

Minutes

PENSION FUND COMMITTEE

**MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE HELD ON THURSDAY
21 JANUARY 2010, IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY,
COMMENCING AT 10.00 AM AND CONCLUDING AT 11.50 AM.**

MEMBERS PRESENT

Mr F Downes (Chairman), Mr S Crooks, Mr T Egleton, Mr W Jennings, Mr C Jones and
Mr R Scott

OFFICERS PRESENT

Clive Palfreyman, Assistant Head of Finance (Managed Services)
Julie Edwards, Pensions and Investments Manager
Jacqueline Yates, Head of Finance and Procurement
Carolyn Dobson, Independent Adviser
Anwen Owens, Mercer Investment Consulting
Matthew Passey, Mercer Investment Consulting
Maureen Keyworth, Democratic Services Officer

AGENDA ITEM

1. APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies were received from Peter Hardy, Zahir Mohammed and Chris Williams.

2. DECLARATIONS OF INTEREST

None.

3. MINUTES

The minutes of the meeting held on 19 November 2009 were confirmed as a true record.

4. TERMS OF REFERENCE

Members received the report of the Assistant Head of Finance, which sought members' agreement on the updated terms of reference, which had not been updated since the



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inception of the Pension Fund Committee in 2007.

The Committee was informed that the alterations reflected good practice rather than any major amendment.

In discussion members recommended other amendments as follows:

Pension Fund Committee

- 2.3 first bullet point: change 'dismissal' to 'removal'
- With regard to 2.8 members noted that if members should decide to disregard the advice of consultant, the rationale for the decision taken needed to be recorded in the minutes.

Pension Fund Consultative Group

- 2.2 Members expressed concern at the wording 'consider if, and to what extent, any change may be necessary to ensure continued efficient and effective performance'. It was agreed that this would be amended.
- Members asked whether this was relevant to the PFCG

Members AGREED the revised Terms of Reference as set out in Appendix 1 and subject to the amendments discussed in the meeting, which will be presented to Full Council for ratification, through the Regulatory and Audit Committee.

5. BCC/PENSION FUND SLA

Members received the report of the Pensions and Investments Manager, the purpose of which was to formalise the arrangements for investing the Pension Fund's surplus cash balances.

The Pension Fund maintains relatively small cash balances to meet its short term commitments. Cash is invested in the Pension Fund call account since it is usually used to meet any immediate payments which need to be made. The Fund's balances will be pooled with the County council's daily balances up to a maximum of £250,000. The draft Service Level Agreement would formalise this arrangement.

The Committee APPROVED the Pension Fund treasury management Service Level Agreement.

6. FORWARD PLAN

An up to date version of the Forward Plan is attached to the agenda for information, and it was noted that Pantheon would be giving a presentation at the next meeting.

With regard to training, the Assistant Head of Finance asked members to return the Training Needs Analysis as soon as possible in order to finalise the training programme at the next meeting of the Committee

With regard to the 'beauty parade' for the Investment Consultant tender, members noted that the Chairman will be signing off the evaluation criteria which will be used to determine the short list. The short list of bidders will then be presented to members for determination.

7. DATE OF NEXT MEETING

The next meeting of the Committee will be held at 10.00am on Thursday 25 February 2010 in Mezzanine Room 1.

Dates of future meetings

13 May	28 October
17 June	18 November
12 August	

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 19 November 2009 were agreed as a true record, subject to agreed amendments.

10. CURRENCY HEDGING

As a result of the last strategy review, members agreed to look at passive currency hedging and in this connection, Mercer Investment Consulting presented a report for consideration.

Members discussed the benefits and risks in taking out passive currency hedging, and noted that in the short term there could be some benefit. However, since the Pension Fund investments were over the longer term currency fluctuations were likely to balance out. There could also be additional costs in setting up passive currency hedging.

Members AGREED not to go ahead with passive currency hedging. They did not consider there was long term value in this risk reduction technique, nor justification for additional costs which may be incurred. However, they agreed that this should be looked at on a regular basis, as part of the investment strategy review.

11. FUND MANAGER'S PRESENTATION

Members received a presentation from Fraser Mcnair, at Standard Life, which included the market background, performance summary of the BCC portfolio with Standard Life, recent portfolio activity and the market outlook.

The Chairman thanked Fraser Mcnair for his presentation.

CHAIRMAN