decline in the months ahead (current consensus c. +5% in 2023 and +3% in 2024) as energy prices have fallen from their dramatic highs last year. But, while labour markets remain relatively tight, central banks are likely to maintain high short-term rates and there is potential for the energy genie to return later in 2023. So rate cuts still look to be some way off.
- **Volatility has increased in "stabilising" asset classes (fixed income).** Concerns over the path of US rates and the fallout from the banking crisis has led to increased volatility in bond markets. The MOVE index, which measures the volatility of the US Treasury bond market, ended 2022 at an already elevated level of 122 but spiked in March to 199, well above the Covid-19 March 2020 levels, as bond yields fell dramatically in mid-March 2023. While this volatility has affected the rate-sensitive (long) government bond market in particular, the next phase of tighter credit is likely to see increased volatility in asset-classes exposed to credit risk (corporate bonds, private debt etc).
- **Equity valuations rise despite earnings risk.** While US equities rallied strongly in Q1, analysts have at the same time lowered their forecast earnings for Q1 2023 and for full year earnings 2023. If correct, this will mark consecutive quarters of declining earnings and, for Q1 2023, the expected decline is the largest quarterly decline since the Covid impacted Q2 2020. This combination has led the forward earnings ratio for the S&P 500 to rise to 17.8x, from 16.7x at year end 2022. Companies have generally been guiding that they expect minimal revenue growth for 2023 and slightly contracting profit margins (albeit still at historically elevated levels of c. 11.2%). This appears to leave scope for disappointment.

- Global equities rose sharply in Q1, as investors initially embraced cooling inflation data in the US before strong US economic data (jobs report, ISM survey) reminded investors that the US Fed is still in a rate hiking cycle. The VIX declined over the quarter from 22 to 19, although reaching 27 in the midst of the March banking crisis.
  - In the US, the S&P 500 rose by +7.9% and the NASDAQ soared by +21.6%. Markets rallied despite the turmoil in banks in the US and Europe in March, seemingly driven by support from the US Fed and this potentially signalling a near term end to rate hikes.
  - UK equities rose +2.1% in Q1 but underperformed global equities and ending below the February high. Earnings updates from large index constituents in energy and financials drove strong performance. Economic data has also proven more resilient than dire forecasts in late 2022, with a sharp decline in energy prices contributing, and the Bank of England noting that while it still expects a recession in 2023 it now expects a shallower one than previously. The BoE raised the base rate in both February and March, by 50bps and then 25bps, to 4.25%.
  - The Euro Stoxx 50 rose by 12.4% in Q1, to follow its strong gain last quarter. Economic data was better than expected with falling inflation and a strong purchasing managers index result in February indicating strong business activity. The ECB raised the deposit rate twice by 50bps in the quarter, to 3.5%.
  - Japanese equities outperformed global equity markets, rising by +10.0% in Q1. Japanese equities appeared to be catching up to global equities after a weak Q4 and were buoyed by comments from the incoming new Bank of Japan Governor that he supported the current easy monetary conditions. Inflation has been rising in recent months but in February declined to +3.3% from +4.3% the month prior. The yen was largely flat vs the USD over the quarter.
  - Emerging market equities rose +4.0%, lower than global equities due to an -8.9% decline in the relatively expensive Indian equities market.
- Medium- and longer-term bond yields fell over the quarter resulting in solid performance for bonds, while very short-term yields rose following various central banks rate hikes. The US yield curve inversion as measured by the 10 year yield –2 year yield ended the quarter at -58bps, close to the 2022 year end -61bps, but much steeper than a peak in March of -107bps. In corporate bonds, high-yield credit and investment grade performed roughly in line as credit spreads for the high yield index tightened slightly over the quarter. Emerging market bonds rose 4.8% in local currency and 1.9% in hard currency.
  - The US 10-year Treasury yield fell in Q1, ending at 3.48% from 3.88%. US rates rose initially until early March, at which point the banking crisis led the US Fed to introduce new liquidity provisions. US CPI data prints also declined during Q1 but remain uncomfortably high (6.0% as of February 2023). The US Fed raised their policy rate 0.25% twice in the quarter (to 4.75%-5.0%) despite the banking crisis.
  - The UK 10-year Gilt yield fell from 3.65% to 3.49% and 2-year from 3.60% to 3.44%. Since Q4, UK Gilts have returned to their approximate positioning relative to Bunds (UK approx. +120bps) following the sharp yield spikes due to the September/ October 'mini budget'. The BoE hiked rates by 75bps in the quarter which led only short term rates to rise, with maturities from 2 years onwards all falling in yield.
  - European government bonds had a total return of 2.5% in Q1. Yield curves flattened further over Q1, as short end rates rose in response to the ECB raising its policy rate to 3.5% while yields for medium and longer-term yields fell. The German 10-year bund yield fell from 2.44% to 2.29%, while Italy's fell from 4.55% to 4.09%.

- US high-yield bonds narrowly outperformed investment grade, returning 3.6% and 3.5% respectively. European high-yield bonds returned 2.9%, outperforming the 2.0% for European investment grade and 2.4% for UK investment grade.

- Energy prices fell over Q1 which has supported recent headline inflation figures. Warmer weather over winter in Europe has resulted in a sharp downward repricing in natural gas, while for oil, markets continue to grapple with the trade-off between potential economic slowdown from tighter monetary policies vs a boost in demand from China re-opening and OPEC+ production cuts.
  - US gas prices fell -50.5% over Q1, reversing the sharp rise that occurred through 2021 and 2022 and are now back to 2020 levels.
  - Brent crude oil fell -7.1% over Q1, to US$80 per barrel at quarter end, although this was up from the mid-March price of US$73. Prices have continued to be volatile as fears of a recessionary fall in demand have clashed with supply side dynamics relating to Russia's invasion of Ukraine, OPEC+ production cuts and China's reopening from Covid restrictions.
  - Gold and Copper rose +7.8% and +7.5% respectively over Q1, with gold rising as investors sought a safe haven asset amidst the banking turmoil. Copper rose with a boost from China, a significant copper importer, loosening regulations on its stricken real estate sector which has been hampered since the 2021 property deleveraging policies. Gold and Copper closed Q1 at 1,969 USD/toz and 409 USD/lb, respectively.
- Global listed property continued to decline, with the FTSE EPRA Nareit Global Index falling -2.0% in Q1 2023.
  - The Nationwide House Price Index in the UK has continued its decline, with the price index down -1.8% for the quarter, and down -1.0% for the year. While only a modest decline, this is a considerable deterioration from the 9.5% YoY growth in Q3 2022, and 10.7% in Q2 2022.
  - European commercial property has also continued to decline in the face of higher interest rates, with the Green Street Commercial Property Price Index down by -2% this quarter and -15% for the past 12 months.
- In currencies, sterling strengthened against the US Dollar (+2.1%) and the euro (+0.7%) over the quarter, as the ongoing high and uncertain inflation in the UK is viewed as requiring a more lengthy period of tighter monetary policy. The US Dollar fell in Q1 (Dollar index -1.0%), continuing to reverse some of the prior 2022 Dollar strength.

Special Note: Anatomy of the Banking Crisis

While much has already been written about the banking crisis witnessed to date in 2023, a brief summary is: deposits at US banks rose sharply in 2020 and 2021 following the Covid social security payments, and perhaps due to a decline in spending following Covid restrictions, as well as large amounts of capital raised by venture capital firms which flocked to SVB. Interest rates fell to near zero given the extremely loose monetary policy. Banks then needed to use this capital to provide loans, or to invest in securities (commonly US Treasuries). Due to strict risk based capital requirements, many banks invested in Treasuries and engaged in interest rate hedging. SVB was particularly exposed due to: reducing its interest rate hedging ratio on securities leading to large unrealised losses, having an undiversified depositor base largely of Venture Capital firms, and having a large proportion of deposits above the US$250kFederal Deposit Insurance Corporation (FDIC) insured limit. Depositors and investors became alarmed that SVB would not be able to sell its securities to provide cash to depositors if required (essentially a 'bank run'). SVB's depositors then, en masse, began withdrawing cash, leading SVB to attempt to raise equity capital which proved unsuccessful. Signature Bank also had a very high proportion of uninsured deposits (90%) and was rapidly closed by the FDIC 2 days after SVB. Investors then turned their attention to CS, despite very different underlying issues, with CS more troubled by legacy profitability and compliance issues, leading to outflows of assets under management and deposits. With unfortunate timing, in early March CS announced an Stock Exchange Commission (SEC) assessment of issues in its financial reporting in 2021 and 2022 which triggered a share price drop. The following day, large investor Saudi National Bank declared it would 'absolutely not' invest further prompting a collapse in the share price and subsequent forced sale to UBS.

Performance report

Asset Class/ Manager	**Global Equities/ Baillie Gifford**
Fund AuM	£438m Segregated Fund; 34.5% of the Fund
Benchmark/ Target	MSCI All Countries World Index +2-3% p.a over a rolling 5 years
Adviser opinion	Short-term performance has been poor, acceptable longer term.
Last meeting with manager	John Arthur/John Carnegie by phone

The Baillie Gifford Global High Alpha portfolio rose by 5.1% over the quarter against a benchmark rise of 4.5%. Long-term performance is mixed with the portfolio underperforming over 5 years by -1.3% per annum and therefore failing to achieve its performance target, but has outperformed its benchmark by 0.6% per annum since inception in 1999.

This is now the third consecutive quarter when Baillie Gifford has marginally outperformed its benchmark. The overriding effect on the portfolio performance in 2022 was rising bond yields which raised the discount rate used to value future cash flows and dividends and hence lowered the valuation of equities, particularly those where much of the value is in the future because they are fast growing. This corresponds to the area where Baillie Gifford invest ('Growth' as a style). Bond yields peaked in the 3rd quarter of 2022 and so this valuation effect has not been a negative drag on the valuation of 'Growth' style equities over the last 6 months. The underperformance of high growth companies, driven by the rising discount rate, has been pretty indiscriminate and whilst Baillie Gifford have made a number of errors over the last few years, I would hope that their skill in analysis and idiosyncratic stock selection will now add value as the major dislocation in bond yields should now be behind us.

Unfortunately Baillie Gifford did invest into Signature Bank, a US regional bank, earlier this year, only to see the recent turmoil in the US regional banking sector result on a run on the deposits of this bank and the business was shut down by the regulator in March 2023. The portfolio lost 0.55 basis points (0.55%) in Signature Bank but, despite this, the Baillie Gifford portfolio outperformed the benchmark this quarter.

Asset Class/ Manager	**Global Equities/MFS**
Fund AuM	£350m Segregated Fund; 27.6% of the Fund
Benchmark/ Target	MSCI World Index (Developed Markets)
Adviser opinion	This portfolio should outperform in a more inflationary environment
Last meeting with manager	Elaine Alston/Robert Almeida/John Arthur 10/5/23

MFS focuses on companies with a below market valuation but where the business returns are consistent and the company has a strong competitive positioning within their industry which is defensible. This makes the business more stable in an environment where inflation is rising as they retain more pricing power.

The MFS portfolio rose 0.6% against a rise in the benchmark of 4.4% in the quarter. However, the portfolio outperformed its benchmark by over 10 % in 2022 having previously struggled to add value during a period of falling inflation and low interest rates. The portfolio has added 1.4% per annum over the last 5 years and 1.5% per annum since inception in 2013.

There was a noticeable switch back into growth stocks during the quarter with 'Growth' as a style outperforming 'Value' by over 15% in the quarter according to MSCI indices in US Dollars. MFS believe they invest in companies with a defensible business model which enables them to retain pricing power. During 2022, with inflation rising, many companies found it easy to raise prices in consumer facing businesses and much of the strong performance from MFS came from being in the right sectors e.g. Financials, Industrials and Consumer staples. Going forward, with inflation falling but still above central bank targets, the environment will become harder for MFS and their stock picking ability will be more closely examined as corporate margins come under pressure.

I have always asserted that the Fund's two global equity managers were very different in their investment philosophy and process and, because of this, the occasions when they outperform and underperform their benchmarks would be fundamentally different making their relative performance against the benchmark negatively correlated. If that is the case then by combining the two portfolios the Fund should achieve long-term outperformance of the benchmark but with a lower volatility than investing in either manager separately.

I have now analysed 5 years of quarterly performance data and the correlation coefficient between the performance, relative to the benchmark, of Baillie Gifford against MFS is -0.5%. This supports my view, stated above.

Asset Class/Manager	UK Aggregate Bond Fund and UK Corporate Bond Fund/ Fidelity
Fund AuM	£142m pooled fund; 11.2% of the Fund
Performance target	25% Sterling Gilts; 25% Sterling Non-Gilts; 50% UK Corporate Bonds +0.75 p.a rolling 3 year
Adviser opinion	Manager continues to meet long-term performance targets
Last meeting with manager	Phone call during the quarter: David Barber/John Arthur

The Fund has two similar Fidelity Fixed Interest portfolios. The UK Aggregate Bond Fund which has a benchmark that is 50% UK Gilts and 50% UK non-Gilts; the UK Corporate Bond Fund which has a benchmark consisting entirely of UK Investment Grade Corporates and, as such, contains slightly higher credit risk and achieves a slightly higher yield. The manager can invest outside of these benchmarks with a proportion of the portfolio including into overseas investment grade bonds hedged back to Sterling and higher yielding, non-investment grade bonds. These two portfolios are combined for reporting.

Portfolio	1Q23 performance	1 Year performance	Duration	Yield
UK Agg Bond	3.0%	-22.8%	7.8 years	5.3%
UK Corp Bond	5.8%	-18.4%	6.0 years	6.1%

The combined portfolio rose by 1.5% over the quarter but has fallen by -14.1% over the last 12 months. The portfolio has continued to add incremental value against the benchmark over longer time periods and has outperformed its combined benchmark by 0.4% p.a. over 5 years and 0.8% p.a. since inception in 1998. This 25-year outperformance is a good indicator of the value added by the manager. It is often easy to add value in rising bond markets when yields fall as the manager can take on extra credit risk, creating a higher yield in the portfolio. It is far harder for a manager to outperform when bond prices are falling and yields rising as any credit exposure is likely to fall by more than the index. Fidelity have performed roughly in-line with their benchmark during the current bond market retrenchment.

Asset Class/Manager	Mult-Asset Income / Fidelity
Fund AuM	£124m Pooled Fund; 9.8% of the Fund
Performance target	LIBOR +4% including a yield of 4% per annum
Adviser opinion	
Last meeting with manager	Meeting 26/1/23

Asset Class/Manager	Multi-Asset Income / Schroders
Fund AuM	£115m Pooled Fund; 9.0% of the Fund
Performance target	LIBOR +5% including a yield of 4% per annum
Adviser opinion	
Last meeting with manager	By phone during the quarter: John Arthur/ Russel Smith/Remi Olu-Pitan

The Fidelity Multi-Asset Income portfolio rose by 0.1% over the quarter whilst the Schroders portfolio rose by 2.6%. Over 12 months the Fidelity portfolio has returned -9.1% and the Schroders portfolio -4.9%. Over three years the Fidelity portfolio has risen by 1.4% per annum and the Schroders portfolio by 4.7% per annum. Both these returns are below their benchmark for each period. As previously noted, the benchmarks for these portfolios are of a cash +x style and, as such, will increase by a margin over cash each quarter irrespective of market moves. Whilst both portfolios have underperformed their respective cash benchmarks they do serve an important purpose in that they distribute dividends back to the main Fund which helps cover the cash outflow as pension payments become greater than employer and employee contributions. By removing the need to constantly divest assets from the Fund to cover this cash outflow the Fund is more secure and does not have to sell assets during a period of market stress. This enables the Fund to run a slightly higher risk investment strategy (more equities) which has boosted returns over the long-term.

Returns from these two Multi-Asset Income portfolios have been slightly disappointing and are a close match for the returns delivered by mainstream Multi-Asset portfolios which do not concentrate on delivering income. My expectation was for the income requirement to push the managers to analyse the balance sheet strength of their chosen investments more fully, selecting more financially sound holdings which should have fared better in turbulent markets. In reality, what appears to have happened, is that during the period of ultra-low yields, both managers were forced to take greater investment risk to meet the portfolios' yield requirement. I have spoken with the investment team at Fidelity in some depth and reiterated the expectation that, going forward, the portfolio will be less exposed to general market risk and potentially take more independent, idiosyncratic risk. Both portfolios require a month's notice of dealing and, as such, this should give the managers some comfort for holding some less liquid investment positions which provide a decent yield but are less volatile than the general market.

During 2022 there was some divergence between the performance of the two portfolios with Schroders managing the fall in bond prices and general market de-risking better than Fidelity who did not seem to recognise the potential for a correlated fall in bonds and equities which is what happened during 2022.

Asset Class/Manager	UK Commercial Property / Fidelity
Fund AuM	£65m Pooled Fund; 5.1% of the Fund
Performance target	IPD UK All Balanced Property Index
Adviser opinion	
Last meeting with manager	12/4/23 Alison Puhar/David Barber/ John Arthur

The Fidelity UK Property portfolio fell by 15.8% in the last quarter of 2022 as UK commercial property prices repriced to take account of the higher bond yields available. The first quarter of 2023 was a more stable affair with the Fund rising 0.3% against a benchmark fall of 0.2% Over three years the portfolio has risen by 2.8% p.a. outperforming its benchmark by 0.2% per annum. This has mainly been driven by the redevelopment of almost a quarter of the portfolio over the last few years with each redeveloped property returning to the market with a higher rent roll and therefore valuation.

Despite the weaker market environment, tenant demand has remained resilient and, with UK Gilt yields stabilising, liquidity is re-entering the market and giving a greater degree of conviction over pricing.

Over the last 5 years the UK Commercial Property benchmark has returned 2.5% per annum against 10% per annum for Global Equities and -2% per annum for the Fund's fixed Interest benchmark.

Asset Class/Manager	International Property / Morgan Stanley
Fund AuM	USD80m(£57.5M) committed / £12.3m drawn. Limited Partnership; 1.0% of the Fund
Performance target	Absolute return
Adviser opinion	
Last meeting with manager	Phone calls during the quarter John Arthur/Gareth Dittmer

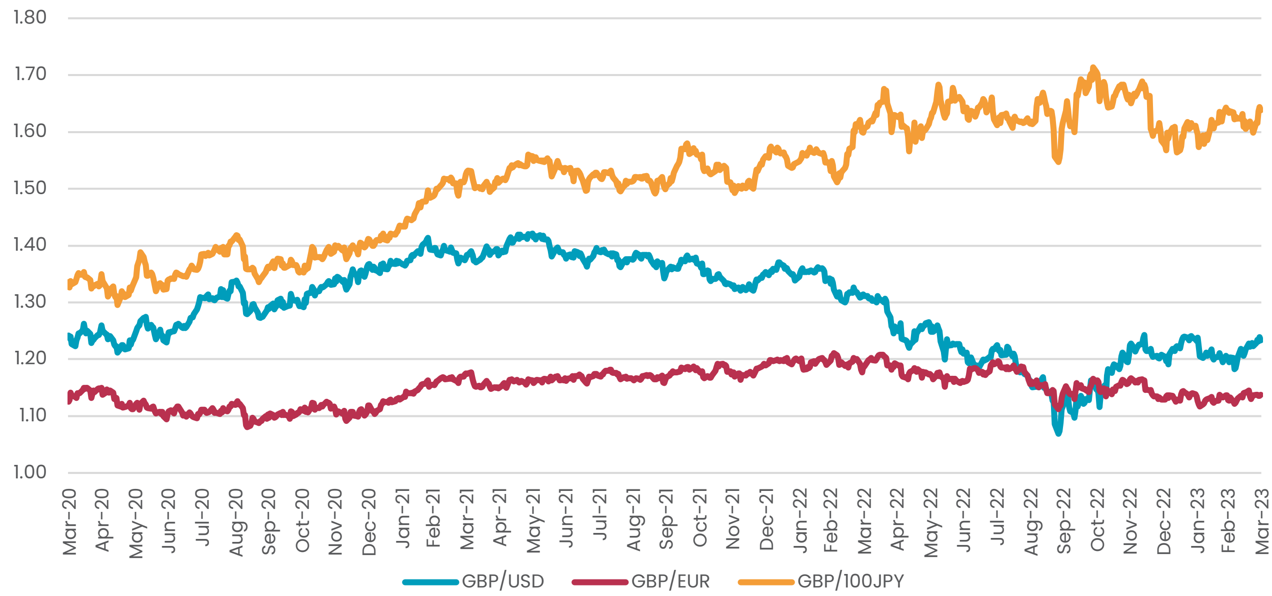
The International Property portfolio is now valued at £20m following further drawdowns this quarter. The Fund currently holds £15m in US Dollar cash to cover further drawdowns following the additional purchase of USD cash towards the end of this quarter. The manager expects to speed up the rate of investment through 2023 as prices are beginning to look more attractive although this may be back end loaded over the year.

Your manager believes that there will be opportunities to acquire assets from, or provide capital solutions to, public companies, funds and owners in need of liquidity as prices reset to reflect higher bond yields giving the potential to provide attractive risk adjusted returns relative to prior years within the portfolio. The existing assets are still performing well with an expected Internal Rate of Return (IRR) of 16% against a forecast of 18% at the time of investment with some assets in Japan (around Tokyo) approaching sale post partial rebuilds.

Currency

Please note the recent strength of Sterling against the US Dollar. This is more US Dollar weakness than Sterling strength, Sterling has been relatively stable against the Euro and the Japanese Yen. The effect of a weakening US Dollar will be to lower the Fund's returns in Global Equities where the currency is unhedged as well as to reduce the value of the US Dollar cash holding supporting the International Property allocation.

Chart 7: Three-Year Currency Rates of Major Currencies vs Pound Sterling



Source: Bloomberg

Notes: GBPEUR Spot Exchange Rate (Ticker: GBPEUR Currency); GBPUSD Spot Exchange Rate (Ticker: GBPUSD Currency); GBPJPY Spot Exchange Rate (Ticker: GBPJPY Currency)

APPENDIX 6

London Borough of Bromley Pension Fund

LGPS Updates

Investment			
Topic	**Description**	**Timescale**	**LBB Status**
1. Responsible Investment / Climate Risk Reporting	The Department for Levelling Up, Housing and Communities (DLUHC) has consulted on proposals that LGPS funds produce their first annual Climate Risk Report by December 2024. Administrating authorities will be expected to manage and report climate risks using four metrics covering absolute emissions, intensity of emissions, data quality and Paris Alignment. TPR have published a review of climate-related disclosures by occupational pension schemes. The paper sets out TPR's preliminary observations and feedback to industry, based on their review of a selection of climate-related disclosures published by occupational pension schemes. The review relates to private pensions schemes but contains observations which may be useful for LGPS funds ahead of the implementation of TCFD reporting (Click here)	We await the final regulations. The first reporting year is expected to be the financial year 2023/24 with the first reports by December 2024.	When the regulations are published by DLUHC an action plan will be produced by LBB.
2. Investment Policy - pooling	DLUHC is expected to consult on new statutory guidance on LGPS asset pooling. This will set out the requirements on administering authorities and replace previous guidance. SAB opinion: • A variety of models are still being explored • Lack of direction and consistency of interest from Ministers • Greater clarity and transparency are the keys • Focus on desired outcomes and success criteria	Consultation is still expected in 2023. In his Spring 2023 Budget, the Chancellor challenged the LGPS "to move further and faster on consolidating assets – a forthcoming consultation will propose LGPS funds transfer all listed assets into their pools by March 2025" and move towards "a smaller number of pools in excess of £50 billion to optimise benefits of scale". The Chancellor went on to say: "The government will also consult on requiring LGPS funds to consider investment opportunities in illiquid assets such as venture and growth capital".	LBB will keep a watching brief and, through consultation with the Pensions Committee, respond to further developments, guidance and regulations as and when they are published.

3. The Boycotts, Divestments and Sanctions Bill	It is expected the Bill will cover all public bodies and be wide ranging, covering everything related to expenditure, procurement, investment and treasury management. The Bill is intended to ensure that decisions made by a public body are in accordance with UK and foreign policy. Public institutions, including local councils, would be prevented from creating independent sanctions and boycotts against: • Foreign countries or those linked to them • The sale of goods and services from foreign countries • UK firms which trade with such countries	We understand that a draft Bill is imminent.	LBB will keep a watching brief and, through consultation with the Pensions Committee, respond to further developments, guidance and regulations as and when they are published.
Governance			
Topic	**Description**	**Timescale**	
1. The Good Governance Project. (click here)	The SAB expects almost all of its recommendations being taken forward: • The LGPS senior officer • Workforce strategy • Monthly data collection mandated • Administration KPIs • Enhanced training requirements • Demonstrating compliance and offering resilience	• Consultation on final regulations expected in 2023	As and when related regulations are published by DLUHC an action plan will be produced.
2. Cost control mechanisms for the LGPS following the 2016 Valuation	Public service pension schemes are subject to a cost cap mechanism. Scheme costs are measured at each actuarial valuation. If costs move too far from a target cost, then member contributions or benefits must be adjusted to return costs to the target level. The government decided that the McCloud remedy should be included in the costs compared against the target cost for the cost control exercise following the 2016 Valuation. Two union challenged this in the High Court. The judge, Mr Justice Choudhury, ruled the	The cost control exercise following the 2016 Valuation appears now to be closed without any backdated changes to scheme benefits.	No action needed.

	government's decision was not unlawful. He dismissed the applications on all grounds. The unions may seek permission to appeal.		
Administration			
Topic	**Description**	**Timescale**	
1. Exit Payment Cap	The Government has stated its intention to bring back the exit cap (also known as the £95K cap). In addition, we understand that it still plans to introduce changes to LGPS and Compensation Regulations at the same time as the exit cap is re-introduced.	No timescale has been provided by Government.	LBB will keep a watching brief and, through consultation with the Pensions Committee, respond to further developments, guidance and regulations as and when they are published.
2. McCloud	The Government has previously outlined the key changes that the Government will make to the LGPS regulations to remove the unlawful age discrimination. The statement confirmed that: • the age requirement for underpin protection will be removed; • the remedy period will end on 31 March 2022; • the underpin calculation will be based on final pay at the underpin date, • even when this is after 31 March 2022; there will be two stages to the underpin calculation: the first on the underpin date – the date of leaving or on the normal pension age in the 2008 Scheme, if earlier. The second stage will be applied when the benefits are paid; and the regulations will be retrospective to 1 April 2014.	On 6 April DLUHC published its response to its autumn 2020 consultation on the changes required to the LGPS to address the discrimination outlined in the McCloud judgment. There are no major developments in the response and there are some areas where DLUHC have delayed decisions, including on aggregation and flexible treatment. These topics will be taken forward into a further consultation in the Spring/Summer which will also include the proposed approach to interest on backdated benefits and compensation. The intention is that the final regulations will come into force on 1 October, with backdated effect from 1 April 2014. Any prospective benefit improvement will need to be shown in annual benefit statements from August 2025	Data collection exercise: Under the SAB and LGA guidance, LBB has completed the McCloud data collection exercise (most employers have responded). Resources: Resourcing impact considered and being addressed with Liberata and additional in-house resource Action required (subject to SAB and LGA guidance): - Project management - Data treatments for missing data and overriding current data
Consultation			
Topic	**Description**	**Timescale**	
1. GMP Equalisation	Following the original Lloyd Banking Group judgement in October 2018 to equalise GMP accrued between 17 May 1990 and 5 April 1997 between male and female members.	The position is currently under further consideration with Treasury.	LBB will keep a watching brief and, through consultation with the Pensions Committee, respond to further developments, guidance and regulations as and when they are published.

			Note: LBB has completed the GMP reconciliation project (Fund's GMP data vs HMRC). We are now in the process of completing the GMP rectification project.
2. Goodwin (click here for details)	On 20 July 2020, HMT issued a note confirming that, following a successful case against the Teachers' Pension Scheme (TPS), historical widowers' pensions in the public sector pension schemes discriminated against male members.	Consultation is expected in Spring/Summer 2023 on a retrospective award of widowers' pensions backdated to 2005.	LBB will keep a watching brief and, through consultation with the Pensions Committee, respond to further developments, guidance and regulations as and when they are published.
3. Removing age 75 limit for death grant lump sums	LGPS regulations do not allow for death grant lump sums to be paid if the member is aged 75 or over. The Government now considers this rule to be discriminatory.	Consultation is expected in Spring/Summer 2023 on a retrospective award of death grant lump sum to affected beneficiaries backdated to 2011.	LBB will keep a watching brief and, through consultation with the Pensions Committee, respond to further developments, guidance and regulations as and when they are published.
4. Moving CARE revaluation date from 1 April to 6 April.	The annual allowance (AA) is the maximum amount of pension savings an individual can make in any one tax year, from 6 April to 5 April, that benefit from tax relief. The standard AA limit is currently £40,000. For the 2022 to 2023 tax year, the September 2022 CPI of 10.1% is higher than it has been in recent years. This higher CPI would have led to high revaluation of CARE pensions for active members in the 22/23 tax year.	In March 2023, DLUHC passed the LGPS (Amendment) Regulations 2023 moving the annual revaluation date from 1 April to 6 April in effect deferring the inflationary uplift into the next tax year. This has minimised the risk of annual allowance tax charges for active members.,	No action needed.
5. Increase to the minimum pension age	In the Finance Act published on 1st March 2022, the Government has confirmed the increase in Normal Minimum Pension Age or "NMPA" from 55 to 57 with effect from 6 April 2028. The legislation protects members of registered pension schemes who before 4 November 2021 have a right to take their entitlement to benefit under those schemes at or before the existing NMPA.	With effect from 6 April 2028.	LBB will ensure that communications to members reflect this change.

6. Pensions Dashboards Programme (PDP) (click here for details)	Dashboards will enable anyone who has a UK pension not in payment (including LGPS pensions) to be able to view some key details of their pension information. Dashboards will present information from UK-based pension providers including the State Pension. The legislation assumes that all UK pensions will be included. The Pensions Dashboards Regulations 2022 were given approval by Parliament, empowering PDP to set dashboards standards that underpin legislation.	The Parliamentary Under Secretary of State for Pensions initiated a reset of the timing for the PDP program with no set connection date as at 2nd March 2023. DWP will provide a further update of revised connection timings in the summer of 2023. The full statement can be found here: Pensions Dashboard Update - 2 March 2023	In February 2023, LBB signed a contract to June 2025 with its current pensions software provider Heywood Ltd for the purchase of a digital interface to connect to pensions dashboards and conduct any necessary data cleansing to help pensions savers match with LBB data. LBB, along with all Pensions administering authorities, now awaits the update on the new connection deadline. Officers suggest that due to security concerns around using the members NINO there is now the possibility that the PDP program will be permanently shelved.
7. Task Force on Climate Related Financial Disclosures (TCFD)	TCFD reporting is already mandatory for large private pension schemes, other asset owners and asset managers. The first Local Government Pension Scheme climate risk reports will be completed by December 2024, with which administering authorities will set out their strategies and metrics for managing climate-related risks and opportunities, according to a new government consultation	Bromley PF submitted a response to the consultation before the 24 November 2022 deadline, which included the Chairman's comments on pooling and concerns over the additional resources required to comply with more statutory reporting requirements. The consultation response was emailed to the Pensions Committee and Board on 17 November. TCFD reporting is likely to be in force by March 2023 with first TCFD reports by December 2024.	Officers are currently assessing the most cost-effective method of complying with TCFD requirements. Officers initial enquires suggest a cost-effective solution is to ask the Investment Managers to do most of the heavy lifting on TCFD and produce an internal consolidated report and sensitivity analysis. Officers suggest that LGPS reporting requirements are fluid and likely to change. **Therefore, Officers will brief on alternatives and seek approval from the Pensions Committee in Q3 2023.**

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Report No.
CSD23089

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**LOCAL PENSION BOARD**		
Date:	**27 June 2023**		
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 Scheme Manager each year. In a report to the Pensions Investment Sub Committee, General Purposes and Licensing Committee and Council in February 2015.

2. RECOMMENDATIONS

2.1 Members of the Local Pension Board are asked to approve

- The draft LPB Annual Report at Appendix 1
- The draft LPB Workplan for 2023-24.

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. 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: No Executive Decision.

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): 6,509 current employees; 5,911 pensioners; 7,469 deferred pensioners as at 31st March 2023.

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 approve the contents of the Local Pension Board Annual Report and work plan for 2023-24.

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 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.

5.2 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.

5.3 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. LEGAL IMPLICATIONS

6.1 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.

Non-Applicable Sections:	Procurement/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.

APPENDIX 1

LONDON BOROUGH OF BROMLEY

LOCAL PENSION BOARD

ANNUAL REPORT June 2023

DRAFT

LONDON BOROUGH OF BROMLEY - LOCAL PENSION BOARD
ANNUAL REPORT
INDEX

Contents	**Page No**

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 7th February 2023, the board members were:

<u>Employer Representatives:</u>

- Brayan Bernal-Gil
- Emma Downie (chair)

<u>Member Representatives:</u>

- Lesley Rickards
- Vinit Shukle

. Board Meetings

4.1 In the year from April 2022 to March 2023, formal meetings of the Board took place on 22nd June 2022, 22nd November 2022 and 7th February 2023. The table below shows the attendance of those meetings:

	Employer Representatives		Member Representatives	
	Ms E Downie	Mr B Bernal-Gil	Mrs L Rickards	Mr V Shukle
Formal Meeting 22-06-22	✓	✓	✓	✓
Formal Meeting 22-11-22	✓	✓	✓	✓
Formal Meeting 07-02-23	✓	✓	✓	X

4.2 At the Local Pension Board meeting held on 22nd November 2022, Vinit Shukle was elected by the members of the Board to act as its Chair for a period of 12 months, succeeding Emma Downie, in line with the requirements of the Terms of Reference.

5. Board Activity

5.1 Members of the Board are also invited to attend meetings of the Pensions Committee.

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 “Cyber Risk and the LGPS” was presented to the Local Pension Board Meeting on 22nd November 2022 by the Head of the Pensions Shared Service.
- A training/consultation update on recent consultations, changes and developments affecting the Pension Fund was carried out by the Head of Pensions Shared Service at the Local Pension Board Meetings on 22nd June 2022, 22nd November 2022 and 7th February 2023.

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 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 meetings of the Board in the year.

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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APPENDIX 2

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 Principles and relevant legislation.	By consideration of the Fund Investment reports sent to Board members, together with attendance at and/or participation in Pensions Committee meetings.	In line with meetings of the Pension 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 Head of the Pensions Shared Service 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.

Task	Method	Frequency
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.

Report No.
CSD23090

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker:	**LOCAL PENSION BOARD**
Date:	**27 June 2023**
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	**PERFORMANCE MONITORING REPORT 2022-23 FULL YEAR AND 2023-24 YEAR TO 31ST MAY 2023**
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

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1. <u>Reason for report</u>

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.

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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): N/A
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: No Executive Decision

Procurement

1. Summary of Procurement Implications: N/A

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,499 current active members, 7,557 deferred pensioners and 6,017 pensioner members (for all employers in the Fund) as at 31st May 2023.

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 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.

3.3 The performance monitoring report attached in Appendix 1 provides detailed statistics, prepared based on Liberata's performance statistics between 1st April 2022 and 31ST March 2023 and Appendix 2 provides those statistics for the period 1st April 2023 to 31st May 2023.

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/Personnel Implications Impact on Vulnerable Adults and Children
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"

LONDON BOROUGH OF BROMLEY

PERFORMANCE MONITORING REPORT

2022-2023

LONDON BOROUGH OF BROMLEY - LOCAL PENSION BOARD
PERFORMANCE REPORT
INDEX

Contents **Page No**

1. Executive Summary

Appendix 1 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 2022 are:

Valuation – Member Data has been provided to Actuary

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 2022 deadline.

Annual Benefit Statements were issued to all active and deferred members by the statutory deadline, 31st August 2022.

The pensions increase letters were issued to all pensioners in April 2022.

For the 2023 pensions increase, Liberata have calculated the Pension Increase and finalised the spreadsheet for release to Payroll and distributor and provided the draft letters and notes to the printers for despatch.

Pension Webinar - Liberata provided a pension webinar to 300+ employees on 8th December 2022. Providing an overview of the pension scheme, entitlement and explanation of the figures provided in the annual benefit statements. The feedback from the webinar was very positive, but caused large volumes of enquiries from members and for one to one meetings.

External Audit - Liberata have provided the documentation to EY (the Auditors) to enable them to commence their review of the pension processes.

Factsheets and Forms for the LBB LGPS webpage - all documents have been updated, supplied and uploaded to the webpage.

Mortality Screening - a new upload of data has been provided to Target for the ongoing monthly mortality screening.

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 deaths; retirements and transfers which are covered later) 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	22	20	22	43	68	36	47	68	38	57	30	35
<=10 days	22	20	22	43	68	36	47	68	38	57	30	35
%<=10 days	100	100	100	100	100	100	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	26	51	25	33	40	43	36	35	19	24	54	38
<=15 days	25	46	25	29	38	41	35	34	18	23	46	35
%<=15 days	96	90	100	88	95	95	97	97	95	96	85	92
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	32	16	27	31	25	22	14	23	15	25	23	8
<=10 days	26	15	16	26	23	20	13	22	15	23	20	7
%<=10 days	81	94	59	84	92	91	93	96	100	92	87	88
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	0	1	0	0	0	1	0	0	0	0	0	0
<=10 days	0	1	0	0	0	1	0	0	0	0	0	0
%<=10 days	100	100	100	100	100	100	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	91	124	75	46	79	102	73	93	99	93	103	130
<=20 days	91	123	75	28	73	102	73	93	97	91	101	130
%<=20 days	100	99	100	61	92	100	100	100	98	98	98	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	8	8	5	14	23	9	10	2	7	3	6	8
<=10 days	8	8	5	14	23	9	10	2	7	3	6	8
%<=10 days	100	100	100	100	100	100	100	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	2	3	21	11	7	5	19	13	7	15	3	12
<=10 days	2	3	21	11	7	5	19	13	7	15	3	12
%<=10 days	100	100	100	100	100	100	100	100	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	9	17	16	14	22	16	12	16	3	5	23	12
<=10 days	9	17	16	14	22	16	11	16	3	5	20	12
%<=10 days	100	100	100	100	100	100	92	100	100	100	87	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	0	0	0	0	0	0	0	0	0	0
<=5 days	0	0	0	0	0	0	0	0	0	0	0	0
%<=5 days	100	100	100	100	100	100	100	100	100	100	100	100
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

2.2 Retirements

In the year to 31 March 2023, there were 318 retirement grants paid, of which 307 were met in the KPI target. This is equivalent to a performance standard level of 97%.

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

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	27	32	22	21	30	36	27	40	12	23	31	17
<=10 days	26	31	22	21	27	36	25	37	12	23	30	17
%<=10 days	96	97	100	100	90	100	93	92	100	100	97	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	27	32	22	21	30	36	27	40	12	23	31	17
<=10 days	26	31	22	21	27	36	25	37	12	23	30	17
%<=10 days	96	97	100	100	90	100	93	92	100	100	97	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	27	32	22	21	30	36	27	40	12	23	31	17
<=10 days	26	31	22	21	27	36	25	37	12	23	30	17
%<=10 days	96	97	100	100	90	100	93	92	100	100	97	100
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

2.3 Transfers

In the year to 31 March 2023, there were 42 enquiries in relation to transferring in, of which 41 were met in the KPI. This is equivalent to a performance standard level of 98%.

There were 56 enquiries in relation to transferring out, of which 56 were met within the KPI. This is equivalent to a performance standard level of 100%.

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

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	1	8	4	1	7	3	2	1	3	4	3	5
<=10 days	1	7	4	1	7	3	2	1	3	4	3	5
%<=10 days	100	88	100	100	100	100	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	1	5	3	1	0	4	1	1	2	0	0	2
<=10 days	1	5	3	1	0	4	1	1	2	0	0	2
%<=10 days	100	100	100	100	100	100	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	2	1	0	3	1	3	3	0	0	0	1	2
<=10 days	2	1	0	3	1	3	3	0	0	0	1	2
%<=10 days	100	100	100	100	100	100	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	13	7	8	5	8	6	7	4	4	3	12	15
<=10 days	12	7	8	5	8	6	7	4	4	3	12	15
%<=10 days	92	100	100	100	100	100	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	1	5	2	1	4	2	2	3	2	3	3	9
<=10 days	1	5	2	1	4	2	2	3	2	3	3	9
%<=10 days	100	100	100	100	100	100	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	5	8	6	3	4	6	8	1	1	2	1	7
<=10 days	5	8	6	3	4	6	8	1	1	0	1	7
%<=10 days	100	100	100	100	100	100	100	100	100	0	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	3	3	2	5	5	2	5	7	1	9	6	8
<=10 days	3	2	2	5	5	2	5	7	1	9	6	8
%<=10 days	100	67	100	100	100	100	100	100	100	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	0	0	4	0	4	1	0	0	2	2
<=10 days	1	1	0	0	4	0	4	1	0	0	2	2
%<=10 days	50	100	100	100	100	100	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	15	22	10	13	9	5	7	16	10	17	15	9
<=10 days	15	21	10	10	9	5	7	16	10	15	15	9
%<=10 days	100	95	100	77	100	100	100	100	100	88	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	4	8	5	6	18	5	3	6	7	7	12	16
<=10 days	4	8	5	5	18	5	3	6	7	7	9	15
%<=10 days	100	100	100	83	100	100	100	100	100	100	75	94
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

2.4 Deaths

In the year to 31 March 2023, there were 127 death cases, of which 122 were processed in the KPI. This is equivalent to a performance standard level of 96%.

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

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	12	6	5	17	6	8	12	18	11	27	15	6
<=5 days	12	6	5	17	6	8	12	18	11	27	15	6
%<=5 days	100	100	100	100	100	100	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	11	10	12	19	11	5	7	10	6	12	9	15
<=5 days	9	9	11	19	11	5	7	10	6	11	9	15
%<=5 days	82	90	92	100	100	100	100	100	100	92	100	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	2	4	0	0	2	1	1	1	3	3	1	1
<=5 days	2	4	0	0	1	1	1	1	3	3	1	1
%<=5 days	100	100	100	100	50	100	100	100	100	100	100	100
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

2.5 Complaints

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

I set out below the complaints recorded since 1st April 2022:

Month	Member Complaint	Justified (Y/N)
April	*None*	
May	Delay in providing retirement options	Y
June	*None*	
July	Letter included retirement benefits with next year's pensions increase	Y
August	2X Annual Benefit Statement envelopes unsealed	2X N
	Delay in payment of pension and lump sum	Y
September	Address change not actioned	N
October	*None*	
November	Lack of Action	N
December	*None*	
January	No pension figures supplied for her retirement due to outstanding information from a previous transfer	N
February	None	
March	Non-provision of pension figures due to admitted body status not being finalised - unfounded	N
	Total Complaints in 2022-23	**9**

3. Analysis of Fund membership data

The table below shows the latest membership data, as at 31st March 2023 and for the preceding months:

(taken from Membership Analysis Report - Excludes Councillors

Date of Report	09-May-22		10-Jun-22		08-Jul-22		08-Aug-22		07-Sep-22		13-Oct-22	
Status as at	**31-Mar-22**	**30-Apr-22**	**30-Apr-22**	**31-May-22**	**31-May-22**	**30-Jun-22**	**30-Jun-22**	**31-Jul-22**	**31-Jul-22**	**31-Aug-22**	**31-Aug-22**	**30-Sep-22**
1 Active	6385	**6425**	6425	**6454**	6454	**6472**	6472	**6339**	6339	**6087**	6087	**6137**
2 Undecided leaver	732	**742**	742	**738**	738	**764**	764	**863**	863	**1124**	1124	**1113**
4 Deferred pensioner	6275	**6290**	6290	**6296**	6296	**6301**	6301	**6324**	6324	**6341**	6341	**6356**
5 Pensioner	5068	**5076**	5076	**5101**	5101	**5117**	5117	**5126**	5126	**5145**	5145	**5180**
6 Widow/dependant	722	**730**	730	**739**	739	**738**	738	**736**	736	**731**	731	**731**
9 Frozen refund	1050	**1049**	1049	**1056**	1056	**1050**	1050	**1054**	1054	**1056**	1056	**1061**
Total membership	20232	**20312**	20312	**20384**	20384	**20442**	20442	**20442**	20442	**20484**	20484	**20578**
3 Leaver - no liab	9803	**9779**	9779	**9807**	9807	**9829**	9829	**9848**	9848	**9880**	9880	**9899**
7 Death	4722	**4739**	4739	**4748**	4748	**4755**	4755	**4777**	4777	**4786**	4786	**4795**
8 Opt out within 3 mths	3042	**3036**	3036	**3050**	3050	**3075**	3075	**3090**	3090	**3103**	3103	**3105**
Total on stats report	37799	**37866**	37866	**37989**	37989	**38101**	38101	**38157**	38157	**38253**	38253	**38377**

Date of Report	10-Nov-22		05-Dec-22		06-Jan-23		10-Feb-23		13-Mar-23		14-Apr-23	
Status as at	**30-Sep-22**	**31-Oct-22**	**31-Oct-22**	**30-Nov-22**	**30-Nov-22**	**31-Dec-22**	**31-Dec-22**	**31-Jan-23**	**31-Jan-23**	**28-Feb-23**	**28-Feb-23**	**31-Mar-23**
1 Active	6137	**6173**	6173	**6289**	6289	**6371**	6371	**6420**	6420	**6439**	6439	**6509**
2 Undecided leaver	1113	**1102**	1102	**1092**	1092	**1081**	1081	**1092**	1092	**1096**	1096	**1096**
4 Deferred pensioner	6356	**6369**	6369	**6387**	6387	**6385**	6385	**6403**	6403	**6423**	6423	**6443**
5 Pensioner	5180	**5210**	5210	**5218**	5218	**5234**	5234	**5248**	5248	**5269**	5269	**5282**
6 Widow/dependant	731	**731**	731	**730**	730	**732**	732	**729**	729	**733**	733	**737**
9 Frozen refund	1061	**1065**	1065	**1062**	1062	**1064**	1064	**1060**	1060	**1067**	1067	**1068**
Total membership	20578	**20650**	20650	**20778**	20778	**20867**	20867	**20952**	20952	**21027**	21027	**21135**
3 Leaver - no liab	9899	**9915**	9915	**9933**	9933	**9941**	9941	**9958**	9958	**9981**	9981	**10005**
7 Death	4795	**4813**	4813	**4838**	4838	**4848**	4848	**4876**	4876	**4895**	4895	**4903**
8 Opt out within 3 mths	3105	**3126**	3126	**3140**	3140	**3145**	3145	**3159**	3159	**3161**	3161	**3175**
Total on stats report	38377	**38504**	38504	**38689**	38689	**38801**	38801	**38945**	38945	**39064**	39064	**39218**

4. Regulatory Compliance

There have been no breaches logged since 1st April 2022.

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.

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
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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.

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LONDON BOROUGH OF BROMLEY

PERFORMANCE MONITORING REPORT

2023-2024

LONDON BOROUGH OF BROMLEY - LOCAL PENSION BOARD
PERFORMANCE REPORT
INDEX

Contents **Page No**

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 2023 are:

End of Year Returns - Liberata are uploading the data from the end of year returns; there are a few returns missing so are currently issuing chaser emails to the employers concerned.

MSS - Liberata are currently testing the MSS and have a meeting scheduled for 13 June 2023 to discuss the launch and function of MSS with Bromley client side.

Annual Pension Increase Exercise - the pension increase has been applied to Altair for pensioner and deferred members.

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 deaths; retirements and transfers which are covered later) 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	53	61										
<=10 days	53	61										
%<=10 days	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	28	33										
<=15 days	28	31										
%<=15 days	100	94										
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	15	22										
<=10 days	15	22										
%<=10 days	100	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	0	1										
<=10 days	0	1										
%<=10 days	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	95	79										
<=20 days	95	79										
%<=20 days	100	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	3	2										
<=10 days	3	2										
%<=10 days	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	11	11										
<=10 days	11	11										
%<=10 days	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	9	13										
<=10 days	7	13										
%<=10 days	78	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										
<=5 days	0	0										
%<=5 days	100	100										
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

2.2 Retirements

In the year to 31 May 2023, there were 44 retirement grants paid, of which 44 were met in the KPI target. This is equivalent to a performance standard level of 100%.

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

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	23	21										
<=10 days	23	21										
%<=10 days	100	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	23	21										
<=10 days	23	21										
%<=10 days	100	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	23	21										
<=10 days	23	21										
%<=10 days	100	100										
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

2.3 Transfers

In the year to 31 May 2023, there were 11 enquiries in relation to transferring in, of which 11 were met in the KPI. This is equivalent to a performance standard level of 100%.

There were 10 enquiries in relation to transferring out, of which 7 were met within the KPI. This is equivalent to a performance standard level of 70%.

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

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	8	3										
<=10 days	8	3										
%<=10 days	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	1	1										
<=10 days	1	1										
%<=10 days	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	3	5										
<=10 days	3	4										
%<=10 days	100	80										
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	1	2										
<=10 days	1	2										
%<=10 days	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	4	5										
<=10 days	3	5										
%<=10 days	75	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	2	8										
<=10 days	2	5										
%<=10 days	100	62										
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	0	1										
<=10 days	0	1										
%<=10 days	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	4	6										
<=10 days	4	5										
%<=10 days	100	83										
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	5	11										
<=10 days	5	9										
%<=10 days	100	82										
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

2.4 Deaths

In the year to 31 May 2023, there were 22 death cases, of which 22 were processed in the KPI. This is equivalent to a performance standard level of 100%.

A breakdown of the Process Cycle Times for deaths is overleaf:

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	10	24										
<=5 days	10	24										
%<=5 days	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	14	8										
<=5 days	14	8										
%<=5 days	100	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										
<=5 days	4	1										
%<=5 days	100	100										
Target 100%	100	100	100	100	100	100	100	100	100	100	100	100

2.5 Complaints

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

I set out below the complaints recorded since 1st April 2023:

Month	Member Complaint	Justified (Y/N)
April	*None*	
May	None	
	Total Complaints in 2023-24	**0**

3. Analysis of Fund membership data

The table below shows the latest membership data, as at 31st May 2023 and for the preceding months:

(taken from Membership Analysis Report - Excludes Councillors

Date of Report	14-Apr-23	10-May-23	05-Jun-23									
Status as at	31-Mar-23	**30-Apr-23**	30-Apr-23	**31-May-23**	31-May-23	**30-Jun-23**	30-Jun-23	**31-Jul-23**	31-Jul-23	**31-Aug-23**	31-Aug-23	**30-Sep-23**
1 Active	6509	**6509**	6509	**6499**								
2 Undecided leaver	1096	**1093**	1093	**1084**								
4 Deferred pensioner	6443	**6461**	6461	**6473**								
5 Pensioner	5282	**5277**	5277	**5278**								
6 Widow/dependant	737	**737**	737	**739**								
9 Frozen refund	1068	**1071**	1071	**1089**								
Total membership	**21135**	**21148**	21148	**21162**	0	**0**	0	**0**	0	**0**	0	0
3 Leaver - no liab	10005	**10016**	10016	**10043**								
7 Death	4903	**4939**	4939	**4972**								
8 Opt out within 3 mths	3175	**3188**	3188	**3194**								
Total on stats report	39218	**39291**	39291	**39371**	0	**0**	0	**0**	0	**0**	0	0

4. Regulatory Compliance

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of the Local Government Act 1972.

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