

**25 March 2009**

**Bill Wilkinson, clerk and treasurer to the South Yorkshire Pensions Authority, said:**

“The Audit Commission’s report does not reflect the special circumstances of Pension Funds or the action taken by the Authority before making the investment.

“We can confirm the Authority renewed an investment of £10million with the Glitnir Bank on 2 October 2008, three days after the partial nationalisation of the bank and a downgrading by several rating agencies.

“We monitored the situation with Icelandic Banks and reduced our total holdings during 2008. As a Pension Fund we do not subscribe to all of the rating agency reports referred to by the Audit Commission. Instead we deal directly with the money market experts and opinion was that the 75 per cent nationalisation made Glitnir Bank as secure as many other banks around the world. With hindsight our confidence was misplaced.”

“This issue has prompted the Authority to review internal systems. Subsequently, they have been a number of areas improved to ensure we access every piece of market information at any time.

“Overall return on investments is a priority for the Fund and South Yorkshire remains in the top quarter of Local Authority Pension Funds measured over a five-year period.”

“We continue to work closely with the Local Government Association to ensure the Pension monies are secure for the people of South Yorkshire.”

**The Fund is still hopeful that the cash will eventually be returned. Even if there are losses, there is no risk to employees or pensioners, as the scheme is guaranteed in law.**

ENDS