

INVESTMENT AND PENSION FUND COMMITTEE

24 November 2023

Present:-

Devon County Council

Councillors J Morrish (Chair), Y Atkinson, H Gent and G Gribble (remote)

Unitary Councils

Councillor M Lowry (remote)

Union and Retired Members

R Franceschini and M Daniell (remote)

Other Employers

Councillor R Bloxham

Apologies:-

L Parker-Delaz-Ajete and councillors P Bullivant (Vice Chair) and M Brook

* **142** **Announcements**

There was no announcement made by the Chair.

* **143** **Minutes**

RESOLVED that the minutes of the meeting held on 15 September 2023 be signed as a correct record, subject to the amendment of Minute *133 to rectify a spelling error in R Franceschini's name.

* **144** **Items Requiring Urgent Attention**

There was no item raised as a matter of urgency.

* **145** **Devon Pension Board**

The Committee noted the minutes of the Devon Pension Board meeting held on 13 October 2023. Minute *134 was commented on, which regarded a Government consultation on the future of the Local Government Pension Scheme investment pools and was discussed at the last meeting of this

Committee. The Government had now issued a response to the consultation. Officers would update further at the next meeting.

* **146** **Brunel Oversight Board**

The Committee noted the minutes of the Brunel Oversight Board meeting held on 7 September 2023.

* **147** **Audit Report on the Pension Fund Statement of Accounts 2022/23**

The Committee considered the Report of the Director of Finance and Public Value (DF/23/107) on the Audit Report of the Pension Fund's Statement of Accounts for 2022/23. At the last meeting of the Committee, the external audit of the Fund had not been completed. It had now been, subject to a small number of remaining items, with a draft Audit Findings Report attached at Appendix 1 to the report. Members were also updated on the progress of the audit of the accounts for 2020/21 and 2021/22, which had been completed and 'consistency' audit opinions issued.

The Committee heard from a representative of Grant Thornton, the external auditor, who outlined the remaining areas required for the audit of the 2022/23 accounts, in particular some further work on IT controls. It was stated that the external auditors hoped to issue a finalised audit opinion on the 2022/23 accounts in January 2024; and that the work that had already been completed on the audit of the 2022/23 accounts demonstrated that the Fund had effective arrangements in place to produce complete, accurate and timely accounts.

Members noted the report.

* **148** **Investment Management Report**

The Committee considered the Report of the Director of Finance and Public Value (DF/23/108). The Report outlined the Fund value and asset allocation, Fund performance, funding level, 2023/24 budget forecast, cash management and voting and engagement activity.

Member attention was drawn to the addition of £50 million to the Sterling Corporate Bonds portfolio as agreed by the Committee at its last meeting.

As at 30 September 2023, the Fund value stood at £5,363.4 million which represented an increase of around £50 million over the financial year to date, albeit with little increase since the end of June. For the financial year to date up to 30 September 2023, the Fund's return was +1.3% compared to the strategic benchmark of +2.7%, namely an underperformance. It was explained that the Sustainable Equities and Infrastructure portfolios had struggled in the quarter as banks and oil companies had led the market, with Infrastructure impacted by rising interest rates and gilt yields.

Members discussion points included the diversification of the Fund; and employee contribution bands into the Fund, namely that these are set nationally and out of direct control of the Fund.

Members noted the report.

* **149** **Future Cashflow Forecast**

The Committee considered the Report of the Director of Finance and Public Value (DF/23/109) which outlined three scenarios of future cashflows into the Fund, based on a model provided by the Fund Actuary, to project across a 25-year period. The three scenarios reflected different degrees of deterioration of the Fund's cashflow position. It was explained to members that there were other scenarios, but that in the case of, for instance, increased fund membership, then these other (positive) scenarios would not detriment the Fund's cashflow and were therefore not of concern.

Members heard, based on current projections of the Fund's cashflow, that in the most severe of the scenarios outlined, the Fund would still be able to meet its obligations to pay pensions for the next six or seven years without needing to sell Fund assets, and that there was therefore no immediate call to refocus the current investment strategy to generate additional income. The next external review of the Fund's investment strategy was planned for late 2024 or early 2025, which was explained to be a suitable time to factor in future cashflow forecasts into any recommended changes to the strategy.

Members noted the report.

* **150** **Employer Changes**

The Committee noted:

(a) New admitted bodies –The following application for admitted body status had been approved since the last meeting of the Committee:

- 1 June 2023 - Plymouth City Council tuped staff to PEC Management Services Ltd which they had previously seconded to them.
- 1 July 2023 - Delt Shared Services won the contract to provide IT, Finance, HR and Estates management including catering, cleaning, maintenance etc for Mount Tamar School, an academy within the Transforming Futures Trust.

(b) Employer Cessations - None

(c) New academy conversions and changes.

- 1 June 2023 - Avanti Hall part of Reach South changed to Thomas Hall.
- 1 July 2023 - Honiton Community College joined Ted Wragg Trust.
- 1 August 2023 - Honiton MAT moved to Learning Academies Trust

- 1 August 2023 - Sparkwell All Saints Primary School moved to Link Academy Trust

* **151** **Dates of Future Meetings**

Members noted the dates of future meetings of the Committee as:

1 March 2024 10.30am
1 March 2024 2.15pm - Staff/Retiree Consultation
14 June 2024 10.30am
13 September 2024 10.30am
29 November 2024 10.30am

* **152** **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 (including the authority holding that information).

* **153** **Local Impact Investment**

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

Members considered the Report of the Director of Finance and Public Value (DF/23/110) on progress made committing the approved 3% allocation to local impact investments, which was agreed previously by this Committee in June 2023; and provided an update on the due diligence done in relation to three proposed investments, with final decisions delegated to officers, also as agreed at the June meeting (Minute *126 refers).

Members noted the report.

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 10.31 am and finished at 11.30 am