

PENSIONS BOARD

Agenda

Members are requested to attend

Date/Time: Tuesday, 16 October 2018 at 10.00 am

Venue: G05 - Civic Offices

Contact Officer: Sandra Baxter

Direct Line: 020 3045 3088

ITEM	TITLE	Page
1.	Appointment of Chairman and Vice-Chairman	
2.	Apologies for Absence	
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Membership:

Mr John Meaker, Councillor Peter Reader and Mr Geoff Smithson.

Substitute Members:

Councillor Joe Ferreira

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Pensions Board for Bexley

Wednesday 28 March 2018 at 10.00am, Room G09, Civic Offices, Bexleyheath

Present:

Councillor Howard Marriner (Vice-Chairman) and Mr Geoff Smithson (Chairman).

Also Present:

Terry Pearce – Pensions and Treasury Manager
Chloe West – Modern Apprentice
Sandra Baxter – Committee Officer

1. APOLOGIES FOR ABSENCE

(Agenda Item 1)

Apologies were received from John Meaker, Jane Eggleton and Richard Smyth. It was noted that, with the resignation of Olivia Wong as Employer representative, this meant that the meeting was not quorate. The Board's Terms of Reference state that it can still meet if inquorate but cannot make decisions.

2. MINUTES – 6 SEPTEMBER 2017

(Agenda Item 2)

RESOLVED – That the minutes of the meeting held on 6 September 2017 be agreed as a correct record.

Geoff Smithson indicated that he was still not receiving the Current Issues newsletter from Mercer and Terry Pearce agreed to follow this up with them again.

ACTION POINT: Terry Pearce to contact Mercer again regarding Board members still not receiving the Current Issues newsletter.

3. REGISTER OF INTERESTS

(Agenda Item 3)

No potential conflicts of interest were notified. Councillor Marriner indicated that he had added a new interest to his Council Register of Interests.

4. KNOWLEDGE AND UNDERSTANDING FRAMEWORK

(Agenda Item 4)

A report was submitted on the further development of the knowledge and understanding framework for the Board. It was agreed that the training programme should be considered in greater detail at the next meeting once new members were in place. Terry Pearce reported that there was a CIPFA training course coming up and details would be circulated once the new membership of the Pensions Committee and Board is known.

5. FUND COMMUNICATIONS POLICY UPDATE

(Agenda Item 5)

The Board considered a report providing an update on ongoing work to review the Fund's communication policy. Geoff Smithson asked about the training for employers within the scheme and Terry Pearce advised that the difficulty was in getting them interested. It was agreed that a review of the membership structure of the Pensions Board should be submitted to the next meeting.

6. RISK REGISTER FOR THE PENSION FUND

(Agenda Item 6)

The Board received an update on the latest risk register for the Pension Fund. Members were pleased to note that there was only considered to be one major risk – regulatory change. It was noted that another area of risk register review was within Knowledge and Skills with the risk being failure to interpret rules or legislation correctly. It was reported that training logs had been produced for both the Pensions Board and Pensions Committee and a standing item had been added to the Pensions Committee agenda giving members an opportunity to record any training sessions attended. Geoff Smithson indicated that he found the training sessions prior to the Pensions Committee very useful.

8. ANNUAL BENEFIT STATEMENTS UPDATE

(Agenda Item 7)

The Board considered a report on the progress made in resolving data issues arising from the end of year exercise 2017. The Board welcomed the progress that had been made and the work being undertaken with the employer concerned to try to ensure this situation does not arise again.

9. ANNUAL REPORT 2017/18

(Agenda Item 8)

The Board considered its Annual Report for 2017/18. Councillor Marriner indicated that in his view the report should be signed by the Chairman. Terry Pearce stated that this had been raised before and the reason given was that the

Pensions Committee Chairman does not sign the Pensions Annual Report because it is a report of the Fund not the Committee itself. It was therefore not considered appropriate for the Pensions Board either.

10. BUSINESS PLAN 2018/19
(Agenda Item 9)

The Board received its Business Plan for 2018/19. Terry Pearce stressed that this was a draft and other items could also be submitted.

11. APPRAISAL OF PENSIONS COMMITTEE REPORTS
(Agenda Item 10)

The Board received the minutes of Pensions Committee meetings that had taken place since the Board’s last meeting.

12. ANY OTHER BUSINESS

The Chairman asked Terry Pearce who would be replacing him and Jane Eggleton in managing the Pension Fund. Terry Pearce indicated that there was not sufficient time to advertise the posts and get permanent replacements prior to them leaving so it was likely that interim staff would be taken on. OneSource staff at Newham and Havering did not have the capacity to take on the Pension Fund as well.

The Chairman thanked both Terry Pearce and Councillor Howard Marriner for their contributions.

The Board rose at 10.45am

Signed:.....
(Chairman)

Date:.....

PENSIONS BOARD FOR BEXLEY – 16 OCTOBER 2018

REGISTER OF INTERESTS

1. Introduction

The Local Government Pension Scheme Regulations 2013 place a duty on the Council to satisfy itself that Local Pension Board members do not have conflicts of interest either at the time of their appointment or at any time during their membership of the Board. Failure to declare a conflict of interest may result in the Pensions Board acting improperly or may lead to a perception that the Board has acted improperly or could result in a challenge to the work carried out by the Board. Members of the Board are therefore required to notify the Council of any conflicts of interest or anything which has the potential to become a conflict of interest.

2. Register of Interests

No actual or potential conflicts of interest have currently been notified. This will be a standing item on each agenda to prompt members to consider whether they have a conflict of interest in relation to any of the issues to be discussed.

3. Financial and Legal Implications

There are no implications arising directly from this report.

Contact Officer: Sandra Baxter, Committee Officer DDI 020 3045 3088.

PENSIONS BOARD FOR BEXLEY – 16 OCTOBER 2018

KNOWLEDGE AND UNDERSTANDING FRAMEWORK

SUMMARY

This report considers the further development of the knowledge and understanding framework for the Board in the light of the training that Board members have already undertaken

1. Introduction

At its meeting of 3 July 2015 the Board agreed to training proposals from Mercer designed to assist Pensions Board members with the relevant training and support that they require. Personalised training plans developed by Mercer have further helped to ensure that Board members have the necessary knowledge and understanding to effectively meet their legal obligations.

This report provides a summary of the training undertaken by members of the Board to date, including training sessions provided by Aon Hewitt at Pensions Committee meetings, together with meetings of the Pensions Committee which Board members have attended as part of their focus on the 2016 Actuarial Valuation process.

2. Training for Board members

The aims of the Board training programme are to:

- enable individuals have sufficient knowledge and understanding such that all decisions, actions and other activities are carried out in an informed and appropriate way, and so that advice and guidance can be challenged and tested appropriately;
- ensure that the strategic and operational direction of the Board is a considered one, of an appropriate high standard in accordance with best practice and guidance;
- ensure the Local Pension Board members apply best practice in their roles;
- enable the demonstration of good and robust governance “in action”, and clear identification of pension fund risks, understanding how to effectively monitor and mitigate those risks;
- comply with the various Codes of Practice and best practice/minimum standards; and
- demonstrate high level of governance and standards, comparing positively with peer group Funds in the Scheme Advisory Board KPI programme.

As part of the Board’s training programme, some Members of the Board have met and discussed with Mercer particular areas in which they wish to gain greater understanding in order to fulfil their oversight role. In particular Pensions Board

members identified the actuarial valuation process as a particular item of interest. Following these discussions Board members have attended Pensions Committee meetings dealing with all aspects of the actuarial valuation, including the development of the new Investment Strategy which was first considered at a special meeting of the Pensions Committee on 22 February 2017.

Members of the Pensions Board have attended meetings of the Pensions Committee, and have also attended the training sessions provided before each Committee meeting.

At its February 2017 meeting the Board considered and approved revised Terms of Reference which proposed that substitute members be included in the Board's training programme. In the last few months a new Member has joined the Board and there remains a vacancy for an additional employer's representative. It is proposed that officers approach the new Member(s) and the substitute Members to evaluate their requirements and propose a training programme.

Since the last meeting of the Board the following training sessions have been organised:

- 25 July 2018 prior to the meeting of the Pensions Committee: London CIV – attended by Members of the Committee and Geoff Smithson
- 13 September 2018: Introduction to LGPS and investment strategy – attended by Councillors Hall and Diment and Geoff Smithson

3. Financial and Legal Implications

The costs incurred by Board members in attending training courses and associated materials will be met by the Pension Fund.

The costs incurred in providing personalised training plans for Board members will be met by the Pension Fund.

The Public Service Pensions Act 2013 introduces the framework for the governance and administration of public service pension schemes and provides regulatory oversight by the regulator. The Pensions Regulator has set out the legal requirements in respect of the knowledge and understanding pension board members must possess for the effective governance and administration of public service pension schemes. The Regulator has published a Code of governance and administration of public sector pension schemes. The Code, which came into force in April 2015, is directed at scheme managers and members of pension boards of public sector pension schemes

Contact Officer: Ian Talbot, Treasury Manager, ext 3880

PENSIONS BOARD FOR BEXLEY – 16 OCTOBER 2018

RISK REGISTER FOR THE PENSION FUND

SUMMARY

This report provides an update on the latest risk register for the Pension Fund for the Board to consider.

1. Introduction

At its January 2017 meeting the Board considered the Pension Fund risk register. It was agreed that the risk register would be reviewed annually by both the Pensions Committee and the Board.

The risk register has been reviewed by officers and an updated risk register is attached as an Appendix for the Board's information. The Pension Fund risk register is also included as a section within the Council's risk management monitoring procedures.

2. Financial Implications

There are no implications arising directly from this report.

3. Legal Implications

Section 249B of the Pensions Act 2004 requires the administering authority to manage risk by establishing and operating internal controls which are adequate for the purpose of securing that the scheme is administered and managed—

- (a) in accordance with the scheme rules, and
- (b) in accordance with the requirements of the law

Internal controls are defined in the Act as:-

- (a) arrangements and procedures to be followed in the administration and management of the scheme,
- (b) systems and arrangements for monitoring that administration and management, and
- (c) arrangements and procedures to be followed for the safe custody and security of the assets of the scheme;

The Pensions Regulator is required to issue a code of practice for this under section 90A of the Pensions Act 2004. Under the Code referred to in section 2 of this report, identified risks should be recorded in a risk register and should be reviewed regularly. Paragraph 105 of the Code states that:-

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“Scheme managers must establish and operate internal controls. These should address significant risks which are likely to have a material impact on the scheme. Scheme managers should employ a risk-based approach and ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls. They should seek advice, as necessary”

Section 5 of the Public Services Pensions Act 2013 and Regulation 106 of the Local Government Pension Scheme Regulations 2013 places a responsibility on the Board to assist the administrating authority with the above matters.

Contact Officer: Ian Talbot, Treasury Manager, ext 3880

Operational Risks

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Operational disaster (fire/flood etc)	F	2	Business continuity procedures in place for administrator	LPP business resilience plan was checked December 2017.		Head of HR Delivery
			Business continuity plans in place for scheme manager	Finance business continuity plan updated in February 2016. HR business continuity plan December 2017.		Pensions Manager/Head of HR Delivery
			Contracts with all advisers and suppliers are recorded on a central database	Contracts held in hard copy in legal document store, and electronically on relevant area of Council server		Head of Legal Services
Member data incomplete or inaccurate	C	3	Report from administrator, used as basis for continual update	Report awaited following analysis of employer end of year returns	04/18	Head of HR Delivery
			“Not known at this address” returns from annual statements	Tracing agencies used to locate pension fund members		Head of HR Delivery





Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Administration process failure or maladministration	D	2	Formal agreement in place with administrator, including SLAs	Last awarded April 2014. Seven year agreement.		Head of HR Delivery
			Authority levels clearly agreed and kept up to date.	Agreed as part of April 2014 contract		Head of HR Delivery
			Review independent auditor's report of administrator's processes	Annually		Head of HR Delivery
			Ongoing dialogue with administrator	Any issues are raised on an ad hoc basis, and reviewed at quarterly meetings	04/18	Head of HR Delivery
			Written reports and presentations by administrator to scheme manager	Formal contract review meetings held quarterly. Monthly contract reports submitted.		Head of HR Delivery
			Complaints addressed through Council complaints system or Independent Dispute Resolution Procedure	Complaints are analysed to inform changes to systems where necessary		Pensions Manager/Head of HR Delivery

Financial Risks

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Excessive charges by suppliers	E	4	Annual review of fund budget	Annual budget included in annual report September 2017.		Pensions Manager/Head of HR Delivery
			Review of scheme suppliers at tender stage and during contracts	Fee invoices are checked when received		Pensions Manager/Head of HR Delivery
Fraud or fraudulent behaviour	F	1	Monthly check of contributions payments against schedules	Monthly on receipt		Head of HR Delivery
			Reconciliation of pension fund bank account	Daily reconciliation and monthly statements produced		Pensions Manager
			Data matching exercises are carried out to identify discrepancies	Bi-annual National Fraud Initiative was last carried out in 2016/17	18/19	Head of HR Delivery
			Atmos Mortality Screening	Undertaken monthly in line with payroll deadlines.		Head of HR Delivery
			Pension fund administration and Pension fund management is reviewed periodically by internal audit	Latest reports were issued in February 2018.		Pensions Manager/Head of HR Delivery





Funding Risks

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
The Fund's assets are not sufficient to meet its long term liabilities	C	2	Assets and liabilities are assessed at triennial valuations	The last valuation was as at 31 March 2016.	3/19	Pensions Manager/Head of HR Delivery
			The Funding Strategy Statement is reviewed in line with the triennial valuation to ensure asset allocation is appropriate	The latest triennial asset allocation review was reported to the Pensions Committee in February 2017	2/20	Pensions Manager
			The Fund's funding level is assessed on a regular basis	The actuary provides regular reports on funding levels	3/20	Pensions Manager
The number of early retirements exceeds actuarial assumptions	D	3	Employers meet the strain cost of non ill health retirements	Invoiced periodically as costs arise		
			Ill health retirements are monitored and factored into future valuations	Experience in 2016/17 was reported to Pensions Committee in June 2017	7/18	Head of HR Delivery
Structural changes in an employer's membership leads to non-recovery of past service deficits	D	4	Past service deficits are recovered on a cash basis rather than percentage of payroll	Basis set at 2016 valuation	3/19	Pensions Manager

London Borough of Bexley Pension Fund – Risk Register

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Insufficient assets to meet short term liabilities	D	2	Investment income meets difference between pensions paid contributions received	Budgets are set for each year in the valuation cycle		Pensions Manager
			Cash flow is monitored on a daily basis and withdrawals made from fund managers when necessary	n/a		Pensions Manager
			Most investments are liquid, and are held in custody at arms length to fund managers	Percentage is disclosed in annual report		Pensions Manager
			The 2009 LGPS regulations give pension funds powers to borrow for up to 90 days	n/a		
General fall in investment returns as economy is on a downturn	D	2	Asset allocation is diversified to withstand short term volatility and is made on the basis of long term returns	Investment performance is reported quarterly to Pensions Committee	7/18	Pensions Manager
Fund managers fail to achieve benchmark returns for their mandate	C	3	Diversification of managers and asset allocations mitigates the impact of one manager under-performing	Asset allocation - the latest review was reported to the Pensions Committee in February 2017	2/20	Pensions Manager
			Investment advisors and Pensions Committee keep managers under review. Officers meet with managers in between Pensions Committee meetings	Investment performance is reported quarterly to Pensions Committee	7/18	Pensions Manager





Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Employer failure to pay contributions into scheme	D	3	Monthly monitoring of contribution payments	95% of contributions for 2016/17 were paid on time	04/18	Head of HR Delivery
			Dialogue with employers over payment procedures	Procedures available on employers' section of website.		Head of HR Delivery
			Annual audit	Accounts for the year to 31 March 2017 signed off by auditors without qualification.		Pensions Manager
			Overdue contributions are actively chased from employers	Contributions are monitored on a monthly basis		Head of HR Delivery
Failure of employers	D	2	Use of bonds and guarantees	Where appropriate bonds are updated annually and guarantees are still in place		Pensions Manager
			Deficit recovery periods are set taking contract lengths into account	Deficits are reviewed at each triennial valuation	3/19	Pensions Manager

Regulation and Governance Risks

Risk	Risk Likelihood	Risk Impact	Control Measures	Latest Review	Next Review	Risk Owner
Failure to interpret rules or legislation correctly	E	3	CIPFA have issued a Code of Practice on the knowledge and skills framework for the pension fund. The Director of Finance and Resources ensures that the Code is implemented	Compliance was reported in the pension fund annual report in September 2017	9/18	Director of Finance and Resources
			Pensions Board members have up to date training log showing completion of scheme specific and Pension Regulator educational material	Training log for Pension Board members is continually updated		Pensions Manager
			Pensions Committee members receive regular training. Induction training is available for new members	Training on Fixed Income provided to March 2018 Committee	7/18	Pensions Manager
			Suitably qualified staff are appointed. Continuous professional development through professional bodies and other networks	Annual staff appraisals completed May 2017	5/18	Pensions Manager/Head of HR Delivery
			Technical advice and updates are made available from actuarial and investment advisors	Updates received from DCLG Scheme Advisory Board and professional advisors are communicated to relevant staff and members		Pensions Manager/Head of HR Delivery
Conflicts of interest	E	3	Pension Board awareness of legal responsibilities	All Pensions Board members have attended training courses.		Pensions Manager
			All Pensions Board members to declare actual and potential conflicts	Register of interests completed at last Board meeting. Standing item on each Board agenda.		Head of Democratic Services



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Non-compliance with LGPS investment regulations	F	1	Managers are provided with the Fund's Statement of Investment Principles and mandates are clear	Managers reports are regularly inspected		Pensions Manager
			Managers assurance reports are reviewed	Completed as part of annual accounts process		Pensions Manager
Failure to comply with Pension Fund accounting requirements	E	3	Staff training maintained and knowledge kept up to date	CIPFA Pensions Conference event attended November 2017	11/18	Pensions Manager
			Internal and external audit reviews	Accounts were signed off as unqualified at 31 March 2017	9/18	Pensions Manager
Regulatory change	B	1	Monitor and respond where appropriate to Government consultations. Update reports to Pensions Committee on new developments	Officers attend Pension Officers Forum and Technical Group and CIPFA Pensions Network events to keep updated on issues. The last update report to Pensions Committee was March 2017		Pensions Manager/Head of HR Delivery
Failure to report breaches of the law to the Pensions Regulator	D	2	Pensions Board, Pensions Committee and employees all made aware of the Pensions Regulator's requirements and the breaches procedure	Annual Report to Pensions Board September 2017	9/18	Pensions Manager

London Borough of Bexley Pension Fund – Risk Register

Bexley uses a 4 x 6 matrix to plot probability and impact and has set its risk appetite. The green shaded area on the matrix shows the risks where there is good control and the Council is comfortable with the risk. Risks in the amber and red zones are those over which closer control is needed.

Probability	A				
	B				
	C				
	D				
	E				
	F				
		4	3	2	1
		Impact			

Risk Probability

- F = Very Unlikely
- E = Unlikely
- D = Possible
- C = Likely
- B = Very likely
- A = Certainty

Risk Impact

- 4 = Negligible
- 3 = Moderate
- 2 = Serious
- 1 = Major

PENSIONS BOARD FOR BEXLEY – 16 October 2018

FUND COMMUNICATIONS POLICY UPDATE

SUMMARY

This report provides an update on ongoing work to review the Fund's communication policy.

Introduction

The Local Government Pension Scheme (LGPS) Regulations require administering authorities to prepare, publish and maintain a policy statement setting out its communication strategy for communicating with scheme members, scheme members' representatives, prospective scheme members and their employing authorities.

Sections 2 and 3 of this report outline Bexley's communication policy which is published on the website www.yourpension.org.uk/Bexley/Investments/Policies

Section 4 provides an update on ongoing work to review the implementation of the policy.

Principles

- To provide clear and consistent information reducing the potential for confusion and uncertainty.
- To provide timely and accurate communications and a proactive information service that is factual and precise.
- To undertake customer satisfaction surveys and to act upon feedback and comment.
- To use the most appropriate communication medium for the customer audience
- To address, where possible, the requirements of a diverse customer base with regard to information access

Method

The administering authority will deliver its communications policy, in partnership with the London Pensions Fund Authority (LPFA – the Council's pension scheme administrators), by the following methods:

Scheme Members and Representatives

- Access to the website www.yourpension.org.uk/bexley which contains scheme details, news items, annual reports and guides to the scheme

with links to other relevant organisations and the option of viewing personal details via a secure login.

- A comprehensive range of scheme literature is available from the LPFA or accessible from the website.
- Members, including pensioners and deferred members, will be able to access the Annual Report on the website each year. This provides an overview of any changes to the scheme and a report of the Fund's performance.
- Current and deferred scheme members will receive a Benefit Statement each year detailing the current value of their benefits.
- Pensioners will be given access to their personal details and electronic payslips via the LPFA's secure website.
- An individual annual pension statement will be sent to all pensioners in April each year. This will notify them of the paydays for the next twelve months and detail their gross pension payable including any relevant pensions increase.
- P60 statement of earnings will be available via the LPFA's secure website, and a paper copy will be sent to pensioners by the end of May each year – if they opt for this method.

Prospective Members

- A short scheme guide is available via the website www.yourpension.org.uk/bexley for prospective employees.
- The website also contains information relating to joining the LGPS and the right to opt-out.

Scheme Employers

- An Employer Forum will be held each year where employers will be informed on changes to the scheme and current topics of interest.
- Regular contact will be maintained to ensure prompt communication of changes to the scheme and topical issues as they arise will be featured as news items accessible via the website www.yourpension.org.uk/bexley
- An 'employers pack' detailing the interactions between the administering authority and employers will be provided and maintained.
- Access to a secure portal for Employers via the website for transmission of data to the LPFA as and when required.

Communications Policy Review

On 14 May 2018 the LGPS (Amendment) Regulations 2018 came into force, with some provisions effective from 1 April 2014. The most significant change was allowing members who left prior to 1 April 2008 to take payment of their deferred benefits from age 55 onwards. As this represented a material change to the scheme the Administering Authority is required to communicate those changes to those affected in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 within 3 months.

Members were affected in slightly different ways depending on which regulations they left the scheme under. Our Administrators identified those different groups and bespoke letters were sent to each member before the deadline. An example of one of these letters is included as Appendix 1.

An update bulletin on the changes made by the Amendment Regulations was also circulated to our employers, a copy of which is available to view in the Employer News section on our website. This was in addition to the regular Quarterly update our administrators send out advising employers of relevant scheme news.

Periodic communications with members were issued as usual throughout the year. Pensioner P60's were distributed at the end of April along with a newsletter detailing pension paydays and highlighting some useful news items.

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

Pension Savings Statements detailing a member's Annual and Lifetime Allowance have just been issued to those members affected. A drop in day so members can discuss the contents of the Statement with one of our administrator's technical specialists has been arranged for 29th October.

A training module is now live on the Bexley Services Network for staff in schools to book onto. The first module focuses on providing an overview to the scheme and sessions run over the coming weeks. A second course focusing on the calculation of pensionable pay is being finalised.

5. Summary of financial implications

The costs of communications from the pension fund are met by the pension fund. Communications from individual employers around pensions matters generally are met directly by those employers.

6. Summary of Legal Implications

Regulation 61 of the Local Government Pension Scheme Regulations 2013 requires an administering authority to prepare, maintain and publish a written statement setting out its policy concerning communications with members, representatives of members, prospective members and scheme employers.

There are legislative requirements including the Public Service Pensions Act 2013 and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 which require the administering authority to disclose information regarding scheme administration and benefits to scheme members and others.

Contact Officer:	Richard Smyth, Pensions Consultant, Ext: 4592
Reporting to:	Mandy Vennard, Head of HR Delivery, Ext: 4101

PENSIONS BOARD FOR BEXLEY – 16 October 2018

ANNUAL BENEFIT STATEMENTS 2018 UPDATE

SUMMARY

This report provides an update on the issuing of Annual Benefit Statements 2018.

1. Introduction

The Public Service Pensions Act 2013 requires public service pension schemes issue annual benefit statements to active members no later than 5 months following the end of the scheme year. The scheme year runs 1 April to 31 March, therefore statements providing information about scheme benefits accrued at 31 March 2018 must be issued to active members by 31 August.

This report summarises the position at London Borough of Bexley for statements relating to scheme year 17/18.

2. Issuing Statements

In keeping with Bexley's digital by default policy, Annual benefit statements are issued electronically for all members who do not specifically elect for a hard copy. Statements are hosted on the Members Self Service portal, and members are advised when they are available.

For members where we hold an email address, an email is sent to the address on record advising the statement is available to view. For members where we do not hold an email address, a leaflet is sent to the member's home address advising statements are available online and how to access them.

Statements are issued summarising active member's pensionable benefits as at 31 March 2018 following the submission and reconciliation of the end of year return by employers in the fund.

As at 31 March 2018, we had 5,347 active members recorded on our pension system. Of these, 443 members had left the scheme prior to 1 April 2018 with leaver cases still being processed. These were not due an active Annual Benefit Statement, leaving the total number of statements to issue as 4,904.

Below is a summary of the annual benefit statements issued on 31 August 2018:

Hard Copy ABS	37
ABS on MSS	4867
Total	4904

In summary, an annual benefit statement was issued to 100% of the active membership by the deadline 31 August.

3. Changes to the 2018 statement

The format of the Annual Benefit Statement was revised this year to use the template available in our pension's administration software, Altair. A pro-forma of this template is included as Appendix 1 along with a copy of last year's template for comparison as Appendix 2.

There were two key reasons for updating the template. Firstly, the clarity of the information provided. The new template provides members with details of their benefits in more clearly defined sections. It is now much easier to see what benefits are already accrued, from which section they are derived and what the projected benefits may be in the future.

Secondly, using the template generated by the system is a more efficient process. Previously, specific data sets were exported from the pension system and had to be merged with the templates. To ensure the statements would be available by 31 August, data had to be extracted two weeks in advance, which cut into the time available to employers to resolve their end of year queries. As the new template is part of our pension system it can automatically be generated.

4. Areas for Improvement

During this year's exercise we have identified some areas which could be improved, all of which have been raised with our administrators and will be worked on for next year's exercise.

Benefit Statements appear on Member Self Service as separate pages which require navigating between and zooming in to read. This is not very user friendly so we will look at improvements for next year.

Members experienced timeouts when using the Member Self Service portal and when navigating between pages. This is likely due to server load and we will be looking for a staggered deployment next year.

We identified an issue with the production of statements for members with a pension debit due to divorce. Whilst this information is recorded on the system, it is not correctly picked up by the process to produce benefits statements. Two members were affected and received statements that did not account for their Pension Debit. These statements have been recalculated and we will be looking to resolve for next year.

5. Summary of Legal Implications

The Public Service Pensions Act 2013 requires public service pension schemes issue annual benefit statements by 31 August. Where this deadline is not met, certain people are under a duty to report a breach to the Pensions Regulator if they

consider that breach is likely to be of material significance to them as outlined in the Pensions Regulator Code of Practice no. 14.

Contact Officer:	Richard Smyth, Pensions Consultant, Ext: 4592
Reporting to:	Mandy Vennard, Head of HR Delivery, Ext: 4101

LGPS Personal Benefit Statement

Mr Test Test

Calculation Date: 31 March 2018

Personal Details

Pay Reference Number	TEST310319
Employer at 31/03/2018	Lancashire C.C.
Date Joined Scheme	07/09/1989
Scheme section at 31/03/2018	MAIN
CARE Pay in year to 31/03/2018	£36378.96
Final Salary Pensionable Pay	£36019.00

It is important that the details above are correct as any inaccuracies will affect all of the calculations below. If any of the above details are incorrect please inform your personnel department. Your partnership status is assumed as married or civil partner unless you have declared a cohabiting partner. The pension benefits shown relate to the pay reference noted above only.

Section A- Final Salary Benefits at 31/03/2018 (payable from 27/05/2029)

PLEASE NOTE: This section will only apply if you have membership in the scheme prior to 1 April 2014. The benefits calculated in this section of the statement are based on pay figures provided by your employer. In most cases this will be your annual full time equivalent rate of salary as at 31 March 2018. The actual final salary pensionable pay when you come to retire will be based on the 2008 scheme definition of pensionable pay, which will also include any extra pensionable payments you receive that fall under that definition.

Final Salary pay	Annual pension	Automatic lump sum
£36019.00	80ths pension £12528.92 60ths pension £3601.90	80ths lump sum £37586.81
	Total Pension £16130.82	Total lump sum 37586.81

**Section B- Career Average Pension Benefits at 31/03/2018
(payable from 27/05/2029)**

PLEASE NOTE: The benefits shown below are based on the pay figures provided by your employer. It is important that you check this and the pension build up on the line below and contact your employer to report any perceived inaccuracies. If you are registered for 'My Pension Online' (MPO) you can find more detail about the pay used to calculate your career average pension on the 'Latest Valuation' page.

Pensionable Pay for year to 31/03/2018 in Main section	£36378.96
Pensionable Pay for year to 31/03/2018 in 50/50 section (if applicable)	£0.00

Amount of pension built up from 01/04/2017 to 31/03/2018 only

Main Section Pay / 49 £742.44	+	50/50 Section Pay / 98 £0.00	+	Additional Pension Bought £0.00	+	Transfers in £0.00	=	Total £742.44
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Section C- Total Benefits at 31/03/2018 including relevant cost of living adjustments - see guidance notes for further information

Your benefits accrued at 31/03/2018 (Final salary benefits plus Career Average pension from 01/04/2014 to 31/03/2018)

Annual pension	£19084.52	Automatic lump sum	£37586.81
(Automatic lump sum for pre 1 April 2008 membership only)			

Section D- Value of death in service benefits at 31/03/2018

Death in service lump sum	£109136.88	Annual survivor's pension	£11056.27
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**Section E- Projections if you remain contributing to the scheme until 27/05/2029
(ie to your Normal Pension Age (NPA) of 67 Yrs 0 Days)**

Estimated final salary pre 2014 pension (based on current FTE final pay)	£16130.82
Estimated career average pension to NPA (based on CARE earnings to date)	£11236.35
Total estimated pension at NPA	£27367.17

Automatic lump sum at NPA (pre 2014 benefits only)	£37586.81
--	-----------

Estimated survivor's Final Salary pension to NPA	£7615.18
Estimated survivor's Career Average Pension to NPA	£3441.09
Total estimated survivor's annual pension if you remain in the scheme to NPA	£11056.27

Statements are only retained on MPO for the current year plus two years. If you wish to keep a copy of any earlier year's statements please save a copy.

If you are interested in leaving earlier you may use the 'Benefit Projector' facility within my pension on-line to do your own forecast. Please consult Your Pension Service before making any decisions.

If you are unhappy with the accuracy or decisions regarding your pension inform your employer or the Pensions Helpdesk in the first instance. If you are still dissatisfied see our website for 'Your Right of Appeal'.

Employer	<<Location>>
NI Number	<<NiNumber>>

Annual Benefit Statement 2017



Nominated Beneficiaries for Death Grant

The administering authority has total discretion regarding which eligible beneficiaries should be paid a death grant. By nominating one or more persons or organisations, you can make it clear who you wish to benefit from your lump sum life cover. This will normally allow a more prompt release of monies.

If you have not made a nomination or wish to change your nomination, the form is available on our website www.yourpension.org.uk.

Your Life Cover Nominees

<<SP-NAME>>
<<DE-NAME [01]>>
<<DE-NAME [02]>>
<<DE-NAME [03]>>
<<DE-NAME [04]>>
<<CH-NAME [01]>>
<<CH-NAME [02]>>
<<CH-NAME [03]>>
<<CH-NAME [04]>>

Private & Confidential

<<Name>>
<<Address1>>
<<Address2>>
<<Address3>>
<<Address4>>
<<Address5>>
<<Postcode>>

Dear <<Name>>,

Local Government Pension Scheme - (LGPS)

This Annual Benefit Statement illustrates the current value of your benefits in the LGPS.

The LGPS was amended as of 1 April 2014, and this statement includes any pension benefits built up under the Career Average arrangements as well as any benefits built up within the previous final salary arrangements.

Our method of communication with you will be via our online member self-service facility, and we ask that you register for this service by following the link at **www.yourpension.org.uk** and by selecting the appropriate logo. Here you will find videos, guides, factsheets and scheme updates. In addition, you can take control of your pension with a range of modellers and secure online access to your information. Go to our 'Online Records' section to complete your registration for this service. Please note: Your Annual Benefit Statement will be made available via our member self-service facility. Please make sure you register in order to access this information.

You will only receive online communications unless you tell us otherwise. If you would like to receive information by post then you need to let us know. To do this, register and log into member self-service and click the '**Change Contact Details**' section. You can tell us in writing or over the phone if you prefer.

Yours sincerely,

The Bexley Pensions Team

Disclaimer:

Your Annual Benefit Statement is an estimated guide to your benefits only and cannot cover every personal circumstance or future changes to the legislation governing the scheme. Nothing contained in this statement can override the legislation governing the LGPS at the time of your retirement. You should not make any decision regarding your pension benefits on the basis of the figures quoted. If you are likely to retire in the near future, you should ask for a specific retirement quotation.



Annual Allowance: The LPP will contact all members for whom Annual Allowance is likely to be an issue, based on their Local Government scheme earnings, if however you have enough external taxable earnings that would increase your taxable income above £110,000 and you require details of your Pension Input Amount (PIA), please contact by email at: **enquiries@localpensionspartnership.org.uk**, requesting a PIA.

For further details on how your benefits are calculated please visit:
www.yourpension.org.uk

Please Note: If your benefits are subject to a court order relating to a divorce settlement, the dissolution of a civil partnership or a pension annual allowance debit, your statement does not take this into account.

Contact Team: Bexley Pensions Team

Contact Address: 2nd Floor, 169 Union Street,
London, SE1 0LL

Contact Phone: 0207 369 6100

Contact Email: **bexley@localpensionspartnership.org.uk**

Pensionable Pay CARE: £	<<CARE-PAY>>
Pensionable Pay Final Salary: £	<<Final Pay>>

Your Pensionable Pay is based on your contributions paid into the scheme from 1 April 2016 to 31 March 2017, however the regulations create a different approach to the calculation of pay used in the final salary scheme and the CARE scheme. Please refer to our website for more information.

Gross Annual Pension of: £	<<Abs_pen>>
Lump Sum of: £	<<Abs_lump_sum>>
Gross Survivor's Pension of: £	<<Abs_long_term>>
Current Marital Status:	<<MAR-STATUS>>
Lump Sum Death Grant: £	<<Abs_death_grant>>

The value of your benefits are based on your total membership and your pensionable pay as at the 31 March 2017. This also includes any additional pension which has been purchased through additional contributions as at 31 March 2017.

The Survivor's Pension shown is payable only to a person to whom you are married, with whom you have a registered civil partnership, or who meets the qualifying conditions of a co-habiting partner. The marital status that we currently hold for you is shown above, please contact us if this needs to be amended. If your status is shown as single, then your benefit statement will not show an entitlement. If your marital status is unknown, the figure shown on this benefit statement assumes you are married to a person of the opposite sex.

The survivor's pension shown reflects the value of pension built up to 31 March 2017, if this was payable in the event that you died in service, then this would be a higher figure. In previous years, your annual benefit statement has shown the level of benefit calculated based on your death in service.

Lump Sum Death Grant. If you die while you are an active member, a lump sum death grant is payable to one or more beneficiaries (see overleaf for your nominations). For full details on survivors' benefits and how they are calculated please visit our website.



Your Total Membership is the length of time in years and days which counts as membership towards your current LGPS pension that was built up to 31 March 2014. All your pension payments made since 1st April 2014 count towards your CARE benefits. Your Total Membership includes only membership in your current employment and any completed transfers from previous pension arrangements.

***Part-Time Members.**

If you are a part-time member or have been a part-time member before 1 April 2014 your Total Membership is reduced to its whole time equivalent length, while your Pensionable Pay is increased to its whole time annual equivalent.

For more information on pension accrual for part-time workers please visit our website: www.yourpension.org.uk

Projected benefits

The LGPS has been amended as of the 1 April 2014. The LGPS is now a Career Average Scheme. Career Average means that benefits you build up are worked out using your pensionable pay for each scheme year and added to your pension account. A pension account modeller has been created to help you understand how pension accounts work. This modeller only shows how a pension builds up from April 2014. Please visit: <http://lgps2014.org/content/pension-accounts-2>

For benefits built up from 1 April 2014 your LGPS Normal Pension Age is no longer fixed at age 65, it is now the same as your State Pension Age (but with a minimum age of 65). You can choose to take your benefits earlier than your LGPS Normal Pension Age, anytime from age 55, but if you do, they will be reduced as they are being paid earlier. If you take them later than your LGPS Normal Pension Age, up to age 75, they are increased because they are being paid later. LGPS Normal Pension Age is simply the age when you can take your benefits without them being reduced for early retirement or increased for late retirement.

To view your projected benefits please visit: <http://axise.yourpension.org.uk> and sign up or login to our secure member self-service system.

Here you will be able to see the amount of pension you will receive at your LGPS Normal Pension Age without reductions or increases. You will also be able to select an age between 55 to 75 to see the benefit you will receive with reductions or increases depending on whether the age is before or after your LGPS Normal Pension Age.

The system also allows you to:

- View your service history and pensionable service start date, including any service which has been transferred
- View and update personal details and changes of address

PENSIONS COMMITTEE – 17 October 2018

LOCAL GOVERNMENT PENSION SCHEME GMP Reconciliation Update

SUMMARY

This report presents the background to our GMP Reconciliation exercise and provides an update on progress made to date.

REPORTED FOR INFORMATION

1. Background

The Local Government Pension Scheme was “contracted out” of the higher rate state pension scheme formerly known as SERPS, or S2P. Whilst contracted out, members and employers paid a lower rate of national insurance. In exchange, the LGPS must provide benefits at least equal to the amount a member would have received had they contributed to the higher state pension scheme. This amount is known as a Guaranteed Minimum Pension or GMP, and is included in the members LGPS benefits.

The GMP figure is usually issued by HMRC when a member leaves pensionable employment or reaches their State Pension Age. The GMP amount is split into two parts and Pensions Increase is applied differently to the two GMP elements, some being paid with the state pension.

With the Government’s move to a flat rate state pension, contracting out was ended from April 2016. As a result all formerly contracted out schemes have a duty to reconcile their scheme membership data against HMRC’s records to ensure correct GMP liabilities are recorded prior to HMRC issuing statements to all members in December 2018.

Administering Authorities are duty bound to reconcile contracted out data for the following reasons:

- Compliance with legislation outlined in section 3
- Ensuring accurate records for all members to ensure correct Pensions Increases are applied to Pensions
- Ensuring that only members Admin Authorities hold records for are recorded against their SCON by HMRC. Failing to correct these records can lead to additional liabilities being enforced on the fund.

2. Project Overview

HMRC confirmed in [Countdown Bulletin 24](#) that the reconciliation exercise must be completed by December 2018.

To tackle the reconciliation the project was split into three stages:

Stage 1

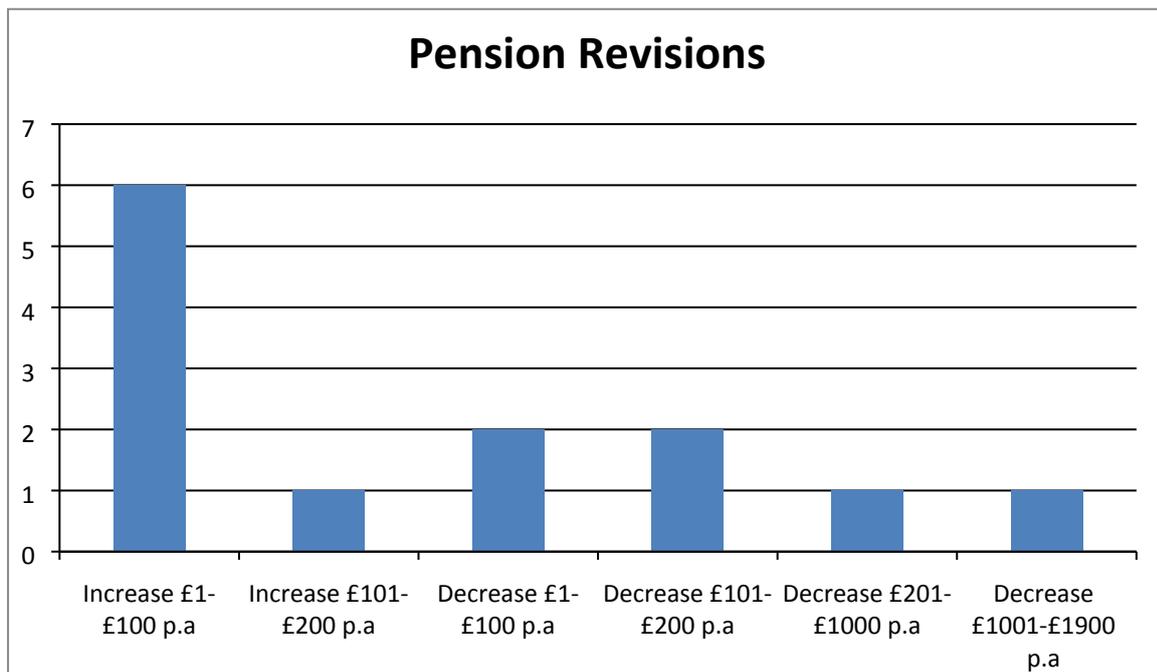
This covered the analysis and matching of the contracted out liability of all Deferred, Pensioner and Dependant data provided by HMRC with the data held on our pension administration system. This work was undertaken in July 2015 by our administrators LPFA.

Stage 2

This stage sought to review the results from the initial analysis work carried out at Stage 1, to resolve all errors and raise queries with HMRC where appropriate. This stage was approved by the Director of Finance in October 2016 at a cost of £67,053 plus VAT.

206 records were updated with GMP figures provided by HMRC. 3066 queries were uploaded to HMRC via the Shared Workspace Portal.

13 Pensioners over State Pension Age required revision of the GMP and correction of the pension in payment. Most amendments were small increases to the pension, though these were offset by two significant decreases, as detailed in the chart below. The net effect was a reduction on the pension payroll of £2,412.66 per annum.



Of the 13 pensions revised, 5 resulted in identifying overpayments which totalled £37,660.92. Two of these overpayments were sizable, £8,633.88 and £27,182.22 and occurred because the GMP value held in record since 1989 and 1990 respectively, was too low, resulting in too much Pensions Increase being applied over a number of years.

At the start of Stage 2 officers determined that overpayments resulting from GMP corrections would be waived due to how unlikely recovery would be, particularly when considering likely legal defences members may rely on. The complexity surrounding Pensions Increase and Guaranteed Minimum Pensions make it very unlikely a pensioner could have been aware that they were being overpaid. Further, as an Administering Authority we wrote to these members each year confirming their pensions increase entitlement and they would have relied on that information when setting their budgets. Finally these overpayments have built up over a number of years and the potential financial and mental hardship caused by attempting to recover overpayments from elderly pensioners had to be considered.

Stage 3

This is the final stage of the project and must be completed by December 2018. It seeks to review the analysis of data held for Active members, and resolve all queries raised with HMRC in Stage 2 following comments received back. Our administrators LPP will undertake the work with a cost of £76,302.58 plus VAT.

There are 3692 records which require a query is raised with HMRC.

There are 3327 records which require investigating and updating on our system, including 73 records which may require a revision of the pension in payment and could result in identifying further under or overpayments.

3. Summary of Legal Implications

Administering Authorities are duty bound to reconcile contracted out data for a number of reasons. Article 5 of the General Data Protection Regulations requires that personal data shall be accurate and where necessary, kept upto date.

Section 249B of the Pensions Act 2004 requires that the scheme manager operate internal controls to ensure the scheme is administered in accordance with scheme rules and the requirements of the law, this would include paying the correct GMP and Pensions Increase in accordance with relevant legislation.

Regulation 4 of the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 requires public service schemes hold specified records which include periods of pensionable service and amount of pensionable earnings.

4. Summary of Financial Implications

The total admin cost of undertaking the GMP reconciliation project is £143,355.58 plus VAT and is payable by the pension fund. The revisions identified to date have accumulated a total overpayment of £37,660.92, recovery of which will be waived. The net effect to the payroll is a reduction of £2,412.66 per annum. There is also potential for further overpayments to be identified upon completion of stage 3 of the exercise.

5. Summary of Other Implications

Environmental Impact

There are none.

Community Safety

There are none.

Equal Opportunities/Access Issues

There are none.

Human Rights

There are none.

Health and Well-being of the Borough.

There are none.

Local Government Act 1972 – section 100d

List of background documents

[General Data Protection Regulation](#)

[Pensions Act 2004](#)

[Public Service Pensions \(Record Keeping and Miscellaneous Amendments\) Regulations 2014](#)

Contact Officer: Richard Smyth, Pensions Consultant, Direct Dial: 0203 045 4592

Reporting to: Mandy Vennard, Head of HR Delivery, Direct Dial: 0203 045 4101

PENSIONS BOARD FOR BEXLEY – 16 OCTOBER 2018

APPRAISAL OF PENSIONS COMMITTEE REPORTS

SUMMARY

The minutes of Pensions Committee meetings are provided as Appendices for information.

1. Introduction

The minutes of the Pensions Committee meetings of 8 March 2018 and 25 July 2018 can be read in conjunction with the full Pensions Committee papers which are available on the London Borough of Bexley's website.

2. Minutes of Pensions Committee, 8 March 2018 and 25 July 2018

The minutes of the Pensions Committee meetings held since those reported to the last Pensions Board meeting are attached as Appendices.

The full papers for the Pensions Committee meeting can be accessed on the London Borough of Bexley's website at:

<http://democracy.bexley.gov.uk/ieListDocuments.aspx?CId=146&MId=27916&Ver=4>

3. Financial and Legal Implications

There are no implications arising directly from this report.

Contact Officer: Ian Talbot, Treasury Manager, ext 3880.

PENSIONS COMMITTEE
8 MARCH 2018

At a meeting of the PENSIONS COMMITTEE held at Public Gallery West, Civic Offices on THURSDAY 8 MARCH 2018 at 7.30pm.

Present: Councillors Louie French (Chairman), Steven Hall, John Husband, David Leaf (Vice-Chairman), Cafer Munur, Abena Oppong-Asare and John Waters.

Also Present: Mr Colin Cartwright and Mr Josh Tipper - Aon Hewitt
Mr Geoff Smithson – Pensions Board
Councillor Howard Marriner – Pensions Board

47. APOLOGIES FOR ABSENCE AND SUBSTITUTE MEMBERS
(Agenda Item 1)

Apologies were received from Julia Peacock, Pensioners' Representative.

48. MINUTES OF THE MEETING HELD ON 23 NOVEMBER 2017
(Agenda Item 2)

RESOLVED – That the minutes of the meeting held on 23 November 2017 be agreed as a correct record.

49. DECLARATIONS OF INTERESTS AND DISPENSATIONS
(Agenda Item 3)

Councillor David Leaf declared that his mother had a small pension through the Bexley Pension Fund. Councillors Louie French and John Waters declared that they were both governors of schools within the Bexley fund.

50. ITEMS OF LATE BUSINESS
(Agenda Item 4)

There were no items of late business.

51. EXCLUSION OF THE PRESS AND PUBLIC
(Agenda Item 5)

RESOLVED – That the press and public be excluded from the meeting during consideration of the exempt appendices relating to Agenda Items 7, 8, 9 and 10 because consideration of these matters in public would disclose information falling within one of the categories of exempt information contained in Schedule 12A to the Local Government Act 1972, as specified in Minutes 53, 54, 55 and 56 and, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

52. TRAINING UNDERTAKEN BY PENSIONS COMMITTEE MEMBERS
(Agenda Item 6)

The Committee received a report summarising any external training undertaken by Committee members that had been notified to officers since the last meeting. No additional training was notified.

53. PENSION FUND INVESTMENT PERFORMANCE – QUARTER ENDED 31 DECEMBER 2017
(Agenda Item 7)

The Committee had resolved, as recorded in Minute 51 above, that the press and public be excluded from the meeting during consideration of the exempt appendices and separate document relating to agenda item 7 because consideration of this in public disclosed information falling within paragraph 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information) – of Schedule 12A to the Local Government Act 1972, which in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The Committee received a presentation on the investment performance of the Pension Fund from the Council's investment advisers, Aon Hewitt. Mr Colin Cartwright gave a review of markets during the quarter and subsequently and Mr Josh Tipper summarised the performance of each of the Fund managers during the quarter.

The Committee then received a presentation from Mr Christian Hertig and Mr Sean Dryden of Partners Group. They reported on the performance of each of the Funds that the Bexley Pension Fund is invested in and their overall performance. They also explained their strategy for exiting investments and their approach to ESG issues.

54. LONDON COLLECTIVE INVESTMENT VEHICLE UPDATE
(Agenda Item 8)

The Committee had resolved, as recorded in Minute 51 above, that the press and public be excluded from the meeting during consideration of the exempt appendices to agenda item 7 because consideration of this in public disclosed information falling within paragraph 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information) – of Schedule 12A to the Local Government Act 1972, which in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The Committee received a report providing an update on the latest developments at the London Collective Investment Vehicle, including the latest governance proposals for the CIV. It was reported that there had been further key staffing changes at the CIV since the Committee's last meeting, with the Chief Investment Officer choosing to move on. Members were advised that three members of staff were currently covering the role and a new CIO would not be recruited until the CIV had consulted more widely on its future direction. The Chairman also provided a verbal update to the Committee on the latest developments and the Committee agreed to postpone transitioning further assets into the CIV pending the outcome of consultations.

55. ADMINISTRATION AND INVESTMENT UPDATE
(Agenda Item 9)

The Committee had resolved, as recorded in Minute 51 above, that the press and public be excluded from the meeting during consideration of the exempt appendix to agenda item 8 because consideration of this in public disclosed information falling within paragraph 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information) – of Schedule 12A to the Local Government Act 1972, which in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The Committee received a report providing an update on various administrative and investment issues. The Pension Fund Treasury Management Strategy was submitted and the Committee was advised that the authority had been opted-up to professional client status by all the Fund's investment managers under MiFID II prior to the deadline of 3 January 2018. It was reported that some admitted bodies had raised concerns regarding the Fund's policy on termination and it was proposed that further discussions be held with the actuary and a report brought back to a future meeting of this Committee.

It was reported that Newton Investment Management had notified the Council that the Financial Conduct Authority (FCA) is conducting an investigation into a small number of its UK equity-focussed strategies. Aon Hewitt had indicated that at this stage they were not changing their views on Newton but were monitoring the situation. The report also set out how the new General Data Protection Regulations will impact on the Pension Fund and set out the Business Plan for 2018/19 drawn up by Aon Hewitt. Members were advised of the outcome of government consultation on how to treat indexation for those reaching State Pension Age from 6 December 2018 and finally the report gave details of an issue regarding one of the investments made by Partners Group and provided Members with an update on the issue provided by Partners.

Then following motion was moved, seconded and carried without dissent:

RESOLVED – That the Pension Fund Treasury Management Strategy be approved.

56. INVESTMENT STRATEGY REVIEW – TRANSITION PLANNING
(Agenda Item 10)

The Committee had resolved, as recorded in Minute 51 above, that the press and public be excluded from the meeting during consideration of the exempt appendices to agenda item 10 because consideration of this in public disclosed information falling within paragraph 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information) – of Schedule 12A to the Local Government Act 1972, which in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

A report was submitted exploring a timeline for the transition of the Fund's Bond portfolio to strategies that the London CIV will be making available during 2018/19. However given the Committee's decision not to transition further funds into the CIV

pending the outcome of consultations on its future direction, it was agreed to defer consideration of these issues.

The Committee rose at 9.48pm

PENSIONS COMMITTEE
25 JULY 2018

At a meeting of the PENSIONS COMMITTEE held at Public Gallery West, Civic Offices on WEDNESDAY 25 JULY 2018 at 7.30pm.

Present: Councillors Gareth Bacon, Richard Diment, Joe Ferreira, Steven Hall (Chairman), Cafer Munur, Caroline Newton, Dave Putson and Adam Wildman (Vice-Chairman).

Also Present: Mr Colin Cartwright and Mr Josh Tipper - Aon Hewitt
Ms Larissa Benbow and Mr Will McBean – London CIV
Mrs Julia Peacock – Pensioners' Representative
Mr Geoff Smithson – Pensions Board

1. APOLOGIES FOR ABSENCE AND SUBSTITUTE MEMBERS
(Agenda Item 1)

There were no apologies for absence.

2. MINUTES OF THE MEETING HELD ON 8 MARCH 2018
(Agenda Item 2)

RESOLVED – That the minutes of the meeting held on 8 March 2018 be agreed as a correct record.

3. DECLARATIONS OF INTERESTS AND DISPENSATIONS
(Agenda Item 3)

Councillor Richard Diment declared that his wife has a small deferred pension from Bexley.

4. ITEMS OF LATE BUSINESS
(Agenda Item 4)

There were no items of late business.

5. EXCLUSION OF THE PRESS AND PUBLIC
(Agenda Item 5)

RESOLVED – That the press and public be excluded from the meeting during consideration of the exempt appendices relating to Agenda Items 9 and 10 because consideration of these matters in public would disclose information falling within one of the categories of exempt information contained in Schedule 12A to the Local Government Act 1972, as specified in Minute 9 and, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

6. TRAINING UNDERTAKEN BY PENSIONS COMMITTEE MEMBERS
(Agenda Item 6)

The Committee received a report summarising any external training undertaken by Committee members that had been notified to officers since the last meeting. No

additional training was notified. The Chairman reminded Members that an additional training session had been arranged for 13 September.

7. PENSION FUND ANNUAL REPORT 2017/18
(Agenda Item 7)

The Committee considered the Pension Fund annual report for 2017/18. The Committee was advised that the report was required to be separately audited by the Council's external auditors, Grant Thornton and that their audit opinion would be included in the annual report when finalised. It was noted that the report had been prepared with regard to the guidance issued by the Department for Communities and Local Government and the updated CIPFA guidance.

The Committee noted that the net asset value of the Fund had increased from £805m at the start of the year to £833m by 31 March 2018. This reflected an investment return of 4.4% which was 0.5% below the benchmark. Over a five year period the Fund has returned 9.5% per annum, which is 0.2% above the benchmark. A couple of minor errors were identified in the report and Members were advised that these would be corrected prior to publication.

The following motion was moved, seconded and carried without dissent:

RESOLVED – That, subject to the inclusion of the audit opinion when received, the annual report 2017/18 be agreed for publication.

8. EXTERNAL AUDIT FINDINGS REPORT ON THE PENSION FUND
(Agenda Item 8)

The Committee received the audit findings report on the Pension Fund prepared by the Council's external auditors, Grant Thornton. The Committee was advised that Grant Thornton would also report their findings to the General Purposes and Audit Committee as that Committee had the ultimate responsibility for receiving, considering and agreeing audit plans arising from the audit.

9. PENSION FUND INVESTMENT PERFORMANCE – QUARTER ENDED 31 MARCH 2018 AND LONDON COLLECTIVE INVESTMENT VEHICLE UPDATE
(Agenda Items 9 and 10)

The Committee had resolved, as recorded in Minute 51 above, that the press and public be excluded from the meeting during consideration of the exempt appendices to agenda items 9 and 10 because consideration of this in public disclosed information falling within paragraph 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information) – of Schedule 12A to the Local Government Act 1972, which in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

As representatives from the London CIV were attending the meeting, the Committee considered these two items together so they could ask questions on the performance of the funds within the CIV and also in relation to the CIV in general and its new governance arrangements.

The Committee received a presentation on the investment performance of the Pension Fund from the Council's investment advisers, Aon Hewitt. Mr Colin

Cartwright gave a review of markets during the quarter and subsequently and Mr Josh Tipper summarised the performance of each of the Fund managers during the quarter.

The Committee then received a presentation from Ms Larissa Benbow and Mr Will McBean from the London CIV. They gave a general update on the London CIV and its new governance arrangements, as well as detail on the performance of the funds within the CIV, including those in which Bexley's Fund is invested. Members asked questions on a range of issues.

10. ANNUAL REPORT ON REDUNDANCY, SEVERANCE AND EARLY TERMINATION 2017/18
(Agenda Item 11)

The Committee considered a report detailing the numbers, costs and savings of redundancy, severance and early terminations for 2017/18 and assessing the effectiveness of the Council's early termination policies. It was reported that there were 7 early retirements in the LGPS as a result of redundancy and 3 ill health retirements. LGPS benefits were released for 3 individuals requesting flexible retirement and there were no requests for the early release of pension on compassionate grounds. It was reported that the Council achieved annual savings as a result of all early terminations.

The following motion was moved, seconded and carried without dissent:

RESOLVED – That (1) the numbers, costs and savings of redundancy, severance and early terminations occurring in 2017/18 be noted;

(2) the numbers of flexible retirements and early release of deferred pension benefits under the LGPS on compassionate grounds in 2017/18 be noted; and

(3) the assessment of the effectiveness of the Council's existing early retirement policies be noted.

11. ADMINISTRATION AND INVESTMENT UPDATE
(Agenda Item 12)

The Committee received a report providing an update on various administrative and investment issues. It was reported that Aviva had agreed to sell its Real Estate Multi-Manager business to LaSalle Investment Management. Members were advised that the Portfolio Management team responsible for Bexley's mandate would continue that responsibility going forward.

12. ADMISSION TO THE COUNCIL'S PENSION SCHEME – LEWIS AND GRAVES PARTNERSHIP LTD
(Agenda Item 13)

The Committee considered a report seeking agreement for Lewis and Graves Partnership Ltd to be admitted to the Council's Pension Scheme in respect of staff transferred to the company. It was reported that the request related to 17 staff at Erith School who had been transferred to the company under TUPE regulations when the school let a contract to Lewis and Graves Partnership Ltd to provide cleaning services with effect from 2 April 2018.

The following motion was moved, seconded and carried without dissent:

RESOLVED – That (1) admission to the Council's Pension Scheme be agreed for Lewis and Graves Partnership Ltd, in respect of Erith School staff employed in cleaning services who have been transferred to Lewis and Graves Partnership Ltd under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) as amended;

(2) subject to the conditions of the Local Government Pension Scheme, the continued participation in and membership of the Council's Pension Scheme be approved for those members of staff employed by Erith School at 2 April 2018 transferring to Lewis and Graves Partnership Ltd;

(3) the admission be subject to the contractor:-

- i. paying to the Council the employees' contributions;
- ii. paying to the Council the employer's contributions as determined by the Fund Actuary;
- iii. agreeing to appropriate risk sharing arrangements and to suitable contract clauses with Erith School to fully indemnify the Council against any outstanding amounts; and
- iv. entering into an appropriate legal agreement in a form agreed by the Council; and

(4) the Head of Legal Services be authorised to complete the necessary agreements.

The Committee rose at 9.27pm