

PART 1 - PUBLIC

Decision Maker: Pensions Investment Sub-Committee

Date: 14th September 2011

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

Title: **FUNDING STRATEGY STATEMENT & STATEMENT OF INVESTMENT PRINCIPLES**

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Chief Officer: Director of Resources

Ward: All

1. Reason for report

This report submits revised versions of the Pension Fund's Funding Strategy Statement and Statement of Investment Principles following a detailed review.

RECOMMENDATIONS

The Sub-Committee is asked to:

- 2.1 Note the report and agree the revised Funding Strategy Statement and the Statement of Investment Principles set out in Appendices 1 and 2 respectively.**

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 2007, for the purpose of providing pension benefits for its employees. These regulations 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: N/A.
 3. Budget head/performance centre: Pension Fund
 4. Total current budget for this head: £33.4m expenditure in 2011/12 (pensions, lump sums, admin, etc); £39.6m income (contributions, investment income, etc); £494.1m total fund value at 30th June 2011)
 5. Source of funding: Contributions to Pension Fund
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Staff

1. Number of staff (current and additional): 0.5 fte (current)
 2. If from existing staff resources, number of staff hours: c18 hours per week
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Legal

1. Legal Requirement: Statutory requirement. Local Government Pension Scheme (LGPS) Regulations 2007 and LGPS (Administration) Regulations 2008
 2. Call-in: Call-in is not applicable.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 5,146 current employees; 4,616 pensioners; 3,943 deferred pensioners (as at 30th June 2011)
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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 Under Regulation 35 of the Local Government Pension Scheme (Administration) Regulations 2007 (“the Regulations”), the Council is required to prepare, publish and maintain a Funding Strategy Statement (FSS) for its Pension Fund. The FSS for the London Borough of Bromley Pension Fund was last updated in 2009 and, following a detailed review, a revised statement is attached for approval at Appendix 1.
- 3.2 The regulations also require the Council to prepare, publish and maintain a written statement of the principles governing its decisions about Pension Fund investments. This statement is known as the Statement of Investment Principles (SIP) and covers the Council’s approach on eight separate issues and states how the Council complies with the six good governance investment principles set out by H.M. Treasury in its report in 2008: “Updating the Myners’ Principles: A Response to Consultation”. The SIP for the London Borough of Bromley was last updated in 2010 and has been reviewed, particularly in the light of the final Fund valuation report as at 31st March 2010, and a revised statement is attached for approval at Appendix 2.

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 2007, for the purpose of providing pension benefits for its employees. These regulations 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 None at this stage.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	LGPS Regulations 2007. LGPS (Administration) Regulations 2008. LGPS (Management & Investment of Funds) Regulations 2009. HM Treasury report “Updating the Myners’ Principles: A Response to Consultation” 2008.