

INVESTMENT AND PENSION FUND COMMITTEE

27 November 2020

Present:-

Devon County Council

Councillors R Hosking (in the Chair), Y Atkinson, R Edgell and A Saywell

Unitary and District Councils

Councillors J Pearce, L Parker-Delaz-Ajete and J O'Dwyer

Other Employers

D Healy

Unison and Retired Members:

R Franceschini (v), and J Cook

Apologies:-

Councillor R Bloxham, Councillor A Connett and S Teague

* 200

Minutes

RESOLVED that the Minutes of the Meeting held on 18 September 2020 be signed as a correct record.

* 201

Items Requiring Urgent Attention

There was no item raised as a matter of urgency.

* 202

Devon Pension Board

The Committee noted the Minutes of the Meeting of the Board held on 19 October 2020.

* 203

Brunel Oversight Board

The Committee noted the Minutes of the Meeting of the Board held on 3 September 2020.

* 204

Devon Pension Fund Annual Report and Accounts 2019/20

The Committee considered the Report of the County Treasurer (CT/20/97) on the draft Pension Fund Annual Report, including the Statement of Accounts (both of which were attached to the Report CT/2097).

The Pension Fund Accounts had been considered and approved, along with the County Council accounts by the County Council's Audit Committee on 26 November 2020. The Investment and Pension Fund Committee's role was to consider the full Annual Report which contained the statement of accounts together with other information about the Fund's performance during the year.

The Statement of Accounts had been audited by Grant Thornton, the Council's external auditors and a copy of the draft Audit Findings report for the Devon Pension Fund was attached at Appendix 1. This included an evaluation of the Pension Fund's internal controls environment, including its IT systems and controls and substantive testing on significant transactions and material account balances, including the procedures outlined in the Report in relation to the key audit risks.

There were no significant issues with regards to the Devon Pension Fund audit (with the exception of the private matter to be discussed in Part II of the meeting (Minute ...refers). They anticipated that the Devon Pension Fund audit work would be completed by the end of the month with an unqualified audit opinion issued on the financial statements of the Devon Pension Fund, dependent on delays to when they could complete their audit of work on Devon County Council's financial statements .

A representative of Grant Thornton attended and with the County Treasurer answered Members' questions in relation to material uncertainty and the property investments, active and passive management, and the implications and uncertainties surrounding the McCloud judgement.

It was **MOVED** by Councillor R Edgell, and **SECONDED** by Councillor A Saywell and

RESOLVED that the Pension Fund Annual Report and Accounts for 2019/20 be adopted.

* **205** **Investment Management Report**

The Committee considered the Report of the County Treasurer (CT/20/98) on the Fund value and asset allocation, performance against the benchmark, funding level, budget forecast 2020/21, cash management; and engagement activity.

The value of the Fund as at 30 September 2020 stood at £4,591.8m, an increase of around £80m over the last quarter.

The County Treasurer answered Members' questions relating to the McCloud judgment, actuarial assumptions and the discount rate and economic modelling, and fees and costs.

It was **MOVED** by Councillor R Edgell, **SECONDED** by Councillor Parker-Delaz-Ajete, and

RESOLVED

(a) that the Investment Management Report be noted;

(b) that reallocation of £45 million from the Brunel Global High Alpha Equities portfolio to Brunel Global Smaller Companies portfolio be approved; and

(c) that compliance with the 2020-21 Treasury Management Strategy be noted.

* **206** **Future Cashflow Forecast**

The Committee noted and received the Report of the County Treasurer (CT/20/99) on forecasted future cashflows (following the Triennial Actuarial Valuation) as part of the Committee's role to manage cash flow to ensure the Fund always had sufficient available to meet its obligation to pay pensions.

* **207** **Employer Changes**

The Committee noted the following new academy conversions and changes:

- Roundswell Community Primary School (New Free School) joined Tarka Learning Partnership 1 September 2020;
- Glendinning Academy (New special school) joined WAVE Multi Academy Trust 1 September 2020; and
- Brixham C of E Primary School joined Academy of Chartered Excellence 1st September 2020.

* **208** **Dates of Future Meetings**

26 February 2021 (and fund member consultation), 18 June 2021, 17 September 2021, 26 November 2021, and 25 February 2022 (and fund member consultation).

* **209** **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.

* **210** **Employer Risk Assessment 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).

(Councillor J O'Dwyer declared a personal interest in this item in so far as it related to Teign Housing by virtue of being a Director of the company)

The Committee considered the Report of the County Treasurer (CT/20/100) on the results of the review of indemnity bond levels, and the actions proposed. The Report also considered the employer covenant review that the Fund Actuary had undertaken at the time of the 2019 Actuarial Valuation.

It was **MOVED** by Councillor R Hosking, **SECONDED** by Councillor A Saywell and

RESOLVED

(a) that the proposed action to notify letting authorities of the revised recommended bond levels and the employer risk assessment risk scores be approved;

(b) that the amendment of the required indemnity bonds for the four housing companies as set out in the Report be approved.

* **211** **Brunel: Transition of Assets and Reserved Matters Requests**

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

The Committee considered the Report of the County Treasurer (CT/20/101) on an update on the current position with the transition of assets to the Brunel Pension Partnership. The report also updated the Committee on the reserved matters request approved since the last meeting of the Committee.

It was **MOVED** by Councillor R Edgell, **SECONDED** by Councillor L Parker-Delaz-Ajete and

RESOLVED

(a) that the transition costs incurred in the recent transitions to the Brunel Partnership be noted; and

(b) that the appointment of Brunel's new Chief Investment Officer be noted.

* 212 **External Audit**

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

(Councillor Parker-Delaz-Ajete declared a personal interest by virtue of being a Plymouth City Councillor).

The Committee noted the Report of the County Treasurer attaching a report from Grant Thornton (External Auditor) on an update in relation to a deficit contribution made by Plymouth City Council to Devon Pension Fund during the 2019-20 financial year.

Grant Thornton reported the outcome of independent legal advice which confirmed the lawful receipt of this contribution by the Pension Fund.

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

The Meeting started at 10.30 am and finished at 12.15 pm

