

PENSION FUND ACCOUNT

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CHAIRMANS STATEMENT

The Pension Fund aims to deliver pensions effectively and efficiently at the lowest cost to the contributing employers. This requires a balance be struck between the risk and return of the investments held and to consider the future liabilities of the fund. We are committed to a long-term goal of stabilising the future pension costs to employers.

The cost to employers is based on the triennial actuarial valuation of the fund, the most recent one being completed as at 31 March 2007. That valuation highlighted a rise in the funding level of the fund from 63% to 73%. The aim is to achieve 100% funding. The next valuation is due to be calculated as at 31 March 2010. The purpose of the Valuation is to establish the contribution rates that employers should pay into the fund in order to finance member future benefits. Employee rates are set in statute and are not affected by the valuation report.

Over the past 12 months the fund has reported an improved performance after 2008-09 produced negative returns. The decision to increase the equity weighting has proved beneficial as the equity market has risen in value. Away from the traditional assets of Bonds and Equities, our property and private equity assets have performed less well. However we feel the diversification property and private equity offer is beneficial as was proved by Private Equity's strong performance in 2008-09 when other asset classes performed poorly. The fund will further diversify in 2010-11 when Active Currency Managers and Hedge Fund of Fund Managers will be appointed.

It is worth noting that regardless of how the investments of the fund perform the pensions of existing pensioners and the future pensions of employees are guaranteed. The Fund cannot be "wound up" like private sector schemes. It also has the added advantage for members, except Councillors, that future benefits are based on their final salary rather than an average salary as is increasingly common in many private sector schemes.

I trust that you find this years report interesting and informative. Should you have any comments on this report or any aspect regarding the administration of the scheme, see page 21 for details of how to contact us. As a reminder, the Members of Powys County Council are the Trustees of the fund and as such are responsible for the administration.

Cllr Tony Thomas
Chair of the Pensions and Investment Committee

FUND ADMINISTRATION

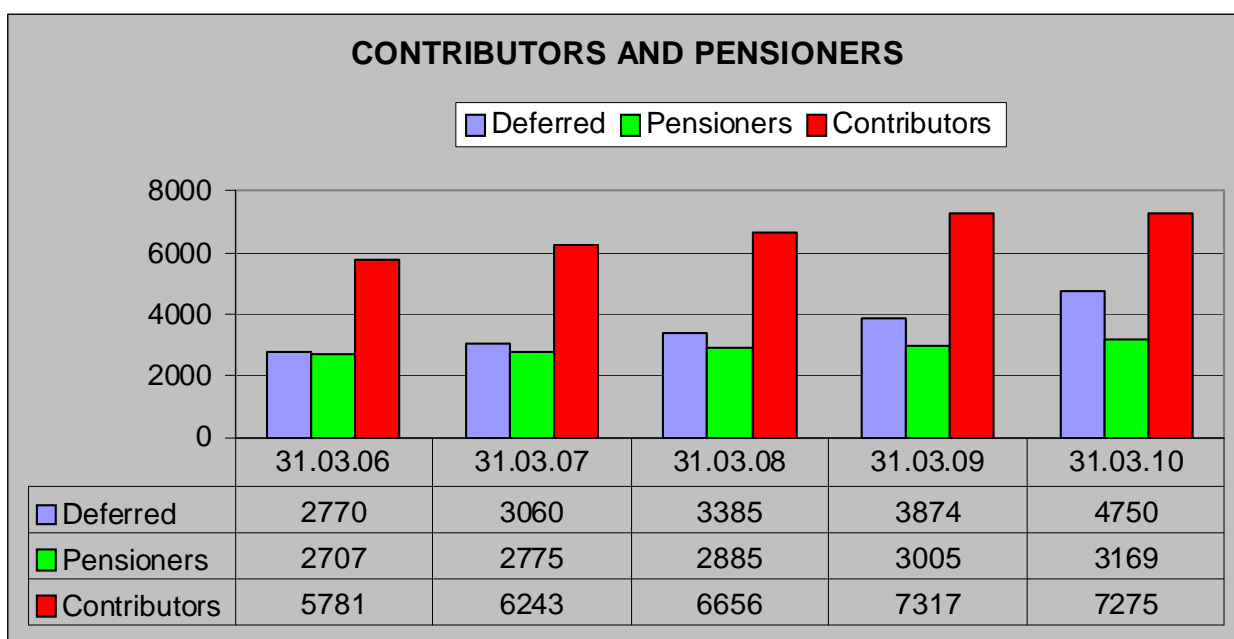
Scheme Details

Powys County Council is the administering Authority for the Powys Pension Fund. The Pension Fund provides future pension entitlement to all eligible employees of Powys County Council and the other participating bodies (appendix one). Membership of the scheme is not mandatory. It is a defined benefit pension scheme based on final salary. The contributions payable by employees and the benefits due to them are prescribed by the Local Government Pension Scheme Regulations. With effect from 01 April 2008 all members have been allocated a contribution rate based on the following:

Band	Range	Contribution Rate
1	£0 -£12,000	5.5%
2	>£12,000 - £14,000	5.8%
3	>£14,000 - £18,000	5.9%
4	>£18,000 - £30,000	6.5%
5	>£30,000 - £40,000	6.8%
6	>£40,000 - £75,000	7.2%
7	>£75,000	7.5%

The fund excludes membership for teachers, police officers and fire fighters, for whom separate schemes exist.

The following graph below shows the membership of the fund. Deferred members are former employees of the contributing authorities who have yet to draw their pensions.



Pension Increases

Pensions paid to retired members are subject to annual mandatory increases linked to RPI. Increases take effect in the first full week of each financial year. The table below shows the pension increases of the last 5 years:

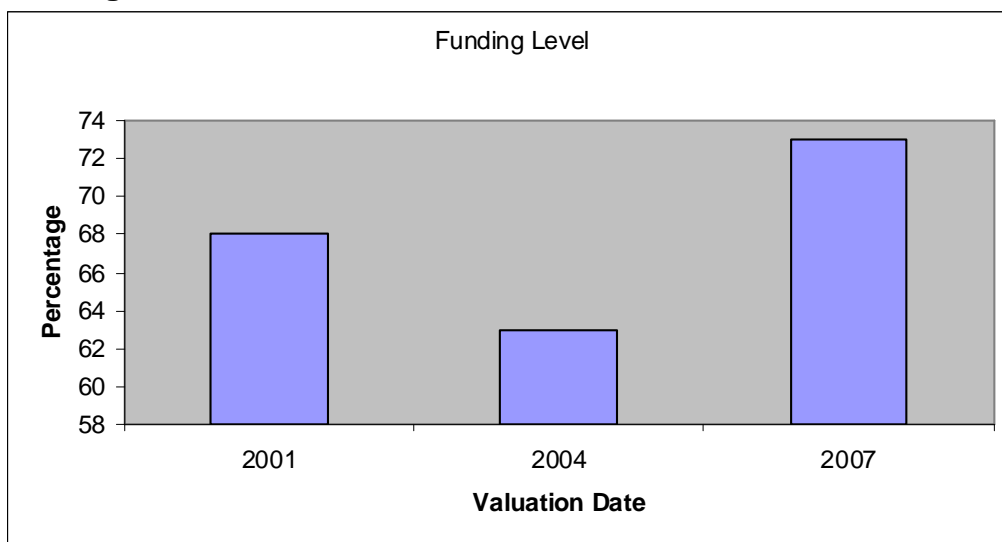
Effective Date	Increase %
10 th April 2006	2.7
9 th April 2007	3.6
7 th April 2008	3.9
6 th April 2009	5.0
12 th April 2010	0.0

Management of the Fund

The County Council is the designated statutory body responsible for administering the Powys Pension Fund of its constituent scheduled and admitted bodies. The County Council has delegated the decision-making responsibilities to the Pension and Investment Committee, which meets at least quarterly. The Committee has co-opted two non-voting members, one staff representative nominated by the Trade Unions and one representative nominated by the Outside Bodies Employers. The Committee will review market conditions and economic trends with the aim of forming a view on the prospects for each of the world markets over the short, medium and long term. The Pensions and Investment Committee, alongside the Head of Finance and the external experts it employs, provided the general direction and advice by which the Fund was managed. It also monitored the performance of the Fund and the investments for which the administering authority is responsible.

Day to day administration of the scheme is provided by the Pensions Section of Powys County Council. A list of the bodies that have been admitted to the scheme can be found in Appendix one (page 21).

Funding and Valuation



The aim of the funding is to accumulate current contributions at a level sufficient to provide known benefits at some time in the future. In short therefore, the scheme benefits are financed by contributions from employees and employers together with

income from investments. Both the employees' contributions and the benefits to be provided by the scheme are fixed by the Government as set out in the Local Government Pension Scheme Regulations, leaving the employers' rate of contribution as the only element which can be deliberately adjusted. The performance of investments depends upon market circumstances.

The employers' rate of contribution is assessed by the Actuary to the Fund who reviews the future income and liabilities of the Fund. These reviews, or actuarial valuations, are required by law with a major review being undertaken every third year. The next valuation of the Fund will be completed at 31 March 2010.

The actuarial valuation as at 31 March 2007 showed the assets held at the valuation date were sufficient to cover only 73% of the accrued liabilities assessed on an ongoing basis. Efforts continue to be made to address this deficit. It is the long-term goal to achieve 100% funding. The level of funding has no impact on members' benefits which are guaranteed by law.

Additional Voluntary Contribution (AVC) Scheme

Since 06 April 1988, it has been a legal requirement for all Pension Schemes to provide members with access to an in-house AVC Scheme. The Authority's appointed providers are the Equitable Life Assurance Society and the Standard Life Assurance Company. Members are able to pay contributions into a variety of AVC arrangements offered by the providers, in order to secure additional pension benefits. The AVC investments are excluded from the Pension Fund Accounts.

Prior Period Adjustments

To aid comparison the following 2008/09 disclosures have been restated.

Extract From Pension Fund Account

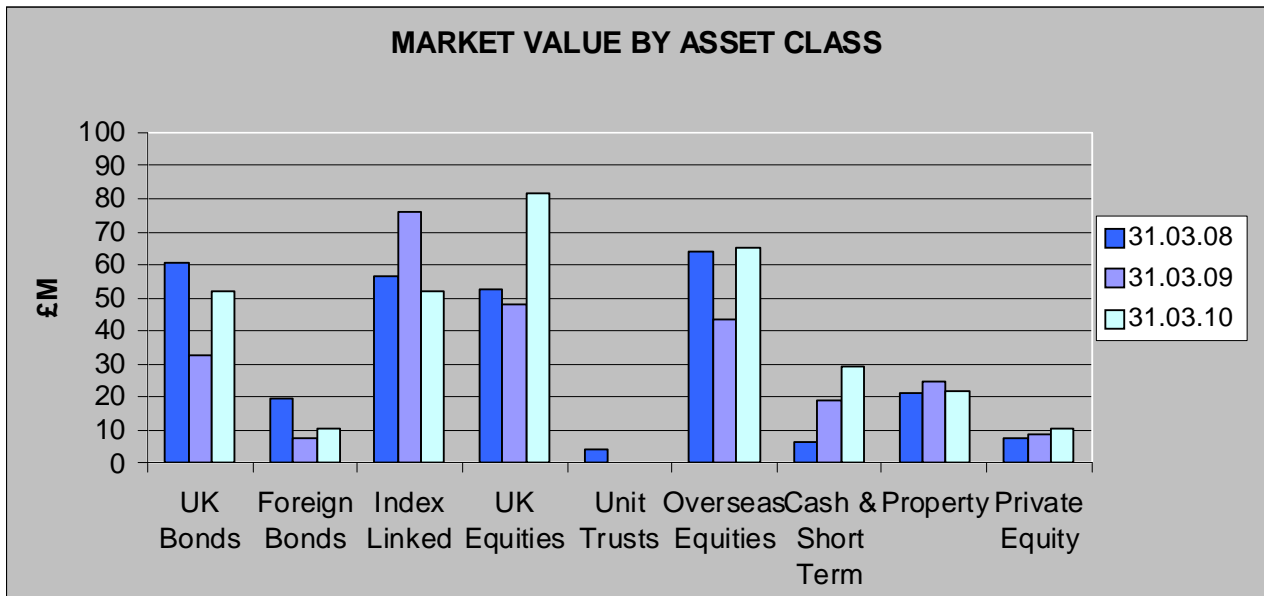
	Original £'000	Revised £'000	Change £'000
Returns on Investments			
Investment Income	5,352	5,503	151
Change in Market Value of Investments	-46,136	-46,586	-450
Investment Management Expenses	-1,350	-1,051	299
(NET LOSS) ON INVESTMENTS	-42,134	-42,134	0

Investments

	Original £'000	Revised £'000	Change £'000
Fixed Interest	40,372	52,716	12,344
Index Linked	75,858	63,514	-12,344

INVESTMENT REPORT

The prime requirement in managing the Fund is to ensure adequate diversification of its assets over different asset classes and different geographical areas. The right balance must be struck between the desire for enhanced returns and potential 'risk' of volatility in those returns i.e. the investment policy of the Fund is aimed at maximising returns within the acceptable limits of risk. There is no ideal split for any fund, so the portfolio balance needs to be regularly monitored and adjusted in line with the economic, financial and market indicators.



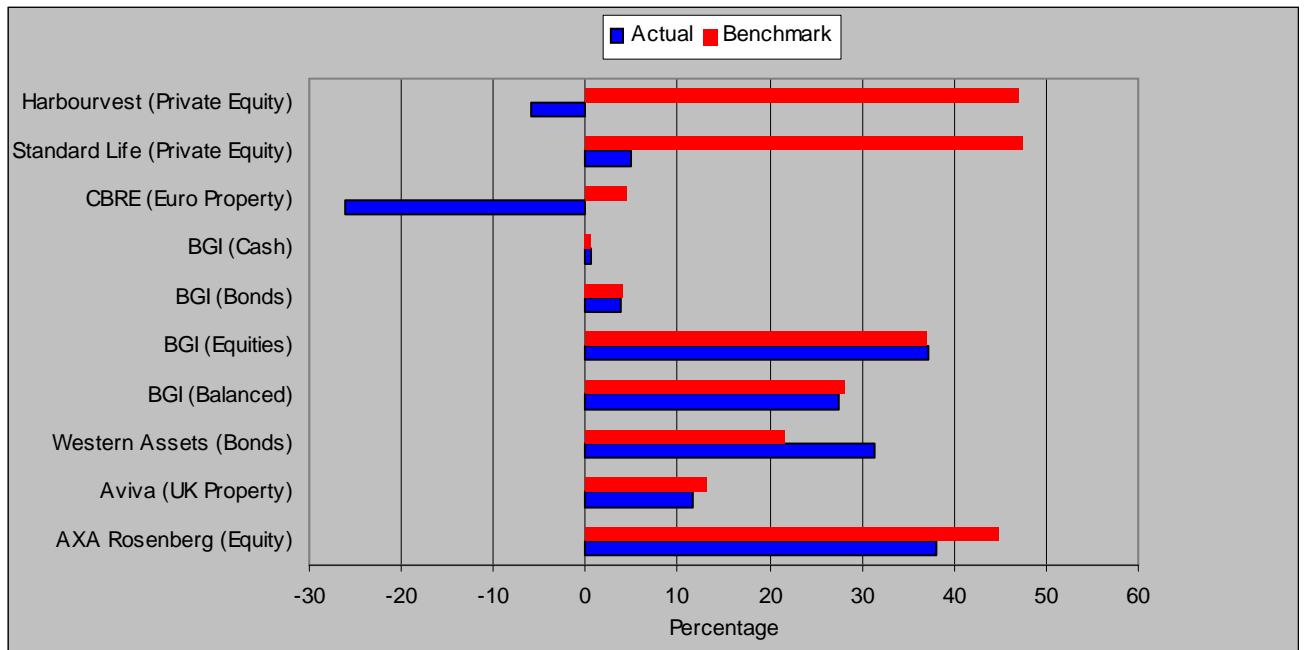
The investment style of the Fund is to appoint external expert fund managers with clear performance benchmarks and place accountability for performance against those benchmarks on the fund managers. The Head of Finance must ensure that the management of the Fund falls within the requirements of the Local Government Pension Scheme Regulations.

Performance Review

	1 Year %	3 Years %	5 Years %
Powys Overall Return	22.9	1.3	5.2
Inflation	4.4	2.7	3.2
Average Earnings	6.8	3.8	4.1

Given the long-term nature of the Fund, perhaps the most significant column above is that detailing the comparisons over five years. Powys has increased its equity holdings in an attempt to capitalise on the resurgent market. Inflation and average earning percentages have been provided by Watson Wyatt.

The performance of each of the current Fund Managers for 2009/10 is shown in the graph on the next page. The blue bars represent the actual performance and the red records the agreed benchmark. The Fund Managers have been given a rolling 3-year specific performance target measured against the benchmark return in the relevant asset class. The targets include a minimum acceptable performance level.



As can be seen from the Graph, with the exception of Harbourvest and CB Richard Ellis all funds reported a positive actual return.

HarbourVest and Standard Life (Private Equity)

HarbourVest has performed poorly in 2009-10. Standard Life has produced a positive return but has underperformed the benchmark. At present only a small percentage of the fund has been invested with these managers, so they have not affected the overall return to any significant degree. No realistic assessment of performance can be made until the vehicle is fully funded which may take 5 years.

Western Assets (active bond manager).

The company have performed well throughout 2009-10 outperforming the benchmark by 9.7% over the last 12 months.

Aviva (active UK property manager).

The fund underperformed the benchmark over the year by 1.6%. This relates to an overweight cash position relative to the benchmark and the ungeared nature of the fund. Aviva reduced this cash weighting in the final quarter and reported a slight overperformance of the benchmark (0.1%) in that period.

CBRE (European Property)

The company has performed below the benchmark (-38.8%) for the year. However, establishing a reliable benchmark for this asset class is difficult. The portfolio has been positioned to be relatively defensive with low weightings to vulnerable economies such as Spain and Emerging Europe.

AXA Rosenberg (active global equity).

After a period of sustained underperformance the decision was made to replace AXA Rosenberg in February 2010. Assets are still held with AXA and will be transferred to three new Global Equity Managers when the contracts with the finalised. AXA reported an absolute return of 38.2% for the 12 months which reflected the growth in equity markets over that time. However the fund still underperformed the MSCI World Benchmark of 44.8% over the last 12 months.

Blackrock Global Investors (passive mixed portfolio manager).

This manager is employed to track the market and so will match its benchmark and does each year. Barclays Global Investors were taken over by Blackrock during the year, there were no costs for the fund as a result of this change.

Significant Shareholdings at 31 March 2010 were:

UK Equities	Sector	(£000s)	% of Fund
BP PLC	Oil and Gas	5,510.41	1.71
Royal Dutch Shell Plc	Oil and Gas	5,497.14	1.70
HSBC Holdings Plc	Banking	5,485.13	1.70
Vodafone Group Plc	Communications	3,834.02	1.19
GlaxoSmithKline Plc	Medical	3,310.53	1.03
Overseas	Country	(£000s)	% of Fund
Intl Business Machines Corp	North America	988.22	0.31
Microsoft Corp	North America	861.36	0.27
Hewlett Packard	North America	848.68	0.26
Pfizer Inc	North America	825.69	0.26
Exxon Mobil Corp	North America	813.47	0.25

Investment Manager Structure

Asset Class	Manager					Total %
	BGI	AXA Rosenberg	Western Asset	Aviva/ CBRE	Std Life/ Harbourvest	
	Passive %	Active %	Active %	Active %	Active %	
UK Equities	24.4	0.8				25.2
Overseas Equities	11.7	8.3				20.0
UK Fixed Interest Gilts	1.7		0.2			1.9
Sterling Non Gilts	2.4		12.0			14.4
Index Linked Gilts	16.0		0.1			16.1
Overseas Bonds	1.8		1.4			3.2
Property Private Equity				6.8	3.2	6.8
Cash	8.5	0.1	0.6			9.2
TOTAL	66.5	9.2	14.3	6.8	3.2	100.0

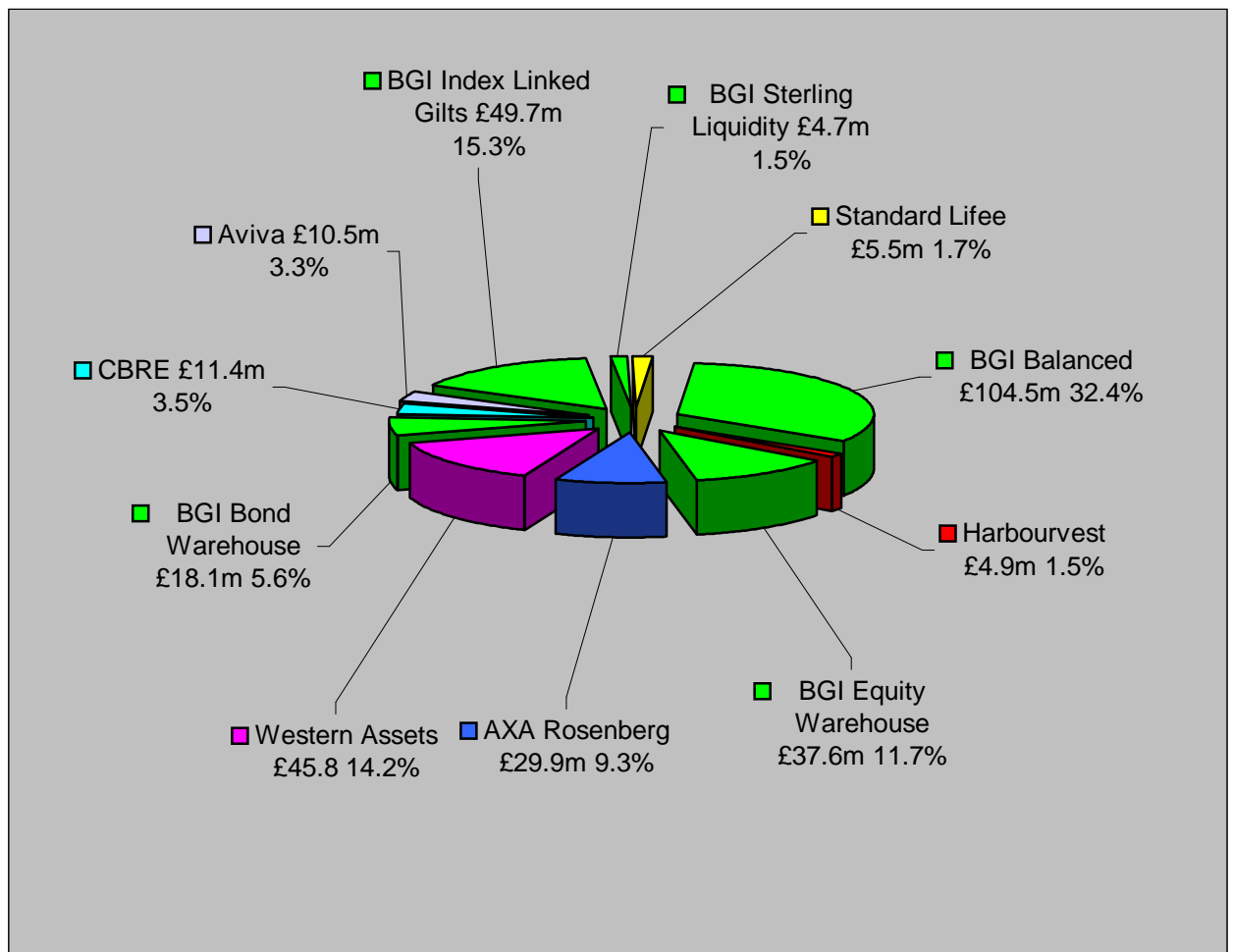
The strategic asset allocation is as follows:

	2008/09	2009/10
Equities	45%	50%
Fixed Interest and Index Linked Securities	40%	35%
Property	10%	10%
Private Equity	5%	5%

The strategic asset allocation is the ideal target and cannot be achieved until the scheme is fully funded in all areas, e.g. private equity. It does not reflect the actual investments held at the year-end. The current structure aims to have a 65:35 split between return seeking and liability matching assets. The decision was made to increase the return seeking elements to take advantage of the recovery in the equity markets.

The Fund at 31 March 2009 was significantly underweight in equities (35%) but has increased its equity holding to 45% at 31 March 2010.

The market value of assets spread between the fund managers as at 31 March 2010 is shown below:



The Future

The fund is currently formalising contracts with three new Global Equity Managers, Aberdeen, MFS and Schroders to replace the asset held with Alliance Bernstein (now held in the BGI equity portfolio) and AXA Rosenberg. The council has also appointed two Active Currency and two Hedge Fund of Funds Managers. Due legal process is currently underway before funds are transferred to the appointed managers. The funds to be transferred will be financed from existing resources.

Statement of Investment Principles

As required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009 No.3093) the Pensions and Investment Committee have produced a Statement of Investment Principles which complies with the six investment principles set out by the Chartered Institute of Public Finance Accountants (CIPFA) Pensions Panel. A copy is available on request from the Pension Accountant, see appendix 1 for contact details.

NET ASSETS STATEMENT

As at 31 March

	Note	2009 £'000	2010 £'000
Investments	10	258,437	322,807
Current Assets and Liabilities	13	508	971
NET ASSETS AS AT 31 MARCH		258,945	323,778

The accounts show cash held with the Investment Managers as investments as recommended in the Statement of Recommended Practice Financial Reports for the Pension Schemes.

PENSION FUND ACCOUNT

	Note	2008/09 £'000	2009/10 £'000
Contributions and Benefits			
Contributions Receivable	3	23,624	23,254
Transfers In	4	1,616	2,263
Other Income	5	52	64
		25,292	25,581
TOTAL INCOME			
Benefits Payable	6	17,026	18,273
Payments on Account of Leavers	7	411	2,300
Administrative Expenses	8	540	613
TOTAL EXPENDITURE		17,977	21,186
NET ADDITIONS FROM DEALING WITH MEMBERS		7,315	4,395
Returns on Investments			
Investment Income	9	5,503	3,851
Change in Market Value of Investments		-46,586	57,464
Investment Management Expenses	12	-1,051	-877
NET (LOSS)/PROFIT ON INVESTMENTS		-42,134	60,438
NET INCREASE IN THE FUND		-34,819	64,833
OPENING NET ASSETS		293,764	258,945
CLOSING NET ASSETS		258,945	323,778

NOTES TO THE PENSION ACCOUNTS

1. Basis of Preparation

The financial statements have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2009; A Statement of Recommended Practice (SORP), developed by CIPFA/LASAAC.

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in the statement by the actuary included in the annual report and these financial statements should be read in conjunction with it.

2. Accounting Policies

- Contributions and Benefits
Contributions are accounted for on an accruals basis. Benefits payable represents the benefits entitlement up to the end of the reporting period.
- Transfers to other Schemes
Transfer payments made to other schemes are as a result of early leavers and are accounted for when paid.
- Transfers from other Schemes
Transfers received from other schemes are for new members and are accounted for when received. No liability to the scheme accrues until all monies have been received from the transferor's scheme.
- Refunds to Leavers
These are accounted for when due.
- Investment Management Expenses
Each fund manager receives a fee for their services based on the market value of the assets they manage.
- Investment Income
Interest earned and other investment income is accounted for on an accruals basis.
- Foreign Currency Transactions
Assets and liabilities held in a foreign currency are translated at the rate of sterling quoted at year-end. Income and expenditure arising during the year is translated into sterling at the rate quoted on the date of receipt or payment. Resulting exchange gains or losses are recognised through the revenue account.

NOTES TO THE PENSION ACCOUNTS

- Valuation of Assets

No property is directly held by the fund. Investments held are all quoted on the relevant stock exchange. The market value used is that quoted by the stock exchange on 31 March 10. Fund Managers value unquoted securities at the year-end in line with generally accepted guidelines to ascertain the fair value of the investment.

3. Contributions Receivable

		2008/09	2009/10
		£'000	£'000
	Employers		
Normal		17,219	17,544
Special		0	0
Additional		1,582	797
	Members		
Normal		4,823	4,913
		23,624	23,254

		2008/09	2009/10
		£'000	£'000
Contributions were made as follows:			
Powys County Council (Administering Authority)		21,660	21,318
Scheduled Bodies (Appendix 2)		1,179	1,197
Admitted Bodies (Appendix 2)		785	739
		23,624	23,254

4. Transfers In

		2008/09	2009/10
		£'000	£'000
Individual Transfers From Other Schemes		1,616	2,263

5. Other Income

		2008/09	2009/10
		£'000	£'000
Administrative Fees Received		0	6
Additional Allowances Recovered		52	58
		52	64

6. Benefit Payable

		2008/09	2009/10
		£'000	£'000
Pensions		13,944	14,773
Commutations and Lump Sum Retirement Benefits		2,480	3,221
Lump Sum Death Benefits		602	279
		17,026	18,273

		2008/09	2009/10
		£'000	£'000
Benefits Can Be Further Analysed:			
Powys County Council (Administering Authority)		8,232	9,381
Scheduled Bodies		7,997	8,167
Admitted Bodies		797	725
		17,026	18,273

7. Payments to and on Account of Leavers

	2008/09 £`000	2009/10 £`000
Refunds to Members Leaving Service	7	2
Payments to Members Joining State Scheme	-1	0
Individual Transfers to Other Schemes	405	2,298
	411	2,300

8. Pensions Administration

	2008/09 £`000	2009/10 £`000
Powys CC Fees	480	554
Direct Administration Fees	35	29
Audit Fees	25	30
Actuarial Fees	0	0
	540	613

9. Investment Income

	2008/2009 £`000	2009/10 £`000
Income From Fixed Interest	2,898	2,283
Income From Indexed Securities	868	845
Dividends From Equities	1,570	647
Interest on Cash Deposits	167	76
	5,503	3,851

10. Investments

	Value at 01.04.09 £`000	Purchases at Cost £`000	Sales Proceeds £`000	Change in Market Value £`000	Value at 31.03.10 £`000
Fixed interest	52,716	25,293	-32,178	16,819	62,650
Equities	91,101	48,108	-36,870	43,999	146,338
Index linked	63,514	15,617	-24,619	-2,400	52,112
Property	23,087	750	0	-1,873	21,964
Private Equity	8,874	1,022	0	529	10,425
Short Term Investments	19,145	22,192	-12,409	390	29,318
	258,437	112,982	-106,076	57,464	322,807

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at anytime during the year, including profits and losses realised on sales of investments during the year. Some transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the scheme such as fees, commissions, stamps duty and other fees. These transaction costs incurred in the year are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the scheme.

11. Breakdown of Investments

	2009 £'000	2010 £'000
Fixed Interest Securities		
UK Public Sector Quoted	12,371	6,257
UK Quoted	32,532	45,934
Overseas Public Sector	55	9,945
Overseas Quoted	7,758	514
	52,716	62,650
Equities		
UK Quoted	47,794	81,460
Overseas Quoted	43,307	64,878
	91,101	146,338
Index Linked Securities		
UK Quoted	59,672	52,112
Overseas Quoted	3,842	
	63,514	52,112
Unit Trusts	0	0
Private Equity	8,874	10,425
Property	23,087	21,964
Cash	18,770	29,466
Derivatives (see below)		
Futures Options	65	0
Forward Foreign Exchange Contracts	310	-148
	375	-148
	258,437	322,807

The objective of a derivative is to decrease risk in a portfolio by entering into future positions to match assets that are already held in the portfolio without disturbing the underlying asset. The foreign exchange contracts above are further analysed as follows:

Forward Foreign Exchange Contracts	Expiration	Market Value £'000
Sterling	Less than 1 year	4,662
<u>Hedged against:</u>		
Euro	Less than 1 year	-1,895
Japan	Less than 1 year	0
Norway	Less than 1 year	0
Poland	Less than 1 year	0
Sweden	Less than 1 year	0
US	Less than 1 year	-2,915
		-148

12. Investment Management Expenses

	2008/09	2009/10
	£`000	£`000
Administrative Management and Custody	1,037	861
Performance Measurement Charges	14	16
	1,051	877

13. Current Assets and Liabilities

	2009	2010
	£`000	£`000
Contributions Due From Employers In Respect Of Employers and Members	161	149
Cash Balances	603	1,099
Accrued Expenses	-256	-277
	508	971

Amounts unpaid at the year end are subsequently paid within a reasonable time frame, i.e. the majority of the balances are paid within a 3 month period.

14. Related Party Transactions

Details of Members and officers of the Council represented on the Pensions and Investment Committee are shown on page 20. Their combined contributions into the scheme were £24k in 2009/10.

15. Additional Voluntary Contributions (AVC)

Although not part of these accounts the Authority has two AVC providers – Standard Life and Equitable Life. The amounts below represent monthly contributions from employees and do not include any transfers from private pension schemes. The employing Authorities make no contribution.

	2009	2010
	£`000	£`000
Powys County Council	86	93
Other Bodies	-	-
	86	93

16. Contingent Liabilities

No contingent liabilities were known to exist at the balance sheet date.

17. Post Balance Sheet Events

No such events are known to exist at the balance sheet date.

18. Capital Commitments

The Pension Fund had the following outstanding commitments at the balance sheet date:

	2009	2010
	£'000	£'000
Private Equity Mandate		
Standard Life	3,683	3,239
Harbourvest	4,423	3,514
CBRE	1,500	750
	9,606	7,503

Powys County Council

Statement of the Actuary for the year ended 31 March 2010

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Powys County Council Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2007, in accordance with Regulation 77(1) of the Local Government Pension Scheme Regulations 1997.

Actuarial Position

1. Rates of contributions paid by the participating Employers during 2009/10 were based on the actuarial valuation carried out as at 31 March 2007.
2. The valuation as at 31 March 2007 showed that the funding ratio of the Fund had improved since the previous valuation with the market value of the Fund's assets at that date (of £290.8M) covering 73% of the liabilities allowing, in the case of current contributors to the Fund, for future increases in pensionable remuneration. The main reasons for the improvement in the funding ratio since 31 March 2004 were higher than expected investment returns on the Fund's assets and additional employer contributions paid to reduce the deficit revealed at the 2004 valuation. These had been partially offset by the impact of changes in the actuarial assumptions used, including changes to reflect higher price inflation expectations and longevity improvements.
3. The valuation also showed that the required level of contributions to be paid to the Fund by participating Employers (in aggregate) with effect from 1 April 2008 was as set out below:
 - 15.5% of pensionable pay to meet the liabilities arising in respect of service after the valuation date.

Plus

- 6.8% of pensionable pay to restore the assets to 100% of the liabilities in respect of service prior to the valuation date, over a recovery period of 25 years from 1 April 2008.

Less

- 1.3% of pensionable pay in respect of assumed additional investment returns over the period to 1 April 2011.

These figures are based on the Regulations in force, or enacted by Parliament and due to come into force, at the time of signing the valuation report and, in particular, allowed for the following changes to the Fund benefits since the previous valuation:

- The Rule of 85 retirement provisions were reinstated, and subsequently removed again. Transitional protections for some categories of member were extended to widen their coverage.
- Changes were made consistent with the Finance Act 2004.
- A new scheme has been put in place which came into effect as at 1 April 2008. All existing members transferred to the new scheme as at that date.

4. The majority of Employers participating in the Fund pay different rates of contributions depending on their past experience, their current staff profile, and the recovery period agreed with the Administering Authority. The rates of contributions payable by each participating Employer over the period 1 April 2008 to 31 March 2011 are set out in a certificate dated 31 March 2008 which is appended to our report of the same date on the actuarial valuation.

If the assumptions are borne out in practice, the rate of contribution for each employer would increase as at 1 April 2011 due to the cessation of the allowance for assumed additional short term investment returns. It would then continue at the resultant level for the balance of the recovery period used for that employer, before reverting to the relevant long term rate. In practice contribution rates will be reviewed at the next actuarial valuation which is currently being carried out as at 31 March 2010, with contribution rates changing with effect from 1 April 2011 (see point 7).

5. The contribution rates were calculated taking account of the Fund's funding strategy as described in the Funding Strategy Statement, and for the majority of Employers, using the projected unit actuarial method.

6. The main actuarial assumptions were as follows:

Discount rate for periods

In service	6.5% a year
Left service:	5.5% a year

Short term investment returns until 1 April 2011

Equity/property assets	6.95% a year
Other investments	5.2% a year

Rate of general pay increases 4.7% a year

Rate of increases to pensions in payment 3.2% a year

Valuation of assets market value

7. Contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2010 which is currently being carried out. The formal actuarial valuation report and the Rates and Adjustment certificate setting out the employer contribution rates for the period from 1 April 2011 to 31 March 2014 are required by the Regulations to be signed off by 31 March 2011.

8. This statement has been prepared by the Actuary to the Fund, Hewitt Associates Limited, for inclusion in the accounts of Powys County Council. It provides a summary of the results of the actuarial valuation which was carried out as at 31 March 2007. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This statement must not be considered without reference to the formal valuation report which details fully the context and limitations of the actuarial valuation.

Hewitt Associates Limited does not accept any responsibility or liability to any party other than our client, Powys County Council, in respect of this statement.

Hewitt Associates Limited

16 June 2010

PENSIONS AND INVESTMENT COMMITTEE

The Pensions and Investment Committee meet on a quarterly basis. During 2009/10 it consisted of the following:-

County Councillors:

Mr A.Thomas (Chairman)
Mr S. Baynes
Mr G. Vaughan
Mr L. Fitzpatrick
Mr B. Thomas

Members Representative:

Mr G. Jones

Outside Bodies Employers Representative

Mr E. Morgan

County Council Officers In Attendance:

Mr G. Petty (Strategic Director – Finance & Infrastructure)
Mr S. Cameron (Accountancy Manager)
Mr C. Leah (Principal Accountant)
Mr J. Rollin (Pensions Manager)
Mr D.Paley (Senior Accountancy Assistant)

Fund Managers:

Blackrock Global Investors
AXA Rosenberg
Western Asset Management
CBRE
Aviva Investors
HarbourVest Partners LLC
Standard Life Investments

Global Custodian

J.P. Morgan

Independent Advisor to the Fund

Mr S. Cole (Hewitt Associates Limited)

Actuary

Hewitt Associates Limited

The Global Custodians hold the investments in the name of the Pension Fund.

APPENDIX 1

Other Bodies

Powys County Council administers the scheme for employees and ex employees of the following bodies:

Scheduled Bodies

Powys County Council
Welshpool Town Council
Llanidloes Burial Joint Committee
Coleg Powys
Newtown and Llanllwchaearn Town Council
Brecon Beacons National Park
Ystradgynlais Town Council
Knighton Town Council
Brecon Town Council
Ystradfellte Community Council
Llandrindod Wells Town Council
Powys Valuation and Community Charge Tribunal

Admitted Bodies

Powys Association of Voluntary Organisations
Careers Wales Powys
Presteigne Shire Hall Museum Trust
Theatr Brycheiniog
Carefirst Partnership (BUPA)
MENCAP
Menter Maldwyn

Community Councils and various other statutory bodies have the right to be included in the fund. Other bodies can be admitted at the discretion of the administering Authority.

Contact List and Communications

A copy of this report is sent automatically to all participating bodies. A copy is available to anyone else on demand, subject to a small administration charge. In addition a short report is sent annually to all current contributors and pensioners. Should you have any comments on the financial statement, short report or any other pension matter please contact the appropriate officer in the following list:

Pensions Administration		
Pensions Manager:	Joe Rollin	08708 510264
Joiners, Refunds, AVC, Maternity Absences:		
Surnames A-Jn	Nathan Goode	08708 510432
	Nicole Johnstone	08708 510544
Surnames Jo-L	Pauline Cooper	01597 826463
Surnames M-Z	Kim Jones	01597 826343
	Graham Jerman	01597 826162
Retirements, Deaths, Transfers:		
Surnames A-J	Megan Price	08705 510505
Surnames K-Z	Chris Hurst	08708 510267
Accounts and Investments		
Strategic Director – Finance & Infrastructure	Geoff Petty	01597 826363
Pensions Accountant	Carl Leah	01597 826490

APPENDIX 2

Analysis of Contributions by Scheduled and Admitted Bodies

2009/10	No of Contrib utors	Employers Normal £	Additio nal £	Members Normal £	Total £
Scheduled Bodies					
Brecon Beacons National Park	126	478,114	-	180,307	658,421
Brecon Town Council	6	12,065	-	3,132	15,197
Coleg Powys	148	343,395	-	118,493	461,888
Llandrindod Wells Town Council	1	4,416	-	1,436	5,852
Llanidloes Burial Joint Committee	1	2,825	-	756	3,581
Newtown Town Council	3	12,135	-	3,842	15,977
Welshpool Town Council	3	17,852	-	3,077	20,929
Ystradfellte Community Council	1	427	-	142	569
Ystradgynlais Town Council	3	11,186	-	3,466	14,652
Total	292	882,415	-	314,651	1,197,066
Admitted Bodies					
BUPA	94	299,138	-	58,294	357,432
Mencap	1	1,671	-	406	2,077
Menter Maldwyn	3	8,864	-	3,638	12,502
P.A.V.O (Former P.R.C)	10	33,536	-	11,770	45,306
P.C.G.S Ltd	51	216,254	-	73,037	289,291
Presteigne Shirehall	1	2,949	-	734	3,683
Theatr Brycheiniog	6	19,600	-	8,724	28,324
Total	166	582,013	-	156,602	738,615
2008/09					
Scheduled Bodies					
Brecon Beacons National Park	128	483,861	-	177,163	661,024
Brecon Town Council	5	11,912	-	3,049	14,961
Coleg Powys	152	330,763	-	114,752	445,515
Llandrindod Wells Town Council	1	4,293	-	1,312	5,605
Llanidloes Burial Joint Committee	1	2,899	-	628	3,527
Newtown Town Council	3	12,833	-	4,312	17,145
Welshpool Town Council	2	14,146	-	2,495	16,641
Ystradfellte Community Council	1	353	-	117	470
Ystradgynlais Town Council	3	11,118	-	3,238	14,356
Total	296	872,178	-	307,066	1,179,244
Admitted Bodies					
BUPA	94	339,376	-	63,460	402,836
Mencap	1	1,667	-	417	2,084
Menter Maldwyn	3	9,227	-	3,760	12,987
P.A.V.O (Former P.R.C)	10	52,368	-	13,557	65,925
P.C.G.S Ltd	51	199,207	-	70,103	269,310
Presteigne Shirehall	1	3,340	-	844	4,184
Theatr Brycheiniog	6	19,147	-	8,488	27,635
Total	166	624,332	-	160,629	784,961

APPENDIX 3

	Retirement Pensions £	Commutations & Lump Sums £	Death Benefits £	Total £
2009/10				
<u>Scheduled Bodies</u>				
Brecknock B.C.	763,932	965	-	764,897
Brecon Beacons National Park	202,998	28,587	-	231,585
Coleg Powys	111,751	99,196	-	210,947
Knighton Town Council	6,971	-	-	6,971
Llandrindod Wells Town Council	1,668	-	-	1,668
Llanidloes Burial Committee	493	-	-	493
Magistrates Courts Committee	2,040	-	-	2,040
Montgomeryshire D.C.	979,266	36,362	-	1,015,628
Newtown Town Council	4,205	27,869	-	32,074
Powys CC (pre 1/4/96)	5,235,696	91,442	1,350	5,328,488
Probation Committee	60,992	-	-	60,992
Radnorshire D.C.	484,208	2,846	-	487,054
Welshpool Town Council	24,367	-	-	24,367
Ystradgynlais Town Council	72	-	-	72
TOTAL	7,878,659	287,267	1,350	8,167,276
<u>Admitted Bodies</u>				
BUPA	196,762	142,147	3,030	341,939
D.B.R.W.	219,565	1,514	-	221,079
P.A.V.O.	35,017	12,099	-	47,116
P.C.G.S Ltd.	83,074	10,139	-	93,213
Powys Valuation Panel	20,425	-	-	20,425
Theatr Brycheiniog	54	-	-	54
Wales European Centre	884	-	-	884
TOTAL	555,781	165,899	3,030	724,710
2008/09				
<u>Scheduled Bodies</u>				
Brecknock B.C.	753,447	558	490	754,495
Brecon Beacons National Park	189,858	552	-	190,410
Coleg Powys	90,162	23,599	-	113,761
Knighton Town Council	6,640	-	-	6,640
Llandrindod Wells Town Council	2,227	5,497	-	7,724
Llanidloes Burial Committee	474	-	-	474
Magistrates Courts Committee	1,943	-	-	1,943
Montgomeryshire D.C.	964,558	19,598	-	984,156
Newtown Town Council	2,375	-	-	2,375
Powys CC (pre 1/4/96)	5,268,728	95,954	9,745	5,374,427
Probation Committee	56,973	834	-	57,807
Radnorshire D.C.	476,011	-	-	476,011
Welshpool Town Council	23,489	-	-	23,489
Ystradgynlais Town Council	3,730	-	-	3,730
TOTAL	7,840,615	146,592	10,235	7,997,442
<u>Admitted Bodies</u>				
BUPA	160,087	158,079	5,841	324,007
D.B.R.W.	212,358	24,785	-	237,143
P.A.V.O.	28,249	41,421	-	69,670
P.C.G.S Ltd.	67,601	77,914	-	145,515
Powys Valuation Panel	19,356	-	-	19,356
Theatr Brycheiniog	53	-	-	53
Wales European Centre	884	-	-	884
TOTAL	488,588	302,199	5,841	796,628

GLOSSARY OF TERMS

Accruals

Income or expenditure which is due but will not be received or paid until after the end of the financial year.

Actuary

An independent consultant who advises the fund and every three years produces a report on the funds financial position.

Additional Voluntary Contribution (A.V.C.)

An option available to individuals to secure additional pension benefits by making additional payments to an A.V.C. provider.

Admitted Bodies

Bodies whose staff can become members of the pension fund by virtue of an admission agreement made between the fund and relevant body.

Deferred Pension Benefit

A pension benefit which a member has accrued but is not yet entitled to receive payment of.

Equities

Shares in companies traded on a stock exchange. Shareholders have voting rights and have an interest in the profits of the company.

Fixed Interest

Corporate Bond – A certificate of debt issued by companies which guarantee a fixed rate of interest, with a promise to repay the original sum on a fixed date. These can be traded on a stock exchange.

Global Tactical Asset Allocation (G.T.A.A.)

A type of investment that deals in derivatives of other types of investments. With the intention of moving in and out of markets more quickly as opportunities arise.

Index Linked

Stocks that have their value related directly to an index, usually the Retail Price Index and are therefore protected against inflation.

Scheduled Bodies

Local Authorities and other similar bodies whose staff automatically qualify to become members of the pension fund.

Transfer Values

These can be paid or received. They represent the capital value of pension rights, which a member may transfer on changing pension schemes.