

## INVESTMENT AND PENSION FUND COMMITTEE

18 September 2020

Present:-

Devon County Council

Councillors R Bloxham (Chair), Y Atkinson, A Connett, R Edgell, R Hosking and A Saywell

Unitary and District Councils

Councillors L Parker-Delaz-Ajete and J O'Dwyer

Other Employers

D Healy

Unison and Retired Members:

R Franceschini (voting) and J Rimron

Attending in Accordance with Standing Order 25

Councillors M Lowry and C Slade

Apologies:-

Councillor J Pearce and S Teague

\* **187**      **Announcement: Standards Committee**

The Chair welcomed Mr R Hodgins who was attending the meeting in his capacity as a Co-opted Member of the Council's Standards Committee to observe and monitor compliance with the Council's ethical governance framework.

\* **188**      **Investment and Pension Fund Committee: Minutes**

**RESOLVED** that the Minutes of the meeting held on 19 June 2020 be signed as a correct record.

\* **189**      **Items Requiring Urgent Attention**

There was no item raised as a matter of urgency.

\* **190**      **Devon Pension Board**

(Councillor C Slade attended in accordance with Standing Order 25 and spoke to this item).

The Committee noted the Minutes of the Meeting of the Board held on 6 July 2020.

\* **191**      **Brunel Oversight Board**

The Committee noted the Minutes of the Meeting of the Board held on 25 June 2020.

Members also noted that the Brunel Pension Partnership had been awarded Environmental Finance's Pension Fund of the Year award. This was in recognition of the successful efforts of ten committed institutions (the Partners) to take strong and effective leadership on responsible investment.

\* **192**      **Investment Management Report**

The Committee considered the Report of the County Treasurer (CT/20/66) on the Fund value and asset allocation, performance against the benchmark, funding level, budget forecast 2020/21, cash management; and engagement activity.

During the last quarter markets had recovered to a large extent from previous losses and as a result the value of the Fund as at 30 June 2020 stood at £4,508.5m, an increase of just under £500 m over the last quarter.

Members referred to the recovery of equities in the last quarter, value of UK equities and the relative value and solvency of the Fund in comparison with other LGPS funds on which more information would be reported in the future, noting that Actuarial assumptions did differ making direct comparisons difficult.

It was **MOVED** by Councillor R Bloxham, **SECONDED** by Councillor A Saywell and

**RESOLVED**

- (a) that the Investment Management Report be noted;
- (b) that reallocation of £90 million from Passive Equities to Low Volatility Equities to bring the allocation up to the target weight be approved; and
- (c) that compliance with the 2020-21 Treasury Management Strategy be noted.

\* **193**      **Brunel Governance Review**

The Committee considered the Report of the County Treasurer (CT/20/67) on the review of Brunel's governance arrangements following concerns previously reported.

The proposals endorsed by Brunel Oversight Board were outlined in the Report and related to formal appraisal of the Brunel Chair and annual performance reviews of the Non-Executive Directors and an additional non-Executive Director as a Shareholder representative and their reappointment at the AGM; and the consultation process between Brunel and clients/shareholders.

Mr J Russell-Stacey (Brunel's Chief Stakeholder Officer) attended and explained his role making sure that Brunel's relationship with all key stakeholders, including shareholder and clients, was managed effectively. He also confirmed that the appointment of the new Chief Investment Officer (CIO) would be made shortly.

The Chair also confirmed that Non-Executive Directors regularly attended the Brunel Oversight Board as part of their oversight role.

It was **MOVED** by Councillor R Bloxham, **SECONDED** by Councillor and

**RESOLVED** that the following changes to the Brunel governance arrangements be supported:

- (a) the adoption of the proposed new procedures as outlined in the Report;
- (b) an increase in the number of Non-Executive Directors to five;
- (c) the appointment of a new Shareholder Non-Executive Director; and
- (d) the amendment to the process for the re-appointment of Non-Executive Directors.

\* **194**      **Local Government Pension Scheme Update**

The Committee considered the Report of the County Treasurer (CT/20/68) on the latest LGPS consultations and recent Ministry of Housing, Communities and Local Government (MHCLG) feedback on a range of issues. The Report focused on the McCloud consultation which was due to be closed for responses on 8th October 2020. The Report also covered the Cost Cap process, the Exit Payment Cap, the proposed process for a review of Employer contributions and flexibility on exit payments. There was a further consultation in regard to the Exit Payment Cap.

In regard to the McCloud proposals the 'underpin' along with the large amalgamation exercise, recalculation of retirement, deferred and death cases represented a challenging administrative exercise for Peninsula Pensions. The Devon Audit Partnership would also be involved in the process.

The cost implications remained uncertain but would be reported to Members in due course.

It was **MOVED** by Councillor Bloxham, **SECONDED** by Councillor A Connett and

**RESOLVED**

(a) that the draft responses to the McCloud and the Exit Payment Cap consultations be sent to Members of this Committee prior to submission; and

(b) that the response submissions be delegated to the County Treasurer in consultation with the Chair of this Committee.

\* **195**      **Committee and Board Member Training**

The Committee considered the Report of the County Treasurer (CT/20/69) on the proposed training programme and Plan to ensure that Committee and Board members continued to have their knowledge and skills updated. Training events and sessions would be held 'virtually' in view of the COVID-19 limitations on group meetings and on-line training would be supported by videos.

It was **MOVED** by Councillor R Bloxham, **SECONDED** by Councillor R Hosking, and

**RESOLVED** that the proposed training programme for the Autumn 2020 be approved.

\* **196**      **Employer Changes**

The Committee noted the following:

(a) New admitted bodies - applications for admitted body status approved since the last meeting of the Committee:

- Fresha has won 3 catering contracts which commenced 1 August 2020 for Riviera Education Trust, Furzesham Primary School and schools within St Christopher's MAT.
- DELT Services Ltd commenced a variety of services for ACE Schools MAT on 1 July 2020.
- Direct Cleaning Services won cleaning contract for Exmouth Community College which commenced 7 August 2020.

(b) New academy conversions and changes:

- Fremington Primary & Nursery School and North Molton Primary School joined Tarka Learning Partnership with effect from 1 July 2020.

- Colyton Primary School joined First Federation with effect from 1 July 2020.

\* **197**      **Dates of Future Meetings**

27 November 2020, 10:30 and 26 February 2021 10:30 and Consultation 14:15

\* **198**      **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, 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.

\* **199**      **Review of Investment Performance**

(An item taken under Section 100A (4) of the Local Government Act 1972 during which the press and public were excluded).

The Committee considered the Report of the County Treasurer (CT/20/70) on an analysis of the Fund's performance compared to its LGPS peers over three years and the underlying issues.

It was **MOVED** by Councillor R Bloxham, and **SECONDED** by Councillor R Edgell and

**RESOLVED**

(a) that the comparative investment performance analysis, be noted;

(b) that an increase in the strategic allocation to multi-asset credit and global bonds as detailed in the Report be approved; and

(c) that the allocations to the Wellington multisector credit fund Management and to Lazard Asset Management's global bonds mandate, as detailed in the Report, be approved.

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

The Meeting started at 10.30 am and finished at 12.10 pm