

The **PENSION FUND INVESTMENT BOARD** met at
WARWICK on the 17th **FEBRUARY, 2006**

Present:-

Councillor Chris Davis (Chair)
“ George Atkinson
“ Bob Hicks
“ Helen McCarthy
“ Brian Moss

Officers

Resources Directorate

Oliver Winters
Phil Triggs
Matthew Dawson

Performance and Development Directorate

Catherine Witham

1. General

(1) Apologies for absence

None.

(2) Members Declaration of Personal and Prejudicial Interests

Personal interests relating to any item on the agenda arising by virtue of the member serving as a District or Borough Councillor were declared by Councillors Chris Davis, Bob Hicks and Brian Moss.

Councillors George Atkinson, Chris Davis, Bob Hick and Helen McCarthy declared personal interests as members of the Fund.

(3) Minutes of the meeting held on the 14th November 2005 and any matters arising.

(i) Minutes

The Board approved the public set of the minutes.

(ii) Matters arising

None.

2. Investment Performance

The report of the Strategic Director of Resources was considered.

- It was noted that MFS and UBS (Global Equities) had underperformed against their benchmark for all four quarters of 2005 and that MFS had failed to meet their benchmark since appointment. It was agreed to monitor the situation.
- Officers were asked to provide Members with training on benchmarking.

The Board noted the Fund's value and performance for the third quarter to the 31st December, 2005.

3. Corporate Governance Policy

The report of the Strategic Director of Resources was considered.

- It was noted that a question had been asked about whether it was possible to amend the membership of the Board to include representatives of the District/Borough Councils. Although some of the members were also District/Borough Councillors, neither Stratford-on-Avon District Council nor Rugby Borough Council was covered in this way. It was confirmed that it would be possible to change the membership but that Members might wish to be cautious about doing so as the County Council had the statutory duty to administer the Fund. In any case, there were many more admitted organisations that could equally ask for representation on the Board.
- Catherine Witham referred to Section 3 of Appendix A and said that the reference to the Board having full decision-making powers should make it clear that this was subject to the Council's Constitution. Arrangements for voting, appointment of Chairman, substitutions and deselecting members from the Board should also be included. It was agreed that a copy of the amended paper would be sent to Catherine Witham.

It was then Resolved:-

- (1) That the Pension Fund Investment Board approves the Warwickshire County Council PFIB Governance Policy as set out in Appendix A.
- (2) That details of any minor alterations to the policy arising out of the consultation period be sent for agreement to Members of the Board or, in the event of substantial alterations the Board be reconvened towards the end of March.

4. Pension Fund Investment Board Communications Strategy

The report of the Strategic Director of Resources was considered and it was then Resolved:-

That the Pension Fund Investment Board approves the Warwickshire County Council Pension Fund PFIB Communications Strategy as set out in Appendix A.

5. Risk Management

The report of the Strategic Director of Resources was considered and it was then Resolved:-

That the Pension Fund Investment Board note the report and approve the schedule of key risks and controls in place to manage those risks.

6. Pension Fund Investment Board Member Training Assessment

The report of the Strategic Director of Resources was considered and it was then Resolved:-

That the Pension Fund Investment Board approve the training questionnaire as set out in Appendix A with a view to Members individually completing the document by the end of February 2006 in order to provide material for analysis for the Board's training requirements.

7. Pension Fund Investment Board Member Protocol

The report of the Strategic Director of Resources was considered and it was then Resolved:-

That the Pension Fund Investment Board approve the Warwickshire County Council Pension Fund PFIB Member Protocol as set out in Appendix A.

8. Business Plan

The report of the Strategic Director of Resources was considered and it was then Resolved:-

That the Pension Fund Investment Board approve the Warwickshire County Council Pension Fund Business Plan for 2006/07 as set out in Appendix A.

9. Alternative Investments

The report of the Strategic Director of Resources was considered.

Oliver Winters said that as the Fund was now approaching £1bn it was appropriate for the Board to consider whether to move into alternative investments.

A discussion ensued on the question of creating a property portfolio by the Fund acquiring the offices to be occupied by the County Council at the Saltisford, Warwick. It was noted that this could lead to a possible conflict of interests particularly at the time of a rent review.

It was agreed that it would be useful to have Mercers views on property investment.

It was noted that Bedfordshire had started to invest in hedge funds and Phil Triggs undertook to have a word with his counterpart there to learn about their experiences of that type of investment.

It was then Resolved:-

That Mercer be requested to send an investment consultant to the next meeting of the Pension Fund Investment Board to explain the advantages and disadvantages of the various alternative investment types in order for the Board to decide on future investment policy.

10. The Local Government Pension Scheme (Civil Partnership) (Amendment) (England and Wales) Regulations 2005

The report of the Strategic Director of Resources was considered.

It was agreed that Neil Buxton should brief members on the details.

The Board noted the change to the Local Government Pension Scheme Regulations.

11. Demutualisation of Standard Life

The report of the Strategic Director of Resources was considered.

It was agreed that Neil Buxton should brief members on the details.

It was then Resolved:-

That the Pension Fund Investment Board agree to the principle that any windfall as a consequence of the demutualization of Standard Life be distributed to eligible contributors.

12. LGPS Draft Regulations for Consultation

The report of the Strategic Director of Resources was considered.

The Chair and Councillors Helen McCarthy and Brian Moss indicated that they would like to attend the conference on the future of the Local Government Pension Scheme. Phil Triggs said that he would make the necessary arrangements.

The Board noted the proposed changes to the Local Government Pension Scheme.

13. Any other items

None.

14. Item containing exempt information

Resolved:-

That members of the public be excluded under section 100(A)(4) of the Local Government Act 1972 from the meeting for Agenda item 15 on the grounds that their presence would involve the disclosure of exempt information as defined in paragraphs 8 and 9 of Part 1 of Schedule 12A of the Local Government Act 1972.

15. Exempt Extract of the minutes of the meeting held on the 14th November 2005

Resolved:-

That the exempt extract of the minutes of the 14th November 2005 meeting of the Pension Fund Investment Board be approved and the Chair sign the full minutes of that meeting.

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Chair of Board

The Panel rose at 11.30 a.m.