



# Buckinghamshire County Council

## Minutes

## *PENSION FUND CONSULTATIVE GROUP*

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**MINUTES OF THE MEETING OF THE PENSION FUND CONSULTATIVE GROUP HELD ON THURSDAY 19 MARCH 2009, IN MEZZANINE ROOM 2, COUNTY HALL, AYLESBURY, COMMENCING AT 10.00 AM AND CONCLUDING AT 10.40 AM.**

### **MEMBERS PRESENT**

Mr F Downes, Pension Fund Committee Representative (Chairman)  
Mr R Atkins, Thames Valley Police Authority Representative  
Ms A Cobban, People & Policy Representative  
Mrs J Eubank, Employee Representative  
Mr S Mason, Aylesbury Vale District Council Representative  
Mr J McMillan, Wycombe District Council Representative  
Ms T Pearce, Chiltern District Council Representative  
Mr G Waghorn, Milton Keynes Council  
Mr M Cross, Unison Representative

### **OFFICERS PRESENT**

Ms J Edwards, Pensions and Investments Manager  
Mrs M Keyworth, Democratic Services Officer  
Mrs J Vrondis, Pensions Manager  
Ms C Perry, Principal Pensions Officer  
Mr C Thompson, Principal Pensions Officer

### **AGENDA ITEM**

#### **1. APOLOGIES / CHANGES IN MEMBERSHIP**

Apologies were received from Stuart Cox, Liz Turvey and Clive Palfreyman.

#### **2. MINUTES**

The minutes of the meeting held on 15 October 2008 were agreed as a true record subject to the following amendment:

##### **Item 3 – Fund Manager’s Performance Report**

10th paragraph, fourth line, delete ‘member’ and add ‘mandate’

The Chairman drew members’ attention to the software programme ‘Modern.gov’. The Group noted that they could register to receive email alerts for anything relating to the Pension Fund, as well as a range of other information which may be relevant to them. The web address is [www.buckscc.gov.uk/moderngov](http://www.buckscc.gov.uk/moderngov) Members were asked to contact the Clerk if they required further information.

### 3. FUND PERFORMANCE

Members received the report of the Assistant Head of Finance, the purpose of which was to present the performance of the Pension Fund's fund managers for the fourth quarter of 2008. Most mandates generated a negative return for the year, reflecting the downturn in the equity and commercial property markets.

During the three months ending 31 December 2008, the market value of the fund decreased by 3.9% from £1,107m to £1,074m. The fund outperformed by 0.3% against the benchmark of -4.2%. Alliance Bernstein and Blackstone have underperformed against their benchmarks over the last three years, and the annual performance achieved a return of -18.8%, an underperformance of 0.8%. Only private equity and bonds achieved positive returns. Pantheon, Mirabaud and Aviva outperformed their benchmarks.

In the last three year period, the Fund achieved a return gross of fees of -1.3% per annum, underperforming its benchmark by 0.2%. Three mandates achieved positive returns – L&G Bonds, Blackstone Hedge fund of funds and Aviva Property fund of funds.

The WM local authority universe data for the third quarter 2008 achieved a ranking of 41 and the Fund's annual ranking of 46 was comparable to the previous quarter. However the three and five year ranking had reduced compared to the 2<sup>nd</sup> quarter for 2008. The fluctuation in ranking in some of the quarters is due to the fact that at the time WM produce the first cut of the figures, they may not have performance information for all the Pension Funds in the LGPS.

Members agreed that the Pension Fund was in a reasonable position, given the current market downturn.

**The Group NOTED the Report and commented as appropriate.**

### 4. ADMINISTRATION PERFORMANCE

Members received the report of the Principal Pensions Officer.

Workloads have remained constant, although they have dropped back from the high number recorded in September 2008. A breakdown of tasks being completed each month was included in the report.

Key points during February 2009 were:

- In February 2009, there were 29 new notifications of death and all initial death letters were sent out on the same day the Pensions Team was notified. Of those 24 were completed in total, four of which required recalculation of benefits. The remaining five are still awaiting information from the next of kin.
- Twenty eight employer estimates were provided, of which two were provided outside of target.
- The Pensions Team processed 323 general queries (not including telephone queries), 210 leavers (non-retirements) and set up 325 new starter records.
- To date 110 queries have been received regarding the issuing of Annual Benefit Statements, of which approximately half have been general queries.

Work procedures are still being developed and have just been tested to see what volume of calculations needed re-assessing. Further information will be provided at the next meeting of the Consultative Group.

**Action: Agenda Item**

**The Group NOTED the performance statistics of the team.**

## **5. SERVICE LEVEL AGREEMENTS AND CHARGES**

Members received the report of the Pensions Manager, asking members to consider the setting up of a charging structure for additional work undertaken by the Pensions Team, due to poor performance of fund employers.

The Pensions Manager asked if members would consider the setting up of a charging structure relating to the additional work carried out as a result of the poor performance by some employers.

A statutory consultation by CLG about future cost sharing arrangements for the LGPS has recently been concluded and all employers in the Pension Fund would have been asked to respond. Initially, pension fund authorities will be required to provide the Secretary of State with the same data provided to their fund actuary at the time of the actuarial valuation, due at 31 March 2010. The Pensions Fund Manager stated that they could not comply with this because of the tight timescale to produce the information and the fact that the errors need to be resolved before the send out date.

Resolution of the errors requires a lot of work particularly with employers who continually ignore the requests. Therefore, it was considered that a charging structure should be put in place according to the time taken to obtain information. Costs relating to email and staff time would only be included and this was not a money making exercise. If members were minded to agree to this, it can become part of the Service Level Agreement, starting from 1 April.

In discussions with neighbouring authorities, one suggestion was that the number of queries and changes should be logged against employers and at the end of a quarter, they would be informed about the amount that they would have been charged if the procedure had been in place. In some areas, this has produced an immediate improvement. The duties of employers are clearly set out in the SLA so there should be no confusion about what is required of them. In answer to a question, members noted that Payroll Managers are contacted regarding queries.

Additional resources are required to resolve queries and those costs are spread across all employers, not just those who consistently fail to provide the information requested. It was emphasised that issues such as sick leave were not considered as part of the problem regarding queries.

The Group was in favour of sending out a statement at the end of the next quarter, which would show what employers would be charged if such a procedure was in place. It was agreed that an acceptable level for charging would be set and notified to employers at the end of the first quarter. Information from the second quarter would be presented to the next Consultative Group meeting in order to ascertain whether the level of queries had dropped.

## **6. VALUATION PREPARATION**

Members received the report of the Principal Pensions Officer, the purpose of which was to draw to the attention of the Consultative Group, the data requirements of Buckinghamshire County Council as Administering Authority, in preparation for the 2010 Valuation of the Pension Fund as required under statute.

The information required is no different from previous years, except for the introduction of tiered contributions. Details of contributions paid, the relevant percentage contribution and date of any change, will now be required. Once the information is received it will be put into the system and the fte pensionable pay for

that year will be calculated. The system will generate queries where there is a reduction in pay, or an increase of more than 10%. The main issues will be changes in hours, leave of absence and leavers and starters information.

Last year members of the Pensions Team visited employers to discuss the information required for the year end and the team will be happy to do this again if requested to do so.

The year end schedule will be sent out by the end of the week for return by the end of April.

**The Consultative Group NOTED the report and the need to impress on employers the information required from each employer to ensure accurate data is supplied to the Fund Actuary.**

## **7. BUSINESS PLAN**

Members received the report of the Principal Pensions Officer, the purpose of which was to present the integrated Pensions Section Business Plan for 2009/10.

The Consultative Group was informed that the Teachers Pay and Pensions Team has been merged with the Local Government Pensions Team with effect from 1 January 2009. There are no resource implications but it is hoped that the merger will improve the provision of financial information. The Treasury Team will also be merged with effect from 1 April 2009.

A business planning day was held and a plan produced, which was attached to the report. An update will be presented at the next meeting.

**Action: Agenda Item**

**The Consultative Group NOTED and report and commented as appropriate.**

## **8. ANNUAL GENERAL MEETING**

Members received the report of the Assistant Head of Finance asking the Group to consider the Administering Authority's plans for the 2010 Annual General Meeting.

The last AGM was held in 2007 and only 22 people attended. A great deal of organisation is needed in order to hold this meeting and members were asked whether they considered it would be useful to hold one in 2009. It is not a statutory requirement to have an AGM.

It was suggested that an AGM should be held in September or October 2009 prior to the actuarial valuation, with the possibility of then holding one in 2010 to discuss the outcome of the valuation, which could then feed into relevant budgets. It was agreed that the venue should be in Aylesbury, it would be a half day event and speakers would be invited. A date would be agreed and circulated as soon as possible.

**The Consultative Group CONSIDERED the Administering Authority's plans for an AGM and were in favour of holding one in September/October 2009 in Aylesbury.**

**9. DATE OF NEXT AND FUTURE MEETINGS**

The next meeting of the Pension Fund Consultative Group will be held on Friday 9 October 2009 at 10.00am in Mezzanine Room 2.

Dates of future meetings. All meetings commence at 10.00am and will be held in Mezzanine Room 2.

11 March 2010  
14 October 2010

**CHAIRMAN**