Pension Fund Annual Report & Accounts 2023/24

Devon County Council

Front cover photo: Thatcher's Rock, Devon. Getty Images.

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Foreword from the Chair of the Investment and Pension Fund Committee

This annual report sets out the activities of the pension fund for the year ending 31 March 2024. The Fund achieved an 11.3% investment return during the year, which was ahead of the Local Government Pension Scheme average of 9.2%. This was a welcome recovery from the negative investment markets of the previous year.

The Investment and Pension Fund Committee oversees the management of the Fund, ensuring that it is managed in the best interests of pension fund members. This includes efficient management of benefits administration and meeting our fiduciary duty to achieve an investment return that will enable us to meet the Fund's liabilities over the longer term. We also ensure that the Fund acts as a responsible owner of the assets it invests in, as evidenced by our accreditation as signatories of the UK Stewardship Code.

During the last year the Committee approved a target allocation of 3% of the Fund's investments to set up a Local Impact Portfolio. The aim of the portfolio is to invest in funds that will support the local community across Devon and the South West, while still achieving the required investment return. Investments have already been made into renewable energy infrastructure, with investments in affordable housing and local business support to come during 2024/25.

I would like to thank my fellow committee and board members, our independent investment advisor, Anthony Fletcher, and our officers for their commitment and support over the last year.

James Morrish
Chair of the Investment and Pension Fund Committee

Investment and Pension Fund Committee Attendance 2023/24

Name	Representing	Date Appointed	Meetings Attended
Cllr James Morrish (Chairman)	Devon CC	May 2021	3 (of 4)
Cllr Yvonne Atkinson	Devon CC	May 2017	3 (of 4)
Cllr Phil Bullivant	Devon CC	May 2021	3 (of 4)
Cllr Henry Gent	Devon CC	May 2021	3 (of 4)
Cllr George Gribble	Devon CC	May 2021	2 (of 4, 1 virtual)
Cllr Marcus Hartnell	Devon CC	May 2021	3 (of 4)
Cllr Mark Lowry	Plymouth CC	May 2023	2 (of 4, all virtual)2
Cllr Martin Brook	Torbay Council	May 2023	3 (of 4)
Cllr Phil Bialyk	Devon Districts	Feb 2024	1 (of 1)
Cllr Ray Bloxham	Fund Employers	Oct 2021	2 (of 4)
Roberto Franceschini	Fund Members[1]	May 1992	4 (of 4)
Lorraine Parker Delaz-Ajete	Fund Members[1]	May 2022	1 (of 4, virtual)
Michael Daniell	Fund Members[1]	July 2022	4 (of 4, all virtual)

[1]Fund member representatives can observe and speak, and have one joint vote.
[2]Plus one meeting attended virtually by Cllr Tudor Evans, as Plymouth CC substitute representative.
[3]Members attending virtually rather than in person are not allowed to vote.

Report of the Director of Finance and Public Value

Over the last year, the value of the Devon Pension Fund has increased from £5.3 billion, as at 31 March 2023, to £5.9 billion as at 31 March 2024, representing an investment return of 11.3%. Following a difficult year in 2022, investment markets were more positive during the 2023/24 financial year, particularly from September 2023 onwards. Global inflation began to reduce, and gains in asset markets reflected a more positive outlook on growth and earnings.

The Fund continues to seek to manage its investments in a responsible way to ensure sustainable returns to fund future pensions. This includes managing climate risk and acting as good stewards of the shares in which we invest. During the year, we moved all of our passive equity investment (25% of the Fund) to a Paris Aligned Benchmark fund, which had the effect of both reducing the carbon footprint of our investments and reducing our exposure to companies with fossil fuel reserves. We were again re-accredited as signatories of the UK Stewardship Code which sets high standards for managing investments in a responsible way. We also launched a Local Impact Portfolio, which aims to invest in assets that make a positive impact on Devon and the South West, while still achieving the required investment returns.

The administration of pension benefits is undertaken for the Devon Fund by Peninsula Pensions, a shared pensions administration service between Devon and Somerset. Peninsula Pensions continues to deliver strong performance for both members and employers despite the challenges of a continuing increase in demand, alongside staff recruitment. During 2023/24, the team has introduced further technological solutions relating to the Member self-service portal, providing a more efficient way of individuals claiming a refund of contributions direct, if/when due; as well as a database to track Employer performance, thus ensuring the service provided to members is within statutory timescales. The team is well positioned to manage both current and future challenges, specifically the McCloud remedy, and the introduction of the Pension Dashboard, whilst ensuring compliance with both current and future LGPS amendments alongside any other relevant regulatory changes. The team encourages the more efficient use of electronic communication, with further new developments in progress relating to the online portal.

Summary of Financial Statements

The financial statements and their purpose are summarised as follows:

- **Fund Account** – The Fund Account sets out the Pension Fund's income and expenditure for the year to 31 March 2024. The first section sets out the income received in contributions from employers and employees, and the expenditure on pension benefit payments. The second section of the Fund Account shows the income received from the Fund's investments and the cost of managing those investments. Investment income from property, infrastructure and private debt investments is returned as cash and can be used to offset any shortfall between contributions and benefit payments. The Fund's equity and bond investments are made via pooled funds which retain and reinvest the income from the individual securities. The Fund Account also shows that there has been an increase in the capital values of the Fund's investment assets of £581 million over the last year.

- **Net Asset Statement** – The Net Asset Statement sets out the net assets of the Fund, in line with the IFRS based Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and the latest Statement of Recommended Practice (SORP). The investment assets are split out further in a subsequent note.

Investment Performance

As indicated above, the asset value of the Fund at the end of the 2023/24 financial year was £5.914 billion. This represented an investment return of 11.3% net of fees, compared with the Fund's internally set strategic benchmark target of +12.7%.

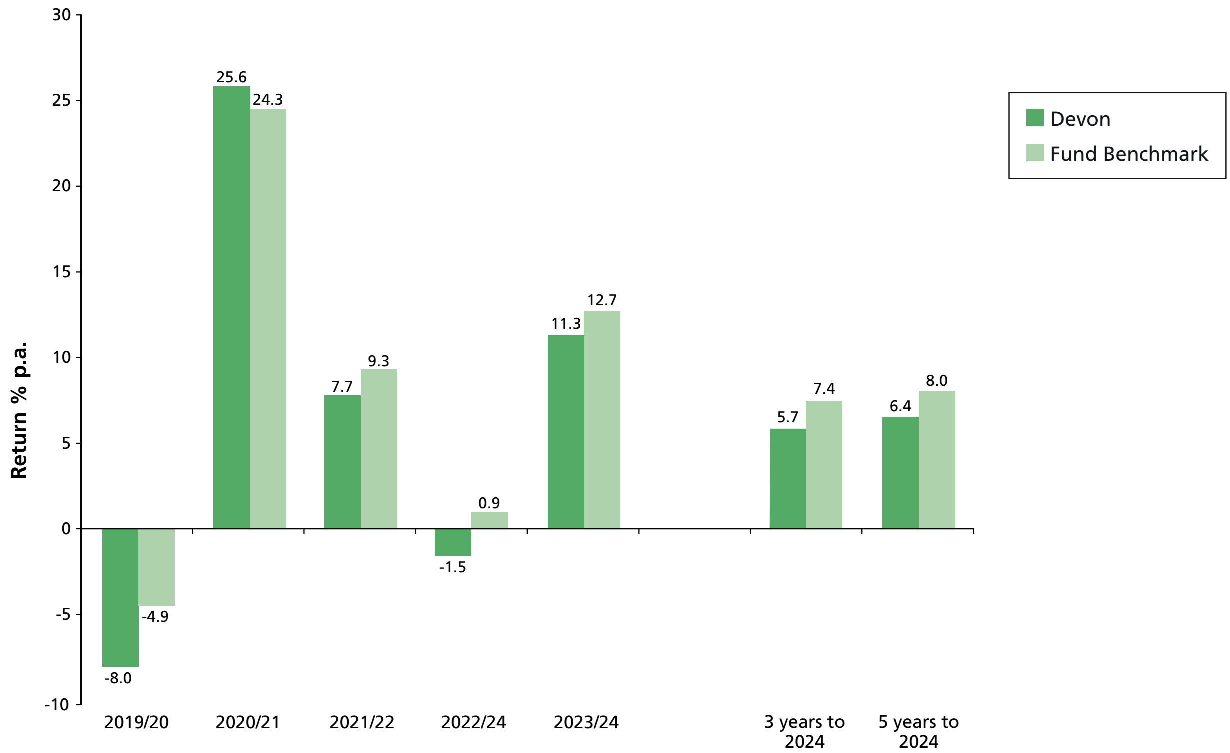
The Fund's strategic benchmark is set as an average of the benchmarks for each of the investment portfolios, weighted according to the Fund's strategic asset allocation targets. The active equity portfolios all under performed their respective benchmarks over the year. In particular the Sustainable Equities and Global High Alpha portfolios under performed due to underweight allocations to the seven big technology companies (Microsoft, Apple, Alphabet, Meta, Nvidia, Amazon and Tesla) that drove market performance for most of the year.

The other big drag on relative performance was the infrastructure allocation. In particular, three of the longstanding investments made over 10 years ago suffered double digit negative returns over the year, which offset the better performance across the rest of the allocation. The under-performance was more notable given the benchmark targets a return 4% above inflation, and inflation has been at relatively high levels.

Nevertheless, an 11.3% overall return over the year was a good performance for the Fund, putting the Fund in the top half of LGPS funds based on investment performance.

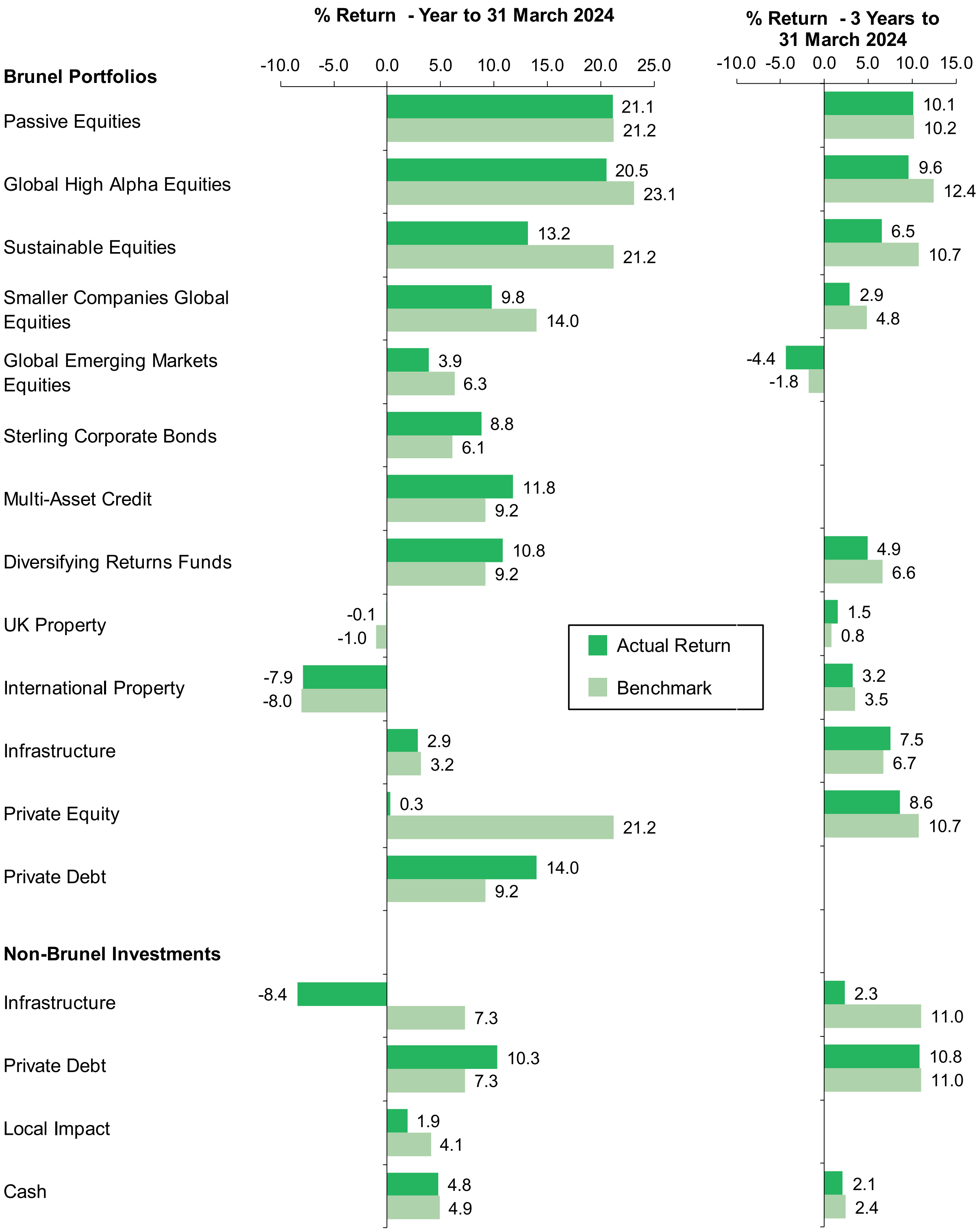
The following chart presents the investment returns achieved by the Devon Fund compared to the Fund's benchmark over each of the last five years, plus the total annualised return over the last three years and the last five years. Performance figures are shown net of fees.

Investment Performance Summary



Performance over the last year and three years broken down by portfolio is shown in the following chart. Three year performance is only shown where the portfolio has been invested in for over three years.

Annual Performance 2023/24 by Portfolio



A more detailed analysis of the Fund's investment returns over the last year, 3 years and 5 years, broken down by asset class, is provided in the Investment Management section of the Pension Fund Annual Report.

Fund Solvency

The Fund is required to have an actuarial valuation conducted every three years. The most recent triennial valuation, as at 31 March 2022, was carried out by the Fund Actuary, Barnett Waddingham. The valuation determined that the Devon Pension Fund's funding level had improved from 91% to 98%, compared with the previous 2019 valuation.

The Fund Actuary has reassessed the position as at 31 March 2024, using the approach of rolling forward the data from the 2022 valuation, and updating it for subsequent investment returns, pension and salary increases. While it is not possible to assess the accuracy of the estimated liability as at 31 March 2024 without completing a full valuation, the results will be indicative of the underlying position. The Actuary has estimated that on a smoothed basis, considering market conditions as at 31 March 2024, the funding level will have deteriorated to around 95.8%. The reduction is due to a small reduction in the discount rate being used to calculate the liabilities and the impact of high inflation over the last two years on pensions in payment.

Asset Allocation

The Investment and Pension Fund Committee is charged with the responsibility for governance and stewardship of the Fund and making decisions about strategic asset allocation policy.

The asset allocation strategy continued to target an allocation of 50% to Equities, 20% to Fixed Interest and 30% to Alternatives/Other. While the target allocation to equities remained unchanged during the year, it was agreed to move all of the passive equity allocation to the Global Paris Aligned Benchmark fund in order to better manage the climate risk of the portfolio.

Within alternatives/other, the plan is to increase the allocation to private markets (Infrastructure, private debt and private equity), but private market investments take some time to build up. A reducing short-term allocation to diversified returns funds has been retained to hold the funds that will be required to meet the private markets commitments that have been made. Typically commitments to invest in private markets are made up front, but the commitment is only drawn as investment opportunities are identified by the fund managers.

During 2023/24 the Committee agreed to top-slice the private markets allocations to create a Local Impact Portfolio that would look to invest in assets that would benefit the local community across Devon and the South West. This could include investments in sustainable infrastructure, affordable housing or providing local business support. The investments would be made through fund managers to ensure that any conflicts of interest were managed, and the investments would target an investment return in line with the Fund's fiduciary duty to act in the best interests of meeting its pension liabilities. By 31 March a total of £62.5 million had been invested, with further commitments made and other opportunities being considered.

The Fund's actual asset allocation as at 31 March 2024 is shown in the following chart:

Actual Asset Allocation as at 31 March 2024

Equities	**53.5%**
Passive	27.0%
High Alpha	6.1%
Small Cap	5.2%
Sustainable	10.4%
Emerging Market	4.8%
Fixed Interest	**21.4%**
Global Bonds	7.3%
Multi-Sector Credit	12.0%
Cash	2.1%
Alternatives/Other	**25.1%**
Diversifying Returns Funds	2.4%
Property	7.8%
Infrastructure	9.1%
Private Equity	1.4%
Private Debt	3.4%
Local Impact	1.0%

A comparison of the actual allocation as at 31 March 2024 with the Fund's target allocation for 2023/24 is shown in the following table:

Actual Asset Allocation Compared to Target

	as at 31 March 2023		as at 31 March 2024		
	Target allocation %	Actual allocation %	Target allocation %	Actual allocation %	Variation from Target %
Sterling Corporate Bonds	7.0	6.6	7.0	7.3	
Multi-Sector Credit	12.0	12.0	12.0	12.0	
Cash	1.0	1.2	1.0	2.1	
Total Fixed Interest	**20.0**	**19.8**	**20.0**	**21.4**	**+1.4**
Passive Equities	25.0	26.5	25.0	27.0	
Active Global Equities	5.0	5.6	5.0	6.1	
Active Small Cap Equities	5.0	5.3	5.0	5.2	
Active Sustainable Equities	10.0	9.8	10.0	10.4	
Active Emerging Markets Equities	5.0	4.5	5.0	4.8	
Total Equities	**50.0**	**51.7**	**50.0**	**53.5**	**+3.5**
Diversified Growth Funds	6.0	7.0	3.0	2.4	
Property	10.0	8.8	10.0	7.8	
Infrastructure	8.0	9.0	9.0	9.1	
Private Equity	3.0	0.8	3.0	1.4	
Private Debt	3.0	2.9	4.0	3.4	
Local Impact	-	-	1.0	1.0	
Total Alternatives/Other	**30.0**	**28.5**	**30.0**	**25.1**	**-4.9**

Conclusion

After a difficult year for investments in 2022, it was good to see the Fund achieve a positive double digit investment return in 2023/24.

It was also pleasing to see a further 35.3% reduction in the Weighted Average Carbon Intensity of the Fund's equity and corporate bond investments over the year. We have now seen a 64% reduction in our investment portfolio from the March 2019 baseline. Through our stewardship activities and the launch of our Local Impact portfolio we hope to make a difference globally and locally, in addition to making strong investment returns to meet our pension liabilities.

Peninsula Pensions, the shared service that administers pension benefits for both the Devon and Somerset Pension Funds, continues to be at the forefront of new innovation in the way that we serve our pension fund members. Improvements to the on-line portal, work on the pensions dashboard and the potential use of Artificial Intelligence to better explain the pension that each individual pension fund member will get on retirement should all make a big difference to the level of service we can provide going forward.

The Fund remains committed to ensuring that it provides an excellent service to pension fund members and value for money for both pension fund members and local taxpayers.

Angie Sinclair
Director of Finance and Public Value

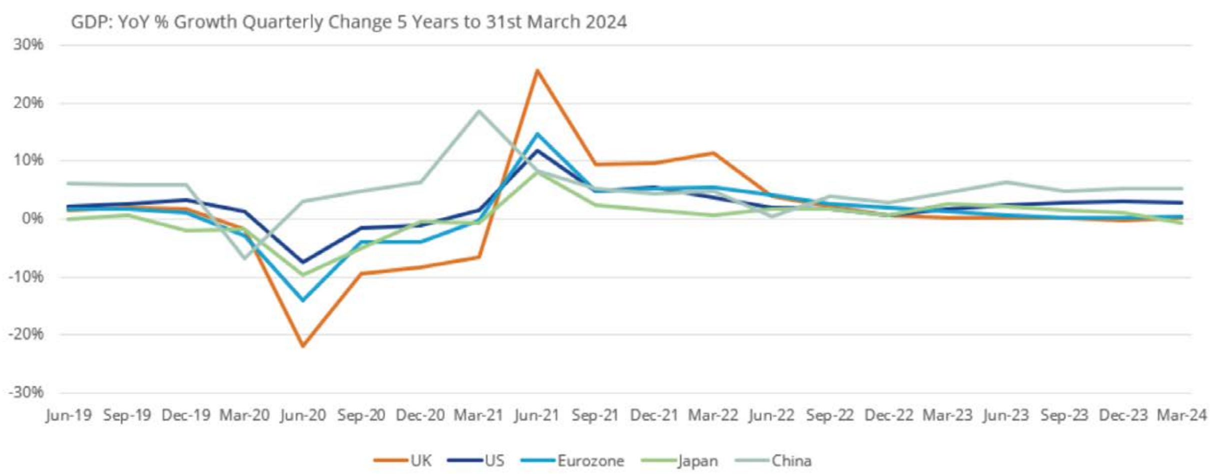
Market Commentary from the Independent Investment Advisor

Economic Background

Over the Financial year ended 31st March 2024 the global economy turned out to be much more resilient than expected at the start of the year. Although outcomes were mixed growth was higher than expected in all regions except China. Of the Developed economies US growth was the strongest and while Europe and the UK's growth rates oscillated around zero for the year it was not the extended period of negative growth expected. Chinese domestic growth was much weaker than expected as the property market contraction impacted consumer sentiment and the post covid bounce did not materialise. Despite stubbornly high core inflation data and higher for longer interest rates economic activity was supported by higher Fiscal spending and higher real incomes from both earnings and savings and a significant improvement in world trade flows, see chart 1 below.

In the second half of the financial year a new conflict between Israel and Gaza had the potential to renew inflationary pressures in Europe, especially as tensions in the middle east increased attacks on shipping in the Red Sea causing traffic to re-route around Africa rather than using the Suez Canal.

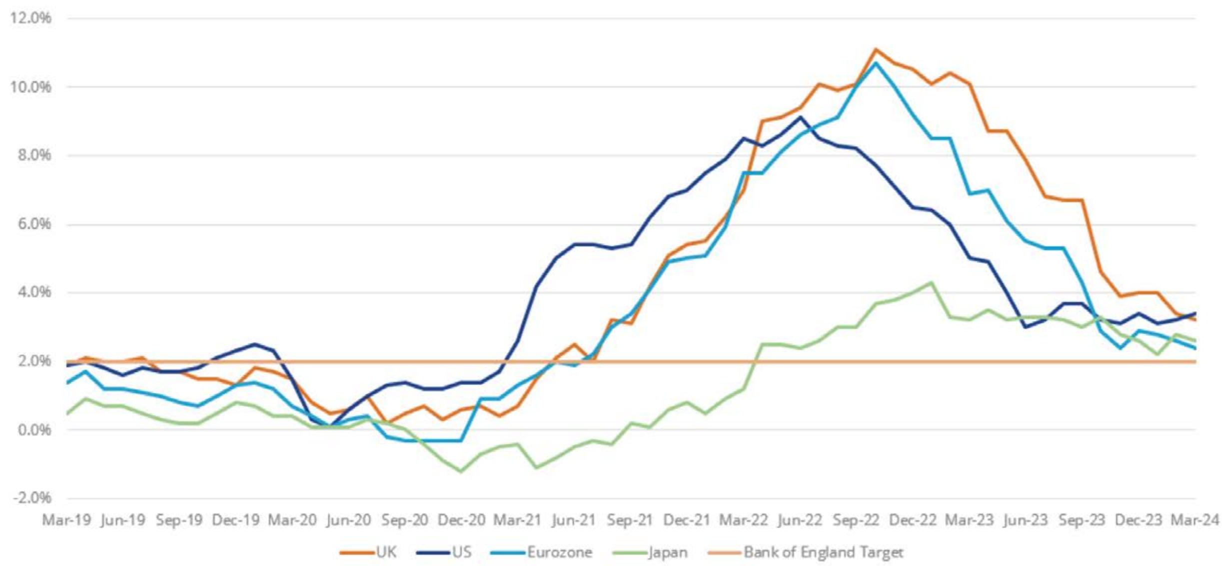
Chart 1: GDP growth, quarterly % change (Source: Bloomberg.)



Just as last year, the dominant macro-economic factor of the financial year remained higher and more persistent inflation than expected. As can be seen in chart 2 below, base effects from the energy and food price spike following the invasion of Ukraine and falling goods prices following the improvements in the flow of global trade have enabled headline inflation rates to continue to trend lower. But tight labour markets and strong wage growth has kept core rates much higher. Stronger than expected growth and high core rates of inflation have made it much more difficult for central banks to cut rates.

Chart 2: Headline CPI inflation and the Central bank target rate

(Source: Bloomberg.)



Central Banks

As can be seen in chart 2 above US headline inflation (dark blue line), stabilised in the early part of the financial year and this caused the US Fed to stop raising interest rates in the summer of 2023. Sharp falls in the headline rate of CPI over the summer also enabled the Bank of England (BoE) and the European Central Bank (ECB) to stop increasing rates shortly afterwards. By November 2023 the US Fed governor was so optimistic about the possibility of further falls in the US headline rate of inflation that he suggested there could be three 0.25% interest rate cuts starting early in 2024.

Unfortunately, as can be seen in the chart, US headline CPI ticked up towards the end of the financial year. In 2024, continued strong economic growth, the increase in the headline rate and stubbornly high core rates of inflation have caused the US Fed to suggest that interest rate cuts will have to be delayed until much later in the year. If the Fed has not cut rates by June, they may not cut rates until November, because they will not want to be accused of influencing the US Presidential Election campaign, which will be getting started in the summer of 2024. While it could be possible for the BoE and ECB to cut rates ahead of the US Fed, because the level of growth is much lower, I believe it is unlikely that there will be more than one 0.25% cut until the US Fed starts to cut rates.

Elsewhere central bank policy has changed in Japan, where for the first time in over 20 years they have started to tighten monetary policy. Firstly, by announcing the end of their bond purchase programme and in March 2024 by increasing the overnight rate from below 0% to a positive range of 0% to 0.1%. The Peoples Bank of China on the other hand has been forced to ease monetary policy with measures aimed at reducing the impact of the very weak property market on the domestic economy.

Market Returns

As can be seen in table 1 below, over the financial year in sterling terms Global equities delivered very strong returns of 21.3%, UK and emerging equity markets performed poorly by comparison. While Japan delivered its strongest performance in decades the largest contribution to global equity returns came from the exceptional performance of the US Mega-cap Tech stocks, referred to as the "Magnificent 7". These stocks alone were responsible for almost all of the uplift in US stock market indices and because the US is around 65% of the weight in the Global indices, in effect the vast majority of the return enjoyed by these indices also came from the same US companies. Emerging equity markets were held back by the poor performance of Chinese equity, as China has a dominant weight in these indices. Chinese equity returns were held back by the very poor performance of the domestic property market and the weakness of its post Covid economic recovery.

Government bond markets continued to deliver negative returns, with the highly interest rate sensitive UK index linked Gilt market achieving a second year of negative returns. Higher than expected and for longer than expected, inflation and interest rates were the main drivers of returns. Investment grade and high yield, non-government bonds with their much lower interest rate sensitivity, higher yields and greater economic sensitivity, significantly outperformed as spreads narrowed.

Table 1, below shows the total investment return in pound Sterling for the major asset classes, using FTSE indices except where noted; for the 3 and 12 months to the end of March 2024.

% Total Return Dividends Reinvested

	MARKET RETURNS	
	Period end 31st March 2024	
	3 months	**12 months**
Global equity - FTSE – All World	+9.3	+21.3
FTSE Regional indices		
UK All Share	+3.6	+8.4
Japan	+11.6	+22.3
Emerging	+3.3	+5.8
UK Gilts - Conventional All Stocks	-1.9	-0.5
UK Gilts - Index Linked All Stocks	-2.5	-5.6
UK Corporate bonds*	+0.2	+7.2
Overseas Government Bonds**	-0.4	+1.8
UK Property quarterly^	-1.1	-2.7
Sterling 7 day SONIA	1.4	5.1

FTSE Indices except where noted ^ MSCI indices * ICE £ Corporate Bond; **ICE global government ex UK £ hedged.

UK property markets continue to be affected by higher inflation and interest rates and by the poor demand and supply dynamics, returning -2.7%. Higher inflation and rates also reduced the returns available from Private markets assets (not represented in the table above). This had the biggest impact on Infrastructure and private equity, which delivered mixed returns, private debt delivered steady positive returns.

As noted in the Report of the Director of Finance and Public Value, the Devon Pension Fund achieved a return of +11.3% net of fees, compared to +12.7% the strategic benchmark in the year to 31st March 2024. Over three years the Fund has achieved a net return of +5.7% per annum compared to the benchmark return of +7.4%. A more detailed analysis of the Fund's performance is contained in that report.

Economic and Market Outlook

Over the last year forecasters have been consistently wrong on growth and inflation and I expect them to make the same mistake over the next financial year. GDP forecasts for 2024 have recently been revised up. Most of the drivers of economic activity remain positive. Fiscal spending in all the developed economies is still increasing, higher interest rates mean savers have more money and while employment data may be softening higher incomes are recurring, unless one becomes unemployed. As headline inflation continues to fall, cost pressures for businesses are stabilising and higher wages and interest income are resulting in real increases in spending power. Forward looking indicators in all the major developed economic regions are now in positive / expansionary territory.

The resilience of growth and sticky inflation, especially in the US, has made it more difficult for the Fed, and to date they have been unable to justify a cut interest rates even though they have indicated they would like to. Some commentators have even suggested the Fed may have to increase rates. I still expect the next decision by the Fed will be to cut rates, probably before September to avoid being accused of political bias as the Presidential election campaign properly gets underway. The new question is, will the ECB and the BoE take the decision to cut before the Fed? It is increasingly possible that they could, as inflation could be within acceptable target ranges over the summer. The reason they may not is that labour markets remain tight and core services inflation remains high. Also, just as in the US, it is possible that headline inflation could pick up as nearly all the benefit of base effects from the previous year falls away. The BoE has suggested as much in its recent inflation report.

The weakness of the Chinese domestic economy caused by the property market overhang is having a significant impact on growth. Weak domestic demand and repaired supply chains are encouraging increased Chinese exports, which could lead to further softening goods prices. In a US election year this could lead to increase talk of trade restrictions, especially as China has become a dominant manufacturer of higher quality goods.

In terms of markets, I believe the end of the rising interest rate cycle may lead to continued good returns from non-government bonds. However, I believe government bonds could continue to underperform. The size of the fiscal deficits and cost of funding them and the lack of any plans to reduce these burdens could lead to market volatility and a gradual steepening in yield curves.

I am also concerned about the increasing narrowness of the equity market rally and would not be surprised to see increased price volatility especially in the highly valued sectors of the market. Having said that many regions and sectors have become relatively very cheap by comparison to the US. This cheapness is encouraging companies and investors to look elsewhere for returns and the stabilisation and a potential small fall in interest rates later in the year could lead to a rotation into less overvalued sectors of the equity market.

Anthony Fletcher, Senior Adviser – Apex Investment Advisors
Independent Investment Adviser to the Devon Pension Fund.

Devon Pension Board Annual Report

The Devon Pension Board was established in 2015, following the introduction of new governance arrangements by the Public Sector Pensions Act 2013. This act sets out the requirements for the establishment of a local pensions board with the responsibility for assisting the LGPS local scheme managers (Devon County Council) in relation to the following:

- compliance with LGPS regulations and any other relevant legislation;
- compliance with requirements imposed by the Pensions Regulator in relation to the LGPS;
- the effective and efficient governance and administration of the LGPS.

The Board makes recommendations to the County Council principally through its Investment and Pension Fund Committee and to Officers to improve governance standards. The Board may also, in exceptional circumstances and where relevant, also refer matters to the Scheme Advisory Board.

The Board is composed of four representatives of scheme members, four representatives of scheme employers and one non-voting independent member and meets four times a year.

Some of the key areas of work undertaken by the Board during 2023/24 are detailed below:

Review of the internal audit reports for 2022/23 and the Internal Audit Plan.
As requested by the Board previously, the board was provided with an audit action log at each meeting to enable the board to monitor the progress of recommendations arising from internal audits. The Board work with officers on the planned audit programme and consider if any amendments mid year are required to accommodate government/regulator delays or unexpected events.

Devon Pension Fund Risk Register.
During 2023/24, the Pension Board have reviewed the Risk Register at every board meeting and made a number of suggestions which were adopted by the Investment and Pension Fund Committee. These included issues surrounding the Government proposal to expand the pooling agenda and the risk on the fund's investments and returns. The risk register was subsequently updated to include the board's recommendations.

Pension fund governance.
The Board considered reports covering contribution monitoring that is undertaken by officers throughout the year. The board also received reports from Peninsula Pensions on the work in progress on monitoring and reporting employer performance.

Statutory Statements.
The Board conducted a review of the fund's Statutory Statements and made suggestions for improvements where necessary. The Communication Strategy and the Administration Strategy were both reviewed during the year.

Minutes from Investment & Pension Fund Committee meetings.

The Board reviewed each set of minutes from the Investment & Pension Fund Committee meetings held during 2022/23 to ensure that decisions have been made in accordance with the terms of reference.

Administration Performance.

The Board regularly review the performance statistics of Peninsula Pensions against local performance and the Disclosure Regulations.

Training and Attendance.

The Board gave consideration to the Annual Training Plan and conducted a review of the attendance of Board members at meetings and training events. At the board's request, the attendance log is now included as a standard agenda item at all board meetings.

It is a legislative requirement that Pension Board members have the capacity to take on the role, and it is expected that members should receive relevant training. All Pension Board members have completed The Pension Regulator's Public Sector Toolkit to ensure that Board members have sufficient knowledge and skills to carry out their role effectively.

More information on the work of the Devon Pension Board can be found on the Devon Pensions Fund website, including links to minutes, agendas and reports from meetings of the Board and the contact details of Board members:

https://www.devonpensionfund.org.uk/governance/pension-board/

Pension Board Meeting Attendance 2023/24

Name	Date Appointed	Date Left	Meetings Attended
Employer Representatives			
Cllr Colin Slade (Chairman)	Sept 2018		4 (of 4)
Cllr Sara Randall Johnson	May 2016		4 (of 4)
Carl Hearn	May 2015		3 (of 4)
Dominic Walshe	May 2022		4 (of 4)
Scheme Member Representatives			
Ian Arrow	May 2023		3 (of 3)
Andy Bowman	May 2015		3 (of 4)
Paul Phillips	Aug 2017		4 (of 4)
Vacant			
Independent Non-Voting Member			
Rob Jeanes	Aug 2021		4 (of 4)

Investment Pooling – Brunel Pension Partnership

In 2015 the Department of Communities and Local Government (as it then was) issued LGPS: Investment Reform Criteria and Guidance which set out how the government expected funds to establish asset pooling arrangements. The objective was to deliver:

- Benefits of scale.
- Strong governance and decision making.
- Reduced costs and excellent value for money, and
- An improved capacity and capability to invest in infrastructure.

This has led to the creation of eight asset pools which have significantly changed the previous approach to investing, although it should be stressed that the responsibility for determining asset allocations and the investment strategy remains with individual pension funds.

As a result of the investment pooling agenda, the Devon Fund joined with nine other LGPS administering authorities to set up the Brunel Pension Partnership. Devon County Council approved the business case for Brunel in December 2016, based on estimated potential fee savings of £550 million over a 20 year period across the ten funds, of which Devon's share was £107 million. The project would see initial costs, but in Devon's case would break even by 2022.

The expected costs and savings for the Devon Pension Fund, as per the original business case approved in December 2016, and then submitted to Government, are set out in the following table.

Devon Pension Fund Expected Costs and Savings from Pooling
(As per Business Case Submissions)

	2016/17 to 2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 to 2035/36	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Set up costs	1,241							1,241
Ongoing Brunel Costs	1,436	844	872	901	930	961	12,913	18,857
Devon Fund Savings	(155)	(81)	(83)	(86)	(89)	(91)	(1,203)	(1,788)
Transition costs	6,512	21					-	6,533
Fee savings	(2,884)	(4,059)	(4,354)	(4,734)	(5,139)	(5,979)	(104,694)	(131,843)
Net costs / (realised savings)	**6,150**	**(3,275)**	**(3,565)**	**(3,919)**	**(4,298)**	**(5,109)**	**(92,984)**	**(107,000)**

Following approval of the business case, the Brunel Pension Partnership Ltd was established in July 2017, as a company wholly owned by the Administering Authorities (in equal shares) that participate in the pool. The company is authorised by the Financial Conduct Authority (FCA). It is responsible for implementing the detailed Strategic Asset Allocations of the participating funds by investing Funds' assets within defined outcome focused investment portfolios. In particular, it researches and selects the external managers or pooled funds needed to meet the investment objective of each portfolio.

The Devon Fund monitors the financial performance of the pool to ensure that Brunel is delivering on the key objectives of investment pooling. This includes reporting of the costs associated with the appointment and management of the pool company including set up costs, investment management expenses and the oversight and monitoring of Brunel by the client funds.

The Devon Fund transitioned its first assets to Brunel in July 2018, comprising the allocation to passive equities. As at 31 March 2024 93.6% of the Devon Fund's assets were being managed by Brunel. The breakdown is shown in the following table.

Asset Table Showing Pooled and Unpooled Assets

	Assets Pooled	Assets Not Pooled	Total Assets
	£'000	£'000	£'000
Equities	3,165,979	0	3,165,979
Bonds	1,141,605	0	1,141,605
Property	440,866	0	440,866
Diversified Growth Funds	139,302	0	139,302
Private Equity	82,847	0	82,847
Private Debt	110,506	88,236	198,742
Infrastructure	433,137	164,385	597,522
Derivatives	0	(1,186)	(1,186)
Cash and net current assets	7,648	139,749	147,397
Other	0	722	722
Total	**5,521,890**	**391,906**	**5,913,796**
Percentage	**93.4%**	**6.6%**	

The assets not pooled comprise:

- Five infrastructure funds investments and two private debt fund investments that were made before the set up of Brunel. These are illiquid closed ended funds, and will return all the invested capital over time.
- The Investment and Pension Fund Committee has agreed a 3% allocation to set up a Local Impact Portfolio to invest in assets in Devon and the South West. Two initial investments have been made to date. The Brunel Pension Partnership were unable to manage this portfolio for the Devon Fund, and therefore the investments have been made outside of the pooling arrangements. The Committee were keen to invest in the local community, whilst ensuring that the fiduciary duty to achieve the required investment return was still met. These investments can also be seen as supporting the UK growth agenda.
- Cash is managed by the Devon Investment Team, largely to support cashflow. As at 31 March 2024, the Fund was holding more cash than the target allocation, given interest rates of over 5%, pending the drawdown of private market commitments.

The initial transition phase was completed in 2021/22 and the total set up and transition costs incurred in the initial set up and transition to Brunel have been reported in previous annual reports.

The fee savings achieved in 2023/24 are set out in the following table.

Investment Fee Savings from Pooling 2023/24

Portfolio	Value in Orginal Business case (31 March 2016) £'000	Value at 31 March 2024 £'000	Price variance £'000	Quantity variance £'000	Total saving / (cost) £'000
UK Passive Equities	730,447	-	39	168	207
Global Developed Passive Equities	430,180	-	172	102	274
Global Paris Aligned Passive Equities	-	1,591,396	252	(469)	(217)
Global High Alpha Equities	174,215	357,956	146	(572)	(426)
Emerging Market Equities	136,970	280,974	601	(696)	(95)
Global Smaller Companies Equities	167,771	308,397	1,764	(1,305)	459
Sustainable Equities	-	615,079	907	(2,645)	(1,738)
Multi-Asset Credit	106,300	709,192	1,364	(2,534)	(1,170)
Investment Grade Bonds	295,938	432,413	463	(208)	255
Diversifying Returns Funds	486,079	139,302	421	1,171	1,592
Property	366,555	458,897	1,385	(882)	503
Infrastructure	139,374	433,744	459	(2,417)	(1,958)
Private Equity	-	82,847	162	(1,915)	(1,753)
Private Debt	-	110,506	1,995	(4,852)	(2,857)
			10,130	(17,054)	(6,924)

Expected v. Actual Costs and Savings To Date

	2022/23		Cumulative to 31 March 2023		2023/24		Cumulative to 31 March 2024	
	Budget £'000	Actual £'000	Budget £'000	Actual £'000	Budget £'000	Actual £'000	Budget £'000	Actual £'000
Set up costs	-	-	1,241	1,073	-	-	1,241	1,073
Ongoing Brunel Costs	901	1,620	4,053	7,109	930	1,714	4,983	8,823
Devon Fund Savings	(86)	(86)	(405)	(399)	(89)	(89)	(494)	(488)
Transition costs	-	-	6,533	6,465	-	-	6,533	6,465
Fee savings	(4,734)	(9,669)	(16,031)	(22,753)	(5,139)	(10,130)	(21,170)	(32,883)
Net costs / (realised savings)	**(3,919)**	**(8,135)**	**(4,609)**	**(8,505)**	**(4,298)**	**(8,505)**	**(8,907)**	**(17,010)**

The above table includes custodian and performance measurement and reporting costs as ongoing Brunel costs, although they are separated out in note 8 of the Statement of Accounts. The Devon Fund Savings included in the original business case comprised custodian costs, based on the custodian costs in 2016/17, as it was envisaged these would be met via Brunel post pooling. The realised saving shown under Devon Fund Savings therefore comprise the custodian costs saved as a result of including them within the Brunel ongoing costs line, based on the original business case.

The Devon Fund reached the breakeven point during 2021/22 and achieved net savings of £8.9 million during 2023/24. Variances from the original business case can be summarised as follows:

- Additional resources have been required by Brunel over and above those envisaged by the original business case, in order to deliver the service required by their clients. This includes significant resources dedicated to private markets and responsible investment. The increased costs also represent Brunel's transition from a local authority type set up to fulfil a role more akin to an asset manager. As a result, the ongoing overhead costs of the Brunel company are and will continue to be higher than originally estimated.
- Now that the transition phase is complete, the annual net savings being achieved are higher than forecast in the original business case. To some extent this can be explained by differences in the strategic asset allocation since 2016, and the growth in asset values, but it demonstrates the real cost savings achieved by pooling. This needs to be set alongside investment performance and delivery of service objectives to determine the overall value for money provided by Brunel.

UK Investment and Local Impact

In the Government's Spring 2024 Budget, it was announced that Local Government Pension Scheme (LGPS) funds would be required to provide a summary of their investments in UK assets, to support the Government's agenda of promoting investment in the UK. This was subsequently built into the statutory guidance on preparing the Annual Report.

The Fund's UK investments are set out in the following table.

UK Investment as at 31 March 2024

	Assets Pooled	Assets Not Pooled	Total Assets
	£'000	£'000	£'000
UK Listed Equities	117,000	0	117,000
UK Government Bonds	3,420	0	3,420
UK Infrastructure	72,780	130,006	202,786
UK Private Equity	5,300	0	5,300
	198,500	**130,006**	**328,506**

The Government also set out plans to require LGPS funds to publish plans for increasing investment in line with an ambition of 5% of assets to be invested in projects which support levelling up. "Levelling up" refers to assets which make a measurable contribution to one of the missions set out in the Government's Statement of Levelling Up Missions.

The requirement has not yet been introduced, and the Fund has not yet published a formal plan in relation to levelling up. However, the Investment and Pension Fund resolved at their meeting in June 2023 to allocate 3% of the Fund to a Local Impact Portfolio, that would look to invest in assets benefiting the local community in Devon and the South West. This could include investments in local renewable energy infrastructure, social infrastructure, affordable housing or supporting local business development. These investments would contribute to "levelling up" Devon and the South West. It is likely that the Fund's core allocation to global infrastructure and private equity, made through the Brunel Pension Partnership, would include an element of UK infrastructure that would bring the total invested in UK projects to over 5%.

The Local Impact Portfolio will invest in funds managed by third party fund managers, to ensure that conflicts of interest do not arise. These may include investments in UK-wide funds which provide co-investment opportunities to invest in assets in Devon. Two investments had been made as at 31 March 2024, as set out in the following table.

Local Impact Investments as at 31 March 2024

Fund	Commitment £'000	Invested to Date £'000	Notes
Greencoat Wessex Gardens	60,000	42,102	Renewable Energy Infrastructure. The Fund will invest in assets across the Brunel Pool area.
Quinbrook Renewables Impact Fund	40,000	20,354	Renewable Energy Infrastructure. UK-wide fund, 50% of committed investment to be made in assets in Devon.

As at 31 March, the Investment and Pension Fund Committee had approved in principle three further investments, to two affordable housing funds and a fund that will support local business development, creating local jobs. These investments will be taken forward during 2024/25. A full analysis of investments that support the levelling up agenda will be included in the 2024/25 Annual Report.

Cost Transparency – Investment Management Costs

Direct investment management fees and transaction costs are included in note 8 of the Statement of Accounts. However, there has been an increasing focus on investment management costs, and a recognition that there are significant further costs that in the past have been hidden. The cost transparency agenda aims to ensure full disclosure of all costs involved in investment, as unless costs are identified they cannot be effectively managed. The effective management of investment costs should improve investment returns. The move toward investment fee transparency and consistency is seen by the LGPS Scheme Advisory Board as an important factor in the LGPS being perceived as a value led and innovative scheme.

The following tables summarise investment management costs for 2023/24, together with the comparator figures for 2022/23. It has been compiled from templates completed by each of the Fund's investment managers. The Direct Costs column reconciles to the costs disclosed in note 11 within the Statement of Accounts, while Indirect Costs are those costs that do not meet the criteria for inclusion in the accounts, but do represent significant underlying costs to the Fund's investments.

Summary of Total Investment Management Costs 2023/24

	Brunel Asset Pool				Non Asset Pool				Fund Total	
	Direct £'000	Indirect £'000	Total £'000	bps	Direct £'000	Indirect £'000	Total £'000	bps	£'000	bps
Management Fees										
Ad Valorem	18,296	262	18,558	33.6	3,267	53	3,320	87.6	21,878	37.1
Performance	-	-	-	-	2,729	-	2,729	72.0	2,729	4.6
Research	-	-	-	-	-	-	-	-	-	-
Other Charges	-	5,174	5,174	9.4	-	420	420	11.1	5,594	9.5
Asset Pool Shared Costs										
Transaction costs	1,633	-	1,633	3.0	-	-	-	-	1,633	2.8
Transaction taxes	507	-	507	0.9	-	-	-	-	507	0.9
Broker commission	861	-	861	1.6	-	-	-	-	861	1.5
Implicit costs	-	4,764	4,764	8.6	-	-	-	-	4,764	8.1
Entry/exit charges	1,025	-	1,025	1.9	-	-	-	-	1,025	1.7
Indirect transaction costs	868	-	868	1.6	-	6	6	0.2	874	1.5
Other transaction costs	903	598	1,501	2.7	1,134	-	1,134	29.9	2,635	4.5
Anti-dilution offset	-	(156)	(156)	(0.3)	-	-	-	-	(156)	(0.3)
Property Management Costs	-	6,985	6,985	12.7	-	-	-	-	6,985	11.8
Custody	23	283	306	0.6	-	10	10	0.3	316	0.5
Other Costs	-	-	-	-	27	-	27	0.7	27	0.0
	24,116	17,910	42,026	76.1	7,157	489	7,646	201.9	49,672	84.2

2022/23

	Brunel Asset Pool				Non Asset Pool				Fund Total	
	Direct £'000	Indirect £'000	Total £'000	bps	Direct £'000	Indirect £'000	Total £'000	bps	£'000	bps
Management Fees										
Ad Valorem	16,181	242	16,423	32.7	3,697	40	3,737	130.8	20,160	38.0
Performance	-	-	-	-	1,725	-	1,725	60.4	1,725	3.3
Research	-	-	-	-	-	-	-	-	-	-
Other Charges	-	2,912	2,912	5.8	-	617	617	21.6	3,529	6.7
Asset Pool Shared Costs	1,511	-	1,511	3.0	-	-	-	-	1,511	2.9
Transaction costs										
Transaction taxes	-	605	605	1.2	-	-	-	-	605	1.1
Broker commission	438	499	937	1.9	84	-	84	2.9	1,021	1.9
Implicit costs	-	8,210	8,210	16.4	-	-	-	-	8,210	15.5
Entry/exit charges	-	351	351	0.7	-	-	-	-	351	0.7
Indirect transaction costs	-	1,848	1,848	3.7	-	-	-	-	1,848	3.5
Other transaction costs	-	810	810	1.6	1,457	-	1,457	51.0	2,267	4.3
Anti-dilution offset	-	(567)	(567)	(1.1)	-	-	-	-	(567)	(1.1)
Property Management Costs	-	5,442	5,442	10.9	-	7	7	0.2	5,449	10.3
Custody	30	275	305	0.6	-	12	12	0.4	317	0.6
Other Costs	-	-	-	-	27	36	63	2.2	63	0.1
	18,160	20,627	38,787	77.3	6,990	712	7,702	269.6	46,489	87.7

The following points are relevant in comparing the Brunel costs with the non-asset pool costs, and in comparing costs between 2022/23 and 2023/24:

- Around 94% of assets are now managed by the Brunel Pension Partnership. Those assets that remained outside the pool comprised private market funds which typically charge higher fees than managers of listed market assets. This explains the significantly higher ad-valorum fees charged on the non-pooled assets. The fees on the non-pooled assets were however lower in both absolute and basis point terms, reflecting a reduction in the value of a couple of holdings which returned capital, and a lower fee cost on US denominated funds due to differences in the exchange rate.
- Performance fees were higher in 2023/24 than the previous year, as the private market investments where such fees are charged were delivered better performance in the prevailing market conditions.
- Property management fees on the pooled assets were higher, both in absolute terms, but also in basis point terms, given that these costs tend to be fixed costs which did not therefore reduce as the property valuations reduced.
- The net effect was a £2.8 million increase in the absolute value of investment management costs, but a small reduction in cost as a proportion of the Fund value from 87.7 basis points (0.877%) to 84.2 basis points (0.842%).

The different types of costs itemised in the above tables are defined below.

Ad Valorum Fees are the management fees charged by the external fund managers based on the value of funds under their management. These may be invoiced or encashed from units held in pooled funds. Those shown as indirect relate to underlying funds. For example, the fees charged by La Salle for managing the property mandate (before the transition to Brunel) will be direct costs, but they will invest in property funds which will also charge a fee. The two diversified growth funds will also invest in underlying funds which will have their own fees.

Performance Fees are fees based on the fund manager having achieved a level of performance that warrants additional fees. These will be based on the manager having achieved performance above a hurdle rate, either an absolute return or relative to a benchmark, and then being entitled to a share of the profit from the return achieved above the hurdle rate.

Other Charges – This heading comprises all payments made to parties providing services to the pooled fund other than the manager such as, but not limited to, the depositary, custodian, auditor, property related expenses, to the extent these are not included under transaction costs, and any other fees or levies deducted from the pooled fund.

Asset Pool Shared Costs comprise the charges levied by the Brunel Pension Partnership to meet the costs of running the company. This excludes legacy custodian costs, included under "Custody", and investment performance reporting costs which are within the costs attributed to oversight and governance costs in note 8 to the Statement of Accounts.

Transaction Taxes include stamp duty and any other financial transaction taxes..

Broker Commission comprises payments for execution of trades. Levies, such as exchange fees, settlement fees and clearing fees are included within broker commissions.

Implicit Costs represent the loss of value implied by the difference between the actual transaction price and the mid-market value of the asset. The precise methodologies for calculating implicit costs are still being deliberated by regulators. The costs included in the table are based on the recommendation that firms may calculate implicit costs by reference to appropriate measures of market spread and portfolio turnover.

Entry/Exit Charges may arise when a holding in a pooled fund is bought or sold. The amount reported will be the actual amount incurred for each transaction and will include any dilution levies made in addition to the price and any amounts representing the difference between the transaction price and the net asset value per unit calculated by reference to the mid-market portfolio valuation.

Indirect Transaction Costs are transaction costs incurred within pooled funds when they buy and sell their underlying investments.

Other Transaction Costs are items not included in any other category of transaction cost.

Anti-Dilution Offsets are the amounts collected in the period from dilution levies and dilution adjustments (in the case of swinging prices) or the equivalent amounts in relation to the issue and cancellation prices of dual priced funds. These are collected from investors making withdrawals or new investments in a pooled fund to compensate the existing investors in the fund for any impact of their trading on the fund.

Property Management Costs – these include costs such as leasing costs, maintenance and repair costs, utilities and service costs, that are incurred by the underlying property fund managers in the management of their direct real estate holdings.

Custody – the costs levied by the Fund's custodian.

Other Costs include other costs incurred directly by the Devon fund in the management of investments, net of income received from stock lending.

Knowledge and Skills

The Devon Pension Fund has had a longstanding commitment to training for Committee members to ensure that they have the skills and understanding required to carry out their stewardship role. This has included regular events to cover the latest developments in the LGPS, investment strategy and performance monitoring.

In February 2014 the Investment and Pension Fund Committee adopted the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills, which requires the Annual Report to describe how the training needs of the Committee have been assessed, and what training has been provided in response.

In addition, Section 248A of the Pensions Act 2004 imposes requirements on members of the Local Pension Board. Under the Act, every individual who is a member of a Local Pension Board must:

- Be conversant with the rules of the LGPS;
- Be conversant with any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund;
- Have knowledge and understanding of the law relating to pensions;
- Have knowledge and understanding of such other matters as may be prescribed.

There are six areas of knowledge and skills that have been identified as the core requirements for those with decision making responsibility for LGPS funds. They are:

- Pensions legislative and governance context.
- Pensions accounting and auditing standards.
- Financial services procurement and relationship management.
- Investment performance and risk management.
- Financial markets and products knowledge.
- Actuarial methods, standards and practices.

These have continued to be a major area of focus for training during the year. Three events were held during the year. This included two Devon training events (one in-person and one on-line) and a Brunel investor training day which Committee and Board members were able to attend virtually.. This provided a broad cross section of opportunities for Committee and Board members to update their knowledge, with a particular focus on the following:

Devon Training Day – 6 July 2023

The Spring Devon Training Day provided the following sessions:

- LGPS update
- Market outlook and impact on asset classes
- Cyber security
- Understanding bonds

Brunel Investor Seminar – 20 September 2023

The Investor Day provided by the Brunel Pension Partnership provided the following sessions:

- Macro outlook
- Systemic Stewardship
- Long termism and sustainability
- Responsible Investing and trends
- Navigating a path to net zero

Devon Training Day – 3 November 2023

The Autumn Devon Training Day provided the following sessions:

- Economic outlook
- LGPS update
- Pensions Dashboards
- Measuring Local impact
- Residential Housing investment
- Investment performance review

The Pensions Regulator Trustee Toolkit

The Pensions Regulator Toolkit includes a series of on-line learning modules and resources which have been developed to help members meet the minimum level of knowledge and understanding introduced in the Pensions Act 2004. This is a requirement for Pension Board members, and new regulation anticipated to result from the Good Governance Project that has been undertaken by the LGPS Scheme Advisory Board is likely to also make it requirement for Investment and Pension Fund Committee members.

The training attended by Committee and Board members and those who have completed the self-assessment are shown in the following table.

Name	Devon Training Day 6 July	Brunel Investor Day 20 Sept	Devon Training Day 3 Nov	TPR Self Assessment Completed
Investment and Pension Fund Committee				
Cllr James Morrish			✔	
Cllr Yvonne Atkinson	✔	✔	✔	
Cllr Phil Bullivant	✔		✔	
Cllr Henry Gent			✔	
Cllr George Gribble	✔		✔	
Cllr Marcus Hartnell	✔	✔	✔	

Name	Devon Training Day 6 July	Brunel Investor Day 20 Sept	Devon Training Day 3 Nov	TPR Self Assessment Completed
Investment and Pension Fund Committee				
Cllr Mark Lowry		✔		
Cllr Martin Brook				
Cllr Phil Bialyk	N/A	N/A	N/A	
Cllr Ray Bloxham	✔	✔	✔	✔
Roberto Franceschini	✔	✔	✔	✔
Lorraine Parker Delaz-Ajete	✔		✔	
Michael Daniell	✔	N/A	✔	✔
Devon Pension Board				
Cllr Colin Slade (Chairman)	✔	✔	✔	✔
Cllr Sara Randall Johnson	✔	✔	✔	✔
Carl Hearn	✔	✔	✔	✔
Dominic Walshe	✔	✔	✔	✔
Ian Arrow		✔	✔	✔
Andrew Bowman	✔		✔	✔
Paul Phillips	✔	✔	✔	✔
Rob Jeanes	✔	✔	✔	✔

In addition, Andy Bowman attended a UK Asset Owner Stewardship Webinar.

Risk Management

Effective risk management is an essential part of any governance framework as it identifies risks and the actions required to mitigate their potential impact. For the Devon Pension Fund, those risks will come from a range of sources including the funding position, investment performance, membership changes, benefits administration, costs, communications and financial systems. Good information is important to help ensure the complete and effective identification of significant risks and the ability to monitor those risks.

Risk disclosures are included in the Pension Fund Statement of Accounts. In addition, the Fund maintains a risk register, which is monitored and reviewed on a regular basis. Risks are assessed in terms of the potential impact of the risk event should it occur, and in terms of the likelihood of it occurring. Each risk is initially scored assuming that no mitigating controls exist and is then scored again on the basis of the mitigation in place. A summary of the Fund's most significant risks during the 2023/24 financial year is shown in the table below.

Description of Risk and Potential Impact	Mitigating Controls
Market crash leading to a failure to reduce the deficit, resulting in: • Financial loss. • Increased employer contribution costs.	• The fund is well diversified and consists of a wide range of asset classes which aims to mitigate the impact of poor performance from an individual market segment. • Investment performance reporting and monitoring arrangements exist which provide the committee and investment officers with the flexibility to rebalance the portfolio in a timely manner. • The long term nature of the liabilities provides some mitigation, in that markets tend to bounce back after crashes, such that the impact is significantly reduced.

Description of Risk and Potential Impact	Mitigating Controls
The Pension Fund has insufficient assets to meet its long term liabilities. The Pension Fund's investment strategy / strategic asset allocation fails to produce the required returns, resulting in: • Financial loss. • Insufficient funds available to meet future obligations.	• Triennial actuarial valuations provide periodic indications of the growth in assets against liabilities. Employer contribution rates are set in response to this. The 2022 actuarial valuation includes provision for the fund to achieve full funding over 15 years. • The investment strategy is reviewed annually by the Investment and Pension Fund Committee with advice from the Independent Investment Advisor to determine whether any action needs to be taken to amend the Fund's asset allocation strategy. • The Fund's investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets. • Fund assets are kept under regular review as part of the Fund's performance management framework. • External review of the Fund's investment strategy is commissioned at minimum every three years. The last review was undertaken by Mercers who presented their review to the Investment and Pension Fund Committee in February 2022.
Pay and price inflation are higher than anticipated. • An increase in liabilities which exceeds the previous valuation estimate.	• The triennial actuarial valuation review focuses on the real returns on assets, net price and pay increases. • Employers pay for their own salary awards and are reminded of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer serving employees. • The Fund is increasing its target allocation to investments in infrastructure funds with inflation linked returns, to act as a hedge against inflation increases. • Inflation risk was addressed in the strategic reviewed undertaken by Mercer which was presented to the Investment and Pension Fund committee in February 2022.

Description of Risk and Potential Impact	Mitigating Controls
The Committee Members and Investment Officers make inappropriate decisions as a result of insufficient knowledge of financial markets and inadequate investment and actuarial advice received, resulting in: • Poor Fund performance/financial loss. • Increased employer contribution costs.	• The Investment Strategy is set in accordance with LGPS investment regulations and takes into account the Fund's Liabilities • The Investment Strategy is reviewed, approved and documented by the Investment and Pension Fund Committee. • DCC employ an external investment advisor who provides specialist guidance to the Investment and Pension Fund Committee regarding the investment strategy. • An Annual Training Plan is agreed each year. Training programmes are available for Committee Members and Investment Staff. This can be delivered virtually where required • Members and Officers are encouraged to challenge advice and guidance received when necessary.
Failure to address Climate Change, and the impact on investee companies of the consequences of climate change and the transition to a low carbon economy, resulting in: • Financial loss and/or failure to meet return expectations. • Increased employer contribution costs. • Reputational damage.	• 100% of Brunel's portfolios, across all asset classes, are carbon and climate aware. Consideration of climate change impacts is fully embedded into their manager selection process. • Brunel integrates climate change into their risk management process, using carbon footprinting, assessing fossil fuel exposure and challenging managers on physical risks, and seek to reduce unrewarded climate and carbon risk. • The Devon Fund will undertake an annual assessment of the carbon footprint of its investments. • The Fund has moved the whole of its passive equity allocation to a Global Paris Aligned fund to significantly reduce the Fund's carbon footprint and its exposure to fossil fuel reserves.

Description of Risk and Potential Impact	Mitigating Controls
The Fund fails to effectively manage risks associated with Environmental, Social and Governance (ESG) issues in relation to its investments, resulting in: • Financial loss. • Reputational damage.	The Fund's Investment Strategy Statement sets out its approach to ESG issues and stewardship and engagement, including: • The Fund requires the Brunel Pension Partnership, and its other fund managers, to monitor and manage the risks associated with ESG issues, and will review with managers on a regular basis how they are managing those risks. Brunel has a leading reputation for responsible investment. • The Fund will engage (through Brunel, its asset managers, the Local Authority Pension Fund Forum or other resources) with investee companies to ensure they can deliver sustainable financial returns over the long term. • The Fund holds annual meetings for both employers and scheme members to provide the opportunity for discussion of investment strategy and consideration of non-financial factors. • The Fund is accredited by the FRC as a signatory to the UK Stewardship Code.
The average life expectancy of pensioners is greater than assumed in actuarial assumptions. • An increase in liabilities which exceeds the previous valuation estimate.	• Life expectancy assumptions are reviewed at each triennial valuation. For the 2022 Valuation this included a review of the impact of COVID19 on mortality. • Mortality assumptions include some allowance for future increases in life expectancy.
An employer ceases to exist with insufficient funding available to settle any outstanding debts, or refuses to pay the cessation value. • Departing employer not fully meeting its liabilities which leads to increased costs across the remaining scheme employers.	• Vetting of prospective employers before admission and ensuring that they fully understand their obligations. Applications for admission to the Fund are considered carefully and a bond or guarantee is put into place if required. • Outstanding liabilities will be assessed and recovered from any successor bodies or spread amongst remaining employers. • The actuarial valuation attempts to balance recovery period with risk of withdrawal. • If necessary, appropriate legal action will be taken. • Bond levels for each relevant employer and Employer covenant risks are re-assessed following each triennial actuarial valuation. • Following changes to regulations, new policies have been put into place with regard to Deferred Debt and Debt Spreading Agreements. These will assist in managing exiting employer deficits.

Description of Risk and Potential Impact	Mitigating Controls
Cyber Attack results in loss of access to key systems, and as a result: • The fund cannot continue to operate and deliver its propriety services following a disaster, IT incident or data loss scenario. • Loss/disclosure of Sensitive Data/ Information. • Financial costs from legal action.	• All staff have completed mandatory cyber security training. • Access and security controls are in place for the pensions administration system and the system is tested regularly by the software providers (Heywoods), and Peninsula Pensions. • Supplier Contract management - Business Continuity Plan in place as well as incident response plans, penetration testing which are all tested annually. • Brunel's cyber security arrangements have been audited by Deloitte which came back positive. • The Logotech system treasury management system is a hosted system which is backed up daily. System can be accessed via non DCC computers in the event of a disaster recovery situation.
Non-compliance with legislation and failure to correctly implement new legislation and regulations, resulting in: • Incorrect benefit payments being made. • Risk of financial loss and damage to reputation.	• LGA/External training. • Project work approach to implementation of legislative changes. • In house training for all staff. • A Training and Technical team is now in place, following the Pension Review.
Failure of employing authorities to provide timely and accurate member data resulting in: • Incorrect benefit calculations. • Financial Loss due to compensation to members. • Delays to payments. • Additional work to request and correct information.	• Pension Administration Strategy (PAS) in place since April 2015 and was revised in 2020. Employer duties are clearly identified in the PAS. Ability to fine employers is provided for in PAS and LGPS regulations. • Employing authorities are contacted for outstanding information when it is identified that information is missing or contains errors. • Guidance available on website. • Individual employer meetings include review of employer performance. • An Employer and Communications team is now in place. The team will consider employer performance and take action to address any issues, as required.

Description of Risk and Potential Impact	Mitigating Controls
Annual Benefit statements are not sent to active and deferred members by 31st August, resulting in: • Fines from the regulator. • Damage to reputation. • Increased complaints from Members. • Increased demand on resources to rectify the situation. • Creation of a backlog of other tasks due to diverted resource.	• Project management approach. • Regular contact with employers to get data. • Monthly interfacing to reduce workload at year end. • Following the completion of the historic data sign off exercise, employers will move to monthly interfacing which will reduce the number of queries at year-end.

The current version of the full risk register can be found on the Devon Pension Fund website at:

https://www.devonpensionfund.org.uk/fund-policies/important-documents/

The Devon Audit Partnership undertakes an annual review of the adequacy and effectiveness of the Pension Fund's internal control environment. A range of audits are carried out each year as agreed with the Investment and Pension Fund Committee, reviewing key risks identified by the risk register. The audits carried out in 2023/24, and the opinions provided, are summarised in the following table.

Internal Audit Coverage 2023/24

Areas Covered		PF or PP	Level of Assurance
1	Immediate Payments	PP	Reasonable Assurance
2	Inflation Risk	DPF	Substantial Assurance
3	McCloud	PP	ongoing
4	Good Governance Review	DPF	Reasonable Assurance
5	Cyber Security follow up	PP/DPF	ongoing
6	Succession Planning	DPF	N/A consultative
7	Future Finance Project (finest replacement)	PP/DPF	N/A consultative
8	Employer Interface Data Quality/Employer Performance Reports	PP	N/A consultative

Key – DPF = Devon Pension Fund   PP = Peninsula Pensions

The Devon Audit Partnership's reviews this year and in prior years provide sufficient evidence that overall, the Devon Pension Fund and Peninsula Pensions have suitable governance arrangements in place to mitigate exposure to identified risks. Good working practices are in place to meet statutory requirements. The Investment and Pension Fund Committee are kept well informed, concerning the Fund's value and the allocation of assets, and are updated regarding the LGPS Governance scheme.

Some areas were identified where controls could be improved and actions were agreed with management. Regular reports are taken to the Devon Pension Board with an Audit Action Log created to track progress and completion of audit actions including a log of actions requested by the Board. Devon Audit Partnership also maintain records of progress against agreed actions.

The Fund also seeks assurance on those organisations with which it contracts, such as external investment managers and the Fund Custodian. Internal control reports, including the tests undertaken by external auditors with their opinions, are provided on an annual basis by each external investment manager and the custodian, and these are reviewed by fund officers. For 2023/24 all internal control reports reviewed were found to be provide satisfactory levels of assurance, with action plans in place to tackle any weaknesses identified.

Stewardship and Engagement

The Devon Pension Fund has long been supportive of the UK Stewardship Code, and the Committee accepts the rights and responsibilities that attach to being a shareholder and will play an active role in overseeing the management of the companies in which it invests. The Fund's approach to stewardship and engagement is set out in its Investment Strategy Statement (ISS).

In February 2024 the Fund was re-accredited by the Financial Reporting Council (FRC) as a signatory to the UK Stewardship Code 2020 (the Code). This follows an assessment of the Fund's stewardship and engagement policies and activity reported in the Pension Fund Annual Report for 2022/23. The Code was enhanced in 2020 and sets high stewardship standards for asset owners and asset managers, and for service providers that support them. The Code comprises a set of 'apply and explain' principles for asset managers and asset owners, and a separate set of principles for service providers. The Devon Pension Fund is pleased that its work on stewardship continues to be recognised and will work to further strengthen its approach in response to feedback received.

The Fund has a fiduciary duty to achieve an investment return at an acceptable level of risk, in order to meet its liabilities to pay pension benefits over the long term, and thereby serve the interests of its current and future beneficiaries. The Fund has liabilities that stretch many years ahead. A new member joining at the age of 20 may still be receiving a pension at the age of 100 in 80 years' time. Therefore, the Fund needs to invest for the longer term in companies that have a sustainable business model for the next 30-40 years. The Fund's fiduciary duty to manage its assets over the longer-term timeframe is served by the Fund acting as a responsible asset owner.

Companies that are well managed with a sustainable business model are more likely to achieve the investment returns that the Fund requires. The Fund will therefore seek to engage in collaboration with its asset managers and other partners to promote good management and sustainable business models, and to use its votes at company meetings accordingly.

The Devon Fund seeks to be a long-term responsible investor. It therefore takes seriously concerns around issues such as investment in fossil fuel companies and the associated risks to the Fund's investments. However, the Fund is committed to effecting change by engagement, not just by divestment. All of the Fund's listed assets are now invested via the Brunel Pension Partnership, who have appointed external investment managers to manage the assets. Active stock selection decisions are taken by the external investment managers, who are expected to consider Environmental, Social and Governance (ESG) risks in making their investment decisions and to engage with the companies in which they invest. For all the Fund's active equity portfolios, Brunel undertakes the voting activity, for the passive allocations voting is delegated to Legal and General Investments Management (LGIM). The Devon Fund expects Brunel and LGIM to engage with the companies they are invested in and to vote at AGMs.

The Fund is also a member of the Local Authority Pension Fund Forum (LAPFF) who undertake significant engagement with companies on behalf of member funds.

The Fund's Stewardship Policy is set out in full in Section 6 of the Fund's Investment Strategy Statement, which can be found at:
https://www.devonpensionfund.org.uk/document/investment-strategy-statement/#stewardship-policy

This report sets out the activities of the Fund, working with and through its partners during the 2023/24 financial year, to achieve the objectives set out in the policy.

Governance and Resources

The Investment and Pension Fund Committee acts as the governing body for the Devon Fund and will oversee stewardship and engagement activity. The Committee is responsible for setting the Fund's policy on stewardship and engagement, which is set out in the Fund's Investment Strategy Statement which can be found at:
https://www.devonpensionfund.org.uk/document/investment-strategy-statement/

The policy sets out the Fund's expectations as to how Brunel will implement stewardship, engagement and voting policies and how they will interact with their underlying fund managers.

The Committee meets quarterly and at each meeting receives a report on the engagement activity carried out on behalf of the Fund over the previous quarter. Most meetings are also followed by a session with representatives of the Brunel Pension Partnership, allowing the Committee to challenge Brunel on both their investment performance and how they are implementing engagement and their responsible investment policies.

Over the 2023/24 year the Committee have regularly questioned the effectiveness of the engagement carried out on behalf of the Fund by the Brunel Pension Partnership (Brunel) and the Local Authority Pension Fund Forum (LAPFF). This includes, for example:

- Challenging Brunel on the level of engagement with water companies in relation to sewage-dumping controversies, and what the rationale was for continued investment in such companies.
- Questioning the rationale for investing in China, and the difficulties of engaging with Chinese companies, particularly those with close Government supervision.
- The impact of private markets investment in natural capital and renewable energy funds.

The Devon Fund relies to a large extent on the stewardship and engagement activity undertaken by Brunel and LAPFF. Brunel will interact directly with companies and also use the services of Hermes EOS. LAPFF commission research and analysis from PIRC Ltd. LAPFF's quarterly engagement report is presented to each meeting of the Investment and Pension Fund Committee.

The Devon County Council Investment Team will engage regularly with Brunel, LAPFF, the Institutional Investors Group on Climate Change and other partners to ensure that the Fund's engagement and voting priorities, as set out in the Stewardship Policy within the Investment Strategy Statement, are being met. The Head of Investments and the Investment Manager will have specific responsibilities and targets set within annual appraisals to ensure that the Fund's stewardship responsibilities are met. They are supported by the Investment Team and the Communications and Projects Officer who provides additional support on stewardship reporting.

The role of the Independent Investment Advisor to the Investment and Pension Fund Committee includes the objective of advising the Committee on responsible investment. This role is currently undertaken by Anthony Fletcher, a senior advisor at Apex Investment Advisors. The role of Investment Advisor is reviewed periodically and re-tendered on a regular basis through the Council's procurement service, and knowledge of responsible investment is part of the criteria for appointment. The Fund has not used investment consultants to provide any services in relation to stewardship and engagement, except that Mercer undertook a climate scenario analysis during 2022 that is covered in the Climate Change section of the Annual Report.

Assurance and Risk Management

The Fund maintains a risk register, and has a comprehensive annual programme of internal audit, carried out by the Devon Assurance Partnership.. Full details are within the Risk Management section of the Annual Report. The Risk Register will include market risks around the potential impact of geopolitical issues, inflation and interest rates. The mitigations in place are set out in the Risk Register and include how the Fund interacts with Brunel, fund managers and other service providers. The Register includes specific risks around the impact of climate change and other systemic issues. The stewardship work undertaken in partnership with Brunel, fund managers, LAPFF and the Institutional Investor Group on Climate Change (IIGCC) form a part of the mitigation against those risks.

The Fund continues to work on improving its stewardship activities and reporting. The feedback received from the FRC is invaluable in highlighting gaps in reporting and areas of improvement required. The Fund has used the feedback from the 2021, 2022 and 2023 submissions to prioritise areas for attention.

In addition, as part of the annual programme of internal audit, it is intended to carry out a focused audit of the Fund's stewardship activities every three years, the last of which took place during the 2022/23 year. The audit considered the risk of non-compliance with the Stewardship Code resulting in the removal of the accreditation as a signatory to the UK Stewardship Code by the Financial Reporting Council and reputational damage to the Devon Pension Fund. The audit concluded that there was substantial assurance that the Fund was effectively managing its stewardship role and addressing previously identified gaps.

The next focused audit is due during 2025/26. It is intended that the audit will build on the work undertaken in 2022/23, and also on the consultation undertaken with fund members in 2022, to provide further assurance that stewardship reporting is balanced and understandable by pension fund members.

In the meantime, the Fund will continue to seek regular external feedback and assurance on the effectiveness of its stewardship activities and will look to address any gaps identified.

Consultation with Fund Members

Each year, the fund holds an annual consultative meeting for members of the pension fund and includes presentations on stewardship activity and how the Fund is addressing climate change, as well as updates on investment and administration performance. This allows fund members to ask questions and challenge how the fund is managing these issues.

The meeting in March 2024 was held as a hybrid meeting, with some fund members attending in person and over 140 fund members attending virtually, enabling them to view the presentations and pose questions to fund officers. The meeting included presentations to update members on how the Fund engages with the companies that it invests in, and progress on reducing the carbon footprint of the Fund's investments. A statement was made by a fund member in support of divestment from fossil fuel companies, while others supported an engagement approach.

The presentations also included outlining the decision of the Fund to allocate 3% to a Local Impact Portfolio, which would invest in assets in Devon and the South West with the intention of making a positive impact on the local community while still achieving the required investment return. A presentation was made by Schroders Greencoat on the Wessex Gardens Fund which had been established to invest in renewable energy infrastructure assets across the South West, with investments from the Devon Fund and five other LGPS funds across the area.

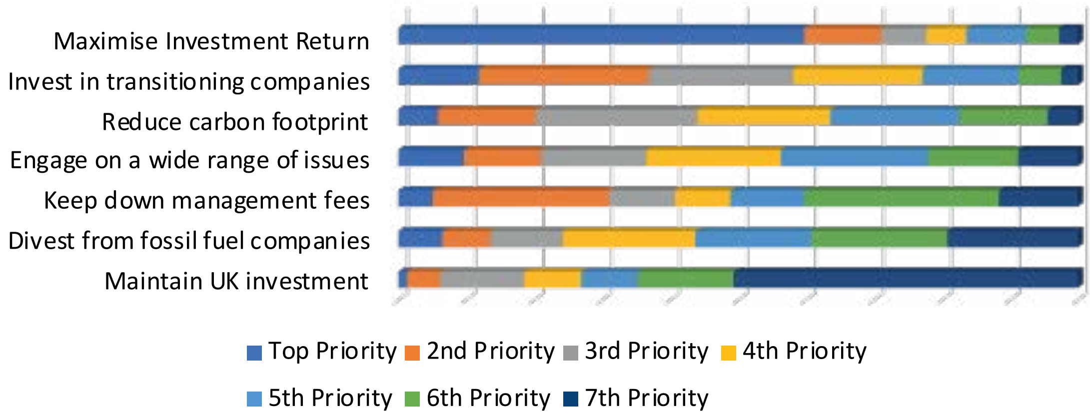
A similar meeting is held annually for fund employers and information is also available on the Fund website: **www.devonpensionfund.org.uk**

The Fund also consults with fund members, to gain a fuller understanding of views on the Fund's investment strategy, stewardship priorities and climate change policies, through a survey of views undertaken every three years. The last survey was carried out in 2022, with the next survey due in 2025.

The 2022 survey was answered by 4,278 fund members. This represents around 3.2% of the total fund membership, which compares well with other LGPS funds that have undertaken a similar exercise. Respondents were asked to rate the importance of maximising investment returns, addressing environmental, social and governance issues, in particular those related to climate change, and managing costs. They were then asked to prioritise the issues raised.

The results of the prioritisation exercise are shown in the chart below.

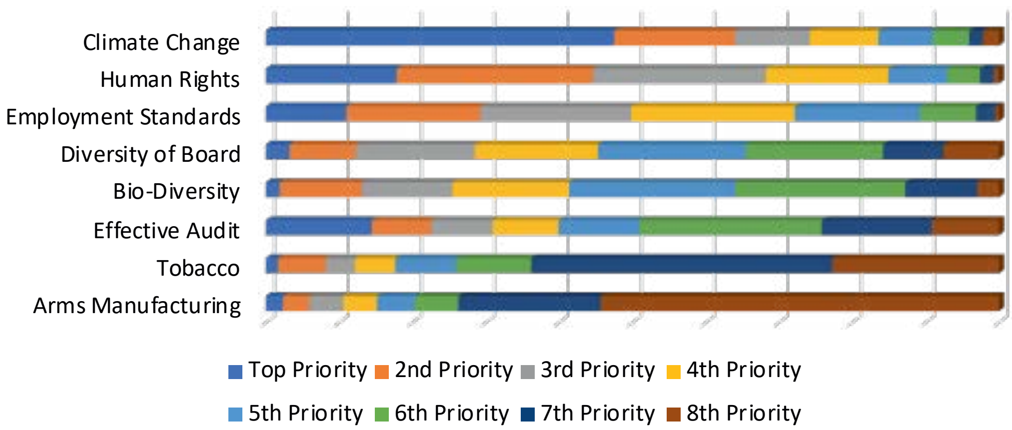
Pension Fund Member Investment Priorities



The majority of respondents rated maximising investment at an appropriate level of risk as their number one priority. In some cases, this was supported by comments that this should be the only criteria for investment. However, most fund members also supported the Fund taking an active stewardship role. Engaging with companies on a range of issues, investing in companies transitioning their business and reducing the Fund's carbon footprint were rated more important than divestment from fossil fuels, although that was still rated as fairly important or higher by the majority of respondents.

Respondents were also asked to consider the issues on which the Fund should be engaging with investee companies, and to rate them in priority order. The results of this question are summarised in the chart below:

What Issues Should the Devon Pension Fund be Engaging On?



Climate change was rated as the top engagement priority by 47% of respondents, making it the highest priority subject overall, followed by human rights and employment standards.

Respondents were also given the option to raise other concerns not included in the list above. Other concerns mentioned by a significant number of people included:

- Investment in Russia
- Animal Welfare
- Modern Slavery / Child Labour
- Gender equality
- Investment in China
- Taxation (companies paying tax appropriately)
- Political donations / impartiality

Conflicts of Interest

Devon County Council has a robust Code of Conduct and Conflicts of Interest policy, which all members of the Investment and Pension Fund Committee (whether Devon County Councillors or not) are required to adhere to. The policies can be found at:
http://democracy.devon.gov.uk/ieListDocuments.aspx?CId=416&MId=2487&Ver=4&info=1

Investment and Pension Fund Committee members are required to make declarations of interest prior to committee meetings in line with the Council's code of conduct and conflict of interest rules. This would ensure that if committee members had any personal interests in any company that the Fund invests in that may have an impact on stewardship activity then those interests would be declared and managed.

The members of the Investment and Pension Fund Committee, in their wider role as councillors, will be involved with their councils' provision of services to the local community which may cross over with the Fund's investments. When the decision was taken during 2023 to set up a Local Impact Portfolio with an allocation of 3% of the Fund's assets, the need to avoid any conflicts of interest was a key requirement.

All of the Local Impact Portfolio's investments will be made with fund managers, through funds where the Devon Fund is one of a number of investors. In some cases, a co-investment sleeve has been set up purely for the Devon Fund to invest in assets located in Devon. In those cases, no investments will be made that do not also attract investment from the fund manager's core fund offering to other investors. The selection of individual investment assets is undertaken by the fund managers and the Committee has no influence over the selection of those individual assets for investment.

As a result of these measures there were no conflicts of interest that arose during the 2023/24 financial year.

Asset Classes

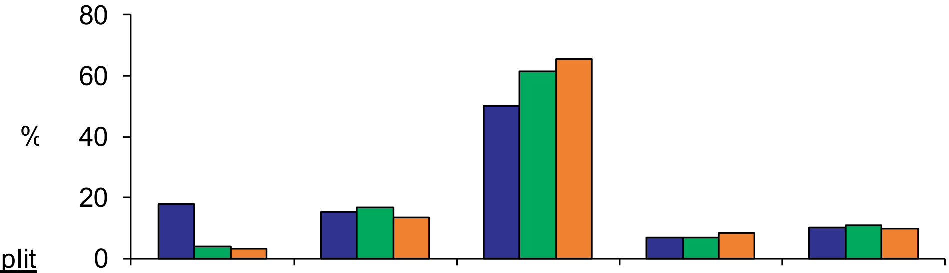
The Fund's investments are split between a number of asset classes. Broadly speaking as at 31 March 2024 52% was invested in equities, 20% in fixed interest, 7% in diversifying returns funds and 21% in private markets (property, infrastructure, private equity and private debt). More details can be found in the Report of the Director of Finance and Public Value on pages 9-20. Stewardship and engagement activity varies between the difference asset classes and is outlined below.

Equity Investments

The Devon Pension Fund's equity investments are managed by external investment managers appointed and monitored by the Brunel Pension Partnership. Brunel's engagement activities are included in the Brunel Fund Manager Report section of the Annual Report.

The Fund's equity investments are spread across the globe. A geographical analysis of the Fund's equity assets is provided in the graph below:

Geographical Analysis of the Devon Pension Fund's Equity Investments



	UK	Europe Ex UK	North America	Asia/ Pacific	Emerging Markets
Percentage Split					
March 2023 (%)	17.7	15.1	50.0	6.9	10.3
March 2024 (%)	4.0	16.8	61.4	6.7	11.0
FTSE All World	3.3	13.5	65.4	8.2	9.6
£m Invested					
March 2023 (m)	487.6	414.8	1,374.5	189.3	281.8
March 2024 (m)	128.1	531.2	1,935.3	211.5	347.8

The regulatory environment varies across different parts of the world, and to be successful active owners in these markets, investors must assess stewardship in the local context and take the time to understand the local business environment, culture, and evolving regulations. These differences serve to guide variances in stewardship and engagement activities. Emerging market companies, in particular, can be a significant challenge.

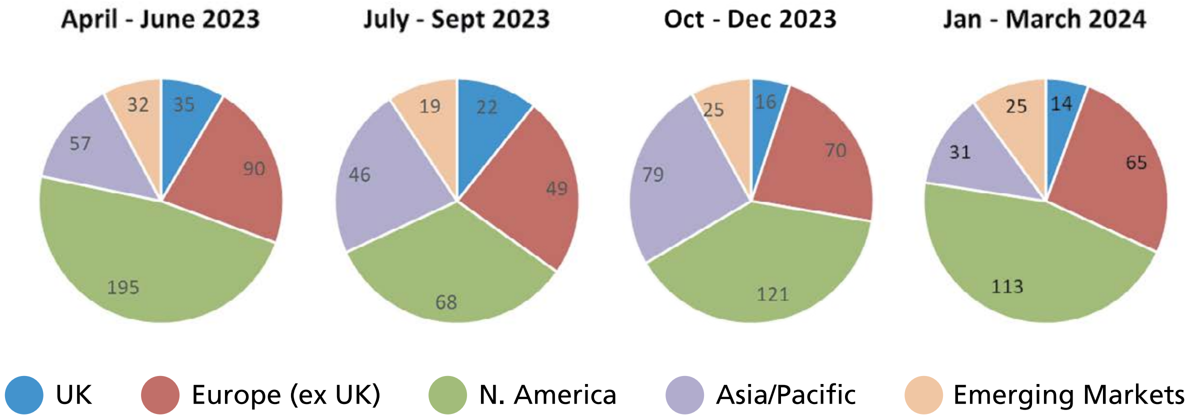
Areas of particular concern to the Devon Fund, which will influence voting and engagement activity include:

- Climate Change and Sustainability.
- Human rights and natural capital.
- Conduct, culture, composition and effectiveness of company boards (i.e. governance).
- Remuneration policies that align with shareholder interests
- Effective audit
- Protection of shareholder and bondholder rights.

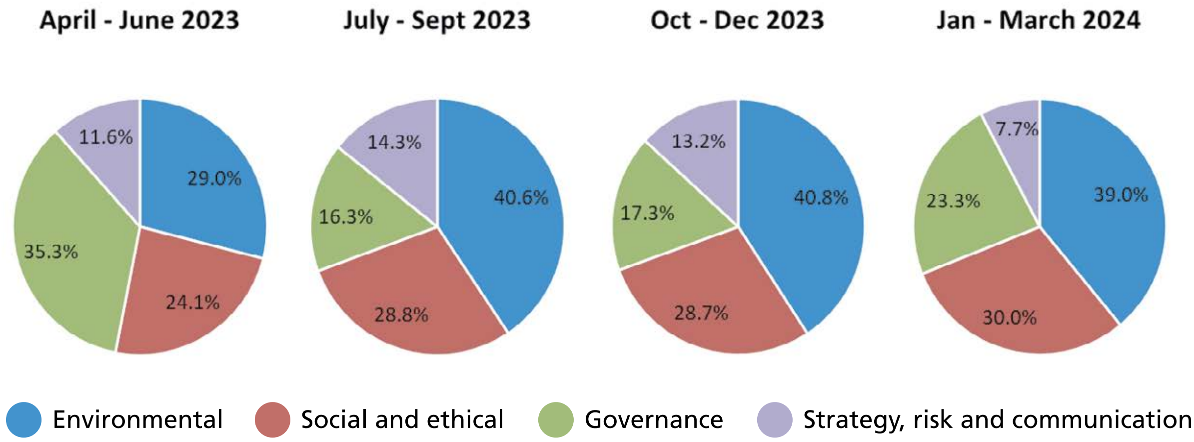
The Devon Fund's expectation is that engagement should be undertaken by Brunel on behalf of the Devon Fund and Brunel's other clients, and that their engagement should address the Fund's priority areas of concern. The Head of Investments and the Investment Manager participate regularly in Brunel's Responsible Investment Sub-Group where engagement themes are discussed and where Brunel's clients can hold them to account. Quarterly reports are made to the Investment and Pension Fund Committee, as set out above, and the Committee are satisfied that the engagement carried out by Brunel meets their requirements.

Through their appointed service provider, Federated Hermes EOS, Brunel engages with investee companies across all of their portfolios, including emerging markets. A breakdown of the number of companies engaged with in each region during each quarter, and the type of issues engaged on is shown in the following charts:

Number of Companies Engaged With, By Region



Breakdown of Issues Engaged On



More detail of Brunel's engagement activity can be found in their manager report from page 87 onwards, and on their website at: **https://www.brunelpensionpartnership.org/stewardship/**.

In addition, the Devon Fund is a member of the Local Authority Pension Fund Forum (LAPFF), which conducts extensive engagement on behalf of member funds. This includes speaking at company AGMs, organising one to one meetings with company executives, and seeking responses to correspondence. Some examples of the engagement that has taken place over the year are given below:

Examples of LAPFF Engagement Activity

Apple - LAPFF has been engaging technology companies on their governance and human rights practices for a number of years. LAPFF policy is to encourage companies to adopt human rights policies and management practices in line with the UNGPs, and it believes these policies and practices should be disclosed to shareholders. Technology companies have a great potential impact on human rights, including the rights to privacy and freedom of expression. At the company's 28 February 2024 AGM, LAPFF recommended a vote in favour of shareholder resolutions that received significant shareholder support, one requesting racial and gender pay gaps reporting, and one calling for a report on the use of Artificial Intelligence. LAPFF will continue to engage with Apple on these issues.
Nestle - LAPFF sought a meeting with Nestlé to assess and understand the integration of regenerative agriculture into its strategy. This includes understanding the company's specific goals, initiatives, and progress in implementing regenerative practices, as well as its contributions to climate change mitigation and biodiversity conservation. During the meeting with Nestlé, the Forum gained insights into the strategies and initiatives involved in implementing regenerative agriculture. Discussions looked at how this would be incorporated into their broader climate strategy and covered biodiversity more widely. While the long-term efficacy of these actions is yet to be measured, the conversations indicated a strong commitment from Nestlé, although further evaluation will be required in the future to gauge the impacts of strategies. LAPFF will continue to engage with Nestlé, focusing on monitoring the implementation of their regenerative agriculture practices. LAPFF will also look more widely across the agri-food sector as others are incorporating this into their business strategies as new methods and technologies become available.
Richemont / Kering / Moet Hennessy - Legislation globally is increasingly incorporating human rights considerations, including potential fines for companies found to have forced labour or other human rights abuses in their supply chains. There can be a common misconception that paying a premium for luxury items directly translates into better wages and working conditions for workers. However, the luxury goods sector, like many others, is not immune to the challenges and risks associated with human rights violations in their supply chains, such as forced labour, child labour, unsafe working conditions, and inadequate wages. LAPFF engaged with five luxury goods companies, several of which were new engagements for the Forum. Meetings were held with key industry players: Richemont SA, Kering SA, and Louis Vuitton Moet Hennessy. These engagements provided LAPFF with valuable opportunities to initiate dialogues, aiming to establish good relationships and gain a deeper understanding of the companies' current practices. Moreover, these discussions allowed LAPFF to present an investor's perspective on why enhanced disclosures are critical, demonstrating a company's commitment to mitigating legal and reputational risks associated with human rights issues.

Caterpillar / BAE Systems - LAPFF sought engagement with several defence and manufacturing companies regarding humanitarian and human rights impacts in high-risk and conflict-affected areas such as Gaza. In letters sent to companies including Caterpillar and BAE Systems, LAPFF sought to better understand how these companies manage human rights risks associated with use of their products, particularly in the context of conflict zones. Caterpillar responded, providing links to their respective human rights policies but did not provide substantive responses on the issue. LAPFF will be discussing the issues at an upcoming meeting with BAE. Through these engagements LAPFF seeks greater transparency around companies' human rights policies, encourages companies to prevent or mitigate human rights violations, and urges compliance with international humanitarian laws and the UN Guiding Principles on Business and Human Rights (UNGPs).
National Grid - LAPFF has been seeking to ensure that National Grid is more transparent about its plans to support the energy transition and reducing grid connection. The objective was to encourage disclosure and to offer the opportunity to provide feedback on the company's approach in both respects. At the end of November, LAPFF met the Chief Sustainability Officer of National Grid. In this meeting LAPFF asked for an update on the backlog of grid connections and an update on the transition plan. The recent change in regulations has enabled the backlog to start to be cleared. This has been a main concern as the average time between requesting a connection and being offered one has increased from 18 months in 2019-20 to 5 years in 2023, as reported by the company. The easing of regulations will allow the company to terminate projects not progressing and push projects which are ready to the front of the queue. The meeting also discussed the new transition plan to be published next year. LAPFF welcomed the fact that this is likely to be updated next year and will be put to a shareholder vote. LAPFF also encouraged the company to ensure the report is not only about reducing emissions but how the company can facilitate new infrastructure to be built, and its wider role in the energy transition.
TJX - As a retailer specialising in brand-name clothing, home goods, and outdoor products, TJX Companies is exposed to various commodities that potentially link to deforestation in its supply chain. However, it currently lacks a public deforestation policy and does not address this issue in its vendor code of conduct. LAPFF initiated a dialogue with TJX Companies and met with representatives for the first time to discuss the development of such a policy. The conversation began with an overview of the company's sustainability priorities, focusing on climate and energy, before shifting to the topic of deforestation. The Forum aims to continue engaging with TJX to advocate for the benefits of imposing requirements on its supply chain on preventing deforestation.
SAP - Governance of new technology is well recognised as an investment risk. However, such risks have come to the fore again with significant advances in AI technologies. Alongside the significant potential benefits of Artificial Intelligence (AI), it has the potential to adversely impact people's employment and creates human rights risks, not least around discrimination. As with other human rights risks, LAPFF expects technology companies to have due diligence policies in place to prevent negative impacts. LAPFF executive member Heather Johnson met with the German tech company SAP. The company faces specific risks related to AI, including products which support HR functions. The meeting covered how the company was managing the risks of adverse human rights impacts, including discrimination. The discussion covered identification of risks and the company set out the framework and processes it has in place for preventing negative impacts. The meeting also covered how the company had responded to the German Supply Chain Due Diligence Act. LAPFF will continue to engage technology companies in how these risks are being managed to ensure appropriate frameworks and safeguards are in place.

Home Depot Inc - As a part of the Investor Alliance for Human Rights' Uyghur Working Group, LAPFF led on an engagement with The Home Depot, which was implicated in allegations of Uyghur forced labour in its luxury vinyl tile (LVT) flooring supply chains, with PVC derived from Xinjiang. LAPFF, alongside other investors, met with Home Depot for a second time following reports in August that shipments of LVT from Asia were being blocked by US Customs, including those destined for Home Depot. During the call, LAPFF sought answers on what the company was doing to ensure that its company supply chain was free of forced labour, potential implications of bifurcation of supply chains, and what new methods Home Depot was implementing to have sufficient audit procedures in place. LAPFF will continue to monitor the company's approach to global human rights due diligence and seek further engagement in due course for updates on the issue, with a focus on the company's implementation of enhanced audit procedures.

Voting Activity

Voting on the Fund's equity shares is delegated to the Brunel Pension Partnership, and for the Fund's passive investments to Legal and General Investment Management (LGIM). The Devon Fund requires that Brunel will always seek to exercise its rights as shareholders through voting on all resolutions at company general meetings.

Brunel actively vote the shares held within their funds on behalf of their client funds, including Devon. For the passive equity allocation Legal and General Investment Management (LGIM) manage the investments and voting on the shares is delegated to them. On significant issues, Brunel may request that their shares are split out and a different vote made. The votes cast by the Fund's investment managers during the year in respect of the Devon Fund's investments are set out in the table below. The passive portfolios managed by LGIM are shown separately from Brunel's voting on active portfolios.

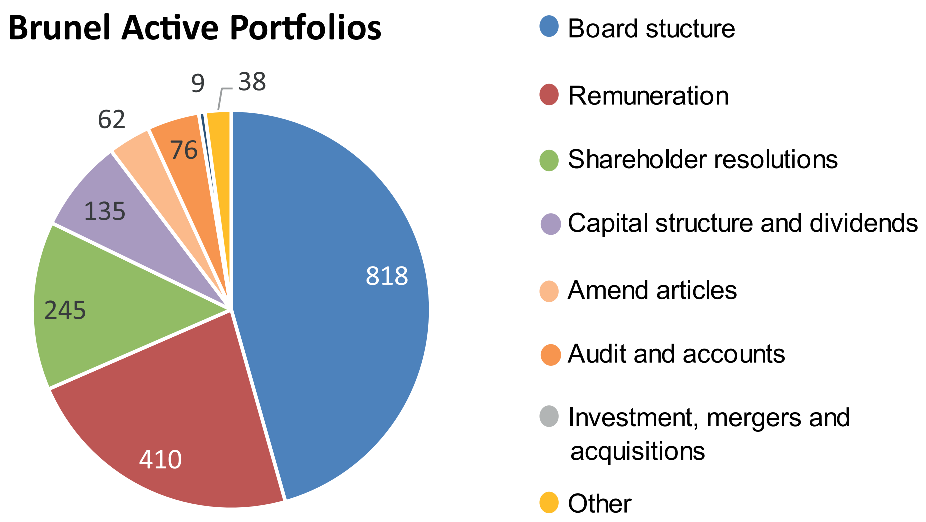
Votes Cast at Company Meetings 2022/23

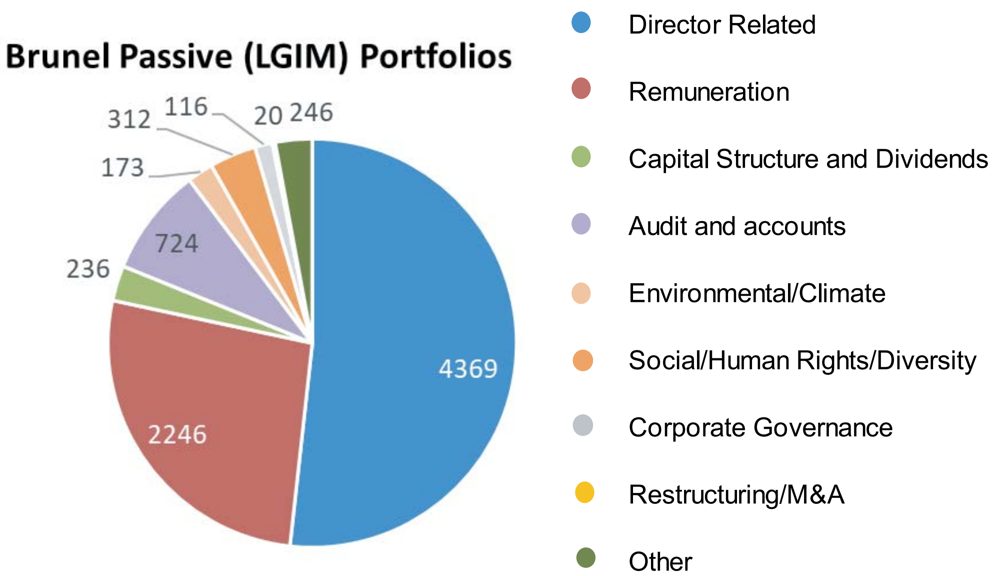
Manager	Number of Meetings	Number of Resolutions	Votes against Management Recommendation
Brunel Passive Portfolios (LGIM)	2,711	40,590	8,442
Brunel active Portfolios	898	10,084	1,793

The passive portfolios will include all the companies in the relevant indexes, so there will be more meetings and more resolutions to vote on than for the actively managed portfolios. The votes against management recommendations will reflect matters where there is concern that the company is not addressing the issue concerned and managing it effectively. The Devon Fund would expect that these votes against management should be primarily on the priority areas set out in the Fund's Investment Strategy Statement.

An analysis of the issues where votes have been cast against management recommendations is set out below.

Votes cast against management recommendation by issue 2023/24





While voting is delegated to Brunel and LGIM, the Devon Fund will take a particular interest in how votes are cast where significant issues arise on the agendas of company meetings. These issues will be identified through correspondence received from pension fund members, councillors or other interested parties within the local community. They will also be identified from voting alerts issued by LAPFF, with recommendations on how to vote.

The Devon Fund will then pass on recommendations to Brunel, and ask them to report back on how they and LGIM have voted. The votes cast are then reported back to the Investment and Pension Fund Committee on a quarterly basis, and the Committee can then hold Brunel accountable for the votes that have been cast.

The voting alerts issued during 2023/24 and the votes cast on the issues concerned are summarised in the following table. The table separates out Brunel's votes through their active portfolios and the votes cast by LGIM on the passive portfolios. The table also shows the outcome of the votes concerned and the rationale for how Brunel/LGIM have cast their votes.

LAPFF Voting Alerts 2023/24

Rio Tinto PLC - 6 April 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
1. Accept Financial Statements and Statutory Reports	Oppose	For	N/A	Approved (99.7% votes for)
2. Approve remuneration report for UK law purposes	Oppose	For	N/A	Approved (96.0% votes for)
3. Approve remuneration report for Australian law purposes	Oppose	For	N/A	Approved (96.0% votes for)
6. Elect Dominic Barton as director	Oppose	For	N/A	Approved (97.5% votes for)
7. Re-elect Megan Clark as director	Oppose	For	N/A	Approved (94.0% votes for)
10. Re-elect Sam Laidlaw as director	Oppose	For	N/A	Approved (97.0% votes for)
Rationale for vote: Following recent constructive engagement with Rio Tinto on issues related to remuneration and with the chair of the Sustainability Committee, LGIM supported approval of the financial reports and re-election of directors.				

CentrePoint Energy - 21 April 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
5. Shareholder proposal relating to disclosure of Scope 3 emissions and setting Scope 3 emissions targets	For	For	N/A	Not approved (81.7% against)
Rationale for vote: LGIM supported the shareholder proposal as more information is required about how the company will meet Paris Agreement requirements.				

Bank of America - 25 April 2023	Active Portfolios held in: Global high alpha equities			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
8. Requesting greenhouse gas reduction targets	For	For	For	Not approved (88.5% against)
9. Requesting report on transition planning	For	For	For	Not approved (71.5% against)
Rationale for vote: Brunel supported the shareholder proposal as it promotes better management of ESG opportunities and risks. LGIM voted in favour as they expect companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.				

PACCAR INC - 25 April 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
6. Proposal regarding a report on climate-related policy engagement	For	For	N/A	Not approved (52.6% against)
Rationale for vote: A vote in favour was applied, as LGIM encourages all companies to report their climate lobbying activity in line with the Global standard on responsible corporate climate lobbying.				

Wells Fargo - 25 April 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
7. Climate change lobbying report	For	For	N/A	Not approved (67.7% against)
8. Climate change transition report	For	For	N/A	Not approved (68.9% against)
Rationale for vote: A vote in favour of the shareholder climate change resolutions was applied, as LGIM encourages all companies to report their climate lobbying activity in line with the Global standard on responsible corporate climate lobbying.				

Anglo American - 26 April 2023	Active Portfolios held in: Emerging markets equities			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
1. Receive the Annual Report and accounts	Oppose	For	Oppose	Approved (99.0% votes for)
15. Approve Remuneration Policy	Oppose	For	For	Approved (95.9% votes for)
16. Approve remuneration implementation report	Oppose	For	For	Approved (94.6% votes for)
Rationale for vote: Brunel voted against the annual report and accounts as insufficient consideration was given to climate change in the financial accounts and remuneration policies.				

Marathon Petroleum Corp - 26 April 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
9. Seeking a report on Just Transition	For	For	N/A	Not approved (83.6% votes against)
Rationale for vote: A vote FOR was applied by LGIM. While they acknowledge the progress made by the company by publishing its first Just Transition report in March 2022, they believe investors would benefit from further quantifiable disclosure on goals and time-bound commitments associated with the company's approach to a just transition.				

Borgwarner Inc - 26 April 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
7. Board of directors to publish a Just Transition Report	For	For	N/A	Not approved (68.0% votes against)
Rationale for vote: A vote in favour of this resolution was warranted because LGIM believe Just Transition considerations are essential aspects of climate strategy and should be reviewed in greater detail by the company.				

Cenovus Energy - 26 April 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
4. Lobbying and its alignment with our net zero ambition	For	For	N/A	Approved (99.5% votes for)

Rationale for vote: A vote in favour was applied as LGIM expects companies to provide sufficient disclosure on contributions in respect of lobbying.

The Goldman Sachs Group Inc - 26 April 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
9. Policy to phase out fossil fuel-related lending and underwriting activities	For	For	N/A	Not approved (93.0% votes against)
10. Disclosure of 2030 absolute greenhouse gas reduction goals	For	For	N/A	Not approved (88.0% votes against)

Rationale for vote: A vote in support of these proposals was applied as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the company's stated commitments and recent global energy scenarios. This includes but is not limited to, devising sector exclusion policies for thermal coal and a time-bound policy to phase-out investment in new exploration and development of oil and gas supply. LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.

Lockheed Martin Corp- 27 April 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
7. Report on the intention to reduce full value chain GHG emission	For	For	N/A	Not approved (64.6% votes against)

Rationale for vote: A vote in favour was applied as LGIM supports companies reporting all material scopes of GHG emissions.

BP - 27 April 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
1. Receive the Annual Report	Oppose	For	N/A	Approved (98.7% votes for)
3. Approve remuneration report	Oppose	For	N/A	Approved (94.2% votes for)
7. To re-elect Paula Rosput Reynolds as a director	Oppose	For	N/A	Approved (97.6% votes for)
25. Follow This shareholder resolution on climate change targets	For	Oppose	N/A	Not approved (83.3% votes against)

Rationale for vote: LGIM expects companies to introduce credible energy transition plans, covering their direct and indirect emissions and consistent with the Paris objectives. A successful transition to a net zero emissions economy requires all sectors to align with those objectives and hence we place significant importance in our engagement and voting policies on Scope 3 emissions being integrated into a company's energy transition plan and decarbonisation efforts. Although we support the shareholder proposal, a vote AGAINST was applied as in their view, the wording of the proposal imposes inflexibility on the company that is challenging to justify at the present time, and could lead to unintended consequences as we transition to a net-zero emissions economy. For example, the non-linear nature of the energy transition and the importance of achieving real-world progress to cut emissions.

Lockheed Martin Corp- 27 April 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
7. Report on the intention to reduce full value chain GHG emission	For	For	N/A	Not approved (64.6% votes against)
Rationale for vote: A vote in favour was applied as LGIM supports companies reporting all material scopes of GHG emissions.				

Vale SA - 28 April 2023	Active Portfolios held in: Emerging markets equities			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
1. Approval of the Financial Statements	Oppose	For	For	Approved (99.8% votes for)
5. Elect Manuel Lino Silva da Sousa	Oppose	For	For	Approved (93.1% votes for)
Rationale for vote: LAPFF's recommendations related to ongoing concerns re the Brumadinho tailings dam collapse in 2019. LGIM chose not to vote against approval of the financial statements or the re-election of Manuel Lino Silva da Sousa, who was only appointed in 2021. However they did vote against the re-election of other directors due to governance concerns.				

Raytheon Technologies Corp - 2 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
8. Greenhouse gas reduction plan	For	For	N/A	Not approved (62.2% votes against)
Rationale for vote: A vote in support of this proposal was warranted as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the company's stated commitments and recent global energy scenarios. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal. LGIM will continue to monitor the Company's commitments and disclosures in this regard.				

Public Storage - 2 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
5. Greenhouse gas reduction targets	For	For	N/A	Not approved (65.3% votes against)
Rationale for vote: A vote in favour was applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.				

Imperial Oil - 2 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
1. Adopt an absolute greenhouse gas reduction target	For	For	N/A	Not approved (96.3% votes against)
Rationale for vote: A vote FOR was applied as LGIM expects companies to introduce credible energy transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C.				

Enbridge - 3 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
1. Lobbying and political donations in the US creating business risk	For	For	N/A	Not approved (81.2% votes against)
2. Annual disclosure of all of the Company's scope 3 emissions	For	For	N/A	Not approved (74.5% votes against)
Rationale for vote: Climate Change Lobbying - A vote in favour was applied, LGIM encourages all companies to report their climate lobbying activity in line with the Global standard on responsible corporate climate lobbying. Emissions disclosure: A vote FOR this proposal was applied as LGIM expects companies to introduce credible energy transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emission.				

Coterra Energy - 4 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
1. Report on corporate climate lobbying	For	For	N/A	Not approved (62.2% votes against)
Rationale for vote: A vote in favour was applied, as LGIM encourages all companies to report their climate lobbying activity in line with the Global standard on responsible corporate climate lobbying.				

HSBC - 5 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
1. Receive the Annual Report	Oppose	For	N/A	Approved (99.7% votes for)
17. Resolution on strategy review	Oppose	Oppose	N/A	Not approved (96.8% votes against)
Rationale for vote: LGIM chose not to vote against the Annual Report, but a vote AGAINST the strategy review proposal was applied as the dividend policy proposed by the dissident of a minimum dividend level in absolute USD terms appears overly restrictive and lacks detailed rationale.				

Berkshire Hathaway - 6 May 2023	Active Portfolios held in: Global high alpha equities			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
4. Report on climate-related Risks	For	For	For	Not approved (73.2% votes against)
5. Climate change risks audit	For	For	For	Not approved (82.0% votes against)
6. Climate change targets	For	For	For	Not approved (77.2% votes against)
Rationale for vote: Brunel voted for the shareholder resolution, against management recommendation as the shareholder proposal promotes better management of ESG opportunities and risks. LGIM also voted in favour as they expect the company to be undertaking appropriate analysis and reporting on climate change matters, as they consider this issue to be a material risk to companies.				

Valero Energy - 9 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
5. Set different GHG emissions reductions targets (Scopes 1, 2 and 3)	For	For	N/A	Not approved (66.9% votes against)
Rationale for vote: A vote FOR was applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris objectives of limiting the global average temperature increase to 1.5 C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and respective short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5 C goal. Additional information on the company's efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow shareholders to better understand how the company is managing its transition to a low carbon economy and climate change-related risks.				

Ameren Corporation - 11 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
5. Adoption of Scopes 1 and 2 emissions target	For	For	N/A	Not approved (86.2% votes against)
Rationale for vote: LGIM commend the company for the steps it has taken to set Scope 1 and 2 reduction targets and moving towards their climate goals. However, A vote for the shareholder resolution was applied as LGIM expects companies to introduce transition plans, consistent with the 1.5°C goal based on the IEA's Net Zero 2050 Roadmap. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets.				

JP Morgan Chase & Co - 16 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
9. Report on climate transition planning	For	For	N/A	Not approved (63.6% votes against)
12. Absolute GHG reduction goals	For	Oppose	N/A	Not approved (86.0% votes against)
Rationale for vote: A vote in favour of these resolutions was applied as LGIM expects the company to be undertaking appropriate analysis and reporting on climate change matters, as they consider this issue to be a material risk to companies. Such reporting will help the company to demonstrate to investors and other stakeholders how it is implementing its climate transition strategies and emissions reduction targets. LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.				

Chubb Ltd - 17 May 2023	Active Portfolios held in: Sustainable equities			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
14. Greenhouse gas emissions targets	For	For	For	Not approved (71.1% votes against)
Rationale for vote: Votes in favour were applied by LGIM and Brunel to improve transparency on the companies activities financing activities that will hamper climate change mitigation.				

Quest Diagnostics - 17 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
6. Greenhouse gas reduction and transition plan	For	For	N/A	Not approved (52.0% votes against)
Rationale for vote: A vote in favour was applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.				

Welltower Inc - 23 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
1a. Director elections: Kenneth J. Bacon	Oppose	Oppose	N/A	Approved (93.1% votes for)
Rationale for vote: A vote against was applied because LGIM have concerns regarding the time commitment required to manage all board positions and how this may impact their ability to remain informed and effectively contribute to board discussions.				

Shell - 23 May 2023	Active Portfolios held in: Global high alpha equities			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
2. Approval of the directors remuneration policy	Oppose	For	Oppose	Approved (94.6% votes for)
3. Approve of directors remuneration report	Oppose	For	Oppose	Approved (94.7% votes for)
9. Reappoint Dick Boer as a director	Oppose	For	For	Approved (99.6% votes for)
10. Reappoint Neil Carson as a director	Oppose	For	For	Approved (99.4% votes for)
11. Reappoint Ann Godbehere as a director	Oppose	For	For	Approved (98.7% votes for)
12. Reappoint Jane Holl Lute as a director	Oppose	For	For	Approved (99.8% votes for)
13. Reappoint Catherine Hughes	Oppose	For	For	Approved (98.3% votes for)
14. Reappoint Sir Andrew Mackenzie as a director	For	For	Oppose	Approved (93.1% votes for)
15. Reappoint Abraham (Bram) Schot as a director	Oppose	For	For	Approved (99.8% votes for)
25. Approve Shell's Energy Transition Plan	Oppose	Oppose	Oppose	Approved (80.0% votes for)
26. Approve shareholder resolution 'Follow This'	For	Oppose	For	Not approved (79.8% votes against)

Rationale for vote:

- Remuneration - Brunel voted against the directors' remuneration and policy as it was misaligned with their remuneration principles.
- Director elections - Brunel chose to vote again at the re-election of Sir Andrew Mackenzie, rather than the whole board, due to concerns relating to climate change strategy change.
- Energy Transition and Climate Change - Brunel voted against the transition plan and in favour of the shareholder resolution due to Inadequate management of climate-related risks. LGIM also applied a vote against the transition plan, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products, but remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory. However, LGIM applied a vote AGAINST the shareholder resolution as in their view, the wording of the proposal imposes inflexibility on the company that is challenging to justify at the present time, and could lead to unintended consequences as we transition to a net-zero emissions economy. For example, the non-linear nature of the energy transition and the importance of achieving real-world progress to cut emissions. Their approach to such resolutions will remain dynamic given the need for companies to demonstrate clearly how they will be net zero compliant in a transition.

Amazon - 24 May 2023	Active Portfolios held in: Global high alpha equities			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
6. Report on Retirement Plan Options (alignment with decarbonisation)	For	Oppose	For	Not approved (92.8% votes against)
7. Report on customer due diligence (use of technologies and services)	For	For	For	Not approved (65.8% votes against)
8. Additional reporting on content and product removal/restrictions	For	For	For	Not approved (89.5% votes against)
9. Additional reporting on content removal requests	Oppose	For	Oppose	Not approved (98.4% votes against)
10. Additional reporting on stakeholder impacts	For	For	For	Not approved (72.1% votes against)
11. Alternative tax reporting (tax transparency)	For	For	For	Not approved (82.3% votes against)
12. Additional reporting on climate lobbying	For	For	For	Not approved (76.1% votes against))
13. Additional reporting on gender/racial pay	For	For	For	Not approved (70.8% votes against)
15. Amendment to bylaws to require shareholder for certain future amendments (universal proxy)	For	Oppose	Oppose	Not approved (88.5% votes against)
16. Additional reporting on freedom of association	For	For	For	Not approved (65.1% votes against)
17. New policy regarding executive compensation process	For	For	For	Not approved (93.5% votes against)
18. Additional reporting on animal welfare standards	For	Oppose	For	Not approved (94.4% votes against)
19. Additional board committee (public policy)	For	For	Oppose	Not approved (93.7% votes against)
20. Alternative director candidate policy	For	For	Oppose	Not approved (81.6% votes against)
21. Report on warehouse working conditions	For	For	For	Not approved (64.6% votes against)
22. Report on packaging materials	For	For	For	Not approved (67.7% votes against)

Rationale for vote: The AGM included a large number of shareholder resolutions calling for improved reporting on a wide range of issues. Brunel and LGIM both supported the majority of these resolutions as improving transparency and risk management and being ion the interests of shareholders. LGIM chose not to support the resolution on retirement plan options, as the company's retirement plan is managed by a third-party fiduciary and employees are offered an option for investing more responsibly. Both Brunel and LGIM voted against resolution 15 on bylaw amendments as being overly restrictive of the board's ability to amend the bylaws, and not necessarily in the interest of shareholders. LGIM voted AGAINST the proposal on animal welfare as the company has already disclosed its animal welfare standards and practices, and the absence of verified controversy with the company's existing suppliers indicates that the company's audit procedures are adequately managing risks related to animal cruelty in its supply chain.

Southern Company - 24 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
7. Set Scope 3 GHG targets	For	For	N/A	Not approved (80.2% votes against)
Rationale for vote: A vote in support of this proposal was warranted as LGIM expects increasing transparency of strategy aligned to 1.5C pathway in line with the company's stated commitments. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets. We will continue to monitor the Company's commitments and disclosures in this regard.				

The Travelers - 24 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
6. Shareholder proposal relating to GHG emissions	For	For	N/A	Not approved (85.3% votes against)
Rationale for vote: A vote in favour was applied to improve transparency on the companies activities financing activities that will hamper climate change mitigation.				

The Mosaic Company - 25 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
1. To report on the Company's plans to reduce greenhouse gas emissions	For	For	N/A	Not approved (70.2% votes against)
Rationale for vote: A vote in favour was applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.				

Totalenergies SE - 26 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
A. Targets for indirect Scope 3 emissions	For	Oppose	N/A	Not approved (69.6% votes against)
Rationale for vote: Although LGIM supported the principles of this proposal, a vote AGAINST was applied as in their view, the wording of the proposal imposes inflexibility on the company that is challenging to justify at the present time, and could lead to unintended consequences as we transition to a net-zero emissions economy. For example, the non-linear nature of the energy transition and the importance of achieving real-world progress to cut emissions. LGIM's approach to such resolutions will remain dynamic given the need for companies to demonstrate clearly how they will be net zero compliant in a transition.				

META Platforms - 31 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
3. Government takedown requests	Oppose	Oppose	N/A	Not approved (99.6% votes against)
4. Dual class capital structure	For	For	N/A	Not approved (72.0% votes against)
5. Human rights impact assessment of targeted advertising	For	For	N/A	Not approved (83.0% votes against)
6. Report on lobbying disclosures	For	For	N/A	Not approved (85.4% votes against)
7. Report on allegations of political entanglement and content management biases in India	For	Oppose	N/A	Not approved (95.4% votes against)
8. Report on lobbying alignment with climate goals	For	For	N/A	Not approved (90.2% votes against)
9. Report on reproductive rights and data privacy	For	For	N/A	Not approved (90.4% votes against)
10. Report on enforcement of community standards and user content	For	For	N/A	Not approved (92.8% votes against)
11. Report on child safety impacts and harm reduction to children	For	For	N/A	Not approved (83.7% votes against)
12. Report on Pay Calibration to Externalized Costs	For	For	N/A	Not approved (92.8% votes against)
13. Performance review of Audit & Risk Oversight Committee	For	For	N/A	Not approved (93.3% votes against)

Rationale for vote: LGIM supported the majority of shareholder resolutions:

- Shareholder rights: A vote in favour was applied as LGIM expects companies to apply a one-share-one-vote standard.
- Human rights: A vote in favour was applied as LGIM supports such risk assessments as we consider human rights issues to be a material risk to companies.
- Political lobbying: A vote in favour was applied as LGIM expects companies to provide sufficient disclosure on such contributions.
- Climate Change Lobbying - a vote in favour was applied, LGIM encourages all companies to report their climate lobbying activity in line with the Global standard on responsible corporate climate lobbying.
- Child Safety - A vote FOR this proposal was warranted, as additional disclosure on how the company measures and tracks metrics related to child safety on the company's platforms would give shareholders more information on how well the company is managing related risks.

LGIM voted against the resolution related to politics in India as the company has taken actions to improve transparency about its operations in India.

Glencore PLC - 26 May 2023	Active Portfolios held in: Global high alpha equities			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
1. Approve the Annual Report	Oppose	For	For	Approved (99.3% votes for)
13. 2022 Climate report	Oppose	Oppose	Oppose	Approved (69.8% votes for)
19. Resolution on climate action transition plan	For	For	For	Not approved (70.8% votes against)

Rationale for vote: Brunel and LGIM chose not to vote against the Annual Report, but to vote against the Climate Report and in favour of a shareholder resolution calling for a climate action transition plan. Brunel considered that there was Inadequate management of climate-related risks from exposure to coal, while LGIM applied a vote against is applied as they expect companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. While LGIM noted the progress the company has made in terms of disclosure, they remain concerned over the company's activities around thermal coal, as it remains unclear how the planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario.

Exxon Mobil Corp - 31 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
9. Establish a Scope 3 target and reduce hydrocarbon sales	For	Oppose	N/A	Not approved (89.5% votes against)
14. Litigation disclosure beyond legal and accounting requirements	For	For	N/A	Not approved (90.9% votes against)
16. Energy transition social impact report	For	For	N/A	Not approved (83.4% votes against)

Rationale for vote: LGIM expects companies to introduce credible energy transition plans, covering their direct and indirect emissions and consistent with the Paris objectives. A successful transition to a net zero emissions economy requires all sectors to align with those objectives and hence they place significant importance in our engagement and voting policies on Scope 3 emissions being integrated into a company's energy transition plan and decarbonisation efforts. Although LGIM supported the principles of this proposal, a vote AGAINST was applied as in their view, the wording of the proposal imposes inflexibility on the company that is challenging to justify at the present time, and could lead to unintended consequences as we transition to a net-zero emissions economy. For example, the non-linear nature of the energy transition and the importance of achieving real-world progress to cut emissions.
LGIM supported the shareholder resolutions on litigation disclosure and energy transition social impact reporting, as they believe investors would benefit from further disclosure around litigation risks and the goals and time-bound commitments associated with the company's approach to a just transition.

Chevron Corporation - 31 May 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
5. Proposal to rescind the 2021 "reduce scope 3 emissions"	Oppose	Oppose	N/A	Not approved (98.7% votes against)
6. Proposal to set a medium-term Scope 3 GHG emissions reduction target	For	Oppose	N/A	Not approved (90.4% votes against)
9. Report on worker and community impact from facility closures and energy transitions	For	For	N/A	Not approved (81.4% votes against)
Rationale for vote: LGIM voted against a shareholder resolution to reduce the company's commitment to reduce scope 3 emissions. However, they also voted against the proposal to set a medium term target for scope 3 emissions. Although they supported the principles of this proposal, a vote AGAINST was applied as in their view, the wording of the proposal imposes inflexibility on the company that is challenging to justify at the present time, and could lead to unintended consequences as we transition to a net-zero emissions economy. They supported the resolution on worker and community impact of the energy transaction as they believe investors would benefit from further quantifiable disclosure on goals and time-bound commitments associated with the company's approach to a just transition.				

Comcast Corp - 2 June 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
9. Set different greenhouse gas emissions reduction targets	For	For	N/A	Not approved (90.2% votes against)
10. Report on political contributions and company values alignment	For	For	N/A	Not approved (81.0% votes against)
Rationale for vote: LGIM voted in favour of the shareholder resolution on climate change as setting GHG emissions reduction targets in line with the Paris agreement and validated by the Science Based Targets initiative is best practice. They also supported improved transparency in this important area of political lobbying expenditure.				

Dollarama - 7 June 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
6. Adoption of net zero targets	For	For	N/A	Not approved For
Rationale for vote: A vote in favour was applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.				

Alphabet Inc - 2 June 2023	Active Portfolios held in: Global high alpha equities			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
6. Lobbying report	For	For	For	Not approved (82.1% votes against)
7. Congruency report	Abstain	Oppose	Oppose	Not approved (99.6% votes against)
8. Climate lobbying report	For	For	For	Not approved (85.8% votes against)
9. Report on reproductive rights and data privacy	For	For	Oppose	Not approved (93.0% votes against)
10. Human rights assessment of data centre citing	For	For	For	Not approved (86.9% votes against)
11. Human rights assessment of targeted ad policies and practices	For	For	For	Not approved (82.0% votes against)
12. Algorithm disclosures	For	For	For	Not approved (83.0% votes against)
13. Report on alignment of YouTube policies with legislation	For	For	For	Not approved (82.0% votes against)
14. Content governance report	Oppose	Oppose	Oppose	Not approved (99.4% votes against)
15. Performance review of Audit and Compliance Committee	For	For	For	Not approved (91.6% votes against)
16. By-laws amendment (universal proxy)	Oppose	Oppose	Oppose	Not approved (95.0% votes against)
17. Executives to retain significant stock	For	For	Oppose	Not approved (90.3% votes against)
18. Equal shareholder voting (eliminate dual class stock)	For	For	For	Not approved (69.2% votes against)
Rationale for vote: Brunel and LGIM voted in favour of the majority of shareholder resolutions, particularly around providing additional transparency on lobbying and human rights issues. Resolution 14 on content governance was by contrast seeking to limit the company's approach to these types of issue as a way of protecting freedom of speech and was opposed. On reproductive rights, LGIM considered that additional reporting on risks, costs and potential mitigating actions on enforcement of changes to state law regarding abortion access would aid the board and investors in fully considering the risks to the company, and ultimately its shareholders. Brunel took the view that they preferred to engage through their engagement partner(Hermes EOS)'s ongoing digital rights work and the Global Network Initiative.				

Costar Group Inc - 8 June 2023	Active Portfolios held in: Sustainable equities			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
5. Manage Climate Risk Through Comprehensive Science-Based Targets	For	For	For	Not approved (72.5% votes against)
Rationale for vote: A vote in favour was applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.				

Caterpillar Inc - 14 June 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
6. Report on corporate climate lobbying in line with Paris Agreement	For	For	N/A	Not approved (71.6% votes against)
Rationale for vote: A vote in favour was applied, as LGIM encourages all companies to report their climate lobbying activity in line with the Global standard on responsible corporate climate lobbying.				

Toyota Motor Corp - 14 June 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
4. Partial Amendments to the Articles of Incorporation	For	For	N/A	Not approved (84.9% votes against)
Rationale for vote: A vote FOR this proposal was warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. They acknowledge the progress that Toyota Motor Corp (TMC) have made in relation to their climate lobbying disclosure in recent years and welcome planned improvements to expand the number of trade associations in scope of assessment and intentions to seek third party alignment reviews. However, they believe that additional transparency is necessary on the process taken by TMC to assess how its direct and indirect lobbying activity align with its own climate ambitions, and what actions are taken when misalignment is identified. Further to this, they expect TMC to improve its governance structure to oversee this climate lobbying review.				

Tokyo Electric Power Co Inc - 28 June 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
2. Partial Amendment to the Articles of Incorporation. Add Chapter X. "Transition Plan")	For	For	N/A	Not approved (Vote %s not available)
Rationale for vote: A vote in favour was applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.				

Electric Power Development Co Ltd - 28 June 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
3. Partial amendment to the Articles of Incorporation to Disclose Business Plan through 2050 Aligned with Goals of Paris Agreement	For	For	N/A	Not approved (78.7% votes against)
Rationale for vote: A vote in favour was applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.				

Sumitomo Mitsui Financial Group - 29 June 2023	Active Portfolios held in: Global high alpha equities			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
3. Partial Amendments to the Articles of Incorporation (Issuing and disclosing a transition plan to align lending and investment portfolios with the Paris Agreement)	For	For	For	Not approved (Vote %s not available)
Rationale for vote: A vote in support of this proposal was warranted as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the Company's commitments and recent global energy scenarios, including the setting of short-, medium- and long-term emissions reduction targets, taking account of the full range of financing activity. LGIM engaged with the Company and while they positively note improved disclosures and commitments under the Net Zero Banking Alliance, they think that these goals and policies could be further strengthened - especially around the bank's coal policy and the scope of emission reduction targets - and they believe the shareholder proposal provides a good directional push.				

National Grid PLC - 10 July 2023	Active Portfolios held in: Sustainable Equities			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
1. To receive the Annual Report and Accounts	Oppose	For	For	Approved (99.5% votes for)
18. To authorise the Company to make political donations	Oppose	For	For	Approved (97.8% votes for)
Rationale for vote: LAPFF's concern on political donations was around lobbying. However, this was a routine proposal seeking to avoid accidental breach of UK law as the company has a policy not to make UK political donations. In addition, positive engagement has resulted in National Grid publishing an updated Responsible Lobbying Policy on its website.				

FedEx Corporation - 21 September 2023	Active Portfolios held in: None			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
6. Shareholder proposal: Just Transition Report	For	For	N/A	Not approved (68.5% against)
Rationale for vote: Climate change: A vote in favour was applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.				

Apple INC - 28 February 2024	Active Portfolios held in: Global High Alpha, Sustainable Equities			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
3. Advisory Vote to Approve Executive Compensation	Oppose	Oppose	Oppose	Approved (91.8% votes for)
4. EEO Policy Risk Report	Oppose	Oppose	Oppose	Not approved (97.0% votes against)
5. Report on Ensuring Respect for Civil Liberties	Oppose	Oppose	Oppose	Not approved (96.9% votes against)
6. Racial and Gender Pay Gaps	For	For	For	Not approved (68.4% votes against)
7. Report on Use of AI	For	For	For	Not approved (60.8% votes against)
8. Congruency Report on Privacy and Human Rights	Oppose	Oppose	Oppose	Not approved (97.2% votes against)
Rationale for vote: "Brunel and LGIM both supported all the LAPFF recommendations. On executive pay, Brunel believes that the company pay ratio is above peer median. LGIM were concerned that bonus awards are permitted to vest for below median relative performance which therefore fails the pay for performance hurdle. LGIM and Brunel took the view that the company is providing sufficient disclosure about diversity and inclusion and enhanced disclosures of government information requests, but expect Apple to disclose more information about gender pay gaps, and to provide further disclosure on company use of internal governance and artificial intelligence.				

Fund Member Concerns

In addition to the voting alerts from LAPFF, the Fund also takes note of any representations that we get from pension fund members. In most cases, these coincide with the issues raised by LAPFF, but where they differ, we will also forward these on to Brunel for consideration. During 2023/24 there was one such representation relating to Microsoft which was raised by several members. This is summarised below, along with Brunel and LGIM's votes on the issues raised.

Microsoft - 7 December 2023	Active Portfolios held in: Global High Alpha, Sustainable Equities			
Target Resolutions	**LAPFF Recommendation**	**LGIM (Passive) Vote**	**Brunel (Active) Vote**	**Vote Outcome**
6. Report on operating in countries with human rights concerns	For	For	For	Not Approved (64.4% against)
6. Report on risks of AI generated misinformation	For	Against	For	Not Approved (78.8% against)
Rationale for vote: Human rights: Brunel and LGIM supported the shareholder resolution as shareholders would benefit from increased disclosure on how the company is managing human rights related risks in high risk countries. AI: Brunel supported the resolution to promote increased transparency. LGIM considered that the company is already a leader in its disclosures and therefore voted against..				

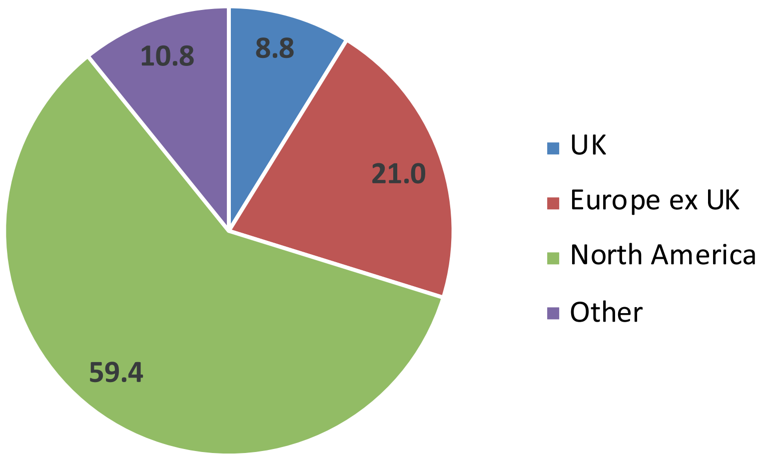
Fixed Interest and Diversifying Returns Funds

In addition to the allocation to listed equities, the Devon Pension Fund also has investments in fixed income assets, diversifying returns funds and private markets.

Fixed interest instruments are debt instruments and therefore do not usually confer voting rights. However, in relation to corporate bonds, the Devon Fund believes that well-governed companies are more likely to make their loan repayments and improve their creditworthiness, enabling better access to funds to support the creation of long-term value for shareholders, other stakeholders, society, and the environment.

The Devon Fund is invested in Brunel's Sterling corporate bonds and multi-asset credit portfolios. The Sterling Corporate Bonds portfolio, managed by Royal London Asset Management is predominantly UK focused with only a small allocation to overseas companies that have issued bonds denominated in GBP. The Multi-Asset Credit portfolio is more global with a large allocation to North America, predominantly the US. The split of assets is shown below:

Multi-Asset Credit Portfolio by Geography



When Brunel undertook the manager selection process for the two bond portfolios, they worked with their client funds to specify the requirements, including how they would incorporate stewardship responsibilities. While much of Brunel's stewardship focus has been on equities, Devon Fund officers have raised the need to undertake and report more action on bond portfolios at meetings of the Brunel Responsible Investment Sub-group. The Devon Fund expects Brunel to integrate Environmental, Social and Governance (ESG) considerations into ongoing manager monitoring, taking on board that much of the activity will be undertaken by the appointed managers, to ensure that ESG is imbedded into the investment process at an issuer, sector, and geographic level.

During 2023/24, Brunel worked with Royal London Asset Management on an engagement initiative focused on water utilities. The sector has been under heavy scrutiny with questions raised about their operational and climate resilience, as well as their social license to operate, given ongoing pollution incidents and high levels of indebtedness. The two-year engagement programme aims to influence water companies to improve against investor expectations:

- Adaptation to climate physical risks: encouraging the use of innovative technology, such as AI and nature-based solutions, to manage pollution and leakages in order to ensure sustainable water management.

- Biodiversity: in collaboration with the UK Centre of Ecology and Hydrology they have been asked to reflect best practice standard such as creating a biodiversity action plan and management of sites of scientific interest (SSSIs) to favourable conditions.
- A just transition: focus on affordability, community engagement and placed based solutions.
- Antimicrobial Resistence: demonstrate how they are considering this risk.

Brunel, with the support of Royal London Asset Management and client funds had engagement conversations with Pennon Group and Wessex Water – both were constructive dialogues that provided additional clarity on the company's disclosures, future plans and opportunities for further improvement.

The Devon Fund also expects Brunel to take a leading role in engaging with the bond providers on their approach to climate change. Climate risk is fully integrated into their monitoring and assessment framework with respect to Royal London's Sterling Corporate Bonds mandate. Brunel also advocates for improvements in the rules and processes around 'labelled bonds' to provide greater assurance as to their efficacy and value for money. In this context, the Sterling Corporate Bonds portfolio invests in labelled bonds but has no defined target. The Devon Fund will look to see more rigour around this area of Royal London's investments.

The Multi-Asset Credit portfolio is committed to a Net-Zero ambition and embeds climate risk management requirements into the design and on-going monitoring. The portfolio is comprised of three managers who in turn invest in a range of credit opportunities including but not limited to loans, corporate and sovereign debt, and securitised assets. Whilst all three managers provide a range of carbon metrics, methodologies are still be developed for many of these asset classes and there is no industry standard approach to aggregating the data. The Devon Fund will continue to work with Brunel to push for progress in this area.

Diversified returns funds (DRF) incorporate a wide range of investment strategies and multi asset funds providing diversification. Investors own units in these funds rather than owning the underlying holdings directly. A large part of the portfolio is implemented using derivatives for which ESG data is sparse. However, ensuring managers consider ESG risks was an important part of Brunel's procurement process. Brunel's DRF embeds climate risk requirements into its design and on-going monitoring. While the DRF contains significant exposure to asset classes where methodologies are still being developed, Brunel is looking to develop clear targets over the next two years to measure progress on climate and other ESG issues. Brunel maintains a regular dialogue with managers to ensure they are taking a proactive approach to mitigating ESG risks, and reports back on this to client funds including Devon.

Private Markets

Stewardship is an intrinsic part of private markets investing due to the degree of influence and control, lack of short-term results pressure on capital markets, and long-term nature of the investments that are made. The Devon Pension Fund expects that managers of the funds that we are invested in should have firm ESG and climate change policies in place, and these should be considered across the value chain, from investment due diligence to ongoing managing, monitoring, and ultimately disposal of the assets. This applies to both the funds invested in directly by the Devon Pension Fund, and the funds that Brunel have selected on our behalf.

The stewardship of private market funds is monitored and highlights from 2023/24 include:

- The **Hermes Infrastructure Fund** considers sustainability risks, opportunities and impacts at each step of the infrastructure investment lifecycle. Key highlights include the publication of Eurostar's sustainability report. Hermes were engaged throughout the design and content stages. Carbon Capture and Storage (CCS) technology has continued to be a priority for asset management and engagement with Viridor because it will be essential to delivering the deep emissions reductions required for the UK's net zero by 2050 commitment. In March 2024, Viridor committed to investing £20 million in its Runcorn CCS project following the agreement of statement of principles with the UK Department for Energy Security and Net Zero. The health and safety performance at Scandlines has been below expectations in recent years leading to it becoming a priority for the Safety and Sustainability Committee (which Hermes chair). Following a review of culture and working practices by an independent specialist consultant, the implementation of the review recommendations are now being progressed and, positively, the long-term injury frequency rate is now starting to decrease.

- The **Arcmont Senior Loan Fund** I has a responsible investment focus based on membership of the United Nations supported Principles for Responsible Investment ("PRI"). The approach uses a robust ESG-integrated investment process, with two key objectives: (i) to identify ESG investment risks and opportunities to enhance investment decision making; and (ii) to incentivise portfolio companies to improve their ESG performance. During the year Arcmont's ESG committee made a decision to offer primary borrowers sustainably linked margin ratchets, i.e. a reduced level of interest where ESG objectives are being met. Examples of targets in place include cybersecurity, renewable energy targets, reduction in GHG emissions to align to a 1.5° pathway and a percentage of electric fleet vehicles. These targets act as a form of influence over portfolio companies and encourage change.
- The **Brunel Pension Partnership** through its private markets portfolio investments seeks to promote action to limit the loss of biodiversity and increase rejuvenation to deliver a net-positive impact on biodiversity and natural resources. Aurora Sustainable Lands, a Cycle 3 infrastructure investment, actively manages and conserves North American forestlands to remove and store carbon from the atmosphere. Aurora now owns 1.6 million acres of forestland that consist primarily of naturally regenerating hardwood forests, all in the eastern half of the United States. Aurora has already reduced harvest rates by 50% from prior ownership's practices across the portfolio, increasing carbon removal and storage, creating healthier forests and contributing to global climate goals. Vinted, part of Brunel's private equity portfolio, is Europe's largest online customer-to-customer (C2C) platform dedicated to second-hand fashion, with a community of more than 75m members. The Company helps extend the lifespan of garments by resale on its platform, under the assumption that such second-hand items are displacing virgin clothing and accessory products, thus helping mitigate the significant environmental costs associated with the production, distribution, and disposal of textiles/clothing, especially in fast fashion.
- The **Quinbrook Renewables Impact Fund** is focused on investing in and developing assets and businesses that directly seek opportunity and drive progress across the energy transition. As at 31 March 2024, the Fund had enabled 4 Gigawatts of renewable energy through portfolio assets, with more than 1,225,000 tonnes of avoided CO2 emissions due to portfolio operations, estimated across the asset lives. 3,300 jobs are expected to be created over the lives of projects in the Fund, including jobs created by assets located in Devon.

Climate Change and Carbon Footprint

Climate change continues to be a significant concern nationally and internationally. The Devon Pension Fund has committed to achieve net zero investment portfolios by 2050 or sooner.

In order to achieve that objective, the Committee has agreed more detailed targets as follows:

a) A 7% per annum reduction in the Weighted Average Carbon Intensity (WACI) of the Fund's investments, based on the March 2019 calculation of the WACI, with the intention of achieving a 50-75% reduction by 2030.

b) The same targets also apply to the Fund's exposure to companies with fossil fuel reserves as a proxy for downstream scope 3 emissions which are not captured within the WACI calculation.

c) An allocation of 5% of the total Fund to be invested in renewable energy infrastructure assets by 2025.

d) 100% of developed listed equities should be aligned or aligning to the Paris Agreement by 2030 and 100% of all listed equities should be aligned or aligning by 2040. For a company to be considered to be aligned they need to:
   - Have credible targets to achieve net zero and strategy to deliver them.
   - Engage positively to achieve those targets (including not lobbying against climate change mitigation, directly or via affiliations).
   - Align financial processes and accounts.
   - Publicly disclose on the above.

e) Engagement - 70% of financed emissions in material sectors for listed equity and corporate bonds should be either Net Zero, aligned to Net Zero pathways, or subject to direct or collected engagement and stewardship actions by June 2024, and that the threshold should be 90% by June 2027.

We look to implement our climate-related commitments with the aim of achieving real economy emissions reductions through collaborating in collective policy advocacy and through our stewardship and engagement policies. The Devon Pension Fund believes climate change poses significant risks to global financial stability and could thereby create climate-related financial risks to the Fund's investments, unless action is taken to mitigate these risks.

The Devon Fund is a member of the Institutional Investors Group on Climate Change (IIGCC). The Devon Investment and Pension Fund Committee recognises the concerns around the potential impact of climate change on the future sustainability of the companies in which the Fund invests and has therefore joined an investor led approach to tackling the issue, rather than taking a political approach in response to various lobbyists. The IIGCC enjoys a strong international reputation for providing robust, insightful thought leadership across the climate agenda informed by leading members of the investment community committed to action on climate change. It also provides regular investor-led research and events to hear expert guidance on approaches to the management of climate risks and opportunities and the latest developments in climate policy.

The Devon Fund is committed to working with the Brunel Pension Partnership to decarbonise our investments in listed portfolios. Decarbonisation is achieved by being selective in the allocation of capital, particularly to carbon intense companies. This process is informed by using a variety of tools in combination with industry and corporate engagement. For example, engagement with electric utility companies about their future strategy on energy sources informs the investment decisions relating to those companies and the relative attractiveness of the sector over time.

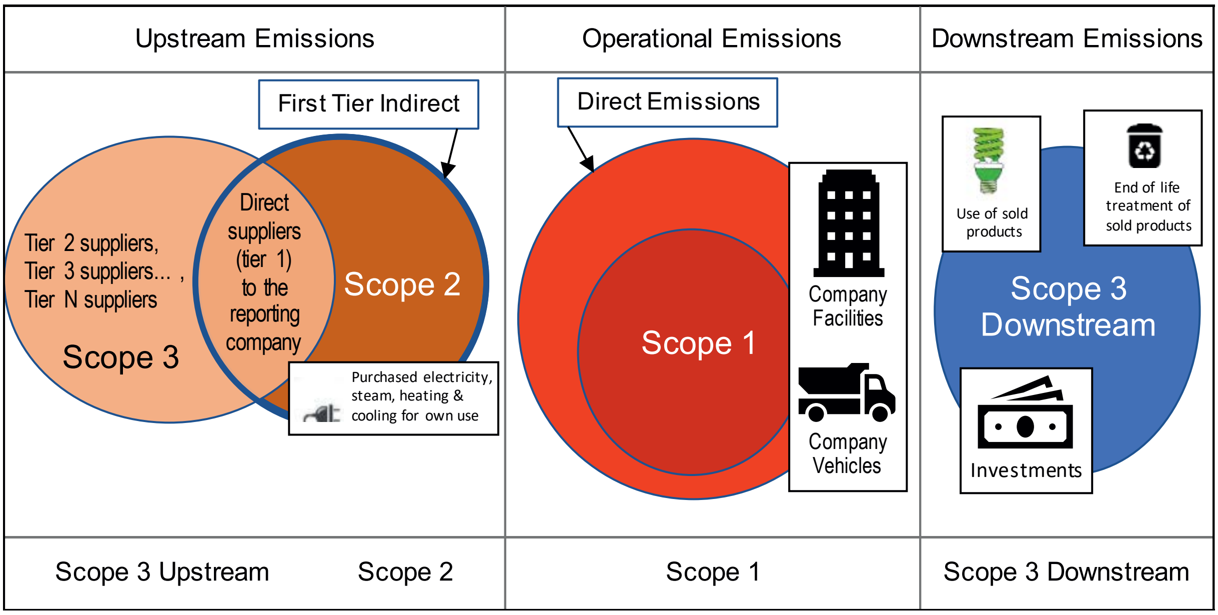
Carbon Footprint

A key part of the approach is to regularly measure the carbon footprint of the Fund's equity investments. This will be monitored by the Investment and Pension Fund Committee, with a view to seeing a reduction of at least 7% per year in the Weighted Average Carbon Intensity (WACI) of the Fund's investments.

Calculating the impact of a company's emissions involves looking not only at the operations of the company itself, but also looking at the impact of the products that it sells and the impact of its supply chain. Emissions are therefore split into scope 1, scope 2 and scope 3 emissions:

- Scope 1 – The direct emissions of the company's own operations.
- Scope 2 – The emissions related to the purchase of electricity, steam, heating and cooling for the company's use.
- Scope 3 Upstream – The emissions of the company's supply chain.
- Scope 3 Downstream – The emissions associated with the companies' products as they are consumed by customers.

These are illustrated in the following diagram:



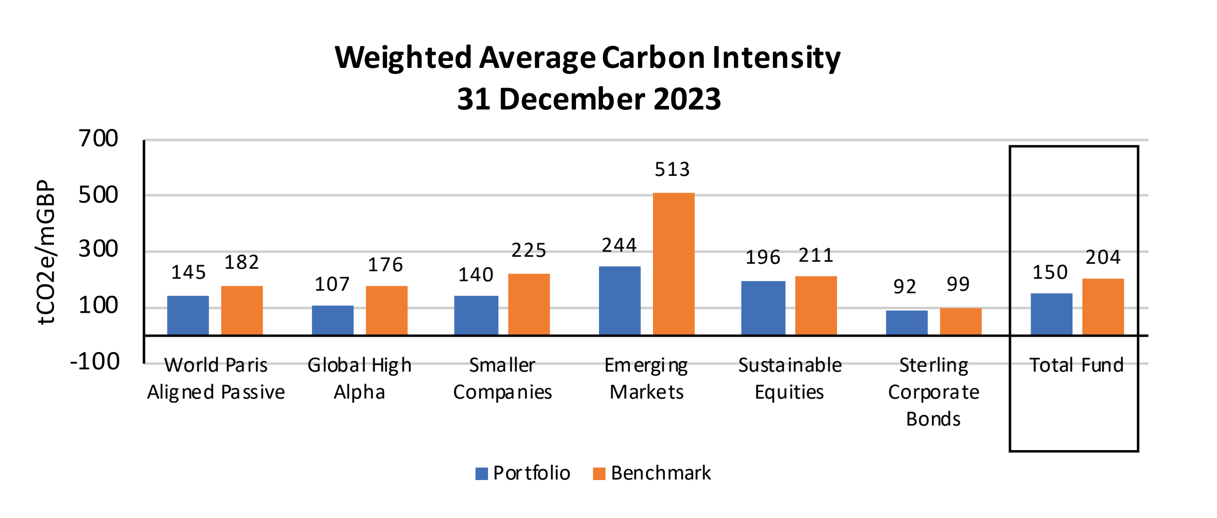
In analysing a portfolio of investment companies, there is the danger of double counting, where the scope 1 direct emissions of one company are the scope 3 downstream emissions of another company in the portfolio. However, from an investment risk perspective it is useful to know both the attribution of carbon risk (what is in the company's direct control) and also the aggregate risk, from carbon risk within the supply chain. The Brunel/S&P Capital IQ analysis of the Devon Pension Fund's equity investments therefore takes into account Scope 1 direct emissions, Scope 2 (e.g. purchased power) and the first tier Scope 3 (immediate supply chain) emissions of investee companies, as shown in the diagram above. Downstream Scope 3 emissions based on product in use (or disposal) are not widely calculated by companies or reported. However, downstream Scope 3 are critical when looking at the impact/ investment risk of car manufacturers and fossil fuel companies.

The analysis undertaken quantifies greenhouse gas emissions (GHG) embedded within a portfolio, presenting these as tonnes of carbon dioxide equivalents (tCO2e). Comparing the total GHG emissions of each holding relative to either revenues generated, or capital invested, gives a measure of carbon exposure that enables comparison between companies, irrespective of size or geography. The weighted average carbon intensity (WACI) of each portfolio is measured by summing the product of each holding's weight in the portfolio with the company level carbon/ environmental revenue intensity.

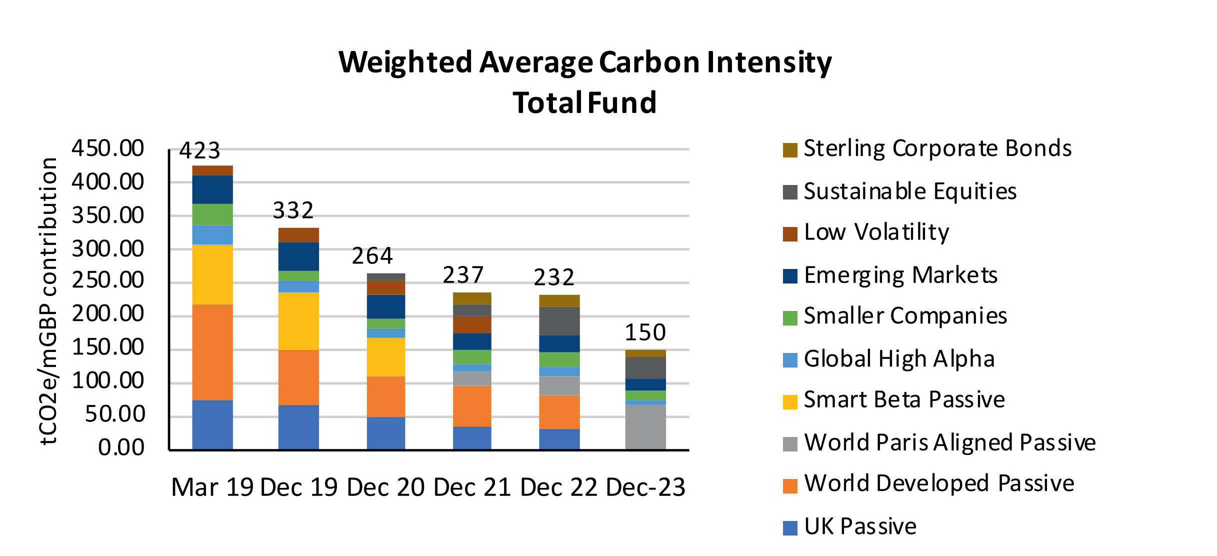
The disclosure of emissions varies across portfolio companies. The carbon intensity results will comprise a total of:

- Full Disclosure - exact figures have been extracted from annual reports, financial account disclosures, other regulatory disclosures, environmental/corporate social responsibility reports, or from personal communication with a company.
- Partial Disclosure - S&P Capital IQ has needed to derive, adjust, or scale any of the data acquired from the sources described above.
- Modelled - S&P Capital IQ has calculated estimates using its proprietary environmentally enhanced input-output model, due to the unavailability or unreliability of up-to-date disclosures.

The WACI for each portfolio and for the Fund's total equity and sterling corporate bond holdings as at 31 December 2023 is shown in the graph below. The total Fund WACI has fallen from 232 tCO2e/mGBP in December 2022 to 150 tCO2e/mGBP in December 2023, a reduction of 35%. The WACI in December 2023 is below the benchmark of 204 tCO2e/mGBP.



This is the sixth annual assessment of the Fund's carbon footprint. Progress since March 2019 is shown in the following chart, with the proportionate contribution from each equity portfolio also highlighted.

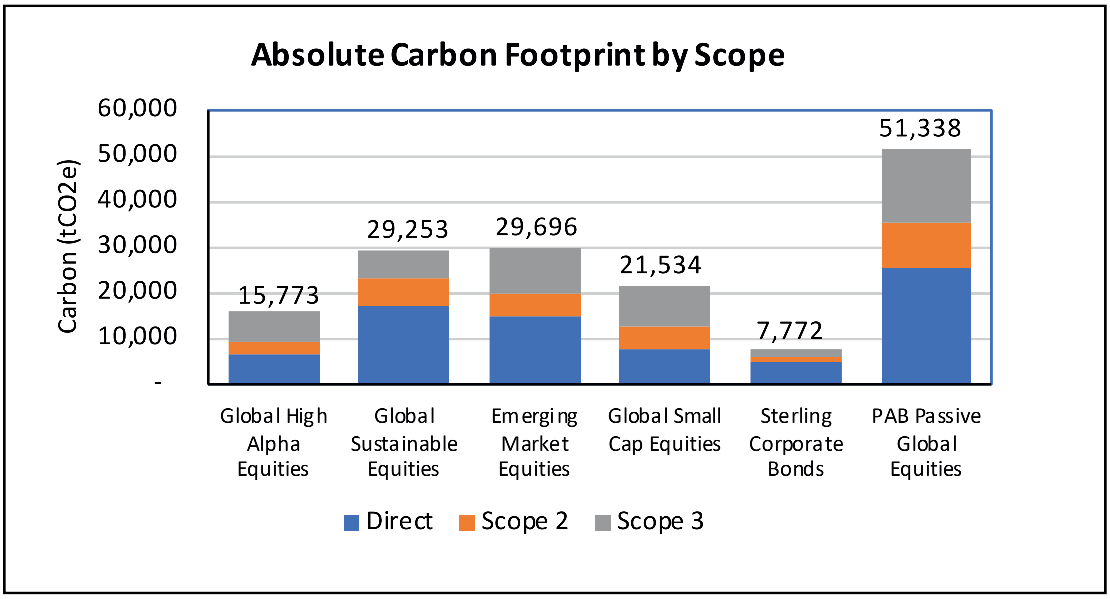


There are several factors contributing to the 35% reduction over the year:

- The decision to move the UK and core global developed passive allocations to the Paris Aligned Benchmark (PAB) fund will have achieved a reduction in overall WACI of around 7%, as the PAB fund has a lower WACI.
- The Paris Aligned Benchmark is itself constructed to take into account climate data in re-weighting companies within the index to ensure a 7% per year reduction in WACI.
- Companies with a low WACI, such as the big tech companies have performed better over the year than industrial companies and therefore form a larger part of the actively managed portfolios.
- There has been some real progress by individual companies in the portfolios in reducing their carbon emissions. Examples of companies that have reduced their emissions include Tesla, Linde plc, Nestle and Waste Management Inc.

The reduction of 65% in the Fund's WACI since March 2019 indicates that we are heading towards the higher end of our medium-term target of a 50-75% reduction by 2030.

In addition to the WACI data, the absolute carbon emissions of each portfolio are shown in the graph below.



It should be noted that the absolute emissions will depend to a certain extent on the size of the investment, so if more is invested the absolute carbon emissions will be higher. For example, the Paris Aligned Passive portfolio has the highest absolute emissions because significantly more is invested in the portfolio than the active equity and bond portfolios. This metric does not therefore lend itself well towards assessing progress.

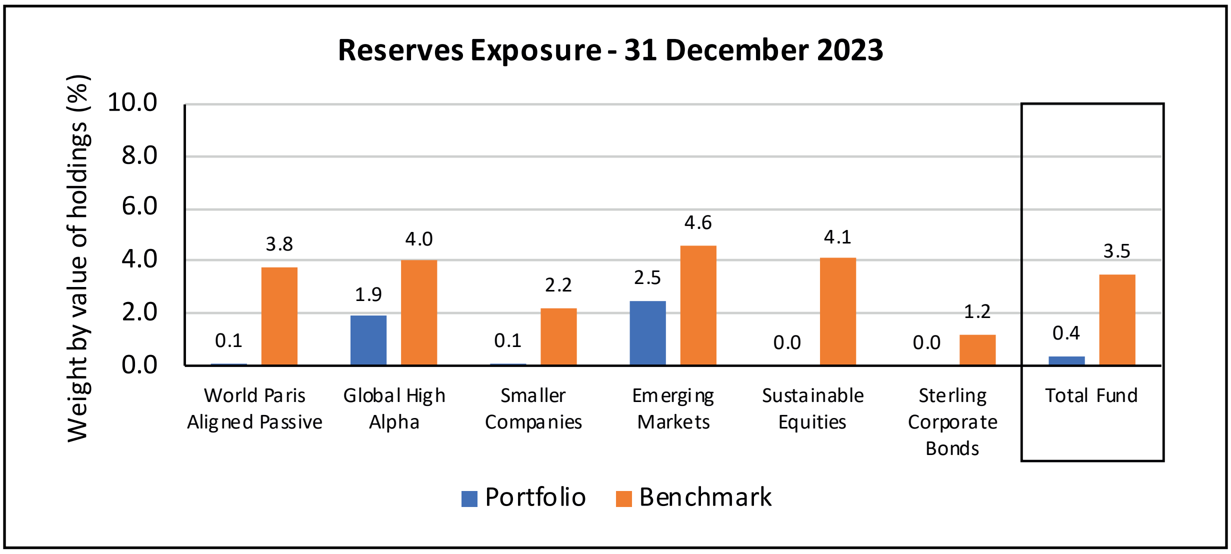
The Fund will continue to work with Brunel to seek further reductions in its carbon footprint. The Fund's carbon footprint will be measured as at 31 December each year in order to review progress.

Reserves Exposure

One of the issues with the WACI measurement is that it does not capture the downstream tier 3 emissions. Downstream Scope 3 emissions based on product in use (or disposal) are not widely calculated by companies or reported. However, downstream Scope 3 are critical when looking at the impact / investment risk of car manufacturers and fossil fuel companies.

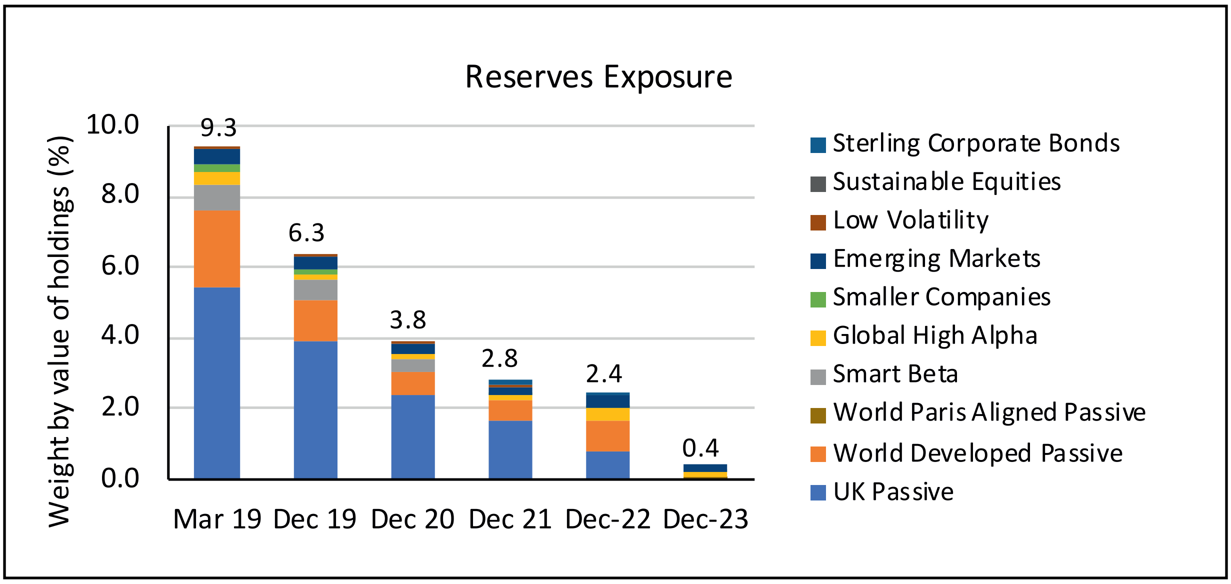
This is linked with the risk involved in stranded assets, where companies may have large reserves of fossil fuels that will not be usable if we are to achieve carbon reduction targets across the economy and so become "stranded". Exposure to reserves data is therefore a useful proxy for downstream emissions.

The reserves exposure for each portfolio and for the Fund's total equity holdings as at 31 December 2022 is shown in the graph below. The figures shown are on a value of holdings basis, which means the value of any company with fossil fuel reserves is included in full in the analysis, regardless of what proportion of their business relates to extraction. Between December 2022 and December 2023, the reserves exposure fell from 2.4% to 0.4%. This equates to just under 0.25% of total assets.



The decision to move all of the Fund's passive equity allocation from the previous UK and Global Developed Passive funds to the Paris Aligned Benchmark Fund has resulted in a significant reduction in exposure to fossil fuel reserves. The majority of exposure was previously through those passive allocations, whereas the Paris Aligned Fund has virtually no exposure. The remaining exposure is through the Global High Alpha and Emerging Market Equities portfolio.

The reduction in reserves exposure since March 2019 is shown in the following graph:



The remaining exposure is through the Global High Alpha and Emerging Markets portfolios.

Renewable Energy Investment

In addition to reducing the carbon emissions of its investments, the Committee also set a target to have invested 5% in renewable energy infrastructure by 2025. The Fund has a target allocation of 9% to Infrastructure investments, plus a 3% allocation to local impact investments, which could be infrastructure, affordable housing or local private equity, as part of its strategic asset allocation to private markets. The 5% target therefore represents around half the total infrastructure allocation.

The current investment in renewable infrastructure, as at 31 March 2024, is summarised in the following table. The DCC managed infrastructure funds column includes investments in the UBS Infrastructure Fund, the Hermes Infrastructure Fund and the Aviva Investors Infrastructure Income Fund, that were made before the advent of Brunel and are still retained. The Local Impact portfolio includes the Greencoat Wessex Gardens Fund and the Quinbrook Renewables Impact Fund that were agreed by the Committee during 2023.

Category	Brunel Infra Portfolios £'000	DCC Managed Infra Funds £'000	Local Impact Portfolio £'000	Total Investment £'000
	£'000	£'000	£'000	£'000
Cogeneration	15,950			15,950
Hydro	229			229
Mixed Renewables	26,025			26,025
Solar	62,739	7,394	49,492	119,625
Waste to Energy	3,473	10,067		13,540
Wind	43,631	11,362		54,993
Power Storage	5,536		3,761	9,297
Smart & Efficient Grids	16,787		9,203	25,990
	174,370	**28,823**	**62,456**	**265,649**

The £266 million investment currently comprises around 4.5% of the total Fund value, just short of the 5% target. There is still a significant level of undrawn commitment to the Brunel Infrastructure portfolios which should increase the percentage towards the target level.

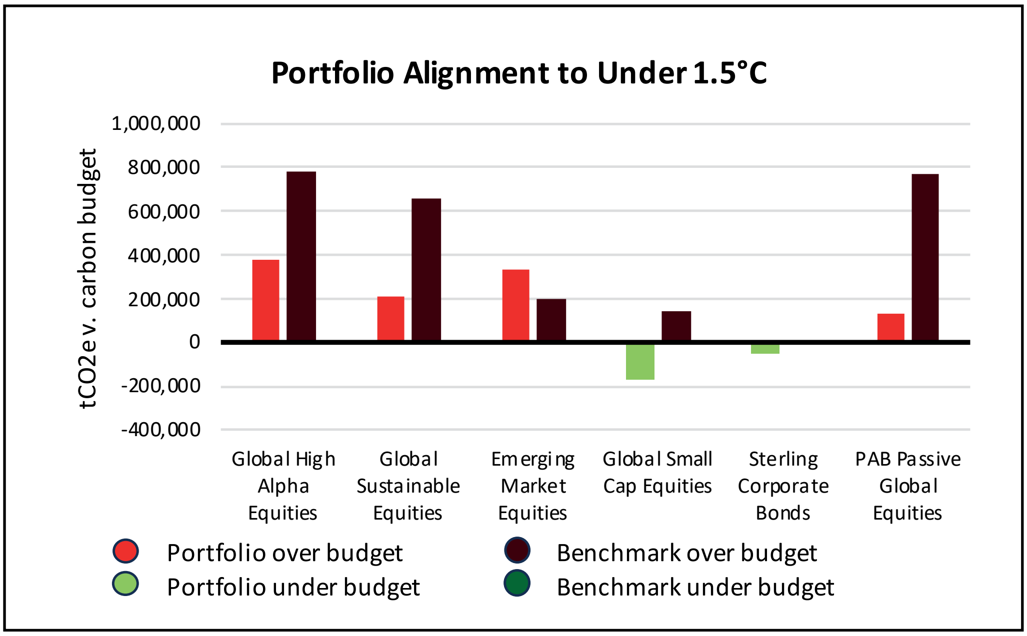
Alignment

The Fund has set a target that 100% of developed listed equities should be aligned or aligning to the Paris Agreement by 2030 and 100% of all listed equities (i.e. also including Emerging Markets) should be aligned or aligning by 2040. Measuring alignment is not straightforward and Brunel propose to use a matrix approach, using various objective methods. This is to a large extent still in development, but Brunel have provided initial metrics around the allocation of a carbon budget.

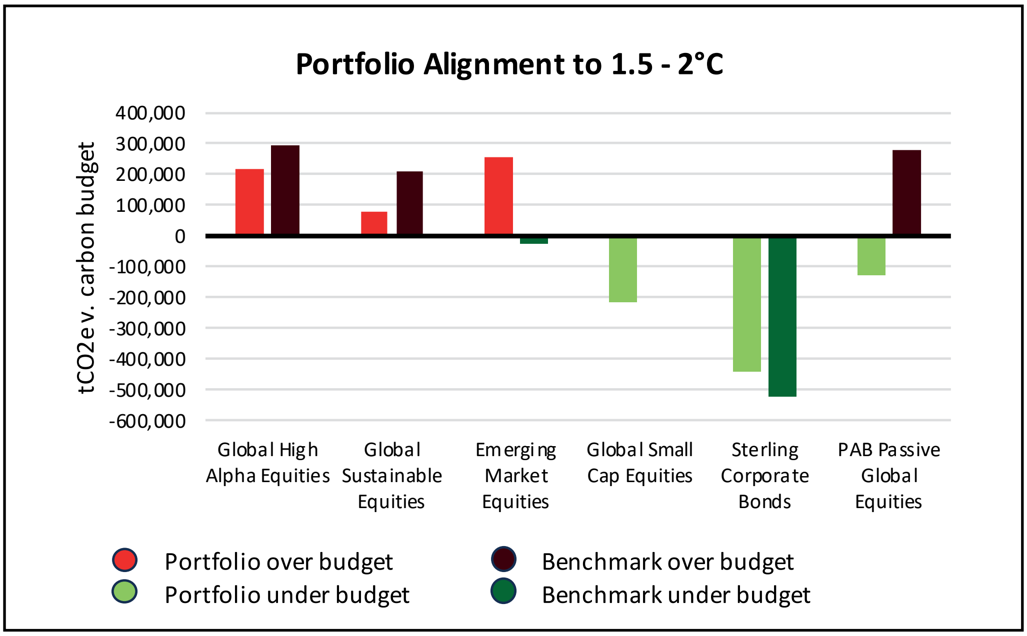
The carbon budget in the context of the Paris Alignment metric refers to the total allowable carbon emissions allocated to a company, aimed at aligning with the 1.5°C climate target. The carbon budget is designed to reduce each year to align with the goal of achieving net zero emissions by 2050. This means that the allowable emissions for companies and sectors will decrease annually based on climate models that outline the necessary reductions to limit global warming to 1.5°C.

The total carbon emissions of each portfolio over a period from 2012-2030, actual and forecast, is then compared to the carbon budget to determine whether the portfolio as a whole is aligned to 1.5°. The portfolio can be compared against different degrees of temperature increases, with a negative number indicating that the overall emissions of the portfolio are within the carbon budget that would be aligned with that level of temperature increase, while a positive figure indicates that the portfolio is not currently aligned.

The chart below indicates whether each portfolio is currently aligned to a below 1.5°C scenario. It shows that taken as a whole, the Global Smaller Companies Equities portfolio, and the Sterling Corporate Bonds portfolios are aligned to a below 1.5°C scenario, while the other portfolios are yet to reach that target.



The following chart indicates whether each portfolio is currently aligned to a 1.5-2.0°C scenario. It shows that taken as a whole, in addition to the Global Smaller Company Equities and the Sterling Corporate Bonds portfolios, the PAB Passive portfolio is also aligned to a below 2°C scenario, while the other portfolios are currently aligned to temperature rise scenarios of over 2.0°C.



Where the portfolio as a whole may be negative, it does not mean that the portfolio is 100% aligned, i.e. it does not mean that every company is aligned. Some holdings may be significantly over-performing, offsetting others that are not yet aligned. As such, the Paris Alignment metric in the report provided by Brunel does not directly relate to understanding where we are in terms of achieving our policy target. More work on the individual companies is required in order to provide this, but the figures do give an initial indication of where each portfolio stands.

Climate Scenario Analysis

The Task Force on Climate-Related Financial Disclosures (TCFD) was created in 2015 by the international Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders.

The UK Government has already enacted legislation to implement mandatory TCFD-aligned disclosures across the private sector, but the requirements do not currently apply to LGPS funds. During 2022, the Department of Levelling Up, Housing and Communities (DLUHC) issued a consultation on how climate reporting requirements will be built into the LGPS regulations. The Devon Fund welcomed the consultation. We are still awaiting the publication of draft regulations following on from the consultation.

TCFD looks at four areas: - governance, strategy, risk management, and metrics and targets. These areas are addressed by the above sections and also other areas of the Annual Report, but we await further guidance from Government.

As part of the last external review of the Fund's investment strategy in early 2022, Mercer investment consultants conducted a climate scenario analysis, looking at how different climate scenarios will impact on the Fund's portfolio compared to an alternative sustainable portfolio. climate scenario analysis will form an important part of TCFD reporting under the "strategy" pillar.

The results of Mercer's climate scenario analysis are set out below:

Climate Change Impact on Return (% per year)

Scenario	Year	Current Portfolio (March 2022)	Alternative Sustainable Portfolio	Revised Strategy Post 2022 Review
2°C	2030	0.06%	0.83%	0.43%
	2050	-0.12%	0.34%	0.10%
	2100	-0.12%	0.08%	-0.03%
3°C	2030	0.00%	0.07%	0.02%
	2050	-0.09%	0.04%	-0.05%
	2100	-0.13%	-0.06%	-0.12%
4°C	2030	-0.09%	-0.08%	-0.09%
	2050	-0.17%	-0.14%	-0.17%
	2100	-0.22%	-0.18%	-0.23%

The low carbon transition premium is found under the 2oC scenario to 2030, 2050 and 2100 for the

Alternative Sustainable Portfolio. The revised strategy adopted post the 2022 review will also provide a positive impact on returns to 2030 and 2050. Under a 4oC scenario physical risks dominate, with negative outcomes for all portfolios.

While the scenario analysis compares the different strategies in terms of how the different portfolios would be impacted by climate change under different scenarios, it should be noted that there are also other non-climate risks which will impact on the strategies being compared which are not part of the analysis. The Alternative Sustainable Portfolio is an illustrative portfolio with allocations that would bring significant concentration risk. The agreed changes to the Fund's investment strategy following the 2022 review will increase the allocation to Sustainable Equities from 5% to 10% of the Fund, but also provide for a more rounded and diversified strategy than that represented by the Alternative Sustainable Portfolio.

The scenario also assesses the current and post review strategies based on asset allocation, but using typical equity and fixed interest portfolios represented by benchmark allocations. The Brunel actively managed portfolios are all likely to be more climate aware than benchmark portfolios, so should yield better results than those outlined above.

A further climate scenario analysis is due to be carried out in early 2025.

Fund Management

Following the completion of the transition stage of investment pooling, the Brunel Pension Partnership now manage around 94% of the Fund's assets. The remaining assets comprise:

- Longstanding infrastructure and private debt fund investments which the Fund will retain until such time as those funds reach their natural endings.
- The Local Impact Portfolio set up to invest in funds that will have a positive impact on Devon and the South West.
- Cash

During 2023/24, the Devon Fund consolidated all of its passive equity allocation into the Developed World Paris Aligned Fund, with hedged and unhedged allocations. The Fund also made its first allocations from the Local Impact Portfolio.

The following table lists the mandates in place as at 31st March 2024 together with the targets they have been set in relation to the benchmarks shown:

Brunel Pension Partnership Managed Portfolios

Mandate	Target	Benchmark
Passive Developed World Paris Aligned Equities	Performance in line with benchmark	FTSE Developed World Paris Aligned Benchmark
Global High Alpha Equities	Outperform benchmark by 2-3% per annum over a rolling 3-5 year period	MSCI World TR Index
Sustainable Equities	Outperform the benchmark by 2% per annum over a rolling 3-5 year period.	MSCI All Countries World Index (ACWI) TR
Global Smaller Company Equities	Outperform the benchmark by 2% per annum over a rolling 3-5 year period	MSCI World Small Cap TR Index
Emerging Market Equities	Outperform benchmark by 2-3% per annum over a rolling 3-5 year period	MSCI Emerging Markets TR Index
Sterling Corporate Bonds	Outperform benchmark by 1% per annum over rolling 3 to 5 year periods	iBoxx Sterling Non-Gilts
Multi-Asset Credit	Outperform the benchmark over a rolling 3-5 year period	GBP SONIA + 4%
Diversified Returns	Outperform benchmark over a rolling 5-7 year period	GBP SONIA + 3%
UK Property	Outperform benchmark by 0.5% per annum over a rolling 5-7 year period	MSCI / AREF UK Quarterly Property Fund Index
International Property	Outperform benchmark by 0.5% per annum over a rolling 5-7 year period	MSCI Global Quarterly Property Fund Index
Infrastructure	Outperform benchmark	Consumer Prices Index (CPI) plus 4%
Private Debt	Outperform benchmark	GBP SONIA + 4%

Devon County Council Managed Portfolios

Mandate	Target	Benchmark
Private Equity	Outperform benchmark by 3% per annum over a rolling 3-5 year period	MSCI All Countries World Index (ACWI) TR
Infrastructure	Outperform benchmark	Consumer Prices Index (CPI) plus 4%
Private Debt	Outperform benchmark	Consumer Prices Index (CPI) plus 4%
Local Impact Portfolio	Outperform benchmark	7% Net Return
Cash	Outperform benchmark	GBP SONIA

The Investment and Pension Fund Committee regularly reviews investment performance during the year. A detailed analysis of investment returns over the last year, 3 years and 5 years, broken down by asset class, is provided in the following tables.

Performance to 31 March 2024

One Year Performance	Opening Value	Opening Value	Closing Value	Closing Value	Return	Benchmark
	£'000	%	£'000	%	%	%
Brunel Asset Pool Managed Investments						
Passive Equities	1,412,644	26.5	1,591,396	26.9	+21.1	+21.2
Passive Equities	296,954	5.6	357,956	6.1	+20.5	+23.1
Active Global Small Cap Equities	280,945	5.3	308,397	5.2	+9.8	+14.0
Active Emerging Market Equities	236,625	4.5	280,974	4.8	+3.9	+6.3
Active Sustainable Equities	520,825	9.8	615,079	10.4	+13.2	+21.2
Sterling Corporate Bonds	347,525	6.6	432,413	7.3	+8.8	+6.1
Multi-Asset Credit	634,549	12.0	709,192	12.0	+11.8	+9.2
UK Property	361,326	6.8	358,934	6.1	-0.1	-1.0
International Property	106,615	2.0	99,963	1.7	-7.9	-8.0
Infrastructure	342,171	6.5	433,744	7.4	+2.9	+3.2
Private Equity	45,019	0.8	82,847	1.4	+0.3	+21.2
Private Debt	62,257	1.2	110,506	1.9	+14.0	+9.2
Diversifying Returns Fund	368,476	7.0	139,302	2.4	+10.8	+9.2
Non-Asset Pool Managed Investments						
Infrastructure	134,846	2.5	101,928	1.7	-8.4	+7.3
Private Debt	89,255	1.7	88,237	1.5	+10.3	+7.3
Local Impact Portfolio	-	-	62,457	1.1	+1.9	+4.1
Cash	62,212	1.2	126,161	2.1	+5.8	+4.9
TOTAL	**5,302,244**	**100.0**	**5,899,486**	**100.0**	**+11.3**	**+12.7**

Three Year Performance[2]	Value 1 April 2021	Value 1 April 2021	Closing Value	Closing Value	Return	Benchmark
	£'000	%	£'000	%	%	%
Brunel Asset Pool Managed Investments						
Passive Equities	1,800,418	35.7	1,591,396	26.9	+10.1	+10.2
Active Global High Alpha Equities	314,878	6.2	357,956	6.1	+9.6	+12.4
Active Global Small Cap Equities	238,078	4.7	308,397	5.2	+2.9	+4.8
Active Emerging Market Equities	281,725	5.6	280,974	4.8	-4.4	-1.8
Active Sustainable Equities	153,375	3.0	615,079	10.4	+6.5	+10.7
Active Low Volatility Equities	336,892	6.7	-	-	-	-
UK Property	354,291	7.0	358,934	6.1	+1.5	+0.8
International Property	54,788	1.1	99,963	1.7	+3.2	+3.5
Infrastructure	65,840	1.3	433,744	7.4	+7.5	+6.7
Private Equity	1,333	0.0	82,847	1.4	+8.6	+10.7
Private Debt	0	0.0	110,506	1.9	-	-
Diversified Growth Funds	476,194	9.4	139,302	2.4	+4.9	+6.6
Non-Asset Pool Managed Investments						
Specialist Equity Funds	46,769	0.9	-	-	-	-
Infrastructure	137,785	2.7	101,928	1.7	+2.3	+11.0
Private Debt	107,613	2.1	88,237	1.5	+10.8	+11.0
Local Impact Portfolio	-	-	62,457	1.1	-	-
Cash	41,565	0.8	126,161	2.1	+2.5	+2.4
Combined Returns[1]						
Investment Grade Bonds	300,013	6.0	432,413	7.3	-2.6	-3.6
Multi-Asset Credit	344,738	6.8	709,192	12.0	+2.6	+7.0
TOTAL	**5,056,295**	**100.0**	**5,899,486**	**100.0**	**+5.7**	**+7.4**

Five Year Performance	Value 1 April 2019	Value 1 April 2019	Closing Value	Closing Value	Return	Benchmark
	£'000	%	£'000	%	%	%
Brunel Asset Pool Managed Investments						
Passive Equities	1,815,034	42.3	1,591,396	26.9	+10.1	+10.2
Active Low Volatility Equities	101,727	2.4	-	-	-	-
Active Global Small Cap Equities	-	-	308,397	5.2	-	-
Active Sustainable Equities	-	-	615,079	10.4	-	-
Infrastructure	5,883	0.1	433,744	7.4	+7.1	+4.4
Private Equity	-	-	82,847	1.4	-	-
Private Debt	-	-	110,506	1.9	-	-
Non-Asset Pool Managed Investments						
Infrastructure	150,532	3.5	101,928	1.7	+3.6	+8.7
Private Debt	70,271	1.6	88,237	1.5	+8.6	+8.7
Local Impact Portfolio	-	-	62,457	1.1	-	-
Cash	31,178	0.7	126,161	2.1	+1.8	+1.5
Combined Returns[1]						
Active Global Equities	458,655	10.7	357,956	6.1	+11.0	+13.2
Active Emerging Market Equities	190,600	4.5	280,974	4.8	+1.7	+3.3
Investment Grade Bonds	231,282	5.4	432,413	7.3	-0.4	-1.2
Multi Asset Credit	226,437	5.3	709,192	12.0	+4.5	+5.6
Property	403,626	9.4	458,897	7.8	+2.3	+1.8
Diversified Growth Funds	606,931	14.1	139,302	2.4	+3.4	+5.7
TOTAL	**4,292,156**	**100.0**	**5,899,486**	**100.0**	**+6.4**	**+8.0**

Notes

1. Where the Brunel portfolio has been in place for less than the full period, the returns shown combine Brunel's performance with the previous external managers, where a similar mandate was in place with a previous manager.

Equity markets performed well over the year led by the big 7 technology stocks (Microsoft, Apple, Alphabet, Amazon, Meta, Tesla and Nvidia), while bond markets also rallied, resulting in a total return for the Fund of +11.3%.

As would be expected, **Passive Equities** have performed in line with benchmark. The currency hedging strategy helped performance over the last year compared with an unhedged position, as the pound strengthened over the year against the US Dollar. Over the three-year period an unhedged strategy would have performed marginally better.

All of the active equity portfolios performed below benchmark. In the case of the **Global High Alpha** and **Sustainable Equities** portfolios this has largely been due to underweights on the big seven tech stocks and the energy sector. An underweight allocation to energy and utilities and an overweight allocation to healthcare detracted from the relative performance of the Global Smaller Companies portfolio. The **Emerging Markets** portfolio's underperformance vs benchmark was driven by country allocation, with underweight allocations to South Korea and Taiwan, as well as an underweight to energy stocks.

Sterling Corporate Bonds and **Multi-Asset Credit** both performed ahead of benchmark as bond markets rallied from the negative returns of previous years as interest rates stabilised. The Brunel **Diversifying Returns Fund** also performed ahead of benchmark, as would be expected during a period in which equities and bonds both did well.

Property markets have struggled over the last 18 months, and both the **UK Property** and **International Property** portfolios saw negative returns over the year performed better in absolute terms with a positive return, but was below the benchmark return. **Infrastructure** returns have been mixed, with the Brunel portfolio performing better than the legacy assets managed by the In-House Devon County Council Investments Team. **Private Debt** performance continues to be strong delivering above benchmark returns.

Further detail on the performance of the individual portfolios can be found in the following reports pages. The Brunel Pension Partnership have provided an investment commentary on each of their portfolios, which provides further detail on their performance over the past year, their engagement with the companies in which they invest, and their outlook going forward. A commentary is also provided on the performance of the remaining assets held outside the pool.

Manager's Report - Brunel Pension Partnership

Passive Equity Portfolios

Performance Review

For the 12-month period ending 31st March 2024, all Brunel passive portfolios have met performance expectations.

The **Passive Global Paris Aligned Benchmark Equities** portfolio returned +21.3% over the 12-month period. This contributed to an overall return for the Devon Passive Equity portfolio of +21.1%.

Global High Alpha Equity Portfolio

Performance Review

The sub-fund returned 20.5% over the period, underperforming the benchmark (MSCI World index in GBP) by 2.6%. Sector attribution shows this was driven by negative stock selection which more than offset the positive impact from sector allocation. Stock selection was weakest in the Consumer Discretionary and Communication Services sectors. The largest single detractors on a company basis were Meta and Nvidia, both held underweight in the portfolio during a period where both names were part of a small number of large cap growth and tech names that drove the index return. The positive impact from sector allocation was largely due to the sub-fund not having any holdings in the Utilities sector which was the weakest performing sector. This more than offset the negative impact from having an underweight allocation to the IT sector which was the strongest performing sector.

Since inception on 5th December 2019, the Fund has returned 14.5% per annum, outperforming the benchmark by 1.2% per annum.

Outlook

We anticipate the global equity market environment will continue to be uncertain over the coming period as companies and economies grapple with geo-political uncertainty, and evolving expectations for inflation, interest rates and economic growth.

Emerging Market Equity Portfolio

Performance Review

The Emerging Markets portfolio returned 3.9% over the year, which was 2.4% behind the benchmark. Genesis and Wellington both underperformed the benchmark by 2.0% & 4.4% respectively; whereas Ninety-One outperformed by 0.8%. The portfolio remains behind target and benchmark since inception.

The underperformance vs benchmark was primarily driven by country allocation, sector positioning and underexposure to deep value securities. From a country perspective, the portfolio is biased away from Korea and Taiwan due to the relatively developed nature of these economies. For example, the GDP per capita in Taiwan is in excess of several Western European nations; as a result, managers like Genesis find less compelling opportunities as they are more biased towards faster growing emerging economies. Korea and Taiwan returned an impressive +11.8% and +24.7% respectively, which dwarfs the index return of 6.0%. Country allocation detracted in excess of 300bps from relative performance, which easily eclipses the underperformance of -2.4%.

Sector wise, the portfolio is underweight the Energy sector due to a lack of companies with potential to align to net zero. Conversely, the portfolio is overweight the consumer sectors due to plentiful opportunities with net zero alignment along with Genesis' bias towards the emerging consumer. Energy and Consumer Staples had contrasting fortunes over the past year, returning +33.5% and -5.0% respectively.

Outlook

Most Emerging Market economies have been ahead of developed counterparts on the fight against inflation and monetary tightening. For example, countries like Brazil have already started to loosen from peak rates. Current base rates in Brazil are at 11.25%, down from a recent peak of 13.75% and expected to reach 8.5% next year. Conversely, developed markets such as the United States, Europe and the United Kingdom remain at peak rates and are expected to do so for some time.

Looser monetary policy accompanied by cheap absolute and relative valuations make Emerging Markets an attractive proposition. Investors should still exercise caution on a forward-looking basis. There are still a number of unresolved issues in Emerging Markets that need addressing; most notably, the sluggish growth situation in China.

Sustainable Equities Portfolio

Performance Review

Over the 1-year period the sub-fund has returned 13.2% on a net of fees basis, underperforming the MSCI ACWI, which has returned 21.2%. The 1-year underperformance can be attributed to Q2 and Q3 2023, where we saw a huge amount of market concentration and then a market environment that favoured Energy stocks respectively. Over the one-year period, there was a change in the target allocations between two of the sub-managers. One manager's allocation was increased, whilst this was balanced with a decrease in another manager.

Stock Selection was the main driver of relative performance at a sector level. The sub-fund added notable performance through the Health Care sector, largely through the equipment and technology sub-sectors. The underweight of the "magnificent 7" stocks, caused a relative drag on performance last year as they far outperformed the market. However, this year started with mixed performance from the 7 stocks, we have no exposure to Apple and Tesla, both declined over the quarter, returning -10% and -30% respectively. We do however, have exposure to Microsoft, Nvidia, Amazon and Alphabet, all of which positively contributed to the absolute return of the portfolio, Nvidia notably returning 84%.

Outlook

Whilst we are disappointed that the sub-fund underperformed over the year, we take comfort that the majority of sustainable managers also failed to outperform the MSCI ACWI over this time period. Compared to the Sustainable peer group, the MSCI ACWI would have finished in the top quartile and those managers that did outperform the index had notable overweight positions in 'Magnificent 7' stocks, which, from our perspective, are not all aligned to sustainability.

Global Smaller Companies Equity Portfolio

Performance Review

The MSCI World Small Cap benchmark returned 14.0% over the year to 31 March 2024. Over the same period the portfolio returned 9.8%, underperforming the MSCI World Small Cap index by 4.2%.

Stock selection was the main driver of relative returns over the one year period to end March 2024. At a sector level, stock selection in Industrials, Information Technology and Consumer Discretionary were the largest detractors from relative returns, whilst stock selection in Communication Services, Real Estate and Financials contributed to relative returns. The underweight allocation to Energy and overweight allocation to Healthcare both detracted from relative performance, whilst the underweight allocation to Utilities contributed to relative performance.

Over the one year period to 31 March 2024, changing expectations around the path of inflation and interest rates has led to volatility in the market, whilst uncertainty around global economic growth expectations has added to volatile conditions. The Energy sector was the best performing sector in the MSCI World Small Cap index over one year to end March 2024, closely followed by Financials and Industrials. At the same time, Utilities and Communication Services sectors lagged.

Over the six month period from 1 April 2023 (Q2 and Q3 2023), global small cap markets delivered muted returns. While fears of a global banking contagion eased, there was continued uncertainty around economic growth and potential funding concerns. The Energy sector performed particularly strongly over this period, supported by higher oil prices. Over the fourth quarter of 2023, global small cap equity markets rallied as a result of easing inflation and hopes for a sustained pause in central bank rate hikes. Corporate earnings were also relatively resilient despite headwinds for global economic growth. Global small cap markets continued to rally during the first quarter of 2024 as a result of investor optimism towards sustained economic growth and hopes that moderating inflation could lead to interest rate cuts.

Outlook

The uncertainty around interest rate and global growth expectations will likely continue to translate to volatility in the market. Should there be a significant economic growth slowdown or recessionary environment, it is worth noting that the relative quality of the Global Small Cap portfolio makes it well positioned in the event of harsher financing conditions, and this is a point of optimism given the current economic environment.

Diversifying Returns Fund

Performance Review

Over the 12 months ended 31 March 2024, the Brunel Diversified Returns Fund (DRF) returned 10.8%, net of fees and inclusive of income which is re-invested into the sub-fund. The sub-fund's benchmark is GBP SONIA +3%. The benchmark return over the period was 9.2%.

Continued strong performance of the US economy, combined with a large fiscal deficit and tight labour markets have resulted in strong equity market performance, with positive sentiment towards A.I. having further supported the asset class. However, the continued resilience of the US economy and the fact that inflation is proving to be more persistent then expected, has dampened enthusiasm for bonds which have struggled and continue to experience elevated levels of volatility.

Outlook

A key, and currently unknown, factor is the extent to which the lagged effects of higher interest rates will negatively impact the economy. Given the large dispersion in potential outcomes, combined with heightened geo-political tensions, we expect to see market volatility persist.

The portfolio retains a diversified exposure to a range of return streams, including equities and bonds which are expected to provide a reliable return premia over a long time horizon, though with bouts of short term volatility, and commodities which provide some protection against an inflationary environment. The portfolio also retains exposure to alternative premia which have a low correlation to traditional asset classes and can smooth the funds return profile during periods when traditional asset classes are not performing.

Multi Asset Credit

Performance Review

It was a volatile year for leveraged finance which started out with market expectations in the US that interest rates would rise due to improving inflation figures causing the market to think that rates would fall multiple times during the year. By the end of the year expectations were a more modest view of higher for longer as the number of rate cuts assumed for 2024/25 reduced.

The portfolio returned 11.8% which was ahead of its benchmark of SONIA +4% which stood at 9.2%. All fund managers posted positive returns with Neuberger Berman lagging due to their rate sensitive allocation to Investment Grade Corporates which dented performance in 3 out of the 4 quarters.

Outlook

By the year end all-in yields had fallen to 7.8% for the Multi-Asset Credit portfolio with a duration of 2.8 years. Investors should remain wary of the reduced amount of compensation for credit risk. Our managers remain heavily focused on the quality of their issuers, leaving them well positioned to outperform versus market default rates.

Sterling Bonds

Performance Review

The year started with Bank of England increasing interest rates as inflation remained strong. By Q4 2023 the market was pricing in interest rate cuts which caused the bond markets to rally as headline inflation started to fall. Overall the portfolio achieve 8.8% against a benchmark return of 6.1%.

For the most part, this was driven by positive contributions from the overweight exposure to insurance and banks and the underweight exposure to supra-nationals. The holding in Thames Water was a detractor during the year. RLAM continues to believe that liquidity in the operating company remains satisfactory and that valuations remain attractive on a fundamental basis.

Outlook

Bond yields are generally higher than they had been at the start of the year and interest rate cuts are now closer. RLAM therefore believes that overall government bond yields look attractive, and that credit spreads continue to compensate credit investors for the risk of default. Whilst yields are expected to remain sensitive to economic data, the portfolio is highly diversified, with a bias towards bonds with greater security and downside protection relative to the benchmark.

Infrastructure Portfolio

Despite continued volatility across the political, economic and investment landscapes, Infrastructure as an asset remained broadly resilient. The portfolio was no exception. Global Infrastructure also remains key in the execution of government agendas to boost economic growth, bring down energy consumption and increase the production of renewable energy. The ability to build diversified portfolios with medium-to-long-term investment horizons, low exposures to cyclical sectors, the ability to work closely with portfolio company management teams, and an emphasis on investing in companies with strong recurring cashflows, should continue to provide downside protection and strong competitive advantages.

Devon’s infrastructure investment with Brunel is split between cycle 1 which was committed in 2018, cycle 2, split between a renewable and a generalist portfolio, committed in April 2020, and cycle 3, committed in April 2022.

Cycle 1 – The portfolio is fully committed to nine primary funds and seven tactical investments. As at the end of Q1 2024, the portfolio was ~92% invested and 100% committed. Overall, we are pleased with the evolution of Cycle 1. The portfolio is well-diversified across sectors, technologies, geographies, managers and vintages and had (as at quarter-end) proven to be resilient to market volatility as it continued to deliver performance in line with the target set at inception.

Cycle 2 Generalist - The portfolio is fully committed to six primary funds and 7 tactical investments in total. Performance has been impacted by several factors including power price volatility and a high interest rate environment which has had a negative impact on valuations, especially for secondaries and funds with longer holding periods. However, we are seeing managers take an active approach and implementing the necessary strategies to improve performance. On the whole, early performance indicates good resilience to market turbulence and we are pleased with how the portfolio has developed and continues to do so.

Cycle 2 Renewables – The portfolio is now 89% committed and 65% invested across 6 primary funds and 12 tactical investments. Only one small primary fund ticket is required to complete construction of the Cycle 2 Renewables portfolio. Two potential funds have been identified and early due diligence has been initiated. It was a challenging year for offshore wind which ultimately affected valuations. Higher financing costs and wage inflation made many projects significantly more expensive vs the base case. There has been positive performance in a number of assets and performance figures at portfolio level is strong despite it still being early in its lifecycle.

Cycle 3 – This portfolio was 58% committed and 28% invested. . The portfolio is taking shape and is well diversified across the various macro investment themes: natural capital, renewable energy, energy transition and energy efficiency and generalist infrastructure. Focus is currently on manager deployment rather than performance given the age of the Fund. The pipeline for both Primaries and Tacticals remains robust.

Private Debt Portfolio

The Brunel private debt portfolios remain attractive for General Partners to deploy capital as the floating rate nature of portfolios allow Limited Partners to capture additional returns from rising rates. Loan margins and upfront fees have remained elevated.

The cycle 2 portfolio includes primary commitments to seven major funds, primarily focusing on senior secured direct lending in the mid-market segment. Managers retained a focus on high-quality defensive sectors, emphasizing software, business services, and healthcare, with portfolios showing resilience against economic challenges, including inflation and rising rates. The regional allocation was balanced between the US and Europe, driven by mature lending markets in these regions. Cycle II performance remained positive across underlying managers. Measures will become more meaningful in time.

Cycle 3 was still in its early stages of its ramp up phase though all managers have deployed capital over the period. The portfolio succeeded in its target for being 100% committed by March 2024.

All selected managers focus on senior secured direct lending in the mid-market range ($25 million to $100 million EBITDA), but some may selectively consider larger companies (> $100 million EBITDA) when opportunities arise. The portfolio is showing a similar style bias to that of the Cycle 2 portfolio with an emphasis on underwriting into high-quality defensive sectors across predominantly North America and Europe.

Private Equity

With respect to the Brunel private equity portfolios, cycle 2 is now fully committed though only 56% funded. Cycle 2 is still in the investment phase and it is still early days in both cycles for meaningful return metrics. Performance is tracking in line with expectations and returns are generally positive. The earlier commitments made in the portfolio have shown strong resistance against a volatile macroeconomic backdrop. It is notable that the secondaries allocations to Montana and LGT have contributed significant positive performance for the cycle.

For cycle 3, the portfolio stands at 88% committed but with suitable opportunities for the remaining 12% close to being identified. Funds remain focused on operational improvements as a driver for growth. Some companies showed signs of underperformance due to a combination of wage pressures and in some instances 'de-stocking' whereby companies grew to meet pent up demand immediately following Covid only to find demand has fallen away more than expected. It is still early days for meaningful performance metrics to be available.

UK Property Portfolio

Performance

Despite market hopes that interest rates may begin a downward path this year, investment in UK commercial property have remained muted, at 56% below the five-year average investment level over the first quarter of 2024. The Devon portfolio returned -0.1% over the year against a benchmark of -1.0%.

Within Brunel's UK property model, LGIM's Industrial Property Investment Fund (IPIF), with its focus on south-east multi-let industrial assets, continued to outperform. The two residential funds, M&G UK Residential Fund and PGIM UK Affordable Housing Fund, provided positive returns over twelve months to quarter-end, supported by strong occupational and rental demand.

Columbia Threadneedle (TPUT) and UBS's Triton Property Trust proved resilient performers among the diversified funds, although other balanced funds were engaged in sales programmes to fund investor redemptions over the 12-month period, as the asset class fell out of favour - hitting performance.

Outlook

The property market should benefit from falls in interest rates. However, overall, Brunel's UK model property portfolio retains a low gearing and is defensively positioned, and thus protected, should interest rates fail to move lower during 2024. A review of the model portfolio with our adviser (Townsend) is due over Q2 and the team continue to monitor the market for interesting new opportunities.

International Property Portfolio

Performance

Investment activity remained subdued in 2023, with global transaction volumes down 37% year-on-year. US and European activity fell significantly (52% and 49% respectively). However, there were early signs that transactional activity is picking up in 2024, particularly in the logistics and residential sectors, where fundamentals remained strong. Transactions in the office sector were much more limited. Transactions are likely to pick up once debt markets normalise, and pricing becomes more attractive.

2023 as a whole saw a negative return for the Devon portfolio of -7.9% against a benchmark return of -8.0%. The three major geographical regions all saw declines, but the US was the greatest detractor, falling by 5.0% in Q4 and by 12.2% over the 12 months to quarter-end. Anecdotally, this fall has come from transactional markets finally starting to reopen, with the new lower pricing informing valuations.

INREV's Consensus Indicator improved significantly to March 2024, moving above 50 and indicating a positive sentiment, driven by hopes of strong leasing and operations. In the Brunel model, most funds delivered low single-digit negative returns over Q4 2023. The exception was Invesco Real Estate Asia Fund, which benefited from Asian currencies appreciating against the US dollar. The laggard over the quarter was Cortland Growth & Income Fund, which saw valuation write-downs, as more transactions hit the market.

Outlook

The economic outlook and market circumstances continue to place pressure on real estate prices globally. On the positive side, inflation eased over the period and, as forward curves are suggesting peak interest rates have been reached, discussions turned likely timings for monetary policy to loosen. Managers are starting to talk of cautious optimism returning to markets. However, geopolitical events and risks of contagion effects, such as elevated shipping costs from the conflict in the Red Sea region, continue to breed uncertainty.

Stewardship and Responsible Investment

(across all portfolios)

Brunel Pension Partnership Limited (Brunel) is one of eight national Local Government Pension Scheme (LGPS) pools, bringing together circa £35 billion investments of 10 like-minded pension funds: Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire.

We believe in making long-term responsible investments supported by robust and transparent processes. We are here to protect the interests of our clients and their beneficiaries. In collaboration with our stakeholders, we are forging better futures by investing for a world worth living in.

As an asset owner, Brunel has a directive role in the investment chain, and we leverage our role in the financial system to manage systemic risks. This report shows some of the myriad ways in which we work with our asset managers, as well as peers in the industry.

Our partnership commitments on climate change and Responsible Investment aim to deliver stronger investment returns over the long term. Protecting our clients' interests through contributing to a more sustainable and resilient financial system, supports sustainable economic growth and a thriving society.

We are large, with around £35 billion in assets under management, long-term, and widely diversified – all features used to describe universal owners. Universal Owners need to think big picture - what are the large systemic risks to the portfolios, the pension funds, to our clients - and devise how best to bring about realworld change that will reduce risk or enhance investment opportunities.

Approach to Stewardship

We pursue activities which are outcomes focused and prioritise the pursuit and achievement of positive real-world goals. We advance our stewardship objectives through 4 key channels.

Asset Managers - We view asset managers as our first line of defence in the management of all portfolio related risks, including ESG, as they are responsible for stock selection. Stewardship is explicitly incorporated as criteria in the selection and monitoring of our appointed asset managers. Our investment team works closely with the specialist RI team to periodically review our managers' stewardship activities, constructively challenge investments' RI credentials and provide guidance on expected improvements.

Direct engagement - We undertake direct engagement, where we think this will add value or strengthen ongoing work undertaken by our asset managers or other partners. We also undertake policy advocacy through consultation submissions, participation in investor and government working groups and via meetings with policymakers and regulators.

Our specialist overlay provider - We recognise that there is variance in stewardship capabilities across our managers. To ensure consistency of approach and long-term engagement, we have a dedicated specialist overlay provider, EOS, to engage on our behalf and execute our votes. EOS provide specialist thematic experts with a deeper understanding of local culture and language skills across multiple markets. As they represent USD1.4 trillion in investments, they leverage this to access and maintain relationships with company boards across the globe.

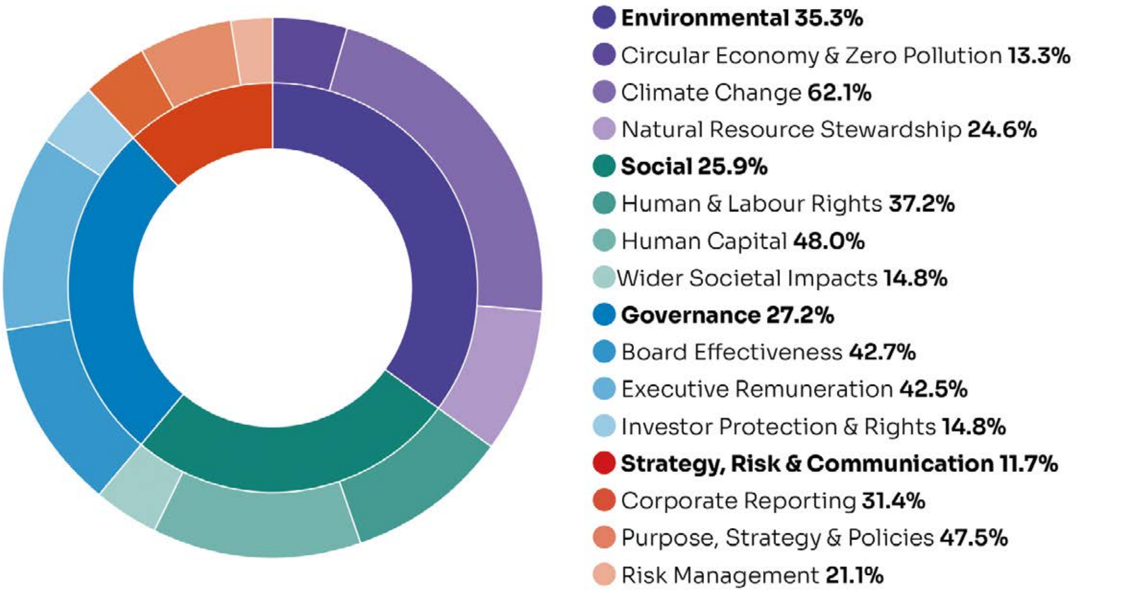
Collaborative initiatives - We work with peers and other stakeholders in the industry through collaborative initiatives. It is critical to work collaboratively when seeking to address systemic issues. We draw on the expertise of others and leverage the strength in numbers to drive change.

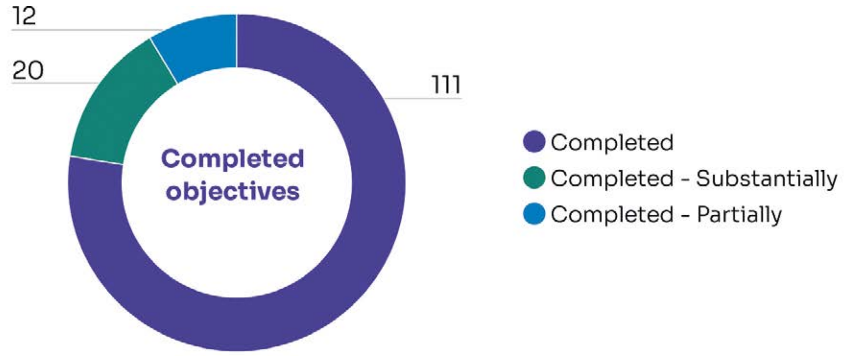
Engagement

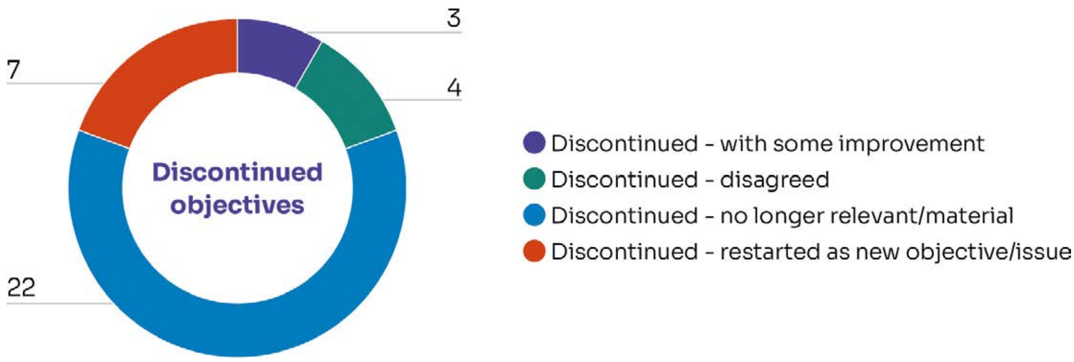
Engagements led by EOS are guided by a 3-year engagement plan that outlines key themes and priorities and reflects client priorities. Brunel provides input into this plan, together with our clients. The latest plan includes 12 key themes and covers a diverse range of issues. To ensure meaningful impact and to be able to measure and report effectively, EOS implement a four-stage milestone strategy.

At the start of every engagement, milestones are set that need to be achieved to class the engagement as successful. Progress against these objectives is assessed regularly and evaluated against the original engagement proposal.

Engagement Coverage - The below diagram illustrates a summary of the 3,605 issues and objectives on which EOS engaged with companies in 2023. Its holistic approach to engagement means that it typically engages with companies on more than one topic simultaneously.







Key Achievements - Our 2024 Responsible Investment and Stewardship report demonstrates progress across our seven RI priorities, evaluated and refined in collaboration with our clients. Key achievements include:

- 805 companies engaged, around half of which were held with senior management or board members.
- 57% reduction in carbon intensity from our baseline in 2019.
- 28% lower level of ecosystem degradation than benchmark (all listed portfolios, as shown by our biodiversity footprinting), 90 of who are within the top contributors to financed emissions.
- Voted at 99.8% of meetings - that is over 1300 meetings instructed.
- 121 public policy interactions including consultation responses, letters, meetings and discussions.

Case Studies

The following case studies highlight Brunel's engagement:

Biodiversity Footprinting

The risk associated with nature is evolving into an increasingly pressing global concern. In the World Economic Forum's Global Risks Perception Survey (WEF, 2023), 6 out of 10 issues were environmentally related over a 10- year period. Importantly, in September 2023, the final Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations were published. This marks a significant milestone in understanding the interdependencies between nature and business.

Brunel's pilot project with S&P Sustainable (S&P) on nature-risk profiling of our aggregated listed portfolios has now been completed. The methodology used by S&P has been designed to align with and support the TNFD, which Brunel has committed, in principle, to use to shape its reporting in the future.

The headline results from our nature-risk profiling are:

- A substantial portion of land-use within our listed portfolios is not located in a Key Biodiversity Area or Protected Area. However, those that are in these areas represent 77% of the value of our holdings.
- The direct operations of our listed portfolio holdings exhibit a low level of ecosystem degradation and occupy a lower level of globally significant biodiversity areas than our benchmark by 28%.
- We have an investment-weighted exposure of 85% to companies that have a significant dependency on ecosystem services.

Our next steps are to map the various nature impacts and dependencies to understand and manage risk. We aim to engage with companies in our selected portfolios who are either causing the most impact or have potentially high investment risk arising from deteriorating ecosystem services.

Escalating on Diversity

Brunel co-filed a resolution at the Charter Communications 2024 AGM, with British Columbia Investment Management Corporation (BCI), NEST and UBS, to disclose a diversity policy and set out clear plans for succession to ensure that the company increases board representation of women. The supporting statement noted that the company had only one female director on the board at the time of filing, in contrast to peers where the average was 30% board representation. The average director tenure (10 years) also exceeded the peer average and provided ample opportunity for board refreshment.

Earlier dialogues with the company weren't promising, but a breakthrough was made when they announced a new female appointee to the board during the engagement. Further dialogue with Charter Communications reassured the co-filing cohort that the company was serious about their commitment to advance diversity in future appointments. They committed to continue to engage with shareholders on diversity, opening communication channels and access which had previously been very limited.

As a result of these improvements, and their public commitment to gender and other forms of diversity in director recruitment efforts in their proxy statement, we decided to withdraw the resolution.

Engagement on Labour Rights

Does Jabil, a US electronic equipment and parts manufacturer, have insight into its suppliers and the working conditions in its production facilities. One of our Smaller Companies Equities managers, Kempen, engaged the company on this issue in 2023, with the aim to understand the extent to which Jabil has control of its supply chain and to communicate how important it is that it does.

Sustainable operations and robust control of supply chains reduce the risks of controversies and reputational damage, and thus also of worsening company results. The engagement conversations revealed that Jabil had screened no less than 95% of its production locations by the summer of 2023 and had checked the rest by the end of 2023. They encouraged the company to further increase its ambitions with the Responsible Business Alliance, a collaboration between electronics companies specifically focusing on sustainability in supply chains.

One way of doing this is to enhance its supervision of and working conditions at suppliers and plants Jabil works with further. The company has committed to decide on this issue in 2024 and it will be monitored closely.

Approach to Conflict Risk

The general approach to engaging with companies doing business in high risk regions is to request that they carry out actions consistent with the UN Guiding Principles on Business and Human Rights.

This may lead to asking companies to disclose a summary of findings and outcomes of enhanced human rights due diligence in high-risk regions; report the percentage of its revenue, suppliers, or other metrics sourced from conflict-afflicted regions; and seek exploration and development of industry-wide collaborative solutions or public-private partnerships which may help to respect human rights.

Brunel reviews, at least annually, its exposure to the Occupied Palestinian Territories using information provided by the United Nations and other parties. This information informs both our stewardship and risk processes. We expect our managers to be aware of all material investment risks relating to the companies in which they invest, including those with significant exposure to areas of conflict. We closely monitor stocks that are assessed by service providers to be in breach of the UN Global Compact Principles.

EOS review our target companies and approach to engagement following any major change in risk factors at least annually. Accordingly, an additional review of those companies targeted for engagement was undertaken following the recent escalation of violence in the West Bank.

Banks – a core pillar of our climate stewardship

Banks are systemic actors that can change the flow of finance and contribute to acceleration or deceleration of the decarbonisation agenda. It is of paramount importance that we focus on banks' approach to financing of fossil fuels and ensure their alignment with the Paris Agreement.

Brunel has had a strong history of engaging with banks on climate with tangible outcomes – at HSBC on publication of a climate strategy and target to reduce fossil fuel exposure. On Barclays, we have been engaging for nearly five years – most notably, we co-filed the first ever climate resolution at any European bank in 2019 which resulted in them putting forward their ambition to become Net-Zero by 2050.

Advancing our stewardship efforts further, in December 2023, Brunel co-filed a climate related resolution for consideration at Barclay's 2024 AGM to urge the company to articulate how it is responding to the risk of financing new oil and gas infrastructure that could become stranded assets.

The engagement objectives, including red lines and areas of long-term focus, were collaboratively agreed with ShareAction and other participating investors based on best practice in the industry. Following engagement and negotiation that lasted a few months, the bank committed to changes to its financing activities in its updated policy. Three key announcements:

- End to all direct financing for new oil and gas projects and associated transportation infrastructure.
- Restrictions for financing pureplay companies engaging in long-lead time expansion projects – i.e. approval only by exception. Other expansion projects will be subject to review by a newly set up Client Transition Review Forum that monitors transition progress of their corporate clients.
- Expectation for energy clients to produce transition plans or decarbonisation strategies by January 2025 and financing of energy groups conditional on their ability to produce the following from January 2026:
    1. Set Net-Zero aligned scope 1 and 2 emissions reduction targets by 2030;
    2. Set targets to reduce methane emissions by 2030 in line with the Oil & Gas Climate Initiative or Oil & Gas Methane Partnership;
    3. End flaring by 2030.

In addition, no new clients with expansion capex greater than 10% will be provided funding from Jan 2026 onwards. Further enhancements in terms of reporting on governance of the transition framework and progress of clients in their transition were made in the Barclays annual report.

Further Information

A full analysis of Brunel's responsible investment and stewardship outcomes can be found at **https://www.brunelpensionpartnership.org/wp-content/uploads/2024/07/Brunel-Outcomes-Summary-Report-2024.pdf**

Devon County Council In-house Team

Infrastructure

The infrastructure portfolio held outside the pool comprises five funds. Fund performance is summarised in the following table:

Fund	Value 31-Mar-24	One Year Return	One Year Benchmark	3 Year Return	3 Year Benchmark
	£'000	**%**	**%**	**%**	**%**
Archmore Infrastructure Fund (UBS)	8,597	-29.9		-14.8	
Aviva Ground Rents Fund	13,462	-17.0		-7.2	
Aviva Infrastructure Income Fund	29,335	-14.7		-1.0	
Hermes Infrastructure Fund I	40,981	-4.6		+4.9	
Igneo European Infra Fund I	9,551	+18.6		+17.1	
TOTAL	**101,926**	**-8.4**	**+7.3**	**+2.3**	**+11.0**

Returns have been mixed, and the performance of each individual fund is detailed below.

- **Archmore Infrastructure Fund** – The fund's remaining assets fell in value by some 39% by the end of the year though some of the blow was cushioned by the strengthening of the US Dollar which increased the valuation of the US assets in GBP terms. The manager is working on selling the assets with three planned for sale during 2024. Southern Water remains a concern, with the likelihood that the valuation will be further impaired by the underlying debts of the company.

- **Aviva Ground Rents Fund** - Distributions from the Fund have been suspended due to the uncertainty around potential remediation liabilities under the Building Safety Act and leasehold reform. The capital valuation has continued to fall over the year, partly as a result of the Building Safety Act 2022 ("the Act") which has introduced new obligations relating to fire and building safety remedial costs, which Aviva are working actively to progress. The Leasehold and Freehold Reform Bill Act was passed just before Parliament was dissolved for the general election though we await secondary legislation. Aviva are in discussion with the funds independent valuers to understand how they interpret the changes and the impact this will have on the market.

- **Aviva Infrastructure Income Fund** – The fund is due to close in 2027 with the option to extend by two one year extensions. Aviva have commenced the process for selling the energy centre assets and also the wind assets. These are due to complete by end 2024. Nevertheless, the Fund contributed an income yield of 6.6% and should continue to benefit from inflation linked revenue streams.

- **Hermes Infrastructure Fund** – The Fund was restructured at the beginning of 2023, with the majority of assets transferred from the original HIF 1 (Hermes Infrastructure Fund 1) to the FHDIF (Federated Hermes Diversified Infrastructure Fund). While the portfolio saw a reduction in capital value over the year, it has continued to provide a steady income yield. All assets are forecast to provide an income yield in 2024.

- **Igneo European Diversified Infrastructure Fund I** – The Igneo fund continues to the best performing fund in the Devon infrastructure portfolio with an annual return of 18.6%. The fund is in the final stages of close down with the final asset being sold in April 2024.

Private Debt

The private debt portfolio held outside the pool comprises two funds. Fund performance is summarised in the following table:

Fund	Value 31-Mar-24	One Year Return	One Year Benchmark	3 Year Return	3 Year Benchmark
	£'000	%	%	%	%
Arcmont Senior Loan Fund I	36,287	+8.8		+6.3	
Golub Capital International Fund 11	51,949	+11.2		+14.9	
TOTAL	**88,236**	**+10.3**	**+7.3**	**+10.8**	**+11.0**

The performance of each individual fund is detailed below:

- **Arcmont Senior Loan Fund I** – The fund is now in its harvesting stage, and will gradually return capital over the remaining lifetime of the fund. The final closure date has been extended to allow the full repayment of the loans to take place.

- **Golub Capital International Fund 11** – Golub have continued to performed well during the year, having been well positioned for higher interest rates with a nearly 100% floating rate loan investment portfolio. Performance was driven by strong net investment income and solid credit results.

Local Impact Portfolio

During the year, the first investments were made from the Fund's Local Impact Portfolio. The Committee agreed an allocation of 3% of the Fund to investments that would provide a positive impact to the local community in Devon and the wider South West as well as achieving the returns required by the Fund. Performance to date is summarised in the table below.

Fund	Value 31-Mar-24	One Year Return	One Year Benchmark	3 Year Return	3 Year Benchmark
	£'000	%	%	%	%
Greencoat Wessex Gardens Fund	42,102	+0.0		N/A	
Quinbrook Renewables Impact Fund	20,354	+3.8		N/A	
TOTAL	**62,456**	**+1.9**	**+4.1**	**N/A**	**N/A**

- **Greencoat Wessex Gardens Fund** - The initial £42 million investment was drawn in January for the purchase of solar assets across the South West. The Wessex Gardens acquisition was part of a wider investment in 53 operating solar funds across the UK, which will be restructured across a number of funds managed by Greencoat. The manager anticipates the restructuring process will be completed in June 2024 following the receipt of the required National Security and Investment ('NSI') clearance. The Wessex Gardens Fund will own 17 solar farms with a combined capacity of 196.4 MWp located predominantly in the Brunel pool area.

- **Quinbrook -** The majority of the investment into the UK-wide fund has now been drawn, with investments in six individual assets, comprising solar, battery storage and synchronous condensers. Each investment completed or targeted by QRIF seeks to support the UK's 'Net Zero' energy transition and provides solutions for ensuring reliable, secure, accessible and carbon-free power supply for the UK grid. Construction work on local Devon battery storage assets is anticipated to commence in 2025.

Outlook

One of the benefits of private markets investments is that returns are much more closely linked to the profitability of the businesses invested. While equity shares will rise and fall in value according to investor sentiment, private market returns should be much less volatile. The infrastructure and private debt investments should therefore continue to provide a steady level of return which will be beneficial at a time of significant stress in investment markets.

The infrastructure investments have benefited to some extent from inflation-linked revenues, but have also been negatively affected by the increased level of interest rates which have increases the cost of capital. As interest rates start to come down this should therefore have a positive impact on the value of the Fund’s infrastructure assets. Private debt investments have benefited from variable interest rate loans within their portfolios, but will remain positioned to achieve returns above the prevailing level of rates.

Several of these funds will be coming to the end of their lives in the next five years, and in the current economic and market environment the managers will need to work hard to extract maximum value from the remaining assets as the funds close.

Pension Fund Budget

Details of income and expenditure compared with the budget forecasts for the year are shown in the table below.

Devon County Council Pension Fund Budget / Forecast 2023/24

Pension Fund Budget Forecast and Actuals 2023/24	Actual 2022/23 £'000	Original Forecast 2023/24 £'000	Actual 2023/24 £'000	Variance from Original Forecast £'000
Contributions				
Employers	(141,245)	(165,000)	(178,207)	(13,207)
Members	(49,905)	(52,000)	(53,438)	(1,438)
Transfers in from other pension funds:	(13,253)	(14,000)	(23,345)	(9,345)
	(204,403)	(231,000)	(254,990)	(23,990)
Benefits				
Pensions	176,799	200,000	196,531	(3,469)
Commutation and lump sum retirement benefits	27,720	30,000	32,612	2,612
Lump sum death benefits	3,826	4,000	5,464	1,464
Payments to and on account of leavers	981	1,000	1,405	405
Individual Transfers	9,140	10,000	14,592	4,592
	218,466	245,000	250,604	5,604
Net Withdrawals from dealings with fund members	**14,063**	**14,000**	**(4,386)**	**(18,386)**
Investment Income	**(39,113)**	**(40,000)**	**(51,146)**	**(11,146)**
Administrative costs				
Peninsula Pensions	2,602	2,864	2,864	152
	2,602	**2,864**	**2,864**	**152**
Investment management expenses				
External investment management fees - invoiced	1,511	1,650	1,633	(17)
External investment management fees - not invoiced	21,602	24,000	24,292	292
Custody fees	30	35	23	(12)
Transaction costs	1,980	1,800	5,298	3,498
Class Action Proceeds	0	0	0	0
Other investment management expenses	27	30	27	(3)
	25,150	**27,515**	**31,273**	**3,758**
Oversight and governance costs				
Investment & Pension Fund Committee Support	92	95	89	(6)
Pension Board	41	45	43	(2)
Investment Oversight and Accounting	388	420	396	(24)
Brunel Pension Partnership	20	10	9	(1)
Legal Support	37	30	23	(7)
Actuarial Services	107	40	74	34
Investment Performance Measurement	72	75	64	(11)
Subscriptions	58	61	73	12
Internal Audit fees	21	24	22	(2)
External Audit fees	47	50	106	56
	883	**850**	**899**	**49**
Total Management Expenses	**28,635**	**31,229**	**35,188**	**3,959**

Key variances against the original forecast are summarised below:

- Contributions income was significantly higher than the original budget forecast for the year. This reflects an under-estimate of the impact of the revised employer contributions set at the 2022 Triennial Actuarial Valuation. The increase on the 2022/23 figure also reflects those employers who had pre-paid their deficit contributions for 2022/23 two years previously, but were then required to meet their deficit contributions set for 2023/24.
- There were more transfers in and out of the Fund than anticipated. Transfers are difficult to predict in advance, as it will depend on the numbers of new staff being recruited or leaving Fund employers and whether they elect to transfer their pensions between their old and new employer's pension fund.
- Investment income from property, infrastructure and private debt is received in cash and can be used to aid cashflow. Income for the year was ahead of budget, reflecting the growth in private market investments.
- The overspend on Peninsula Pensions largely reflects the additional software costs associated with the implementation of the revised regulations put in place by the Government in response to the McCloud age discrimination case.
- Transaction costs for the year were higher than expected. The growth in private markets investments, particularly private equity, has resulted in increased costs, particularly around the initial set up of individual funds. It also reflects to some extent improved transparency, which will be reflected in future year budgets.
- There were small variances on the individual lines within Oversight and Governance costs, the largest of which relates to external audit fees. The cost of external audit has been growing nationally, as audit firms have struggled to.

Contributions by Employer 2023/24

The contributions paid into the Fund, split by employer, are shown in the following table.

Employer	Employers Contributions £'000	Employees Contributions £'000	Employer	Employers Contributions £'000	Employees Contributions £'000
Administering Authority and Scheduled Bodies					
Devon County Council	49,192	14,219	Combe Pafford Academy	276	73
Plymouth City Council	16,355	5,494	Connect Academy Trust	1,280	333
Torbay Council	7,506	2,704	Dartington CofE Primary	109	29
East Devon District Council	3,787	1,177	Dartmoor National Park	581	191
Exeter City Council	5,837	1,526	Dartmouth Academy	98	25
Mid Devon District Council	3,333	882	Devonport Boys Academy	264	75
North Devon District Council	2,803	739	Devonport Girls Academy	167	45
South Hams District Council	2,501	903	Discovery Multi Academy Trust	262	69
Teignbridge District Council	4,433	952	East Allington Primary School	19	5
Torridge District Council	1,962	482	Edghill College	1	-
West Devon Borough Council	888	240	Eggbuckland Primary School	286	76
Devon & Cornwall Police Authority	14,619	4,948	Ermington Primary (WCST)	23	6
Devon & Somerset Fire Authority	2,407	885	Exeter College	1,443	517
Police and Crime Commissioner	294	121	Exeter Mathematics School	77	22
University Of Plymouth	7,493	2,756	Exmouth Academy	617	167
ACE (Devon)	481	133	First Federation	1,037	274
ACE Schools	1,026	286	Fremington Primary School	112	29
Acorn Federation	236	62	Furzeham Primary School	66	17
All Saints (Axminster)	7	2	Glendinning Academy	148	39
All Saints Academy	249	66	Great Torrington Academy	254	71
All Saints, Babbacombe	16	4	Greenshaw Learning Trust	47	12
Alphington Primary	144	38	Hayes Primary School	133	35
Alphington Primary Pre-school	41	13	Honiton Academy	203	57
Alumnis Multi Academy Trust	317	89	Horizon Multi Academy Trust	269	69
Ashburton Primary (WCST)	55	14	Horwood & Newton	12	3
Atrium Studio School (WCST)	1	-	Ide Primary	35	9
Austin Farm School	59	15	Ilsington Primary School	29	7
Avanti Hall School	6	8	Isca - Part Of Ted Wragg Trust	1,769	511
Axe Valley	168	45	Ivybridge Academy	2,689	747
Barton Primary	152	39	King Edward VI Community College	124	34
Bay Education Trust	1,204	262	Kings Academy	295	83
Beaford Community Primary	29	7	Kingsbridge Academy	154	37
Beer Primary School	7	2	Kingswear Primary School	5	1
Berry Pomeroy CofE Primary	28	7	Lady Modifords Primary School	4	1
Bicton College Of Agriculture	148	41	Learning Academy Multi Academy Trust	1,637	429
Bideford College	382	100	Learning Academy Partnership	580	157
Blackawton Primary School	36	10	Lew Tenchard	37	9
Bowhill Primary	142	36	Lifton Community Primary Academy	49	13
Bradworthy Primary Academy	69	18	Lipson Academy	291	79
Braunton Academy	206	60	Littletown Primary Academy	128	33
Brixham Academy	187	51	Lodestar Academy	37	10
Brixham CofE Primary	61	16	Manor Primary (WCST)	106	28
Broadclyst Academy	505	132	Marine Academy, Plymouth	362	96
Brunel School	32	9	Mary Dean's CofE Primary	34	9
Buckfastleigh Primary School (WCST)	54	14	Matford Brook Academy	12	4
Burlescombe CofE Primary School	17	4	Meavy Primary School	5	1
Catch 22 MAT	45	12	Montpelier School	159	42
Chulmleigh Academy	321	86	Morchard Bishop Primary School	38	10
Churston Academy	253	70	Moretonhampstead Primary School	48	12
City College Plymouth	1,277	416	Mount Tamar School	3	-
Clyst Vale Academy	252	69	Newport Academy	989	288
Colyton Academy	232	65	Newtown Primary School	16	4
Colyton Primary School	39	10	North Molton Primary School	33	9

Employer	Employers Contributions £'000	Employees Contributions £'000	Employer	Employers Contributions £'000	Employees Contributions £'000
Old Priory Junior School	12	3	St Marychurch Primary	28	7
Orchard Manor Academy	414	111	St Matthews's C of E Primary	31	8
Petroc	1,537	401	St Michael's Primary School	30	7
Pilton Infants	27	7	St Peters C of E Primary Plymouth	15	4
Plymouth Academy Trust	251	66	St Peters Junior School	14	4
Plymouth Cast	648	186	St Rumon's Infant School	9	2
Plymouth CAST (Plymouth)	585	151	St Sidwell's CoE Primary	18	5
Plymouth CAST (Torbay)	172	43	St Thomas Primary	38	10
Plymouth Citybus	8	4	Stockland Primary Academy	14	3
Plymouth College Of Art & Design	730	255	Stoke Damerel Academy	410	110
Plymouth High School for Girls	120	33	Stoke Fleming Primary School	29	7
Plympton St Mary Infants	6	2	Team Multi Academy Trust	263	68
Police and Crime Commissioner	6	-	Teignmouth Learning Trust	1,089	304
Primary Academies Trust	1,613	429	Templer Academy	1,221	345
QE Academy Trust	283	76	The Dartmoor Trust	1,600	428
Reach South Central	1,381	384	The Exwick Ark	8	1
Ridgeway Academy	148	40	The Inspire MAT	235	62
Riviera Primary Trust	380	100	The Link Academy MAT	434	122
Roundswell Primary School	93	24	Thinking Schools Trust (Central Staff)	255	74
Route 39	106	28	Tidcombe Primary School	14	3
Shiphay Academy	131	34	Torbridge Academy	357	98
Sidmouth College	237	68	Torquay Boys Academy	548	151
South Dartmoor Community College	275	70	Torquay Girls Academy	255	70
South Devon College	1,480	460	Torre Primary School	94	24
South Devon College UTC	33	9	Trinity CofE School	43	11
Sparkwell Primary Academy	28	7	Uffculme Academy	403	113
St Budeaux Primary School	49	13	Ugborough Primary (WCST)	27	7
St Christophers Primary MAT	835	227	United School Trust Kingsteignton School	83	21
St Christophers Secondary MAT	319	85	Upton St James C of E Primary	10	2
St Edwards C of E Primary	15	4	Wave MAT	256	54
St Georges Primary School	9	2	Webbers CofE Primary School	10	2
St James Academy Trust	66	17	Whitchurch Primary School	61	15
St Leonards CofE Primary	44	11	Widecombe Primary	14	3
St Lukes College (Ted Wragg Tr)	185	48	Wolborough Cofe Primary	34	9
St Margaret's Academy	167	45	Wynstream Primary School	96	18
			TOTAL	**169,785**	**50,856**

Employer	Employers Contributions £'000	Employees Contributions £'000	Employer	Employers Contributions £'000	Employees Contributions £'000
Resolution Bodies					
Axminister Town Council	36	10	Frithelstock Parish Council	1	-
Aylesbeare Parish Council	1	-	Great Torrington Town Conucil	21	6
Barnstaple Town Council	103	30	Holcombe Burnell Parish Council	1	-
Berrynarbour Parish Council	1	-	Honiton Town Council	27	8
Bideford Town Council	51	14	Ilfracombe Town Council	3	1
Bishops Clyst Parish Council	3	1	Ivybridge Town Council	81	23
Bishops Tawton Parish Council	1	-	Kingsbridge Town Council	14	4
Bishopsteignton Parish Council	6	2	Kingsteignton Parish Council	36	10
Bovey Tracey Town Council	20	6	Kingswear Parish Council	1	-
Bradninch Town Council	4	1	Lynton & Lynmouth Town Council	44	12
Braunton Pc	35	10	Moretonhampstead Parish Council	4	1
Brixham Town Council	46	13	Newton Abbot Town Council	112	34
Broadclyst Parish Council	27	9	Okehampton Town Council	33	9
Buckland Monachorum Pc	3	1	Seaton Town Council	35	11
Budleigh Salterton Town Council	11	3	Sidmouth Town Council	23	6
Chudliegh Town Council	14	4	South Molton Town Council	11	3
Clyst Honiton Parish Council	3	1	Staverton Parish Council	2	1
Combe Martin Parish Council	19	5	Stokenham Parish Council	4	1
Cranbrook Town Council	37	11	Tavistock Town Council	153	47
Crediton Town Council	28	8	Tedburn St Mary Parish Council	2	1
Cullompton Town Council	35	10	Teignmouth Town Council	43	13
Dartington Parish Council	3	1	Totnes Town Council	65	19
Dartmouth Town Council	82	23	Ugborough Parish Council	2	-
Dawlish Town Council	36	10	Uplyme Parish Council	4	1
Exmouth Town Council	78	23	Witheridge Parish Council	2	1
Fremington Parish Council	29	8			
			TOTAL	**1,436**	**416**

Employer	Contributions Employers £'000	Contributions Employees £'000	Employer	Contributions Employers £'000	Contributions Employees £'000
Admission Bodies					
Access Plymouth	24	4	Fresha (St Christopher's MAT)	3	-
Action For Children	11	4	Fusion Lifestyle	10	11
Action For Children (West Exeter)	2	1	Fusion School Services Ltd	57	14
Aspens (Barton Hill)	8	4	Healthwatch	20	5
Aspens (King Edward VI)	18	-	Innovate (Axe Valley Academy)	2	-
Aspens (Queen Elizabeth)	2	-	Innovate (Colyton Grammar)	26	6
Aspens (TGGS)	22	-	Innovate Honiton	(15)	-
Barnardos - Dell Children's Centre	(87)	-	Interserve Education	14	3
BIFFA Waste Services Ltd	29	8	LED Leisure Management Ltd	(5)	12
Bournemouth Churches HA	4	2	LEX Leisure	(4)	-
Burton Art Gallery	13	4	Libraries Unlimited	196	97
CaterEd	511	154	Liverty Ltd	76	-
Chartwells (OLCS)	2	1	Mama Bears Day Nursery	6	2
Churchills - St Peters Plymouth	1	-	Millfields Trust	6	1
Churchills - SW Ambulance	3	1	Mitie PLC (Devon)	7	3
Churchills (Honiton CC)	4	1	NHS Care	14	3
Churchills (Oreston WCST)	1	-	NHS Devon ICB	1	-
Churchills (Plymstock School WCST)	4	1	Norse Catering	73	18
Churchills (SDCC WCST)	14	5	Norse Cleaning	44	11
Churchills(P H S G)	1	-	North Devon Crematorium Cttee	60	15
Compass (Plymouth HS for Girls)	23	6	North Devon Homes	95	7
Compass Plympton Academy	25	6	Pec Management Services Ltd	43	13
Dame Hannah Rogers School	71	23	Pinnacle	11	2
DCC Cleaning	4	1	Plymouth Active Life	64	33
DCC South West Heritage Trust	49	13	Plymouth Association of Primary Heads	323	86
DELT - Plymouth City	58	19	Plymouth Citizens Advice Bureau	48	2
DELT - Transforming Futures	42	13	Plymouth Community Healthcare	1,273	438
DELT Part Print Services	5	1	Plymouth Community Homes	1,114	362
DELT Shared Services Ltd	260	96	Plymouth Dental Social Enterprise	12	3
Devon and Severn IFCA	122	38	Quadron	9	4
Devon Norse FM	39	10	Scott Medical College	35	9
Devon Schools Leadership Services	12	3	Servicemaster Clean Control	4	1
Devon Wildlife Trust	8	2	South West Highways	64	37
Direct Cleaning Services	14	3	Specialist Fleet Services Ltd (NDDC)	12	3
Dolce Limited	40	10	Strata	531	179
DVLA	1	-	Swsico Ltd.	646	164
DYS Space Ltd	111	36	Tarka Housing Limited	75	10
Edgehill College	1	-	Three Rivers Development Ltd	21	8
Exeter Royal Acad.for Deaf Ed	121	24	Torbay Coast & Countryside Trust	22	3
Expedite Ltd	1	-	Torbay Community Development Trust	22	6
FishKids	4	1	Torbay Economic Development Co	275	77
Fishkids (Blackpool Primary)	4	1	Torbay Education Ltd	22	7
Fresh Ltd	7	1	Torbay Youth Trust	5	1
Fresha - Haywoods School	2	-	University Comms Services Limited	16	4
Fresha (Furzeham School)	1	-	Wolseley Development Trust	41	9
			TOTAL	**6,986**	**2,166**

Summary	Contributions Employer £'000	Contributions Employees £'000
Administering Authority	49,192	14,219
Scheduled Bodies	120,593	36,637
Resolution Bodies	1,436	416
Admission Bodies	6,986	2,166
TOTAL	**178,207**	**53,438**

Peninsula Pensions Administration Report

Scheme Administration

Peninsula Pensions was formed in 2013 as a shared pension administration service, with Devon County Council acting as lead authority, for the provision of the Local Government Pension Scheme (LGPS) administration for the Devon County Council and Somerset Council administering authorities.

Peninsula Pensions also administers the Police Pension Schemes for Avon and Somerset Police and the Firefighters Pension Schemes for Gloucestershire Fire and Rescue Services.

Key functions provided by the service include:

- Guidance and information to individual members in respect of pension issues that will fundamentally affect their living standards, involve complex regulations and will often be in emotional circumstances e.g., death of a partner
- Calculation of individual pension benefits
- Payment of pensions
- Guidance and information as to how pension legislation affects employers and their employees
- Adherence to HMRC and other regulatory bodies requirements including completion of all statutory returns.

Value for Money

Peninsula Pensions is committed to delivering a high quality, effective and efficient pensions administration service. As part of this, the management team regularly review performance, internal targets, and office procedures, whilst considering technology where possible for efficiency gains. We aim to ensure that all of our customers' needs, and requirements are met, while delivering value for money for all of our members and employers.

Our Vision

Our vision is to be a provider of efficient and cost-effective pensions administration, utilising technology to deliver service improvement, developing training modules to ensure that staff are trained and developed, similarly providing effective training and communication for members and employers alike.

We also aim to ensure that information is readily available to members and employers by developing the existing self-service and website functionality.

Our Objectives

We aim to achieve our mission through experienced, well trained pensions administrators driven to deliver a reliable and professional service, whilst demonstrating excellent customer care.

We will maintain training modules to enable continuous improvement and development of staff across the service at all levels.

We will continue to make best use of technology to enable an efficient and cost-effective service, providing direct access online to as much information as possible through our Member self-service online portal and website.

We will use technology to improve member and employer communications and learning and will continue to develop training modules to enable more flexible communication to a wider audience.

We also strive for continuous improvement in service delivery and high levels of member and employer satisfaction.

Summary of Activity

The team maintained a high level of performance throughout 2023/24 and has continued with the hybrid working arrangements put into place in October 2022.

The team is headed up by Rachel Lamb, Head of Peninsula Pensions, and is split across three specialist functions, as set out on the following pages:

Member Services

This function is headed up by Natalie Taylor, Member Services - Strategic Lead, and covers all areas of member services for LGPS, Police and Fire schemes.

The member services teams provide a full pension administration service for scheme members, including:

- Processing LGPS retirement calculations and estimates, including retirements on the grounds of ill-health, redundancy, efficiency, early and age retirements.
- Processing LGPS benefit calculations in respect of deaths-in-service, deaths of pensioners and the deaths of deferred members
- Setting up new fund members
- Processing leaver notifications
- Calculation of cash equivalent transfer values (CETVs) for divorce proceedings, pension sharing and earmarking orders
- Processing the transfer-in of pension rights accrued with a previous employer or pension provider
- Processing the transfer-out of pension benefits to an external employer or pension provider
- Processing payment of refunds of member contributions
- Administration of Additional Pension or Additional Voluntary Contributions
- Processing notifications such as changes of address, hours, and marital status
- Responding to all enquiries from LGPS fund members via a variety of communication methods.

Employer Liaison and Communication

This function is headed up by Shirley Cuthbert, Employer and Communications – Strategic Lead, and is responsible for all client management aspects of the fund’s employers.

Some of the key areas covered by the team are:

- Client management
- Employer engagement, training, and support
- Monitoring and review of employer performance data
- Administering the process for admitted bodies, new employers joining the Fund; and employers leaving the Fund
- Record keeping and reviews of employer information, including discretions / key contacts / Pension Administration Strategies / Service Level Agreements

- Improving and developing communications with employers and members
- Increasing the use of self-service portals and the website
- Responsibility for incoming and outgoing post and subsequent distribution (First Response Team)
- Responsibility for producing and monitoring the Pension Administration Budget and closure of its accounts, debt recovery, payment of invoices, allocation of bank payments, financial coding structure, reconciliation of pensioner payroll and other financial requirements (Finance Team).

Technical and Compliance

This function is headed up by Alexander Thompson, Technical and Compliance – Strategic Lead, and is responsible for ensuring that Peninsula Pensions operates in full compliance with legislation and regulations, and that our internal processes are efficient, effective, and secure.

Some of the key areas covered by the team are:

- Pensioner Payroll – responsibility for the complete monthly and annual payroll cycles across schemes, ensuring all pensioners are paid accurately, at the right time with the correct tax codes applied. Additional responsibilities cover annual P60s and pension increases; HMRC statutory reporting; and Real Time information (RTI) shared with HMRC
- Systems Development – responsibility for managing the pension database and Member Self-Service area for Peninsula Pensions. This includes implementation and testing of new system developments; generating reports as required by employers, pension fund accounts, and actuaries; loading various electronic monthly and annual data interfaces from all employers; and production of bulk documentation for members ie annual benefit statements
- Technical and Training, which includes:
  - procedure notes and training in line with current legislation
  - training and accreditation programme for staff
  - quality assurance scheme for accredited staff
  - technical queries
  - administering the Annual Allowance exercise and other projects including McCloud Remedy.

Key activities

Some of the key activities undertaken by the team during 2023/24 are set out below:

Data improvement/management plan

The plan ensures that actions are in place relating to ongoing data quality improvements, accuracy and data readiness for the Pension Dashboard. Alongside this plan, there is an internal cyber security policy outlining certification levels of the administration software providers as well as Devon County Council's, and the emergency continuity procedures to be followed were there to be an incident. As part of the date improvement plan to date, the following activities have been undertaken:

Employer Historic membership data review*

Following the historic membership data review with employers, and subsequent sign off for all scheme membership data, employers where then moved to monthly submissions. The benefits of this have been seen via a reduction in the number of queries in respect of historic data with scheme employers, hence leading to efficiencies in the processing of scheme member benefit calculations. The completion of this exercise has/will help to facilitate an easier implementation of the McCloud remedy and Pensions Dashboard (see below).

Member Tracing

Peninsula Pensions have continued to engage with an external company to assist with tracing members, particularly deferred members, that have changed address and unfortunately not informed the team.

The percentage of members that we do not hold a current address for is: 3.49%
(this includes active/deferred/pensioner members – the majority of which relate to deferred members).

The percentage of members that we hold an email address for is: 62% (this includes active/deferred/pensioner members).

The Pension Regulator annual data score return

The Pensions Regulator data score shows the percentage of members in the scheme that we hold full data for as outlined below. Separate scores are provided for common data and scheme-specific data.

For the year 23/24 Peninsula Pensions achieved the following for the Devon Fund:
Common data score: 96.1% (95.8% 22/23)
Scheme-specific data score: 97.38% (97.07% 22/23)

Common data includes sex, date of birth, pensionable service dates and expected retirement.

Scheme specific data includes the scheme type, structure and design, member status and events that have taken place during membership.

Note: These scores above confirm a presence of data on specific data views only, the accuracy of which is verified under other methods, for example as above*/ data checker tools (part of triennial valuations/internal quality assurance).

Annual Benefit Statements

Active members: 99% of these were issued as at 31st August 2023

(less than 1% were not issued 120/38261 – these were awaiting a combination of finalised admission agreements / information from employers)

Deferred members: 100% of these were issued as at 31st August 2023

Note: all issued either via the online portal or by post where the member has opted out of electronic communications.

Software Developments:

With any new developments, and data sharing with third parties, data security is paramount. Prior to any contracts being agreed, legal oversight is sought to ensure that enough assurances are in place around cyber security, ISO certification level(s), and liability cover.

During the 23/24 period, several new development modules relating to Pensioner Payroll have been introduced to assist with both efficiency and accuracy. In addition to these, the software has been enhanced to cater for the McCloud remedy as further guidance has been made available.

Projects:

McCloud and Sargeant Judgements

In 2018 the Court of Appeal ruled that protections introduced for older members of the Judges' and Firefighters' Pension schemes, as part of public sector pension reforms in 2014 and 2015, unlawfully discriminated against younger members. The remedy to address this discrimination is being applied to all public sector pension schemes, including the LGPS. Anyone affected by the discrimination will be offered an appropriate remedy to ensure that they are placed in an equivalent position to protected members.

Peninsula Pensions have a Project Team in place identifying and working on cases in line with the remedy requirements. Staff have received training to ensure a good level of understanding and awareness.

Pension Dashboard

The team have been engaging with software providers, and webinars to ensure both readiness of data and ISP (Integrated Service Provider) to comply with the implementation date. Approval has been agreed relating to the ISP, and early adoption of the software to trial is planned for the end of 2024. The team have continued to focus on ensuring that member data along with deferred and amalgamation cases are in a good position in preparation for the introduction of the Pension Dashboard in 2025.

Communications

Promoting scheme benefits/understanding and member engagement.

Member Self-Service (MSS) online portal

Peninsula Pensions has continued to promote the benefits of Member Self-Service (MSS) over the year. Following the early adoption of the updated online portal 'Engage', approval has been granted for further new developments for the 24/25 financial year to the portal, which will feature an AI video annual benefit statement for members, facial recognition for new members signing up to the portal, and a useful financial planner. In addition, the online functions are due to be extended to allow members to obtain their own option choices and figures in relation to 'deferred benefit into payment calculations' and obtain their own transfer value quotations. At present members are already able to generate refund payments using the portal.

MSS (Engage) allows members to view all of their pension information online, calculate estimates of their benefits, update personal information and to send and receive documentation to and from Peninsula Pensions and has proved to be a much more effective, secure, and efficient method of communication than traditional postal services.

As at 31st March 2024 over 79% of all scheme members have access to MSS, with less than 21% electing to opt out of the service. A total of 49.40% of all scheme members have registered for the service.

Active members registered:	55.3%
Pensioners registered:	57.77%
Deferred members registered:	50.82%

If you have not yet registered for MSS and are interested in finding out the benefits of doing so, please visit our website **https://www.peninsulapensions.org.uk/** for more information and details on how to register.

Annual benefit statements are provided to both active and deferred members of the scheme; and pensioners receive an annual newsletter. These are available both electronically, or by post where the individual has opted out of electronic communications. Information relating to the McCloud remedy was also issued to individual members including a factsheet during 23/24.

In January 2024, a new member support team was introduced to improve our customer service, and give members full focus and quick responses to both phone and general enquiries made (either electronically or in writing). This allows other teams to fully concentrate on their work areas/calculations/interfaces and provides members with consistent contacts to speak with/communicate with. The intention during 24/25 is to improve and expand on our service provided to all Fund members by providing quarterly webinars each year (one being held in person); actively encouraging feedback to ensure sessions are useful; and trialling a 'live chat' facility. Employers will be encouraged to invite both members, and those eligible to be a member where previously opted out, to join the events.

Total phone calls received 23/24: 31213
Total enquiries received 23/24: – please see 'Key performance data' table below.

Peninsula Pensions support the annual 'Pension Awareness - Pay your pension some attention' campaign in conjunction with the Pension and Lifetime Savings Association. We are keen to promote the benefits and understanding of the scheme and encourage employers to do so too.

During the 23/24 financial year, there were 10 events held for members at the request of individual employers, these were a combination of member talks by the team and one to one conversations.

Please note: Further information relating to the KPIs referenced in the guidance B1-B15, and KPIs capturing the number of individual 'in person' appointments/visits, will be recorded against the suggested targets for the next 24/25 reporting period.

Employer Engagement:

Peninsula Pensions collaborates with Employers to provide an excellent administration service for all scheme members. The Employer & Communication team's key role is to offer support, training and guidance to all employers to ensure that they are fully aware of their responsibilities and can meet them.

Despite this, there are some employers that fail to engage with the team, resulting in numerous requests being made for information. This impacts both on the resource required by the team to deal with these requests, and the quality of service provided to scheme members. A full review was therefore undertaken in 2023 of the **Pension Administration Strategy** including the addition of a Communications Paper (working in conjunction with the Fund Communications Policy). Our primary aim continues to engage and work with employers to resolve issues. The revised strategy clearly outlines requirements of both employers and administrators, and the consequences of non-adherence.

To support employers and keep them abreast of changes, an electronic monthly 'Pensions Line' newsletter / bulletin is provided – with occasional additional 'special' editions in between. An annual 'in person' event is arranged, and in addition, recorded **Employer focus sessions** are provided each quarter, highlighting key areas/current topics.

During the 23/24 financial year, there were 36 visits made to individual employers, these included a combination of training by the team and one to one conversations.

Employer Performance Database

Peninsula Pensions have trialled a new employer performance tool in the early part of 2024, and plan to introduce reports in 24/25 at both individual employer level and Fund level. The key purpose of these amendments is to provide members with more timely and accurate information. Delays with receipt of data from employers has ultimately caused delays for members, and additional work for the administration team, the cost of which, will in future be charged back to individual employers, where lack of engagement continues, as opposed to being borne by the Fund, in line with the revised Pension Administration Strategy.

For information:

Employers set up to make monthly submissions of data: 100%
(all employers have been provided with an electronic template for completion)

Employers that submitted monthly CARE data on time during reporting period selected in 23/24: 84%

Please note: Further information relating to the KPIs for employer enquiries, referenced in the guidance, will be recorded for the next 24/25 reporting period.

Key Performance Data

Administration Performance

Peninsula Pensions monitors performance against the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, which set out the minimum requirements regarding the disclosure of pension information.

Peninsula Pensions' internal service standard target was reviewed along with the Pension Administration Strategy, which was effective from April 2024.

Performance targets are monitored on a monthly basis via a task management system and reporting tool within the pension database.

Total performance against the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 for 2023/24 was 91%, an improvement on the 2022/23 year.

The team has continued to work with employers to implement improvements with delays in receiving responses relating to individual members, and the revised Pension Administration Strategy and Employer Performance database will assist with this.

The tables below provide a detailed breakdown of administration performance relating to the Devon Pension Fund only against the internal targets and Disclosure Regulations for the financial year ending 31st March 2024. The figures include all member calculations performed including internal transfers and aggregations.

Performance Summary

	Total Cases	Performance (Disclosure Regs)
High Priority Procedures	13814	95%
Medium Priority Procedures	22811	90%
Low Priority Procedures	6131	85%
TOTAL	**42756**	**91%**

High Priority Procedures

	Total Cases	Performance (Disclosure Regs)
Changes	1200	98%
Complaint (First instance)	89	100%
IDRP Stage 1	11	82%
IDRP Stage 2	6	83%
Deaths	1646	80%
Deferred (over 55)	1463	98%
Payroll	3105	97%
Refunds	1058	100%
Retirements (Active)	1868	95%
Retirements (Deferred)	3368	95%
TOTAL	**13814**	**95%**

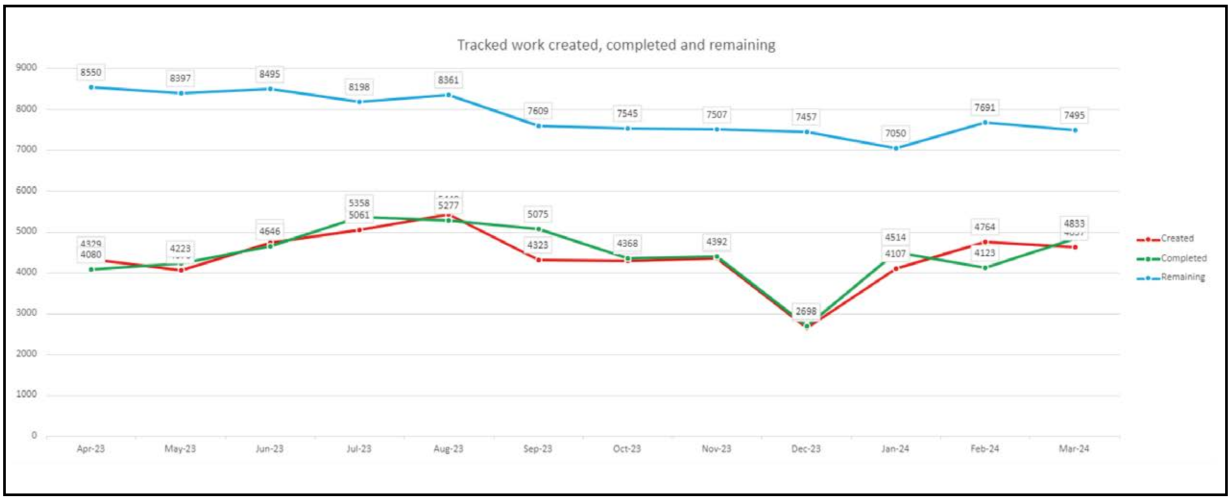
Medium Priority Procedures

	Total Cases	Performance (Disclosure Regs)
Amalgamation of Records	4196	76%
Deferred Benefit Calculations	6212	84%
Divorce Calculations	261	89%
Employer Queries	801	86%
Estimates (Bulk)	0	-
Estimates (Employer)	350	100%
Estimates (Member)	241	96%
General enquiries (including emails and enquiries via online portal)	5035	99%
HMRC	227	99%
Member Self-Service	5488	100%
TOTAL	**22811**	**90%**

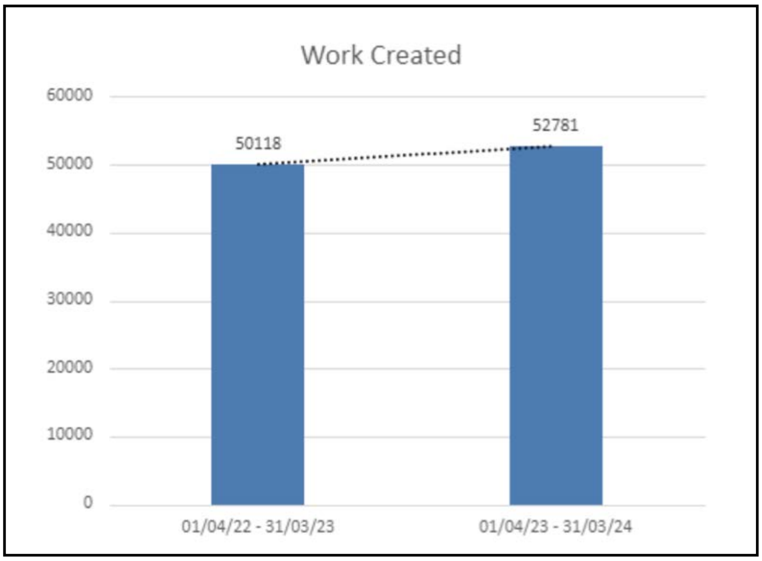
Low Priority Procedures

	Total Cases	Performance (Disclosure Regs)
Estimates (Other)	241	86%
GMP Queries	47	100%
Interfund Transfers In	365	89%
Interfund Transfers Out	417	81%
Pension Top Ups	599	98%
Frozen Refunds	3474	80%
New Starters	0	-
Pension Transfers In	649	94%
Pension Transfers Out	339	95%
TOTAL	**6131**	**85%**

The graph below shows the overall performance of Peninsula Pensions (Devon Pension Fund only) for the year ending 31st March 2024.



The graph below shows the work received (created) over the 23/24 year compared to the 22/23 year:



Analysis of pension overpayments over the year

The table below shows an analysis of the pension benefits overpaid compared to the total retirement pensions paid for the year. Pension overpayments mainly relate to overpayment of pensioners between the date of their death and notification. A total of 420 overpayments were written off in 2023/24 – 418 of which were below £150.00.

	Overpayments raised	**Recoveries/ Paid invoices**	**Annual Payroll**	**% of payroll**
	£000s	£000s	£000s	
2023/2024	93	35	178,881	0.05%
2022/2023	132	46	165,436	0.08%
2021/2022	122	65	159,859	0.08%
2020/2021	124	42	155,849	0.08%
2019/2020	120	51	150,788	0.08%

National Fraud Initiative

Peninsula Pensions also participates in the National Fraud Initiative (NFI) which is a biennial data matching exercise conducted by the Cabinet Office. It contributes to the security and transparency of public sector finances by assisting in the prevention and detection of fraud.

Pension data was submitted through the web portal in 2022 and data match reports included the following:

- Active pensioners with Department for Work and Pensions (DWP) deceased records, to identify cases where we might be continuing to pay someone who has died;
- Pensioners with payroll records for public sector bodies to identify cases where pensions need to be considered for abatement

The next data is due to be submitted in 2024/2025 accordingly.

Staffing indicators

As at 31st March 2024, Peninsula Pensions employed 76.82 full-time equivalent members of staff (including non-processing staff ~ systems team / finance team / employer and communications / management / technical & training team; in addition to staff providing administration services to non-LGPS clients under external service level agreements). For the LGPS only, this equates to a ratio of approximately 2960 fund members for every full-time equivalent member of staff (compared with 3162 for 2022/23).

The average service length of administration staff is: 15.02 years

The staff vacancy rate average over the 23/24 year was: 4%.

Financial Indicators

For the financial year 2023/24, the costs of providing a pension administration service equated to £21.87 per fund member (compared with £19.00 for 2022/23). The slight increase in costs is a result of an increase in FTE 76.82 when compared to FTE 71.50 in 2022/2023.

Our pension payroll costs per pensioner for the same period equated to £6.60 per pensioner (compared with £5.38 for 2022/23).

Other Information

An analysis of the Devon Pension Fund's membership data as at 31st March 2024 is set out in the table below.

Status of Fund Membership	Number of Members
Active	39,949
Deferred	46,325
Pensioner/Dependant	40,872
Undecided leavers (status 2 and 9)	11,852
Total	**138,998**

A further analysis of new pensioners for the Devon Pension Fund during 2023/24 is set out in the table below:

Pensioner Category	Number of New Pensioners
Ill Health	50
Early Retirement (including Flexible, Redundancy)	1,429
Normal (Normal and Late)	558
Total	**2,037**

A summary of the number of employers in the fund analysed by scheduled bodies, resolution bodies, and admitted bodies which are active (with active members) and ceased (no active members but with some outstanding liabilities) is shown in the table below:

	Active	Ceased	Total
Scheduled body	168	85	253
Resolution body	48	8	56
Admitted body	78	90	168
Total	**294**	**183**	**477**

There are currently 294 employers who have active members in the Fund – please note, with multi academy trusts (MATs) and admitted bodies, in practice, the administration team have dealings with a much larger number of employers ie with MATs, data is received for each individual academy within that MAT; and with admitted bodies, data is received for each individual admission agreement linked to that admitted body.

Customer Satisfaction Levels

The table below shows a summary of the number of compliments, complaints, and formal complaints under the provision of the **IDRP** (Internal Dispute Resolution Procedure) received during 2023/24.

	22/23	23/24
Compliments	74	102
Formal complaints (IDRP Stage 1)[1]	6	11
Formal complaints (IDRP Stage 2)[2]	3	6
Other complaints[3]	138	83
Complaints referred to The Pensions Ombudsman pending outcome (where Peninsula Pensions have been notified) – both relating to historical transfers out to an alternative scheme.		2

[1] Seven of the IDRP Stage 1 complaints were against decisions made by the administering authority. Four of these complaints were not upheld. All other IDRP Stage 1 complaints were against decisions made by scheme employers.

[2] Any complaint that cannot be resolved under Stage 1 of the IDRP may be escalated to Stage 2. Four of the complaints were against decisions made by the administering authority – three of these were not upheld. Two of the three Stage 2 complaints were against decisions made by scheme employers in respect of ill health retirement.

[3] All other complaints were successfully resolved in-house and did not escalate to a formal complaint under provision of the IDRP.

Audit

Peninsula Pensions is audited by Devon Audit Partnership (Internal Audit) and Grant Thornton (External Audit) to ensure the effective and efficient operation of the scheme. Audit findings are reported regularly to the Investment and Pension Fund Committee and the Devon Pension Board.

Two of the reports relating to Audits during the 23/24 resulted in one low level recommendation – these reports related to 'Cyber Security', and 'Immediate payments (Pensioner Payroll facility)'. This gave the team a good level of reasonable reassurance around internal processes on both of these areas.

Member self-service can be accessed via the following link:

https://members.peninsulapensions.org.uk/

Contact:

For more information regarding our service, please use MSS or visit the 'contact us' section of our website:
https://www.peninsulapensions.org.uk/contact-us/

Alternatively you can write to us at:
Peninsula Pensions
Great Moor House
Bittern Road
Sowton Industrial Estate
Exeter EX2 7NL

Or speak to our Member Support team on: **01392 383200** (Lines open Mon-Fri 8.30am – 1pm)

*Documentation can be printed in larger font or braille if required where online information is not suitable.

FINANCIAL STATEMENTS 2023/24

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Authority, that Officer is the Director of Finance and Public Value.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Responsibilities of the Director of Finance and Public Value

The Director of Finance and Public Value is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this Statement of Accounts, the Director of Finance and Public Value has:

- •Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice.

The Director of Finance and Public Value has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Director of Finance and Public Value

I hereby certify that this Statement of Accounts for the year ended 31st March 2024 has been prepared in accordance with the Accounts and Audit Regulations 2015 and that it presents a true and fair view of the financial position of the Pension Fund as at 31st March 2024 and its income and expenditure for the year ended 31st March 2024.

Angie Sinclair
Director of Finance and Public Value
30th May 2024

Approval of the Statement of Accounts

I confirm that these accounts were approved by the Audit Committee at its meeting on XXX.

Councillor Richard Scott
Chair of the Audit Committee

Fund Account - for the year ended 31 March 2024

2022/23 £'000		2023/24 £'000	Notes
	Dealings with members, employers and others directly involved in the fund		
(191,150)	Contributions	(231,645)	7
(13,253)	Transfers in from other pension funds	(23,345)	8
(204,403)		(254,990)	
208,345	Benefits	234,607	9
10,121	Payments to and on account of leavers	15,997	10
218,466		250,604	
14,063	**Net (additions)/withdrawals from dealings with members**	**(4,386)**	
28,635	Management expenses	35,188	11
42,698	**Net (additions)/withdrawals including fund management expenses**	**30,802**	
	Returns on investments		
(39,553)	Investment Income	(51,140)	13
438	Taxes on income	(6)	
95,569	(Profit) and losses on disposal of investments and changes in market value of investments	(580,621)	
56,454	**Net Returns on Investments**	**(631,767)**	
99,152	Net (increase)/decrease in the net assets available for benefits during the year	(600,965)	
(5,411,983)	Opening Net Assets of the Scheme	(5,312,831)	
(5,312,831)	**Closing Net Assets of the Scheme**	**(5,913,796)**	

Net Asset Statement - for the year ended 31 March 2024

2022/23 £'000		2023/24 £'000	Notes
707	Long Term Investments	722	14
5,301,537	Investment Assets	5,899,950	14
-	Investment Liabilities	(1,186)	14
5,302,244	**Total net investments**	5,899,486	
	Current Assets and Liabilities		
17,501	Current Assets	22,918	24
(6,914)	Current Liabilities	(8,608)	24
5,312,831	**Net assets of the fund available to fund benefits at the end of the reporting period**	**5,913,796**	

Notes to the Net Asset Statement

The financial statements summarise the transactions and net assets of the Fund, but they do not take account of liabilities to pay pensions and other benefits which fall due after the end of the Fund's accounting year. These obligations are summarised in Note 23.

Notes to the Accounts

1. Summary of the Scheme and its Management

The Local Government Pension Scheme (LGPS) is one of the oldest public sector schemes in operation, having been established as a national scheme in 1922. The LGPS is managed by administering authorities in accordance with regulations approved by Parliament. In the county area of Devon, Devon County Council is the administering authority of the Fund. Each administering authority is responsible for its own Fund, into which all contributions are paid. Rules by which the administering authorities must operate - the LGPS Regulations - are determined by the Government after consultation with representatives for both employees (trade unions) and employers (Local Government Association, Local Government Pensions Committee).

The scheme is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Each LGPS administering authority pays its benefits from a dedicated pension fund. Both the scheme member and their employer pay into this fund to provide retirement benefits for the member once they reach retirement age (or earlier if the situation demands). Before this time arrives however, the contributions paid into the scheme are invested in a variety of suitable investments. By investing the contributions in this way, the fund can build up enough assets to cover any payments it may be expected to make regarding its scheme members' retirement benefits. Please visit the website **http://www.devonpensionfund.org.uk/** for further information.

As at 31st March 2024, the net assets of the Devon Pension Fund were valued at £5.913 billion. The fund currently has 39,949 actively contributing members, employed by 186 employers of various descriptions (Unitary, District, Town & Parish Councils, Education Establishments and Admitted Bodies). Different rules apply in relation to membership of the fund for the different categories of employer, as set out in the following table:

Scheduled Body An employer explicitly defined in the Regulations	**Admitted Body** As listed
No employing body discretion on membership	Employing body discretion on membership
No employer discretion on who can join	Employer discretion on who can join
Restricted to geographical area of fund	May operate outside geographical area of fund, and potentially participate in more than one fund (separate admission agreement required)
No parent guarantee or bond	May require an indeminity or bond

Statistical Summary

Financial Summary

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Contributions and Benefits					
Contributions	(248,155)	(214,261)	(173,432)	(191,150)	(231,645)
Transfers in from other pension funds	(17,279)	(12,970)	(13,324)	(13,253)	(23,345)
	(265,434)	(227,231)	(186,756)	(204,403)	(254,990)
Benefits Paid	188,470	192,439	201,032	208,345	234,607
Payments to and on account of leavers	12,756	8,437	26,633	10,121	15,997
	201,226	200,876	227,665	218,466	250,604
Net (Additions) Withdrawals from Dealings with Fund members	**(64,208)**	**(26,355)**	**40,909**	**14,063**	**(4,386)**
Management Expenses	**19,732**	**20,791**	**28,453**	**28,635**	**35,188**
Returns on Investments					
Investment Income	(59,351)	(35,020)	(33,646)	(39,115)	(51,146)
(Increase) /decrease in Market Value of Investments during the Year	394,994	(1,015,231)	(380,768)	95,569	(580,621)
Net Returns on Investments	**335,643**	**(1,050,251)**	**(414,414)**	**56,454**	**(631,767)**
Net Assets of the Fund at 31 March	**(4,011,115)**	**(5,066,930)**	**(5,411,982)**	**(5,312,831)**	**(5,913,796)**

Members Summary

	2019/20 No.	2020/21 No.	2021/22 No.	2022/23 No.	2023/24 No.
Devon County Council					
Contributors	10,547	11,390	11,574	11,546	10,907
Pensioners and Dependants	14,894	15,148	16,113	15,731	16,037
Deferred Pensioners	19,235	19,520	20,348	19,795	19,154
Other Employers					
Contributors	28,624	28,072	27,886	29,475	29,042
Pensioners and Dependants	21,056	21,847	22,519	23,766	24,835
Deferred Pensioners	32,490	34,004	36,050	37,777	39,023

*Deferred pensioners include frozen memberships pending refunds and those undecided pending resolution.

Pensions are paid to 40,872 pensioners (and/or dependants) every month. There are currently 58,177 members with rights to deferred benefits, frozen memberships pending refunds and those undecided pending resolution.

Further contributions are made by Fund employers, which are set based on triennial actuarial funding valuations. The contributions for 2023/24 were set by the valuation as at 31 March 2022. Employer contributions comprise a primary rate, which represents the employers' share of the cost of future benefits, and a secondary rate to meet any shortfall on past service liabilities. Currently, employer future service rates range from 0.0% to 35.7% of pensionable pay.

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is up rated annually in line with the Consumer Prices Index. There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. Benefits payable are summarised in the following table:

	Service before 1 April 2008	Service 1 April 2008 to 31 March 2014	Service from 1 April 2014
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.	Each year worked is worth 1/49 x **career average** salary.
Lump sum	Each year worked is worth 3/80 x final pensionable salary. In addition, part of the annual pension can be exchanged for a one off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

Employing Bodies

	Active	Ceased	Total
Scheduled body	123	4	127
Admitted body	63	5	68
Total	**186**	**9**	**195**

There are currently 186 employers who have active members in the Fund.

Administering Authority
Devon County Council

Scheduled Bodies

Acorn Multi Academy Trust
Alumnis Multi Academy Trust
An Daras Multi Academy Trust
Arts University Plymouth
Athena Learning Trust
Axminster Town Council
Aylesbeare Parish Council
Barnstaple Town Council
Barton Hill Academy
Berrynarbor Parish Council
Bicton College (Cornwall College)
Bideford Town Council
Bishops Clyst Parish Council
Bishops Tawton Parish Council
Bishopsteignton Parish Council
Blackdown Education Partnership
Bovey Tracey Town Council
Bradninch Town Council
Bradworthy Primary Academy
Braunton Academy
Braunton Parish Council
Brixham Town Council
Broadclyst Parish Council
Buckland Monachorum Parish Council
Budleigh Salterton Town Council
Chudleigh Town Council
Chulmleigh Academy Trust
Churston Ferrers Grammar School
City College Plymouth
Clyst Honiton Parish Council
Clyst Vale Community College Academy
Colyton Grammar School
Combe Martin Parish Council
Combe Pafford School
Connect Academy Trust
Cornerstone Academy Trust
Cranbrook Town Council
Crediton Town Council
Cullompton Town Council
Dartington Parish Council
Dartmoor Multi Academy Trust
Dartmoor National Park
Dartmouth Town Council
Dawlish Town Council
DELT - Transforming Futures Multi Academy Trust
Devon & Cornwall Police and Crime Commissioner
Devon & Somerset Fire & Rescue Service
Devonport High School for Boys
Devonport High School for Girls
Discovery Multi Academy Trust
East Devon District Council
Education South West
Exeter City Council
Exeter College
Exeter Learning Academy Trust
Exeter Maths School
Exmouth Community College
Exmouth Town Council
First Federation Trust
Fremington Parish Council
Frithelstock Parish Council
Great Torrington School
Great Torrington Town Council
Greenshaw Learning Trust
Hayes School
Holcombe Burnell Parish Council
Honiton Town Council
Ivy Education Trust
Ivybridge Town Council
Kingsbridge Town Council
Kingsteignton Town Council
Learning Academies Trust
Learning Academy Partnership (South West)
Link Academy Trust
Littletown Primary Academy
Lynton & Lynmouth Town Council
Mid Devon District Council
Moretonhampstead Parish Council
Newton Abbot Town Council
North Devon District Council
Okehampton Town Council
PETROC
Plymouth CAST
Plymouth City Council
Plymouth Citybus
Reach South Academy Trust
Riviera Education Trust
Seaton Town Council
Sidmouth Town Council
South Devon College
South Hams District Council
South Molton Town Council
Special Partnership Trust
St Christopher's Multi Academy Trust
St Margaret's Academy
Staverton Parish Council
Stokenham Parish Council
Tarka Learning Partnership
Tavistock Town Council
TEAM Multi Academy Trust
Ted Wragg Multi Academy Trust
Tedburn St Mary Parish Council
Teignbridge District Council
Teignmouth Town Council
The Academy for Character and Excellence
The Inspire Multi Academy Trust
The Kings School
Thinking Schools Academy Trust
Tor Bridge High
Torbay Council
Torquay Boy's Grammar School
Torquay Girl's Grammar School
Torride District Council
Totnes Town Council
Transforming Futures Multi Academy Trust
Ugborough Parish Council
University of Plymouth
Uplyme Parish Council
Ventrus Multi Academy Trust
WAVE Multi Academy Trust
West Devon Borough Council
Westcountry Schools Trust
Witheridge Parish Councill

Admitted Bodies

3 Rivers Developments Ltd
Access Plymouth
Action for Children
Aspens Services Limited
Biffa Waste Services Ltd
Blackdown Education Partnership Central Staff
Bournemouth Churches Housing Association
Burton Art Gallery
CATERed Limited
Chartwells (OLCS)
Churchills Services
Compass Group UK
Dame Hannah Rogers School
DCC Cleaning Ltd
DCC South West Heritage Trust
DELT Shared Services Ltd
Devon & Severn IFCA
Devon Norse Catering
Devon Norse Cleaning
Devon Norse Facilities Management
Devon Schools Leadership Services
Devon Wildlife Trust
Direct Cleaning Services
Dolce Ltd
DYS Space Ltd
Expedite Ltd
Exwick Ark
Fishkids
Fresha
Fusion Lifestyle
Fusion School Services Ltd
Greenshaw Learning Trust
Healthwatch
Innovate - Impact Food Group
LED Leisure Management LTD
Libraries Unlimited
Livewell South West
Mama Bears Day Nursery
Mitie
NHS Care
NHS Devon Integrated Care Board
North Devon Joint Crematorium
Peninsula Dental Social Enterprise
Pinnacle
Plymouth Active Life
Plymouth Citizens Advice Bureau
Plymouth Community Homes
Plymouth Energy Community Management Services Ltd
Plymouth Learning Partnership
Quadron Services Ltd
Serivce Master Clean
South West Highways Ltd
Specialist Fleet Services
Strata
SWISCo Ltd
The Deaf Academy
Torbay Coast & Countryside Trust
Torbay Community Development Trust
Torbay Economic Development Company
Torbay Education Limited
University Commercial Services
Westward Housing Group
Wolseley Community Economic Development Trust

Management Structure

Administering Authority	Devon County Council County Hall Exeter EX2 4QD	

Investment and Pension Fund Committee (at 31 March 2024)

Representing Devon County Council	Councillor James Morrish Councillor Yvonne Atkinson Councillor Phil Bullivant Councillor George Gribble Councillor Henry Gent Councillor Marcus Hartnell	(Chairman)
Representing Devon Unitary & District Councils	Councillor Mark Lowry Councillor Martin Brook Councillor Phil Bialyk	(Plymouth) (Torbay) (Devon District Councils)
Representing Other Employers	Councillor Ray Bloxham	(Cranbrook Town Council)
Representing the Contributors	Michael Daniell* Lorraine Parker Delaz-Ajete*	(UNISON) (GMB)
Representing the Beneficiaries	Roberto Franceschini*	(UNISON)

*The Fund Member representatives have one joint vote between them.

Adviser	Anthony Fletcher	(MJ Hudson Allenbridge)

Devon Pension Board (at 31 March 2024)

Representing Fund Employers	Councillor Colin Slade Councillor Sara Randall Johnson Carl Hearn Dominic Walshe	(Devon County Council) (Chairman) (Devon County Council) (Tavistock Town Council) (PAPH Plymouth Learning Partnership)
Representing Fund Members	Ian Arrow Andrew Bowman Paul Phillips Vacancy	
Independent Member	Robert Jeanes	
County Council Officers	Donna Manson Angie Sinclair Mark Gayler Rachel Lamb	Chief Executive Director of Finance and Public Value Head of Pensions and Investments Head of Peninsula Pensions
Asset Pool	Brunel Pension Partnership 101 Victoria Street Bristol. BS1 6PU	
Fund Actuary	Barnett Waddingham LLP 163 West George Street Glasgow. G2 2JJ	
Fund Custodian	State Street Bank and Trust Company Quartermile 3 10 Nightingale Way Edinburgh. EH3 9EG	
Bankers to the Fund	Barclays Bank plc 3 Bedford St Exeter. EX1 1LX	
AVC Providers	Prudential Assurance Company Ltd Lancing BN15 8GB	
External Auditors	Grant Thornton UK LLP 2 Glass Wharf Bristol. BS2 0EL	

For More Information

Copies of the full Annual Report, Statutory Published Statements and summary annual report can be found on-line at the Devon County Council web site at:

https://www.devonpensionfund.org.uk/fund-policies/important-documents/

Requests for information about the accounts or investments should be made in writing to
Mark Gayler, Head of Investments,
Devon County Council, County Hall, Exeter EX2 4QD.

2. Basis of Preparation

Background

The Devon Pension Fund provides defined pension benefits to members earned as employees. As well as the County Council, the Fund also extends to cover employees of unitary, district and parish councils, civilian employees of the Devon and Cornwall Police Authority and Devon and Somerset Fire and Rescue Authority, and employees of academy schools and other admitted member bodies.

The accounts of the Fund are set out in line with the IFRS Based CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The accounts reflect the assets that are available to the Fund, and the current liabilities. Future contributions are matched to future liabilities through an actuarial valuation.

All employers' contribution rates are decided by the Fund's Actuary every three years after an actuarial valuation of the fund. Contribution rates for 2023/24 were set by the statutory triennial actuarial valuation of the Fund undertaken in 2022, signed by the Actuary on 31 March 2023.

The Accounts are set out in the following order:

- Fund Account - discloses the income to and expenditure from the Fund relating to scheme members and to the investment and administration of the Fund. The account also reconciles the Fund's net assets at the start of the year to the net assets at the year end.
- Net Asset Statement - discloses the type and value of all net assets at the year end.
- Notes to the Accounts - provides supporting details and analysis of the figures in the Fund Account and Net Asset Statement.

The accounts have been prepared on a going concern basis.

3. Material Accounting Policies

The Statement of Accounts summarises the Fund's transactions for the 2023/24 financial year and its position at year-end as at 31st March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The Code requires disclosure of any accounting standards issued but not yet adopted. There are no changes in accounting requirements for 2023/24 that are anticipated to have a material impact on the Fund's financial performance or financial position.

CIPFA has deferred the implementation of IFRS16 (Leases) until 1 April 2024 (and therefore in the 2024/25 Code). The implementation of IFRS16 is not expected to have a material impact on the Pension Fund because it does not hold any assets as a lessee.

The accounts summarise the transactions of the fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year.

The Devon Pension Scheme is a defined benefit scheme which provides pensions for County, Unitary and District Council staff not in other schemes, together with staff at certain other admitted bodies.

Devon County Council is the designated Administering Authority. The Investment and Pension Fund Committee comprising of County Councillors together with representatives of the Unitary and District Councils, other employers and three fund member representatives (one voting and two observers), control the investments with advice from specialists. Employing body details are shown in Note 1.

Fund Account – Revenue Recognition

Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate prescribed by the LGPS regulations for members and at the percentage rate recommended by the fund actuary for employers in the payroll period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the fund actuary in the rates and adjustment certificate issued to the relevant employing body.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with The Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In.

Bulk (group) transfers are accounted for on an accrual's basis in accordance with the terms of the transfer agreement.

Investment income

- Interest income is recognised in the fund account as it accrues
- Dividend income is recognised on the date the shares are quoted ex-dividend.
- Distributions from pooled funds are recognised at the date of issue.

Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account – Expense Items

Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Taxation

The fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Management expenses

The fund discloses its pension fund management expenses in accordance with the CIPFA guidance on Accounting for Local Government Pension Scheme Management expenses (2016). These are shown under Notes 11 and 12.

Management Expenses recharged from Devon County Council to the Pension Fund are accounted for in accordance with Devon County Council's accounting policies. In particular, the full cost of employees is charged to the accounts for the period within which the employees worked.

Administrative expenses, oversight and governance costs and investment management expenses are charged directly to the fund.

Net assets statement

Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined as follows:

- Market-quoted investments. The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.
- Fixed interest securities are recorded at net market value based on their current yields.
- Unquoted investments. The fair value of investments for which market quotations are not readily available is determined as follows:
    - o Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.
    - o Investments in private equity funds and unquoted limited partnerships are valued based on the fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020).
    - o Limited partnerships. Fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.
    - o Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income, which is reinvested in the fund, net of applicable withholding tax.

Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

Derivatives

The fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The fund does not hold derivatives for speculative purposes.

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of derivative contracts are included in change in market value.

The future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers.

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 90 days or less from date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Hedge Accounts

Where the fund has assets denominated in currencies other than sterling, the value of those assets will be affected by movements in the exchange rate. The fund may use forward currency contracts to hedge exchange rate risks in relation to specific assets held by the fund. The fair value of the forward currency contracts will be calculated as set out under derivatives.

Financial Liabilities

The fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the fund.

Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 23).

Events after the Reporting Date

Events after the reporting date have been considered up to the time the Pension Fund Accounts were authorised for issue on 30th May 2024.

Where an event after the reporting date occurs which provides evidence of conditions that existed at the reporting date the Statement of Accounts is adjusted. Where an event occurs after the reporting date which is indicative of conditions that have arisen after the reporting date, adjustments are not made.

Financial Instruments

The Financial Instruments of the Pension Fund are classified into the following categories:

Financial assets and liabilities at fair value through profit or loss:

- The Pension Fund classifies financial instruments that are 'held for trading' as at fair value through profit or loss when the financial instrument is:
  - o Acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or
  - o Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or
  - o A derivative.

- Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value excluding transaction costs and carried at fair value without any deduction for transaction costs that would be incurred on sale or disposal.

Financial Assets measured at Amortised Cost:

- These assets are all short term.

Financial liabilities:

- The liabilities of the Pension Fund consist of creditors and derivative liabilities. Derivative liabilities are classified as financial liabilities at fair value through profit or loss and carried at fair value.

Taxation

Value Added Tax (VAT)

Income and expenditure exclude any amounts relating to VAT except to the extent that it is irrecoverable. The Fund is reimbursed by HM Revenue & Customs, and the accounts are shown exclusive of this tax.

Income Tax

The Pension Fund is an exempt fund, and where permitted U.K tax on interest and dividends is recovered from HM Revenue & Customs. The Pension Fund cannot reclaim the 10% tax credit attached to U.K. company dividends which are included net of the tax credit.

Withholding Tax

This is payable on income from overseas investments. This tax is recovered wherever local tax law permits.

4. Critical judgements in applying Accounting Policies

It has not been necessary to make any material critical judgements in applying accounting policies about complex transactions or those involving estimation uncertainty about future events during 2023/24.

5. Assumptions made about the future and other major sources of estimation uncertainty

The Pension Fund Accounts contain estimated figures that are based on assumptions made by the Fund about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
Market Value of investments	The Fund's investments are revalued on a monthly basis. Investments are valued using quoted prices in active markets or by reference to markets which are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs. While market values are not estimates, the method of valuation does mean that future values may fluctuate.	For every 1% increase in Market Value the value of the Fund will increase by £59 million with a decrease having the opposite effect.
Unlisted assets, specifically level 3 private infrastructure and debt funds (valued at £879.1m)	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows and interest rates that are inputs to the valuation models, such as the discounted cash flow models used in the valuation of unlisted investments.	If valuations of the underlying property and infrastructure and private debt assets turn out to be lower than expected, then the value of the Fund's investments will have been overstated. A 5% fall in the valuations included in the accounts for these portfolios would result in a reduction of £44m in total Fund assets.
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Barnett Waddingham, a firm of consulting actuaries, is engaged to provide the authority with expert advice about the assumptions to be applied.	The effects on the actuarial present value of promised retirement benefits (the Funded Obligation) of changes in individual assumptions can be measured. For instance: • a 0.1% increase in the discount rate assumption would result in a decrease in the Funded Obligation of £90.7 million. • a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £6.9 million. • a one-year increase in assumed life expectancy would increase the liability by approximately £217 million.

The Devon Pension Fund is a limited partner in a number of partnerships. Within the partnership the fund managers provide the Pension Fund with quarterly financial statements indicating the value of these investments. These statements are audited annually. The subjectivity of the inputs used in assessing fair value is explained in Note 20. For all other investments market values are available from an active market and as such no assumptions have been made in their valuation.

Where actual costs were not known or could not be calculated, year-end debtors and creditors are based on the last received payment or invoice.

6. Events After the Reporting Date

There have been no events since 31 March 2024, and up to the date when these accounts were authorised on 30th May 2024 that require any adjustment.

7. Contributions receivable

By category

2022/23 £'000		2023/24 £'000
(49,905)	Employees' normal contributions	(53,438)
	Employers' contributions:	
(131,956)	Employers' normal contributions	(162,325)
(9,289)	Employers' deficit recovery contributions	(15,882)
(141,245)	Total employers' contributions	(178,207)
(191,150)	**Total contributions receivable**	**(231,645)**

2022/23 £'000		2023/24 £'000
(49,591)	Administering Authority	(63,411)
(129,624)	Scheduled bodies	(157,230)
(2,564)	Admitted bodies	-
(3,757)	Community admission body	(1,066)
(3,986)	Transferee admission body	(8,086)
(1,628)	Resolution body	(1,852)
(191,150)		**(231,645)**

8. Transfers In From Other Pension Funds

2022/23 £'000		2023/24 £'000
(13,253)	Individual transfers in	(23,345)
(13,253)		**(23,345)**

9. Benefits Payable

By category

2022/23 £'000		2023/24 £'000
176,799	Pensions	196,531
27,720	Commutation and lump sum retirement benefits	32,612
3,826	Lump sum death benefits	5,464
208,345		**234,607**

By type of employer

2022/23 £'000		2023/24 £'000
72,666	Administering Authority	80,023
123,177	Scheduled bodies	139,813
1,511	Admitted bodies	
5,514	Community admission body	2,996
4,654	Transferee admission body	11,036
823	Resolution body	739
208,345		**234,607**

10. Payments To And On Account of Leavers

2022/23 £'000		2023/24 £'000
1,003	Refunds to members leaving service	1,406
(21)	Payments for members joining state scheme	(1)
9,139	Individual transfers	14,592
10,121		**15,997**

11. Management Expenses

2022/23 £'000		2023/24 £'000
2,602	**Administrative costs**	3,016
2,602		**3,016**
	Investment management expenses	
21,388	Management fees (a)	23,196
1,725	Performance fees (a)	2,729
30	Custody fees	23
1,980	Transaction costs (b)	5,298
27	Other Investment management expenses	27
25,150		**31,273**
	Oversight and governance costs	
47	Audit Fees (c)	106
836	Other Oversight and governance costs	793
883		899
28,635		**35,188**

a) Most current managers' fees are on a fixed fee basis, calculated using the market value of the portfolio. The cost of external fund management varies with the value of investments under management. A small proportion of the current managers' fees is based on performance and will be paid where the manager outperforms an agreed target level of return.

b) In addition to these costs, indirect costs are incurred through the bid-offer spread on investments sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of investments (see Note 16).

c) The proposed total audit fee due to Grant Thornton for 2023/24 is £102,006. This will be confirmed in the Devon Pension Fund Audit Plan presented to the Audit Committee on 26th June 2024. In addition, prior year charges and PSAA variations were paid totalling £22,637, this was offset by income recovered from other local government admitted bodies totalling £19,000 for reissued 2021/22 IAS19 letters.

12. Investment Management Fees

2023/24

	Total £'000	Management fees £'000	Performance related fees £'000	Transaction Costs £'000
Pooled Investments *	27,345	19,917	2,729	4,699
Pooled Property Investments	3,878	3,279	-	599
	31,223	**23,196**	**2,729**	**5,298**
Custody Fees	23			
Other Investment Management Expenses	27			
	31,273			

* Included £1.633 million charged to the Fund by the Brunel Pension Partnership.

2022/23

	Total £'000	Management fees £'000	Performance related fees £'000	Transaction Costs £'000
Pooled Investments *	21,488	17,783	1,725	1,980
Pooled Property Investments	3,605	3,605	-	-
	25,093	**21,388**	**1,725**	**1,980**
Custody Fees	30			
Other Investment Management Expenses	27			
	25,150			

* Included £1.511 million charged to the Fund by the Brunel Pension Partnership.

13. Investment Income

2022/23 £'000		2023/24 £'000
	Income from Bonds	
(280)	Overseas Government Index Linked Bonds	-
38	UK Corporate Bonds	-
112	Overseas Corporate Bonds	-
	Income from Equities (Listed)	
(122)	Overseas	-
-	Pooled Investments - Other	(9,723)
-	Pooled Investments - Other	(68)
(22,457)	Pooled Investments - Other	(20,531)
(15,739)	Pooled Property Investments	(14,370)
(1,105)	Interest on Cash and Short Term Deposits	(6,448)
(39,553)	**Total before taxes**	**(51,140)**

14. Investments

2022/23 £'000		2023/24 £'000
	Pooled Funds	
982,074	Fixed Interest Funds	1,141,605
2,757,217	Global Equity	3,165,979
476,663	Infrastructure Funds	597,522
151,511	Private Debt Funds	198,742
45,019	Private Equity Funds	82,847
368,476	Diversified Growth Funds	139,302
4,780,960		**5,325,997**
	Other Investments	
455,507	Pooled Property Investments	440,866
	Derivatives:	
2,063	- Forward Foreign Exchange	-
457,570		**440,866**
	Cash Deposits:	
1,478	Foreign Currency	8,299
57,337	Short Term Deposits	114,195
3,550	Cash & Bank Deposits	10,255
642	Investment Income Due	338
63,007		**133,087**
5,301,537	**Total Investment Assets**	**133,087**
	Long-term Investments	
707	Shares in Brunel Pool	**722**
	Investment Liabilities	
	Derivatives:	
-	- Forward Foreign Exchange	(1,186)
-	**Total Investment Liabilities**	**(1,186)**
5,302,244	**Total Investments**	**5,899,486**

15. Investment Management Arrangements

The Pension Fund is managed by the Brunel Pension Partnership Ltd. and the in-house Investment Team in the following proportions:

31 March 2023 £'000	%	Manager	Mandate	31 March 2024 £'000	%
		Investments managed by the Brunel Pension Partnership Asset Pool:			
1,412,644	26.5	Brunel Pension Partnership Ltd	Passive Equities	1,591,396	26.9
296,954	5.6	Brunel Pension Partnership Ltd	Global High Alpha Equities	357,956	6.1
280,945	5.3	Brunel Pension Partnership Ltd	Global Small Cap Equities	308,397	5.2
236,625	4.5	Brunel Pension Partnership Ltd	Emerging Market Equities	280,974	4.8
520,825	9.8	Brunel Pension Partnership Ltd	Sustainable Equities	615,079	10.4
347,525	6.6	Brunel Pension Partnership Ltd	Sterling Corporate Bonds	432,413	7.3
634,549	12.0	Brunel Pension Partnership Ltd	Multi-Asset Credit	709,192	12.0
368,476	7.0	Brunel Pension Partnership Ltd	Diversifying Returns Fund	139,302	2.4
467,941	8.8	Brunel Pension Partnership Ltd	Property	458,897	7.8
342,171	6.5	Brunel Pension Partnership Ltd	Infrastructure	433,744	7.4
45,019	0.8	Brunel Pension Partnership Ltd	Private Equity	82,847	1.4
62,257	1.2	Brunel Pension Partnership Ltd	Private Debt	110,506	1.9
5,015,931	**94.6**			**5,520,703**	**93.6**
		Investments managed outside the Brunel Pension Partnership Asset Pool:			
134,846	2.5	DCC Investment Team	Infrastructure	101,928	1.7
89,255	1.7	DCC Investment Team	Private Debt	88,237	1.5
-	0.0	DCC Investment Team	Local Impact	62,457	1.1
62,212	1.2	DCC Investment Team	Cash	126,161	2.1
286,313	**5.4**			**378,783**	**6.4**
5,302,244	**100**			**5,899,486**	**100**

16. Investment Movements and Transactions

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

	Value at 31 March 2023 £'000	Purchases at cost & Derivative Payments £'000	Sale proceeds & Derivative Receipts £'000	Change in Market Value £'000	Value at 31 March 2024 £'000
Investment Assets					
Equities (Listed)					
Pooled Investments	4,780,960	6,046,184	(6,103,922)	602,775	5,325,997
Pooled Property Investments	455,507	54,916	(43,365)	(26,192)	440,866
Derivative Contracts					
Forward Currency Contracts	2,063	4,006	(10,615)	3,360	(1,186)
Foreign Currency	1,478	60,172	(53,304)	(47)	8,299
	5,240,008	**6,165,278**	**(6,211,206)**	**579,896**	**5,773,976**
Short Term Deposits	57,337				114,195
Cash & Bank Deposits	3,550				10,255
Long Term Investments	707			15	722
Investment Income Due	642				338
Net Assets of the Fund at 31 March	**5,302,244**			**579,911**	**5,899,486**

	Value at 31 March 2022 £'000	Purchases at cost & Derivative Payments £'000	Sale proceeds & Derivative Receipts £'000	Change in Market Value £'000	Value at 31 March 2023 £'000
Investment Assets					
Bonds					
U.K. Public Sector Bonds	-	-	56	(56)	-
Equities (Listed)					
Pooled Investments	4,883,580	1,228,661	(1,293,761)	(37,520)	4,780,960
Pooled Property Investments	453,953	90,632	(27,309)	(61,769)	455,507
Derivative Contracts					
Futures	-	-	-	-	-
Forward Currency Contracts	(2,303)	8,661	(7,874)	3,579	2,063
Foreign Currency	13,908	82,128	(94,852)	294	1,478
Amount Receivable for Sale of Investments	68	-	(68)	-	-
Amounts Payable for Purchase of Investments	(11,000)	-	11,000	-	-
	5,338,206	**1,410,082**	**(1,412,808)**	**(95,472)**	**5,240,008**
Short Term Deposits	8,457				57,337
Cash & Bank Deposits	53,680				3,550
Long Term Investments	838			(131)	707
Investment income due	679				642
Net Assets of the Fund at 31 March	**5,401,860**			**(95,603)**	**5,302,244**

17. Fund Investments over 5% of total fund value

	Value at 31 March 2024 £'000	% of Total Fund Value %
LGIM Paris-Aligned Developed Equity Index Fund	798,417	13.5%
LGIM World Developed Equity Index (Currency Hedged) Fund	792,941	13.4%
Brunel Active Global Sustainable Equity Fund	615,079	10.4%
Royal London Mutual Assurance Sterling Corporate Bond Fund	432,413	7.3%
Neuberger Berman Multi-Asset Credit Fund	415,900	7.0%
Brunel Active Global High Alpha Equity Fund	357,956	7.0%
Brunel Active Global Smaller Companies Equity Fund	308,397	5.2%

	Value at 31 March 2023 £'000	% of Total Fund Value %
Brunel Diversifying Returns Fund	520,825	9.8%
LGIM Paris-Aligned Developed Equity Index Fund	480,348	9.1%
LGIM UK Climate Transition Equity Index Fund	420,694	7.9%
Brunel Active Global Low Volatility Equity Fund	377,870	7.1%
LGIM World Developed Equity Index Fund	373,175	7.0%
LGIM World Developed Equity Index (Currency Hedged) Fund	368,476	7.0%
Royal London Mutual Assurance Sterling Corporate Bond Fund	347,525	6.6%
Brunel Active Global High Alpha Equity Fund	296,954	5.6%
Brunel Active Global Smaller Companies Equity Fund	280,945	5.3%

18. Derivative Contracts

Derivative receipts and payments represent the realised gains and losses on futures contracts. The scheme's objective is to decrease the risk in the portfolio by entering future positions to match current assets that are already held in the portfolio without disturbing the underlying assets.

19. Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of Asset	Fair Value Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Pooled investments – Quoted UK and overseas unit trusts	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Pooled investments - UK and overseas property funds, unitised insurance policies and other managed funds	Level 2	• Closing bid price where bid and offer prices are published • Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Forward Currency Contracts	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not required
UK and Overseas Unit Trusts (Venture Capital and Partnerships)	Level 3	Based on cash flow analysis and comparable transaction multiples in accordance with the International Private Equity and Venture Capital Valuation Guidelines	• Market conditions • Company business plans • Financial projections • Economic outlook • Performance of the investments • Business analysis	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows and interest rates that are inputs to the valuation models, such as the discounted cash flow models used in the valuation of unlisted investments.

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31st March.

As at 31 March 2024

	Assessed valuation range (+/-) %	Value at 31 March 2023 £'000	Value on increase £'000	Value on decrease £'000
Investment Assets				
Pooled Property Investments	5.40%	18,605	19,611	17,599
Pooled Investments				
Unlisted Infrastructure	3.39%	597,520	617,764	577,276
Private Equity	3.39%	82,847	85,654	80,040
Private Debt	3.39%	198,746	205,479	192,013
Long Term Investments	11.81%	722	807	637
		898,440	**929,315**	**867,565**

All movements in the assessed valuation range of the above investments derive from changes in the underlying profitability of component companies, the range in the potential movement quoted is caused by how this profitability is measured since different methods (listed in Note 22) produce different price results.

As at 31 March 2023

	Assessed valuation range (+/-) %	Value at 31 March 2022 £'000	Value on increase £'000	Value on decrease £'000
Investment Assets				
Pooled Property Investments	3.52%	12,831	13,283	12,379
Pooled Investments				
Unlisted Infrastructure	4.29%	476,662	497,088	456,236
Private Equity	4.29%	45,018	46,947	43,089
Private Debt	4.29%	151,515	158,008	145,022
Long Term Investments	14.65%	707	811	603
		686,733	**716,137**	**657,329**

Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed interest securities, quoted index linked securities and unit trusts.

Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The unlisted infrastructure, private equity and private debt funds listed in the table below have been classified as level 3 financial instruments.

The values of the investments in infrastructure funds are based on valuations provided by the fund managers. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP.

The total gain/(loss) in fair value is calculated based on valuations that are recognised in the Fund Account are detailed below:

	2022/23 £'000	2023/24 £'000
Pooled Property Investments		
PGIM UK Affordable Housing Fund	260	318
Unlisted Infrastructure		
Archmore (UBS) International Infrastructure Fund LLP	75	(4,466)
Aviva Ground Rents Fund	(1,518)	(3,043)
Aviva Infrastructure Income Fund	(465)	(6,574)
Capital Dynamics Clean Energy Fund VII A	(1,288)	(879)
Capital Dynamics Clean Energy Fund VIII	1,599	307
First Sentier Infrastructure Fund	3,775	464
Hermes GPE Infrastructure Fund LLP	3,482	(1,590)
Federated Hermes Diversified Infrastructure Fund	-	(1,148)
NTR Renewable Energy Fund II	1,204	866
Stepstone Brunel I Infrastructure Fund	11,100	7,151
Stepstone Brunel II Generalist Infra Fund	10,886	5,018
Stepstone Brunel II Renewables Infra Fund	9,494	1,549
Stepstone Brunel III Infrastructure Fund	-	318
Vauban Core Infrastructure Fund II	991	194
Private Equity		
Crown Global Secondaries V PE Fund	1,095	885
Alpinvest Co-Investment Fund VIII	(226)	1,045
Montana Capital-Partners Fund	415	562
New Mountain Fund 06	463	1,191
Insight Partners Fund XII	(811)	738
Insight Partners Fund X	(1,656)	325
Genstar X Opportunities Fund	18	2
Genstar X Fund	96	(31)
Inflexion Buyout Fund VI	320	(259)
PAI Partners Fund VIII	(180)	188
J Star Fund No.5	(6)	23
Atomico Venture Fund 06	(99)	209
Summa Equity Fund III	(325)	(76)
Apax Global Impact Fund 01	-	18
Baring Asia Fund VIII	-	219
Neuberger Bermann Clifton Private Equity Fund	-	(1,023)
Private Debt		
Arcmont Senior Loan fund I	(815)	1,814
Golub Capital Partners International Fund 11	3,233	4
Aksia Brunel Private Debt Fund	(1,415)	745
Blackrock European Mid Market Fund III	427	2,099
Arcmont Direct Lending Fund IV	-	264
Barings North America Private Loan Fund 03	-	36
ICG Senior Debt Partners Fund 05	-	208
Long Term Investments		
Brunel Pension Partnership	(131)	15
	39,998	**7,686**

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

At 31 March 2024

	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With Significant unobservable inputs Level 3 £'000	Total £'000
Long Term Investments	-	-	722	722
Investment Assets				
Pooled investments	-	4,446,884	879,113	5,325,997
Pooled property investments	-	422,261	18,605	440,866
Derivative Assets	-	-	-	-
Forward Currency Contracts	-	-	-	-
Cash Deposits	-	-	-	-
Foreign Currency	8,299	-	-	8,299
Short Term Deposits	114,195	-	-	114,195
Cash & Bank Deposits	10,255	-	-	10,255
Investment income due	-	-	-	-
Investment Liabilities				
Derivatives	-	-	-	-
Forward Currency Contracts	-	(1,186)	-	(1,186)
Amounts payable for purchases	-	-	-	-
Assets and Liabilities				
Current Assets	-	23,256	-	23,256
Current Liabilities	-	(8,608)	-	(8,608)
Net Assets of the Fund at 31 March 2024	**132,749**	**4,882,607**	**898,440**	**5,913,796**

At 31 March 2023

	Quoted market price - Restated Level 1 £'000	Using observable inputs - Restated Level 2 £'000	With Significant unobservable inputs Level 3 £'000	Total £'000
Long Term Investments	-	-	707	707
Investment Assets				
Pooled investments	-	4,107,766	673,194	4,780,960
Pooled property investments	-	442,675	12,832	455,507
Derivative Assets				
Forward Currency Contracts	-	2,063	-	2,063
Cash Deposits				
Foreign Currency	1,478	-	-	1,478
Short Term Deposits	57,337	-	-	57,337
Cash & Bank Deposits	3,550	-	-	3,550
Investment income due	-	-	-	-
Investment Liabilities				
Derivatives				
Forward Currency Contracts	-	-	-	-
Amounts payable for purchases	-	-	-	-
Assets and Liabilities				
Current Assets	-	18,143	-	18,143
Current Liabilities	-	(6,914)	-	(6,914)
Net Assets of the Fund at 31 March 2022	**62,365**	**4,563,733**	**686,733**	**5,312,831**

Reconciliation of Fair Value Measurements within Level 3

Value at 31 March 2024	Value at 31 March 2023	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Unrealised gains / (losses)	Realised gains / (losses)	Value at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Investment Assets						
Pooled Property Investments	12,831	5,561	(105)	318	-	18,605
Pooled Investments						
Unlisted Infrastructure	476,662	194,918	(72,227)	(12,244)	10,411	597,520
Private Equity	45,018	37,946	(4,133)	4,016	-	82,847
Private Debt	151,515	51,312	(9,251)	5,170	-	198,746
Long Term Investments	707	-	-	15	-	722
	686,733	**289,737**	**(85,716)**	**(2,725)**	**10,411**	**898,440**

Value at 31 March 2022	Value at 31 March 2022	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Unrealised gains / (losses)	Realised gains / (losses)	Value at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Investment Assets						
Pooled Property Investments	3,871	9,326	(626)	224	36	12,831
Pooled Investments						
Unlisted Infrastructure	324,788	145,056	(32,517)	33,522	5,813	476,662
Private Debt	42,882	3,673	(641)	(941)	45	45,018
Private Debt	91,023	67,843	(8,781)	1,430	-	151,515
Long Term Investments	838	-	-	(131)	-	707
	463,402	**225,898**	**(42,565)**	**34,104**	**5,894**	**686,733**

Unrealised and realised gains and losses are recognised in the profit and losses on disposal and changes in the market value of investments line of the fund account.

20. Financial Instrument Disclosures

The Net Assets of the Fund disclosed in the Net Asset Statement are made up of the following categories of financial instruments:

Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost		Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
2022/23	**2022/23**	**2022/23**		**2023/24**	**2023/24**	**2023/24**
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
			Financial assets			
-	-	-	Bonds	-	-	-
4,780,960	-	-	Pooled investments	5,325,997	-	-
455,507	-	-	Pooled property investments	440,866	-	-
2,063	-	-	Derivative contracts	-	-	-
-	62,365	-	Cash	-	132,749	-
707	-	-	Long Term investments	722	-	-
642	-	-	Other investment balances	338	-	-
-	17,501	-	Debtors	-	22,918	-
5,239,879	**79,866**	**-**		**5,767,923**	**155,667**	**-**
			Financial Liabilities			
-	-	-	Derivative contracts	(1,186)	-	-
-	-	-	Other investment balances	-	-	-
-	-	(6,913)	Creditors	-	-	(8,608)
-	-	**(6,913)**		**(1,186)**	-	**(8,608)**
5,239,879	**79,866**	**(6,913)**		**5,766,737**	**155,667**	**(8,608)**

As all investments are disclosed at fair value, carrying value and fair value are therefore the same.

The gains and losses recognised in the Fund Account in relation to financial instruments are made up as follows:

31 March 2023 £'000		31 March 2024 £'000
	Financial assets	
(59,421)	Fair value through profit and loss	(536,885)
759	Amortised Cost	(651)
(58,662)		**(537,536)**
	Financial liabilities	
2,303	Fair value through profit and loss	1,186
2,303		**1,186**

The total changes in fair value represent unrealised profit or loss. The difference in unrealised profit/(loss) figures between 2022/23 and 2023/24 reflects the prevailing economic conditions during each of the two years and the impact on the specific assets held by the Fund.

21. Additional Financial Risk Management Disclosures

The activities of the Pension Fund are exposed to a variety of financial risks; market risk (price risk, currency risk and interest rate risk), credit risk and liquidity risk.

The Fund's investments are managed on behalf of scheme members by the Investment Managers. As a result of the investment pooling agenda, the majority of the fund's assets are now pooled with those of other LGPS Funds and managed by the Brunel Pension Partnership. Each investment manager, including Brunel, is required to invest the assets managed by them in accordance with the terms of a written investment mandate or duly authorised prospectus.

The Investment and Pension Fund Committee has determined that appointment of these managers is appropriate for the Fund and is in accordance with its investment strategy.

The Investment and Pension Fund Committee obtains regular reports from each investment manager on the nature of the investments made and associated risks.

The Fund is exposed to interest rate risk, currency risk and other price risk due to its underlying assets and liabilities. The analysis below is provided to meet the disclosure requirements of IFRS 9 Financial Instruments disclosures and should not be used for any other purpose. The analysis is not intended to constitute advice and is not guaranteed.

Market Risk

Market risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Fund is exposed, particularly through its equity portfolio, to market risk influencing investment valuations. In addition to the effects of movements in interest rates, the Fund is exposed to currency risk and other price risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of exposure to different markets through different types of investment assets managers. Risk of exposure to specific markets is limited by applying strategic targets to asset allocation, which are monitored by the Investment and Pension Fund Committee.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market.

The Fund is exposed to price risk which arises from investments for which the prices in the future are uncertain. All securities investments present a risk of loss of capital, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The investment managers mitigate this risk through diversification in line with their own investment strategies.

Other Price Risk - Sensitivity Analysis

Following analysis of data by PIRC (Pensions and Investment Research Consultants Ltd.), it has been determined that the following movements in market price risk were reasonably possible for the reporting period:

Asset Class	Percentage Change 2022/23	Percentage Change 2023/24
Equities	12.92%	11.81%
Bonds	6.79%	6.95%
Cash	1.58%	1.73%
Property	5.38%	5.40%
Infrastructure	4.23%	3.39%
Pooled Multi Asset	5.38%	4.35%

A price change disclosed above is broadly consistent with a one-standard deviation movement in the value of the assets based on movements over the previous 3 years. This analysis assumes that all other variables, in particular foreign currency exchange rates, and interest rates remain constant.

An increase or decrease in the market price of the investments of the Fund by the percentages given at 31st March would have increased or decreased the net assets available to pay benefits by the amount shown below:

As at 31 March 2024

Asset Class	Value £'000	Percentage Change	Increase £'000	Decrease £'000
Equities	3,165,979	11.81%	374,016	(374,016)
Bonds	1,141,605	6.95%	79,384	(79,384)
Cash	133,087	1.73%	2,302	(2,302)
Property	440,866	5.40%	23,827	(23,827)
Infrastructure & Private Debt	879,111	3.39%	29,784	(29,784)
Pooled Multi Asset	139,302	4.35%	6,062	(6,062)
Total	**5,899,950**		**515,375**	**(515,375)**

As at 31 March 2023

Asset Class	Value £'000	Percentage Change	Increase £'000	Decrease £'000
Equities	2,757,924	12.92%	356,283	(356,283)
Bonds	982,074	6.79%	66,699	(66,699)
Cash	65,070	1.58%	1,021	(1,021)
Property	455,507	5.38%	24,520	(24,520)
Infrastructure	673,193	4.23%	28,453	(28,453)
Pooled Multi Asset	368,476	5.38%	19,828	(19,828)
Total	**5,302,244**		**496,804**	**(496,804)**

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments on behalf of scheme members. These investments are subject to interest rate risks, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rates are monitored during the year, both by the Fund's Investment Managers and by the Devon County Council Investments team. Short term deposits are made at fixed rates and monitored against a target rate for the year, with the aim of maximising interest within risk parameters set by the Investment and Pension Fund Committee.

The Fund's exposure to interest rate movements on those investments at 31st March 2023 and 2024 are provided below. These disclosures present interest rate risk based on underlying financial assets (at fair value).

	As at 31 March 2023	As at 31 March 2024
	£'000	£'000
Cash and cash equivalents	4,386	10,255
Short term Deposits	57,337	114,195
Fixed Interest	982,074	1,141,605
Total	**1,043,797**	**1,266,055**

Interest Rate Risk - Sensitivity Analysis

Interest rates vary and can impact on the value of the net assets available to pay benefits to scheme members. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The sensitivity of bond prices to interest rate changes depends upon both the maturity of the fixed interest security and the size and frequency of its coupon payments. Duration is used to measure interest rate risk and is the weighted average maturity of a bond, where the weights are the relative discounted cash flows in each period. Duration can then be adapted with reference to the yield of a bond to calculate modified duration, which is the percentage change in a bond's price for a 1% change in yields. Modified duration can be calculated for a portfolio of bonds, and modified duration figures have been provided by the Brunel Pension Partnership in relation to the Sterling Corporate Bonds and Multi-Asset Credit portfolios. A weighted average has been used in the tables following.

An increase or decrease of 1% in interest rates at the reporting date would have increased or decreased the change for the year in net assets available to pay benefits by the amount shown below:

As at 31 March 2024	Carrying value at 31 March 2024	Modified Duration of Portfolio	Effect on Asset Values +1%	Effect on Asset Values -1%
	£'000	£'000	£'000	£'000
Cash and cash equivalents	10,255	-	-	-
Short term Deposits	114,195	-	-	-
Fixed Interest	1,141,605	3.93%	(44,859)	44,859
Total	**1,266,055**	**3.93%**	**(44,859)**	**44,859**

As at 31 March 2023	Carrying value at 31 March 2023	Modified Duration of Portfolio	Effect on Asset Values - Restated +1%	Effect on Asset Values - Restated -1%
	£'000	£'000	£'000	£'000
Cash and cash equivalents	4,386	-	-	-
Short term Deposits	57,337	-	-	-
Fixed Interest	982,074	3.57%	(35,019)	35,019
Total	**1,043,797**	**3.57%**	**(35,019)**	**35,019**

As at 31 March 2024	Amount receivable in year ending 31 March 2024	Effect on Income Values +1%	Effect on Income Values -1%
	£'000	£'000	£'000
Cash and cash equivalents	6,448	64	(64)
Total	**6,448**	**64**	**(64)**

As at 31 March 2023	Amount receivable in year ending 31 March 2023	Effect on Income Values +1%	Effect on Income Values -1%
	£'000	£'000	£'000
Cash and cash equivalents	1,105	11	(11)
Short term Deposits	0	-	-
Fixed Interest	130	-	-
Total	**1,235**	**11**	**(11)**

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash/cash equivalent or short-term deposit balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

Currency Risk and Sensitivity Analysis

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in a currency other than the functional currency (Pound Sterling) of the Fund. The Fund holds both monetary and non-monetary assets denominated in currencies other than Pounds Sterling.

The following table summarises:

- The Fund's exposure at 31st March 2024 to currency exchange rate movements on its investments based on movements over the previous 3 years.
- A sensitivity analysis based on historical data (published by Rates FX, with some additional data from PIRC) of the likely volatility associated with foreign currency rate movements (as measured by one standard deviation). A strengthening or weakening of the pound against the various currencies by one standard deviation (measured in percentages) at 31 March 2024 would have increased or decreased the change for the year in net assets available to pay benefits by the amount shown. These changes in the currencies are reasonable based on historical movements in exchange rates over the past three years.

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the year ended 31st March 2023.

As at 31 March 2024	Assets held at fair value	FX Contracts	Total	Percentage Change	Change for the year in net assets available to pay benefits	
					+ 1 Standard Deviation	- 1 Standard Deviation
	£'000	£'000	£'000		£'000	£'000
Australian Dollar	20,349	(6)	20,343	7.24%	1,473	(1,473)
Brazilian Real	22,010	-	22,010	12.68%	2,791	(2,791)
Canadian Dollar	26,216	-	26,216	6.32%	1,657	(1,657)
Chilean Peso	4,223	-	4,223	16.83%	711	(711)
Hong Kong Dollar	2,444	-	2,444	8.00%	196	(196)
Colombian Peso	4,611	-	4,611	12.20%	563	(563)
Czech Koruna	(4,307)	-	(4,307)	7.34%	(316)	316
Danish Krone	42,481	-	42,481	5.59%	2,375	(2,375)
Egyptian Pound	71	-	71	31.67%	22	(22)
EURO	315,851	(111)	315,740	5.48%	17,303	(17,303)
Hong Kong Dollar	55,111	-	55,111	8.10%	4,464	(4,464)
Hungarian Forint	3,223	-	3,223	12.42%	400	(400)
Indian Rupee	43,898	-	43,898	7.34%	3,222	(3,222)
Indonesian Rupiah	9,961	-	9,961	7.35%	732	(732)
Israeli Shekel	753	-	753	9.25%	70	(70)
Japanese Yen	140,255	-	140,255	8.86%	12,427	(12,427)
Kenyan Shilling	244	-	244	5.54%	14	(14)
Malaysian Ringet	1,009	-	1,009	7.31%	74	(74)
Mexican Peso	14,194	-	14,194	9.78%	1,388	(1,388)
Taiwan Dollar	42,542	-	42,542	7.17%	3,050	(3,050)
Turkish Lira	1,169	-	1,169	25.37%	297	(297)
New Zealand Dollar	(9,240)	-	(9,240)	6.86%	(634)	634
Nigerian Naira	323	-	323	5.54%	18	(18)
Norwegian Krone	19,777	-	19,777	9.20%	1,819	(1,819)
Philippine Peso	1,177	-	1,177	5.96%	70	(70)
Polish Zloty	(757)	-	(757)	8.60%	(65)	65
Saudi Riyal	3,017	-	3,017	5.54%	167	(167)
Singapore Dollar	4,920	-	4,920	5.77%	284	(284)
South African Rand	13,780	-	13,780	11.46%	1,579	(1,579)
South Korean Won	41,741	-	41,741	7.22%	3,014	(3,014)
Swedish Krona	21,604	-	21,604	7.20%	1,555	(1,555)
Swiss Franc	48,108	-	48,108	6.56%	3,156	(3,156)
Thai Baht	4,799	-	4,799	7.43%	357	(357)
UAE Dirham	5,058	-	5,058	5.54%	280	(280)
US Dollar	1,643,255	(1,069)	1,642,186	8.18%	134,331	(134,331)
Vietnamese Dong	1,025	-	1,025	5.54%	57	(57)
	2,544,895	**(1,186)**	**2,543,709**		**198,901**	**(198,901)**

As at 31 March 2023	Assets held at fair value	FX Contracts	Total	Percentage Change	Change for the year in net assets available to pay benefits + 1 Standard Deviation	- 1 Standard Deviation
	£'000	£'000	£'000		£'000	£'000
Australian Dollar	46,838	672	47,510	7.66%	3,639	(3,639)
Brazilian Real	33,002	-	33,002	15.21%	5,020	(5,020)
Canadian Dollar	6,298	-	6,298	6.77%	426	(426)
Chilean Peso	6,968	-	6,968	15.77%	1,099	(1,099)
Hong Kong Dollar	(2,388)	-	(2,388)	8.93%	(213)	213
Colombian Peso	23,782	-	23,782	11.72%	2,786	(2,786)
Danish Krone	37,258	-	37,258	6.44%	2,399	(2,399)
EURO	296,504	314	296,818	6.32%	18,759	(18,759)
Hong Kong Dollar	73,894	-	73,894	8.55%	6,318	(6,318)
Hungarian Forint	2,676	-	2,676	12.65%	339	(339)
Indian Rupee	17,830	-	17,830	7.72%	1,376	(1,376)
Indonesian Rupiah	15,026	-	15,026	8.22%	1,235	(1,235)
Israeli Shekel	(296)	-	(296)	8.86%	(26)	26
Japanese Yen	157,574	-	157,574	9.05%	14,260	(14,260)
Kenyan Shilling	608	-	608	6.46%	39	(39)
Malaysian Ringet	750	-	750	7.84%	59	(59)
Mexican Peso	13,118	-	13,118	11.29%	1,481	(1,481)
Taiwan Dollar	30,590	-	30,590	7.78%	2,380	(2,380)
Turkish Lira	624	-	624	26.27%	164	(164)
New Zealand Dollar	(27,721)	-	(27,721)	7.11%	(1,971)	1,971
Nigerian Naira	1,193	-	1,193	6.46%	77	(77)
Norwegian Krone	40,103	-	40,103	9.50%	3,810	(3,810)
Philippine Peso	2,028	-	2,028	6.74%	137	(137)
Polish Zloty	(1,919)	-	(1,919)	8.84%	(170)	170
Qatari Rial	271	-	271	9.09%	25	(25)
Romanian Leu	445	-	445	6.46%	29	(29)
Saudi Riyal	870	-	870	6.46%	56	(56)
Singapore Dollar	5,000	-	5,000	6.31%	316	(316)
South African Rand	11,599	-	11,599	12.72%	1,475	(1,475)
South Korean Won	15,902	-	15,902	7.46%	1,186	(1,186)
Swedish Krona	18,493	-	18,493	7.46%	1,380	(1,380)
Swiss Franc	48,959	-	48,959	7.19%	3,520	(3,520)
Thai Baht	4,616	-	4,616	7.65%	353	(353)
UAE Dirham	1,906	-	1,906	6.46%	123	(123)
US Dollar	1,282,322	1,076	1,283,398	8.63%	110,757	(110,757)
Vietnamese Dong	730	-	730	6.46%	47	(47)
	2,165,453	**2,062**	**2,167,515**		**182,690**	**(182,690)**

Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Pension Fund to incur a financial loss. Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of the financial assets and liabilities as they are marked to market.

The net market value of financial assets represents the Fund's exposure to credit risk in relation to those assets. For derivative positions the credit risk is equal to the net market value of positive (asset) derivative position.

	As at 31 March 2022	As at 31 March 2023
	£'000	£'000
Pooled investments	4,780,960	5,325,997
Pooled property investments	455,507	440,866
Derivatives (net)	2,063	(1,186)
Foreign currency	1,478	8,299
Short term deposits	57,337	114,195
Cash and cash equivalents	3,550	10,255
Settlements and dividends receivable	642	338
Long Term Investment	707	722
Total of investments held	**5,302,244**	**5,899,486**

The selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle transactions in a timely manner. The Fund's exposure to concentrations of credit risk to individual counterparties comprises of assets that are invested by individual investment managers and in specific investment trusts. The contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default.

Credit risk on exchange traded derivative contracts is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Interest rate agreements and foreign exchange contracts are subject to credit risk in relation to the relevant counterparties, which are principally large banks. The maximum credit risk exposure on foreign currency contracts is the full amount of the foreign currency the Fund pays when settlement occurs, should the counterparty fail to pay the amount which it is committed to pay the Fund.

The Fund's exposure to credit risk at 31st March is the carrying amount of the financial assets.

The Pension Fund believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five financial years. The Fund's cash holding (short term deposits and cash equivalents) under its treasury management arrangements at 31st March 2024 was £114.195 million (31st March 2023 £57.337 million). This was held with the following institutions:

Credit Rating at 31 March 2024

	Fitch	Moody's	Standard & Poor's	Balances as at 31 March 2022 £'000	Balances as at 31 March 2023 £'000
Banks and Building Societies					
Australia and New Zealand Bank	A+	Aa3	AA-	10,000	30,000
Handelsbanken	AA	Aa2	AA-	-	30,050
Lloyds	A+	A1	A	-	31
Danske	A+	A2	A+	-	10,000
Money Market Funds					
Blackrock MMF	AAA	Aaa	AAA	30,000	16
Aberdeen Standard MMF	AAA	Aaa	AAA	12,337	4,098
Local Authorities					
Torfaen County Borough Council	-	-	-	5,000	-
South Cambridgeshire DC	-	-	-	-	5,000
Fife Council	-	-	-	-	5,000
Dorset Council	-	-	-	-	10,000
Surrey County Council	-	-	-	-	10,000
Merthyr Tydfil County	-	-	-	-	5,000
North Lankashire	-	-	-	-	5,000
				57,337	**114,195**

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. In assessing each individual investment, a key consideration is to ensure that the liability of the Fund is limited to the amount of the investment in the asset.

The liquidity risks associated with the need to pay members' benefits are mitigated by maintaining a pool of cash. As this pool reduces other strategies will be developed to eliminate this risk. In the first instance, income from investments, now held and reinvested by fund managers, will be used to meet liquidity shortfall.

22. Funding Arrangements

In line with the Local Government Pension Scheme (Administration) Regulations 2013, the fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022. The next valuation will take place as at 31 March 2025.

The key elements of the funding policy are:

- Establish a clear and transparent fund-specific strategy that will identify how employers' pension liabilities are best met going forward.
- Support the desirability of maintaining as nearly constant a primary contribution rate as possible, as defined in Regulation 62(5) of the Regulations.
- Ensure that the regulatory requirements to set contributions to meet the future liability to provide scheme member benefits in a way that ensures the solvency and long-term cost efficiency of the fund are met, and
- Take a prudent longer-term view of funding those liabilities.

The secondary contributions agreed with the administering authority have been set at this valuation to restore the Fund to a funding position of 100% by no later than 2038. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable.

At the 2022 actuarial valuation, the fund was assessed as 98.4% funded (91% at the March 2019 valuation). This corresponded to a deficit of £88.6 million (2019 valuation £399 million) at that time.

The primary rate (previously known as the future service rate) over the three-year period ending 31 March 2025 is 19.2% of payroll. The secondary rate (the deficit recovery rate) totals £16.541 million in 2023/24 across all the Fund's employers, equivalent to an average of 2.3% of payroll.

Individual employers' rates will vary from the primary and secondary rates above depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2019 actuarial valuation report on www.peninsulapensions.org.uk and the funding strategy statement can also be found there.

The valuation of the fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement, or withdrawal from service. Allowances have been made for the McCloud/Sargeant case and GMP within the assumptions used for the triennial valuation of the fund. The principal assumptions for the Fund were:

Financial Assumptions

	2022 valuation	2019 valuation
Investment return (discount rate)	4.7%	5.1%
Salary Increases	3.9%	3.6%
Pension increases in line with CPI	2.9%	3.6%

Mortality assumptions

Life expectancy from 65 years	31/03/2024	31/03/2023
Retiring today		
Males	21.5	21.8
Females	22.7	22.9
Retiring in 20 years		
Males	22.8	23.1
Females	24.1	24.4

Historic mortality assumptions

Life expectancy for the year ended 31 March 2024 are based on S3PA tables with a multiplier of 100% for males and 120% for females. The allowances for future life expectancy are based on the 2022 CMI Model allowing for a long-term rate of improvement of 1.25% per annum, smoothing parameter of 7.0 and an initial addition to improvements of 0.0 % per annum.

Contribution Rates

Scheme members (employees) paid variable percentages of their total pensionable pay into the fund as set out below.

Band	Actual pensionable pay for an employment 2022/23	Member contribution rate for that employment	Actual pensionable pay for an employment 2023/24	Member contribution rate for that employment
1	£0 to £15,000	5.50%	£0 to £16,500	5.50%
2	£15,001 to £23,600	5.80%	£16,501 to £25,900	5.80%
3	£23,601 to £38,300	6.50%	£25,901 to £42,100	6.50%
4	£38,301 to £48,500	6.80%	£42,101 to £53,300	6.80%
5	£48,501 to £67,900	8.50%	£53,301 to £74,700	8.50%
6	£67,901 to £96,200	9.90%	£74,701 to £105,900	9.90%
7	£96,201 to £113,400	10.50%	£105,901 to £124,800	10.50%
8	£113,401 to £170,100	11.40%	£124,801 to £187,200	11.40%
9	More than £170,101	12.50%	More than £187,201	12.50%

23. Funded Obligation

The actuarial present value of promised retirement benefits (the Funded Obligation) amounts to £5,752 million as at 31 March 2024 (£5,631 million as at 31 March 2023). The Funded Obligation consists of £5,686 million (£5,563 million as at 31 March 2023) in respect of Vested Obligation and £67 million (£68 million as at 31 March 2023), of Non-Vested Obligation. The Pension Fund holds assets, as disclosed in the Net Asset Statement, which offset these projected total liabilities.

2021/2022 £'000		2022/23 £'000
(5,631,456)	Present value of the defined benefit obligation	(5,752,319)
5,301,491	Fair value of Fund assets (bid value)	5,898,431
(329,965)	**Net liability**	**146,112**

These figures have been prepared by the Fund Actuary (Barnett Waddingham LLP) in accordance with their understanding of IAS 26. In calculating the disclosed numbers, the Actuary has adopted methods and assumptions that are consistent with IAS 19.

Actuarial Methods and Assumptions

Valuation Approach

To assess the value of the Fund's liabilities at 31 March 2024, the actuary has rolled forward the value of Fund's liabilities calculated for the latest full funding valuation as at 31 March 2023, using financial assumptions compliant with IAS19.

The full actuarial valuation involved projecting future cashflows to be paid from the fund and placing a value on them. These cashflows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated value of liabilities as at 31 March 2024 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March 2024 should not introduce any material distortions in the results provided that the actual experience of the employer and the fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation.

Experience items allowed for since the previous accounting date

Experience items arise due to differences between the assumptions made as part of the roll forward approach and actual experience. This includes (but is not limited to) assumptions made in respect of salary increases, pension increases, mortality, and member transfers.

We have allowed for actual pension increases up to and including the 2024 Pension Increase Order. This is reflected in the Experience loss/(gain) on defined benefit obligation figure in the results. We have also allowed for actual CPI inflation experienced from September 2023 to March 2024.

As a result of allowing for actual experience, an experience item is observed in the reconciliation to 31 March 2024 to be a loss £17 million (31 March 2023 to be a loss £657 million).

Demographic/Statistical Assumptions

The Actuary has adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2022.

The post-retirement mortality tables adopted are the S3PA tables with a multiplier of 100% for males and 120% for females. These base tables are then projected using the CMI_2022 model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.0% p.a. and a 2022 weighting of 25%.

There was no further impact on the Funds liabilities in 2023/24 resulting from changed demographic assumptions.

The Actuary has also assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations.
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age, and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

Financial Assumptions

The key financial assumptions required for determining the defined benefit obligation for accounting are the discount rate (linked to high quality corporate bond yields) and the rate of future inflation. The derivation financial assumptions and possible outcomes are set with reference to market conditions at 31st March 2024.

Assumptions as at	Discount rate	Pension Increases	Salary Increases
	% p.a	**% p.a**	**% p.a**
31 March 2024	4.90	2.95	3.95
31 March 2023	4.80	2.90	3.90
31 March 2022	2.60	3.25	4.25

From an accounting perspective, current methodologies for deriving assumptions are regarded by our Actuary as appropriate given current market uncertainties and are based on the actual return earned by the fund assets over the accounting period without any estimation required.

24. Current Assets and Liabilities

The Analysis of Current Assets and Liabilities does not include purchases and sales of investments not yet due for settlement or investment income due. They are included within net investment assets and liabilities. Current assets and liabilities are valued at the fair value approximation of historical cost. Current assets and liabilities are all short term and there is no active market in which they are traded.

2022/23 £'000		2023/24 £'000
	Current Assets	
	Debtors and Prepayments	
	Contributions Receivable	
10,874	Employers	13,935
4,093	Employees	4,267
2,534	Other debtors	4,716
17,501		**22,918**
	Current Liabilities	
	Creditors and Receipts in Advance	
(3,226)	Devon County Council	(3,781)
(3,688)	Other creditors	(4,827)
(6,914)		**(8,608)**

25. Agency Services

The Pension Fund pays discretionary awards to the former employees of other bodies. The amounts paid are not included within the Fund Account but are provided as a service and fully reclaimed from the employer bodies. The sums are disclosed in the following table.

2022/23 £'000	Payments on behalf of:	2023/24 £'000
7,047	Devon County Council	7,688
867	Plymouth City Council	1,078
546	Torbay Council	575
372	Teignbridge District Council	389
329	University Of Plymouth	356
235	Exeter City Council	258
221	North Devon District Council	237
188	South Hams District Council	206
155	Dorset, Devon and Cornwall Rehabilitation Service	209
81	Torridge District Council	90
414	Payments of less than £100,000 on behalf of other bodies	556
10,455		**11,642**

26. Related Party Transactions

Devon County Council

The Devon Pension Fund is administered by Devon County Council. During the reporting period, the council incurred costs of £3.893 million (2022/23 £3.441 million) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses. Devon County Council and its employees contributed £63.371 million to the fund in 2023/24 (2022/23 £49.455 million). In 2023/24 £5.223 million was owed to the fund (2022/23 £4.156 million) and £3.662 million was due from the fund (2022/23 £3.210 million).

Governance

The Investment and Pension Fund Committee is the decision-making body for the fund and Devon County Council nominates 6 of the 11 voting committee members.

Each member of the pension fund committee is required to declare their interests at each meeting.

In accordance with IAS 24 'Related Party Disclosures' material transactions with related parties not disclosed elsewhere are detailed below:

- One voting member of the Investment & Pension Fund Committee receives pension benefits from the Fund.
- No senior officers responsible for the administration of the Fund have entered any contract, other than their contract of employment with the Council, for the supply of goods or services to the Fund.

Brunel Pension Partnership Ltd

The Pension Fund has transactions with the following organisation:

Brunel Pension Partnership Ltd (Company number 10429110)

Brunel Pensions Partnership Ltd (BPP Ltd) was formed on the 14th October 2016 and oversees the investment of pension fund assets for Avon, Buckinghamshire. Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire Funds.

Each of the 10 administering authorities, including Devon County Council own 10% of BPP Ltd. Pension Fund transactions with BPP Ltd are as follows:

	2022/23 **£'000**	**2023/24** **£'000**
Income	-	-
Expenditure	1,511	1,633
Debtors	-	-
Creditors	-	-

27. Key Management personnel

The Key Management Personnel of the Fund are those persons with the authority and responsibility for planning, directing, and controlling the activities of the Fund, including the oversight of these activities.

The Key Management Personnel of the Fund are the Director of Finance and Public Value, the Deputy Director of Finance and Public Value, the Head of Investments, the Head of Financial Systems and Processes and members of the Investment and Investment Pension Fund Committee.

Key Management Personnel total remuneration payable is set out below:

2022/23 £'000		2023/24 £'000
224	Salary, Fees and Allowances	229
7	Expenses Allowances	9
44	Pension contributions	43
275		**281**

28. Contingent liabilities and contractual commitments

Contractual commitments

As at 31 March 2024 the Fund had outstanding capital commitments of £562 million (31 March 2023 - £746 million). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the infrastructure, private debt and private equity fund elements of the investment portfolio. The amounts "called" by these funds are irregular in terms of both size and timing from the date of the original commitment due to the nature of the investments.

31 March 2023 Total Commitment £'000	31 March 2023 Remaining Commitment £'000		31 March 2024 Total Commitment £'000	31 March 2024 Remaining Commitment £'000
		Infrastructure		
184,373	2,599	Pre-Brunel Investments	222,965	2,599
584,540	264,540	Brunel Infrastructure Portfolio	584,514	182,552
-	-	Devon Local Impact Portfolio	100,000	39,300
		Private Debt		
150,658	24,981	Pre-Brunel Investments	149,371	24,709
280,000	217,580	Brunel Private Debt Portfolio	280,000	117,207
		Private Equity		
278,370	235,800	Brunel Private Equity Portfolio	276,067	195,377
1,477,941	**745,500**		**1,612,917**	**561,744**

Contingent liability

A guarantee has been provided to the Brunel Pensions Partnership to meet an obligation for the pension reimbursement asset. Should Brunel Pensions Partnership fail to meet its obligation it will be assigned to the shareholders. As Devon Pension Fund is a shareholder, it will guarantee to pay 1/10th of the obligation. The risk of the guarantee being called upon is assessed as low. Consequently, there is no liability recognised in the Pension Fund's net asset statement.

Statement of the Actuary for the year ended 31 March 2024

Introduction

The last full triennial valuation of the Devon Pension Fund (the Fund) was carried out as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 31 March 2023.

Asset value and funding level

The results for the Fund at 31 March 2022 were as follows:

- The smoothed value of the Fund's assets as at 31 March 2022 used for valuation purposes was £5,346 million.
- The Fund had a funding level of 98% i.e. the assets were 98% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a deficit of £88.6m.

Contribution rates

The employer contributions rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- The annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due;
- plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

The primary rate of contribution on a whole Fund level was 19.2% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing in each of the three years beginning 1 April 2023.

In addition each employer pays a secondary contribution as required under Regulation 62(7) that when combined with the primary rate results in the minimum total contributions. This secondary rate is based on their particular circumstances and so individual adjustments are made for each employer.

Details of each employer's contribution rate are contained in the Rates and Adjustment Certificate in the triennial valuation report.

Assumptions

The key assumptions used to value the liabilities at 31 March 2022 are summarised below:

Assumption	Assumptions used for the 2022 valuation
Financial assumptions	
Market date	31 March 2022
CPI Inflation	2.9% p.a.
Long-term salary increases	3.9% p.a.
Discount rate	4.7% p.a.
Pension increases on GMP	Funds will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increases. For members that reach SPA after this date, we have assumed that Funds are required to pay the entire inflationary increases.
Demographic assumptions	
Post-retirement mortality	Male / Female
Member base tables	SP3A
Member mortality multiplier	100% / 120%
Dependant base tables	S3DA
Dependant mortality multiplier	100% / 105%
Projection model	CMI 2021
Long-term rate of improvement	1.25% p.a.
Smoothing parameter	7
Initial addition to improvements	0.0% p.a

The mortality assumptions translate to life expectancies as follows:

Assumed life expectancies at age 65:	
Average life expectancy for current pensioners - men currently age 65	21.7 years
Average life expectancy for current pensioners - women currently age 65	22.9 years
Average life expectancy for future pensioners - men currently age 45	23.0 years
Average life expectancy for future pensioners - women currently age 45	24.3 years

Further details of the assumptions can be found in the relevant actuarial valuation report.

Updated position since the 2022 Valuation

Assets

Investment returns over the year to 31 March 2024 have been stronger than expected, particularly over the second half of the year. As at 31 March 2024, the value of the Fund assets has increased since the previous valuation.

Liabilities

The key assumption which has the greatest impact on the valuation of liabilities is the real discount rate (the discount rate relative to CPI inflation) – the higher the real discount rate the lower the value of liabilities. As at 31 March 2024, the real discount rate is estimated to be higher than at the 2022 valuation due to a reduction in the long term rate of inflation from 31 March 2024 onwards.

Inflation over the two years to 31 March 2024 has been higher than the long-term average assumed at the 2022 valuation. This has caused an increase in the liabilities at 31 March 2024. However, this was partly anticipated when setting assumptions for the 2022 valuation and as expected, long-term CPI inflation has fallen since March 2022 reducing the liabilities such that the actual CPI increases applied to members' benefits have been largely offset. The higher pension increase has been broadly offset by the higher real discount rate, however, the value of liabilities will have increased due to the accrual of new benefits and interest on the liabilities.

Overall position

On balance, although Fund assets have performed well, due to the increase in liabilities, we estimate that the overall funding position has reduced slightly when compared on a consistent basis to 31 March 2022.

The next formal valuation will be carried out as at 31 March 2025 with new contribution rates set from 1 April 2026.

Melanie Durrant FIA
Partner, Barnett Waddingham LLP
21st May 2024

Independent auditor's statement to the members of Devon County Council on the pension fund financial statements of Devon Pension Fund included within the pension fund annual report and accounts

Opinion

We have examined the pension fund financial statements of Devon Pension Fund (the 'pension fund') for the year ended 31 March 2023 included within the pension fund annual report and accounts, which comprise the Fund Account, the Net Asset Statement, and the notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the pension fund financial statements are consistent, in all material respects, with the audited financial statements of Devon County Council for the year ended 31 March 2023 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

Respective responsibilities of the Director of Finance and Public Value and the auditor

As explained more fully in the Statement of the Director of Finance and Public Value's Responsibilities, the Director of Finance and Public Value is responsible for the preparation of the pension fund's financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

Our responsibility is to state to the members of Devon County Council our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the financial statements of Devon County Council.

We also read the other information contained in the pension fund annual report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information comprises the information included in the pension fund annual report, other than the pension fund financial statements and our auditor's statement thereon.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the financial statements of Devon County Council describes the basis of our opinion on those financial statements.

Use of this auditor's statement

This statement is made solely to the members of Devon County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Devon County Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Devon County Council and the members of Devon County Council as a body, for our work, for this statement, or for the opinions we have formed.

Peter Barber

Peter Barber, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

29 February 2024

ADDITIONAL INFORMATION

Investment Powers

The Devon Pension Fund's investment powers are regulated by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The regulations do not prescribe specific limits on different types of investment, but require LGPS administering authorities to consult on and publish an Investment Strategy Statement, which must be in accordance with guidance from the Secretary of State.

The Investment Strategy Statement must set out the maximum percentage of the total value of all investments of fund money that it will invest in particular investments or classes of investment. The statement must demonstrate that investments will be suitably diversified and should outline the administering authority's maximum allocations for different asset classes, as well as their approach to risk and responsible investing.

The Investment Strategy Statement must include:

a. A requirement to invest money in a wide variety of investments. A properly diversified portfolio of assets should include a range of asset classes to help reduce overall portfolio risk. If a single investment class is not performing well, performance should be balanced by other investments which are doing better at that time. A diversified portfolio also helps to reduce volatility.

b. The authority's assessment of the suitability of particular investments and types of investments. The concept of suitability is a critical test for whether or not a particular investment should be made. Although individual investment classes will have varying degrees of suitability in the context of an authority's funding and investment strategies, the overall aim of the fund must be to consider suitability against the need to meet pension obligations as they fall due.

c. The authority's approach to risk, including the ways in which risks are to be measured and managed. The appetite of individual administering authorities for taking risk when making investment decisions can only be a matter for local consideration and determination, subject to the aim and purpose of a pension fund to maximise the returns from investment returns within reasonable risk parameters.

d. The authority's approach to pooling investments, including the use of collective investment vehicles and shared services. All authorities must commit to a suitable pool to achieve benefits of scale. Administering authorities must confirm their chosen investment pool meets the investment reform criteria published in November 2015, or to the extent that it does not, that Government is content for it to continue.

e. The authority's policy on how social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments. Schemes should consider any factors that are financially material to the performance of their investments, including social, environmental and corporate governance factors, and over the long term, dependent on the time horizon over which their liabilities arise.

f. The authority's policy on the exercise of rights (including voting rights) attaching to investments. Administering authorities are encouraged to consider the best way to engage with companies to promote their long-term success, either directly, in partnership with other investors or through their investment managers, and explain their policy on stewardship with reference to the Stewardship Code. Administering authorities should become Signatories to the Code and state how they implement the seven principles and guidance of the Code, which apply on a "comply or explain" basis.

The Devon Fund's Investment Strategy Statement can be found at **https://www.devonpensionfund.org.uk/document/investment-strategy-statement/**.

Statutory Statements

As required by the Local Government Pension Scheme Regulations a number of Statutory Statements have been prepared and published by Devon County Council (as the Administering Authority). They are as follows:

Investment Strategy Statement

The Investment Strategy Statement sets out the basis on which the Devon Fund plans to invest the scheme assets. This includes the asset allocation policy, attitudes to risk, the approach to pooling of assets, policies on engagement, social and ethical issues and states how the fund complies with the Myners Principles.

Funding Strategy Statement

The Funding Strategy Statement explains the funding objectives of the Fund. This includes how the costs of the benefits provided under the Local Government Pension Scheme ("LGPS") are met though the Fund, the objectives in setting employer contribution rates and the funding strategy that is adopted to meet those objectives.

Communications Strategy Statement

The Communications Strategy Statement sets out the Fund's policies on the provision of information and publicity about the Scheme to members, representatives of members and employing authorities. It sets out the format, frequency and method of distributing such information or publicity; other key organisations that we communicate with; our values in relation to communications; and the professional expertise available to the Fund.

Governance Policy and Compliance Statement

The Governance Policy sets out the governance arrangements for the Fund, including the make-up of the Investment and Pension Fund Committee and the Pension Board, and an outline of the tasks delegated to the Committee, the Board and to the Fund's officers. The Compliance Statement sets out an analysis of the Fund's compliance with the latest guidance issued by the Secretary of State for Communities and Local Government.

Administration Strategy

Pension fund administering authorities have discretion as to whether or not they prepare a pensions administration strategy. The Devon Fund first adopted an administration strategy in February 2015. The objective of the strategy is to define the roles and responsibilities of the Administering Authority and the employing authorities under the LGPS regulations. The strategy describes the service standards set for the administration of pensions in the Fund's dealings with members and employer bodies.

Copies of these policy statements as they applied as at 31 March 2024, together with the current versions, including any subsequent revisions, are published on the Devon Pension Fund website at:

https://www.devonpensionfund.org.uk/fund-policies/important-documents/

The Fund's Largest Holdings as at 31 March 2024

All of the Devon Fund's equity and bond investments are now held via pooled funds where the Devon Fund does not directly own the shares in the individual companies. However, exposure to individual companies can be assessed on a look-through basis based on the holdings of the pooled funds invested in. The following tables shows the top twenty equity holdings and top ten bond holdings on that basis.

The Fund's Largest Equity Shareholdings as at 31 March 2024

Company	Sector	Country	Passive Holding £000	Active Holding £000	Total Holding £000	% of Total Investments %
Microsoft	Technology	United States	86,525	37,127	123,652	2.10
Amazon	Consumer Services	United States	92,338	23,127	115,465	1.96
Alphabet	Technology	United States	73,241	15,867	89,108	1.51
Apple	Technology	United States	64,592	2,673	67,265	1.14
Nvidia	Technology	United States	30,496	19,468	49,964	0.85
Tesla Motors	Consumer, Cyclical	United States	44,966	0	44,966	0.76
Taiwan Semiconductor	Technology	Taiwan	0	44,895	44,895	0.76
Novo Nordisk	Healthcare	Denmark	23,122	16,242	39,364	0.67
Mastercard	Financial	United States	11,099	27,451	38,550	0.65
Salesforce	Technology	United States	22,657	4,682	27,339	0.46
United Health Group	Healthcare	United States	12,009	13,885	25,894	0.44
Cisco Systems	Telecommunications	United States	24,811	676	25,487	0.43
ASML	Technology	Netherlands	6,236	18,322	24,558	0.42
Samsung Electronics	Telecommunications	South Korea	7,229	15,104	22,333	0.38
Visa	Financial	United States	21,251	0	21,251	0.36
Nestle	Consumer Services	Switzerland	16,707	4,376	21,083	0.36
Waste Management Inc.	Waste Services	United States	7,816	12,452	20,268	0.34
Danaher Corporation	Healthcare	United States	12,180	6,342	18,522	0.31
Eli Lilly & Co	Consumer, Non-cyclical	United States	16,181	0	16,181	0.27
Intl Business Machines (IBM)	Technology	United States	15,958	0	15,958	0.27
			589,414	262,689	852,103	14.44
Balance of Equity Investments			1,001,982	1,311,894	2,313,876	39.18
			1,591,396	1,574,583	3,165,979	53.62

The Fund's Largest Bond Holdings as at 31 March 2024

Company	Sector	Country	Portfolio	Total Holding £000	% of Total Investments %
Tesco	Consumer, Non-cyclical	United Kingdom	Sterling Corporate Bonds	6,412	0.11
US Treasury Bill	Government	United States	Multi-Asset Credit	4,911	0.08
McAfee	Technology	United States	Multi-Asset Credit	4,656	0.08
Freshwater	Communications	United Kingdom	Sterling Corporate Bonds	4,573	0.08
Bank of America	Financials	United States	SCB/Multi-Asset Credit	4,446	0.08
Equity Release Funding	Financials	United Kingdom	Sterling Corporate Bonds	4,368	0.07
M&G plc	Financials	United Kingdom	Sterling Corporate Bonds	4,320	0.07
Electricite De France	Utilities	France	SCB/Multi-Asset Credit	4,300	0.07
Goldman Sachs	Financials	United States	SCB/Multi-Asset Credit	3,996	0.07
Hub International	Financials	United States	Multi-Asset Credit	3,935	0.07
				45,917	0.78
				1,095,688	18.57
				1,141,605	19.35

The Fund's Largest Property Fund Holdings as at 31 March 2024

Property Fund	**Total Holding £000**	**% of Total Investments %**
Federated Hermes Property Unit Trust	36,211	0.61
Blackrock UK Property Fund	34,648	0.59
UBS Triton Property Unit Trust	32,291	0.55
Industrial Property Investment Fund	31,638	0.54
CBRE Global Investors UK Property Fund	31,604	0.54
	166,392	2.83
Plus Other Pooled Property Fund Investments	292,505	4.95
	458,897	7.78

The Fund's Largest Private Markets Holdings (Infrastructure/Private Debt/Private Equity) as at 31 March 2024

Fund	**Category**	**Total Holding £000**	**% of Total Investments %**
Stepstone Brunel II Generalist Infrastructure Fund	Infrastructure	135,128	2.29
Stepstone Brunel I Infrastructure Fund	Infrastructure	116,371	1.97
Stepstone Brunel II Renewables Infrastructure Fund	Infrastructure	102,700	1.74
Brunel Aksia Private Debt Cycle II Portfolio	Private Debt	65,756	1.11
Golub Capital Partners International Fund 11	Private Debt	51,949	0.88
		471,903	7.99
Plus Other Infrastructure, Private Debt and Private Equity Fund Investments		407,208	6.91
		879,111	14.90

Scheme and Benefit Information

Devon County Council administers the Pension Fund for its own employees and over 500 other organisations including Unitary, District, Town and Parish Councils, Education establishments and other admitted bodies. In addition to these, there are a large number of employers who have ceased actively participating in the fund but have members who are now in receipt of a pension.

The Local Government Pension Scheme (LGPS) is a statutory, funded, salary-related pension scheme with its benefits defined and set in law. The LGPS is contracted out of the State Second Pension Scheme (S2P) and must, in general, provide benefits at least as good as most members would have received had they remained in S2P.

Contributions

Employer contributions rates are variable and are determined by the fund Actuary. A full valuation is carried out every 3 years in order to establish the value of the assets and liabilities of the fund and determine individual employer contribution rates. The most recent valuation was as at 31st March 2022 with revised employer contributions payable from April 2023.

Employee contributions range from 5.5% to 12.5% depending on the level of their pensionable pay.

Benefits

The Local Government Pension Scheme (LGPS) is a valuable part of the pay and reward package for employees working in local government or working for other employers participating in the scheme.

Key features of the scheme include:

A secure pension

Your pension benefits are guaranteed and every year 1/49th of your pensionable pay is added to your pension account. At the end of the year the total amount of pension in your account is adjusted to take into account the cost of living.

Flexibility to pay more or less contributions

Pension benefits can be boosted by paying additional contributions, which attract tax relief. Scheme members also have the option to pay half of normal contributions in return for half of your normal pension. This is known as the 50/50 section of the scheme and is designed to help encourage members to stay in the scheme when they may not be able to afford full membership.

Tax efficient now and in the future

As a member of the LGPS, you receive tax relief on the contributions that you pay plus you have the option when you draw your pension to exchange part of it for tax-free cash.

Peace of mind

Your family enjoys financial security, with immediate life cover and a pension for your spouse, civil partner or eligible co-habiting partner and any eligible children in the event of your death in service or if you die after leaving, having met the 2-year qualifying period (also known as vesting period). In the event that you become seriously ill and you have met the 2-year qualifying period, you could receive immediate ill health benefits.

Freedom to choose when to take your pension

Your pension is usually payable from your normal pension age which is linked to your State Pension age (minimum of 65 years old). However, you can choose to retire and take your pension at any time between the age of 55 and 75. If you choose to take your pension before your normal pension age it will normally be subject to a reduction, as it is being paid earlier. If you take it later than your normal pension age it will be increased because it is being paid later.

Redundancy and efficiency retirement

If you are made redundant or are retired in the interests of business efficiency from age 55 onwards, provided that you satisfy the 2 years vesting period, you will receive immediate payment of the main benefits you have built up in the scheme (but there would be a reduction for early payment of any additional pension you have chosen to buy).

Flexible retirement

If you reduce your hours or move to a less senior position from age 55 onwards, provided that you satisfy the 2 years vesting period and with the agreement of your employer, you may be able to draw some or all of the benefits you have already built up in the scheme, helping you ease into retirement. Please note that these benefits may be reduced for early payment.

Pension Fund Glossary

Actuarial Terms

Actuary

An actuary is an expert in statistics and its application to solving problems regarding financial predictions. Actuaries are particularly involved in the fields of life and general insurance, pension funds and the investment of the funds underlying those businesses although they are involved in other areas too.

Actuarial Valuation

A comparison of a scheme's assets with its Actuarial Liability, sometimes also including a calculation of the cost of accruing benefits (if any). Assumptions are used to determine the estimated value of benefits payable. A formal valuation of a Defined Benefits Pension Scheme is carried out at least every three years. This generally leads to agreement of the employers' contributions for the following three years.

Asset Ceiling

A restriction placed on the amount of accounting surplus which can be recognised. The accounting standards state that if an employer has an accounting surplus, it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or thorough refunds. The present value of such economic benefit is commonly referred to as the "asset ceiling".

Allowing for an asset ceiling will reduce the value of the surplus disclosed at the accounting date. In certain circumstances, under IAS19 and where contributions towards a funding deficit are still required to be paid, the application of an asset ceiling can also affect those employers that have an accounting deficit.

AVC - Additional Voluntary Contribution

Contributions to an Occupational Pension Scheme over and above a member's normal contributions (if any), which the member may elect to pay to the scheme (if the scheme allows) to secure additional benefits.

BoE spot inflation curve

A fixed-interest gilt and an otherwise identical index-linked gilt of the same time to maturity will have a different price or yield. This difference in yields indicates the market's expectation of future inflation, or spot inflation, for that term. The Bank of England produces an inflation curve which is essentially a best fit of the difference in fixed interest gilts and index linked gilts for terms to maturity of up to 25 years.

Bonds

A bond is a form of debt issued to raise capital. Bonds may be issued by companies, governments, and non-governmental organisations (for example the European Investment Bank or the International Monetary Fund (IMF)). Bonds issued by the British Government are known as Gilts.

CMI - Continuous Mortality Investigation

The CMI carries out research into Mortality and morbidity experience. The CMI was originally established by the Actuarial Profession to carry out industry-wide claims experience investigations in the field of life and health insurance. The CMI also took over research into the mortality of members of Self-Administered Pension Schemes (SAPS) in 2006.

Deferred Pension

The pension benefit payable from normal retirement age to a member of the fund who has ceased to contribute because of leaving employment or opting out of the pension scheme before state retirement age.

Deficit (Actuarial)

The amount by which the Actuarial Liability exceeds the value of assets at a specified date.

Deficit Recovery Contributions

Additional contributions, above the ongoing future service contributions, required to fund the Deficit in respect of a scheme's past service Liabilities.

Derivatives

Financial contracts whose value is tied to an underlying asset. Derivatives include futures, options, and swaps.

Emerging Markets

Stock Markets in developing countries (as defined by the World Bank).

Equities

Ordinary shares in UK and overseas companies traded on a recognised stock exchange. Shareholders have an interest in the profits of the company and are normally entitled to vote at shareholders' meetings.

Fixed Interest Securities

Investments, mainly in government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a stated future date, but which can be traded on a recognised Stock Exchange in the meantime.

IAS19 – International Accounting Standard 19

The international accounting standard covering accounting for pension costs in companies' accounts.

Index Future

An obligation to make or take delivery of a specified quantity of an underlying Stock/ Index at a particular time in the future, at a price agreed when the contract is taken out.

Index (Stock Market)

The movements in a Stock Market are monitored continuously by means of an Index made up of the current prices of a representative sample of stocks.

Indexation

Also known as Index Matching or Index Tracking. Indexation is a statistical technique used to construct a portfolio of shares that will consistently move in line with a particular Index.

Liability (Actuarial)

The estimated value, using actuarial methods and assumptions, placed on the obligations of a pension scheme. These obligations include the present value of future pension instalments and contingent benefits and may include the expected value of future expenses.

Managed Fund

A multi-asset pooled fund under which an insurance company offers participation in one or more pooled funds.

Market Value

The price at which an investment can be sold at a given date.

Merrill Lynch AA rated corporate bond curve

Corporate bonds are given a credit rating by a credit rating agency which indicates the creditworthiness of the company that has issued the bond. Merrill Lynch produces a yield curve which shows the relationship between the yields on bonds with AA credit ratings against the time to maturity of these bonds.

Non-Vested obligations

If active members remain active rather than become deferred, then their liabilities will be higher due to assumed salary increases until retirement. These additional liabilities make up the non-vested obligation.

Pensionable Salary

Earnings used to calculate pension contributions in a Defined Benefit Pension Scheme. A different name may also be used, such as Pensionable Earnings. The measure will vary from scheme to scheme and should be precisely defined in the scheme's Trust Deed and Rules.

Pensionable Service

Length of employment / scheme membership used to calculate pension benefits in a Defined Benefit Pension Scheme. The measure will vary from scheme to scheme and should be precisely defined in the scheme's Trust Deed and Rules. A different name may also be used.

Performance Services

WM Performance services are an independent company used to measure the investment performance of the Fund. They also measure

84 Local Authority sector funds calculating, every quarter, the average returns for the median of all the funds and constituent funds (the weighted average).

Pooled Funds

A fund managed by an external Fund Manager in which several investors buy units. The total fund is then invested in a particular market or region.

Portfolio

A collective term for all the investments held in a fund, market, or sector.

Promotional scale

This takes into consideration the possibility of promotion during an employee's working life.

Property Unit Trust

AA pooled investment vehicle that enables investors to hold a stake in a diversified portfolio of properties.

Retirement age assumption

Active members will retire one year later than they are first able to do so without reduction, one year after minimum retirement age.

Return

The total gain from holding an investment over a given period, including income and increase (decrease) in market value.

S3PA tables

The S3PA tables are published by the Actuarial Profession's Continuous Mortality Investigation ("CMI"). These tables are based on studies of mortality for members of large, self-administered pension schemes over the period 2009 to 2016.

Schedule of Contributions

A formal agreement between the Trustees of a Defined Benefit Pension Scheme and the employer, setting out how much the employer and employees will contribute to the scheme. The Scheme Actuary must certify that the Schedule of Contributions is adequate to meet the Statutory Funding Objective. The Trustees must monitor adherence to the schedule and report any material failures to the Pensions Regulator.

Solvency Test

An actuarial calculation to determine whether the assets of an occupational pension scheme are sufficient to meet its benefit obligations.

Standard Contribution Rate

The contribution rate (employer and employee) required to fund future accrual of benefits before any adjustment for Surplus or deficit in respect of past service.

Transfers to/from Other Schemes

These are sums paid to or received from other pension schemes and relate to the current value of past contributions which transfer with a member when changing employment.

Unrealised Increase/(Decrease) in Market Value

The increase/ (decrease) in market value, since the previous year, of those investments still held at the year end.

Unit Trust

A Pooled Fund in which investors hold units, and where the fund offers new units and is prepared to redeem existing units from holders on a regular basis.

Vested obligations

Vested obligations are liabilities in respect of deferred and pensioner members. It also includes part of the liability for active members. This part is calculated by assuming that active members become deferred immediately and as such does not consider future salary increases.

Yield

The total expected rate of return on an investment. This may include both the income part of return such as Dividends and Coupon payments as well as capital gains / losses from price movements.

APPENDIX A: STATUTORY STATEMENTS

If you need more information or a different format phone 0843 155 1015, email customer@devon.gov.uk text 80011 (start your message with the word Devon) or write to Devon County Council, County Hall, Topsham Road, Exeter EX2 4QD

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September 2023

Devon County Council