

Minutes of the Pensions Panel Meeting held on 8 September 2016

Attendance

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

Also in attendance: David Thomas (Independent Adviser), Ian Jenkinson (Observer) and Graeme Johnston (Hymans Robertson).

Apologies: Carolan Dobson (Independent Adviser).

PART ONE

17. Declarations of Interest

The following Member declared an interest in accordance with Standing Order 16.5:

Member	Minute Nos.	Interest	Reason
Shelagh McKiernan	29	Personal	Deferred Pensioner - Unilever

18. Minutes of the meetings held on 7 June and 19 July 2016

RESOLVED – (a) That the minutes of the Meeting of the Pensions Panel held on 7 June 2016 be confirmed and signed by the Chairman.

(b) That the minutes of the Meeting of the Pensions Panel held on 19 July 2016 be confirmed and signed by the Chairman.

19. Pension Fund Performance and Portfolio of Investments as at 30 June 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 June 2016.

The Panel were informed that the Fund had a market value of £3.95bn at 30 June 2016 (and had since exceeded £4bn). It had returned 5.9% over the quarter marginally underperforming its strategic benchmark by 0.3%. The best performing asset class relative to benchmark was the Fund's allocation to alternative investments, led by private equity; and second was the Fund's small allocation to emerging markets equity which had been helped by the fall in Sterling. The Fund's underperformance this quarter was generated mainly from the Fund's UK equity portfolio, which fell sharply in the face of Brexit, with no currency impact to soften the blow.

Whilst the quarter saw the Fund marginally below its benchmark return, in the 3 and 5 year time periods the Fund continued to outperform its strategic benchmark by 0.3% and 0.6% respectively.

In response to questions from Members in relation to whether the Fund was in a position to meet its future liabilities, the Director of Finance and Resources indicated that, like many local government pension funds, Staffordshire's was currently underfunded with a funding level of 72%, based on the 2013 Actuarial Valuation. The Director added that, as part of the Fund's triennial valuation, in 2016, plans would be developed to address the underfunding.

In response to a question from Mr Jenkinson about how members of the pensions scheme were kept informed of the Fund's funding level and the plans to address the current level of underfunding, the Director indicated that, as part of this years triennial valuation, the Fund would prepare, consult on and publish a Funding Strategy Statement.

RESOLVED – That the Pension Fund Investment performance and the portfolio of investments for the quarter ended 30 June 2016 be noted.

20. Dates of Future Meetings

- 6 December 2016
- 7 March 2017

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

21. 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:

22. Exempt Minutes of the Meetings held on 7 June and 19 July 2016 (Exemption paragraph 3)

23. Pooling of LGPS Investments (Exemption paragraph 3)

24. Property - Confirmation of action of Director of Finance and Resources (Exemption paragraph 3)

25. Strategic Benchmark Review and Monitoring (Exemption paragraph 3)

- a) Strategic Asset Allocation Review
- b) Economic and Market Update
- c) Review of Position as at 31 July 2016

26. Pension Fund Performance and Manager Monitoring for the quarter ended 30 June 2016

(Exemption paragraph 3)

27. Corporate Governance and Socially Responsible Investment Report Quarter 2 2016

(Exemption paragraph 3)

28. Securities Lending Update

(Exemption paragraph 3)

29. Manager Presentation

(Exemption paragraph 3)

Chairman