

INVESTMENT AND PENSION FUND COMMITTEE

17 September 2021

Present:-

Councillors J Morrish (Chair), P Bullivant (Vice-Chair), H Gent, G Gribble and M Hartnell

Union/Retired Members

R Franceschini, J Cook (remotely, non-voting)

Unitary Councils/District Councils

Councillors J Pearce, J Mahony and J O'Dwyer

Apologies:-

Councillors Y Atkinson, D Healy and S Teague

Members attending in accordance with Standing Orders 8 and 25

Councillor J Hodgson and C Slade

* **16** **Minutes**

RESOLVED that the Minutes of the Meeting held on 18 June 2021 be signed as a correct record.

* **17** **Items Requiring Urgent Attention**

There was no item raised as a matter of urgency.

* **18** **Devon Pension Board**

The Committee noted the Minutes of the Meeting of the Board held on 13 July 2021.

* **19** **Brunel Oversight Board**

The Committee noted the Minutes of the Meeting of the Board held on 1 July 2021.

* **20** **Pension Fund Annual Report and Accounts 2020/21**

(Councillor J Hodgson attended in accordance with Standing Order 25 (2) and spoke to this item and referred to the lack of emphasis in the Report in relation to climate change and within the risk assessment).

The Committee considered the Report of the County Treasurer (CT/21/76) on the draft Pension Fund Annual Report for 2020/21 which included the Fund Statement of Accounts, which were due to be considered as part of the Devon County Council Statement of Accounts by the Council's Audit Committee on 21 September 2021.

The Annual Report contained the statement of accounts together with other information about the Fund's performance during the year and which were also subject to external audit by Grant Thornton. Their audit findings report for the Pension Fund would be presented at a future meeting.

In response to a member's question the County Treasurer confirmed that full disclosure of the Fund's holdings was available on the Council's website at: [Important documents - Devon Pension Fund](#)

It was **MOVED** by Councillor P Bullivant, and **SECONDED** by Councillor J O'Dwyer and

RESOLVED that the Pension Fund Annual Report and Accounts for 2020/21 be adopted, subject to approval of the Statement of Accounts by the Devon County Council Audit Committee and completion of the external audit.

* **21** **Investment Management Report**

(Councillor J Hodgson attended in accordance with Standing Order 25 (2) and spoke to this item and referred to information in regard to the Fund's holdings and members' views in regard to the disinvestment proposals)

The Committee considered the Report of the County Treasurer (CT/21/77) on the Fund value and asset allocation, performance against the benchmark, funding level, budget forecast 2021/22, cash management, and voting engagement activity. The value of the Fund as at 30 June 2021 stood at £5,314m, an increase of around £280m over the last quarter.

Members' discussion points with Officers included the relative small under-performance against the LGPS Universe and reasons for this relating to the diverse nature of the Funds within the universe and differing strategies and degrees of risks.

The Committee noted the Investment Management Report and compliance with the 2021-22 Treasury Management Strategy.

* **22** **Brunel - Transition of Assets**

The Committee noted the Report of the County Treasurer (CT/21/78) on the current position with the transition of assets to the Brunel Pension Partnership. This included the costs associated with the recent transitions of the Wellington multi-sector credit fund investment to the Brunel multi-asset credit portfolio and the Lazard global bonds mandate to the Brunel Sterling Corporate Bonds Portfolio.

* **23** **Passive Equities and Climate Change**

(Councillor J Hodgson attended in accordance with Standing Order 25 (2) and spoke to this item and referred to the rate of disinvestment in fossil fuels by other major funds and her support for the proposal in this Report).

The Committee considered the Report of the County Treasurer (CT/21/79) on the role that passive investment played within the investment strategy and how that fitted in with the Fund's policies on climate change and a proposed way forward.

Members' discussion points with officers included the rate of change and alignment with climate transition and Paris aligned benchmarks, this new progressive approach, a possible marginal increase in costs; and possible impact on performance.

It was **MOVED** by Councillor H Gent and **SECONDED** by Councillor P Bullivant and

RESOLVED

(a) that a switch from the current investment in UK Passive Equities to the new UK Passive Climate Transition Benchmark (CTB) Fund when it is launched later in the Autumn be approved;

(b) that the transfer of the current Smart Beta Passive allocation to the new World Developed Passive Paris Aligned Benchmark (PAB) Fund when it is launched later in the Autumn be approved.

* **24** **Investment Strategy Review**

The Committee considered the Report of the County Treasurer (CT/21/80) on the Committee's Investment Strategy Statement. A number of changes had been made to the Investment Strategy Statement, in particular policies on stewardship and climate change, and also changes to the strategic asset allocation. However, it had now been three years since the last external major review of the investment strategy carried out by Mercer investment consultants and therefore, it was proposed to commission a further review, which would then feed into the assumptions used in the 2022 Triennial Actuarial Valuation.

Members' discussion points with Officers included that whilst the previous external review was conducted by Mercer, initially appointed after a mini-competition using a framework agreement, there were advantages to reappoint Mercer without going through a competitive process, but this would not necessarily be repeated in the future and would be subject to review.

It was **MOVED** by Councillor P Bullivant, **SECONDED** BY Councillor G Gribble and

RESOLVED

(a) that the commissioning of an external review of the Fund's investment strategy and strategic asset allocation be approved;

(b) that an application for an exemption from tendering to appoint Mercer to carry out the review be approved;

(c) that the specification and strategic objectives as set out at Appendix 1 to this Report be approved.

* 25

Risk Register

The Committee considered the Report of the County Treasurer (CT/21/81) on Identified risks incorporated into the Fund's Risk Register which included comments which had been made at the Pension Board meetings updating the register, details of which were included in the Report with other changes and proposed mitigations.

Members' discussion with Officers included that in risk F17: Climate Change insufficient weight had been given to the risks involved and should be reviewed by Officers.

It was **MOVED** by Councillor G Gribble, **SECONDED** by Councillor H Gent and

RESOLVED that subject to the above the Pension Fund Risk Register and the additional actions proposed to mitigate risk be approved.

* 26

LGPS Update

The Committee noted the Report of the County Treasurer (CT/21/82) on an update on the latest developments affecting the Local Government Pension Scheme (LGPS). These related to the High Court judgement on Exit Credits, the minimum retirement age within the Scheme, the cost cap consultation and a Pension Regulator new Code of Practice.

* **27** **Employer Changes**

The Committee noted new approved admitted bodies and academy conversions and changes as follows:

(a) New admitted bodies

- Churchill Services Ltd took on the cleaning services for Plymstock School 1 June 2021 and is a closed agreement.
- Fresha took on the catering for Education South West 1 April 2021 and is a closed agreement.

(b) New academy conversions and changes.

- Dartington CofE Primary joined Learning Academy Partnership 1 April 2021.
- Eggbuckland Community College and Austin Farm Academy joined West Country Schools Trust 1 July 2021

* **28** **Member Training**

The Committee noted two forthcoming on-line webinars Investor Days organised by the Brunel Pension Partnership at 2pm on Monday 27 September and at 10am on Wednesday 6 October.

* **29** **Dates of Future Meetings**

26 November 2021; and 25 February 2022 (to be followed by the annual consultation meeting).

NOTES:

1. *Minutes should always be read in association with any Reports for a complete record.*
2. *If the meeting has been webcast, it will be available to view on the [webcasting site](#) for up to 12 months from the date of the meeting*

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

The Meeting started at 10.45 am and finished at 11.55 am