



# AGENDA

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## PENSIONS INVESTMENT COMMITTEE

**Date: WEDNESDAY, 15 JUNE 2011 at 7.00 pm**

**Committee Rooms 3  
Civic Suite  
Lewisham Town Hall  
London SE6 4RU**

**Enquiries to: Clare Weaser  
Telephone: 0208 314 9678 (direct line)  
Email:**

### COUNCILLORS

Councillor Whittle  
Councillor Maslin  
Councillor Allison  
Councillor Best  
Councillor Fletcher  
Councillor Muldoon  
Councillor Wise  
Councillor Pattisson

### Observers

Mrs C Humble) Pensioners Reps  
Mr D Tucker

### Officers

Janet Senior Ex Dir for Resources  
Jim Ricketts Interim Group Manager  
Carol Eldridge – Group Manager (Pensions  
and Payroll)  
Alex Robertson – Fixed Asset Accountant

**Members are summoned to attend this meeting**

**Barry Quirk  
Chief Executive  
Lewisham Town Hall  
Catford  
London SE6 4RU  
Date: 7 June 2011**



INVESTOR IN PEOPLE

The public are welcome to attend our committee meetings, however occasionally committees may have to consider some business in private. Copies of reports can be made available in additional formats on request.

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6.	Investec - Commodities Presentation A presentation will be made by Investec.	
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# Agenda Item 1

<b>PENSIONS INVESTMENT COMMITTEE</b>		
<b>Report Title</b>	<b>APPOINTMENT OF CHAIR AND VICE CHAIR</b>	
<b>Key Decision</b>		<b>Item No. 1</b>
<b>Ward</b>		
<b>Contributors</b>	<b>CHIEF EXECUTIVE</b>	
<b>Class</b>	<b>Part 1</b>	<b>Date: 15 JUNE 2011</b>

## **Recommendation**

To elect a Chair and Vice Chair of the Committee for the municipal year 2011/12.

# Agenda Item 2

<b>PENSIONS INVESTMENT COMMITTEE</b>		
<b>Report Title</b>	<b>MINUTES</b>	
<b>Key Decision</b>		<b>Item No. 2</b>
<b>Ward</b>		
<b>Contributors</b>	<b>CHIEF EXECUTIVE</b>	
<b>Class</b>	<b>Part 1</b>	<b>Date: 15 JUNE 2011</b>

## **Recommendation**

That the Minutes of that part of the meeting of the Committee, which was open to the press and public, held on 10 March 2011 be confirmed and signed.

PENSIONS INVESTMENT COMMITTEE		
<b>Report Title</b>	<b>DECLARATIONS OF INTERESTS</b>	
<b>Key Decision</b>		<b>Item No. 3</b>
<b>Ward</b>		
<b>Contributors</b>	<b>CHIEF EXECUTIVE</b>	
<b>Class</b>	<b>Part 1</b>	<b>Date: 15 JUNE 2011</b>

### **Declaration of interests**

Members are asked to declare any personal interest they have in any item on the agenda.

### **Personal interests**

There are two types of personal interest :-

- (a) an interest which you must enter in the Register of Members' Interests\*
- (b) an interest where the wellbeing or financial position of you, (or a "relevant person") is likely to be affected by a matter more than it would affect the majority of inhabitants of the ward or electoral division affected by the decision.

\*Full details of registerable interests appear on the Council's website.

("Relevant" person includes you, a member of your family, a close associate, and their employer, a firm in which they are a partner, a company where they are a director, any body in which they have securities with a nominal value of £25,000 and (i) any body of which they are a member, or in a position of general control or management to which they were appointed or nominated by the Council, and (ii) any body exercising functions of a public nature, or directed to charitable purposes or one of whose principal purpose includes the influence of public opinion or policy, including any trade union or political party) where they hold a position of general management or control,

If you have a personal interest you must declare the nature and extent of it before the matter is discussed or as soon as it becomes apparent, except in limited circumstances. Even if the interest is in the Register of Interests, you must declare it in meetings where matters relating to it are under discussion, unless an exemption applies.

### **Exemptions to the need to declare personal interest to the meeting**

You do not need to declare a personal interest where it arises solely from membership of, or position of control or management on:

- (a) any other body to which you were appointed or nominated by the Council
- (b) any other body exercising functions of a public nature.

In these exceptional cases, unless your interest is also prejudicial, you only need to declare your interest if and when you speak on the matter .

### **Sensitive information**

If the entry of a personal interest in the Register of Interests would lead to the disclosure of information whose availability for inspection creates or is likely to create a serious risk of violence to you or a person living with you, the interest need not be entered in the Register of Interests, provided the Monitoring Officer accepts that the information is sensitive. Where this is the case, if such an interest arises at a meeting, it must be declared but you need not disclose the sensitive information.

### **Prejudicial interests**

Your personal interest will also be prejudicial if all of the following conditions are met:

- (a) it does not fall into an exempt category (see below)
- (b) the matter affects either your financial interests or relates to regulatory matters - the determining of any consent, approval, licence, permission or registration
- (c) a member of the public who knows the relevant facts would reasonably think your personal interest so significant that it is likely to prejudice your judgement of the public interest.

### **Categories exempt from being prejudicial interest**

- (a) Housing – holding a tenancy or lease with the Council unless the matter relates to your particular tenancy or lease; (subject to arrears exception)
- (b) School meals, school transport and travelling expenses; if you are a parent or guardian of a child in full time education, or a school governor unless the matter relates particularly to the school your child attends or of which you are a governor;
- (c) Statutory sick pay; if you are in receipt
- (d) Allowances, payment or indemnity for members
- (e) Ceremonial honours for members
- (f) Setting Council Tax or precept (subject to arrears exception)

### **Effect of having a prejudicial interest**

If your personal interest is also prejudicial, you must not speak on the matter. Subject to the exception below, you must leave the room when it is being discussed and not seek to influence the decision improperly in any way.

### **Exception**

The exception to this general rule applies to allow a member to act as a community advocate notwithstanding the existence of a prejudicial interest. It only applies where members of the public also have a right to attend to make representation, give evidence or answer questions about the matter. Where this is the case, the member with a prejudicial interest may also attend the meeting for that purpose. However the member must still declare the prejudicial interest, and must leave the room once they have finished making representations, or when the meeting decides they have

finished, if that is earlier. The member cannot vote on the matter, nor remain in the public gallery to observe the vote.

### **Prejudicial interests and overview and scrutiny**

In addition, members also have a prejudicial interest in any matter before an Overview and Scrutiny body where the business relates to a decision by the Executive or by a committee or sub committee of the Council if at the time the decision was made the member was on the Executive/Council committee or sub-committee and was present when the decision was taken. In short, members are not allowed to scrutinise decisions to which they were party.

# Agenda Item 4

PENSIONS INVESTMENT COMMITTEE		
Report Title	TERMS OF REFERENCE	
Key Decision		Item No. 4
Ward		
Contributors	CHIEF EXECUTIVE	
Class	Part 1	Date: 15 JUNE 2011

## Recommendation

It is recommended that the terms of reference of the Pensions Investment Committee as set out below be noted.

## Terms of Reference

'To exercise all functions of the Council in relation to local government pensions under Section 7, 12 or 24 Superannuation Act 1972 and all other relevant pensions legislation. By way of illustration this includes:

- review with fund managers of the investment performance of the superannuation fund on a quarterly basis
- to examine the portfolio of investments, and its market value, at the end of each quarter for suitability and diversification
- to inform the fund managers of the Council's policy regarding investment of its superannuation funds, and to take advice on the possible effect on performance resulting from implementing the policy
- to review from time to time the appointment of the fund manager
- to determine the overall investment strategy and policies of the fund on professional advice
- responsibility for compliance with the ten Myners principles incorporated in the "CIPFA Pensions Panel Principles for Investment Decision Making" and all other relevant guidance in relation to the Local Government Pension Scheme in force and issued by CIPFA from time to time.'



# Agenda Item 7

PENSIONS INVESTMENT COMMITTEE			
<b>REPORT TITLE</b>	Investment Performance for Quarter Ended - 31 March 2011		
<b>KEY DECISION</b>	No	<b>Item No:</b>	7
<b>WARD</b>	N/A		
<b>CONTRIBUTORS</b>	Executive Director for Resources		
<b>CLASS</b>	Part 1	<b>Date:</b>	15 June 2011

## 1. Summary

1.1 This report sets out the performance of the pension fund investment portfolio and that of the individual managers for the quarter ending 31 March 2011.

1.2 The report comprises the following sections:

2. Recommendations
3. Background
4. Portfolio Summary
5. Conclusions
6. Financial Implications
7. Legal Implications
8. Crime and disorder implications
9. Equalities Implications
10. Environmental Implications

## 2. Recommendations

The Pensions Investment Committee is recommended to note the contents of the report.

## 3. Background

3.1 The revised management arrangements for the Pension Fund investment portfolio have been operational for approximately three years and this report sets out the performance for the quarter ended 31 March 2011 and since inception as provided by the Fund's investment advisors Hymans Robertson.

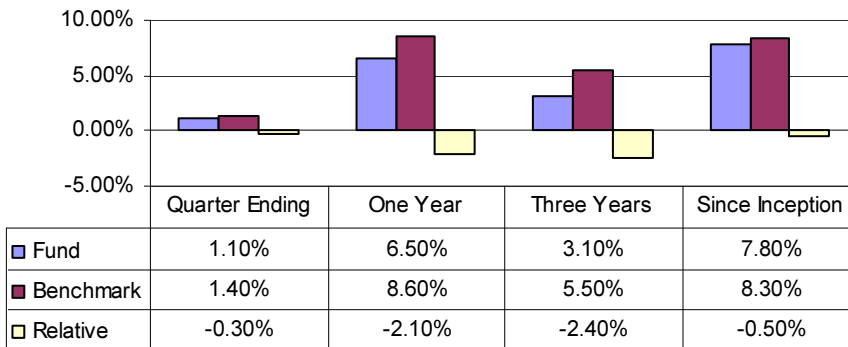
3.2 The full report and performance commentary will be provided at the meeting by the investment advisors.

## 4. Portfolio Summary

4.1 The fund had a market value of £761.7m at the 31st March 2011 which represented a gain of £5.2m (0.7%) over the December valuation of £756.5m.

4.2 The Fund achieved a return of 1.1% in the quarter which was 0.3% below the benchmark of 1.4%. The fund performance over the longer term is a set out below.

Table 1: Fund Performance



4.3 The Council participates in a performance measurement survey conducted by the WM Company. This ranks the Council's investment against that of the other 97 Councils participating in the survey and expresses this as a position out of 100. In the latest figures available up to the quarter ending the 31 December 2010 the Council ranked 11<sup>th</sup> (September 2010: 85<sup>th</sup>) with the principal contributor to performance being overseas equities where the Fund ranked 5<sup>th</sup> (September 2010: 91<sup>st</sup>).

4.4 The Fund currently employs nine specialist managers with mandates corresponding to the principal asset classes. The managers and the associated performance targets are as set out below.

Table 2: Portfolio Summary

Manager	Mandate	Target	Appointed	Mar 2011	Dec 2010
Alliance Bernstein	Global Equity	1.50%	1 Nov 2004	177.4	173.4
Fauchier	Hedge Fund	5% over 5 Years	28 Jun 2008	22.0	21.9
Harbourvest	Venture Capital	5% over 10 Years	29 Jun 2006	28.0	26.1
RCM	Global Equity	1.50%	18 Sep 2008	169.1	168.2
Schroders	Property	0.75%	12 Oct 2004	69.3	68.3
UBS (Equity)	UK Equity (Index)		27 Feb 2008	125.9	129.0
UBS (Bonds)	Fixed Interest		28 Feb 2008	124.7	125.8
INVESTEC	Commodities		25 Feb 2010	40.1	40.7
M & G	UK Financing Fund		1 May 2010	5.2	3.1
				<u>£761.7</u>	<u>£756.5</u>

- 4.5 The performance of the individual managers relative to the appropriate benchmarks is as set out in Table 3

	Ended 31		Since Inception
	Mar 2011	One Year	
Alliance Bernstein	0.3%	-2.2%	-2.1%
Fauchier	-0.7%	-4.0%	-4.8%
Harbourvest	1.7%	2.4%	-1.3%
RCM	-1.6%	-3.8%	-4.9%
Schroders	-0.5%	-2.7%	-0.8%
UBS (Equity)	0.1%	0.1%	0.1%
UBS (Bonds)	0.7%	1.8%	1.9%
INVESTEC	-3.6%	-14.9%	-9.2%
M & G	0.2%		1.3%

\* The table indicates the relatively short duration of the current structure, the volatility of returns and the continuing under-performance of all mandates with the exception of the bond and indexed equity managers.

- 4.6 The performance of individual managers will be analysed by the Council's Investment Advisor at the meeting.

## 5. Conclusion

The marginal out-performance in the previous quarter has been reversed with the Fund's relative performance again being principally attributable to the performance of RCM. All managers, with the exception of the bond and indexed UK equity mandates, continue to under-perform in the longer term.

## 6. Financial Implications

The comments of the Executive Director for Resources have been incorporated into the report.

## 7. Legal Implications

- 7.1 As the administering authority for the Fund, the Council must review the performance of the Fund's investments at regular intervals and review the investments made by Fund Managers quarterly.
- 7.2 The Pension Regulations require that the Council has regard to the proper advice of its expert independent advisers in relation to decisions affecting the Pension Fund. They must also have regard to the separate advice of the Chief Financial Officer who has statutory responsibility to ensure the proper administration of the Council's financial affairs, including the administration of the Pension Fund.

## 8. Crime and Disorder Implications

There are no crime and disorder implications directly arising from this report.

**9. Equalities Implications**

There are no equalities implications directly arising from this report.

**10. Environmental Implications**

There are no environmental implications directly arising from this report.

**BACKGROUND PAPERS**

None reported

**APPENDICES**

The full report and performance commentary will be provided at the meeting by the investment advisors.

**FURTHER INFORMATION**

If there are any queries on this report or you require further information, please contact Selwyn Thompson, Group Manager Budget Strategy on 020 8314 6932.

# Agenda Item 8

<b>PENSIONS INVESTMENT COMMITTEE</b>			
<b>REPORT TITLE</b>	The Independent Public Service Pensions Commission Final Report - The Hutton Report		
<b>KEY DECISION</b>	No	<b>Item No:</b>	8
<b>WARD</b>	N/A		
<b>CONTRIBUTORS</b>	Executive Director for Resources		
<b>CLASS</b>	Part 1	<b>Date:</b>	15 June 2011

## 1. Executive Summary

1.1 In March 2011, the final report of the Independent Public Service Pensions Commission, chaired by Lord Hutton was published. The Commission was appointed by the Government to examine the sustainability of current pension provision within the public sector in the context of continuing improvements in life expectancy.

1.2 This structure of this report is as follows:

2. Recommendations
  3. Background
  4. The Hutton Report Recommendations
  5. Next Steps
  6. Implications for Council
  7. Financial Implications
  8. Legal Implications
  9. Crime and Disorder Implications
  10. Equalities Implications
  11. Environmental Implications
- Appendix 1: The Hutton Recommendations

## 2. Recommendations

2.1 The Pensions Investment Committee is recommended to note the contents of this report.

## 3. Background

3.1 In June 2010, the Independent Public Service Pensions Commission, chaired by Lord Hutton was established by the Government to make recommendations on 'how

public service pensions can be made sustainable and affordable in the long-term, fair to both the public service workforce and the taxpayer, and ensure that they are consistent with the fiscal challenges ahead’.

3.2 The review encompassed:

- the growing disparity between public service and private sector pension provision;
- the need to ensure that future pension provision is fair across the workforce;
- how risk should be shared between the taxpayer and employee; and
- wider Government policy intended to encourage adequate saving for retirement and longer working lives.

3.3 In October 2010, the Commission issued an interim report and the final report was issued on the 10 March 2011. The recommendations provide a general set of principles for the future structure of public sector pensions without establishing the level of pension provision and cost. The Government has yet to determine the cost envelope within which the revised schemes incorporating the Hutton principles will operate.

#### **4. The Hutton Report Recommendations**

4.1 In total, the Commission made 27 recommendations relating to the provision of occupational pensions within the public sector. A summary of the recommendations have been set out at Appendix 1.

4.2 There is a wide range of schemes operating within the public sector with cost and benefit structures reflecting the services provided. The Hutton recommendations which have particular relevance for Local Government Pension Scheme (LGPS) are as follows:

- The LGPS is to remain a funded scheme and to be administered by separate local authorities as at present. It does however recommend extension of shared services and the publication of comparative data on funds performance.
- The benefits structure should migrate from that based on final salary to a Career Average Revalued Earnings (CARE) basis. This change is justified on the basis of equity in that the pension benefits of the final salary scheme accrue disproportionately to the higher paid. The Commission consider that the notional “pension cash balance” accrued by each individual should be uplifted annually by an index related to the average increase in earnings. The Commission however have not recommended the rate at which benefits are to be accrued, indexation or employee contributions because these impact on cost and affordability which are determined by the Government.
- To address the continuing improvements in life expectancy the Commission recommends that the Normal Retirement Age (NRA) in the LGPS to that for receipt of the State Pension. The current NRA for new entrants to the LGPS

is 65 which corresponds to the State Retirement Age. However the age for state retirement is scheduled to increase in steps to 68 by 2046.

- The LGPS to be restricted to employees of Local Authorities effectively removing the provision which enabled charitable and private sector bodies engaging in Council functions to participate in the LGPS as admitted or scheduled bodies.
- A maximum level of employer contributions expressed as a proportion of employee pay is to be set. If this limit is exceeded then there should be a consultation process to either increase employee contributions or reduce benefits to restore the limit. A automatic default change would be implemented if agreement could not be reached.

4.3 It is not envisaged that the proposed changes arising from the Hutton report recommendations will impact on individuals' accrued pension entitlements at the time of the change. These will continue to be calculated on the basis of the final salary at the point of retirement. However, entitlements from that date will be on the revised scheme.

## **5. The Next Steps**

5.1 Members should note that the Commission's report has indicated that the proposals should be implemented by the end of the current Parliament in 2015.

5.2 In the Chancellor of the Exchequer's Budget Statement in March 2011, the Government indicated that it accepted the recommendations of the Commission and intends to issue proposals in the Autumn, as a basis for consultation.

## **6. Implications for the Council**

6.1 The financial implications for the Council are difficult to assess until the Government sets the level of funding it considers affordable. Whilst this principally relates to the 'pay as you go' schemes which are payable out of general taxation, the Government will inevitably apply this to the funded Local Government Pension Scheme (LGPS).

6.2 The Government has already indicated that it proposes to increase the contributions payable by scheme members and this will inevitably impact on participation levels and potential salary claims.

6.3 In addition, the pension scheme is a valuable aid to the recruitment and retention of staff. Therefore, changes in contribution rates or perceived comparative benefits will impact on this.

6.4 There are a number of governance related issues which will require responses by the Council in particular the requirement to consider shared service arrangements and the provision of comparative performance data.

## **7. Financial Implications**

The comments of the Executive Director for Resources have been incorporated into the report.

**8. Legal Implications**

There are no legal implications directly arising from this report.

**9. Crime and Disorder Implications**

There are no crime and disorder implications directly arising from this report.

**10. Equalities Implications**

There are no equalities implications directly arising from this report.

**11. Environmental Implications**

There are no environmental implications directly arising from this report.

**12. Conclusion**

Officers will continue to follow the progress of the Commission's review and update Members accordingly on the Government's proposals. These proposals from the Government are expected to be issued in the Autumn.

**BACKGROUND PAPERS**

The Independent Public Services Pensions Commission – Final Report –  
March 2011

**APPENDICES**

Appendix 1 – The Hutton Recommendations

**FURTHER INFORMATION**

If there are any queries on this report or you require further information, please contact Selwyn Thompson, Group Manager Budget Strategy on 020 8314 6932.



## **Appendix 1: The Hutton Recommendations**

### The case for reform revisited

1. Public sector pensions to provide adequate levels of retirement income.
2. Employers should consider pension provision as part of an employee's total remuneration

### The deal

3. Full state pension and scheme benefits should provide an "adequate level of income" for members that have a full career in the public sector.
4. Full protection; retaining the final salary link and retirement age.
5. Existing members should move to new scheme for future service as soon as is practical.
6. Data produced to common standards and methodologies should be regularly published by all schemes, enabling simple comparisons to be made across the schemes.

### The design

7. A career average revalued earnings (CARE) scheme for all public sector schemes.
8. Pre-retirement revaluation should be in line with average earnings; post-retirement increases should be linked to prices; government to decide pre-retirement revaluation for deferreds (earnings or prices).
9. A single benefit design. Contributions tiered by earnings (well paid live longer and benefit more).
10. Choice for members: Not ancillary benefits. Flexible retirement with actuarial adjustments for early and late retirement. Removal of abatement and removal of caps on pension accrual.

### The controls

11. Normal retirement age should be linked to State Pension Age. The link should be reviewed to ensure it remains appropriate but should be maintained if possible.
12. Cap and share principles where costs exceed a fixed cost ceiling. Apply default changes where agreement cannot be reached.

### Applying the design

13. No recommendation of a single public sector scheme, but encouragement to move towards a common framework, except for uniformed services.
14. A new normal pension age of 60 should be set for uniformed schemes. This should be reviewed regularly.
15. Common scheme design features to apply to all schemes. The LGPS should remain funded.

16. Undesirable for future non–public service workers to have access.

#### A transparent and effective system

17. Pension Boards for every scheme (and each LGPS fund), to include member nominees. A policy group should be set up for each scheme at national level to consider major changes.
18. All schemes should issue annual benefit statements to active members, with more emphasis on the use of technology for communication with members and employers.
19. Scheme wide oversight by, for example, the Pensions Regulator (TPR) or some other body: improved governance and transparency would be achieved by establishing a framework to oversee governance, administration and data.
20. The Office for Budget Responsibility (OBR) should publish regular analysis of the implications for public finances (across all schemes including the LGPS).
21. Centrally collated data, covering all LGPS funds should be published, including fund comparisons.
22. Standards of good administration should be defined. A benchmarking exercise should be carried out to assist in raising standards.
23. Monitor the benefits of shared services within the LGPS. Extending, where appropriate, across all local authorities. Consider shared services and outsourcing for unfunded schemes.
24. Primary legislation to introduce a new common UK legal framework for all schemes.

#### Delivering the change

25. Consultation process should be centrally co-ordinated: to set the cost ceilings and timetables for the consultation and implementation. Consultation on the detail should be conducted scheme by scheme involving employees and their representatives.
26. Timescale: Aim to introduce the new scheme before the end of this Parliament in 2015.
27. Best practice governance arrangements for business as usual and the transition process.

# Agenda Item 9

PENSIONS INVESTMENT COMMITTEE			
REPORT TITLE	Investment Managers Bonus Policy		
KEY DECISION	No	Item No: 9	
WARD	N/A		
CONTRIBUTORS	Executive Director for Resources		
CLASS	Part 1	Date:	15 June 2011

## 1. Summary

- 1.1 This report summarises the results of a request by the Chair for details of the Fund's investment managers respective policies on the payment of bonuses to there employees and partners.
- 1.2 The detailed responses are included on part two of the agenda because they disclose confidential information.
- 1.3 The report comprises the following sections:
  2. Recommendations
  3. Background
  4. The Managers' Reponses.
  5. Conclusions
  6. Financial Implications
  7. Legal Implications
  8. Crime and Disorder Implications
  9. Equalities Implications
  10. Environmental Implications

## 2. Recommendations

The Pensions Investment Committee is recommended to note the contents of the report.

## 3. Background

- 3.1 The Chair at the Committee meeting on the 24<sup>th</sup> February 2011 asked the two managers presenting a question on their bonus policy's and requested that the fund's remaining managers be contacted to obtain details of there policies.

- 3.2 To provide an indication of the Council's requirements, Managers were requested to provide the following information:
- The level of performance related bonuses expressed both in monetary terms and as a proportion of basic pay for the last two financial years.
  - How such bonuses are calculated and the period over which performance is assessed.
  - How such bonuses are paid and in particular the proportion paid in shares and in cash.
  - The 'lock in' period for bonuses paid in shares.

#### **4. The Managers' responses**

- 4.1 Responses have been provided by Fauchier Partners, Schrodgers, UBS and Investec. RCM and Alliance Bernstein attended the meeting. No response has been received from M&G and Harbourvest
- 4.2 The effective responses represent 96% of the Fund's value.
- 4.3 The managers responses have been included on Part Two of the agenda.

#### **5. Conclusions**

- 5.1 The conclusions of the exercise are summarised as follows:
- The payment of bonuses is a standard practice for managers.
  - They provide a mechanism to incentivise and retain/recruit staff.
  - They provide a mechanism to align the clients requirement for performance with those of the managers.
  - They provide a flexible cost base to match there income streams which are essentially based on the value of funds under management.

#### **6. Financial Implications**

The comments of the Executive Director for Resources have been incorporated into the report.

#### **7. Legal Implications**

There are no legal implications directly arising from this report.

#### **8. Crime and Disorder Implications**

There are no crime and disorder implications directly arising from this report.

**9. Equalities Implications**

There are no equalities implications directly arising from this report.

**10. Environmental Implications**

There are no environmental implications directly arising from this report.

**BACKGROUND PAPERS**

None reported

**FURTHER INFORMATION**

If there are any queries on this report or you require further information, please contact Selwyn Thompson, Group Manager Budget Strategy on 020 8314 6932.

# Agenda Item 10

PENSIONS INVESTMENT COMMITTEE			
REPORT TITLE	Draft Pension Fund Accounts – Year Ending 31 March 2011		
KEY DECISION	No	Item No: 10	
WARD	N/A		
CONTRIBUTORS	Executive Director for Resources		
CLASS	Part 1	Date:	15 June 2011

## 1. Purpose

- 1.1 This report sets out the draft Pension Fund accounts for the financial year ending 31 March 2011.
- 1.2 Members are asked in accordance with best practice to note the draft accounts prior to them being signed off by the Chief Financial Officer as being available for external audit.

## 2. Recommendations

It is recommended that the Pensions Investment Committee note the draft Pension Fund accounts for the year ended 31 March 2011, as set out at Appendix 1.

## 3. The Draft Accounts

- 3.1 The Council as an administering authority under the Local Government Pension Scheme Regulations, is required to produce a separate set of accounts for the schemes financial activities and assets and liabilities.
- 3.2 The contents and format of the accounts are determined by statutory requirements and mandatory professional standards as established by the Chartered Institute of Public Finance (CIPFA) in their Statement of Recommended Practice (SORP).
- 3.3 The Pension Fund Accounts will be subject to a separate audit by the Council's external auditors the Audit Commission which must be completed by the 30 September 2011.
- 3.4 There is a related requirement for Councils to publish before the 1 December 2011 an annual report which incorporates elements of the financial accounts. This document will be the subject of a further report to this Committee when the audit is substantially complete.
- 3.5 The accounts comprise two main statements with supporting notes. The main statements are:

- Dealings with Members Employers and Others which is essentially the Fund's revenue account
  - The Net assets Statement which can be considered as the Fund's balance sheet.
- 3.6 The 'Dealings with Members Employers and Other' sets out the movement in the net worth of the fund in the year by analysing the relevant financial transactions and movements in the market value of the investment portfolio.
- The statement has two main sections:
- The financial transactions relating to administration of the fund.
  - The transactions relating to its role as an investor.
- 3.7 The administration section principally relates to the receipt of contributions from employers and active members and the payment of pensions. The section indicates that the fund is cash positive in that the receipt of contributions exceeds the pension payments by £5.272m
- 3.8 The investment section details the income received from the investment portfolio and the impact of managers activities and investment markets on the value of investments.
- 3.9 The section indicates that the value of investments has increased by £37m as a result of improved conditions in investment markets. The performance of the portfolio and the investment is the subject of another report on the agenda.
- 3.10 The net asset statement represents the net worth of the fund as the 31 March 2010. The statement reflects how the transactions outlined in the other statement have impacted on the value of the Fund's assets.
- 3.11 It should be noted that a number of the notes are incomplete as further information is required. In addition the accounts are subject to change between now and the final sign off by the Chief Financial Officer to incorporate changes identified when detailed working papers are prepared.

#### **4. Financial Implications**

This entire report relates to the draft Pension Fund accounts for 2010/11, the details of which have been attached at Appendix 1.

#### **5. Legal Implications**

The Accounts and Audit Regulations (England) 2011 as amended specify the process by which the authority's accounts are initially approved and then examined by the external auditor. This process and the dates by which the various stages have to be achieved are set out in Regulations and are binding on the Authority.

#### **6. Crime and Disorder Implications**

There are no crime and disorder implications directly arising from this report.

**7. Equalities Implications**

The are no equalities implications directly arising from this report.

**8. Environmental Implications**

8.1 There are no environmental implications directly arising from this report.

**BACKGROUND PAPERS**

None

**APPENDICES**

Appendix 1 – Draft Pension Fund Accounts 2010/11

**FURTHER INFORMATION**

If there are any queries on this report or you require further information, please contact Selwyn Thompson, Group Manager Budget Strategy on 020 8314 6932.



**SECTION 4**

**PENSION  
FUND  
ACCOUNTS**

**2010/11**

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**Pension Fund Accounts**

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**PENSION FUND ACCOUNTS**

**INTRODUCTION**

The Pension Fund provides for benefits to London Borough of Lewisham employees and former employees and admitted and scheduled bodies. These benefits include retirement allowances and pensions payable to former employees and their dependants, lump sum death gratuities and special short-term pensions. The Fund is financed by income from investments and contributions from employees, the Council and other admitted and scheduled bodies.

**ORGANISATION**

The Fund is operated under various sets of regulations made under the Superannuation Act 1972. The main sets of regulations are the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008.

Formal responsibility for investment management of the Pension Fund is delegated to the Council's Pensions Investment Committee, which monitors the external investment managers. Each investment manager has an individual performance target and benchmark tailored to balance the risk and return appropriate to the fund. The investment managers also have to consider the Pensions Investment Committee's views on socially responsible investments. Details of this policy are contained in the Statement of Investment Principles (see web address below).

A report on the Fund's performance and topical developments is sent to all pensioners bi-annually. A statement of the Fund's corporate governance, funding strategy and investment principles can be found on the authority's website, at the following address:

["www.lewisham.gov.uk/CouncilAndDemocracy/Finances/PensionsDocuments.htm"](http://www.lewisham.gov.uk/CouncilAndDemocracy/Finances/PensionsDocuments.htm)

**ACCOUNTING POLICIES**

The Pension Fund Accounts have been prepared in accordance with the 2010/11 CIPFA Code of Practice on Local Authority Accounting - a Statement of Recommended Practice (the SORP). The 2010/11 Code states that the Pension Fund Accounts should be prepared in accordance with International Accounting Standards 26 Retirement Benefit Plans except where interpretations or adaptations to fit the public sector are detailed in the Code.

The Local Government Pension Scheme (Amendment) (No. 3) Regulations 2007 also requires administering authorities in England and Wales to prepare a Pension Fund Annual Report which must include the Fund Account and a Net Assets Statement with supporting notes prepared in accordance with proper practices. The Code summarises the Pension SORP and the minimum disclosure requirements.

The date for publishing the Pension Fund Annual Report is on or before 1 December the following year, up to five months after a local authority must approve its Statement of Accounts. The Council will be taking its annual Report to its Pensions Investment Committee in order to comply with this deadline.

The Accounting Policies and the basis of preparation of the Accounts are shown below: -

- (a) Basis of Preparation - The Accounts have been prepared on an accruals basis, i.e. income and expenditure attributable to the financial year have been included, even where payment has not actually been made or received. The only exception being Transfer Values which are prepared on a cash basis. The financial statements do not take account of liabilities to pay pensions and other benefits due after the period end; these are reported upon separately in the actuary's report and reflected in the income and expenditure account. The accounts are prepared on a going concern basis for accounting purposes.

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**Pension Fund Accounts**

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- (b) Investments - Investments in the Net Assets Statement are shown at market value based on bid prices as required by the 2010/11 Local Authority SORP and the IAS 26 retirement Benefit Plans. The market value of equity investments is based on the official closing data, in the main, with last trade data being used in a small number of countries. Unitised equities are quoted based on last trade or official closing price. Northern Trust, the Fund's custodian, sets out its pricing policies in a document entitled "Asset pricing guidelines" which details its pricing process and sets out preferred pricing sources and price types.
- (c) Private equity investments are valued in accordance with United States generally accepted accounting principles, including FAS 157 which is consistent with the International Private Equity and Venture Capital Valuation Guidelines. These guidelines set out that all investments are carried at fair value and they recommend methodologies for measurement.
- (d) The Pension Fund's Hedge Fund assets are held in the Jubilee Absolute Return Fund which is a collective investment scheme structured as a protected cell of Jubilee Absolute Return Fund PCC Limited, an open ended investment company listed on the Irish Stock Exchange. The Jubilee Absolute Return Fund produces an official single-priced NAV and hence there are no bid-offer prices for subscriptions or redemptions. The official single-priced NAV is produced on a monthly basis by the independent administrator, HSBC Securities Services (Ireland) Limited ("HSBC").
- (e) Property - The Fund does not have any direct investments in property but does use a property Fund of Funds manager, Schroders, to invest in pooled property funds. The Schroders funds are all currently valued at least quarterly. The majority of property assets to which the fund has exposure to are located in the UK. They are valued in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards and are valued on the basis of their open market value (OMV).

The only non UK fund is the Continental European Fund 1. Its net asset value is derived from the net asset values of the underlying funds. Like the UK, the value of the underlying assets are assessed by professionally qualified valuers. Valuation practices will vary between countries according to local Generally Accepted Accounting Practices. The frequency of independent valuations does however vary. All the funds are independently valued on a rolling basis at least annually.

- (f) Contributions –there are seven employee contribution bands (revised annually in line with inflation) ranging from 5.5% for members earning under £12,000 a year to 7.5% for members earning over £75,000 a year. The employer's contribution is reviewed every three years and is determined as the rate necessary to ensure that the Fund is able to meet its long-term liabilities. This is assessed at each triennial actuarial revaluation.
- (g) Actuarial – The adequacy of the Fund's investments and contributions in relation to its overall and future obligations is reviewed every three years by an actuary appointed by the Council. The Council's Actuary, Hymans Robertson, assesses the Fund's assets and liabilities in accordance with Regulation 77 of the Local Government Scheme Regulations 1997. The contribution rate required for benefits accruing in future is assessed by considering the benefits which accrue over the course of the three years to the next valuation. The valuation on the 31<sup>st</sup> March 2010 valued the fund's liabilities as £949 million (£840 million 2007) and the corresponding assets as £715 million (£734 million 2007) with a consequent deficit of £234 million (£106 million 2007) and funding level of 75.4% (87.4% 2007).

The valuation was based on the projected unit valuation method. This assesses the cost of benefits accruing to existing members during the year following valuation and allowing for future salary increases. The resulting contribution rate is adjusted to allow for any difference in the value of accrued liabilities (allowing for future salary increases) and the market value of assets.

In order to value liabilities which have accrued at the valuation date and those accruing in respect of future service the actuary has assumed that the Fund's assets will generate a return of 6.1% per annum (5.8% 2007). The actuary set the employer contribution accordingly to recover the deficit over future periods.

The actuarial review carried out for 31 March 2010 resulted in an increase to the Council's contribution rate from 20% to 20.5% with effect from 1<sup>st</sup> April 2011 and annual increases of 0.5%

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**Pension Fund Accounts**


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for the subsequent two years. The next actuarial valuation of the fund will have an effective date of 1 April 2013, with new employer contribution rates taking effect from 2014/15.

The Actuary has calculated the actuarial present value of promised retirement benefits to be £1,044 million at the 31<sup>st</sup> March 2011 (£1,122 million 31<sup>st</sup> March 2010).

- (h) Investment Management and Administration - paragraph 42 of the Local Government Pension Scheme (Administration) Regulations 2008 permit the Council to charge the scheme's administration costs to the Fund. A proportion of relevant Council officers' salaries, including related on-costs, has been charged to the Fund on the basis of actual time spent on scheme administration and investment-related business. The fees of the Fund's general investment managers are charged on a quarterly basis and are generally calculated as a set percentage of the market value funds under management as at the end of those quarters. The Council's administrative costs are shown in the Fund Account as part of expenditure.
- (i) Foreign currency transactions are made using the WM/ Reuters exchange rate in the following circumstances:
- Purchase and sales: the foreign exchange rate applicable on the day prior to the trade date is used.
  - Stock holdings: the converted foreign exchange rate is used at stock valuation date.
  - Dividend receipts: the rate applicable on the day prior to the date the dividend is received is used.

**INVESTMENT PERFORMANCE****(i) 2010/11 Financial Year Summary of Fund Value**

Fund Managers have individual annual performance targets measured over rolling three-year periods net of fees.

Fund Manager	Assets	Assets Value 2010/11 £000	Assets Value 2009/10 £000	Proportion of the Fund 2010/11 (%)
UBS	Bonds	124,672	123,300	16.39%
Alliance Bernstein	Global Equities	177,416	192,200	23.32%
RCM	Global Equities incl. UK	169,067	141,500	22.23%
Schroders Property	Property	68,386	60,800	8.99%
HarbourVest (*Incl Legacy Stock)	Private Equity	27,857	21,100	3.66%
UBS passive equity	UK Tracker fund	125,728	150,700	16.53%
Fauchier	Hedge Fund of Fund	22,054	20,400	2.90%
Investec	Commodities	40,059	0	5.27%
M&G	Credit	5,314	0	0.70%
Securities Lending	Securities Lending	150	0	0.02%
Lewisham	Cash and Net Current Assets	-75	5,000	-0.01%
Total Fund		£760,628	£715,000	

## Pension Fund Accounts

## FUND ACCOUNT FOR THE YEAR

The fund account shows the surplus or deficit on the fund for the year.

<b><u>FUND ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011</u></b>	<b>2010/11</b>	<b>2009/10</b>	
	<b>£000s</b>	<b>£000s</b>	<b>Note</b>
<b><u>DEALINGS WITH MEMBERS, EMPLOYERS AND OTHERS</u></b>			
<b><u>DIRECTLY INVOLVED WITH THE SCHEME</u></b>			
Contributions Receivable:			
- from Employer	29,504	29,761	1
- from Employees	9,330	9,728	1
Transfer Values In	3,265	7,017	
Other Income	0	2	
<b>Sub-Total: Income</b>	<b>42,100</b>	<b>46,508</b>	
Benefits Payable:			
- Pensions	27,724	26,833	2
- Lump Sums: Retirement allowances	4,757	5,002	
- Lump Sums: Death grants	535	583	
Payments to and on account of leavers:			
- Refunds of Contributions	1	4	
- Transfer Values Out	8,210	3,453	
Administrative and other expenses borne by the scheme	1,021	863	3
<b>Sub-Total: Expenses</b>	<b>42,248</b>	<b>36,738</b>	
<b>Total Net (additions) withdrawals from Dealings with Scheme Members</b>	<b>148</b>	<b>(9,770)</b>	
<b><u>RETURNS ON INVESTMENTS</u></b>			
Investment Income	11,381	12,158	4
Change in market value of investments (Realised & Unrealised)	36,637	175,590	
Investment Expenses:			
- Fund Managers' Fees	(1,649)	(513)	
- Tax on Dividends	(739)	(713)	
<b>Total Net Returns on Investments</b>	<b>45,630</b>	<b>186,522</b>	
NET INCREASE / (DECREASE) IN THE FUND DURING THE PERIOD	45,482	196,292	
OPENING NET ASSETS OF THE SCHEME	715,146	518,854	
CLOSING NET ASSETS OF THE SCHEME	760,628	715,146	

**Pension Fund Accounts**  
**NET ASSETS STATEMENT**

The Net Assets Statement shows the market value of the investments and other assets held by the Pension Fund as at 31 March 2011.

<b>NET ASSETS STATEMENT AT 31 MARCH 2011</b>	<b>2010/11</b>	<b>2009/10</b>	<b>Note</b>
	<b>£000s</b>	<b>£000s</b>	
<b>EQUITIES</b>			
Equities: UK	162,087	33,237	
Equities: Global	282,468	264,064	
	<b>444,555</b>	<b>297,301</b>	
<b>MANAGED FUNDS</b>			
Property	62,831	60,276	5
Equity	23,804	169,277	
Fixed Interest	124,625	76,354	
Index Linked	-	40,338	
Other Assets	91,045	20,371	
	<b>302,306</b>	<b>366,616</b>	5
<b>CASH DEPOSITS</b>	<b>13,332</b>	<b>8,143</b>	8
<b>DERIVATIVE CONTRACTS</b>			
Assets	17,486	-	
Liabilities	(17,532)	(175)	6
	-		6
<b>OTHER INVESTMENT BALANCES</b>			
Debtors: Investment Transactions	3,333	38,666	
Creditors: Investment Transactions	(2,777)	(573)	7
			7
<b>TOTAL INVESTMENTS</b>	<b>760,703</b>	<b>709,978</b>	5
<b>NET CURRENT ASSETS AND LIABILITIES</b>			
Debtors	547	700	
Creditors	(663)	(591)	7
Cash in Hand	41	5,059	7
			8
<b>TOTAL NET ASSETS</b>	<b>760,628</b>	<b>715,146</b>	

The Net Assets Statement explicitly does not take account of the liability to pay pensions or benefits after the period end. This liability is included within the Authority's balance sheet.

The indexed linked securities are part of unitised fixed interest holding and are included as part of the Managed Funds Fixed Interest category. The Indexed linked element of the holding as at 31<sup>st</sup> March 2011 was £42.516 million.

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**Pension Fund Accounts**


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**NOTES TO THE PENSION FUND ACCOUNTS****1. CONTRIBUTIONS RECEIVABLE**

<b>Employer Contributions</b>	2010/11 £000s	2009/10 £000s
Administering: Normal	24,950	24,027
Administering: Additional	0	1,523
Admitted: Normal	816	873
Scheduled	3,738	3,338
	29,504	29,761

<b>Employee Contributions</b>	2010/11 £000s	2009/10 £000s
Administering	8,241	8,314
Admitted	206	271
Scheduled	883	1,143
	9,330	9,728

**2. BENEFITS PAYABLE**

	2010/11 £000s	2009/10 £000s
Administering	16,642	15,613
Admitted	745	73
Scheduled	174	561
Dependants Pensions	1,225	1,248
Pensions Increases	8,938	9,338
	27,724	26,833

**3. ADMINISTRATION COSTS**

	2010/11 £000s	2009/10 £000s
Lewisham Administration	466	583
Advisory Costs Incl. Audit Fees	550	280
Other Costs	0	
Bank Charges	5	
	1,021	863

**4. INVESTMENT INCOME**

	2010/11 £000s	2009/10 £000s
Cash	150	40
Equity	6,109	6,958
Fixed Interest	2,636	2,869
Index Linked	0	
Managed Funds Incl Property	2,487	2,284
Securities Lending	37	
Other*	-38	7
	11,381	12,158

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**Pension Fund Accounts**


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**5. INVESTMENT ANALYSIS**

The only (non UK Government) security forming over 5% of the portfolio is an investment in a UBS UK Equity Tracker pooled fund. This pooled fund is sufficiently diversified to ensure that overall exposure to a single UK security exceeding 5% will not occur.

An analysis of investment movements is set out below:

<b>5. INVESTMENT ANALYSIS</b>	Value at 31/03/2010	Purchases at Cost	Sales Proceeds	Capital Changes/ Re- Classification	Change in Market Value	Value at 31/03/2011
Investments	£000s	£000s	£000s	£000s	£000s	£000s
UK Equities	33,237	10,248	(12,197)	119,162	11,635	162,085
Global Equities	264,064	135,499	(124,997)	(161)	8,064	282,469
Other Managed Funds		0	0	0	0	0
Equities	169,277	3,171	(10,635)	(142,593)	4,586	23,806
Property	60,276	3,908	(2,380)	272	755	62,831
Fixed Interest Securities	76,354	2,594	(1,726)	40,338	7,065	124,625
Index Linked Securities	40,338	0	0	(40,338)	0	0
Other*	20,371	43,880	(35)	22,402	4,426	91,044
Derivatives	(175)	0	0	14	116	(45)
	<b>663,742</b>	<b>199,300</b>	<b>(151,970)</b>	<b>(904)</b>	<b>36,647</b>	<b>746,815</b>
Cash deposits	8,143					13,332
Other Investment Balances	38,093					556
	<b>709,978</b>					<b>760,703</b>

(The amounts in respect of derivative payments and receipts represent the cost at inception of the contract)

<u>EQUITY HOLDINGS ANALYSIS</u>		2010/11		2009/10	
		UK	Overseas	UK	Overseas
		£000	£000	£000	£000
<b>EQUITY</b>					
Listed		162,087	282,468	33,192	-
Unlisted		0	0	45	264,064
		<b>162,087</b>	<b>282,468</b>	<b>33,237</b>	<b>264,064</b>
<b>TOTAL EQUITY</b>			<b>444,555</b>		<b>297,301</b>
<b>EQUITY MANAGED FUNDS</b>					
Unit Trust Equities		23,804	0	151,941	17,336
<b>TOTAL EQUITY MANAGED FUNDS</b>			<b>23,804</b>		<b>169,277</b>
<b>TOTAL EQUITY INVESTMENTS</b>			<b>468,359</b>		<b>466,578</b>

The Pension Fund's bond investments are held with UBS in the form of pooled funds. The fund denoted Index linked above is comprised wholly of UK Government index linked gilts. The remaining funds are comprised of various government and corporate bonds.



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**Pension Fund Accounts**


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**6. DERIVATIVE CONTRACTS**

The global equity managers Alliance Bernstein and RCM are instructed to operate a half currency hedge to mitigate the effect on returns of appreciation or depreciation of Sterling against the local currencies of assets held.

In practice this is achieved by the use of futures and forward foreign exchange contracts, which entitle and oblige the seller and holder to exchange assets or currency on a future date at a predetermined price or rate. The former are tradable on exchanges, the latter are "over the counter" agreements, which neither the purchaser or the seller may transfer.

At 31 March 2011, forward foreign exchange contracts were the only derivative contracts held. There is no cost on entering into these contracts but the market value is established as the gain or loss that would arise at the settlement date from entering into an equal and opposite contract at the reporting date.

<b>6. DERIVATIVE CONTRACTS</b>	Sterling Value of Obligation on Purchase or Sale date £000s	Sterling Value of Equal and Opposite Obligation at 31-03-11 £000s	Implied unrealised Gains / (Losses) £000s
Currency Contracted to Purchase	-18,093	18,154	61
Currency Contracted to Sell	-668	561	-107
			<u>-46</u>

**7. DEBTORS & CREDITORS**

These comprise the following amounts:

<b>7. DEBTORS AND CREDITORS</b>	2010/11 £000s	2009/10 £000s
<b>Debtors</b>		
Contributions due from Admitted / Scheduled Bodies	547	700
Equity Dividends / Income from Managed Funds	483	590
Interest and Other Income	151	2
Tax Refunds	0	396
Pending Trades	2,699	37,678
	<u><b>3,880</b></u>	<u><b>38,666</b></u>
<b>Creditors</b>		
Fund Manager and Custody Fees	(663)	(580)
Consultancy / Advisory Fees (Incl Audit Fee)	0	(11)
Taxes Due	0	(4)
Pending Trades	(2,777)	(569)
	<u><b>(3,440)</b></u>	<u><b>(1,164)</b></u>

The pending trades relate to purchases and sales by managers which have yet to be the subject of cash settlement. The debtors figure is relatively high as a result of a balancing exercise at the year end which required managers to sell shares to provide funds to establish a new commodities mandate and to transfer between managers to get the asset allocation to correspond to the strategic benchmark.

**8. CASH DEPOSITS**

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**Pension Fund Accounts**


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The Cash Deposits relate 100% to UK Cash Holdings.

An analysis of Cash Deposits as at 31<sup>st</sup> March 2011 is as follows:

**8. CASH DEPOSITS**

	2010/11 £000s	2009/10 £000s
Northern Trust	13,332	8,143
Lewisham	41	5,059
	13,373	13,202

The Northern Trust Company is the fund global custodian and the cash is held in an interest bearing account to meet the cash flow requirements of our fund managers. Pending trade sales and purchases at the year end are treated as investment debtors and creditors

Cash in Hand is Pension Fund contributions held in the Borough's current account prior to investment.

**9. TRANSACTION COSTS**

The following direct costs were incurred in relation to individual investment transactions:

**9. TRANSACTION COSTS**

	£000s
Equity Purchases and Sales	351

**10. RELATED PARTY TRANSACTIONS**

Information in respect of material transactions with related parties is disclosed elsewhere within the Pension Fund accounts. There were no provisions for doubtful debt and amounts written off in the period.

Eight Councillors sit on the Pensions Investment Committee which oversees the Fund. Five Councillors of this Committee are members of the pensions scheme. At each meeting of the Pensions Investment Committee Councillors are asked to make declarations of interest. No material declarations of interest were made in 2010/11. During the year no trustees or Council chief officers with direct responsibility for pension fund issues have undertaken any declarable transactions with the Pension Fund.

The Council, the administering body, had the dealings with the Fund as follows:

- a) Recharges from the Council for the in-house administration costs and other expenses borne by the scheme were transacted for £1.021 million (see note 3).
- b) All cash transactions relating to pension activities are currently effected through the Council's bank account and consequently pension fund cash balances are held by the Council from time to time. Any interest receivable on such balances is paid to the Pension Fund annually at an interest rate equating to that earned by the Council on temporary investments.

**11. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)**

The fund has two AVC providers: Clerical Medical and Equitable Life. The value of AVC investments is shown below, the contributions are held by the providers and do not form part of the Lewisham fund's assets.

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**Pension Fund Accounts**


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**11. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)**

	£000s
Value at 1 April 2010	1,421
Contributions and Transfers Received	338
Investment Return	31
Paid Out	-349
Value at 31 March 2011	1,441

**12. SCHEDULED BODIES**

The following are scheduled bodies to the fund:

Christ The King Sixth Form College  
 Haberdashers' Aske's Knights Academy  
 Lewisham Homes  
 St Matthew Academy

**13. ADMITTED BODIES**

The following are admitted bodies to the fund:

National Car Parks Ltd  
 Excalibur Tenant Management Project  
 PLUS  
 Housing 21  
 Lewisham Nexus Services  
 Lewisham Way Youth and Community Centre  
 Lewisham Park Housing Association  
 SAGE Educational Trust  
 Lewisham Elders Resource Centre  
 CIS Securities  
 Wide Horizons  
 Phoenix  
 INSPACE  
 T Brown & Sons  
 Quality Heating  
 VT Group  
 Bentley Jenison  
 Broomleigh Housing Association

**14. STOCK LENDING**

The Statement of Investment Principles permits the Fund to enter into stock lending (whereby the Fund lends other bodies stocks in return for a fee and collateral whilst on loan). The council entered into stock lending transactions during the financial year earning £0.037 million.

**15. MEMBERSHIP****15. MEMBERSHIP**

	Employees		Deferred Beneficiaries		Retired Former Employees	
	2010/11	2009/10	2010/11	2009/10	2010/11	2010/11
Administering Authority	5,436	5,860	6,894	6,267	6201	6117
Scheduled Bodies	642	582	194	122	91	76
Admitted Bodies	128	131	51	44	35	32
	6,206	6,573	6,939	6,433	6,327	6,225

# Agenda Item 11

PENSIONS INVESTMENT COMMITTEE		
<b>Report Title</b>	Exclusion of the Press and Public	
<b>Key Decision</b>	No	Item No. 11
<b>Ward</b>		
<b>Contributors</b>	Chief Executive (Head of Business & Committee)	
<b>Class</b>	Part 1	Date: 15 June 2011

## Recommendation

It is recommended that under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 3, 4 and 5 of Part 1 of Schedule 12(A) of the Act, as amended by the Local Authorities (Executive Arrangements) (Access to Information) (Amendments) (England) Regulations 2006 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information:-

- 12 Review of Pension Fund Investment Management
- 13 Investment Managers Bonus Policies

By virtue of paragraph(s) 3, 4, 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

By virtue of paragraph(s) 3, 4, 5 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

By virtue of paragraph(s) 3, 4, 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted