

## INVESTMENT AND PENSION FUND COMMITTEE

15 June 2018

Present:-

Devon County Council

Councillors R Bloxham (Chair), Y Atkinson, C Channon, A Connett and R Hosking

Unitary and District Councils

Councillors L Parker-Delaz-Ajete (Plymouth City Council) and J O'Dwyer (Torbay Council)

Unison and Retired Members: Non Voting Observers

R Franceschini and C Lomax

Apologies:-

Councillor R Edgell, D Healy and J Rimron

\* **51** **Minutes**

**RESOLVED** that the Minutes of the meeting held on 23 February 2018 be signed as a correct record.

\* **52** **Items Requiring Urgent Attention**

There was no item raised as a matter of urgency.

\* **53** **Brunel Oversight Board**

The Committee received the Minutes of the Brunel Oversight Board meeting held on 22 March 2018.

\* **54** **Internal Audit Report for 2017/18 and Internal Audit Plan for 2018/19**

The Committee considered the Report of the County Treasurer (CT/18/49) on the Head of Devon Audit Partnership's assurance on the system of internal control of the Fund as set out in Appendix 1 of the Report. Overall, and based on work performed during 2017/18, the Internal Audit's Opinion was of 'Significant Assurance' on the adequacy and effectiveness of the Fund's internal control environment. The Report also outlined the proposed Internal Plan for 2018/19 and the Service Level Agreement.

Members discussed with the Head of the Devon Audit Partnership links and associated risks in relation to the IT systems used by the Pension Fund and the systems within the County Council, including Peninsula Pensions. The County Treasurer indicated that she would also report to this Committee any issues identified in this area or regarding any external Employer Member of the Fund.

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

**RESOLVED**

- (a) that Annual Internal Report for 2017/18 be accepted;
- (b) that the Internal Audit Plan for 2018/19 be approved;

(c) that the Assistant County Treasurer (Investments) be authorised to execute the Service Level Agreement relating to the Internal Audit Plan; and

(d) that in the Annual Internal Report for 2018/19 and future reports a statement be included in relation to an opinion and assurance in respect of the IT systems linked to the Pension Fund within the County Council.

\* **55**      **Training Review 2017/18 and Plan 2018/19**

The Committee considered the Report of the County Treasurer (CT/18/50) on a review of the training provided to both Members of the Investment and Pension Fund Committee and the Devon Pension Board during 2017/18, and proposed a Training Plan for 2018/19 to ensure that Members had the knowledge and skills in accordance with the CIPFA code and the Pensions Act 2014. A draft of the Training Plan had been presented to the Devon Pension Board on 23 April 2018, and the Board's comments were set out within this Report.

Members discussed different aspects of accreditation and the need for a good knowledge base in accordance with the requirements and noted the current training included the self-assessment modules provided by the Pensions Regulator Toolkit, the programme of training days detailed in the Plan, as well as the support and advice from the Council's Member Development Officer, other Officers and the external Advisor.

It was **MOVED** by Councillor Bloxham, **SECONDED** by Councillor Parker Deaz-Ajete and

**RESOLVED**

(a) that the 2018/19 Training Plan be adopted; and

(b) that the Chair discuss further with Officers clarification of the training objectives, any further training needs and accreditation process, over and above that already provided for within the Training Plan.

\* **56**      **Investment Management Report**

The Committee considered the Report of the County Treasurer (CT/18/51) on the Fund value and asset allocation, performance against the benchmark, budget forecast monitoring and cash management, and engagement activity.

The Fund value at 31 March 2018 stood at £4,086.4 million, a decrease of around £130 million over the quarter, but an increase of £160 million since 31 March 2017.

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

**RESOLVED**

(a) that the Investment Management Report be noted;

(b) that compliance with the 2017/18 Treasury Management Strategy be noted; and

(c) that State Street Money Market Fund be added to the Treasury Management approved counterparty list for the Pension Fund.

\* **57**      **Currency Hedging on Passive Equity Allocaton**

The Committee considered the Report of the County Treasurer (CT/18/52) on the appointment of Managers by the Brunel Pension Partnership, and progress of the transition of allocations to Brunel and the currency exposure and hedging strategy.

The extent of currency hedging in place had been a key strategic investment decision by the Committee and the Report set out a proposed strategy for adjusting the level of currency hedging in place as the value of Sterling fluctuated.

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

**RESOLVED**

(a) that the currency hedging strategy for the Developed World Passive Equity Portfolio be approved;

(b) that the implementation of the strategy be delegated to the County Treasurer in consultation with the Chair of the Committee; and

(c) that the hedge on the European Fud assets within the specialist funds portfolio be reduced to 50% at the earliest opportunity.

\* **58**      **Forfeiture and Recovery of Overpayments**

The Committee received and noted the Report of the County Treasurer (CT/18/55) on LGPS regulations and provisions for the scheme employer to reclaim overpaid benefits or re coup losses due to fraud, criminal offence or misconduct.

\* **59**      **Applications for Admitted Body Status**

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

(a) Devon County Council (Sidmouth College) had appointed Caterlink for the provision of catering catering and cleaning services, and 21 members of staff transferred on 1st April 2018;

(b) Devon County Council (King Edward VI school) had entered into a contract with Aspens for catering and cleaning services, and 21 members of staff transferred on 1st April 2018;

(c) Devon County Council had appointed Action for Children to run the West Exe Children's Centre, and 8 members of staff transferred on 1st April 2018; and

(d) South Dartmoor Multi Academy Trust had entered into a contract with Compass for the provision of catering services, and 21 members of staff transferred on 4th June 2018.

\* **60**      **Dates of Future Meetings**

14 September 2018, 16 November 2018, 22 February 2019, and 31 May 2019, (all at 10:30am)

The County Council's Calendar was available at:

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

\* **61**      **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, namely 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.

\* **62**      **Transition of Assets to the Brunel Pension Partnership**

(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/18/53) on an update on Brunel's appointment of a passive manager and the current proposed transition timetable.

It was **MOVED** by Councillor Bloxham, **SECONDED** by Councillor O'Dwyer and

**RESOLVED**

(a) that the progress on the transition of assets to the Brunel Pension Partnership Ltd, and the future transition timetable be noted; and

(b) that the situation regarding the sale of Aviva's multi-manager business to LaSalle Investment Management be noted.

\* **63**      **Role of the Independent Advisor**

(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 his role as the Independent Advisor to the Committee and withdrew from the meeting during its consideration)

The Committee considered the Report of the County Treasurer (CT/18/54) on the current contract for independent advice to this Committee which would come to an end in September 2018 and the proposed way forward, considering the timetable for the transition of the Fund's assets to the Brunel Pension Partnership Ltd.

It was **MOVED** by Councillor Parker Deaz-Ajete, **SECONDED** by Councillor Bloxham and

**RESOLVED**

(a) that an exemption from tendering be sought to extend the current contract with M J Hudson Allenbridge for provision of the services of Steve Tyson as the Devon Fund's Independent Investment Advisor for up to two years from 1 October 2018; and

(b) that a revised specification be drawn up with a view to undertaking a competitive procurement process for the role of Independent Investment Advisor once the majority of assets have transitioned to Brunel.

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