

LOCAL PENSION BOARD

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

Present:

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

Also Present:

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

29 APOLOGIES FOR ABSENCE

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

30 DECLARATIONS OF INTEREST

There were no declarations of interest.

31 MINUTES OF THE MEETING HELD ON 22 JANUARY 2020

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

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

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

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

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

34 TRAINING AND CONSULTATION UPDATES

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

(A) The £95k Cap

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

(B) Employer Contribution and Exit Payment Flexibility

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

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

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

(D) The Goodwin Case (Widower Benefit Equalisation)

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

(E) Code of Practice Review

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

(F) Covid-19: Scheme Administration

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

situation had largely returned to business as usual now.

35 PENSION FUND ANNUAL DRAFT REPORT 2019-2020
Report FSD20078

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

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

36 LOCAL PENSION BOARD DRAFT ANNUAL REPORT
Report FSD20079

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

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

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

37 PERFORMANCE MONITORING REPORT
Report FSD20080

The Board received a report prepared by the Pensions Manager to provide which provided information to assess whether the Fund was complying with the Pension Regulator's Code of Practice on Governance and Administration of public service pension schemes. The report included a RAG rated assessment covering four key areas of scheme governance. Board Members were encouraged to report any suggested changes to the ratings.

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

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

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

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

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

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

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

Board Members had no concerns arising from the report.

RESOLVED that the following be noted -

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

38 LOCAL PENSION BOARD WORKPLAN

The Board noted its annual work plan.

39 ANY OTHER BUSINESS

There was no other business.

40 DATE OF NEXT MEETING

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

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

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

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

**The following summaries
refer to matters involving exempt information**

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

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

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

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

The Meeting ended at 4.00 pm

Chairman