

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT COUNTY HALL, LLANDRINDOD WELLS ON 31ST JULY 2009**

PRESENT: County Councillor A.G. Thomas (Chairman)
County Councillors W.A. Fitzpatrick and W.B. Thomas.

In attendance: Sion Cole of Hewitts

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| 1. | APOLOGIES | PIC10 - 2009 |
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Apologies for absence were received from County Councillors S.R.M. Baynes and G.P. Vaughan.

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| 2. | DECLARATIONS OF INTEREST | PIC11 – 2009 |
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There were no declarations of interest.

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| 3. | MINUTES | PIC12 - 2009 |
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The Chairman was authorised to sign as a correct record the minutes of the meeting of the Pensions and Investment Committee held on 21st May 2009.

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| 4. | MEDIUM TERM ASSET ALLOCATION STRATEGY | PIC13 - 2009 |
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The Committee considered a report by Hewitt Associates Limited (Hewitts) which made recommendations for a Medium Term Asset Allocation Strategy. Also included in the paper was a note of the fees which would be payable. A point in respect of the performance fee was clarified.

RESOLVED

- (a) **that the proposed Medium Term Asset Allocation Strategy be approved and the agreement be signed;**
- (b) **that decisions on the transfer of assets (on the advice of Hewitts) be delegated to the Head of Finance in consultation with the Chairman and Vice-Chairman of the Committee.**

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| 5. | QUARTERLY UPDATE | PIC14 - 2009 |
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The Committee received an Investment Performance Review Report for the second quarter of 2009 prepared by Hewitts (copy filed with the signed minutes).

The timing of meetings was discussed but it was decided to retain the scheduled meeting dates even if this meant that reports had to be tabled.

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| 6. | AXA ROSENBERG AND WESTERN ASSET MANAGEMENT – POOLED VS SEGREGATED MANDATES | PIC15 - 2009 |
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The assets of the Fund had recently been restructured and some assets that were previously held in segregated arrangements had been transferred to pooled arrangements. However, JP Morgan still provided custody for segregated mandates with AXA Rosenberg (AXA) and Western Asset Management (WAMCO). The Committee considered a report from Hewitts which set out the advantages and disadvantages of segregated and pooled mandates and the costs involved in either option.

The Committee was advised that there were no annual cost advantages to moving to pooled funds and that this, combined with the extra flexibility that segregated accounts provided, brought Hewitts to conclude that it would not be appropriate for the Fund to move to pooled funds.

RESOLVED that the advice of Hewitts be accepted and mandates with AXA and WAMCO should remain segregated.

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| 7. | OVERSEAS CURRENCY HEDGING | PIC16 - 2009 |
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The Committee received an oral report from Mr. Cole on the possibility of setting up a currency hedging programme for overseas equities and were advised that with current managers in place there was no easy or cost-effective way to do this.

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| 8. | EMPLOYEE AND OUTSIDE BODY EMPLOYER REPRESENTATION | PIC17 - 2009 |
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The Committee was advised that a meeting would be held with outside body employers on 18th September at which those present would be asked to choose one representative to sit on the Committee. At the last meeting of the Joint Consultative and Negotiating Committee (JCNC) the Trades Unions were advised that they would need to nominate one representative. Neither of the representatives would have voting rights but they would be allowed to remain if part of the Committee was held in confidential session.

Arising from the report it was

RESOLVED that the Head of Legal, Scrutiny and Democratic Services be requested to submit a report to the Committee clarifying the situation with regard to confidentiality and co-opted members.

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| 9. | LGPS (AMENDMENT) REGULATIONS 2009 – COST SHARING | PIC18 - 2009 |
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The Committee received for information the report of the Head of Finance upon the introduction of the LGPS (Amendment) Regulations 2009 which introduced the next steps in the cost sharing process. The Regulations required that:

- Administering authorities provide full valuation data to the Government Actuary's Department (via CLG) by 31st August 2010 (and every three years thereafter);
- The Government Actuary's Department produce a national LGPS valuation report and cost certificate by 31st October 2010 (and every three years thereafter);
- Administering authorities are to review rates and adjustments certificates in the light of the national valuation report.

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| 10. | LOCAL GOVERNMENT PENSION SCHEME – DELIVERING AFFORDABILITY, VIABILITY AND FAIRNESS | PIC19 - 2009 |
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The Committee was asked to respond to a discussion document which set out initial suggestions for stakeholders to consider as a feasible and balanced response to the current stock market impacts on LGPS pension fund liabilities likely to be identified in the forthcoming 2010 valuation exercise.

RESOLVED that this item be considered at the meeting to be held in September to give all members of the Committee the opportunity to give their views on this important issue.

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| 11. | DRAFT CONSTITUTION | PIC20 - 2009 |
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The Committee considered a draft amendment to the Council's Constitution which set out the membership and terms of reference of the Pensions and Investment Committee.

RECOMMENDED to the Principal Scrutiny Committee that the following amendments be made to the draft:

Part 4 – Section 10 – Page 1 - Para 1.1 Replace with the following paragraph:

'The County Council will appoint 5 members of Council to the Pension and Investment Committee. The Committee will then co-opt two non-voting members, one staff representative nominated by the Trades Unions and one representative nominated by the Outside Bodies Employers.'

Part 4 – Section 10 - Page 2 – Para 2.4 After the word 'undertake' add the words 'at least 10 hours'

Part 4 – Section 10 – Page 2 – Para 3.1 For the first bullet point substitute the following words 'At least annually the committee will invite outside bodies to a meeting'

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| 12. | MEETING DATES FOR 2009/2010 | PIC21-2009 |
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A minimum of one and a half days would be needed towards the end of September to interview fund managers preceded by one hour for discussion of the LGPS consultation document and one hour's training .

In October/November the Committee would meet with the actuary. In the afternoon Outside Body Employers would be invited.

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| 13. | PENSION FUND ACCOUNTS 2008/09 | |
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Pension Fund accounts for 2008/09 were received.

A.G. THOMAS
Chairman

2009-07-31 Pensions and Investment Committee
10 a.m. – 11.45 a.m.