

PENSION FUND ANNUAL REPORT AND ACCOUNTS 2023-24

Report of the Director of Finance and Public Value

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

1) Recommendation

That the Committee be asked to:

- (a) Approve and adopt the Pension Fund Annual Report and Accounts for 2023/24, subject to approval of the Statement of Accounts by the Devon County Council Audit Committee and completion of the external audit.
- (b) To approve 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.

2) Introduction

- 2.1 The Pension Fund Annual Report, including the Statement of Accounts, is brought to the Committee each year for approval. The draft report for 2023/24 is enclosed.
- 2.2 The Pension Fund Accounts are required to be included within the Devon County Council Statement of Accounts, which are due to be considered by the Council's Audit Committee on 30th September. However, publication of the audited accounts will depend on the Council's external auditors being able to complete the audit.
- 2.3 The Investment and Pension Fund Committee's role is to approve the full Annual Report which contains the statement of accounts together with other information about the Fund's performance during the year. This will be subject to the approval of the Accounts by the Audit Committee and completion of the external audit. It will not be possible to formally publish the Annual Report until the audit has been completed.
- 2.4 The audit findings report for the Pension Fund will be presented at a future meeting.

3) Annual Report and Statement of Accounts 2023/24

- 3.1 The Annual Report has been compiled in compliance with revised guidance issued by CIPFA (the Chartered Institute of Public Finance and Accountancy) in April 2024. The general principles in compiling the Pension Fund accounts are those recommended by CIPFA. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.
- 3.2 In response to the revised guidance, a new section has been added to the Annual Report on UK Investment and Local Impact. This includes a table that sets out the value of UK investments under the headings stipulated in the guidance. It should be noted that the guidance includes reference to “levelling up”. While this term has been dropped by the new Government, it remains in the Annual Report guidance. We expect there to be a continued focus by the Government on supporting UK growth through Pension Fund investments.
- 3.3 The section on investment pooling has an additional table that sets out the assets managed by Brunel and the assets managed outside of the pooling arrangements, in addition to the usual table setting out the costs and savings resulting from pooling.
- 3.4 In addition the Annual Report includes the following:
- A forward from the Chair of the Investment and Pension Fund Committee.
 - An introduction from the Director of Finance and Public Value outlining the major issues during the year.
 - Details of the training that members have received as required by the CIPFA Code of Practice on Knowledge and Skills.
 - Details of attendance at both the Investment and Pension Fund Committee and the Pension Board.
 - A market update from the Fund’s Independent Advisor.
 - An annual report detailing the work of the Pension Board.
 - A cost transparency section highlighting the underlying investment costs over and above those included in the statement of accounts.
 - The Fund’s key risks from the Risk Register and the mitigating controls.
 - Details of the voting and engagement activity undertaken during the year in relation to the Fund’s responsible investment policies set out in the Investment Strategy Statement.
 - Details of the carbon footprint of the Fund’s equity investments and the Fund’s approach to climate change.
 - A summary of the performance of each of the Brunel Pension Partnership managed portfolios and the funds still managed outside of the pool.
 - Details of pension fund income and expenditure for the year against the budget forecast, and explanation of significant variances.
 - Details of the employee and employer contributions paid during the year, split by employer.

- Pensions Administration Performance – Information on value for money and key performance data in relation to pensions administration.
- The Statement of Accounts.
- More detailed information about the operation of the Fund.
- Details of the Fund's top listed equity and bond holdings compiled on a "look through" basis showing the top underlying holdings within the pooled funds that the Fund is invested in.

4.3 The Devon Fund is currently an accredited signatory of the UK Stewardship Code. The accreditation is based on an assessment of the Fund's stewardship activities as set out in the 2022/23 Annual Report. We have worked to improve the stewardship section of the 2023/24 Annual Report, based on previous feedback. In order to remain accredited, a copy of the Annual Report will need to be submitted to the Financial Reporting Council by 31st October for assessment against the stewardship criteria.

4) Conclusion

- 5.1 The Committee is asked to adopt the Pension Fund Annual Report and Accounts for 2023/24, subject to approval of the Statement of Accounts by the Audit Committee and completion of the external audit. Given that the audit is outstanding, page numbers, approval dates etc will need to be updated following Audit Cttee approval and prior to publication, along with any other changes to the accounts required.
- 5.2 The Committee is also asked to approve the submission of the unaudited Pension Fund Annual Report and Accounts to the Financial Reporting Council for assessment, in order to retain the Fund's status as a signatory to the UK Stewardship Code.

Angie Sinclair

Director of Finance and Public Value

Electoral Divisions: All

Local Government Act 1972: List of background papers

Nil

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