

INVESTMENT AND PENSION FUND COMMITTEE

16 June 2017

Present:-

Devon County Council

Councillors Y Atkinson, C Channon, R Gilbert (Chairman), and R Hosking.

Other Employers

P Edwards, 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 Healy, A Connett and R Edgell

Also in attendance

Mr A Bowman (Devon Pension Board)

* **1** Minutes

RESOLVED that the minutes of the meeting held on 24 February 2017 be signed as a correct record.

* **2** Items Requiring Urgent Attention

There was no item raised as a matter of urgency.

* **3** Internal Audit Report for 2016/17 and Internal Audit Plan for 2017/18

The Committee considered the Report of the County Treasurer (CT/17/51) on the Annual Internal Audit Report 2016/17 and Internal Audit Plan 2017/18.

Internal Audit was able to provide reasonable assurance on the adequacy and effectiveness of the Devon Pension Fund's internal control environment during 2016/17. The Internal Audit Plan for 2017/18 allowed for up to 40 days of internal audit support for the Pension Fund and 45 days of internal audit support for Peninsula Pensions and will be delivered by the Devon Audit Partnership.

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

RESOLVED

(a) that the Annual Internal Audit Report for 2016/17 be accepted;

(b) that the Internal Audit Plan for 2017/18 be approved;

(c) that the Assistant County Treasurer be authorised to execute the Service Level Agreement relating to the Internal Audit Plan.

* **4** Training Review 2016/17 and Training Plan 2017/18

The Committee considered the Report of the County Treasurer (CT/17/52) outlining the training to be provided over the next year which would ensure that both the Investment & Pension Fund Committee and the Pension Board had the knowledge and skills required in accordance with the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills.

The Chairman emphasised the importance of Members attending training to ensure that they were fully equipped to consider the business of the Committee, and urged all Members of the Committee to make attending these sessions a priority.

Members were advised that a visit to the Peninsula Pensions Offices at Great Moor House would take place following the meeting on 15 September 2017 and the next training event would take place in October 2017.

It was **MOVED** by Councillor Gilbert, **SECONDED** by Councillor Hosking and **RESOLVED** the 2017/18 Training Plan be approved and adopted.

* **5** **Investment Management Report**

The Committee considered the Report of the County Treasurer (CT/17/53) on the current Fund Value and Asset Allocation.

The County Treasurer reported that the value of the fund as at 31 March 2017 stood at £3,928,800,000 an increase of £150,000,000 over the last quarter and a total increase of £593,000,000 over the financial year. The County Treasurer highlighted that the Fund had an over-exposure to the UK market and significant under-exposure to North America and Japan markets. The Fund would look to reduce its overweight to UK equities by reallocating to overseas equities predominantly in the US and Japan, by moving up to an initial £100,000,000 from UK passive equities to overseas passive equities if market conditions provided the opportunity and if trigger points were met.

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

RESOLVED

(a) that the Report and compliance with the 2017/18 Treasury Management Strategy be noted;

(b) that the County Treasurer, in consultation with the Chairman, be authorised to move up to £100,000,000 from UK passive equities to overseas passive equities (North America and Japan) if market conditions provided an opportunity and the appropriate trigger points were hit.

* **6** **Funding Strategy Statement**

The Committee received the Report of the County Treasurer (CT/17/54) outlining the revised Funding Strategy Statement following the outcome of the recent Actuarial Valuation and updated regulations, practice and actuarial assumptions. It set out the Pension Fund's policies relating to the Pension Fund's funding objectives and management of the cost of the benefits provided under the Local Government Pension Scheme and the objectives/strategy for setting employer contribution rates, prepared in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013.

It was **MOVED** by Councillor Gilbert, **SECONDED** by Councillor Channon, and

RESOLVED that the Report be noted and the Funding Strategy be endorsed.

* **7** **Actuarial Services Contract Review**

The Committee received the Report of the County Treasurer (CT/17/55) outlining the expiration of the Pension Fund's current Actuarial Services Contract with Barnett Waddingham and the need to review and re-tender the contract. The current provider had been awarded the contract in February 2010 which had been extended in February 2014 and February 2016 respectively, and would now expire in February 2018. The main function of the Fund Actuary was to carry out the statutory triennial actuarial valuation of the Pension Fund and set out the Fund's assets and liabilities, based on actuarial assumptions. It also reviewed the financial position of the Fund and set out the contribution rates for each employer in the Fund for the following three years.

It was **MOVED** by Councillor Atkinson, **SECONDED** by Councillor O'Dwyer, and

RESOLVED

(a) that the use of the National LGPS Framework Agreement to secure a new contract for Actuarial Services be approved;

(b) that the appointment process and final decisions be delegated to the County Treasurer in consultation with the Chairman.

* **8** **Applications for Admitted Body Status**

The Committee noted that the following applications for admitted body status had been approved under delegated powers:

(a) North Tawton Primary and Holsworthy Primary Schools had awarded catering contracts to Compass Contract Services with effect from February 2017. Two separate admission agreements would be entered into in order for a total of four staff to remain in the LGPS. Both admission agreements were on a closed basis.

* **9** **Dates of Future Meetings**

Friday 15 September 2017, Friday 17 November 2017 and Friday 23 February 2018 all at 10.30am.

[Dates of future meetings can be found on the Council's website at:

<http://democracy.devon.gov.uk/ieListMeetings.aspx?Act=earlier&Cid=187&D=201802231030&MD=ielistmeetings>]

* **10** **Exclusion of the Press and Public**

RESOLVED that the press and public be excluded from the meeting for the following items of business under Section 100(A)(4) of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Schedule 12A of the Act, information relating to the financial or business affairs of an individual other than the County Council and, in accordance with Section 36 of the Freedom of Information Act 2000, by virtue of the fact that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

11 **Brunel Pension Partnership - Progress Report**

(An item taken under Section 100A(4) of the Local Government Act 1972 during which the press and public were excluded, no representations having been received to such consideration under Regulation 5(5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012).

The Committee received the Report of the County Treasurer (CT/17/56) outlining the progress made to form the Brunel Pension Partnership Limited company.

It was then **MOVED** by Councillor Gilbert, **SECONDED** by Councillor Channon, and

RESOLVED

- (a) the progress with establishing the Brunel Pension Partnership Limited company be noted;
- (b) that the County Treasurer, as the Section 151 Officer, be authorised to act as the nominated Shareholder Representative for the Brunel Pension Partnership.

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Private Debt

(An item taken under Section 100A(4) of the Local Government Act 1972 during which the press and public were excluded, no representations having been received to such consideration under Regulation 5(5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012).

The Committee received the Report of the County Treasurer (CT/17/57) outlining allocations of the Pension Fund to private debt.

It was then **MOVED** by Councillor Gilbert, **SECONDED** by Councillor Hosking, and

RESOLVED

- (a) that an allocation of 3% of the Pension Fund to the private debt asset class be agreed and an initial sum of £150,000,000 be allocated;
- (b) that Bluebay be appointed to provide European exposure to the private debt asset class through the Bluebay Senior Loan Fund I;
- (c) that Golub be appointed to provide a US exposure to the private debt asset class through the Golub Capital Partners International Fund 11;
- (d) that the Fund's Strategic allocation to private debt should be split 60% to Bluebay and 40% to Golub.

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