

Minutes of the Pensions Panel Meeting held on 4 March 2014

Present: Philip Atkins (Chairman)

Attendance

Mike Lawrence
Stephen Sweeney

Derek Davis, OBE
Shelagh McKiernan

Also in attendance: Carolan Dobson (Independent Advisor), Graeme Johnston (Hymans Robertson) and David Thomas (Independent Advisor)

PART ONE

47. Declarations of Interest

Carolan Dobson placed on record her role as Chairman of an Aberdeen Asset Management Investment Trust (see minute 60 below).

48. Minutes of meeting held on 3 December 2013

RESOLVED – That the minutes of the Pensions Panel held on 3 December 2013 be confirmed and signed by the Chairman.

49. Pension Fund Performance and Portfolio of Investments as at 31 December 2013

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 2013 reporting that performance over the quarter had exceeded benchmark by 0.7% giving an overall value of £3.23billion.

Summarising the background to the positive performance the Director reported on the continued shift out of recession in the Eurozone and US and the UK GDP for 2013 being the highest since the start of the financial crisis in 2008. A note of caution was around the slowing rate of growth in Asia and the Emerging Markets.

RESOLVED – That the Pension Fund performance and portfolio of investments for the quarter ended 31 December 2013 be noted.

50. Approved Investment Strategy for Pension Fund Cash 2014/15

The Director of Finance and Resources referred to regulatory requirement on the Fund to have an Annual Investment Strategy (AIS) for the day to day management of the cash held by the Fund. The Strategy aimed to ensure the liquidity of the cash but also provided flexibility in cash management for circumstances such as were currently being experienced by the Fund in that 'excess' cash was being held for immediate allocation to any property acquisitions which may arise.

The Director reported that the Fund had been afforded access to the services of Arlingclose, treasury advisers appointed by Staffordshire County Council to report on the creditworthiness of suitable investment counterparties. He summarised the criteria applied by Arlingclose in identifying suitable counterparties, highlighting that any financial institutions with credit rating below A- were excluded from their Approved List. The Director submitted the proposed Approved Lending List for the Fund which was based on Arlingclose's recommendations and reported on the monthly review of that List taking account of any update recommendations by Arlingclose.

Continuing, the Director referred to the Funds use of Money Market Funds (MMFs) indicating the intention to continue with that practice and detailing the criteria to be met by MMFs to qualify for inclusion on the Approved List.

With regard to the investment of cash the Investment Strategy proposed maximum percentages and financial limits for banks/building societies and MMFs together with maximum investment periods for each.

The Director particularly referred to work underway on identifying a suitable banker for the Fund following the decision of the Co-operative Bank to withdraw its services from local authorities, and reported on the management of cash currently held with that Bank following the fall in their credit rating.

RESOLVED – That:

- (a) Approval be given to the Annual Investment Strategy 2014/15 for the investment of internally managed Pension Fund cash;
- (b) Approval be given to the holding of cash in excess of the 1% benchmark pending investment in other major asset classes;
- (c) The Director of Finance and Resources, in consultation with the Independent Advisers, be authorised to investigate other short term investment options for the cash currently held in excess of the 1% benchmark.

51. Dates of Future Meetings

20 May 2014

15 July 2014 (Managers' Day)

9 September 2014

2 December 2014
3 March 2015

All meetings to start at 9.30am at County Buildings, Stafford.

52. 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:

53. Exempt Minutes of the Meeting held on 3 December 2013 (exemption paragraph 3)

54. Property-Confirmation of the action of the Director of Finance and Resources (Exemption Paragraph 3)

55. Private Equity - Review of Position as at 31 December 2013 (exemption paragraph 3)

56. Corporate Governance and Socially Responsible Investment Report Quarter 4 2013 (exemption paragraph 3)

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

a) Economic and Market Update

b) Review of Position as at 31 December 2013

58. Collective Investment Funds (exemption paragraph 3)

59. Pension Fund Performance and Manager Monitoring for the quarter ended 31 December 2013 (exemption paragraph 3)

60. Manager Presentation - Aberdeen Asset Management (Global Investment Manager) (exemption paragraph 3)

61. Manager Presentation - Goldman Sachs Asset Management (Hedge Fund Manager) ((exemption paragraph 3)

Chairman

