

PENSIONS INVESTMENT SUB-COMMITTEE

Minutes of the meeting held at 7.00 pm on 15 November 2012

Present:

Councillor Paul Lynch (Chairman)
Councillor Julian Grainger (Vice-Chairman)
Councillors John Ince, Russell Mellor and Neil Reddin FCCA

Also Present:

Alick Stevenson (AllenbridgeEpic Investment Advisers)

55 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Richard Scoates and Councillor Stephen Wells.

56 DECLARATIONS OF INTEREST

Members present declared an interest as members of the Bromley Local Government Pension Scheme.

The Chairman declared a pecuniary interest in relation to Item 9: Revised Investment Strategy – Diversified Growth Fund Manager Selection, as the company he worked for was on the short list of potential DGF Managers. The Chairman left the room and did not take part in the discussion or vote on this item.

57 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 19TH SEPTEMBER 2012 EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

RESOLVED that the minutes of the meeting held on 19th September 2012 (excluding exempt information) be confirmed as a correct record.

58 MATTERS OUTSTANDING FROM PREVIOUS MEETINGS

Members noted the following updates from previous meetings –

(A) Pension Fund Annual Report (Minute 50, 19th September 2012)

The Finance Director reported that three organisations had been approached to deliver a training evening to Members, focusing on issues such as global equities, fixed income and the tri-ennial review. Baillie Gifford offered standard Member training in this area which was free of charge, and members of the Sub Committee agreed that Baillie Gifford should be approached to provide this training in early January 2012, and that all Members be invited to attend. Officers would provide an outline of the training evening to all Members of the Pensions Investment Sub-Committee in advance of the meeting.

(B) Auto-enrolment (Minute 35, 8th May 2012)

The Finance Director advised the Sub-Committee that the implementation of auto enrolment to the pension scheme could be delayed from March 2013 to September 2017 for existing staff, and that this would be considered at a future meeting of the General Purposes and Licensing Committee.

(C) London Mutual Pension Fund (Minute 35, 8th May 2012)

The Finance Director noted that work continued to be undertaken around options for greater collaboration between London Boroughs pension funds and that there were many significant issues, including areas of real concern that needed to be considered. The outcome of any further work would be reported back to the Sub-Committee. No commitment from London Boroughs was required at this stage.

59 QUESTIONS FROM MEMBERS OF THE PUBLIC AND COUNCILLORS ATTENDING THE MEETING

No questions had been received.

60 PENSION FUND PERFORMANCE Q2 2012/13

Report RES12181

The Sub-Committee received a summary of the investment performance of Bromley's Pension Fund for the first two quarters of the financial year 2012/13. The report also contained information on general financial and membership trends relating to the Pension Fund and summarised information on early retirements.

The Independent Advisor to the Sub-Committee, Mr Alick Stevenson advised Members that the market value of the Fund rose during the September quarter to £509.2m which was an increase of £22.6m from the previous quarter. The comparable value as at 30th September 2011 was 434.0m, which showed an increase in the Fund value of £75.2m over the previous 12 months.

Returns for the quarter had been positive. Baillie Gifford had returned 4.3% in the quarter, which was 0.1% above the benchmark. Fidelity had returned 4.9% which was 0.8% above the benchmark.

With regard to Local Authority averages, the WM Company measure had ranked the Borough's performance over the 12 month period to 30th September 2012 as being in the 5th percentile (out of 100), with performance over the last 3 years and 5 years both ranked in the 9th percentile.

A Member highlighted the ongoing discussions with Affinity Sutton around the continued inclusion of former Broomleigh Housing Association employees as part of the Council's pension fund under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE), which protected employee's terms and conditions of employment when a business was transferred from one owner to another. It was key to ensure that all liabilities were covered as the Council underwrote the costs of the pension. The Finance Director confirmed that work was being undertaken to secure a guarantee from Affinity Sutton to underwrite any future liabilities and noted that a further report would be provided to the next meeting of the Sub-Committee.

RESOLVED that the contents of the report be noted.

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

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

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

62 CONFIRMATION OF EXEMPT MINUTES - 19TH SEPTEMBER 2012

The exempt minutes of the meeting held on 19th September 2012 were confirmed.

63 REVISED INVESTMENT STRATEGY- DIVERSIFIED GROWTH FUND MANAGER SELECTION

The Sub-Committee considered the revised investment strategy and heard presentations from the shortlist of prospective fund managers.

64 PENSION FUND INVESTMENT REPORTS

Quarterly reports from the Council's Fund Managers, Fidelity and Baillie Gifford had been circulated prior to the meeting.

The Meeting ended at 10.13 pm

Chairman