

INVESTMENT AND PENSION FUND COMMITTEE

17 November 2017

Present:-

Devon County Council

Councillors R Gilbert (Chairman), Y Atkinson, C Channon, A Connett, R Edgell, and R Hosking

Unitary and District Councils

Councillors L Parker-Delaz-Ajete (Plymouth City Council), J O'Dwyer (Torbay Council), and M Hicks (Devon LGA Vice Councillor Edwards)

Other Employers

D Healy

Unison and Retired Members: Non-Voting Observers

R Franceschini, C Lomax and J Rimron

Apologies:-

Councillors P Edwards and M Lowry

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Minutes

RESOLVED that the Minutes of the meeting held on 15 September 2017 be signed as a correct record.

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Matter of Urgency: Lobbying by Members of the Public

(An item taken under Section 100B (4) of the Local Government Act 1972)

The Chair had decided that, at the request of Councillor Edgell, the Committee should consider this item as a matter of urgency due to recent lobbying to members of the Committee in regard to 'ethical' investment policy. Members reported that they had responded to the correspondence in line with policy advice provided by County Treasurer.

It was **MOVED** by Councillor Connett, **SECONDED** by Councillor Edgell and

RESOLVED that this matter be included on the agenda for the annual consultation meeting with fund members and beneficiaries in February 2018 and a report on current Policy be considered at a future meeting of this Committee.

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Devon Pension Board

The Committee received the Minutes of the Board meeting held on 16 October 2017 noting, in particular the comments of the Devon Pension Board at Minute 56 (Pension Fund Risk Register). The County Treasurer confirmed that the Administering Authority was obliged to produce a breaches register and that it was reviewing and re-drafting current procedures.

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Governance Policy and Compliance Statement

The Committee considered the Report of the County Treasurer (CT/17/93) on the Governance Policy and Compliance Statement which explained the governance arrangements for the Fund. The Statement had been last revised in February 2015, to reflect the creation of the Devon Pension Board. However no reference had been included within the

Compliance Statement to the Pension Board, as Department for Communities and Local Government had not updated their guidance stating what should be included since the requirement for Pension Boards. This remained the case, but it was considered that the Compliance Statement should be amended to include the Pension Board.

The Devon Pension Board had also considered and endorsed the revised draft at its meeting on 16th October 2017 but had questioned non-compliance with B (a) (iii), which had now been addressed (with an independent professional observer attending each meeting).

The Board had also raised the frequency of meetings at its meeting on 16 October (Minute 57). The Members agreed with the Board's suggestion that the wording in the Statement should be amended to reflect that the Board would meet 'at least' twice a year, subject to any significant issues arising when an additional meeting could be convened as appropriate.

In regard to B(ii) of the Statement - 'partially compliant' – the County Treasurer undertook to give further consideration, with reference to guidance, to both representation and voting rights.

Members also requested regular updates on the progress of the Brunel Partnership and how changes would be reflected in the Statement over the next two years, for example, whilst the changes were embedded.

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

RESOLVED that the revised Governance Policy and Compliance Statement be approved, subject to the change outlined above relating to the frequency of the Devon Pension Board meetings.

* **28** **Investment Management Report**

The Committee noted the Report of the County Treasurer (CT/17/94) on the Fund value and the asset allocation compared to the target as at 30 September 2017, Fund performance, and compliance with the 2017/18 Treasury Management Strategy. The Fund value as at 30 September 2017 stood at £4,080.5m, an increase of £90m over the quarter and £150m since 31 March 2017.

* **29** **Actuarial Services Contract Review**

The Committee considered the Report of the County Treasurer (CT/17/95) on the evaluation process for the award of a new contract for the provision of actuarial services to the Devon Pension Fund for a 6 year period, as the current contract was due to expire in February 2018.

The County Treasurer reported that more time was required for evaluation as further clarification from the tenderers was needed in relation to pricing, to ensure the process was fair and equitable.

It was **MOVED** by Councillor Gilbert, **SECONDED** by Councillor Edgell and

RESOLVED that, following the current tender evaluation process, the County Treasurer be given delegated authority, in consultation with the Chair of the Committee, to award a contract for actuarial services from February 2018 for a 6 year period, and the outcome be reported to the next meeting of this Committee.

* **30** **Applications for Admitted Body Status**

The Committee noted that the following application for admitted body status had been approved under delegated powers: LEX Leisure, there were 4 staff currently in the LGPS with Torbay Council to run the Velopark.

* **31** **Dates of Meetings**

Friday, 23 February 2018, 15 June, 14 September, 16 November, 22 February and 31 May 2019

The County Council's Calendar available at:

<http://democracy.devon.gov.uk/mgCalendarMonthView.aspx?GL=1&bcr=1>

* **32** **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 they involve 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.

* **33** **Brunel Pension Partnership - Progress**

(An item taken under Section 100A(4) of the Local Government Act 1972 during which the press and public were excluded, no representations having been received to such consideration under Regulation 5(5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012).

(Mr S Tyson declared a disclosable pecuniary interest in this item by virtue of being a Non-Executive Director of the Brunel Partnership and withdrew from the meeting during its consideration).

The Committee considered the Report of the County Treasurer (CT/17/96) on the proposed arrangements for the transition of custody of the Devon Pension Fund's assets from Northern Trust to State Street; the process for agreement of the 2018/19 Business Plan, and agreement of reserved matters. In response to Members' questions, the County Treasurer further reported on the details of reserved matters relating to the Brunel company remuneration policy. Requests to amend reserved matters were subject to unanimous agreement by all Brunel's shareholders.

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

RESOLVED that the proposal, in the Remuneration Policy (Rewards Benefit) relating to 5% of Salary as part of the overall employment reward package, be not supported.

* **34** **Employer Covenant Risk and Review of Indemnity Bonds**

(An item taken under Section 100A(4) of the Local Government Act 1972 during which the press and public were excluded, no representations having been received to such consideration under Regulation 5(5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012).

(Councillors Connett and O' Dwyer each declared a personal interest in this item by virtue of being a Member of Teignbridge District Council and Board Member of Teign Housing Association respectively).

The Committee considered the Report of the County Treasurer (CT/17/97) on a summary and review by the Actuary of both employer risk assessment and the indemnity bond levels for admitted bodies, and actions proposed.

It was **MOVED** by Councillor Gilbert, **SECONDED** by Councillor Channon, and

RESOLVED

- (a) that the results of the employer risk assessment be noted;
- (b) that the action taken to notify letting authorities of the revised recommended bond levels and the employer risk assessment risk scores be noted; and
- (c) that the required indemnity bonds for the four housing companies be amended to the 2017 total assessed risk, as recommended by the Fund Actuary.

[N.B. In accordance with Standing Order 32(4) Councillor O'Dwyer asked that his abstention from voting be recorded]

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Investment Management - Review of Trigger Points

(An item taken under Section 100A(4) of the Local Government Act 1972 during which the press and public were excluded, no representations having been received to such consideration under Regulation 5(5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012).

The Committee considered the Report of the County Treasurer (CT/17/98) on the proposed re-allocation of equities in accordance with the Investment Management Strategy.

It was **MOVED** by Councillor Edgell, **SECONDED** by Councillor Channon, and

RESOLVED that County Treasurer in consultation with the Chair of the Committee be authorised to move funds invested in UK passive equities to overseas passive equities (North America and Japan) on a phased basis, in accordance with the strategy set out in the report.

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