

INVESTMENT AND PENSION FUND COMMITTEE

16 September 2016

Present:-

Devon County Council

Councillors R Gilbert (Chairman), C Channon, R Edgell, R Hill and R Hosking.

Other Employers

P Edwards, D Healy, J O'Dwyer and L Parker Delaz Ajete

Unison and Retired Members: Non Voting Observers

R Franceschini, C Lomax and J Rimron

Apologies:-

Councillors D Hannon and J O'Dwyer

12 Minutes

RESOLVED that the minutes of the meeting held on 24 June 2016 be signed as a correct record.

* **13** Devon Pension Board

The Committee further considered suggestions previously made by the Devon Pension Board relating in particular to the adoption of a statement similar to that accepted by the Board and other Councils, to visibly demonstrate its status as an impartial decision maker, recognising the need to avoid conflicts of interest.

It was **MOVED** by Councillor Parker Delaz Ajete, **SECONDED** by Councillor Edgell and

RESOLVED that the proposed statement of impartiality enshrined in Minute 5 of the Devon Pension Board of 14 April 2016 be acknowledged subject to clarification of the wording at the next meeting.

* **14** Pension Fund Annual Report and Accounts 2015/16

The Committee considered the report of the County Treasurer (CT/16/73) together with the Annual Report and Accounts, summarising the performance of the Fund's external managers, including stewardship activity and the market outlook, followed by the Statement of Accounts.

Mr Shaw from Grant Thornton attended for this item and advised there were no major issues with the Pension Fund accounts and that the draft financial statements had been prepared to a high standard.

It was **MOVED** by Councillor Channon, **SECONDED** by Ms Healy and

RESOLVED that the Pension Fund Annual Report and Accounts for 2015/16 be adopted.

[NB: In accordance with Standing Order 32(4) Councillor Edgell requested that his abstention from voting on this decision be recorded.]

* **15** **LGPS Pooling of Investments**

The Committee received the report of the County Treasurer (CT/16/74) on the significant work undertaken to set up the Brunel Pension Partnership which comprised ten LGPS Funds. A joint submission from the ten Brunel funds had been made in February 2016, with a more detailed response submitted in July 2016 outlining the business case. Work continued on developing a more detailed final business case for each of the ten funds to consider in November/December 2016.

It was **MOVED** by Councillor Hosking, **SECONDED** by Councillor Parker Delaz Ajete and

RESOLVED that

- (a) progress on the Brunel Partnership full business case be noted;
- (b) the County Treasurer, in consultation with the Chairman, be delegated to write to the Department of Communities and Local Government raising concerns around the delay in the laying of the new Investment Regulations;
- (c) in order to consider the full business case of the Brunel Partnership, the next meeting be postponed from 18 November 2016 until Friday 2 December 2016 at 10.00am.

* **16** **Actuarial Valuation and Section 13 Report**

The Committee received and noted the report of the County Treasurer (CT/16/75) on the 2016 valuation which would set employer contribution levels for the financial years 2017/18, 2018/19 and 2019/20. In addition, a Section 13 valuation would be carried out by the Government Actuary's Department (GAD) which reviewed whether funding valuations and employer contribution rates had been set to meet targets and objectives.

* **17** **Investment Management Report**

The Committee received and noted the Report of the County Treasurer (CT/16/76) on the current Pension Fund value and asset allocation against target. Following the EU Referendum there had been a fall of the value of the pound and therefore an increase in the value of the Fund's overseas assets, resulting in an increase of £162,000,000 over the last quarter. The allocation to each asset class remained within 2.5% of the target allocation. The Fund had achieved an absolute return of 4.6% for the quarter which was ahead of the strategic benchmark of 4.5%.

* **18** **Long Term Investment Performance and Strategic Review**

The Committee considered the Report of the County Treasurer (CT/16/77) examining the Fund's longer term performance and, in particular, why performance over the past 10 years was below the average achieved by LGPS funds in total. The Report also proposed the commissioning of a strategic asset allocation review, conducted by external consultants who would assess the appropriate strategic asset allocation, including the split between 'growth' assets and 'fixed interest' type assets, geographical allocations and currency hedging issues.

It was **MOVED** by Councillor Edgell **SECONDED** by Councillor Hosking and

RESOLVED that the commissioning of a strategic asset allocation review, using the South West investment consultancy framework, be approved.

* **19** **Pension Fund Risk Register**

The Committee received and noted the Report of the County Treasurer (CT/16/78) highlighting the key risks in relation to the Devon Fund, the current processes in place to mitigate the risk, and the planned improvements in place to provide further assurance. The Report incorporated the risk register of both the Investments Team and Peninsula Pensions.

* **20** **Applications for Admitted Body Status**

The Committee noted the action of the County Treasurer in approving an application for admitted body status, approved under delegated powers, from Barnardo's in respect of its new contract with Plymouth City Council for the provision of children centre services.

* **21** **Committee Training**

The County Treasurer reported that a joint briefing event with Cornwall, Dorset and Somerset Committees would take place on Friday 7 October 2016 at Exeter Racecourse, which would comprise of a briefing and opportunity for comment on the full business case for the Brunel Pension Partnership before it was presented to the Committee in December.

22 **Dates of Future Meetings**

Friday 2 December 2016 at 10.00am and Friday 24 February 2017 at 10.00am.

***DENOTES DELEGATED MATTER WITH POWER TO ACT**

The Meeting started at 10.00 am and finished at 11.15 am