

INVESTMENT AND PENSION FUND COMMITTEE

24 February 2017

Present:-

Devon County Council

Councillors R Gilbert (Chairman), C Channon, R Edgell, D Hannon, 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

Also in attendance

Mr A Bowman and Mr W Nicholls (Devon Pension Board)

Apologies:-

Councillor D Hannon

* 31

Minutes

RESOLVED that the minutes of the meeting held on 2 December 2016 be signed as a correct record.

* 32

Items Requiring Urgent Attention

There was no item raised as a matter of urgency.

* 33

Brunel Pension Partnership - Progress Report

The Committee considered the Report of the County Treasurer (CT/17/14) outlining progress with the establishment of the Brunel Pension Partnership including the recruitment of the Company Board, appointment of a Devon Representative on the Oversight Board, appointment of an Administrator to act as a custodian bank to safeguard investment assets and process transactions, and budgeted costs for 2017/18. The Committee noted that all ten administering authorities had now approved the full business case.

The Committee noted that each administering authority would appoint a representative to sit on the Oversight Board and that the final terms of reference had yet to be agreed; however discussions concerning employee representatives on the Board were still ongoing.

It was **MOVED** by Councillor Gilbert, **SECONDED** by Donna Healy, and

RESOLVED

(a) that the Devon representative on the Brunel Pension Partnership Oversight Board and the Devon shareholder representative for the Brunel Pension Partnership Limited company be appointed at the Devon County Council Annual Meeting on 25 May 2017;

(b) that the Committee noted the progress with establishing the Brunel Pension Partnership Limited company.

* **34** **Investment Management Report**

The Committee noted the Report of the County Treasurer (CT/17/15) on the current fund values and asset allocations compared to the target set allocation as at 31 December 2016.

The Committee acknowledged that the value of the fund had increased to £3.777 billion over the period with an absolute return of +13.6% over the year to date, compared to the fund benchmark of +13%. Equities were more than 2.5% over the target allocation; however there were no plans to rebalance pending consideration of the strategic investment review. Whilst the Fund performance was ahead of benchmark, concerns were raised around the performance of the active equity and bond managers who had underperformed their benchmarks.

* **35** **Treasury Management Strategy 2017/18**

The Committee received and noted the report of the County Treasurer (CT/17/16) setting out the proposed treasury management strategy for managing the cash held by the Pension Fund for 2017/18. The Committee were advised that the strategy was consistent with that agreed for 2016/17 and the target return for investments would remain at 0.40%, in line with the County Council's target.

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

RESOLVED that the Committee adopted the Treasury Management Strategy for 2017/18 as set out within the Report.

* **36** **Applications for Admitted Body Status**

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

(a) South West Highways: from 1st April 2017 30 staff currently in the LGPS with Amey will either transfer back to Plymouth or on to South West Highways; the agreement will be on a closed basis.

(b) Ivybridge Academy: from 1st April 2017 one member of staff will transfer under this closed agreement.

(c) Queen Elizabeth Academy from 1st April 2017, 13 members of staff will transfer under this closed agreement.

* **37** **Exclusion of the Press and Public**

RESOLVED that the press and public be excluded from the meeting for the following item of business under Section 100(A)(4) of the Local Government Act 1972 on the grounds that it involves 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.

* **38** **Strategic Investment Review**

(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/17/18) looking at the long term investment strategy of the Pension Fund.

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

RESOLVED

- (a) that the target allocations for Equities and Bonds be revised as set out in the report;
- (b) that in principle, the Fund should look to reduce its overweight to UK equities by reallocating to overseas equities which were underweight. As a consequence the County Treasurer in consultation with the Chairman be authorised to move up to £100m from UK passive equities to overseas passive equities, if market conditions provide an opportunity and the appropriate trigger points are hit;
- (c) that the remaining Wellington allocation to global bonds (around £70m) be moved on a phased basis to their multi-sector credit fund;
- (d) that Officers explore opportunities to collaborate with other Brunel funds to invest in private markets, and a further report be brought to a future meeting of the Committee;
- (e) that the medium to long term proposals set out in paragraphs 3.7 and 3.8 be approved in principle, subject to further review.

* **39** **Re-admittance of Press and Public**

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

RESOLVED that the press and public be now readmitted to the meeting.

* **40** **Investment Strategy Statement**

The Committee received the Report of the County Treasurer (CT/17/17) outlining new requirements for the each LGPS administering authority to have in place a new Investment Strategy Statement by 1 April drawing on the Strategic Review and the requirement to pool investments.

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

RESOLVED that the proposed Investment Strategy Statement replacing the Fund's existing Statement of Investment Principles be approved, subject to the removal of the last sentence in point b of the Social, Environmental and Corporate Governance Policy, in line with Environment Agency policy.

* **41** **Exclusion of the Press and Public**

RESOLVED that the press and public be excluded from the meeting for the following item of business under Section 100(A)(4) of the Local Government Act 1972 on the grounds that it involves 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.

* **42** **Legal Action against the Royal Bank of Scotland**

(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

INVESTMENT AND PENSION FUND COMMITTEE
24/02/17

consideration under Regulation 5(5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012).

The Committee noted the Report of the County Treasurer (CT/17/19) on the legal action taken against the Royal Bank of Scotland.

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

The Meeting started at 10.00 am and finished at 11.30 am