

## Featured Photographs

The photographs in this report are taken from a publication called "Lost Pubs of Bexley". This publication is priced at £7.95 and is available to purchase from any of the Borough's libraries. A number of the photographs featured in the book and many more besides are available to purchase from the Local Studies and Archive Centre in the Central Library, Bexleyheath. Please contact Frances Sweeny for more information on 020 8836 7470

## Contacts

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Wheatley Arms. Rare photograph of the interior of a pub in the early 1900s. Pictured are the manager Percy Crow, his wife Lizzie with their children Queenie, Horace and Jack.

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Listening to you, working for you

# Bexley Pensions

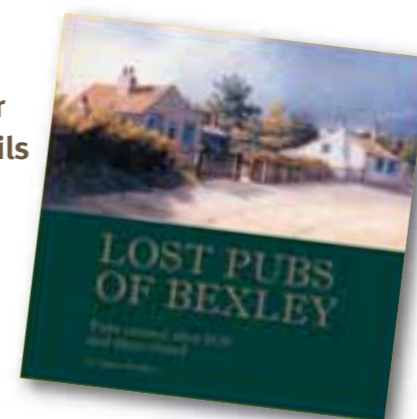
## 2006-07

## Welcome to the latest edition of 'Bexley Pensions'

Once again this annual newsletter brings you a variety of information relating to your pension and Bexley Council's Pension Fund.

Inside this newsletter you will find a report on the performance of the Fund over the last year and longer term performance figures which give a clearer view of the health of the Fund. You will also find details of the latest regulations changes which may affect you.

Throughout this publication you will find photographs taken from a book "Lost Pubs of Bexley". See if you remember any! More details can be found on the back cover.



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If you would like to know more about the Pension Fund's investment performance or have any comments about this newsletter please contact Jane Axam on 020 8298 0123 or e-mail [jane.axam@bexley.gov.uk](mailto:jane.axam@bexley.gov.uk)



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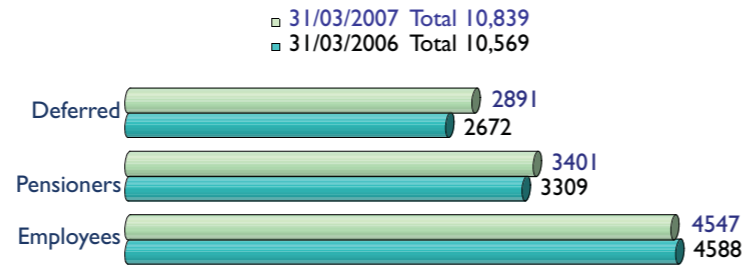
Listening to you, working for you



Coach and Horses, Erith High Street. Declared redundant in 1912.

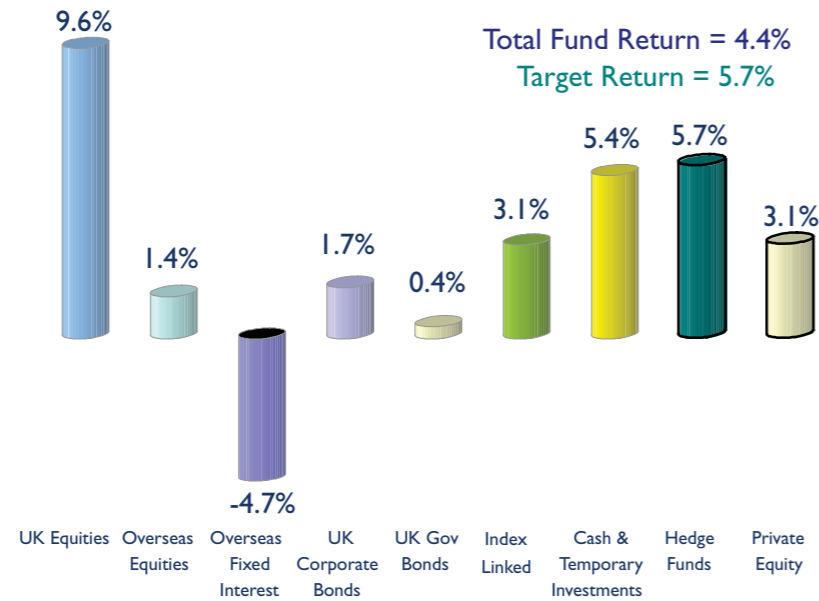
## Scheme membership

Bexley's Pension Fund has continued to grow over the past year with membership rising from 10,569 to 10,839; however current employee membership has fallen by 41 people.



## Strategic investing

### Investment Sector Returns 2006/2007



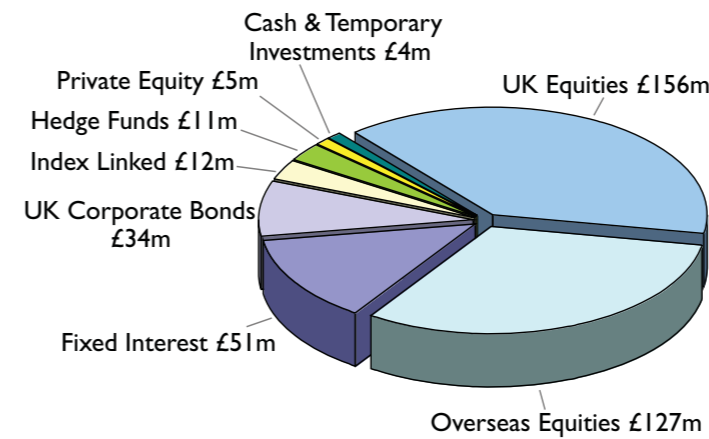
This graph shows that, in the past year, UK equities have performed very well for Bexley's fund. The returns from all sectors except overseas fixed interest were positive. The overseas fixed interest sector did not perform well in general and produced a negative average return for a large sample of Local Authority Funds.

This year specialist managers, RMF and Partners, were appointed to manage two new asset classes hedge funds and private equity. The hedge fund asset class has performed well and outperformed its target. The private equity class has not quite achieved its target return but the return is

encouraging. Private equity is known to be a reasonably volatile asset class and is expected to add value over the long term.

The combined fund, including Newton and UBS, returned 4.4% against the target of 5.7%.

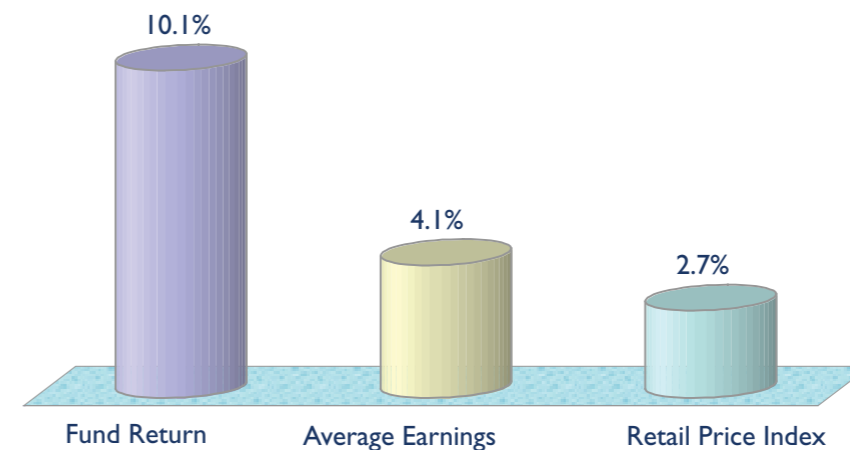
## Where the money is invested



The chart shows the allocation of assets as at 31st March 2007. The allocation is recommended by an investment specialist by means of an asset liability study which is completed every three years. The fund managers must then invest within a set range of the recommended allocations.

## A long-term look at investment returns

### Annualised 15 Year Comparison



This past year Bexley has underperformed the target by 1.3%. Investments will invariably suffer some lows and benefit from some highs but over the long-term we

hope to see these fluctuations average out to a healthy positive return.

Over the last 15 years the fund return is equivalent to

an annual return of 10.1%. This compares favourably with both the average earnings index and the retail price index.



Hop Pole, Bexley Village. This pub formerly known as Six Bells was closed in 1908.



Lady Grey, Watling Street, Bexleyheath. This pub which appears between the right most set of pylons was closed in 1892.



Rose and Crown, Bexley Road, Erith. Ceased trading in 1967 to make way for town centre redevelopment.



Star, High Street, Bexley. The furthest of the two dormer roofed buildings. The premises was described as a 'grocers and beer-shop' which appears to have ceased trading in 1862



Royal Oak, Broadway Royal Oak Road. The pub's licence renewal was refused in 1869 due to allegations of poor conduct.



White Swan, High Street, Bexley opposite the station approach. The pub was closed in 1908 after the Licensing Bench declared the pub redundant.

## A long-term look at investment returns (continued)

	Annualised Return		
	15 yrs	10 yrs	5 yrs
Fund Return	10.1	7.1	7.3
Target	9.6	7.1	7.0
Outperformance	0.5	0.0	0.3

The pension fund has outperformed the target over 15, and 5 year periods. Over a 10 year period the Fund equalled the target return.

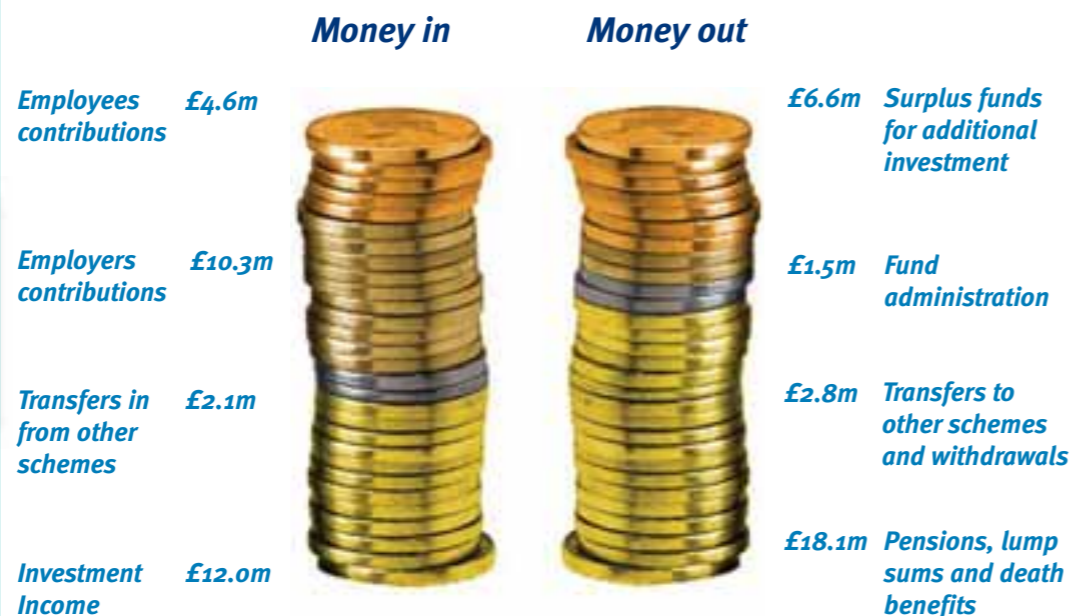


Price of Wales, Avenue Road, Erith. In Easter 1992 the pub was gutted by a mysterious fire. The site is now a McDonalds.

## How the fund was used in 2006/2007

During the year the fund received £29.0m in income. The main sources of which were the income from assets and contributions from both employees and employers.

From this income, £18.1m was needed to cover the payment of pensions, lump sums and death benefits. After other costs were met the balance was held for investment.



Prince Alfred, Upper Abbey Road, Belvedere. In 1899 the pub was merged with the adjoining cooperage and a long sweeping counter was built. In April 2001 the licence was not renewed.

## Statement of Investment Principles

In November 2005 the Pensions Committee approved an updated version of the Statement of Investment Principles (SIP).

The aim of the SIP is to provide a clear and comprehensive pension fund policy statement. The statement is required to cover 10 main principles set out by the Government and is currently being updated.

## Pension Fund Annual Report 2006/2007

This year's Annual Report is available to all on request. It provides a more detailed review of the fund including long term performance and economic background. It also has information on accounting policies and pension benefits.

## Funding Strategy Statement

Bexley's Funding Strategy Statement (FSS) was adopted by the Fund in February 2005. The FSS is the Government's latest tool to create higher standards of transparency, better levels of accountability and more effective oversight and scrutiny arrangements in the Local Government Pension Schemes (LGPS).

The production of the FSS involved consultation with admitted and scheduled bodies to the scheme and external advice from the Fund's actuary and investment advisor. Copies of the FSS have been distributed to the admitted and scheduled bodies and are now available to the public.

## Communications and Governance Policy Statements

The Local Government Pension Scheme Regulations 2005 require administering authorities to prepare, publish and maintain a policy statement setting out their communication strategy for communicating with scheme members, scheme members' representatives, prospective scheme members and their employing authorities.

The Regulations also require a similar statement on governance. Governance is the leadership, direction and control of organisations to ensure they achieve their aims and objectives. In public service organisations particularly these processes need to be clear and open to scrutiny.

If you would like a copy of any of the publications on this page please contact Jane Axam on 020 8298 0123 or email [jane.axam@bexley.gov.uk](mailto:jane.axam@bexley.gov.uk)



Wheatley Arms/Railway Hotel, Bexley Road, Erith. This pub was demolished to make way for the Walnut Tree/Bexley Road roundabout in 1977.



Kent Arms/The White Horse, Broadway Bexleyheath. This "poor man's hotel" closed on 31st December 1925.



Barley Mow, Cray Road, Footscray. John King was recorded as the beer retailer here in 1832. The pub succumbed to the road widening scheme in 1974.



*The Britannia, former South Road, North End. Closed in April 1991 to make way for the dual carriageway.*



*Rose and Shamrock, High Street/Church Hill Place, Crayford. Closed in July 1965 and was burnt down in September of the same year.*



*New Marsh Tavern, Belvedere Marshes. Rebuilt after a fire in 1912 it was later hit in an air raid in 1940 and had to be demolished.*

# New look scheme from April 2008

Scheme members may be aware that a new look Local Government Pension Scheme is being introduced from April 2008. At present the introduction of the Scheme is rumbling along slowly with only a part of the necessary legislation in place, and even that legislation which is in place being subject to review and amendment.

Nevertheless, the key features of the new Scheme are now known and can be summarised as follows.

## Benefit Structure

Pension benefits under the current Scheme are calculated by multiplying a members final pay by their membership of the scheme (in years and days), then dividing by eighty to calculate the member's annual pension. In addition, three times the amount of the annual pension is paid as a tax free lump sum.

In the new scheme the final pay multiplied by the membership will be divided by sixty rather than by eighty, and no automatic lump sum will be paid. It may not appear obvious, but this change generally increases the value of a members benefits.

In both the current Scheme and the new Scheme members are able to convert part of their pension to lump sum at a rate of £1 pension for every £12 lump sum.

Benefits accrued before April 2008 will continue to be calculated on an eightieth basis and to attract a lump sum.

## Contributions

For most members contributions to the scheme will increase. Currently most members pay 6% of their salary into the pension fund. In the new Scheme member contributions will vary between 5.5% and 7.5% dependant on their pay. A full time member earning between £18,000 pa and £30,000 pa (or a part time member whose whole time equivalent pay is within this band) will pay 6.5%.

Don't forget the website!

The Bexley Pension website includes a wide range of information about pension scheme benefits, fund and investment details, news items and publications, and has a secure area where members can access their personal pension details.

[www.yourpension.org.uk/bexley](http://www.yourpension.org.uk/bexley)

## Other Key Changes

The other main changes from April will be a new approach to calculating ill health benefits, which will differentiate between those members who would be reasonably expected to find alternative employment, and those members unlikely ever to return to gainful employment.

Changes are also being made to the benefits awarded following the death of a Scheme member. In some cases this would mean an increased lump sum payment – for example if a member dies whilst still in employment the death grant payable will be three times the members pay, rather than two times as at present. The payment of a pension to surviving nominated partner's will be introduced for the first time.

## Timetable

Much of the detail of these changes is yet to be established. It is hoped that the necessary legislation will be in place by the end of September.

## Change to the Regulations - 85 year rule

The 85 year rule, introduced in April 1998, allowed members from age 50, who qualified for immediate payment of benefits, to receive those benefits unreduced before normal retirement date when their Age + Membership = 85. If the 85 year rule was not met reductions applied. The reductions were based on the shortfall to when the member would have achieved the 85 year rule.

The 85 year rule was removed with effect from October 2006. Active members on 30th September 2006 retained some protections against the removal of the 85 year rule. In their case benefits in respect of membership before April 2008 will be calculated in accordance with the 85 year rule. For members aged 60, and able to achieve the 85 year rule, before 1st April 2016, all benefits in respect of membership before April 2016 will be calculated in accordance with the 85 year rule. For members aged 60 before 1st April 2020 benefits in respect of membership between April 2008 and March 2020 will be tapered under current legislation, with greater protection given to those who would achieve the 85 year rule earlier. For more information on how the phasing out of this rule affects you please visit

<http://www.lgps.org.uk/latest/documents/flowchart.doc>



*Old Fox, Albert/Nuxley (formerly Bexley) Road junction, Belvedere. Ceased trading probably in the early 1860s.*



*Pier Hotel, Pier Road, Erith. The hotel's licence was transferred to the Nordenfeldt Tavern in 1902.*



*Lord Nelson, London Road, Crayford. The pub closed following a loss of license due to after hours drinking.*