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## PENSIONS COMMITTEE

28 JUNE 2011

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At a meeting of the PENSIONS COMMITTEE held at Bexley Civic Offices, Broadway, Bexleyheath on TUESDAY 28 JUNE 2011 at 7.30pm.

Present: Councillors Brian Bishop, Don Massey, Munir Malik (substitute), Colin Tandy (Vice-Chairman) and John Waters (Chairman)

Also Present: Mr Ian Bailey and Ms Yi Sing Ang (Aon Hewitt)  
Ms Karen Thrumble (WM Performance Services)  
Mr Rohan Worrall and Ms Jo Langton (BlackRock Investment Management)  
Mr Len Nicholson – Pensioners' Representative

### 1. **APOLOGIES FOR ABSENCE AND SUBSTITUTE MEMBERS**

(Agenda Item 1)

It was reported that a valid substitution notice had been received from Councillor Alan Deadman who had nominated Councillor Munir Malik to attend the meeting as his substitute and from Councillor Steven Hall. Councillor Don Massey had also apologised that he would be late for the meeting. Apologies were also received from Mrs Susan Clark, the Employees' Representative and Mrs Jacqui Sedgwick, the Admitted Bodies' Representative.

### 2. **MINUTES OF MEETING HELD ON 1 MARCH 2011**

(Agenda Item 2)

RESOLVED – That the minutes of the Pensions Committee held on 1 March 2011 be signed as a correct record.

### 3. **DECLARATIONS OF INTERESTS AND DISPENSATIONS**

(Agenda Item 3)

Councillor Don Massey declared a personal and non-prejudicial interest as an employee of a private equity fund management company, a further personal and non-prejudicial interest as an employee of a company that conducts business with the Aon Corporation, and a personal and non-prejudicial interest as the relative of an individual who is in receipt of a pension from the London Borough of Bexley. He also declared an additional personal and non-prejudicial interest in Agenda Item 10 as one of the organisations under consideration to operate Bexley's Diversified Growth Funds was an investor in one of his employer's funds.

### 4. **STANDING ORDER 65(6)**

(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 material relating to agenda items 6, 8 and 10 because consideration of these matters in public would disclose information falling within one

or more of the categories of exempt information contained in Schedule 12A to the Local Government Act 1972, as specified in Minutes 6, 8 and 10 and, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**6. PENSION FUND INVESTMENT PERFORMANCE UPDATE**  
(Agenda Item 6)

The Committee had resolved, as recorded in Minute 5 above, that the press and public be excluded from the meeting during consideration of the exempt material relating to agenda item 6 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 presentations on the investment performance of the Pension Fund from the Council's performance advisers, WM Performance Services and the Fund's new bond manager, BlackRock Investment Management.

Ms Karen Thrumble presented a report from WM Performance Services on the performance of the Fund in 2010/11 which included an overview of the Fund, an analysis of the Fund Managers' performance for the year and a comparison of the performance of Bexley's Fund with Peer Funds. It was reported that Bexley's Fund showed a return of +8.6% for the year, against the fund benchmark of +7.9%.

The Committee also considered an exempt document from BlackRock, detailing their current investment strategies and views on prospects for the future, in conjunction with a presentation from Mr Rohan Worrall and Ms Jo Langton.

**7. ANNUAL REPORT ON REDUNDANCY, SEVERANCE AND EARLY TERMINATION 2010/11**  
(Agenda Item 7)

The Committee considered a report detailing the numbers, costs and savings of redundancy, severance and early terminations for 2010/11, together with details of any requests for the early release of Local Government Pension Scheme benefits under Flexible Retirement or the augmentation of Local Government Pension Scheme service. An assessment of the effectiveness of the Council's early termination policies was also reported.

RESOLVED – That (1) the numbers, costs and savings of redundancy, severance and early terminations occurring in 2010/11 be noted;

(2) the numbers of flexible retirement and augmentation requests in 2010/11 be noted; and

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

**8. LOCAL GOVERNMENT PENSION SCHEME – EARLY RELEASE OF PRESERVED BENEFITS ON COMPASSIONATE GROUNDS**  
(Agenda Item 8)

The Committee had resolved, as recorded in Minute 5 above, that the press and public be excluded from the meeting during consideration of the exempt material relating to agenda item 6 because consideration of this in public disclosed information falling within paragraph 1 – information relating to any individual – 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 considered a request from a former employee for the early release of pension benefits on compassionate grounds. The Committee considered the details of the case, which were included in the exempt appendices, together with information on previous Committee decisions relating to such cases. Having considered the case in detail, the Committee considered that, although they had sympathy with the former employee, they did not consider the circumstances to be exceptional.

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

RESOLVED – That the early release of pension benefits on compassionate grounds be refused for the reasons set out in section 7 of the report.

**9. RE-ESTABLISHMENT OF PENSIONS INVESTMENT SUB-COMMITTEE**  
(Agenda Item 9)

Members received a report proposing the re-establishment of the Pensions Investment Sub-Committee for the municipal year.

RESOLVED – That the Pensions Investment Sub-Committee be re-established for the 2011/12 municipal year with the membership comprising of three Members of the majority group and one Member from the opposition.

**10. DIVERSIFIED GROWTH FUNDS**  
(Agenda Item 10)

The Committee had resolved, as recorded in Minute 5 above, that the press and public be excluded from the meeting during consideration of the exempt material relating to agenda item 6 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 considered a report providing an update on the procurement of a diversified growth fund and seeking the Committee's views on which managers should be shortlisted for interview. It was reported that it was not necessary to undertake a full EU procurement process and that therefore the applications had been restricted to those funds which Aon Hewitt ranked as their top five. The Committee considered an exempt separate document which set out detailed information relating to each of the funds.

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

RESOLVED – That the managers of Standard Life Global Absolute Return Strategy be invited for interview by the Pensions Investment Sub-Committee with the proviso that, should the Sub-Committee not be satisfied with that product, the managers of the BlackRock Dynamic Diversified Growth Fund should then be interviewed as the second preference.

**11. INVESTMENT STRATEGY UPDATE**  
(Agenda Item 11)

The Committee received a report updating progress towards the long term investment strategy following the decisions made at the Committee's meeting in February 2011.

**12. PENSIONS COMMITTEE BUSINESS PLAN**  
(Agenda Item 12)

The Committee considered a report reviewing performance against the business plan for 2010/11 and proposing a new business plan for 2011/12.

RESOLVED – That (1) performance against the 2010/11 business plan be noted; and

(2) the business plan for 2011/12 for the Pensions Committee be approved.

**13. ADMINISTRATION UPDATE**  
(Agenda Item 13)

A report was submitted updating the Committee on the development of a policy statement on knowledge and skills and the implementation of a separate pension fund bank account.

RESOLVED – That the policy statement on knowledge and skills attached as an appendix to the report be agreed for inclusion in the Pension Fund Annual Report 2010/11.

*The Committee rose at 10.05pm*