

PRESENT: COUNCILLOR C FARRAR (CHAIRMAN)

Councillors C J T H Brewis, D R Dickinson, N I Jackson, J R Marriott, R J Phillips, P S Przystlak, J M Swanson, A H Turner MBE, Mrs P F Watson and R Wootten.

Added Members: Councillor R Lenton (District Councils), Mr M J Scott (Association of Drainage Authorities) and Mr J Sharman (Employees).

Apologies for absence: Councillors Mrs C M H Farquharson, E W Strengiel and B Young and District Councillor M Leaning and Neil Dunford (Independent Advisor).

18. DISTRICT COUNCILLOR RICHARD LENTON - WELCOME

The Chairman, on behalf of the Committee, welcomed District Councillor Richard Lenton, representing District Councils in Lincolnshire, as a new member of the Committee.

19. DECLARATIONS OF MEMBERS' INTERESTS

Councillor J R Marriott declared a personal interest as his wife would receive a pension from the Pension Fund in May 2010 once she had retired.

Councillor P S Przystlak declared a personal interest as a member of South Holland District Internal Drainage Board, Welland and Deeping Drainage Board, Lincolnshire Police Authority, Director of Lincolnshire Enterprise Ltd, as a contributing member of the Pension Fund in his capacity as a member of South Holland District Council and his daughter was a contributing member of the Fund.

Councillor R J Phillips declared a personal interest as a contributing member of the Pension Fund.

Councillor Mrs P F Watson declared a personal interest as a contributing member of the Pension Fund in her capacity as a member of East Lindsey District Council and the County Council.

Councillor N I Jackson declared a personal interest as a Director of Lincolnshire Enterprise Ltd.

20. MINUTES

RESOLVED

That the minutes of the Committee held on 15 October 2009 be agreed as a correct record and signed by the Chairman subject to the deletion of "March" and the addition of "May" in the declaration of interests by Councillor J R Marriott (Minute 11 refers).

21. INVESTMENT ADVISOR'S REPORT

The Committee received a report on the current state of global investment markets from Neil Dunford, the Committee's independent Advisor.

The Committee noted that the markets had rallied since December 2009.

RESOLVED

That the report be noted.

22. INVESTMENT MANAGEMENT REPORT

The Committee received a report from Jo Ray, Financial Advisor (Pensions and Investments) in connection with the management of the assets of the County Council's Pension Fund over the period 1 July to 30 September 2009. Over the period covered by the report, the value of the Fund had increased by £139.3m (14.8%) to £1,077.8m on 30 September 2009.

Officers responded to comments made by the Committee including the need to explain the Pension Fund financial position should any comments be made at the Budget Consultation meeting on 21 January 2010 with local businesses; stated that in their ongoing discussions with Investment Managers an explanation had been given by the managers for the high turnover of stock and it was agreed that this would be a valid question to ask at the special meeting of the Committee on 8 February 2010 when a new Investment Manager would be appointed; stated that part time female pension claimants now made up a very large proportion of the local government pension scheme which affected the average pension statistic; stated there had been changes to pensions management personnel in Mouchel and that capacity issues were being addressed; explained that there was to be a presentation by Mouchel to both employers and Councillors about improvements to the pension service including a self service provision and officers agreed to increase publicity to the online pensions calculator.

Officers explained that J P Morgan had identified opportunities in the Stock Lending programme to amend the cash investment guidelines in respect of cash collateral and had proposed to expand the different types of collateral as detailed in the report.

The officers stated that the period saw markets continue to rally strongly and equity markets had posted their highest quarterly returns on record.

RESOLVED

1. That the investment management report for the three months ended 30 September 2009 be noted.
2. That approval be given to make changes to the Stock Lending programme in respect of cash collateral.

23. LOCAL GOVERNMENT PENSION SCHEME (LGPS) INVESTMENT REGULATIONS 2009

The Committee received a report from Jo Ray, Financial Advisor (Pensions and Investments), on the LGPS (Management and Investment of Funds) Regulations 2009 which were laid before Parliament on 1 December 2009, and had come into force on 1 January 2010. The report explained the changes brought in by the regulations and their impact upon the Pension Fund.

RESOLVED

1. That the report be noted.
2. That the Executive Director of Resources and Community Safety, in consultation with the Chairman and Vice-Chairman of the Committee, be authorised to formulate a policy on the investment of Fund money.

24. TREASURY MANAGEMENT REPORT

The Committee received a report from Jo Ray, Financial Advisor (Pensions and Investments) together with a presentation by Karen Tonge, the Treasury Manager, for the County Council, on both the management of the County Council's and the Pension Fund's cash.

Officers explained that the County Council's Value for Money Scrutiny Committee oversaw Treasury Management following changes to the Code of Practice governing this activity that have flowed from the recent problems with the Icelandic banks. Officers responded to comments made by the Committee including the introduction of a triple AAA credit rating requirement for the host country of any counterparty used for lending purposes, an appreciation of the work undertaken by Karen Tonge following the recent problems with the Icelandic banks and that the Treasury Management authorised list of approved counterparties was reviewed daily.

RESOLVED

That the report and presentation be noted.

25. ABSOLUTE RETURN BOND INVESTING – HYMANS ROBERTSON TRAINING SESSION

The Committee received a report from Jo Ray, Financial Advisor (Pensions and Investments) together with a presentation from the Fund's Investment Consulting, Hymans Robertson on Absolute Return Bond Investing.

RESOLVED

That the report and presentation be noted.

The meeting closed at 12:45 pm.