MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE HELD AT COUNTY HALL, LLANDRINDOD WELLS ON FRIDAY 29TH JUNE 2012

PRESENT: County Councillor A.G. Thomas (Chairman)

County Councillors P.J. Ashton, E.A. Jones, T. Turner, G.P. Vaughan

In attendance: Sean Cole and Rachel Hammonds of AON Hewitts.

1.	APOLOGIES	PIC19 – 2012

There were no apologies for absence.

2.	DECLARATIONS OF INTEREST	PIC20 – 2012

County Councillors P.J. Ashton, E.A. Jones, A.G. Thomas, T. Turner and G.P. Vaughan declared interests as members of the Local Government Pension Scheme.

3.	MINUTES	PIC21 – 2012

The Chairman was authorised to sign the minutes of the meetings held on 23 February 2012 and 1 June 2012 as correct records.

4.	CONFIDENTIAL MATTERS	PIC22 – 2012

RESOLVED to exclude the public for the following items on the grounds that there would be disclosure to them of exempt information under category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

5.	QUARTERLY RESULTS	PIC23 – 2012

The Committee received the Aon Hewitt report for the quarter to 31 March 2012. The value of the Fund as at 31st March 2012 was £372,050,000 compared with £355,203,000 at 31st March 2011.

The Committee agreed to invite Fauchier Partners to the next meeting following Aon Hewitt's decision to revise their rating.

The Committee noted the current volatile state of the currency markets and considered reducing the amount allocated to Goldman Sachs to a de minimis level until such times as markets stabilised.

RESOLVED that authority be delegated to the Chairman and Vice Chairman in consultation with the Strategic Director Finance and

Infrastructure to determine a de minimis sum to allocate to Goldman Sachs.

6.	MEDIUM TERM ASSET ALLOCATION UPDATE	PIC24 – 2012

The Committee was advised that the Fund's performance since the inception of the Medium Term Asset Allocation project on 1 March 2011 to 29 February 2012 was 6.2% compared to the benchmark of 6.6%. This meant that no performance fee was due to Aon Hewitt. Members were reminded that the project aimed to add value over the medium term rather than in the short term. The benefit of the MTAA was that it allowed for flexibility against economic circumstances and for changes to be made against the benchmark without having to change managers.

7.	MEDIUM TERM ASSET ALLOCATION – NO SWITCH CALCULATION	PIC25 – 2012

Aon Hewitt had calculated that the Medium Term Asset Allocation project had added £2.27m compared to having no MTAA arrangement in place.

8.	LGPS – NEW SCHEME DEVELOPMENT UPDATE	PIC26 – 2012

The Committee received an update on new Local Government Pension Scheme proposals. The proposals represented a compromise and had been generally well received by employers and trade unions. It was hoped that the statutory consultation period would start in the autumn with implementation of the new scheme in April 2014.

9.	SCHRODERS INVESTMENT MANAGEMENT	PIC26A – 2012

Lyndon Bolton Client Director for Schroders discussed the performance of the fund which was below the benchmark. He explained that their investment strategy which was based on value rather than momentum stocks. Market conditions had worked against their investment style but he believed that they were very well placed going forward.

The Committee went back into open session.

10.	REVIEW OF MANAGER CONTROL REPORTS	PIC27 – 2012

The Committee received an example of the control reports received by managers. Members noted the assessment against GAM investment managers and asked officers to look into it and advise the Chair, Vice Chair and Strategic Director Finance and Infrastructure.

11.	SKILLS AND KNOWLEDGE UPDATE	PIC28 – 2012

CIPFA required that the financial regulations showed that officers had sufficient skills in order to manage the fund. Officers had their competency needs assessed and training provided. Members were encouraged to take advantage of training opportunities.

12.	DRAFT PENSION FUND ACCOUNTS 2011/12	PIC29 – 2012

The Committee received the draft Pension Fund Accounts for 2011/12 which would be signed off by the Audit Committee. The Strategic Director Finance and Infrastructure drew Members' attention to the falling net surplus. Contributions were not keeping pace with the rising number of pensioners. There were a number of factors: the workforce was not rising, and had not received a pay rise for a number of years and there was a trend of more staff, particularly lower paid staff, opting out of the scheme.

It was noted that auto-enrolment onto the pension scheme was starting in 2013 and it was hoped that this would help reduce the numbers of staff opting out.

Stephen Offa was thanked for his work in producing the draft accounts.

A.G. THOMAS
CHAIR