

Minutes of the Pensions Panel Meeting held on 4 March 2013

Present:

Attendance

Christina Jebb
Mike Lawrence (In the Chair)

Stephen Sweeney

Also in attendance: Carolan Dobson (Independent Advisor), Graeme Johnston (Hymans Robertson), David Thomas (Independent Advisor), Melanie Stokes (Treasury and Pension Fund Manager), John Wood (Head of Financial and Commercial Services) and Andy Burns (Director of Finance and Resources)

Apologies: Philip Atkins and Mike Maryon

PART ONE

49. Declarations of Interest

Mr Lawrence recorded his membership of the Shadow Health and Wellbeing Board as referred to at minute 57 (Investing in Tobacco Stocks).

50. Minutes of meeting held on 4 December 2012

RESOLVED – That the minutes of the meeting held on 4 December 2012 be confirmed and signed by the Chairman.

51. Pension Fund Performance and Portfolio of Investments as at 31 December 2012

The Director of Finance and Resources submitted a summary of the performance of the Pension Fund together with a portfolio of the Fund's investments as at 31 December 2012. He reported on positive performance by equities during quarter 4, commenting on the effect of a number of international developments including a revised economic strategy in Japan and the handling of the potential 'fiscal cliff' in the US.

The Director further reported on the mixed performance of the UK economy and the ongoing issues facing the Eurozone. He reported that the strong return from equities coupled with positive contributions from Alternatives and Property Managers had given the Fund a 2.8% return over the quarter (0.5%) above benchmark. Consequently the Fund had an estimated market value mid-February of £2.91bn.

RESOLVED – That the Pension Fund performance and portfolio of investments for the quarter ended 31 December 2012 be noted.

52. Annual Investment Strategy for Pension Fund Cash 2012/13

The Director of Finance and Resources referred to the need for an Annual Investment Strategy (AIS) for the day to day management of the cash held by the Fund. The main objective of the AIS being to maintain the security and liquidity of the cash whilst minimising counterparty risk. He explained that the Strategic Asset Allocation provided for 1% of the Fund (approximately £30M) to be held in cash but that at present that amount was higher in view of a number of ongoing transactions and the underweight position of the Property portfolio.

He proposed the continuation of an Investment Strategy which mirrored that of the County Council involving 3 elements namely the use of Money Market Funds (MMFs) with the highest AAA credit rating, partly nationalised Banks, again highly rated in view of Government backing, and finally the Co-operative Bank as the overnight Banker. In order to ensure diversification and minimise risk, maximum investment limits and investment periods would be set for each institution.

RESOLVED – That the Annual Investment Strategy proposed for the management of the Pension Fund cash during 2013/14 be approved

53. Local Authority Pension Fund Forum (LAPFF)

The Panel received a presentation by Keith Bray Forum Officer for the Local Authority Pension Fund Forum (LAPFF), a body which works on behalf of Pension Funds to identify best practice, share information and to lobby on high profile topics. He gave examples of the Forum's work included researching the management structures and remuneration arrangements of large companies in which Pension Funds have major stakeholdings, and advising on how votes should be cast at AGMs etc. He further reported on the increasing volume of research into issues included in the Social/Economic/Governance agenda for Funds explaining that only those subjects of common concern to many member Funds were pursued in view of the limited resources available.

The Director of Finance and Resources reported on the positive feedback received from Funds involved in the Forum and on the value of networking opportunities which membership of the Forum would provide.

RESOLVED – That approval be given to the Staffordshire Pension Fund becoming a member of the Local Authority Pension Fund Forum.

54. Dates of Future Meetings

21 May 2013

9 July 2013

10 September 2013

3 December 2013

All meetings to be held at County Buildings, Stafford.

55. Exclusion of the Public

RESOLVED -, That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraph of Part One of Schedule 12A of the Local Government Act 1972 (as amended) indicated below.

The Panel then proceeded to consider reports on the following issues:

56. Exempt Minutes of the Meeting held on 4 December 2012 (exemption paragraph 3)

57. Investing in Tobacco Stocks(exemption paragraph 3)

58. Corporate Governance and Socially Responsible Investment 2011/12 (exemption paragraph 3)

59. Property-Confirmation of the action of the Director of Finance and Resources in relation to Property (Exemption Paragraph 3)

60. Private Equity -Review of position as at 31 December 2012 (exemption paragraph 3)

61. Strategic Benchmark Review and Monitoring (Exemption Paragraph 3)

a) Economic and Market Update

Consideration deferred to re-convened meeting on 5 March 2013.

b) Review of position as at 31 January 2013

Consideration deferred to re-convened meeting on 5 March 2013.

62. Pension Fund Performance and Manager Monitoring for the quarter ended 31 December 2012 (exemption paragraph 3)

Chairman