



Buckinghamshire County Council

Minutes

PENSION FUND COMMITTEE

MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE HELD ON THURSDAY 28 FEBRUARY 2008, IN MEZZANINE ROOM 3, COUNTY HALL, AYLESBURY, COMMENCING AT 9.48 AM AND CONCLUDING AT 12.54 PM.

MEMBERS PRESENT

Mr F Downes (Chairman), Mr S Crooks, Mr C Jones and Mr D Meacock

OFFICERS PRESENT

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

AGENDA ITEM

1. APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies were received from Don Phillips, Peter Hardy and Phil Gerrella. Members noted that Julia Wassell had resigned from the Committee and a replacement would be found shortly.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

The minutes of the meeting held on 29 November 2007 were confirmed.

4. CORE PLUS BONDS AND DIVERSIFIED GROWTH

Members received a presentation from Henderson Global Investors on Diversified Fixed Income. The Chairman welcomed to the meeting David Morley, Director of Institutional Business and Mitesh Sheth, Investment Director.

Members were positive regarding the suggestion of diversified fixed income. They noted that any risk was reduced by offsetting the short term investment against longer term investments. Quarterly reports would ensure any investments were properly monitored. Returns may not be immediate but the Fund would gain over the long term.

Members discussed whether swaps were permitted in LGPS investments. It was noted that the best way to take advantage of this market was to use specialised pooled funds and wrap swaps within the pooled fund structure. The benchmark for this type of investment is independent. This concept has been in place for several years and Henderson has had Pension Funds investing in this way for approximately four years. Interest in this investment has increased recently given the state of the local market. It was stressed that it was important to select the right Fund Manager who must be able to show they have experience of this type of investment.

The Committee was informed that Henderson is holding a seminar in May, to which members have been invited and it will be a further opportunity to learn more about this investment.

The Chairman thanked David Morley and Mitesh Sheth for their presentation.

5. FUND MANAGERS' 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 fourth quarter of 2007.

The market value of the fund increased from £1,268m to £1,285m during the three months ending 31 December 2007.

The Fund as a whole achieved a gross return of 0.8% against its benchmark of 0.4%, an out performance of 0.4% for the quarter to 31 December 2007. In the year to 31 December 2007 the whole Fund out performed its benchmark by 0.1% and achieved an annual return gross of fees, of 6.7%

Whilst most Fund managers had performed over their benchmark in the quarter to 31 December 2007, two managers had underperformed.

With regard to the Fund Performance in the Local Authority League Tables for the quarter to December 2007, the BCC Pension fund was ranked in the 25th percentile in the WM local authority universe. In the year to 31 December 2007 it was ranked 34th. The fund's five year average is the 38th percentile. It was noted that the three years and five years percentiles demonstrated the improving trend in the Fund's performance.

Members noted that some active managers had struggled recently, but would out perform again once the market stabilised. Companies such as Mirabaud have had a strong year, which was helped by liquidity, prices and quality companies being re-priced.

Members discussed the recent performance of Standard Life. It was suggested that they should be invited to a future meeting to talk to the Committee. However, it was agreed that the recent report from Standard Life be circulated to members, for consideration, prior to making a decision on whether to invite them in.

Members reiterated their comments regarding the presentation received from Henderson Global Investors. The Committee agreed that the principle was positive but were concerned at not being able to look at comparisons. The Officers from Mercer Investment Consulting recommended that the Committee should consider looking at Core Plus Managers.

If the Committee decided to appoint a Core Plus Manager, the OJEU process would be open to all fund managers with expertise in this area.

6. GOVERNANCE COMPLIANCE STATEMENT

Members received the report of the Assistant Head of Finance which informed the Committee of the requirement to publish a Governance Compliance Statement with effect from 1 March 2008.

The Committee was reminded that in November it approved the Governance Policy for the PFC. The Compliance statement outlines how we meet standards with regard to best practice and, although it is not a requirement, it would be positive to have both documents in place. Members expressed satisfaction that the PFC has met all the requirements under Good Practice and this will be forwarded to the DCLG.

Internal Audit has given positive assurances on the working of Pension Fund.

Members discussed the role of the Consultative Group, whose purpose is to focus more on looking at the administration of the Pension Fund Committee. However, it does have the right to make representations on other aspects if it so wishes. This was reflected in the Terms of Reference.

Discussion took place with regard to the circulation of papers for the Pension Fund Committee. It was noted that papers are published on the website and circulated to the Committee five working days prior to the meeting. However, only members of the Committee receive confidential papers. It was emphasised that the confidential papers should not be shared with anyone outside the Committee. The Assistant Head of Finance stated that he would be happy to brief any member outside the meeting if they so wished.

RESOLVED

The Committee APPROVED the Governance Compliance Statement for publication on the Pensions Website.

7. DATE OF NEXT MEETING

The next meeting of the Committee will be held on Thursday 17 April 2008.

Dates of future meetings:

2008	2009
29 May	5 March
11 September	2 April
23 October	
20 November	

8. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded for the following item which is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

9. CONFIDENTIAL MINUTES

The confidential minutes of the meeting held on 29 November 2007, were confirmed.

10. PENSION FUND INVESTMENT STRATEGY

Members received and discussed the report from Mercer Investment Consulting, which set out suggestions for the future Strategy of the Pension Fund.

CHAIRMAN