

PRESENT: COUNCILLOR C FARRAR (CHAIRMAN)

Councillors: C J T H Brewis, E R Chapman, N I Jackson, J R Marriott, P S Przyszlak, E W Strengiel, A H Turner MBE, Mrs P F Watson, R Wootten and B Young.

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

Apologies for absence: Councillors D R Dickinson, Mrs C M H Farquharson, R J Phillips and J M Swanson.

30. 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 when she retired.

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 and County Councils.

Councillor P S Przyszlak declared a personal interest as a member of South Holland District Internal Drainage Board, Welland and Deeping Drainage Board, Lincolnshire Police Authority, 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 the Fund.

31. MINUTES

RESOLVED

That the minutes of the Committee held on 14 January 2010 and of the special meetings held on 8 February and 9 April 2010 be agreed as a correct record and signed by the Chairman.

32. INVESTMENT ADVISOR'S REPORT

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

RESOLVED

That the report be noted.

33. INVESTMENT MANAGEMENT REPORT

(NOTE:- MR J Sharman (Employees) arrived in the meeting).

PENSIONS COMMITTEE

15 APRIL 2010

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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 of 1 October to 31 December 2009. The value of the Fund had increased by £37.7m (2.5%) to £1,115.5 on 31 December 2009.

Councillor N I Jackson, the Committee's representative on the Local Authority Pension Fund Forum, highlighted a number of issues raised at the recent meeting of the Forum in connection with corporate governance, particularly in connection with Marks & Spencer and the Canadian Oil Sands project.

Officers responded to comments made by the Committee on the report. In connection with pensions administration Mr David Vickers, Pensions Manager, would be submitting an annual report to the Committee. Following discussions with the manager a reduction in fees had been negotiated following the appointment of an Absolute Return Bond Manager on 9 April 2010.

RESOLVED

- (1) That the investment management report for the three months ended 31 December 2009 be noted.
- (2) That the decision on the appointment of a Passive Bond Manager be delegated to officers, in consultation with the Chairman and Vice-Chairman of the Committee and the Independent Advisor.
- (3) That the Committee place on record its appreciation to Councillor N I Jackson for his work on the Local Authority Pension Fund Forum, the working group for their work in visiting managers' offices leading up to the appointment of an Absolute Return Bond Manager and Jo Ray for achieving a reduction in fees for the appointment of the Absolute Return Bond Manager.

34. STATEMENT OF INVESTMENT PRINCIPLES

The Committee received a report from Jo Ray, Financial Advisor (Pensions and Investments), on the production of the Statement of Investment Principles which the Fund had been required to produce since 2002, to describe the key issues that governed the investment of Pension Fund money. The requirement had been updated in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, to include additional reporting areas and to report compliance with the six new Myners Principles of Good Investment Practice.

The new Statement of Investment Principles would be publicised on the County Council's website and would be included in the Annual Report and Accounts, for all stakeholders to see.

RESOLVED

- That the Statement of Investment Principles, for publication prior to 1 July 2010, be agreed.

35. TREASURY MANAGEMENT REPORT

The Committee received a report from Jo Ray, Financial Advisor (Pensions and Investments), in connection with a Service Level Agreement to enable the continued pooling of cash for treasury management purposes, following the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, published in December 2009.

The Committee supported the Agreement subject to the deletion of the word “daily” in paragraph 2 (calculation) of Appendix B of the report.

RESOLVED

That the Service Level Agreement for Pension Fund cash treasury management, be approved subject to the deletion of the word “daily” in paragraph 2 (calculation) of Appendix B, of the report.

36. CIPFA KNOWLEDGE AND SKILLS FRAMEWORK

The Committee received a report from Jo Ray, Financial Advisor (Pensions and Investments), in connection with CIPFA’s recently launched “Knowledge and Skills Framework”, to identify the training requirements of both elected Members and officers. The purpose of the Framework was to address skills, knowledge and experience to ensure both Members and officers kept on top of the ever-changing and complex world of investments.

Officers stated that the new training requirements would link in with the current local government training and added that while not currently mandatory training could become mandatory in the future.

RESOLVED

That Hymans Robertson be engaged to produce a customised self assessment document, to be considered by the Committee at its meeting on 15 July 2010, and thereafter, an individual training programme be created for each member of the Committee.

37. EMERGING MARKETS ANNUAL REPORT FOR 2009

The Committee received a report from Jo Ray, Financial Advisor (Pensions and Investments), in connection with the performance and activity within the Fund’s asset allocation to Emerging Markets equities during 2009. She stated today’s report would be the last report on Emerging Markets equities managed by Pictet as the Fund’s Active Global Managers would assume responsibility for this area in the future.

RESOLVED

That the report be noted.

The meeting closed at 11:30 am.