



**Staffordshire
Pension Fund**
Local Government Pension Scheme

Staffordshire Pension Fund Annual General Meeting 12 November 2024

**Tim Byford (Strategic Investment Manager)
Helen Wilson (Senior Investment Accountant)
Melanie Stokes (Assistant Director for
Treasury & Pensions)**



Staffordshire
Pension Fund
Local Government Pension Scheme

Staffordshire Pension Fund

Draft Accounts for year ended

31 March 2024

Contributions and Benefits

	2022/23 £m	2023/24 £m
Contributions receivable	186.8	285.0
Transfers in	13.6	10.6
Benefits payable	(208.0)	(232.4)
Transfers out	(11.3)	(13.4)
Net additions/(withdrawals) from dealing with members	(18.9)	49.8

Management Expenses

	2022/23 £m	2023/24 £m
Administrative expenses	(2.9)	(3.2)
Investment management expenses	(18.7)	(23.0)
Oversight and Governance expenses	(2.0)	(2.1)
Total management expenses	(23.6)	(28.3)

Return on Investments

	2022/23 £m	2023/24 £m
Investment income	81.6	89.9
Change in the market value of investments	(217.4)	780.7
Net change in investments	(135.6)	870.6

Net assets of the Fund

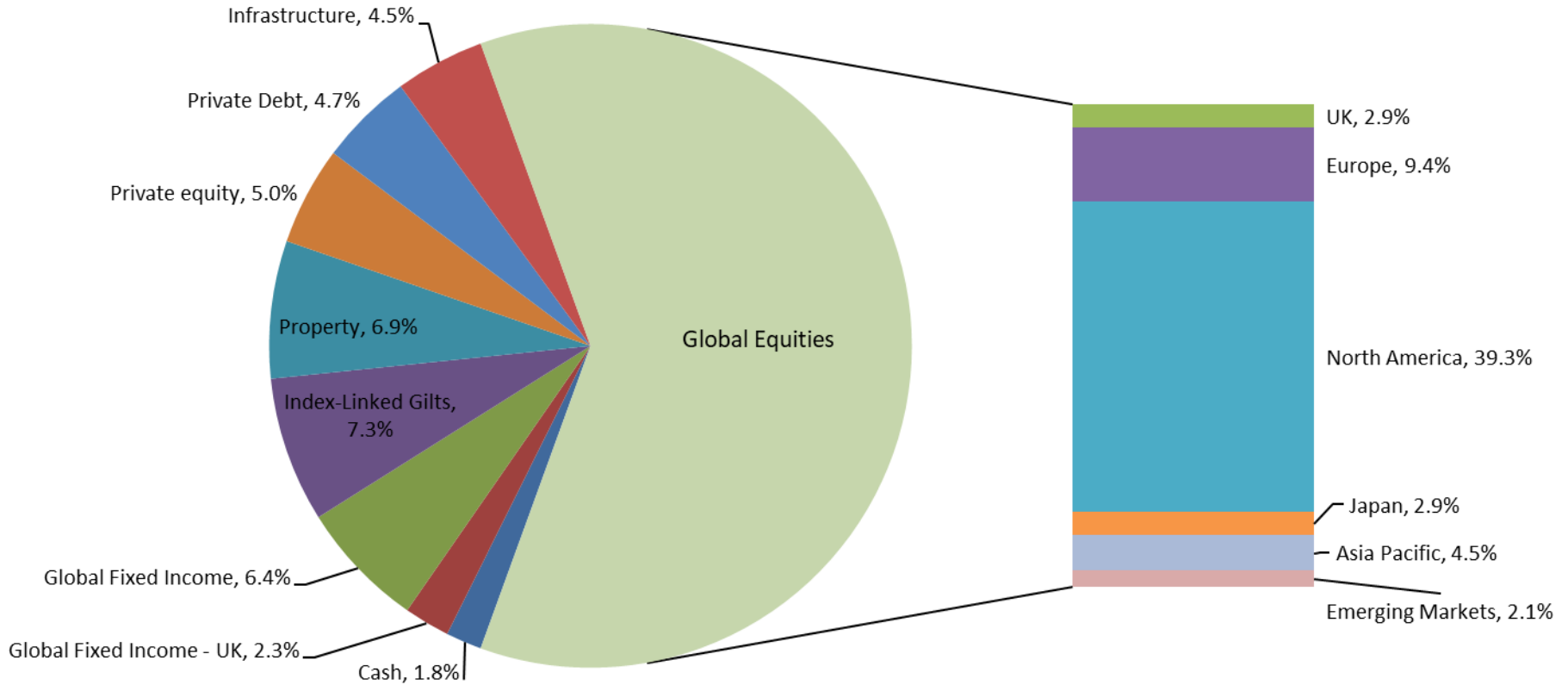
	2022/23 £000	2023/24 £000
Opening net assets of the Fund	6,833.1	6,655.1
Net increase in the Fund	(178.0)	892.1
Closing net assets of the Fund	6,655.1	7,547.2



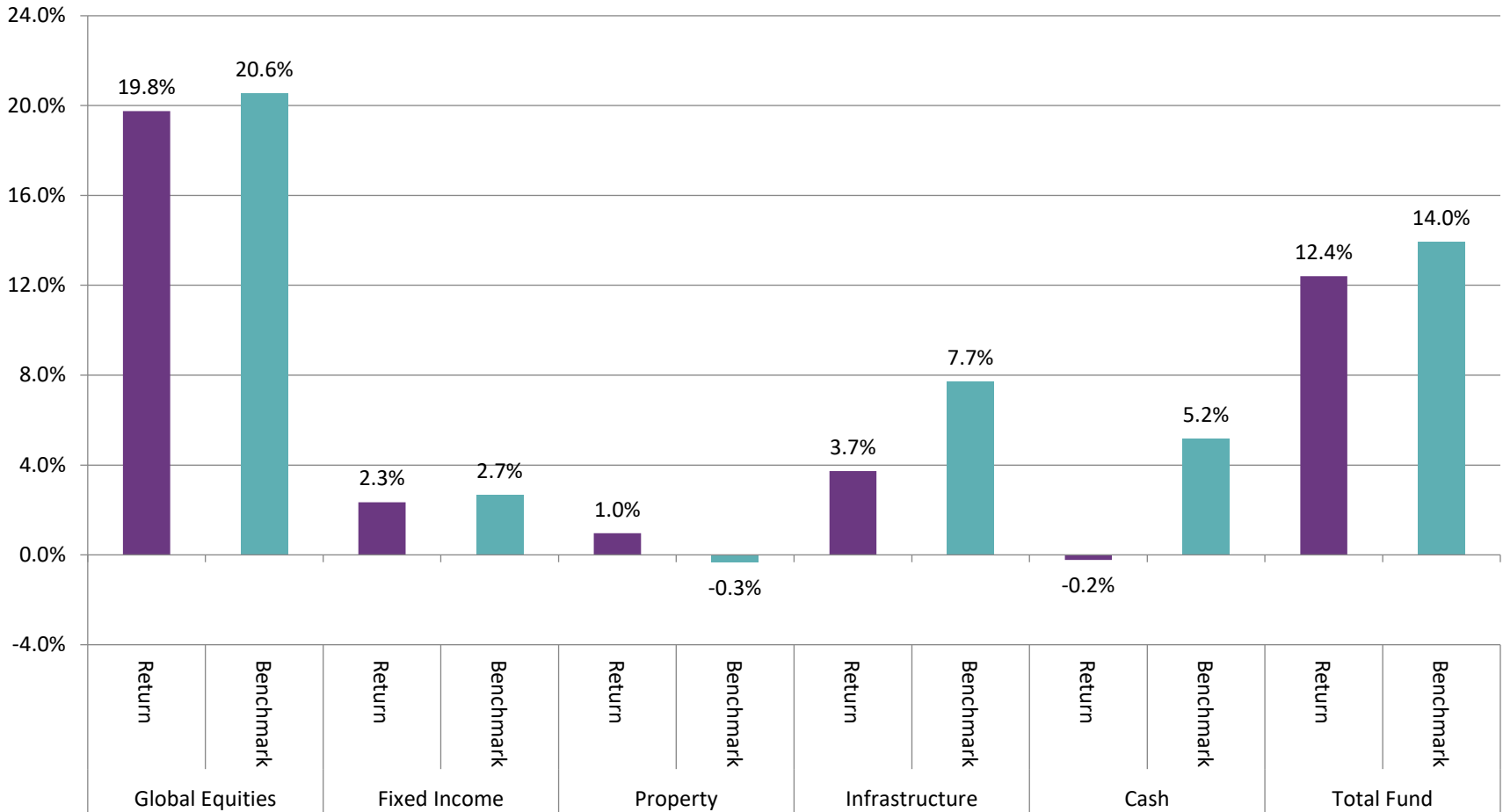
Staffordshire
Pension Fund
Local Government Pension Scheme

Staffordshire Pension Fund 2023/24 Investment Update

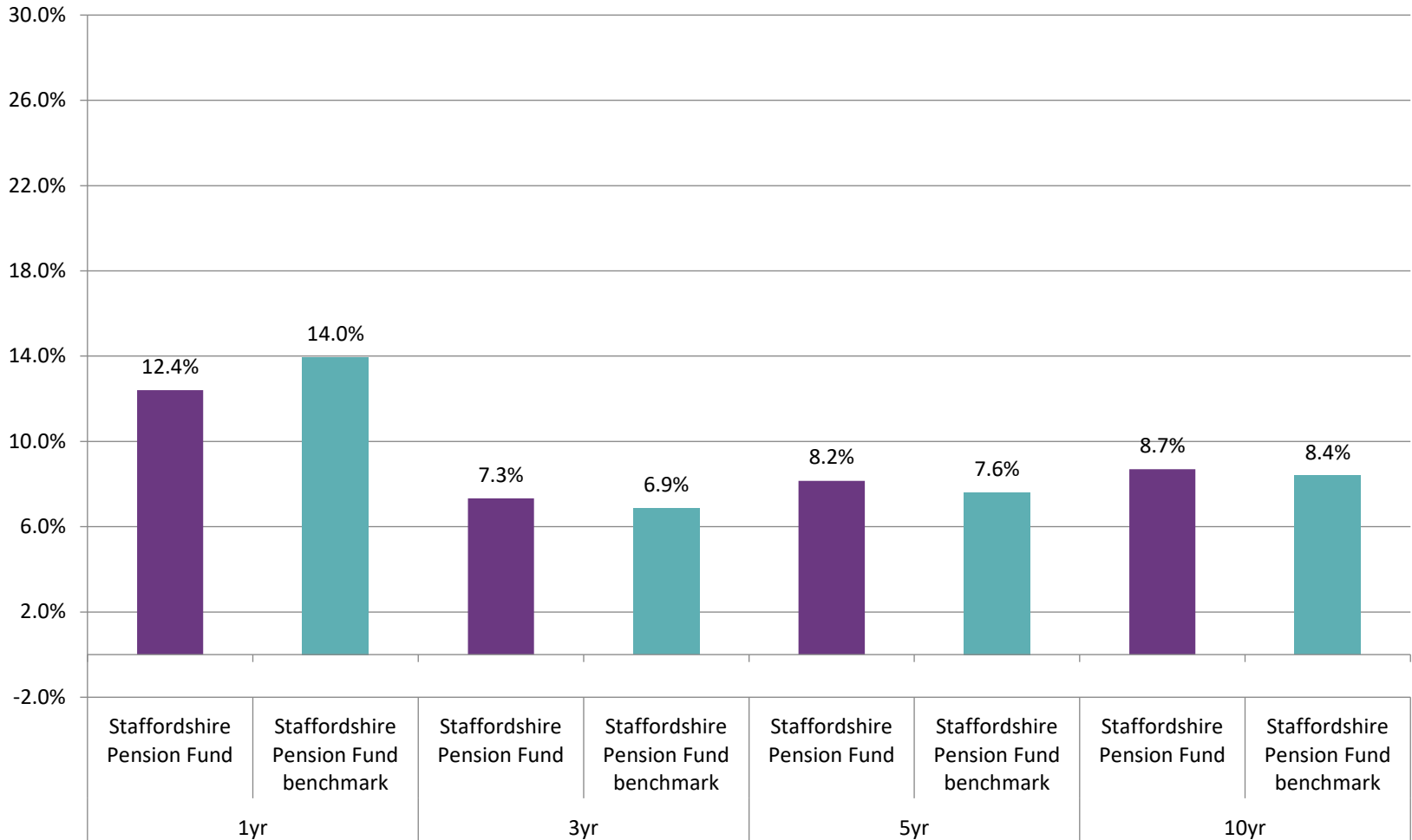
Percentage breakdown by asset class as at 31 March 2024



Asset class returns for year ended 31 March 2024



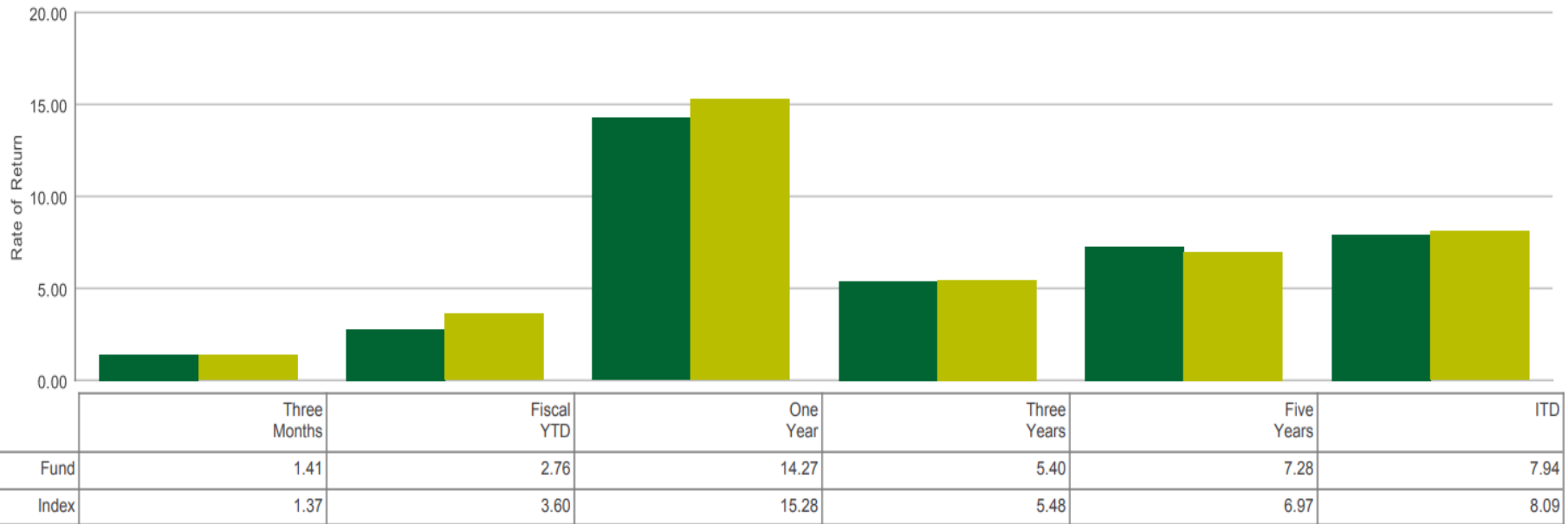
Total Fund investment returns at 31 March 2024



Fund Performance at 30 September 2024

(Market Value £7.7bn)

STAFFORDSHIRE PENSION FUND TOTAL FUND GROSS OF FEES



Index: Stacc Total Plan Composite BM

Strategic Asset Allocation at 30 September 2024

	STRATEGIC BENCHMARK ALLOCATION (%)		ACTUAL ALLOCATION (%)	
Return Seeking	Equities	58.3	Equities	59.9
	Global active equities	15.0	Global active equities	16.4
	Global passive equities	23.5	Global passive equities	23.6
	Global factor-based equities	8.8	Global factor-based equities	9.0
	Global sustainable equities	6.0	Global sustainable equities	5.9
	Private Equity	5.0	Private Equity	5.0
	Property	10.0	Property	8.1
	Infrastructure	5.7	Infrastructure	5.0
Defensive	Fixed Income	25.0	Fixed Income	25.2
	Multi-Asset Credit	5.0	Multi-Asset Credit	5.0
	Private Debt	5.0	Private Debt	4.4
	Corporate Bonds	7.5	Corporate Bonds	7.5
	Index-Linked Gilts	7.5	Index-Linked Gilts	8.4
	Cash	1.0	Cash	1.8

Investment activity since we last met in November 2023 (1)

- Invested in LGPS Central Multi-Asset Credit Fund; funded by divesting allocation to legacy active global equity manager
- Committed £80m to 2024 HarbourVest Global Private Equity Fund
- Committed £10m to Knightsbridge Venture Capital Private Equity Fund
- Committed £20m to the Gresham House British Sustainable Infrastructure Fund III
- Committed £100m to HPS Partners Speciality Loan Fund VI (Private Debt)

Investment activity since we last met in November 2023 (2)

Continued with our commitments to LGPS Central;

- £380m to the 2023 LGPS Central Multi-Asset Credit Fund.
- £75m into the LGPS Central Core/Core Plus Infrastructure.
- £30m into the LGPS Central Value add/Opportunistic Fund.
- £30m LGPS Central Infrastructure Single Asset Partnership Fund.
- £80m into the LGPS Central PE Primary Partnership 2023 Fund.
- £140m into the LGPS Central Private Credit Direct Lending Fund
- £97.5m into the LGPS Central Private Credit Real Asset Partnership Fund

Direct Property portfolio

- Purchased two new build industrial warehouse units at Frontier Park, Banbury for £19.24m
- Purchased St James Retail Park, Sheffield (right) for £37.96m.



Responsible Investment & Stewardship (RI&S)



What is Responsible Investment?

“An approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns”



Environmental

- Resource utilisation
- Sustainability
- Pollution
- Carbon emissions



Social

- Community
- Human Rights
- Employees
- Customers
- Suppliers



Governance

- Stakeholder alignment
- Ownership structure
- Regulatory controls
- Board accountability
- Transparency

The Fund believes RI&S can enhance long term investment performance across all asset classes and should be integrated into all investment processes.

What is Stewardship & Engagement?

“Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.”

Stewardship and Engagement includes;

- Meeting with companies and managers,
- Voting shares,
- Letters to companies and policy makers,
- Involvement in collaborative initiatives for greater impact and coverage.

Voting & Engagement Examples

- Via LGPS Central spoke to **Nestle** around marketing of unhealthy products to children under 18. Nestle raised its minimum age for marketing to children from 13 years to 16 years and its advocacy plan to raise industry standards
- LGPS Central participate in many collaborative engagements, such as **ShareAction** who among other initiatives wrote to 5 European Banks (including **Barclays**) requesting they cease financing new oil and gas fields. In Q1 2024 **Barclays** announced they will stop financing new oil and gas fields
- The Fund is a member of the Local Authority Pension fund forum (LAPFF) who engage on our behalf, for example through the **30% Club Investor Group**, who advocate diversity on company boards.



UK Stewardship Code

- Approved as a signatory to the updated 2020 UK Stewardship Code – for 2022 Annual Stewardship Report. This is a new standard with much more stringent criteria.
- 12 principals covering Governance, Investment, Engagement and Exercising rights and responsibilities. 2023 Annual Stewardship Report has been submitted and is awaiting review.



- More information on our engagement activities, alongside that of LGPS Central, the Local Authority Pension Fund Forum (LAPFF) and our investment managers, can be viewed as part of our quarterly report to the Pensions Panel. [**Responsible Investment & Engagement \(RI&E\) Report Quarter 1 2024/25 PDF 158 KB**](#)

Climate Change Reporting

- Fourth Climate Risk Report produced by LGPS Central in March 2024.
- Fourth Task force for Climate related Financial Disclosures (TCFD) report.
- Stewardship and engagement activity reported to Pensions Panel quarterly.
- Climate Change Strategy first published in March 2022 and updated annually since.
- The Fund set an overall net zero target of 2050 with 2030 interim targets.
- Data baseline of March 2020, updates reported annually.



Climate Change Targets

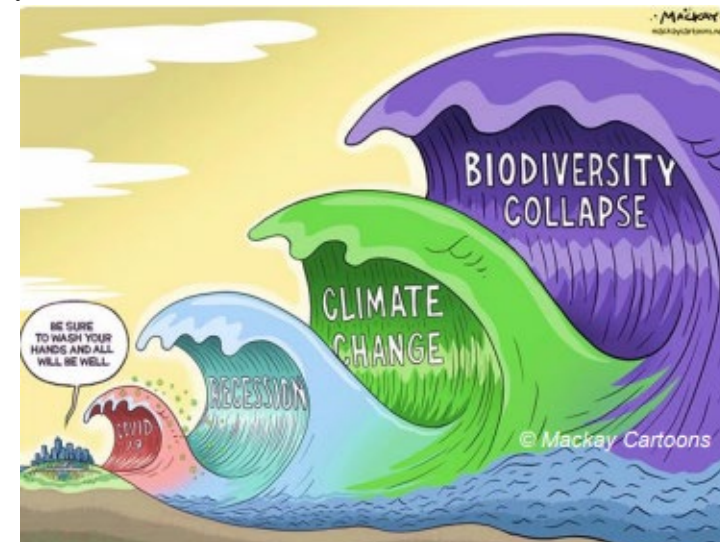
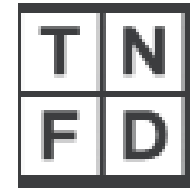
2030 Climate Change Target	September 2022 level	Change from March 2020 (absolute/relative)
Reduce the Weighted Average Carbon Intensity (WACI)* of the Fund by 50-60% by 2030.	WACI* 76.4	-96.4 WACI* / -55.8%
Reduce the proportion of the Fund invested in Fossil Fuel reserves to less than 4% by 2030.	4.3%	-1.0% / -18.9%
Reduce the proportion of the Fund invested in thermal coal to below 1% by 2030.	1.5%	0.1% / -6.3%
Increase the proportion of investments where carbon metrics are reported to over 95% by 2030**.	94.1%	N/A

*WACI (tCO₂e/USDm revenue) is calculated by the division of the number of tons of Carbon Dioxide emitted, by the amount of US Dollar revenue (in millions) generated.

**where climate data is captured, calculated, and provided by the investee companies/managers, rather than estimated by the Fund/data provider.

Climate Change - what's next...?

- Taskforce for Nature related Financial Disclosure (TNFD)?
- Focus on biodiversity?
- Review Climate Targets and metrics.
 - Include Scope 3 emissions data?
 - Green revenues target?



More information on the Fund's investments and the latest accounts is available in the Annual Report at www.staffspf.org.uk





Staffordshire
Pension Fund
Local Government Pension Scheme



LGPS Central Limited

LGPS Central Pool Update

LGPS Central - 8 Partner Funds



£61 bn

at 31 March 2024

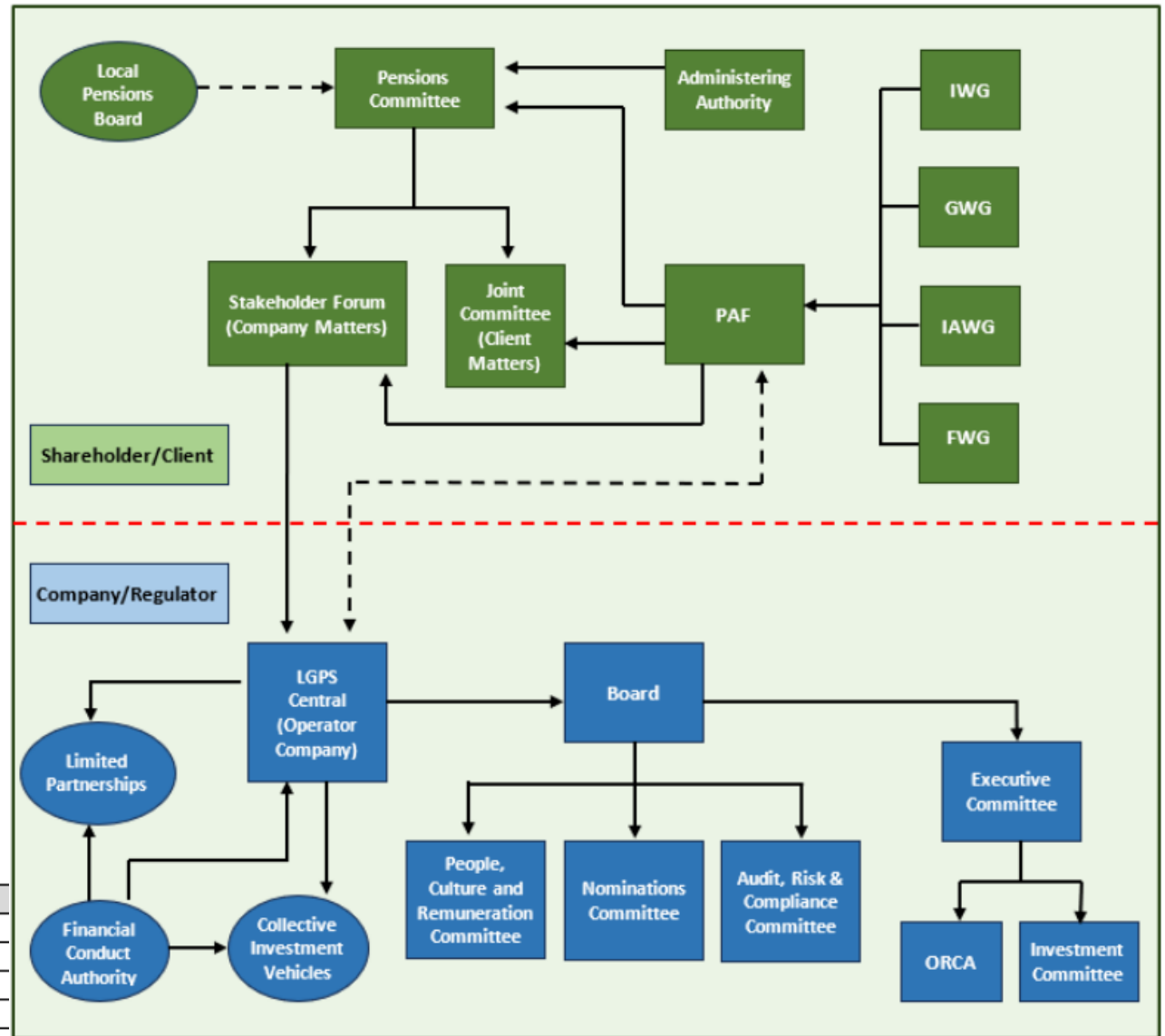


Government Criteria

A reminder of what it was all about back in 2016.....



...but has the new Chancellor's Pensions Review and the MHCLG Call for Evidence changed things yet again?



List of abbreviations included in the chart

- PAF - Practitioners' Advisory Forum
- IWG - Investment Working Group
- GWG - Governance Working Group
- IAWG - Internal Audit Working Group
- FWG - Finance Working Group
- ORCA - Operations, Risk, Compliance & Administration Committee



£29.9bn

Assets under our stewardship
As at 31 March 2024

£10.7bn

Internally managed
public market assets

£89.0m

Gross savings generated to
31 March 2024

£339.1m

Projected gross savings
by 2033/34



26 Funds

At 31 March 2024

1st Quartile

Flagship Global Equity fund
performance since inception

£5bn

In private market commitments
by Partner Funds

80

Colleagues



100%

Responsible Investment
Integrated Status

45%

Colleagues with a non-white
ethnic background

775

Companies engaged with on
ESG matters

Net Zero

Commitment on assets under
our stewardship 2050



**UK Stewardship
Code 2020**

Signatory

24%

Of private market deployed
investment is in the UK

£5.2bn

Pooled Assets invested
in the UK

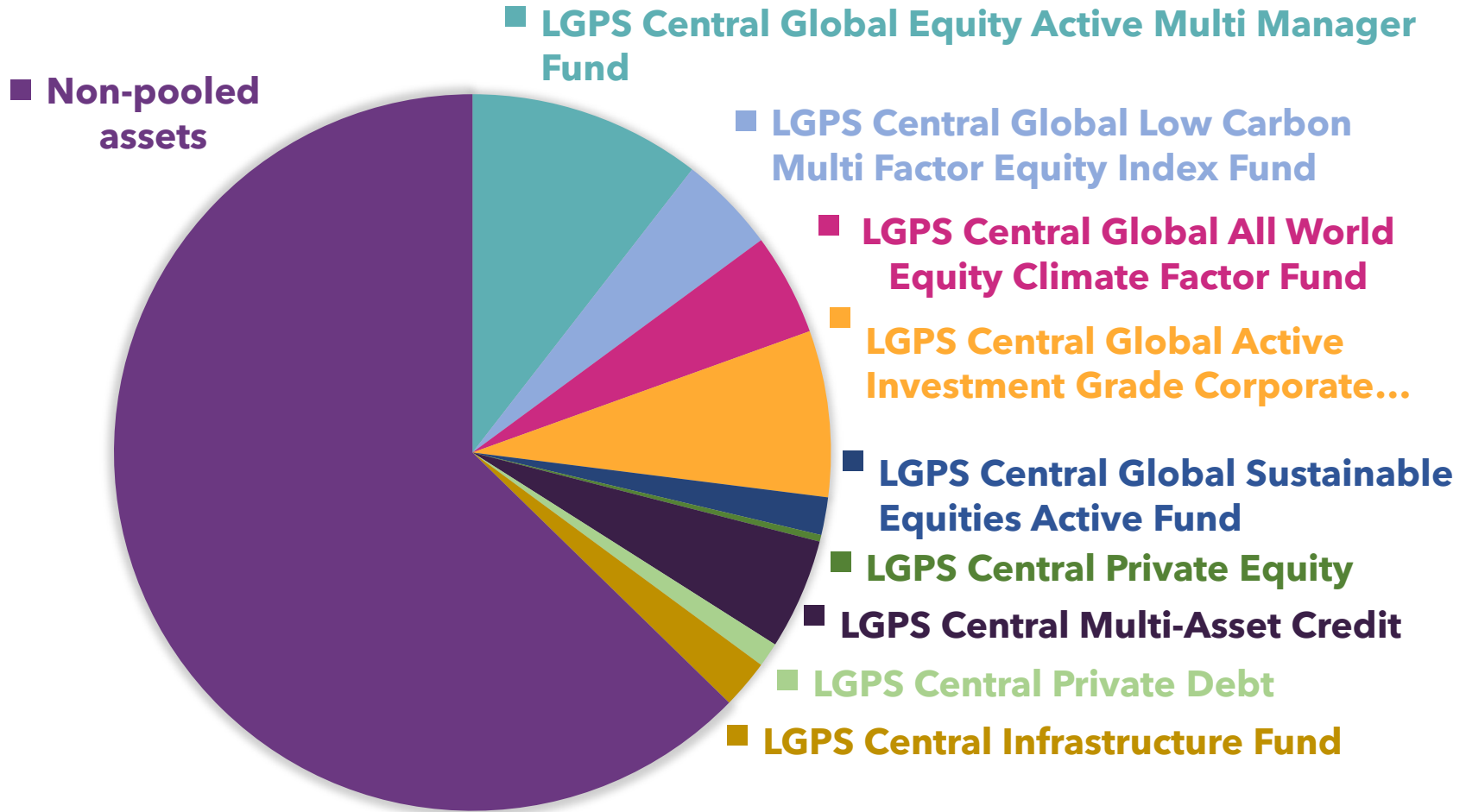
£30m

Invested in
Local NHS Facilities

What Staffordshire assets are currently 'pooled assets'?

Staffordshire Assets under Management with LGPS Central Limited	As at 30/09/2024 £m	% of Fund
LGPS Central Global Equity Active Multi Manager Fund	808.1	10.5
LGPS Central Global Low Carbon Multi Factor Equity Index Fund	337.6	4.4
LGPS Central Global All World Equity Climate Factor Fund	354.7	4.6
LGPS Central Global Active Investment Grade Corporate Bond Multi Manager Fund	581.8	7.5
LGPS Central Global Sustainable Equities Active Fund	129.8	1.7
LGPS Central Private Equity (£130m committed over three funds)	22.6	0.3
LGPS Central Multi-Asset Credit	383.9	5.0
LGPS Central Private Debt (£160m committed over three funds)	87.4	1.1
LGPS Central Infrastructure Fund (£355m committed over three funds)	169.9	2.2
Total	2,875.8	37.3

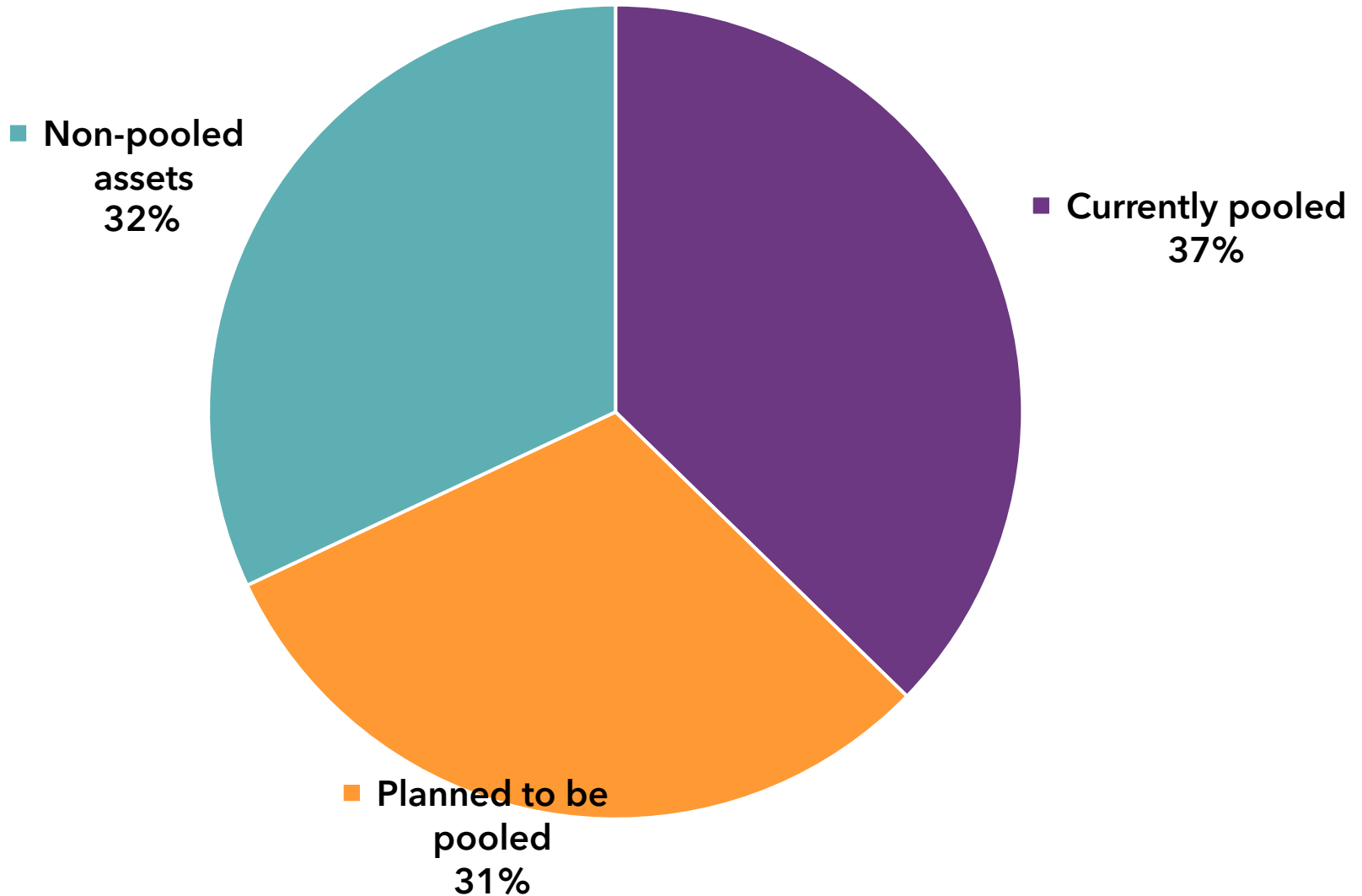
Percentage of Fund assets pooled as at 30/09/2024



What else does Staffordshire plan to pool in the next couple of years?

Staffordshire Potential new allocations to LGPS Central Limited	Approx. £m	% of Fund at 30/9/2024
LGPS Central Private Equity	c100.0	1.3
LGPS Central Private Debt	c240.0	3.1
LGPS Central Infrastructure	c150.0	1.9
LGPS Central Indirect Property Fund	c60.0	0.8
Advisory Mandate for LGIM Passive Equity funds	c1,825.2	23.6
Total	c.2,375.2	30.7

Planned percentage of pooled Assets over next few years



Pensions Review - In August 2024 the new Chancellor launched her review to;

- Boost UK investment,
- Increase saver returns; and
- Tackle waste in the pensions system.

Phase 1 - in September 2024, HM Treasury launched a **Pensions Investment Review** for defined contribution workplace schemes and the LGPS. The **Call for Evidence** focussed on how:

“tackling fragmentation and inefficiency can unlock the investment potential of the £360 billion LGPS....through further consolidation”

Read our Consultation response: [9. Agenda Item 27 September2024 Pensions Review.pdf](#)

We await the Chancellor’s Mansion House speech on 14 November 2024



**We await the outcome of the
Pensions Investment Review to
inform the next part of our
pooling journey!**