

## INVESTMENT AND PENSION FUND COMMITTEE

13 September 2024

Present:-

Devon County Council

Councillors J Morrish (Chair), J Trail BEM (Vice-Chair), Y Atkinson and H Gent; and M Hartnell (remote)

Unitary Councils

Councillor M Lowry (remote)

Union and Retired Members

R Franceschini, L Parker-Delaz-Ajete (remote) and M Daniell (remote)

Apologies:-

Councillors R Bloxham, G Gribble and M Brook

\* **14**      **Chair's Announcements**

The Chair announced that, following from concerns raised at the recent Full Council meeting around some of the investments made by the Pension Fund, he had agreed to meet concerned residents to discuss these issues in advance of them being considered by this Committee at a later date.

\* **15**      **Declarations of Interest**

Members were reminded that they should declare any interests they may have in any item to be considered, prior to any discussion taking place on that item.

The list of Membership of other Authorities can be found here: [County councillors who are also district, borough, city, parish or town councillors](#)

\* **16**      **Minutes**

**RESOLVED** that the minutes of the meetings held on 1 March 2024 and 14 June 2024 (inquorate) be signed as a correct record.

**17 Items Requiring Urgent Attention**

Pension Investments Call For Evidence

Members heard that the Government had published a “call for evidence” on pension investments, including the Local Government Pension Scheme, with a deadline for responses of 25<sup>th</sup> September.

The Committee questioned the purpose of the consultation, with officers advising that Central Government aimed to ensure that pension funds invested more in the UK to support their growth agenda. As such, Government wished to ensure that the Fund was in a position to do so. The call for evidence was also concerned with future pooling arrangements of pension funds.

Officers had begun to draft a response which would be circulated to the Committee members in due course for comment.

Details of the call for evidence were available at: [Pensions Investment Review: Call for Evidence - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/pensions-investment-review-call-for-evidence).

\* **18 Devon Pension Board**

The Committee noted the minutes of the Devon Pension Board meeting held on 15 July 2024, commenting however that the Board’s recommendation that the annual consultative meeting be held in ‘September 2024’ should read ‘September 2025’. Members were advised that this would be amended for accuracy.

\* **19 Brunel Oversight Board**

The Committee noted the minutes of the Brunel Oversight Board meeting held on 6 June 2024, but commented that the heavy use of acronyms made it difficult for members to follow the proceedings when reviewing the minutes.

\* **20 Pension Fund Annual Report and Accounts 2023/24**

The Committee considered the Report of the Director of Finance and Public Value (DFP/24/91) and the supplementary Pension Fund Annual Report & Accounts 2023/24. The Annual Report & Accounts were put together in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) with some changes having been made from the previous year’s guidance, including requirements to include information on UK-based investments and to disclose investments made that supported the previous Government’s levelling-up agenda.

Particular highlights and comments made by officers included:

- An 11.3% investment return which was above the average seen across local government pension schemes;
- The Fund's carbon intensity had reduced by 35% over the year to December 2023, which represented a fall of 65% from the March 2019 baseline;
- Peninsula Pensions completed 95% of high priority tasks and 91% of all tasks within the target time frame set by the disclosure regulations. Both figures represented an overperformance against the 90% target; and
- The contents page of the version of Annual Report & Accounts presented to the committee would be completed once the document was in its final form.

Discussion centred around the climate impact of the Fund's investments, in particular the difficulties around the disclosure of climate impact information as pertaining to some private market investments.

It was **MOVED** by Councillor Gent, **SECONDED** by Councillor Trail and

**RESOLVED** that

(a) the Pension Fund Annual Report and Accounts for 2023/24, subject to the approval of the Statement of Accounts by the Devon County Council Audit Committee and completion of the external audit, be approved and adopted; and that

(b) the submission of the unaudited Pension Fund Annual Report and Accounts to the Financial Reporting Council for assessment against the requirements of the UK Stewardship Code be approved.

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

The Committee considered the Report of the Director of Finance and Public Value (DFP/24/92). The Report outlined the Fund value and asset allocation, Fund performance, funding level, 2024/25 budget forecast, cash management and voting and engagement activity.

Key aspects of the report included:

- The Fund value as at 30 June 2024 stood at £5,984.6 million, an increase of £70 million over the last quarter. Officers were hopeful that the Fund value would exceed £6,000 million by the end of the current quarter.

- Significant volatility in global equity markets seen since June 2024 and the officer proposal “that £60 million is redeemed from the Passive Equity allocation, and held as cash pending further private market drawdowns.”
- On fund performance, it was explained that the main contributor to the Fund’s underperformance was that it was underweight to most of the ‘Magnificent Seven’ tech firms which drove the market, but that there were signs that the market domination of these firms may cease in the future.
- The updated funding position as at the 31st of March 2024 provided in the report showed that the Fund was slightly below its position as of the 2022 triennial valuation, but that this had improved over the preceding quarter. Officers drew attention to the significant inflationary increases to pension payments over the last two years, which had increased the Fund’s liabilities.
- On voting and engagement, officers noted that there was growing support from shareholders for resolutions on climate change.

Member discussion points between officers and members included:

- The likelihood of achieving a Fund value of over £6,000 million by the following quarter, with officers expressing that subject to market movements over the remainder of September it looked likely;
- Voting and engagement on climate change, with member concern raised that resolutions regarding climate-positive / sustainable investment were not passing at company general meetings. Officers accepted the concern but noted that, although these resolutions were failing, they were doing so by smaller margins.

The Committee noted compliance with the 2024-25 Treasury Management Strategy.

It was **MOVED** by R Franceschini, **SECONDED** by Councillor Gent and

**RESOLVED** that the redemption of £60 million from the overweight allocation to Passive Equities, to be held as cash pending further private market calls, be approved.

\* **22**      **Pension Fund Risk Register**

The Committee considered the Report of the Director of Finance and Public Value (DFP/24/93) which provided an update on the Pension Fund risk register.

Officers explained that it had remained fairly static since the Committee last reviewed it with the exception of some minor revisions, as outlined in the report. Officer attention to Government consultation regarding the future pooling arrangements of Local Government Pension Schemes was also noted, with possible scope to include this in the risk register in future.

Member discussion centred around risks regarding staff turnover and succession planning.

It was **MOVED** by Councillor Atkinson, **SECONDED** by Councillor Trail and

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

\* **23**      **Training Review 2023/24 and Training Plan 2024/25**

The Committee considered the Report of the Director of Finance and Public Value (DFP/24/94), which reviewed training received by members of the Investment and Pension Fund Committee and the Devon Pension Board in 2023/24 and proposed training plan for 2024/25, seeking approval for the latter. This Report was brought forward from the previous meeting of this Committee which was inquorate.

There were comments from some members on the quality of some training that was received, some by external providers. Members expressed that a balance was important to ensure that the complex concepts involved in the subject area were taught to members in a palatable manner, noting that members of the Committee and the Pension Board were lay people, whilst also ensuring that members of both the above-named bodies were adequately prepared to undertake their roles.

It was **MOVED** by R Franceschini, **SECONDED** by Councillor Atkinson and

**RESOLVED** that the Training Plan for 2024/25 be approved and adopted.

\* **24**      **Annual Consultative Meeting 2025**

The Committee considered the Report of the Director of Finance and Public Value (DFP/24/95) which outlined the rationale for changing the date for the Annual Consultative Meeting, which was held yearly for Fund members, to coincide with the September meeting of the Investment and Pension Fund meeting, rather than the February / March meeting.

It was explained that due to the timing of financial and climate reporting data, some of the information provided at the consultative meeting – when held in February / March – was up to fourteen months old, and that moving the consultative meeting to September of each year would allow more up to date information to be given.

It was **MOVED** by R Franceschini, **SECONDED** by Councillor Gent and

**RESOLVED** that the change of date for the Annual Consultative Meeting to the September of each year, including changing the date for the 2025 Annual Consultative Meeting from 28<sup>th</sup> February to coincide with the September meeting of the Investment and Pension Fund Committee, be approved.

\* **25**      **Peninsula Pensions Administration Update and Performance Statistics**

The Committee considered the Report of the Director of Finance and Public Value (DFP/24/96) on the performance of Peninsula Pensions. The report explained that Devon Pension Board received regular updates on the performance of Peninsula Pensions, as the administrators of the Fund's pension benefits, with reports now also to go to this Committee following agreement of Peninsula Pension's revised Administration Strategy.

Appendices 1 and 2 to the report provided a breakdown of administration performance relating to the Devon Pension Fund only, for the quarter ending 30 June 2024 (Appendix 1) and longer-term (Appendix 2). Appendix 3 showed the amount of work received over a 12 month period compared to previously and indicated an increase in demand.

Member discussion points included:

- The predicted cost of the McCloud remedy, with officers explaining that it was likely to cost the Fund less than initially anticipated; and
- Ensuring ease of form-filling, such as providing support to older people, and through the introduction of online forms, for instance for notification of death. Officers explained that the Fund was gradually introducing online versions of forms.

\* **26**      **Employer Changes**

The Committee noted the following Employer Changes:

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

- 1 April 2024 – Ted Wragg Trust outsourced cleaning services to Fusion School Services Ltd.
- 1 April 2024 - Bishopsteignton Primary School (LA School) outsourced their catering to Clever Chefs Ltd.

(b) New resolution bodies - The following parish councils became employers in the Fund:

- 1st October 2023 Wembury Parish Council became an employer in the Devon Pension Fund.

- 25th April 2024 Georgeham Parish Council became an employer in the Devon Pension Fund.

(c) Employer Cessations - The following employer has left the scheme

- 28th July 2023 Millfields Trust ceased as an employer within the Devon Pension Fund.
- 31st March 2024 3 Rivers Limited ceased as an employer within the Devon Pension Fund.
- 31st March 2024 Torbay Development Agency typed all current staff back to Torbay Council.

(d) New academy conversions and changes.

- 1 April 2024 Shirwell Community Primary School and Georgeham C of E Primary School joined Ventrus Multi Academy Trust.
- June 2024 Bovey Tracey Primary School joined the Learning Academy Partnership.
- 1 July 2024 Milton Abbot Primary School joined Dartmoor Multi Academy Trust.

\* **27**      **Matters for Information, previously circulated**

The last meeting of the Investment and Pension Fund Committee scheduled for 14 June 2024 was inquorate. Members therefore received a number of reports for information which were brought forward to this meeting of the Committee, to ensure that Members had the opportunity to comment on these.

There were no comments made on any of the previously circulated matters for information.

\* **28**      **Dates of Future Meetings**

Members noted the dates of the future meetings of the Investment and Pension Fund Committee, including the pending changes. It was advised that the pending decision to move the February 2025 meeting of the Committee to 3 March 2025 was subject to approval by the Council's Procedures Committee.

\* **29**      **Exclusion of the Press and Public**

**RESOLVED** that the press and public be excluded from the meeting for the following items 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).

\* **30**        **Aviva Ground Rents Fund**

The Committee considered the Report of the Director of Finance and Public Value (DFP/24/97) regarding the Fund's investment in the Aviva Ground Rents Fund.

It was **MOVED** by Councillor Gent, **SECONDED** by Councillor Atkinson and

**RESOLVED** that the recommendations in relation to the Aviva Grounds Rents Fund, as laid out at (a), (b) and (c) of the Part II Report be confirmed and approved.

\* **31**        **Brunel Reserved Matters**

The Committee considered the Report of the Director of Finance and Public Value (DFP/24/98) regarding a Brunel Special Reserved Matter, which was explained to be a policy issue set out in the Shareholders Agreement which required shareholder consent. The Director of the Finance and Public Value had delegated power to sign these off. As such the Committee noted approval of the request and next steps as laid out in the Part II 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 10.30 am and finished at 11.46 am