

# Agenda

## *PENSION FUND CONSULTATIVE GROUP*

**Date:** Wednesday 15 December 2010  
**Time:** 10.00 am  
**Venue:** Mezzanine Room 3, County Hall, Aylesbury

<b>Agenda Item</b>	<b>Page No</b>
<b>1 APOLOGIES / CHANGES IN MEMBERSHIP</b>	
<b>2 MINUTES</b> of the meeting held on 11 March 2010 to be agreed	<b>1 - 4</b>
<b>3 CIPFA PENSIONS ADMINISTRATION BENCHMARKING CLUB</b> Report from Claire Lewis-Smith, Principal Pensions Officer	<b>5 - 28</b>
<b>4 PENSIONS ADMINISTRATION REPORT</b> Report from Chris Thompson, Principal Pensions Officer	<b>29 - 32</b>
<b>5 QUARTER 3 PERFORMANCE REPORT</b> Report from Clive Palfreyman, Assistant Head of Finance	<b>33 - 38</b>
<b>6 DATE OF NEXT MEETING</b> The next meeting of the Pension Fund Consultative Group will be held on Thursday 10 March 2011 in Mezzanine Room 3  Dates of future meetings: 13 October 2011	
<b>7 EXCLUSION OF THE PRESS AND PUBLIC</b> To resolve to exclude the press and public as the following item 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)	



INVESTOR IN PEOPLE



8	<b>CONFIDENTIAL MINUTES</b> of the meeting held on 11 March 2010 to be agreed	39 - 42
9	<b>QUARTER 3 PERFORMANCE REPORT</b> Report from Clive Palfreyman, Assistant Head of Finance	43 - 52
10	<b>2010 VALUATION</b> Report from Clive Palfreyman, Assistant Head of Finance	53 - 76
11	<b>HUTTON REPORT</b> Report from Clive Palfreyman, Assistant Head of Finance	77 - 82

---

If you would like to attend a meeting, but need extra help to do so, for example because of a disability, please contact us as early as possible, so that we can try to put the right support in place.

*For further information please contact: Maureen Keyworth on 01296 383603  
Fax No 01296 382538, email: [mkeyworth@buckscc.gov.uk](mailto:mkeyworth@buckscc.gov.uk)*

## **Members**

Mr F Downes, Pension Fund Committee Representative (C)  
Ms S Burgess, Admitted Body Representative - Heritage Care  
Ms A Cobban, People & Policy Representative  
Mr S Cox, Pensioner Representative  
Mr M Cross, Unison Representative  
Mrs J Eubank, Employee Representative  
Mr P Hammond, Thames Valley Police Authority  
Mr T Hannam, Milton Keynes Council  
Mr S Mason, Aylesbury Vale District Council Representative  
Mr J McMillan, Wycombe District Council Representative  
Mr C Palfreyman, BCC Finance Representative  
Ms T Pearce, Chiltern District Council Representative  
Ms L Turvey, Admitted Body Representative - Fremantle Trust  
Mr J Burness, South Bucks District Council  
Mr M Chard, Employee Representative



# Buckinghamshire County Council

## Minutes

## *PENSION FUND CONSULTATIVE GROUP*

---

**MINUTES OF THE MEETING OF THE PENSION FUND CONSULTATIVE GROUP HELD ON THURSDAY 11 MARCH 2010, IN MEZZANINE ROOM 2, COUNTY HALL, AYLESBURY, COMMENCING AT 10.06 AM AND CONCLUDING AT 11.30 AM.**

### **MEMBERS PRESENT**

Mr F Downes, Pension Fund Committee Representative (Chairman)  
Mr S Cox, Pensioner Representative  
Mrs J Eubank, Employee Representative  
Mr C Palfreyman, BCC Finance Representative  
Ms T Pearce, Chiltern District Council Representative  
Ms L Turvey, Admitted Body Representative - Fremantle Trust  
Mr G Waghorn, Milton Keynes Council

### **OFFICERS PRESENT**

Ms J Edwards, Pensions and Investments Manager  
Mrs M Keyworth, Democratic Services Officer  
Mrs C Lewis-Smith, Principal Pensions Officer

### **AGENDA ITEM**

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

Apologies were received from Paul Hammond, Jim Burness, John McMillan and Martin Cross.

Members noted that Paul Hammond has replaced Bob Atkins as the Thames Valley Police Authority representative and Jim Burness has replaced Mary Shannon as the South Bucks District Council representative.

#### **2. MINUTES**

The minutes of the meeting held on 9 October 2009 were agreed as a true record.

#### **3. VALUATION PREPARATION**

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

It was noted that 3,500 queries had been generated as a result of the annual return.

These related to employers not having notified the Pensions Team of leavers and new staff within their organisation.

**The PFCG NOTED the report and encouraged compliance from employers and their payroll contractors.**

#### **4. PENSIONS ADMINISTRATION PERFORMANCE**

Members received the report of the Principal Pensions Officer, which detailed the work performance statistics for the last 12 months to February 2010. The PFCG is required to monitor the performance of the Pensions Administration Team.

The Group noted that 134,000 enquiries had been received in the past year, of which 97.8% were within the target response. The Chairman stated that considering the volume of enquiries which the Administration Team dealt with, performance was good.

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

#### **5. PENSION ADMINISTRATION STRATEGY AND SERVICE LEVEL AGREEMENT**

Members received the report of the Principal Pensions Officer.

The Group noted that in 2008 regulations were introduced allowing the administering authority to develop and produce a written statement setting out the pension administration strategy of Buckinghamshire County Council. Part of the strategy included being able to pass on costs relating to additional charges where employers were not specific about their enquiries. Training is also provided. The details are set out in a service level agreement which will be issued to all employers. All employers will be asked to sign an SLA and employer and administering authorities will also be monitored on the service they provide.

In answer to a question about whether or not charging has had a positive impact on the level of performance, it was noted that since charging was introduced employers are being more precise in asking for quotes, and there has been an improvement in data for the valuation process to enable employer rates to be set. However, charging is used as a last resort, rather than the norm.

With regard to arbitration, it was noted that the administration strategy would be used prior to the arbitration process. Whilst there are no sanctions for an employer who constantly under performs, work is undertaken to improve the situation and charging is one method which can be used.

**The PFCG provided feedback on the Pension Administration and Service Level Agreement, which is planned to become effective from 1 June 2010.**

#### **6. DATE OF NEXT MEETING**

The next meeting of the Pension Fund Consultative Group will be held on Thursday 14 October 2010 in Mezzanine Room 2, County Hall

#### **7. 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)

## 8. FUND MANAGERS' PERFORMANCE TO 31 DECEMBER 2009

Members received the report of the Head of Finance & Procurement.

Since the meeting of the PFCG in October, the Pension Fund has been going through a major transition and £400m of assets have been moved with five new managers being appointed following a review of the Pension Fund's investment strategy. There has also been a review of the Pension Fund's governance and how the PFC monitor and challenge and hold Fund Managers accountable for their performance. There has been a move towards a more holistic way of monitoring Fund Managers which is reflected in table 1 of the confidential report.

Quarterly Performance was reported as follows:

<b>Fund Manager</b>	<b>Net Performance %</b>	<b>Benchmark %</b>	<b>Net Relative Return %</b>
Aviva Investors	3.7	7.9	-4.2
BlackRock	3.4	1.3	2.1
Blackstone	2.8	0.1	2.7
Deutsche Bank	4.1	2.9	1.2
Investec	4.0	2.9	1.1
Legal & General	2.6	2.6	0.0
Mirabaud	4.7	5.5	-0.8
Pantheon (Asia V)	17.7	1.5	16.2
Pantheon (Europe V)	-0.9	2.3	-3.2
Pantheon (Europe VI)	-1.6	2.3	-3.9
Pantheon (USA VII)	4.2	4.9	-0.7
Pantheon (USA VIII)	0.9	4.9	-4.0
Partners Group – Property	-4.8	3.1	-7.9
Partners Group – Resources	-15.9	3.1	-19.0
Royal London Asset Management	-0.4	-0.3	-0.1
Schroders	3.4	2.9	0.3
Standard Life	5.8	5.5	0.3
<b>TOTAL</b>	<b>3.0</b>	<b>3.4</b>	<b>-0.4</b>

Manager allocations were reported as follows:

<b>Fund Manager</b>	<b>Mandate</b>	<b>30 Sept 2009 £m</b>	<b>31 Dec 2009 £m</b>	<b>% allocation</b>
Aviva Investors	Property Fund of Funds	114	114	8.9
BlackRock	Cash/inflation plus	22	23	1.8
Blackstone	Hedge fund of funds	57	58	4.6
DB Advisors	Global equities	85	88	6.9
Investec	Global equities	87	90	7.0
Legal & General	Passive global equities	389	399	31.2
Mirabaud	UK Equities	131	138	10.8

Pantheon	Private Equity	26	31	2.3
Partners Group	Private Equity	12	11	0.9
RLAM	Bonds	119	123	9.7
Schroders	Global Equities	87	90	7.0
Standard Life	UK equities	97	103	8.1
BGI	Transition Account	5	0	0.0
Pension Fund	Cash	1	9	0.8
<b>TOTAL</b>		<b>1,233</b>	<b>1,277</b>	<b>100</b>

The Group commented as appropriate and NOTED the performance of the Pension Fund's fund managers for the fourth quarter of 2009, ending 31 December 2009.

## 9. FUND MANAGER PRESENTATION

Aviva Investors were invited to give a presentation to the Group and the Chairman welcomed to the meeting Dave Sapsford, Client Relationship Manager and Alistair Dryer, Fund Manager, Real Estate Multi-Manager.

Members discussed the European and UK market performance as well as the impact of exchange rates on investments.

The Chairman thanked Dave Sapsford and Alistair Dryer for their presentation.

In answer to the Chairman's question about whether the format of the presentation was helpful, a member stated it gave a better understanding of elements of the Pension Fund.

**CHAIRMAN**

# Pension Fund Consultative Group

---

<b>Title:</b>	<b>CIPFA Pensions Administration Benchmarking Club</b>
<b>Date:</b>	15 December 2010
<b>Author:</b>	Claire Lewis-Smith
<b>Contact officer:</b>	Claire Lewis-Smith, 01296 383713
<b>Electoral divisions affected:</b>	None

## Summary

The county council participates in the CIPFA Pensions Benchmarking Club. Data is submitted annually and the council is measured against other participating administering authorities.

## Recommendation

### Members are asked to:

Consider and comment on the report attached at Appendix A.

## Supporting information

The county council has participated in the CIPFA Pensions Benchmarking Club for 10 years. Data is supplied on costs measures, workload measures, staff related measures and Industry Standard Performance Indicators.

## Resource implications

The report is an indication of how the county council compares to other administering authorities regarding the total administration cost per member. The report also provides a breakdown of the costs per member for categories such as staff and payroll costs.

## Legal implications

There is no legal requirement to participate however membership of the Club ensures that the pension fund statistics on a variety of areas are assessed annually and provides evidence that we are comparing favourably with other administering authorities. The data is confidential and



INVESTOR IN PEOPLE



should only be shared with authorities who participate. Other authorities are not identified and our data is highlighted in black.

**Other implications/issues**

None

**Feedback from consultation, Local Area Forums and Local Member views (if relevant)**

N/A

---

**Background Papers**

Appendix A: 2009/2010 report

---



# **Pensions Administration Benchmarking Club 2010**

## **Buckinghamshire County Council**

compared with

63 authorities

**FINAL REPORT**

*Copyright*

*CIPFA Business Limited*

*No.1 Croydon, 12-16 Addiscombe Road, Croydon, CR0 0XT*

*Tel: 020 8667 1144 Fax: 020 8681 6741*

# PREFACE

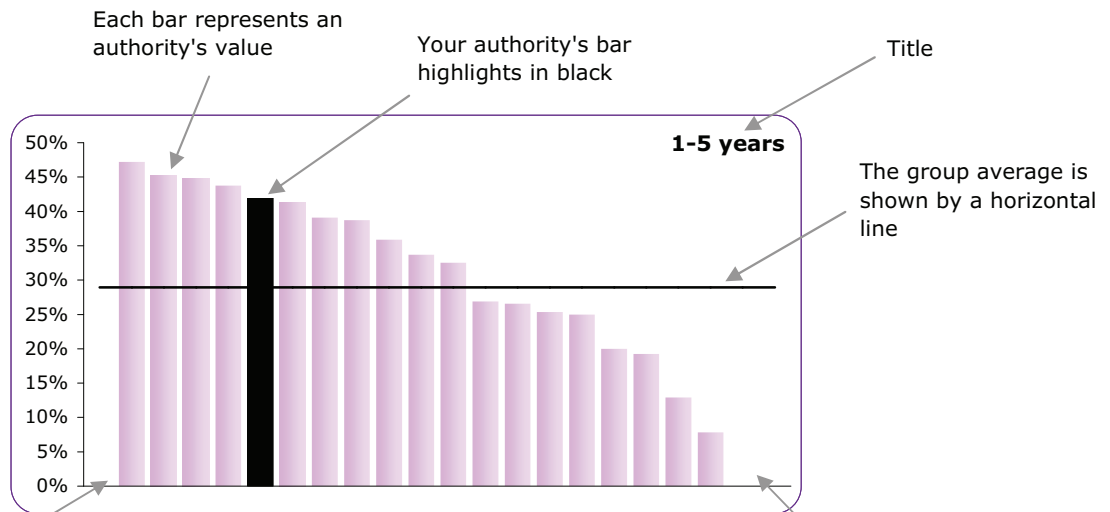
This report compares your data with the group of authorities specified on the title page.

Throughout the report your figures are shown in tables and in graphical form. If you are not familiar with our reports we hope this page will help you to better understand the way we present this data.

**Averages:** Almost all of our tables and charts compare your figure with a group average. The average is the unweighted mean value for the group. This average value ignores missing data, or data that we have excluded and for this reason sets of averages sometimes do not reconcile precisely.

**Charts:** We display a large amount of data on charts as this allows us to show the data for the entire group efficiently and gives far more information than a simple average (i.e. range of data, individual authority values etc...). Below we have annotated an example chart to help explain what they are showing.

**Bar Charts:** These are our standard method of displaying a full set of data



'Missing bars' on the left represent missing data or excluded data and are not included in calculating the average

Staff experience			
	FTE	%	Avg
< 1 year	1.5	10%	9%
<b>1-5 years</b>	<b>6.5</b>	<b>42%</b>	<b>29%</b>
5-10 years	3.5	23%	21%
> 10 yrs	4.0	26%	41%
<b>Total</b>	<b>15.5</b>		

'Missing bars' on the right represent zero values and are included in the average

# INTRODUCTION

This report compares your performance with the group of authorities specified on the title page. It is divided into the following sections.

	Page
1 Summary 2010	4
2 Cost Measures	5
3 Workload Measures	9
4 Staff Related Measures	16
5 Industry Standard Performance Indicators	20
6 Comparison with Private Sector } <i>final reports only</i>	21
7 Timeseries	22

## Section 1 - Summary 2010

This page provides a brief summary of the most salient aspects of the report.

## Section 2 - Cost Measures

This section concentrates on cost/member ratios starting with total cost/member which is then broken down by staff costs, payroll costs, direct costs, overheads and income. Further analysis of direct costs and overheads is also provided in this section.

## Section 3 - Workload Measures

The first measure of workload is the number of members in the scheme, which is shown along with a breakdown by class of membership. This is followed by an analysis of the number and type of LGPS employers

Other workload measures include:

- joiners and leavers with a full analysis of the various types of retirements
- provision of estimates and actual calculations
- AVCs and ARCs
- appeals

## Section 4 - Staff Related Measures

The measures included here are an analysis of staff numbers by pay band, sickness absence, pensions work experience, staff qualifications and staff turnover.

## Section 5 - Industry Standard Performance Indicators

In this section we show how authorities perform against each of the LGPC performance indicators.

## Section 6 - Comparison with Private Sector (final report only)

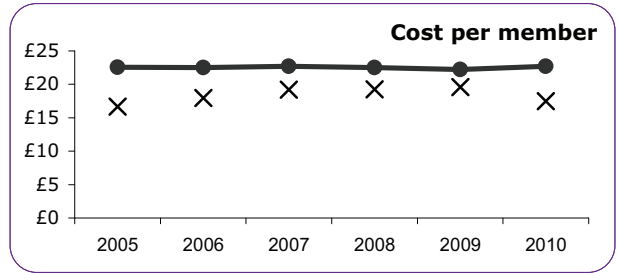
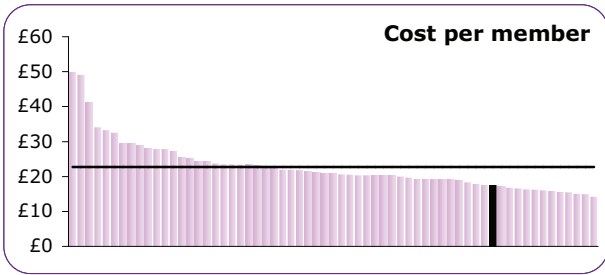
This shows members' costs and averages compared to private sector averages for in-house and externally managed pension schemes. The external data is taken from the Capita Hartshead Annual Pension Scheme Admin Survey 2010.

## Section 7 -Timeseries

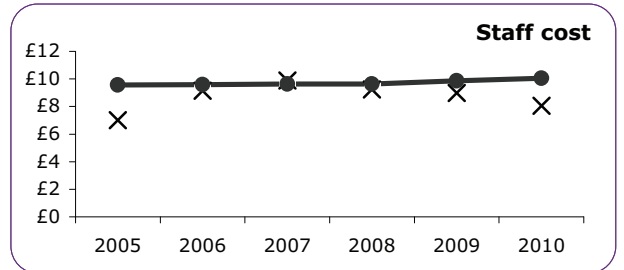
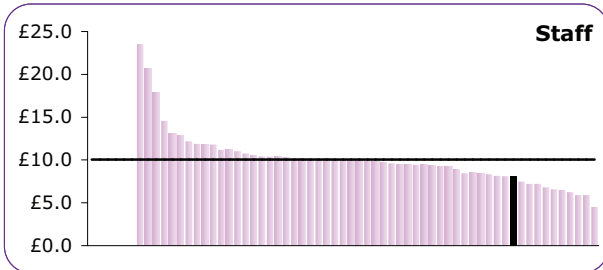
This shows the individual members' performance over time compared to the club average for cost per member, which is analysed over staff cost and other costs.

# SECTION 1 - SUMMARY 2010

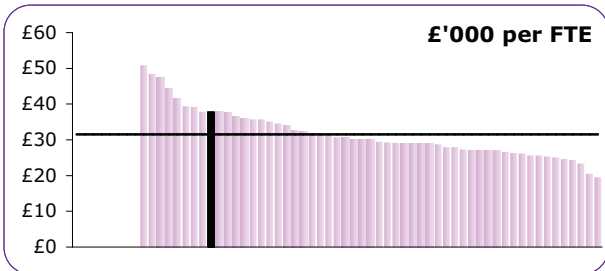
## NET COST / MEMBER 2009-10



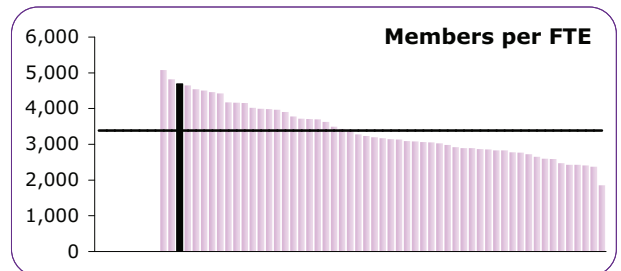
## STAFF COST / MEMBER 2009-10



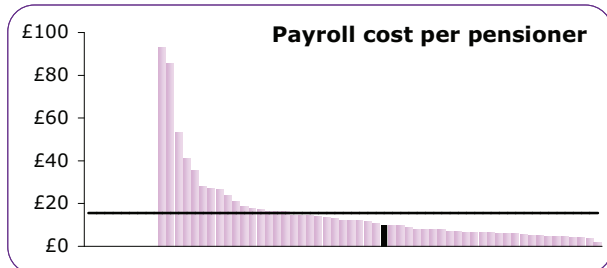
## COST £'000 / FTE



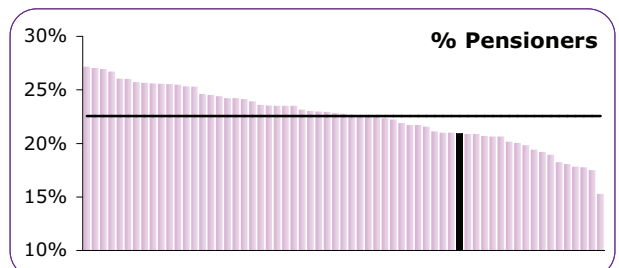
## MEMBERS LGPS / ADMIN FTE



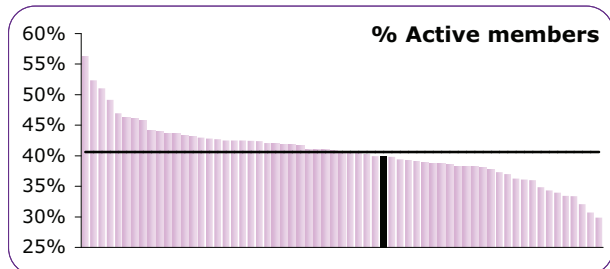
## PAYROLL COST / PENSIONER



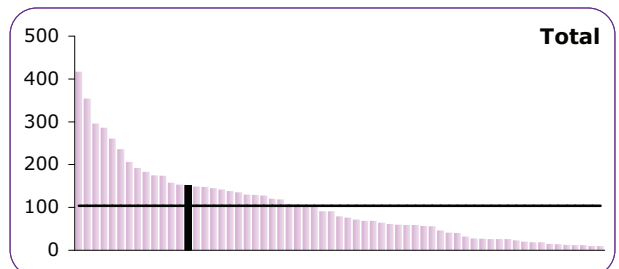
## PENSIONERS AS A % MEMBERS



## ACTIVES AS A % MEMBERS



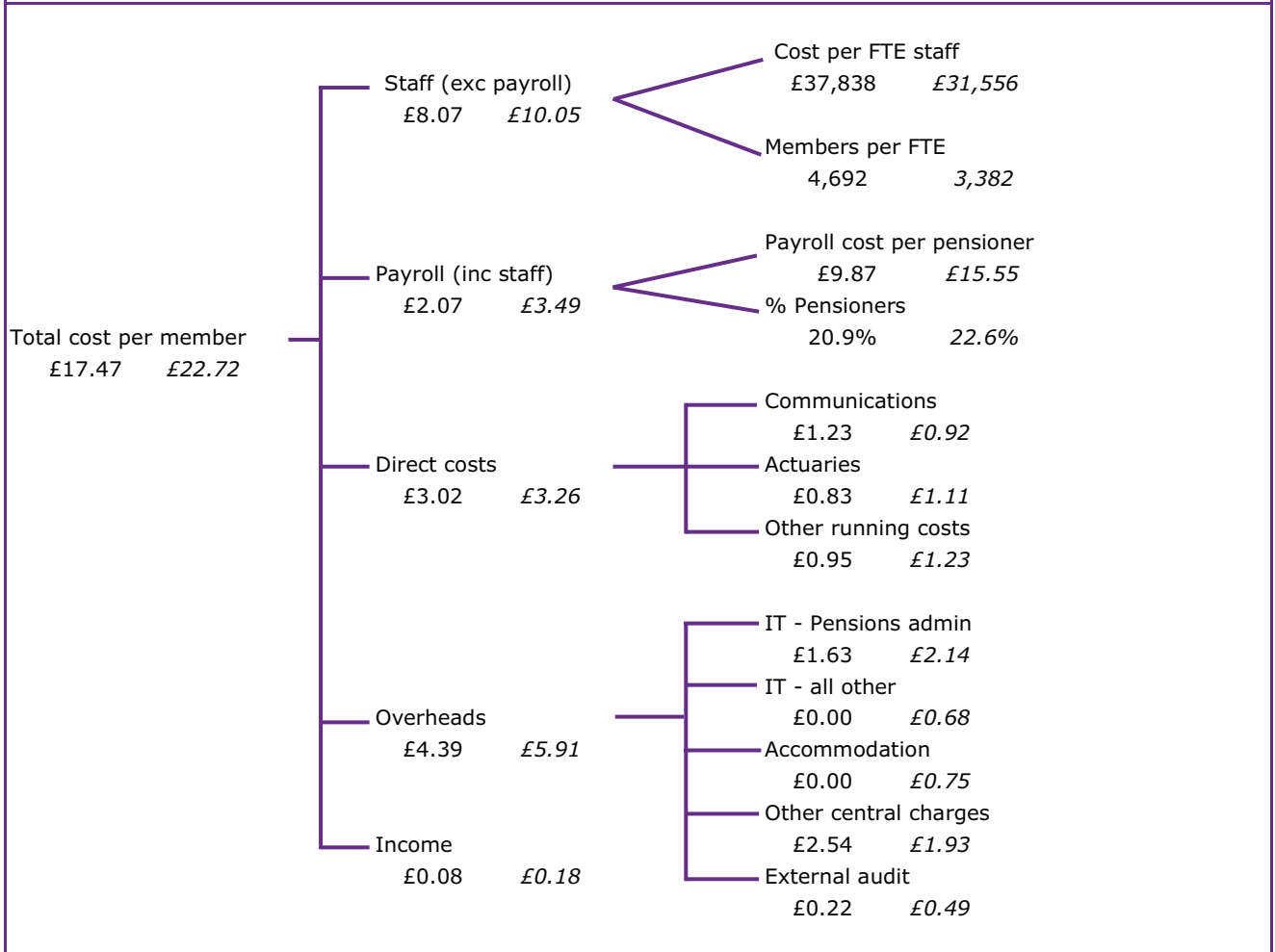
## NUMBER OF LGPS EMPLOYERS



## SECTION 2 - COST MEASURES

### COST/MEMBER TREE 2009-10

This tree diagram analyses the cost per member. For each benchmark two figures are given the first being the authority's cost and the second (in italics) is the group average.



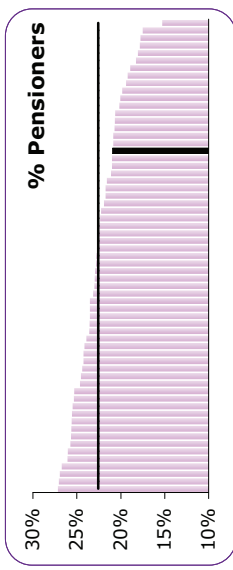
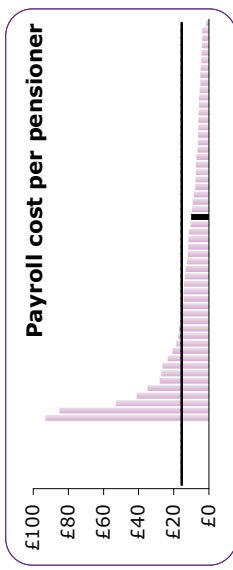
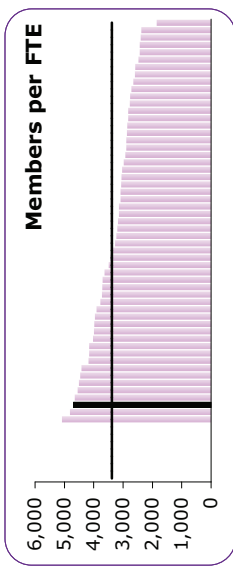
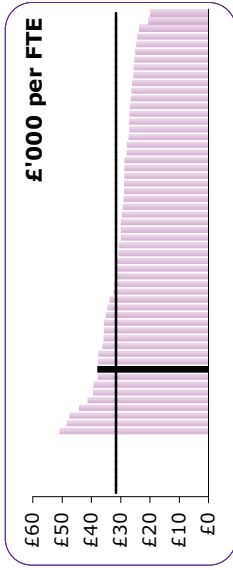
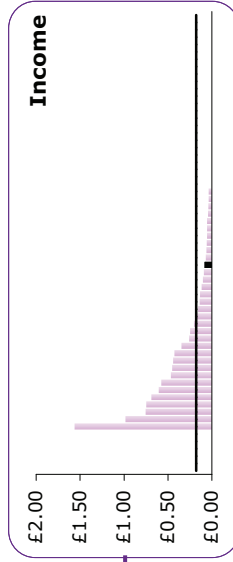
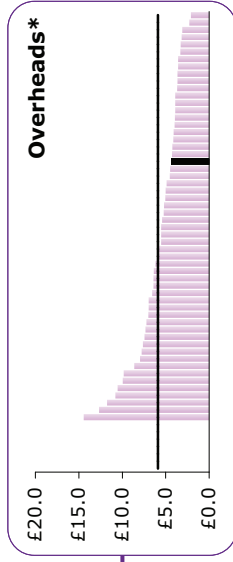
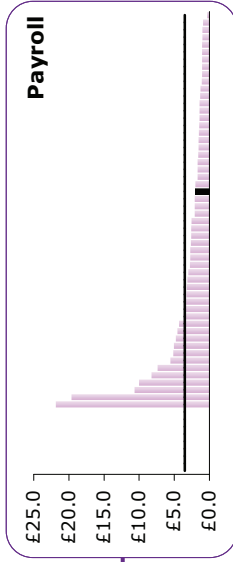
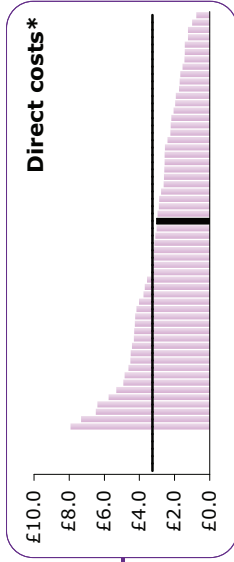
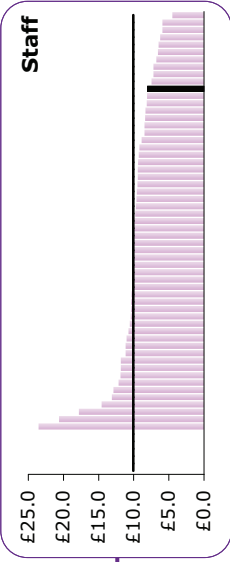
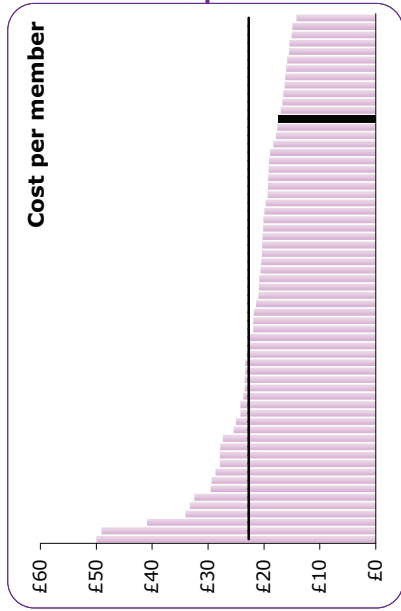
FTE staff	
Pension Section total	26.8
<i>less</i>	
IT staff	2.5
Payroll staff	2.5
Communications staff	1.0
Employing authority work	2.0
Work for other schemes	0.5
Other work	7.6
<b>Admin of LGPS</b>	<b>10.7</b>

Scheme membership	
	No.
Active full-time	9,335
Active part-time	10,753
Active total	20,088
Deferred	15,510
Pensioners	10,539
Dependants	1,690
Frozen refunds	1,749
Leavers unprocessed	764
<b>Total</b>	<b>50,340</b>

Costs £'000	
	£'000
Pension Section total	1,125
<i>less</i>	
Employing authority work	89
Work for other schemes	24
Other work	132
<b>Admin of LGPS</b>	<b>879</b>

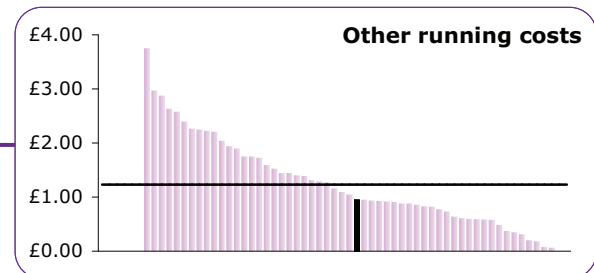
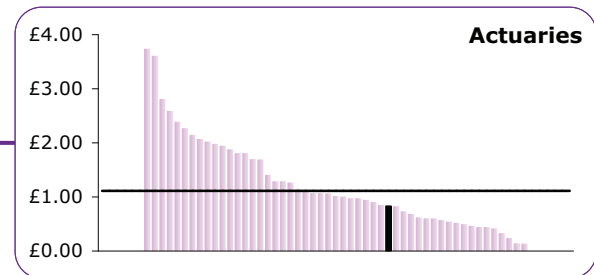
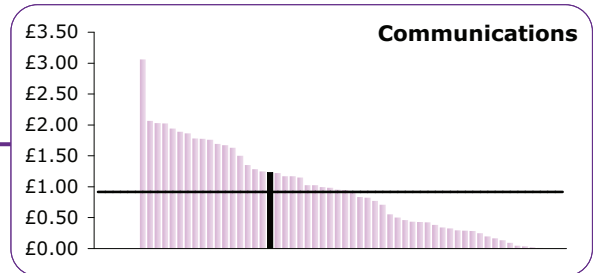
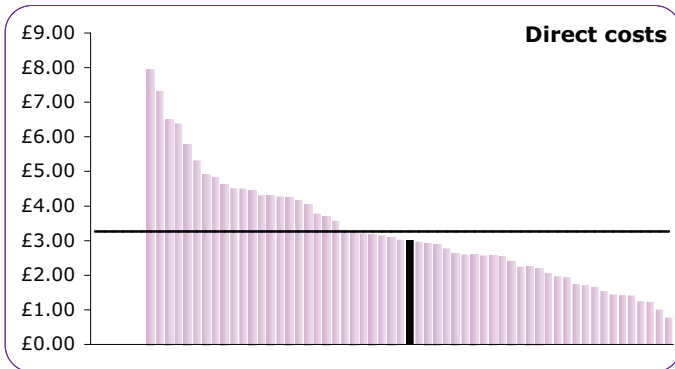
Admin of LGPS costs	
	£'000
Staff - administration	406
Staff - payroll	51
Payroll	53
Communications	62
Actuaries	42
External audit	11
Other running costs	48
IT - Pensions admin	82
IT - All other	-
Accommodation	-
Other central charges	128
Income	4
<b>Total</b>	<b>879</b>

# COST PER MEMBER 2009-10



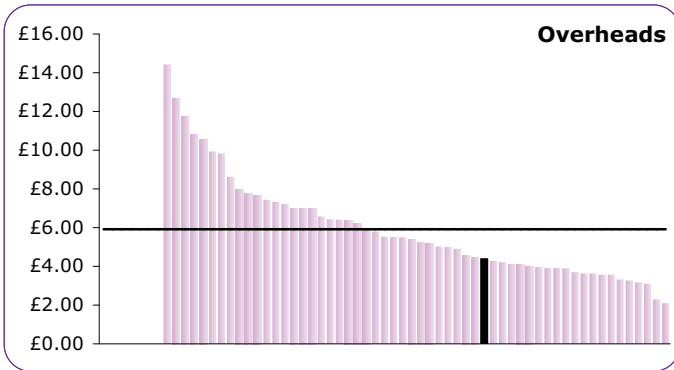
\* For breakdown of direct costs and overheads see following pages

## COSTS PER MEMBER - Direct costs 2009-10

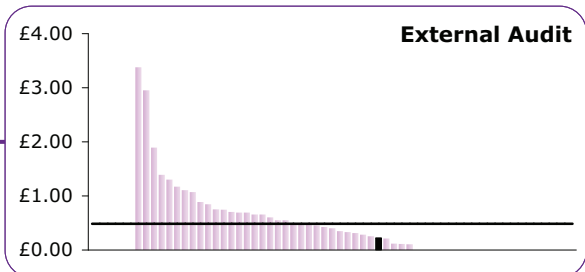
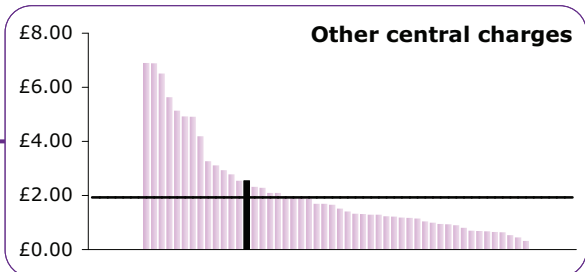
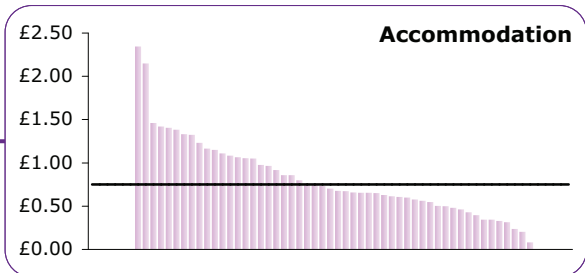
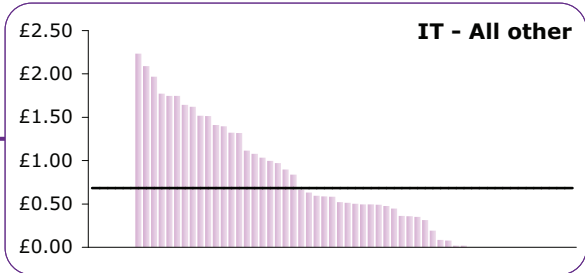
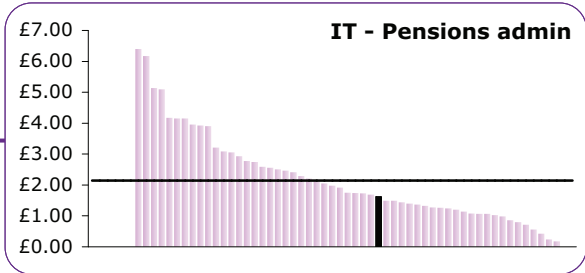


Direct costs			
	£'000	£	Avg
Communications	62	£1.23	£0.92
Actuaries	42	£0.83	£1.11
Other running costs	48	£0.95	£1.23
<b>Total</b>	<b>152</b>	<b>£3.02</b>	<b>£3.26</b>

## COSTS PER MEMBER - Overheads 2009-10



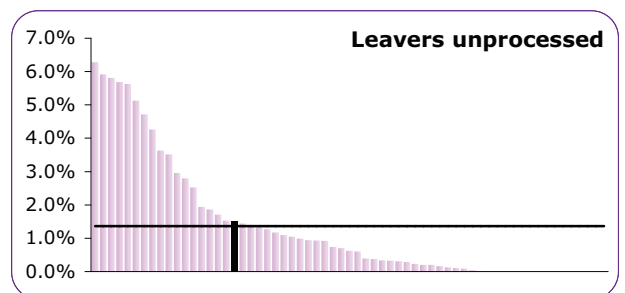
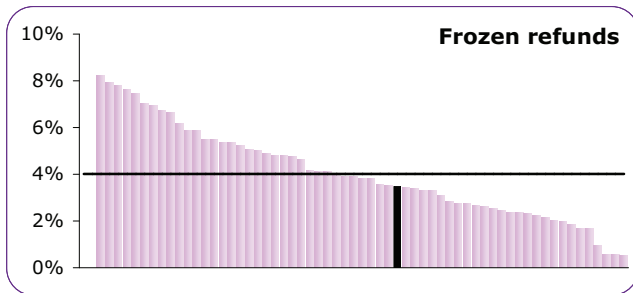
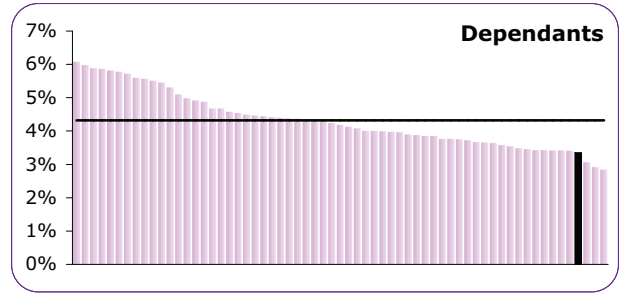
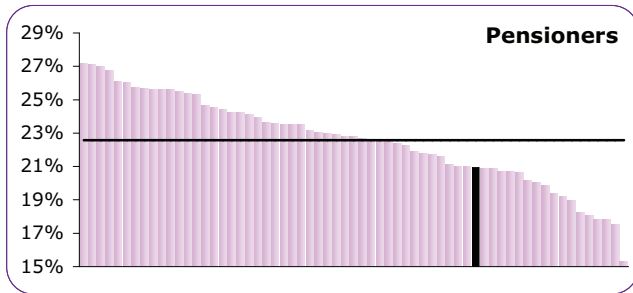
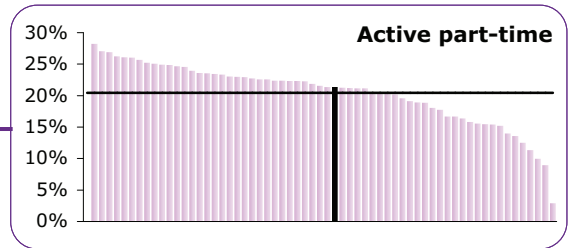
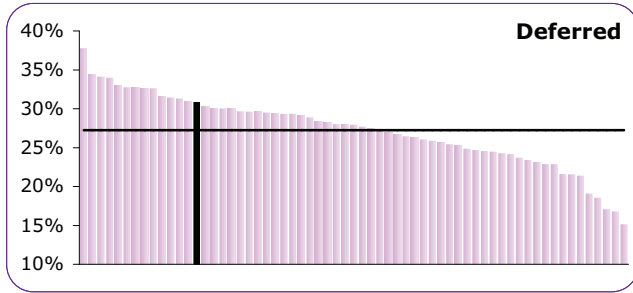
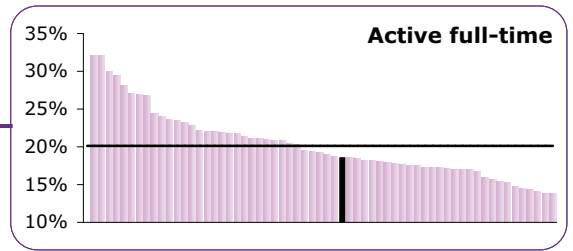
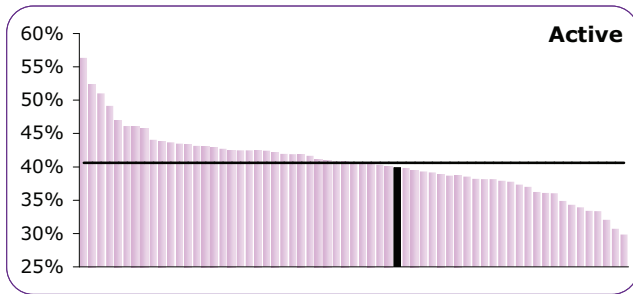
Overheads			
	£'000	£	Avg
IT - Pensions admin	82	£1.63	£2.14
IT - All other	-	£0.00	£0.68
Accommodation	-	£0.00	£0.75
Other central charges	128	£2.54	£1.93
External audit	11	£0.22	£0.49
<b>Total</b>	<b>221</b>	<b>£4.39</b>	<b>£5.91</b>





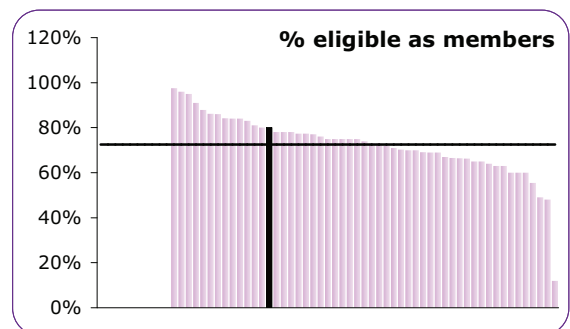
## SECTION 3 - WORKLOAD MEASURES

### COMPOSITION OF MEMBERS AS AT 31/03/10



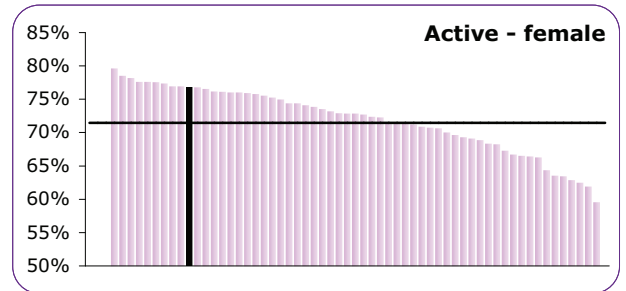
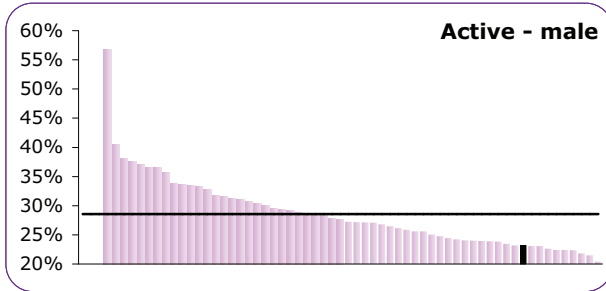
Composition of members			
	No.	%	Avg
<b>Active:</b>			
- full-time	9,335	19%	20%
- part-time	10,753	21%	20%
<b>- sub-total</b>	<b>20,088</b>	<b>40%</b>	<b>41%</b>
Deferred	15,510	31%	27%
Pensioners	10,539	21%	23%
Dependants	1,690	3%	4%
Frozen refunds	1,749	3%	4%
Leavers unprocessed	764	1.5%	1.4%
<b>Total</b>	<b>50,340</b>		

### LGPS members as % eligible employees



Buckinghamshire 80%      Avg 73%

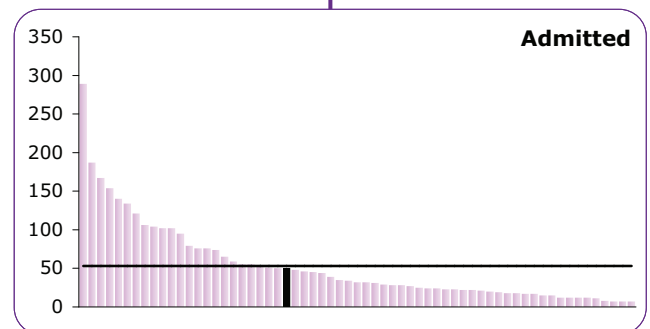
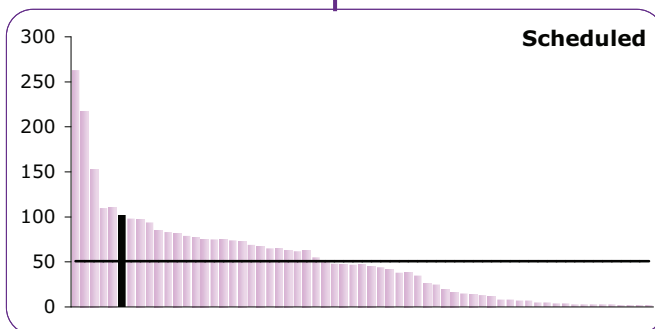
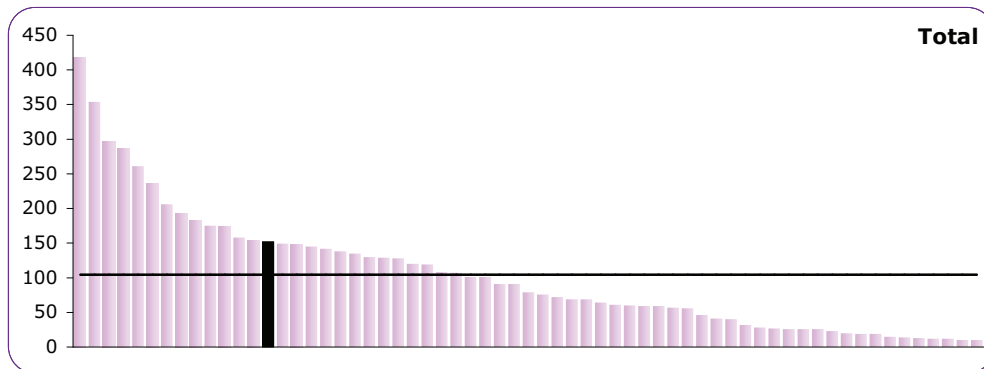
## COMPOSITION OF MEMBERS AS AT 31/03/10



Composition of active members			
	No.	%	Avg
Male	4,654	23%	29%
Female	15,434	77%	71%

Elected members	
No.	Avg
na	57

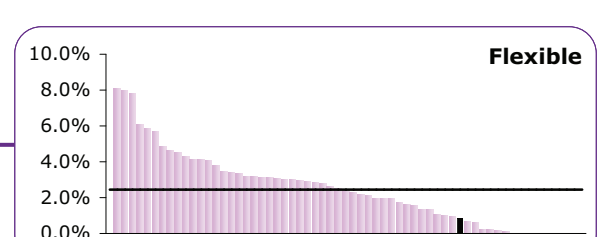
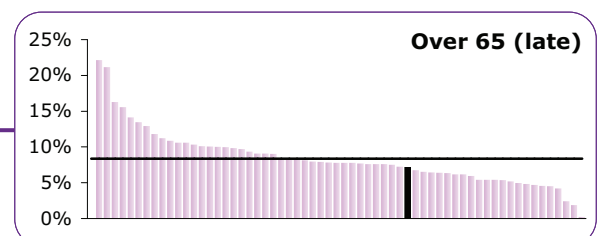
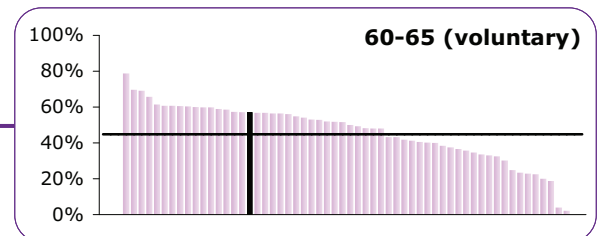
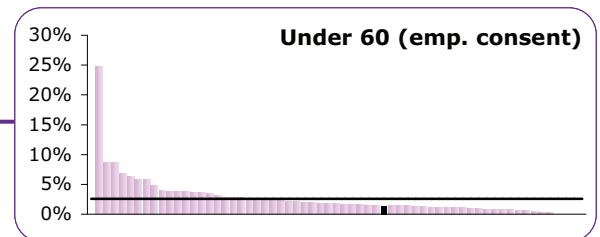
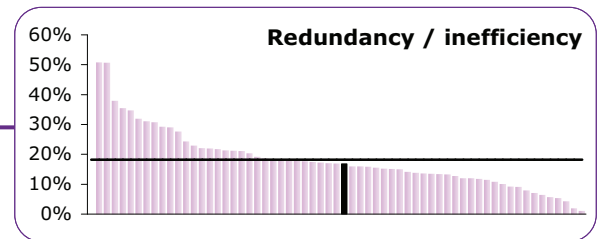
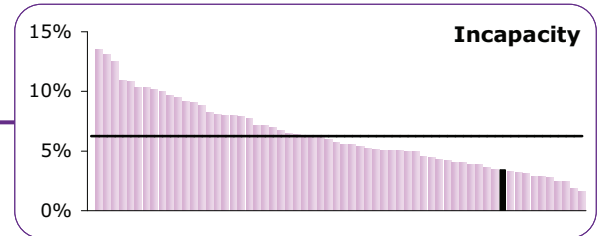
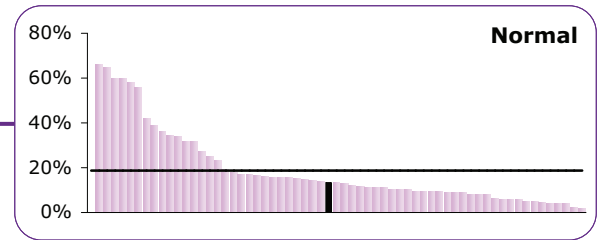
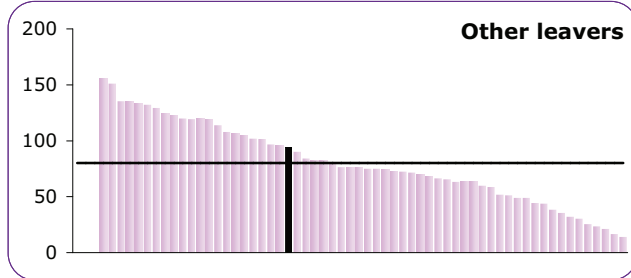
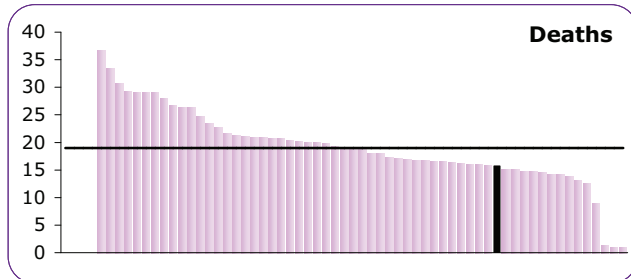
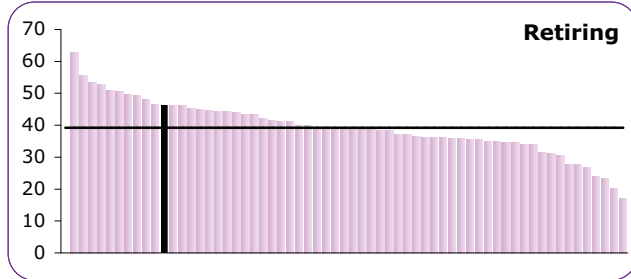
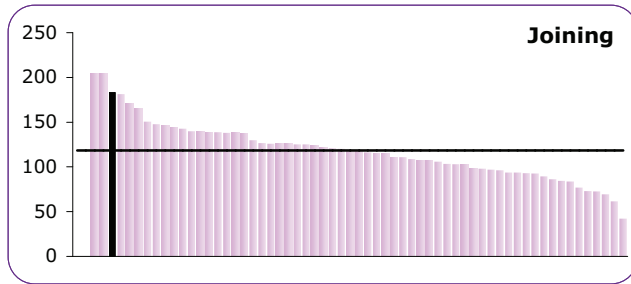
## NUMBER OF LGPS EMPLOYERS AS AT 31/03/10



LGPS employers (31/3/10)						
	No.	Avg	of which:	No.	%	Avg
Scheduled	102	51	Local Authorities	61	60%	23%
Admitted	50	53	Ext. contractors	18	36%	29%
<b>Total</b>	<b>152</b>	<b>104</b>				

Employer changes 2009/10						
	No.	Avg	of which:	No.	%	Avg
Applying	8	5	Ext. contractors	5	63%	57%
Admitted	8	5	Ext. contractors	5	63%	56%
Leaving	-	2	Ext. contractors	-	na	34%

## JOINERS & LEAVERS (per '000 active members)



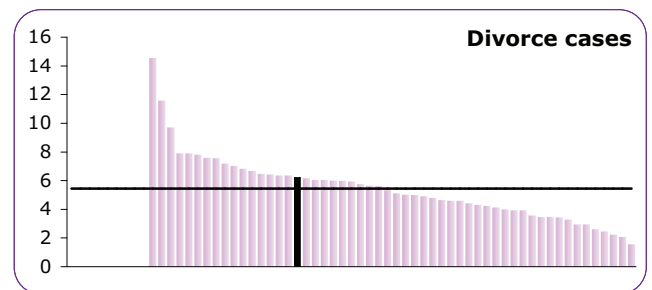
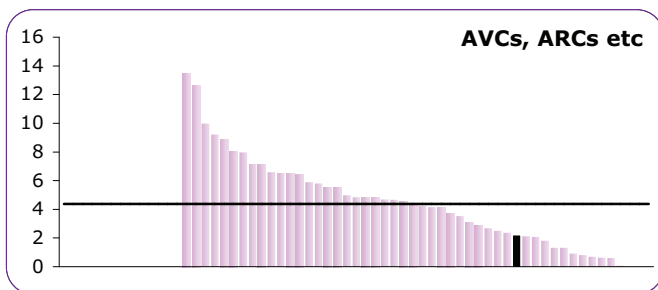
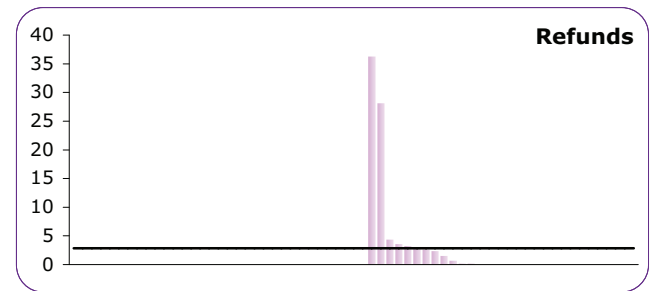
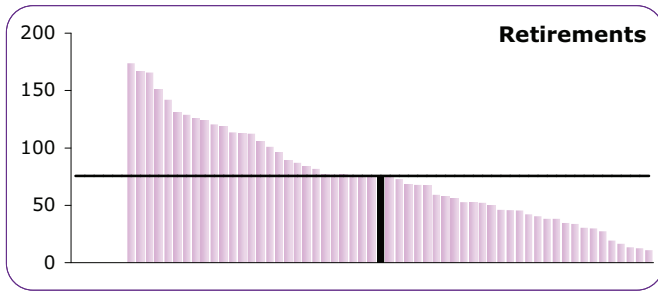
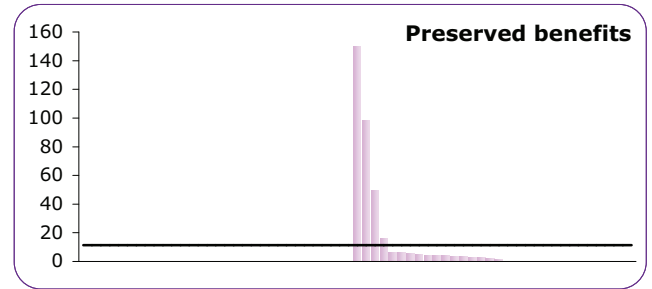
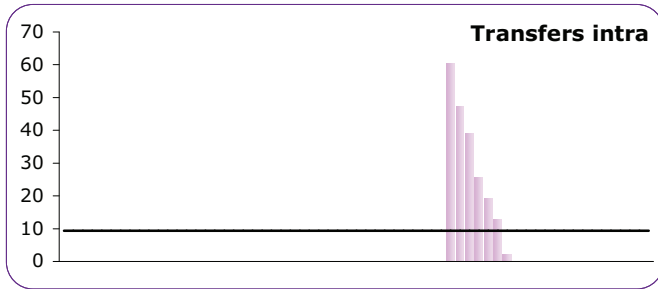
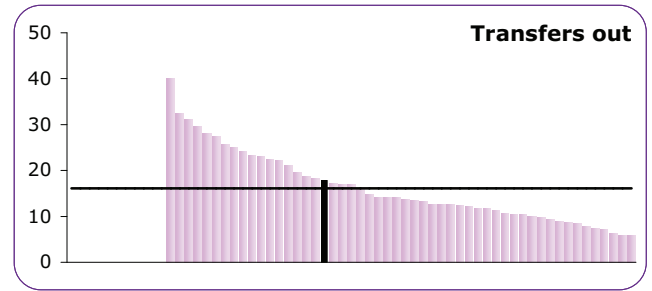
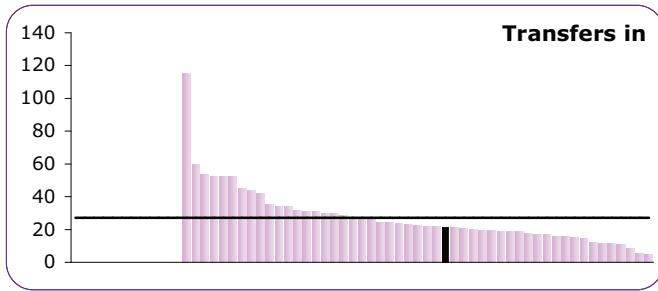
### Joiners & leavers (per '000 active members)

	No.	/1000	Avg
Joining	3,680	183	118
Retiring	929	46	39
Deaths	316	16	19
Other leavers	1,895	94	80

### Retirements

	No.	%	Avg
Normal	125	13%	19%
Incapacity/ill-health	32	3%	6%
Redundancy/inefficiency	156	17%	18%
Under 60 (emp. consent)	12	1.3%	2.6%
60-65 (voluntary)	529	57%	45%
Over 65 (late)	67	7%	8%
Flexible	8	0.9%	2.4%

## PROVISION OF ESTIMATES (per '000 active members)

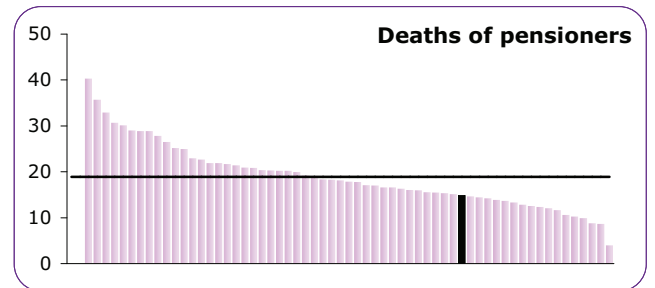
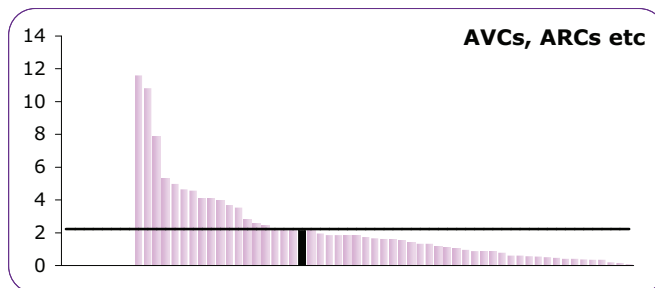
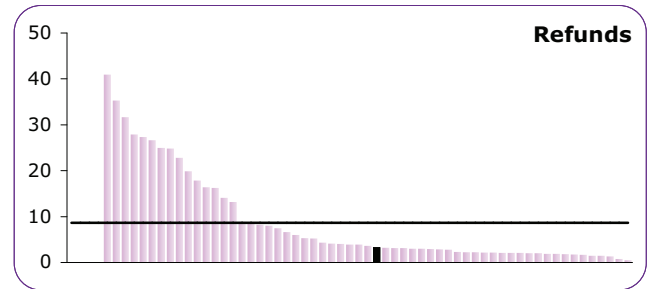
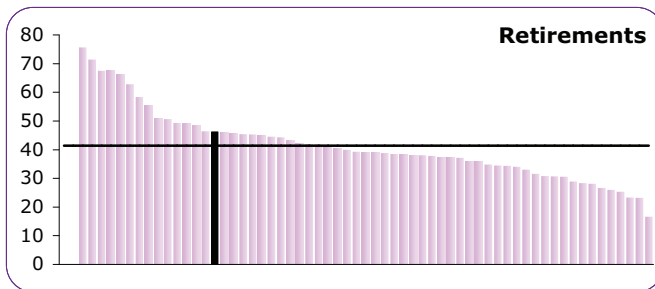
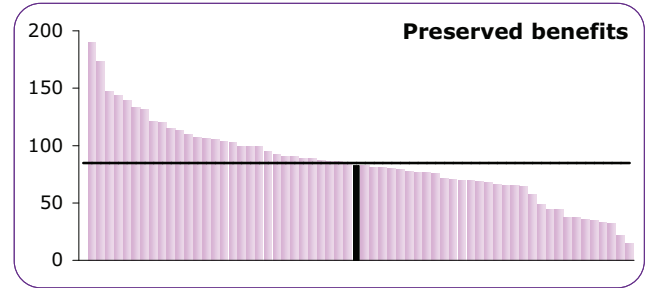
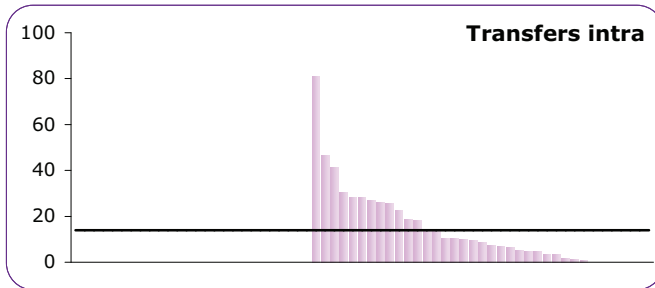
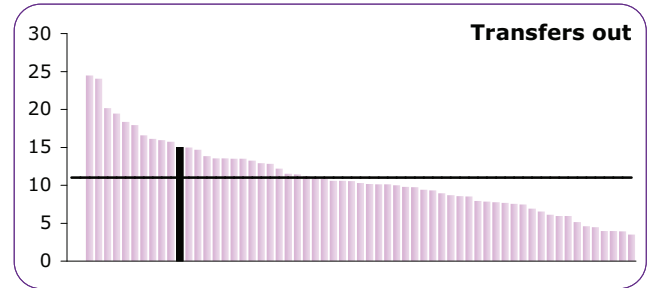
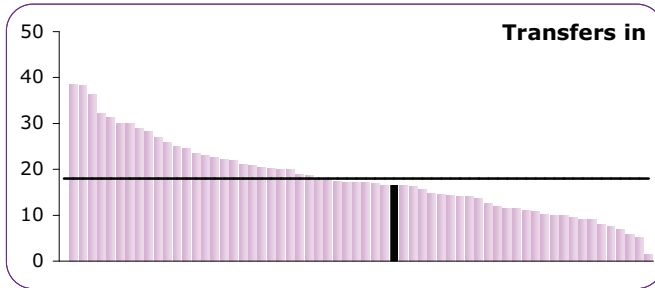


Provision of estimates			
	No. '000		Avg
Retirements	1,497	75	76
Transfers in	426	21	27
Transfers intra	-	-	9
Transfers out	359	18	16
Refunds	-	-	3
Frozen refunds	-	-	1
Preserved benefits	-	-	11
AVCs, ARCs etc	43	2	4
Divorce cases	125	6	5
Deaths in service	-	-	0
Death of pensioners	-	-	2

Actual calculations			
	No. '000		Avg
Retirements	929	46	41
Transfers in	332	17	18
Transfers intra	-	-	14
Transfers out	302	15	11
Refunds	66	3	9
Frozen refunds	54	3	4
Preserved benefits	1,656	82	85
AVCs, ARCs etc	43	2	2
Divorce cases	6	0	1
Deaths in service	17	1	1
Death of pensioners	299	15	19

Active members
20,088

## ACTUAL CALCULATIONS (per '000 active members)

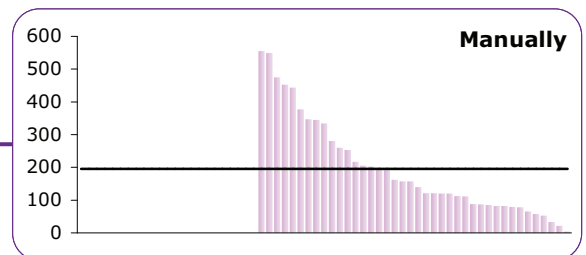
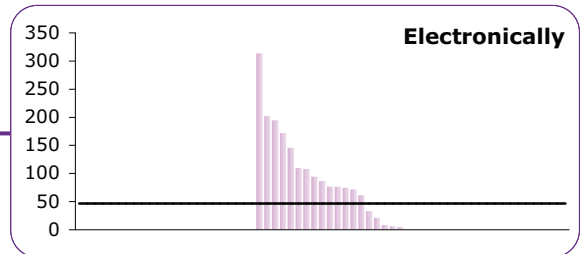
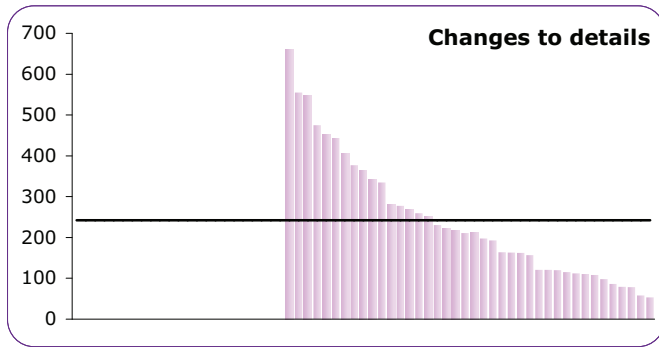
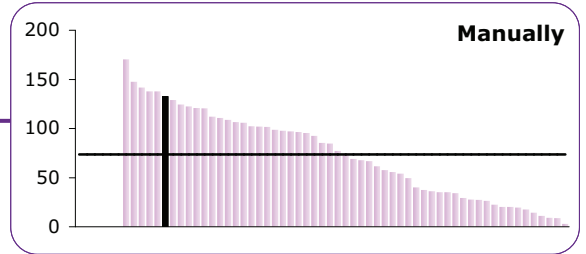
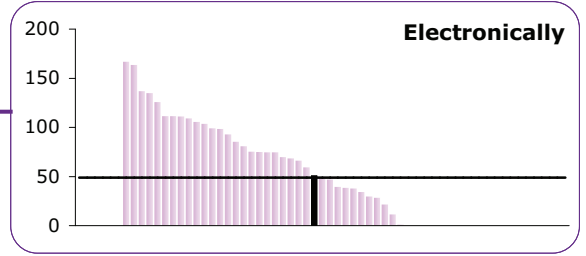
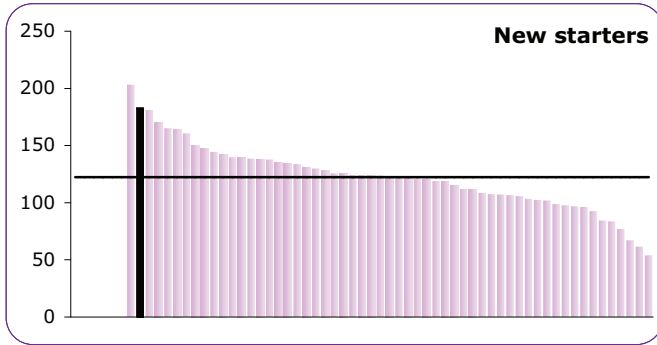


Provision of estimates			
	No. '000		Avg
Retirements	1,497	75	76
Transfers in	426	21	27
Transfers intra	-	-	9
Transfers out	359	18	16
Refunds	-	-	3
Frozen refunds	-	-	1
Preserved benefits	-	-	11
AVCs, ARCs etc	43	2	4
Divorce cases	125	6	5
Deaths in service	-	-	0
Death of pensioners	-	-	2

Actual calculations			
	No. '000		Avg
Retirements	929	46	41
Transfers in	332	17	18
Transfers intra	-	-	14
Transfers out	302	15	11
Refunds	66	3	9
Frozen refunds	54	3	4
Preserved benefits	1,656	82	85
AVCs, ARCs etc	43	2	2
Divorce cases	6	0	1
Deaths in service	17	1	1
Death of pensioners	299	15	19

Active members
20,088

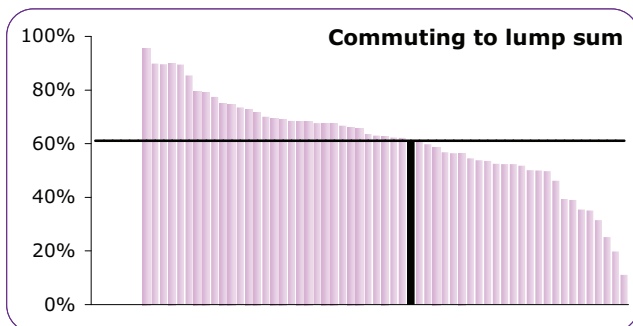
**ACTUAL CALCULATIONS (per '000 active members)**



**Active members**  
20,088

**RETIREMENTS**

**Retirements commuting to lump sum**

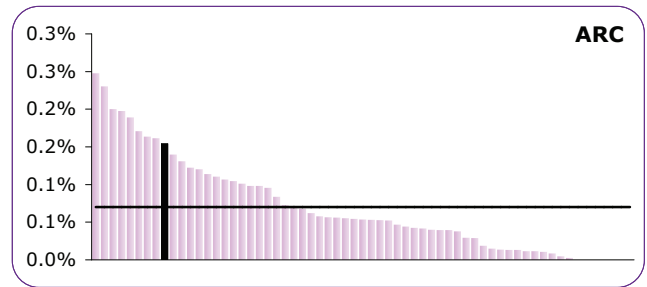
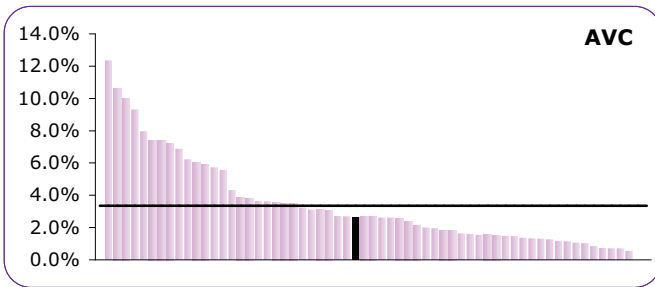


Actual calculations			
	No.	'000	Avg
<b>New starters</b>	3,680	183	122
- electronically	1,019	51	49
- manually	2,661	132	74
<b>Changes to details</b>	na	na	242
- electronically	na	na	47
- manually	na	na	196

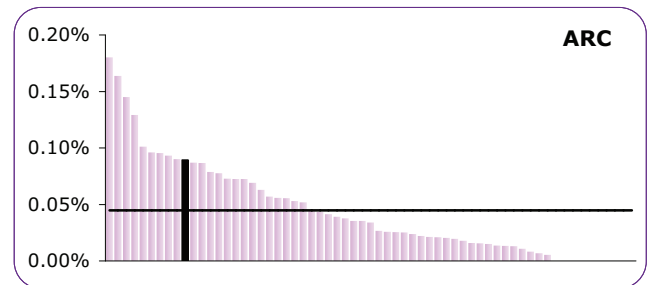
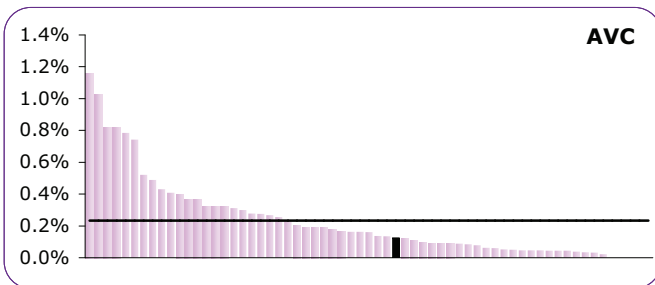
Retirements			
	Number	% total	Avg
	569	61%	61%

## AVCs and ARCs

### % Currently contributing



### % New contributors this year



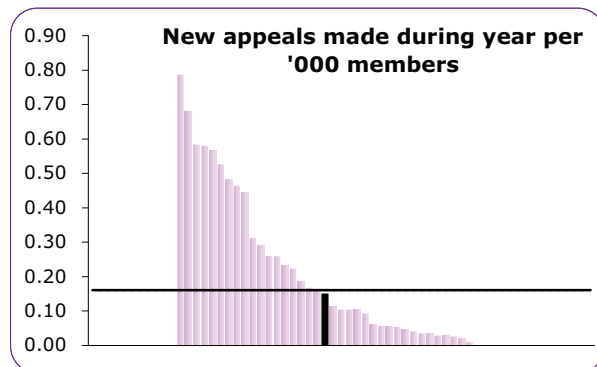
### Contributors to AVCs and ARCS

	No.	%	Avg
<b>Currently contributing</b>			
- AVC	530	2.6%	3.4%
- ARC	31	0.2%	0.1%
Total	561	2.8%	3.4%
<b>New contributors this year</b>			
- AVC	25	0.12%	0.23%
- ARC	18	0.09%	0.04%
Total	43	0.21%	0.28%

### Active members

20,088
--------

## APPEALS



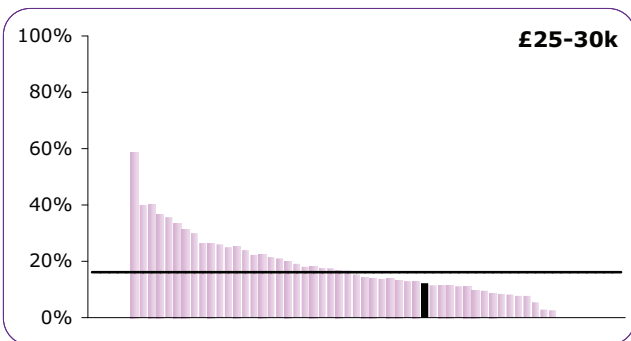
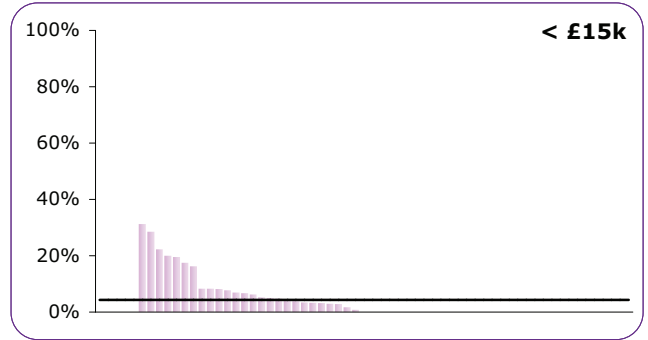
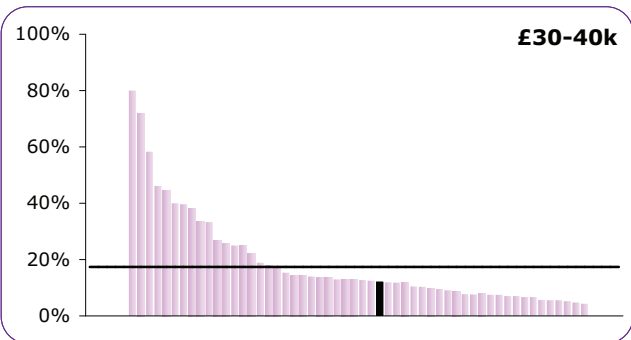
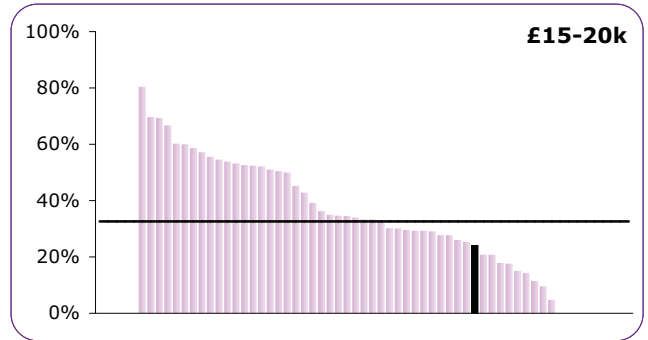
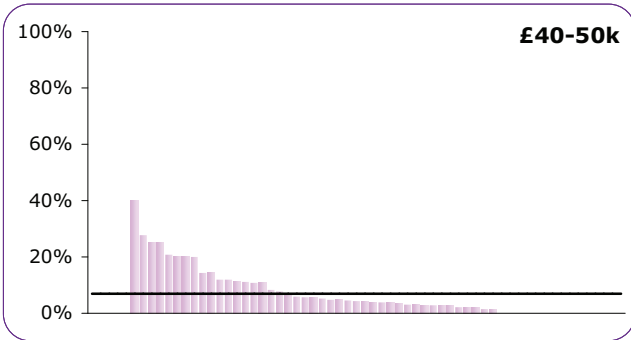
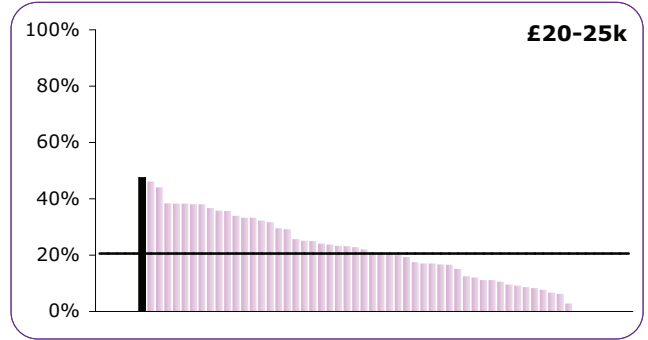
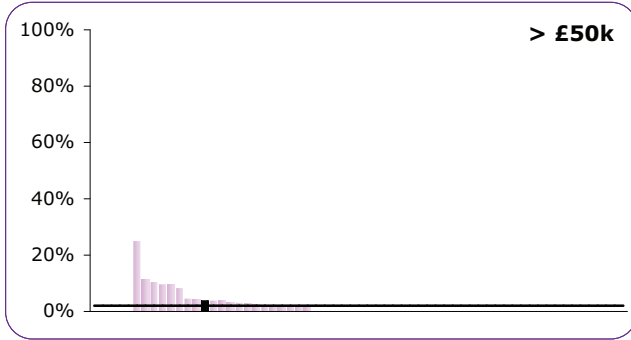
### Number of appeals

	No.	Per '000 members	Avg Club* total	
In progress at start of year	0	0.00	0.07	48
New appeals during year	3	0.15	0.16	195
In progress at end of year	1	0.05	0.09	69
<b>1st stage</b>				
Total	2	0.10	0.21	141
Won	1	50%	78%	100
Lost	1	50%	22%	41
<b>2nd stage</b>				
Total	0	na	0.12	80
Won	0	na	75%	51
Lost	0	na	25%	29

\*Club total: This shows the total for all the Benchmarking Club members 2010.

# SECTION 4 - STAFF RELATED MEASURES

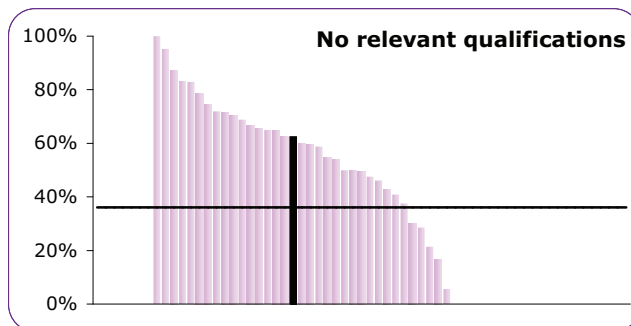
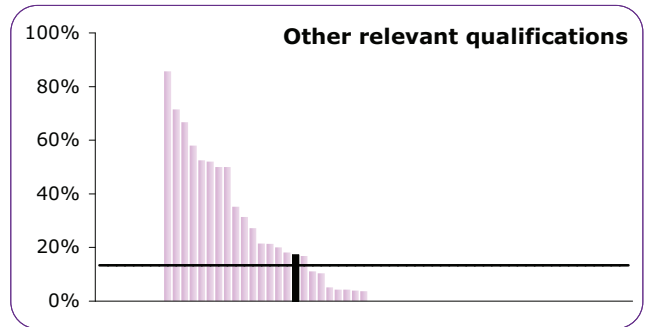
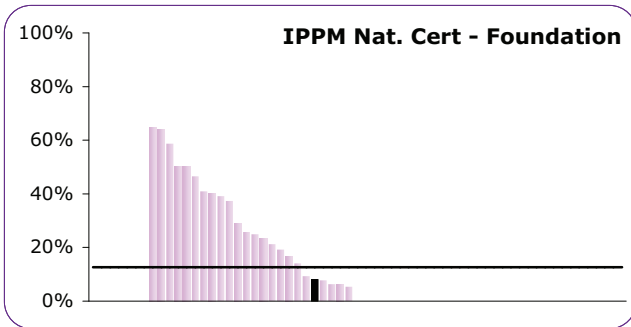
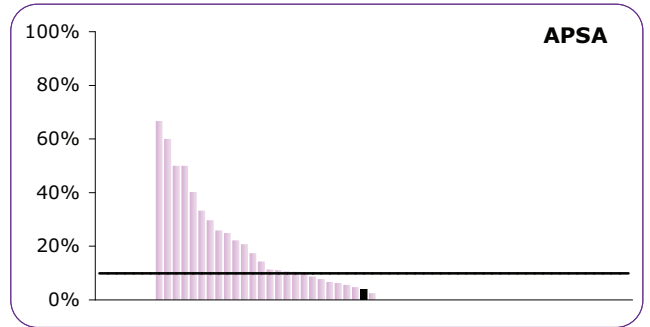
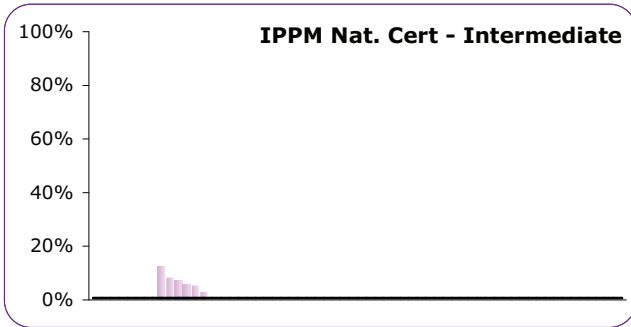
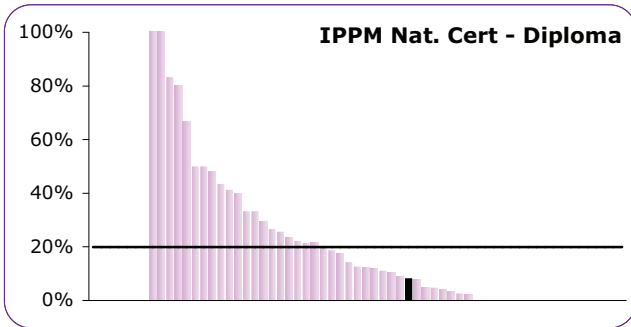
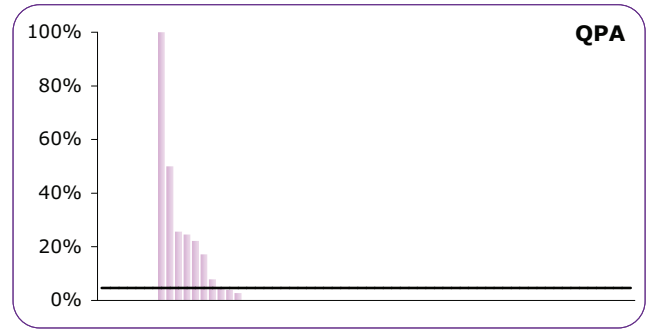
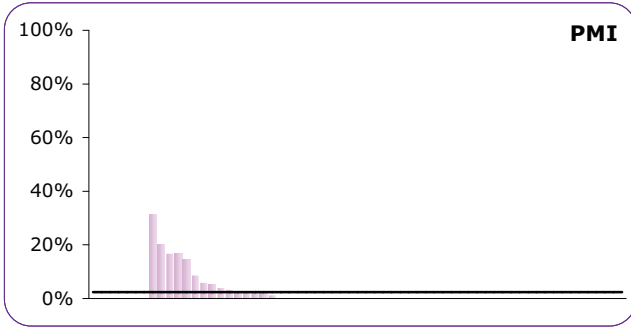
## STAFF PAY



Staff pay	FTE	%	Avg
> £50k	1.0	4%	2%
£40-50k	0.0	0%	7%
£30-40k	3.0	12%	17%
£25-30k	3.0	12%	16%
£20-25k	11.8	48%	21%
£15-20k	6.0	24%	33%
< £15k	0.0	0%	4%
<b>Total</b>	<b>24.8</b>		

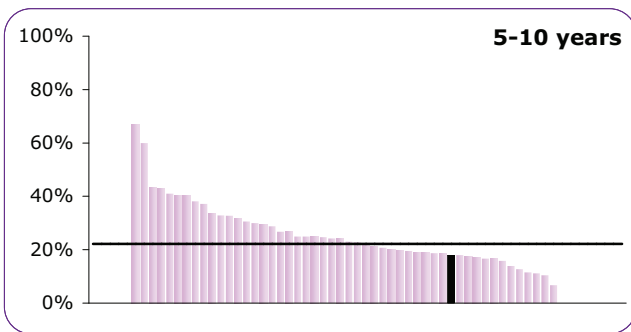
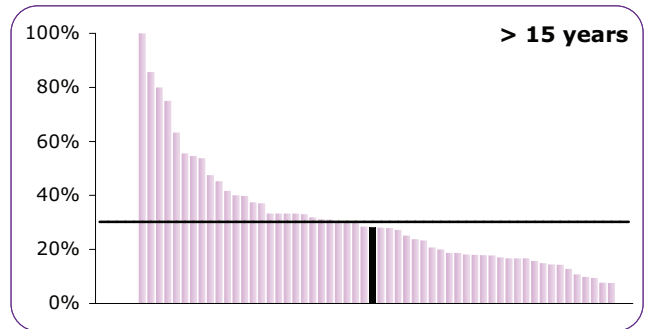
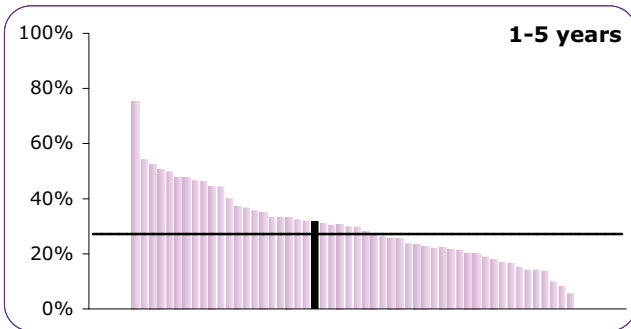
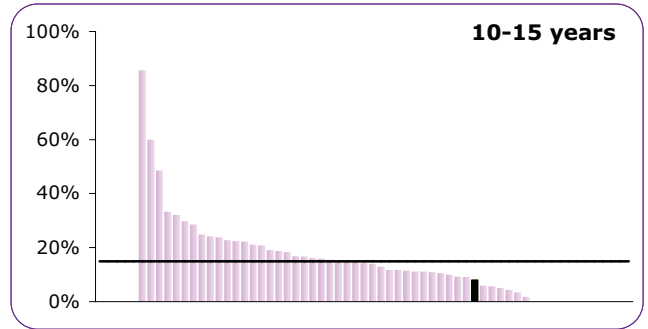
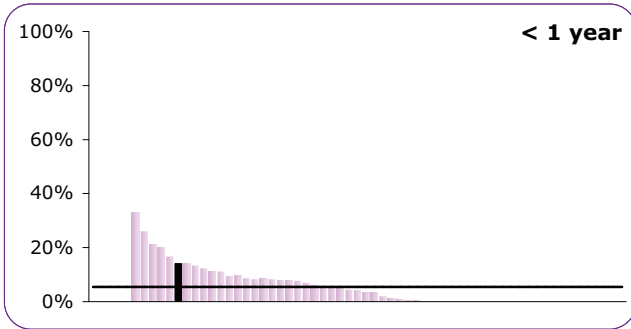


## STAFF QUALIFICATIONS



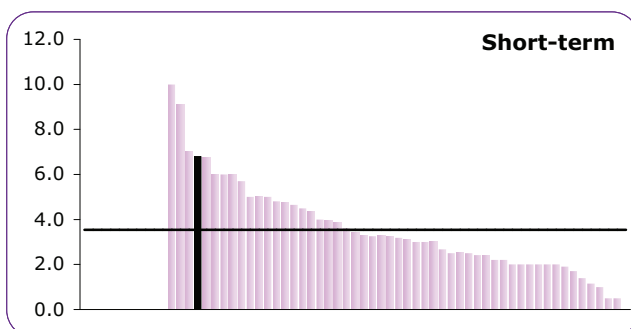
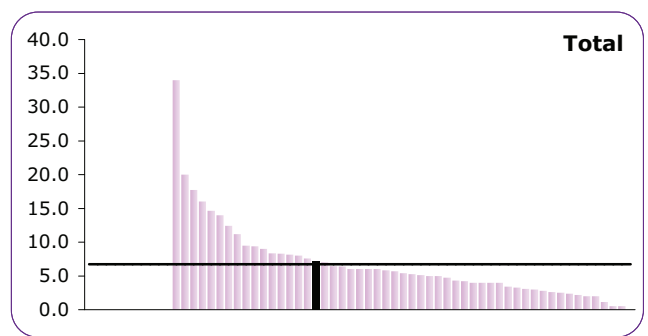
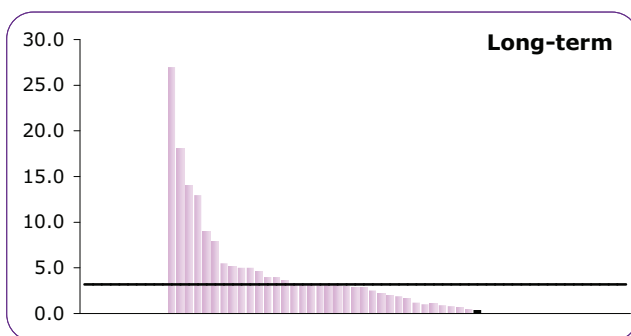
Staff qualifications			
	FTE	%	Avg
PMI	0.0	0%	2%
IPPM Nat. Cert - Diploma	2.0	8%	20%
IPPM Nat. Cert - Intermediate	0.0	0%	1%
IPPM Nat. Cert - Foundation	2.0	8%	13%
QPA	0.0	0%	5%
QPSPA	0.0	0%	0%
APSA	1.0	4%	10%
Other relevant	4.3	17%	13%
No relevant	15.5	63%	36%
<b>Total</b>	<b>24.8</b>		

## STAFF PENSIONS EXPERIENCE



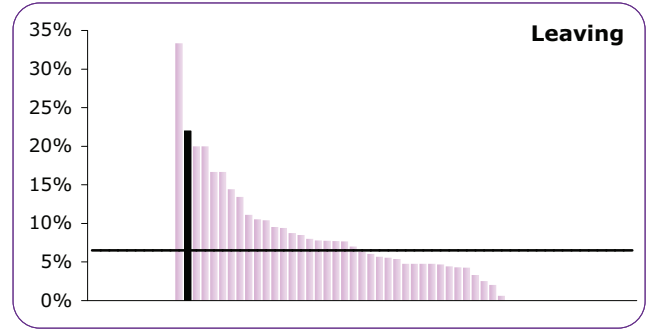
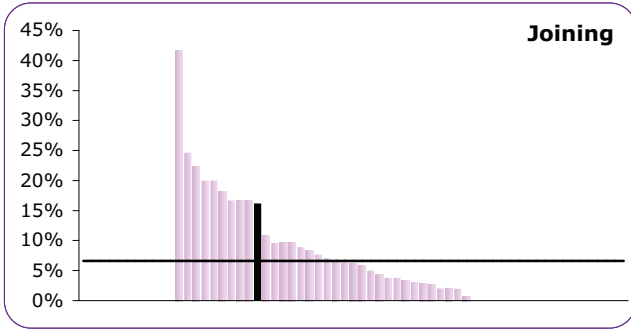
Staff experience			
	FTE	%	Avg
< 1 year	3.5	14%	5%
1-5 years	7.9	32%	27%
5-10 years	4.5	18%	22%
10-15 years	2.0	8%	15%
> 15 years	7.0	28%	30%
<b>Total</b>	<b>24.8</b>		

## SICKNESS ABSENCE - Lost days per FTE employee

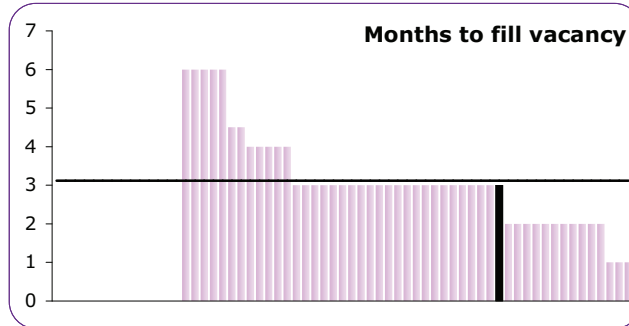


Sickness absence		
	Days/FTE	Avg
Long-term sickness	0.4	3.2
Short-term sickness	6.8	3.5
<b>Total</b>	<b>7.2</b>	<b>6.7</b>

## STAFF TURNOVER

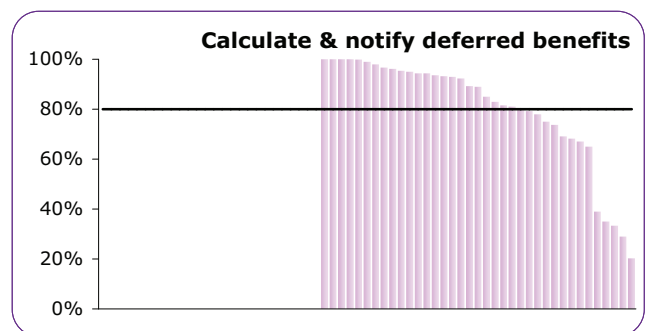
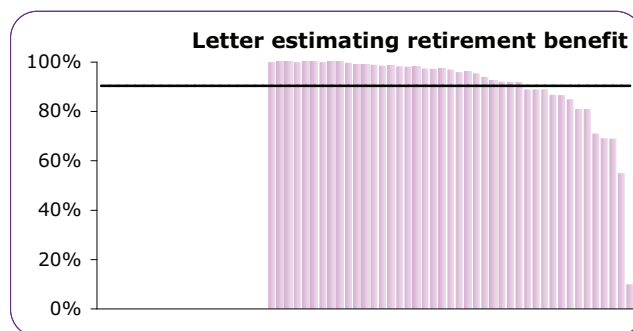
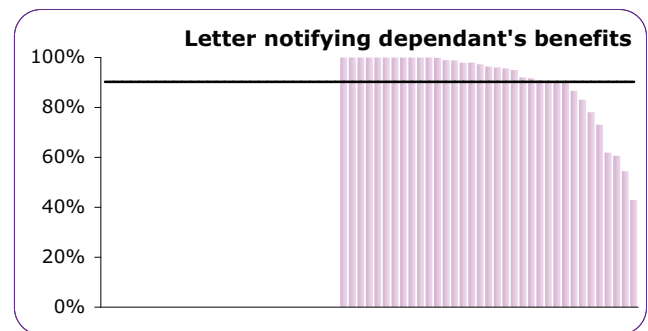
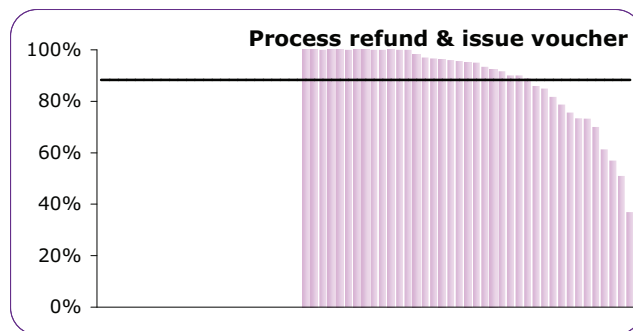
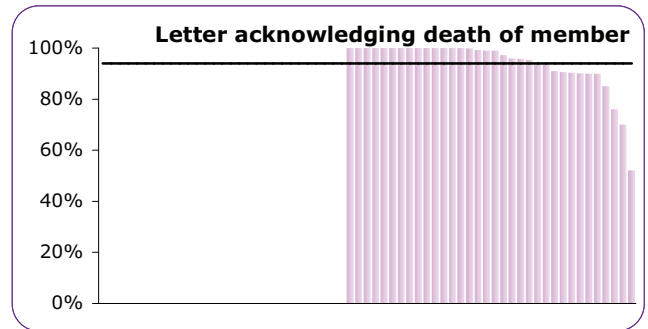
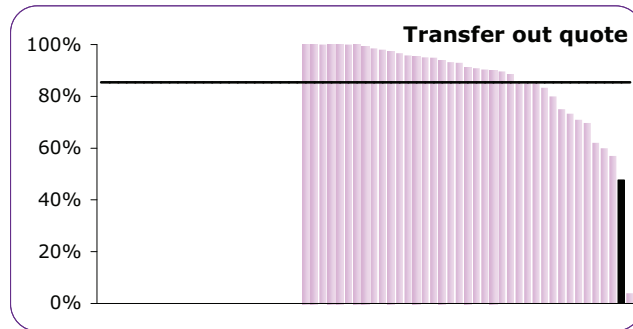
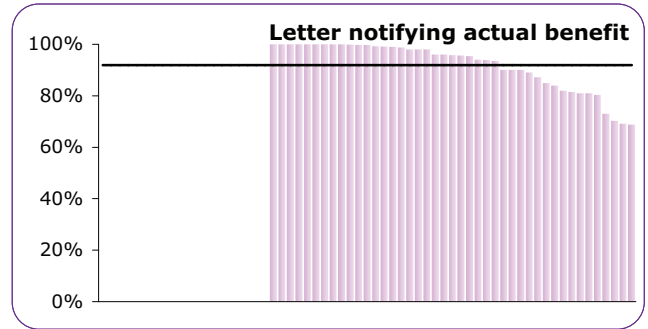
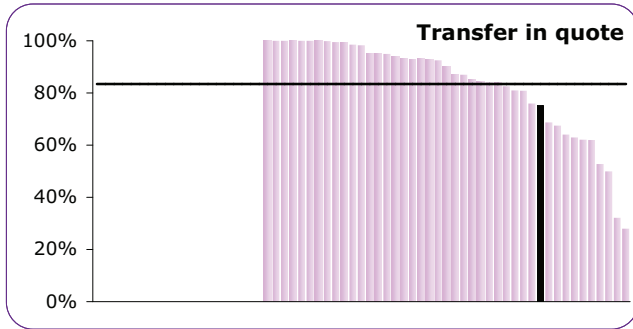


Staff turnover			
	FTE	%	Avg
Total Section FTE	24.8		
Joining Section	4.0	16.1%	6.6%
Leaving Section	5.5	22.0%	6.5%



Average time to fill vacancy		
	Months	Avg
	3	3

## SECTION 5 - INDUSTRY STANDARD PI'S

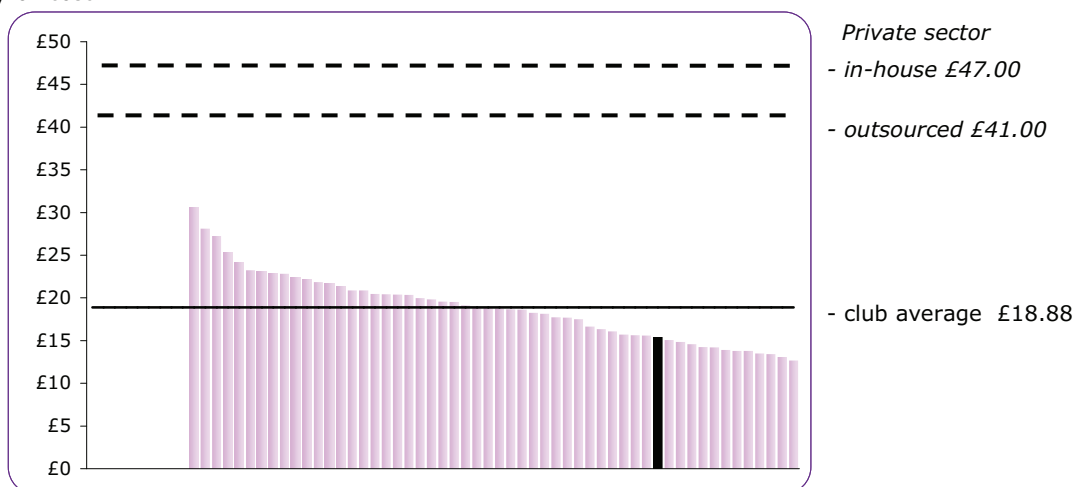


Industry Standard PI's	Target	Achieved	Avg
Letter detailing transfer in quote	10 days	75.3%	83.4%
Letter detailing transfer out quote	10 days	47.7%	85.4%
Process refund and issue payment voucher	5 days	na	88.3%
Letter notifying <b>estimate</b> of retirement benefit	10 days	na	90.4%
Letter notifying <b>actual</b> retirement benefit	5 days	na	91.9%
Letter acknowledging death of member	5 days	na	94.0%
Letter notifying amount of dependant's benefits	5 days	na	90.3%
Calculate and notify deferred benefits	10 days	na	80.0%

## SECTION 6 - COMPARISON WITH PRIVATE SECTOR

### LGPS ADMIN COST PER MEMBER

excluding payroll cost



Costs	
	£'000
Admin cost	879
Payroll cost	104
Adjusted cost	775

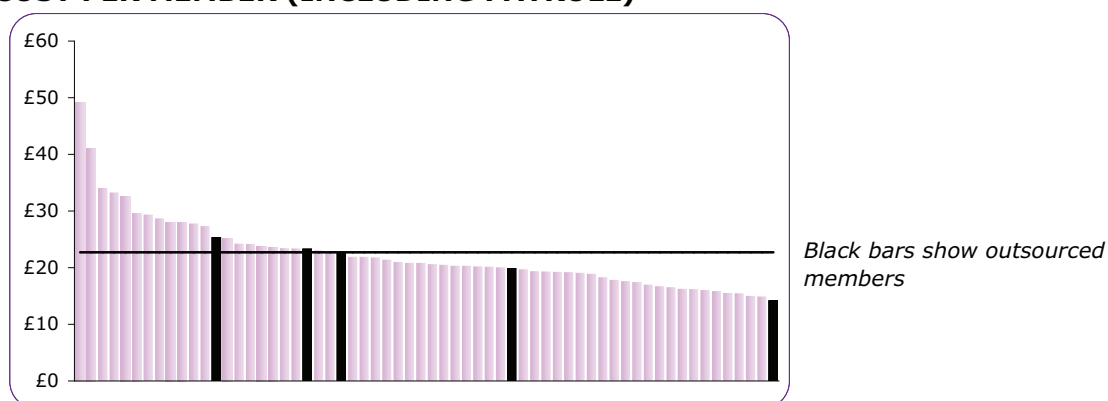
Cost/member £15.40

Members				
	No.	%	Avg	private
Active	20,088	40%	41%	34%
Deferred	15,510	31%	27%	34%
Retired	10,539	21%	23%	32%
<b>Total</b>	<b>50,340</b>			

### COMPARISON OF OUTSOURCED/IN-HOUSE MEMBERS

Total members with data:	63
Outsourced members:	5

### LGPS ADMIN COST PER MEMBER (INCLUDING PAYROLL)



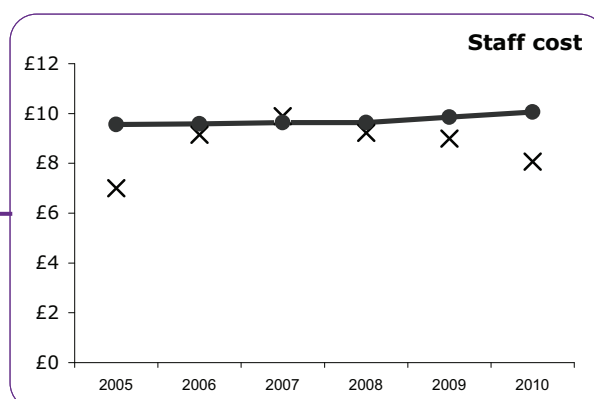
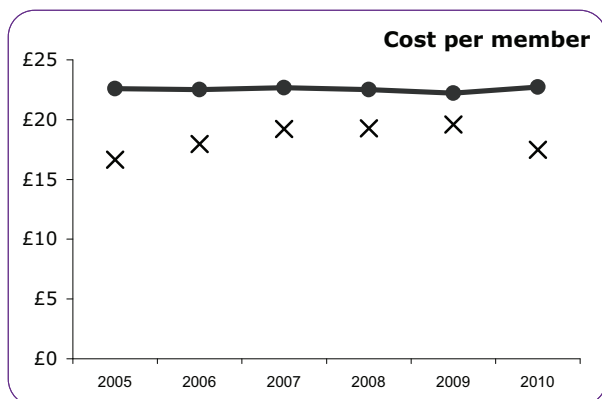
Admin cost per member:	
Buckinghamshire	£17.47
Club average	£22.72
Outsourced average	£21.11
In-house average	£22.85

**Source:** Capita Hartshead Annual Pension Scheme Admin Survey 2010  
Data for funds over 10,000 members

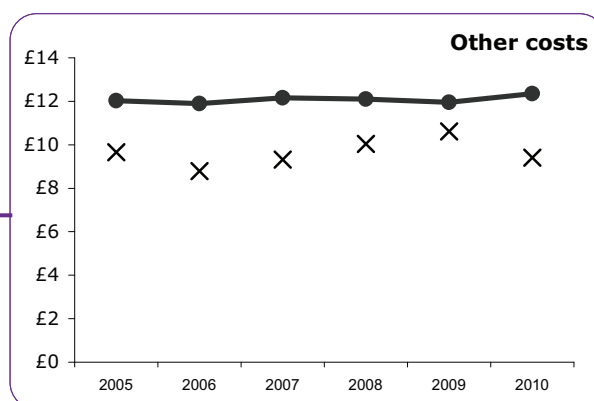
## SECTION 7 - TIMESERIES

The 2010 averages are the actual club averages.

For previous years, the averages shown here are scaled up or down from the 2010 figure based on the average rate of change in each year. This is calculated using data from members who supplied figures in consecutive years, otherwise the simple average in each year would be distorted by changes in the composition of the club from year to year.



**KEY:**  
 Club average  
 Buckinghamshire



Time series analysis						
	2005	2006	2007	2008	2009	2010
Members	37,408	37,792	42,846	46,062	48,473	50,340
Net cost (£'000)	623k	678k	823k	888k	950k	879k
Cost per member	£16.66	£17.95	£19.21	£19.27	£19.60	£17.47
Average	£22.58	£22.52	£22.68	£22.52	£22.21	£22.72
Staff cost	£7.00	£9.15	£9.90	£9.23	£8.99	£8.07
Average	£9.56	£9.58	£9.64	£9.63	£9.85	£10.05
Other costs	£9.65	£8.79	£9.31	£10.05	£10.61	£9.40
Average	£12.03	£11.89	£12.17	£12.11	£11.96	£12.34



## Report to Pension Fund Consultative Group

**Title:** Pensions Administration Performance

**Date:** 15<sup>th</sup> December 2010

**Date Decision can be implemented:** n/a

**Author:** Principal Pensions Officer

**Contact Officer:** Chris Thompson 01296 382833

**Electoral Divisions Affected:** N/A

**Portfolio Areas Affected:** All

### Summary

The Pensions Administration Team have a customer charter (<http://www.buckscc.gov.uk/bcc/content/index.jsp?contentid=-1901867351>) outlining their commitment to turning work around within certain timescales. All post and requests for information are logged daily and reported on monthly to monitor the percentage of work that is not completed within the prescribed time limits.

Details of the work performance statistics for the last 12 months to October 2010 are presented below. The Pension Fund Consultative Group are required to monitor the performance of the Pensions Administration Team.

### Recommendation

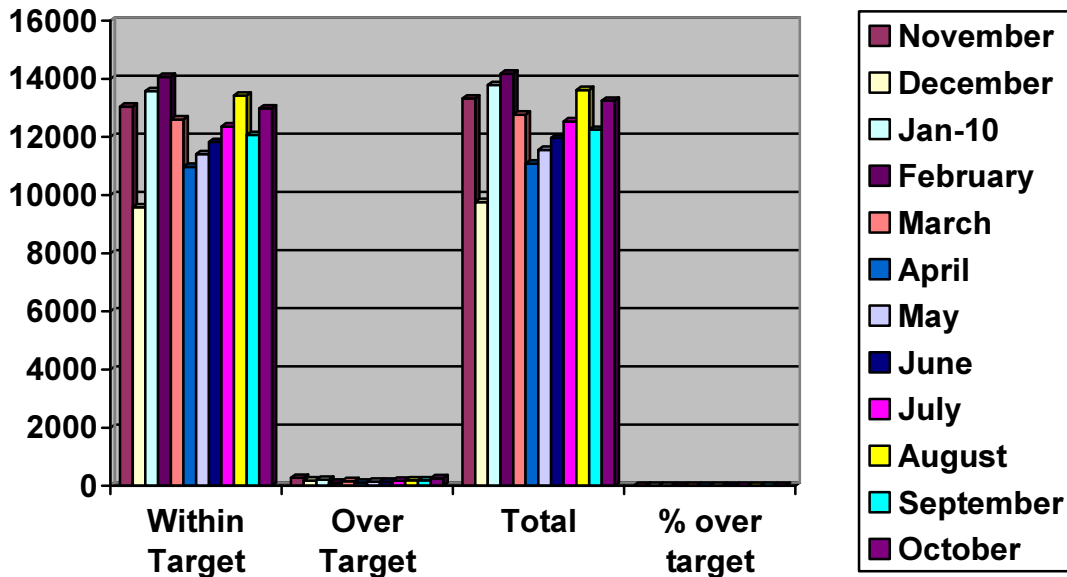
**Members are asked to:**

**PFCG are asked to NOTE the performance statistics of the team.**

#### A. Supporting information:

Workload statistics for the year to October 2010 are presented below:

	Within Target	Over Target	Total	% over target
November	13046	281	13327	2.11%
December	9579	185	9764	1.89%
January 2010	13577	211	13788	1.53%
February	14069	110	14179	0.78%
March	12607	165	12772	1.29%
April	10971	111	11082	1.00%
May	11406	146	11552	1.26%
June	11820	142	11962	1.19%
July	12365	177	12542	1.41%
August	13425	193	13618	1.42%
September	12063	191	12254	1.56%
October	12988	261	13249	1.97%



Should the 3-D Column 1 comment be included in the chart legend?

In addition to the normal daily work, the Pensions Team, in particular the Employer Liaison Team, have been responsible for processing year end queries. From April – August 2010 over 3,300 queries were investigated resulting in the Fund Actuary stating the quality of valuation data sent was excellent. Annual benefit statements have been issued to over 70 employers already.

General volumes of work coming into the pensions team remains fairly constant with the number of tasks being completed outside of the required time limit in the range of 1-2%.

To give an indication of volumes of work, over the period March-October 2010, the pensions team calculated 449 redundancy retirement quotes requested by employers. Three quotes (0.67%) were calculated outside of the required turnaround time of two weeks, this was due to further information being required from scheme employers to resolve outstanding year end queries before processing the redundancy quote.



Over the corresponding period 1953 new starters were set up by the Pensions Team. Over the same period 451 opt outs were actioned representing an opt out rate of approximately 23%. All starters were set up within the required turnaround time, whilst all opt outs were actioned in the payroll month in which they were received.

To provide more qualitative data, two procedures have been selected for the month of August 2010. 310 hour changes were processed within the agreed timescales. Also in August 314 early leaver benefits (preserved benefits) were calculated. Of these 7 were processed outside of the time limits required. This was as a result of an increase in the volume of leavers being received in the pensions department as a result of year end procedures.

**B. Other options available, and their pros and cons**

N/A

**C. Resource implications**

The Pensions Administration team is funded by the Pension Fund.

**D. Legal implications**

It is a statutory obligation for the County Council to provide a Pensions Service on behalf of Scheme employers.

**E. Other implications/issues**

There are none.

**F. Feedback from consultation and Local Member views**

None



# Pension Fund Consultative Group

---

<b>Title:</b>	<b>Fund Managers' Performance to 30 September 2010</b>
<b>Date:</b>	15 December 2010
<b>Author:</b>	Head of Finance & Commercial Services
<b>Contact officer:</b>	Clive Palfreyman, Assistant Head of Finance, Tel: 01296 382280
<b>Electoral divisions affected:</b>	N/A

## Summary

The Fund achieved a return of 8.5% for the quarter, outperforming its benchmark of 7.9% by 0.6%. Market gains in the third quarter of 2010 have largely offset the previous quarter's equity losses. A return of 10.8% for the twelve month period is reported.

## Recommendation

**The Group is asked to note the performance of the Pension Fund's fund managers for the third quarter of 2010, ending 30 September 2010 and comment as appropriate.**

### A. Main Issues Arising

#### Fund Value and Asset Allocation

1. Table 1 overleaf shows the Fund's assets as at 30 September 2010 compared to the planned allocation. Percentages change each quarter as the different asset classes generate different returns. The recovery in the equity markets during 2009 and the first quarter of 2010 accounts for the higher allocations at the end of the quarter to UK and overseas equities. The quarter 2 losses have largely been offset by equity market gains in the third quarter of 2010 following the risk of a double dip recession receding.



INVESTOR IN PEOPLE



2. Pension Fund cash exceeds the asset allocation mainly due to cash balances held by the fund managers for cash flow purposes. As reported previously, Aviva Investors is investing cash on behalf of the Pension Fund until property investment commitments are funded.

**Table 1 Asset Allocation**

<b>Asset Class</b>	<b>Asset Allocation at 30 September 2010 %</b>	<b>Strategic Asset Allocation %</b>
Equities: UK	26	24
Equities: Overseas	37	36
Bonds	16	15
Property	8	10
Private Equity	5	8
Absolute Return Funds	6	7
Cash	2	0
	<b>100</b>	<b>100</b>

**Table 2: Fund Manager Asset Allocations and Performance**

Fund Manager	Allocation by Manager			Quarterly Performance				Annual Performance			Three Year Performance		
	30 June 2010 £m	30 Sept 2010 £m	30 Sept 2010 %	Net Performance %	Bench mark	Net Relative Return %	Manager Impact	Net Performance %	Bench mark	Net Relative Return %	Net Performance %	Bench mark	Net Relative Return %
Aviva Investors - Property Fund of Funds	124	127	9	2.6	1.9	0.7	0.1	11.2	18.8	-7.6	-11.4	-9.0	-2.4
Blackrock - Cash / inflation plus	23	24	2	6.9	0.5	6.4	0.1	10.8	4.6	6.2	5.0	2.7	2.3
Blackstone - Hedge fund of funds	59	60	4	2.3	0.1	2.2	0.1	6.6	0.4	6.2	0.8	2.3	-1.5
DB Advisors - Global equities	87	94	7	7.5	7.5	0.0	0.0	10.6	8.6	2.0	-	-	-
Investec - Global equities	88	96	7	8.9	7.5	1.4	0.1	10.3	8.6	1.7	-	-	-
Legal & General - Passive global equities & bonds	387	427	31	10.4	9.6	0.8	0.2	9.7	9.5	0.2	1.2	1.0	0.2
Mirabaud - UK equities	128	146	10	13.9	13.6	0.3	0.0	10.5	12.5	-2.0	2.5	-1.0	3.5
Pantheon - Private Equity	40	49	3	2.7	10.0	-7.3	-0.2	11.1	8.9	2.2	0.9	1.0	-0.1
Partners Group - Real Estate	8	11	1	16.3	3.1	13.2	0.1	6.8	6.3	0.5	-	-	-
Partners Group - Resources	5	5	0	9.8	3.1	6.7	-0.1	0.7	6.3	-5.6	-	-	-
Partners Group - Infrastructure	6	6	1	-8.7	3.1	-11.8	0.1	-7.3	6.3	-13.6	-	-	-
RLAM - Bonds	135	142	10	4.9	4.2	0.7	0.1	10.3	9.4	0.9	-	-	-
Schroders - Global Equity	92	100	7	9.1	7.5	1.6	0.1	14.6	8.6	6.2	-	-	-
Standard Life - UK Equity	94	108	8	15.2	13.6	1.6	0.1	11.3	12.5	-1.2	-2.2	-1.0	-1.2
Pension Fund	2	3	0	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,278</b>	<b>1,398</b>	<b>100</b>	<b>8.5</b>	<b>7.9</b>	<b>0.6</b>	<b>0.6</b>	<b>10.8</b>	<b>10.9</b>	<b>-0.1</b>	<b>10.7</b>	<b>10.9</b>	<b>-0.2</b>

### **Fund Managers Quarterly Performance to 30 September 2010**

3. The value of the Fund, and performance data for each fund manager is summarised in Table 2, on the previous page. The combined Fund achieved a net return of 8.5% compared to its benchmark return of 7.9%, an outperformance of 0.6% for the quarter to 30 September 2010.
4. All of the Fund managers except Pantheon and Partners Infrastructure outperformed their benchmarks for the quarter, Pantheon recorded an underperformance of 7.3% and Partners Infrastructure recorded an underperformance of 11.8%. Please note the performance for the private equity fund of funds managed by Pantheon and Partners Group should be interpreted cautiously since returns in the early years of a private equity fund's life are not generally meaningful. This is because these investments take time to make a profit; many private equity investments are initially loss making, followed by recovery and finally a move into profit. The impact that each manager's return has on the Fund's net relative return is reported in the eighth column of Table 3. Aviva, BlackRock, Blackstone, Deutsche Bank, Investec, Legal & General, Schrodgers and Standard Life's positive contributions are partially offset by the impact of Pantheon's underperformance.

### **Fund Managers Longer Term Performance to 30 September 2010**

5. During the year to 30 September 2010 the combined Fund achieved a net return of 10.8% compared to its benchmark return of 10.9%, an underperformance of -0.1%. Blackrock, Blackstone and Schrodgers report strong performance relative to the benchmark for the year. This is the first quarter that annual performance has been reported for the bond manager and global equity managers appointed in 2009 – DB Advisors, Investec, Schrodgers and Royal London Asset Management are all reporting annual outperformance. Aviva, Mirabaud and Standard Life are showing annual underperformance. Legal & General, in accordance with its passive mandate is close to the benchmark. Comments relating to the relevance of Pantheon and Partners Group data is outlined in paragraph 5 of this report.
6. Seven managers have been employed for a full three year period, three years is a pension industry standard timescale for performance comparisons. Over the three years Blackrock and Mirabaud have outperformed their benchmarks; although, Aviva, Blackstone, Pantheon and Standard Life have underperformed against their benchmarks. Legal & General, in accordance with its passive mandate is close to the benchmark.

### **Fund Manager Meetings**

7. In accordance with updated monitoring arrangements, officers met with most of the Fund's Fund Managers recently. Each meeting has focussed on manager performance and the outlook over the short and longer term. In addition, the members of the Pension Fund Committee have recently met with Blackrock and DB Advisors.

## Quarter 2 2010 Fund Performance in the Local Authority League Tables

8. WM local authority universe data for the third quarter of 2010 is not yet available. Table 3 below shows the trend in the Fund's quarterly, annual, 3 year and 5 year performance each quarter for the previous three years and how the Fund is ranked compared to other local government pension funds. The Fund underperformed its benchmark by 1.0% in the second quarter of 2010 and therefore achieved a ranking of 54th for the quarter. As demonstrated by Table 4, quarterly ranking can be volatile and the trend should be monitored over a longer period of time. Following the major transition in September 2009 and Aviva's annual underperformance of 10% in quarter 3 2009, the annual ranking of 86<sup>th</sup> is the lowest recorded in recent years. The Fund's three years and five years rankings of 47 and 51 respectively are comparable to the rankings reported in respect of the previous quarter.

**Table 3 – WM Benchmarking data (using percentages)**

	2007		2008				2009				2010	
	Q3	Q4	Q1	Q2	Q3	Q4	Q 1	Q2	Q3	Q4	Q1	Q2
Quarterly	25	28	48	79	41	44	29	74	72	47	53	54
Annual	40	30	36	45	46	52	42	42	55	60	68	86
Three Years	38	34	28	29	33	48	38	43	46	43	47	47
Five Years	30	38	23	34	47	48	45	51	45	35	47	51

### B. Other Implications / Issues

9. Any underlying performance issues will be managed in accordance with the established process.

### C. Communication Issues

10. A performance update is reported quarterly to the Pension Fund Committee, six monthly to the Pension Fund Consultative Group and annually to the Pension Fund's employers.

### D. Progress Monitoring

11. To be reviewed by Committee quarterly.

---

### Background Papers

None

---





**Agenda Item 8**

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted



**Agenda Item 9**

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted



**Agenda Item 10**

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

**Document is Restricted**





**Agenda Item 11**

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

**Document is Restricted**

