

Report No.
FSD21062

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker: PENSIONS COMMITTEE

Date: September 29th 2021

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

Title: IMPACT INVESTING

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Ward: Borough Wide

1. Reason for report

- 1.1 MJ Hudson Allenbridge was asked to brief the Pension Investment Committee on Impact Investing and Social Housing. This report is an introduction to Impact Investment also known as Environmental Social Governmental (ESG) investing. The report also contains MJ Hudson Allenbridge recommendations on how Impact Investing should be viewed in relation to the management of the Pension Fund.
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2. **RECOMMENDATION**

- 2.1 **The Pensions Committee is asked to consider and note the contents of the MJ Hudson Impact Investing and Social Housing report, attached as Appendix 1.**

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 .
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Financial

1. Cost of proposal: No cost
 2. Ongoing costs: Recurring cost . Total administration costs estimated at £5.9m (includes fund manager/actuary/adviser fees, Liberata charge and officer time)
 3. Budget head/performance centre: Pension Fund
 4. Total current budget for this head: £49.6m expenditure (pensions, lump sums, etc); £57.6m income (contributions, investment income, etc); £1,406m total fund market value at 30th June 2021
 5. Source of funding: Contributions to Pension Fund
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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.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 6,271 current employees; 5,674 pensioners; 6,131 deferred pensioners as at 30th June 2021
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Ward Councillor Views

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

3. COMMENTARY

3.1 Impact Investing is investing with the intention to provide investing that has a beneficial and measurable impact on society and effect meaningful change across several of key issues such as Climate Change. It is also known as Environmental Social Governmental (ESG) or 'Green' investing. The report introduces key ESG issues that the Pensions Committee may consider and note and then suggests that the Committee may prefer to focus on the key fiduciary duty of the Pension Fund, which is to maximise fund returns in order to meet future pensions commitments.

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 There are no financial implications at present.

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)	None.