

Minutes

PENSION FUND COMMITTEE

MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE HELD ON WEDNESDAY 11 FEBRUARY 2015, IN MEZZANINE ROOM 3, COUNTY HALL, AYLESBURY, COMMENCING AT 2.02 PM AND CONCLUDING AT 4.03 PM.

MEMBERS PRESENT

Mr P Hardy, Mr R Scott, Mr T Egleton, Mr C Ditta, Mr D Carroll and Mr P McDonald

OFFICERS PRESENT

Andrew Foster, Investment Consultant, Mercer Investment Consulting
Carolyn Dobson, Independent Adviser
Julie Edwards, Pensions and Investments Manager
Mark Preston, Assistant Service Director (Finance Centre of Expertise)
Liz Wheaton, Committee Adviser
Joshua Caughey, Mercer Investment Consulting

AGENDA ITEM

1. APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies were received from David Watson, Darren Hayday and John Gladwin.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

The minutes of the meeting held on Thursday 4 December 2014 were agreed as a correct record.

4. PFCG UPDATE

Members were asked to note the draft minutes of the last Pension Fund Consultative Group meeting which was held on Wednesday 8 October 2014. The next PFCG meeting will be taking place on 18 March 2015 and will be the last meeting before the



INVESTOR IN PEOPLE



Pension Board commences on 1 April 2015 (subject to full council approval).

5. PENSION FUND RISK REGISTER

The Pensions & Investments Manager referred Members to the report and made particular reference to a new risk which has been added to the register. The ending of the contracting-out national insurance from 2016 means that a GMP (Guaranteed Minimum Pension) reconciliation will need to take place. HMRC will be providing a service to support GMP reconciliation from April 2016 to March 2018. This reconciliation may result in identifying overpayments and underpayments. If the reconciliation is not complete before the closing of the office this could result in the Fund being liable for GMP's which it should not be responsible for.

The Chairman asked whether the risk register is presented at the county council's Regulatory and Audit Committee. The Pensions & Investments Manager confirmed that it is not currently presented to this Committee.

A Member asked whether P1, which relates to the investment strategy not producing the envisaged/required returns thereby affecting the performance of the fund, ever moves from being a red risk. The adviser to the Committee responded by saying that this risk encompasses market returns which can go up and down so it will always appear as a red risk.

Members NOTED the Risk Assessment for the Pension Fund.

6. TREASURY SLA

The Pensions & Investments Manager referred Members to the report and explained that at the March 2014 meeting, the Pension Fund Committee agreed the arrangements for investing the Fund's surplus cash in a Service Level Agreement (SLA). During 2014 (2013), the Pension Fund earned £76.1k (£49.7k) interest on its working cash balances, representing 0.64% (0.73%) on an average balance of £11.8m (£6.8m). A separate bank account operates for the Pension Fund and the interest is paid into the Pension Fund bank account. The Council's treasury team invested all the Pension Fund's working cash in the Pension Fund bank account, call accounts or money market fund. The Pension Fund bank account receives interest on daily balances, in practice.

The Chairman asked whether there had been any changes since the last Service Level Agreement. The Pensions & Investments Manager confirmed that there have not been any changes.

A Member commented that the overnight investment risk increased following the decision to downgrade the British Banks. The Pensions & Investments Manager explained that the team follows the council's policy and the Chairman went on to say that the Treasury Management Strategy takes account of the risks.

The Committee APPROVED the Pension Fund Treasury Management Service Level Agreement.

7. FORWARD PLAN

Members were asked to note the Forward Plan.

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 Thursday 4 December 2014 were agreed as a correct record subject to one minor amendment.

10. CONFIDENTIAL PFCG MINUTES

Members were asked to note the draft confidential Pension Fund Consultative Group minutes.

11. FUND MANAGER PERFORMANCE

Members noted the performance of the Pension Fund's fund managers for the fourth quarter of 2014, ending 31 December 2014.

12. FUND MANAGER PRESENTATION

Members received a presentation from a fund manager and asked a number of questions.

13. EVALUATING INVESTMENT MANAGEMENT PERFORMANCE

Members were referred to the briefing note in the agenda pack and asked a number of questions in relation to investment management performance.

14. DATE OF NEXT MEETING/ANY OTHER BUSINESS

Please note that the next meeting will now take place on Thursday 28 May at 2pm in Mezzanine Room 1.

Future dates

Thursday 18 June (10am-1pm, Mezz 1)
Wednesday 23 September (2pm-5pm, Mezz 1)
Wednesday 25 November (2pm-5pm, Mezz 1)

CHAIRMAN