



Buckinghamshire County Council

Minutes

PENSION FUND COMMITTEE

MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE HELD ON THURSDAY 31 MAY 2007, IN MEZZANINE ROOM 2, COUNTY HALL, AYLESBURY, COMMENCING AT 9.32 AM AND CONCLUDING AT 12.54 PM.

MEMBERS PRESENT

Mr S Crooks, Mr F Downes (Chairman), Mr P Hardy (Vice-Chairman), Mr Q Ings-Chambers, Mr C Jones, Mr D Meacock, Mr D Phillips and Mr C Tallack

OFFICERS PRESENT

Harriet Anthony, Mercer Investment Consulting
Julie Edwards, Treasury Manager (Finance)
Keith Neale, Independent Adviser
Anwen Owens, Mercer Investment Consulting
Clive Palfreyman, Assistant Head of Finance (Corporate Financial Services)
Jacqueline Yates, Interim Head of Finance

AGENDA ITEM

1. ELECTION OF CHAIRMAN

RESOLVED

That Mr F Downes be elected Chairman of the Committee for the ensuing year.

2. APPOINTMENT OF VICE CHAIRMAN

RESOLVED

That Mr P Hardy be appointed Vice-Chairman of the Committee for the ensuing year.

3. APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

There were no apologies for absence.

Members noted that Mr Sam Crooks was replacing Mr Patrick Magee as representative for the Thames Valley Police Authority, and this would be the last meeting for Mr Cec Tallack representative from Milton Keynes Council. His replacement will be Mr Phil Gerrella.

4. DECLARATIONS OF INTEREST

There were no declarations.

5. MINUTES

The minutes of the meeting held on 19 April 2007 were agreed as a true record, subject to the following amendments:

Item 4 Fund Managers Presentation – Pantheon

Fifth paragraph: insert the word 'not' after '...but the officers did *not* consider....
Paragraph to read

Sixth paragraph: delete the word 'well' after '....was now well organised....'

Item 5 Implementing new Pension Fund Governance Arrangements

Twelfth paragraph: the Section of the LGA 1972 referred to should be Section 101.

6. PENSION FUND PERFORMANCE

Members received the report of the Treasury Manager, the purpose of which was to present the performance of the Pension Fund's managers for the first quarter of 2007.

Members noted the following:

- The market value of the fund had increased from £1,166m to £1,201m during the three months ending 31 March 2007.
- Two Funds had underperformed against the benchmark by 1% and 1.5% respectively (net relative return).
- The underperformances were offset by good performances from two other Fund Managers.
- In the Local Authority League Tables, the three years and five years percentiles demonstrated the improving trend in the Fund's performance. For the fourth quarter in 2006, the Fund was ranked in the 33rd percentile.

A member expressed concern at the poor performance of Alliance Bernstein and Capital International over the other fund managers as well as the percentage holding for each fund manager. The Chairman commented that the Committee would be re-visiting the investment strategy in November to make any changes as necessary.

Members were keen to see where the BCC Pension Fund ranked at the end March 2007 in the WM statistics, bearing in mind the improvement in the December 2007 quarter. Mercers was monitoring the current market impact on bonds.

Although overall the Pension Fund was doing well, members agreed to wait until after the WM Company statistics for the quarter ending 31 March 2007, before considering whether a press statement celebrating the performance of the Fund over previous years was appropriate.

7. FUND MANAGER'S PRESENTATION - CAPITAL INTERNATIONAL

The Chairman welcomed Michael Ericksen and Keith Baker from Capital International.

A copy of the presentation is available by contacting the clerk to the meeting.

The presentation covered three major topics:

- Performance
- Market background and future
- Benchmark changes, with a review of the last 12 months. This included fee reduction and investment process changes.

The Chairman thanked the officers from Capital International for their presentation.

8. MEMBERS' TRAINING

Members received the report from Anwen Owens and Harriett Anthony on the Training Needs Analysis.

Mercers suggested that members receive training sessions on Investment, Actuary, Legal and Administration

It was suggested that each session should last at least three hours and be separate to the Committee meetings. Provision of information in the form of reading material, prior to each training day would be helpful. After each session the training questionnaire would be revisited to ensure members were confident in the particular area covered. Training would be topped up with 30 minutes sessions built into each Agenda.

It was agreed that the sessions should be taken in the following order:

- Actuary
- Investment
- Legal
- Administration

Members will be notified of the dates of the sessions once they have been agreed.

9. FUND MANAGER'S PRESENTATION - MORLEY FUND MANAGEMENT - FUND PERFORMANCE AND INTERNATIONAL PROPERTY

The Chairman welcomed to the meeting James Cooksey, Fund Manger, and Shari Davis, Assistant Fund Manager. Members received an update on the team, performance of the Fund and recommendations for the Committee to consider going forward.

The Chairman thanked the officers from Morley for their presentation.

10. LASALLE INVESTMENT MANAGEMENT PRESENTATION - INTERNATIONAL PROPERTY

This item was deferred until the next meeting of the Committee.

11. DATE OF NEXT MEETING

The next meeting of the Committee will be held on Thursday 26 July 2007 at 9.30am in Mezzanine Room 3, County Hall.

Dates of future meetings are as follows:

20 September 2007 (Please note change of date)

29 November 2007

12. EXCLUSION OF PRESS AND PUBLIC

The Committee agreed to exclude the press and public for the following items, under paragraph 3 of Schedule 12A because the Reports contain information relating to the financial affairs of a particular person.

13. MERCER INVESTMENT CONSULTING PRESENTATION - PRIVATE EQUITY PORTFOLIO STRATEGY PLAN

Members received the report of Anwen Owens from Mercer Investment Consulting.

Members agreed that work should commence at the next meeting on the strategic review. It was agreed that Anwen Owens would produce a paper for the next meeting, setting out options, and including an indication of the cost implications and impact of switching between managers.

14. FUND MANAGERS' PRESENTATIONS - DISCUSSION

Morley Presentation

Members discussed the presentation given by Morley which included a proposal to move into the European market.

It was agreed that La Salle should be invited to the next meeting, to give a presentation with a view to looking at their proposals for European and Worldwide investment.

Capital International

Members discussed the presentation given by Capital International.

Discussion took place regarding whether there was a need to bring forward the strategic review. However, it was agreed that receipt of the valuation was important in informing any decisions and the valuation was not due until September.

CHAIRMAN