

## Minutes of the Pensions Panel Meeting held on 6 December 2016

### Attendance

Philip Atkins, OBE (Chairman)	Mike Lawrence
Derek Davis, OBE	Shelagh McKiernan

**Also in attendance:** David Thomas (Independent Adviser), Tim Legge (Observer) and Graeme Johnston (Hymans Robertson).

**Apologies:** Robert Marshall and Carolan Dobson (Independent Adviser)

### PART ONE

#### 30. Declarations of Interest

There were no Declarations of Interest on this occasion.

#### 31. Minutes of meeting held on 8 September 2016

**RESOLVED** – That the minutes of the Meeting of the Pensions Panel held on 8 September 2016 be confirmed and signed by the Chairman.

#### 32. Pension Fund Performance and Portfolio of Investments as at 30 September 2016

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 30 September 2016.

The Panel were informed that the Fund had a market value of £4.2bn at 30 September 2016. It had returned 6.9% over the quarter marginally outperforming its strategic benchmark by 0.8%. This was predominantly driven by positive returns from equity markets and the fall in the value of Sterling. However, it was also helped by the fact the Fund was underweight in several lower returning asset classes, such as bonds and overweight in the higher returning global equities. Private equity, UK equities and Property all outperformed their relative benchmarks.

With regard to the longer term, the Fund had outperformed its strategic benchmark by 0.5% in the year to date and over the 3 and 5 year time periods it continued to outperform its strategic benchmark by 0.3% and 0.7% respectively.

In response to a question from Mr. Davis as to whether he thought the market value of the Fund had reached its peak, Mr. Thomas expressed the opinion that the Fund had reached a point where it was not likely to grow as quickly as it had done, more recently.

**RESOLVED** – That the Pension Fund investment performance and the portfolio of investments for the quarter ended 30 September 2016 be noted.

### **33. Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016**

The Panel considered a report from the Director of Finance and Resources informing them of the content of the new Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which came into force on 1 November 2016.

They were informed that in November 2015, the Government issued a consultation paper on Revoking and Replacing the LGPS (Management and Investment of Funds) Regulations 2009, with the aim of removing the prescriptive nature of the existing regulation, in order to allow LGPS Funds the ability to collaborate on the pooling of Fund assets.

In its post-consultation commentary, published in September 2016, the DCLG reported that it had received 23,516 responses to its consultation proposals. No fewer than 23,131 of those were from individual members of the public who objected to the new powers of intervention that the government intended to grant itself, alongside its insistence that administering authorities should not pursue policies that conflicted with those of the Government in the areas of foreign affairs and defence. Despite the objections, the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 were published and came into force on 1 November 2016.

The Panel noted that, under the new Regulations there were several key areas of reform:

- (i) the existing 'prescribed' means of securing a diversified investment strategy were removed and instead the onus was placed on authorities to determine the balance of their investments and take account of risk;
- (ii) the introduction of safeguards to ensure that the more flexible legislation was used appropriately and that the guidance on pooling assets was adhered to. This included a power for the Secretary of State to intervene in the investment function of an administering authority where he considered it necessary; and
- (iii) the obligation for administering authorities to formulate an Investment Strategy Statement (ISS) in accordance with the governments' guidance on such and publish it by 1 April 2017.

The Director explained that the Investment Strategy Statement (ISS) would replace the current Statement of Investment Principles. Authorities were required to prepare and maintain an ISS which documents how the investment strategy for the Fund is determined and implemented. The authority is required to publish its first ISS by 1 April 2017 and maintain it, with reviews taking place at least every three years. The ISS for the Staffordshire Pension Fund, which was being worked on in collaboration with LGPS Central colleagues, would be available for consideration by the Pensions Panel and Pensions Committee at their meetings in March 2017.

**RESOLVED** – That the content of the new Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which came into force on 1 November 2016, be noted.

**34. Dates of Future Meetings**

- 7 March 2017

To be confirmed:

- 6 June 2017
- 25 July 2017 (Managers' day)
- 5 September 2017
- 5 December 2017
- 6 March 2018

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

**35. 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.

**PART TWO**

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

**36. Exempt Minutes of the Meeting held on 8 September 2016**

(Exemption paragraph 3)

**37. Pooling of LGPS Investments**

(Exemption paragraph 3)

**38. Property - Confirmation of the action of the Director of Finance and Resources**

(Exemption paragraph 3)

**39. Strategic Benchmark Review and Monitoring**

(Exemption paragraph 3)

**40. Pension Fund Performance and Manager Monitoring for the quarter ended 30 September 2016**

(Exemption paragraph 3)

**41. Responsible Investments (RI) Report Quarter 3 2016**

(Exemption paragraph 3)

**42. Manager Presentations**  
(Exemption paragraph 3)

**Chairman**