

Minutes of the Pensions Panel Meeting held on 30 November 2021

Attendance

Philip Atkins, OBE (Chairman)	Colin Greatorex
Mike Davies	Mike Sutherland

Also in attendance: Rob Birch (Observer), Iain Campbell (Hymans Robertson) and Carolan Dobson (Independent Advisor).

Apologies: Philip Pearson (Hymans Robertson) and Stephen Sweeney.

PART ONE

27. Declarations of Interest

There were no declarations of interest on this occasion.

28. Minutes of meeting held on 3 September 2021

RESOLVED – That the minutes of the Meeting of the Pensions Panel held on 3 September 2021 be confirmed and signed by the Chairman.

29. Dates of Future Meetings

RESOLVED – That the dates of future meetings of the Panel, as set out below, be noted:

- Tuesday 1 March 2022

(Note: All meetings are scheduled to start at 9.30am unless indicated otherwise).

30. Staffordshire Pension Fund performance and portfolio of investments as at 30 September 2021

The Director for Corporate Services submitted a summary of the performance of the Staffordshire Pension Fund, together with a portfolio of the Fund's investments, as at 30 September 2021.

The Panel were informed that the Fund had a market value of £6.6 billion as at 30 September 2021, its highest reported value to date.

Over the quarter the Fund returned 2.3%, which outperformed the Fund's Strategic Asset Allocation benchmark return (2.0%) by 0.3%. The best performing asset class relative to its benchmark was the Alternatives portfolio (Hedge Fund & Infrastructure), returning 9.1% over the quarter, against its benchmark return of 1.2%. For the year to 30 September 2021, the Fund produced an annual return of 19.8%, 2.4% above its Strategic Asset Allocation benchmark return. Private Equity was the main driver of returns, returning 47.9% over the year. The Fund had also outperformed its Strategic Asset Allocation benchmark return over a 3, 5 and 10-year period. Annualised returns over 10 years were 10.9% per annum, well above the investment return assumptions used by the Actuary as part of the triennial valuation.

RESOLVED – That the Pension Fund investment performance and the portfolio of investments for the quarter ended 30 September 2021 be noted.

31. Responsible Investment (RI) report quarter 3 2021

The Director for Corporate Services submitted a summary of activity during the quarter by the Fund's investment managers, in fulfilment of their corporate governance and socially responsible investment obligations, including details of their voting activity on corporate resolutions for companies held in their portfolios.

The Panel also received the Fund's Climate Stewardship Plan; the quarterly report of the Local Authority Pension Fund Forum (LAPFF); and the LGPS Central Ltd Stewardship Report for Quarter 3 2020 (Appendix 3 to the report). With regard to the LGPS Central Ltd Stewardship Report, the Director reported that, further to Cllr Greatorex's question at the last Panel meeting concerning engagements on human rights issues, LGPS Central had confirmed that from 2022, Human Rights would be one of its four stewardship priorities for engagement, and Members would receive quarterly reporting on the issue. In response to a question from Cllr Greatorex on the number of abstentions from voting contained in update from the Fund's investment managers on details of votes cast on corporate resolutions, the Director indicated that these formed a very small proportion of the total votes cast as investment managers usually attempted to minimise this type of vote.

With regard to the Staffordshire Fund's Climate Stewardship Plan, the Director referred Members to Table 1 in the Plan detailing Companies recommended for engagement. In response to a question from Cllr Greatorex on how the questions had been formatted, the Director indicated that these had been formulated from the Climate Change Risk Report which had been prepared for the Fund by LGPS Central. The Director also informed the Panel that a new Climate Stewardship Plan for 2022/23 would be taken to the Pensions Committee alongside the Fund's Climate Strategy, in due

course. Cllr Sutherland added that, once this new Plan had been agreed, it would be interesting to reflect back on the previous Climate Stewardship Plan's achievements.

RESOLVED - That the content of the Responsible Investment (RI) report, including the Climate Stewardship Plan (Appendix 1), Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report (Appendix 2) and the LGPS Central Ltd Quarterly Stewardship Report (Appendix 3), be noted.

32. 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 paragraphs 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:

PART TWO

33. Exempt Minutes of the Meeting held on 3 September 2021
(Exemption paragraph 3)

34. Staffordshire Pension Fund Performance and Manager Monitoring for the quarter ended 30 September 2021
(Exemption paragraph 3)

35. Strategic Asset Allocation review and monitoring
(Exemption paragraph 3)

a) Economic and Market Update

b) Review of Position as at 30 September 2021

36. Property - Confirmation of the action of the Director for Corporate Services in relation to Property
(Exemption paragraph 3)

37. Global Sustainable Equity manager presentation
(Exemption paragraph 3)

Chairman