

INVESTMENT AND PENSION FUND COMMITTEE

26 February 2021

Present:-

Devon County Council

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

Unitary and District Councils

Councillors J Pearce and L Parker-Delaz-Ajete

Unison and Retired Members: Non Voting Observers

R Franceschini and S Teague

Attending in Accordance with Standing Order 25

Councillor C Slade

Apologies:-

Councillor A Connett, D Healy, J Cook and Councillor J O'Dwyer

* 213

Minutes

RESOLVED that the Minutes of the Meeting held on 27 November 2020 be signed as a correct record.

* 214

Items Requiring Urgent Attention

There was no item raised as a matter of urgency.

* 215

Pension Board

(Councillor C Slade attended in accordance with Standing Order 25 and spoke to this item and referred to the Members' Handbook which would be published on-line in due course)

The Committee noted the Minutes of the Meeting of the Board held on 22 January 2021.

* 216

Brunel Oversight Board

The Committee noted the Minutes of the Meeting of the Board held on 3 December 2020.

* **217** **Investment Management Report**

The Committee considered the Report of the County Treasurer (CT/21/21) on the Fund value and asset allocation, performance against the benchmark, funding level, budget forecast 2020/21, cash management, and engagement activity. The value of the Fund as at 31 December 2020 stood at £4,923m, an increase of around £330m over the last quarter. The Committee also noted compliance with the 2020/21 Treasury Management Strategy. Members also referred to the geographical split of equity allocations and issues relating to Ethical, Social and Governance issues and the positive engagement strategy which would be discussed further with Brunel Officers and at the Consultation meeting.

* **218** **Treasury Management Strategy 2021/22**

The Committee considered the Report of the County Treasurer (CT/21/22) on draft Treasury Management and Investment Strategy (as shown in draft at Appendix 1 of the Report). It set out the current treasury position, cash investments, prospects for interest rates and the investment strategy.

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

RESOLVED that the Treasury Management Strategy for 2021/22 as set out in Appendix 1 to the Report be noted.

* **219** **Investment Strategy Statement**

The Committee considered the Report of the County Treasurer (CT/21/23) on a draft revised Investment Strategy Statement (attached at Appendix 1 of the Report). The Strategy Statement required by the regulations must include:-

(a) A requirement to invest money in a wide variety of investments;

(b) The authority's assessment of the suitability of particular investments and types of investments;

(c) The authority's approach to risk, including the ways in which risks are to be measured and managed;

(d) The authority's approach to pooling investments, including the use of collective investment vehicles and shared services;

(e) The authority's policy on how social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and

(f) The authority's policy on the exercise of rights (including voting rights)

attaching to investments.

The main change were an update of the stewardship section to reflect the updated UK Stewardship Code and new policy documents published by the Brunel Pension Partnership. The draft revised ISS had been endorsed by the Pension Board at its meeting on 22 January 2021, subject to comments on the carbon reduction target.

Members discussed the 7% per annum carbon reduction and the challenge this would present particularly in regard to the passively managed equities. Members were supportive of the commitment to achieve net zero portfolios by 2050.

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

RESOLVED

(a) that the revised Investment Strategy Statement set out at Appendix 1 to this Report be approved; and

(b) that the commitment to achieve net zero portfolios by 2050 be agreed.

* 220

Private Markets Investments

The Committee considered the Report of the County Treasurer (CT/21/24) on private market investments not traded on a public exchange or Market.

The Fund's Investment Strategy Statement showed a medium term target allocation to private markets of 26%. However, the nature of private markets meant that it could take time to build up investments to the desired level, as commitments needed to be made to suitable funds, which were then drawn down as the funds identified suitable assets to purchase. The current progress towards achieving the target allocations was summarised in the in the Report.

The Report also outlined the ongoing work with Brunel to bring the allocation to Property back up to the 10% target. The Report also requested approval of an additional £60 million top up commitment in the Infrastructure Portfolio.

Members discussed the merits of further investments in renewables rather the more generalist funds within the Infrastructure portfolio and noted that a balanced approach would provide better diversification of risk.

It was **MOVED** by Councillor R Hosking and **SECONDED** by Councillor J Pearce and

RESOLVED

(a) that the progress made to date by the Brunel Pension Partnership in investing the Devon Fund's private markets commitments be noted;

(b) that the ongoing work with the Brunel Pension Partnership to bring the Fund's allocation to Property back up to the 10% target be noted; and

(c) that an additional £60 million top up commitment to the Infrastructure Portfolio (Cycle 2) be approved.

* **221** **Employer Changes**

The Committee noted the following applications for new for admitted body status approved since the last meeting of the Committee:

- Direct Cleaning Services began a contract for cleaning services at Exmouth Community College on 07/08/2020 - closed agreement. (b) New Academy conversions and changes.

- St Peters CofE Primary School, Plymouth joined St Christopher's Academy Trust – 01/04/2020 (late notification). • South Devon UTC joined to Education South West – 01/01/2021.

- Inspiring School Partnership joined Greenshaw Learning Trust – 01/01/2021.

- All Saints Academy Plymouth joined Ted Wragg Academy Trust – 01/01/2021

* **222** **Annual Consultative Meeting with Staff and Retired Members**

The Committee noted that the Annual Consultative Meeting was to be held in the afternoon following the Investment and Pension Fund Committee meeting, commencing at 2.15pm. Presentations would be made by Faith Ward, Chief Responsible Investment Officer at the Brunel Pension Partnership, Mark Gayler, Assistant County Treasurer, Daniel Harris, Head of Peninsula Pensions, and Cllr Colin Slade, Chair of the Devon Pension Board. Members of the Committee were invited to attend.

* **223** **Dates of Future Meetings**

18 June 2021, 17 September 2021, 26 November 2021 and 25 February 2022
all at 10.30 am

* **224** **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.

* 225 **Brunel Update: Business Plan and Reserved Matters Requests**

(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/21/25) on Brunel's Business Plan for 2021/22, proposed changes to the governance review, Brunel Company Board changes, and a special reserved matter request to approve the first phase of changes to the shareholder agreement.

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

RESOLVED

(a) that the Brunel Pension Partnership's Business Plan for 2021/22 be endorsed for approval by the County Treasurer under her delegated powers as the shareholder representative for Devon;

(b) that the progress with the governance review and the special reserved matter request in relation to changes to the shareholder agreement be noted.

* 226 **Brunel Pension Partnership - Transition of Assets**

(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/21/26) on the current position with the transition of assets to the Brunel Pension Partnership, and sought approval for the transition of the fixed income assets.

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

RESOLVED

(a) that the County Treasurer be authorised to terminate the investment in the Wellington Multi-Sector Credit Fund at the appropriate time and liaise with the Brunel Pension Partnership to arrange the transition of assets to the Brunel Multi-Asset Credit Portfolio; and

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(b) that the County Treasurer be authorised to terminate the contract of the Devon Pension Fund's currently appointed global bonds manager at the appropriate time and liaise with the Brunel Pension Partnership to arrange the transition of assets to the Brunel Sterling Corporate Bonds Portfolio.

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

The Meeting started at 10.30 am and finished at 11.55 am