

INVESTMENT AND PENSION FUND COMMITTEE

28 February 2020

Present:-

Devon County Council

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

Unitary and District Councils

Councillors J Pearce and J O'Dwyer

Other Employers

D Healy

Unison and Retired Members: Non Voting Observers

R Franceschini, J Cook and S Teague

Apologies:-

Councillors A Saywell and L Parker-Delaz-Ajete

* 155

Minutes

RESOLVED that the Minutes of the Meeting held on 15 November 2019 be signed as a correct record.

* 156

Items Requiring Urgent Attention

There was no item raised as a matter of urgency.

* 157

Pension Board

The Committee noted the Minutes of the Devon Pension Board meeting held on 16 January 2020.

The County Treasurer confirmed that matters raised by the Board would be considered as part of the Agenda for this meeting and at the next meeting in regard to the Risk Register.

* 158

Brunel Oversight Board

The Committee noted the Minutes of the Meeting of the Board held on 21 November 2019.

* 159

Investment Management Report

The Committee considered the Report of the County Treasurer (CT/20/24) on the Fund value and asset allocation, performance against the benchmark, funding level, budget monitoring, cash management and engagement activity.

The Fund value at 31 December 2019 stood at £4,693.4m, an increase of £137m over the quarter.

Members noted this was expected to be lower at the year-end 31 March 2020 due to the recent impact of corona virus on equity markets. This also presented short-term investment opportunities. Members also referred to the cash flow position and noted that the Actuary had been asked by Officers to prepare a Cash Flow forecast which would be presented to a future meeting of this Committee.

It was **MOVED** by Councillor R Edgell, **SECONDED** by Councillor R Hosking and

RESOLVED

(a) that the Investment Management Report be noted;

(b) that the County Treasurer in consultation with the Chair of the Committee be authorised to invest the advance secondary contributions payments due to be received in April in the Property portfolio and/or other short term opportunities; and

(c) that compliance with the 2019/20 Treasury Management Strategy also be noted.

* **160** **Treasury Management Strategy 2020/21**

The Committee considered the Report of the County Treasurer (CT/20/25) on the Treasury Management Strategy for 2020/21.

The Treasury Management Policy required the Investment and Pension Fund Committee to consider a Treasury Strategy report, setting out the Strategy and plans to be followed in the coming year. The Treasury Management and Investment Strategy was shown in draft at Appendix 1. It set out the current treasury position, cash investments, prospects for interest rates and the investment strategy.

It was **MOVED** by Councillor R Bloxham, **SECONDED** by Councillor J Pearce and

RESOLVED that the Treasury Management Strategy for 2020/21 as set out in Appendix 1 of the Report be adopted.

* **161** **Investment Strategy Statement**

The Committee considered the Report of the County Treasurer (CT/20/26) on a revised Investment Strategy Statement (ISS).

The revised ISS updated the asset allocation table in section 2 as part of the phased implementation of the Mercer review recommendations, previously approved by the Committee in February 2019. It was also proposed to update the social, environmental and corporate governance (ESG) policy set out in section 4 of the Statement, to incorporate a new section on climate change, plus other minor amendments. These changes were set out in this Report. A revised draft Investment Strategy Statement was attached as Appendix 1 of the Report (largely based on the Brunel policy). The policy and statement were centred on active and positive engagement with companies in regard to climate change and their carbon 'footprint'.

Some Members suggested drafting changes to the Climate Change section within the proposed Investment Strategy Statement which were not accepted by the Committee. The Statement would however remain under annual review.

It was **MOVED** by Councillor R Bloxham, **SECONDED** by D Healy and

RESOLVED

(a) that the revised Investment Strategy Statement be approved; and

(b) that the Brunel Climate Change Policy be supported.

(N.B. Councillor A Connett requested that in accordance with Standing Order 32(4) his vote against the decision taken be recorded)

* **162** **Funding Strategy Statement**

The Committee considered the Report of the County Treasurer (CT/20/27) on a revised Funding Strategy Statement (FSS) following completion of the 2019 Actuarial Valuation, by the Fund's Actuary (Barnett Waddingham). The document was set out at Appendix 1. The document had been revised in order to reflect updated regulations, practice, actuarial assumptions and input from participating employers. Members referred to changes in life expectancy which were part of the Actuary's calculations and assumptions.

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

RESOLVED that the revised Funding Strategy Statement set out in Appendix 1 to the Report be approved.

* **163** **Pension Administration Strategy**

The Committee considered the Report of the County Treasurer (CT/20/28) on a Pension Administration Strategy (PAS). Although the PAS was not a legal requirement, it provided a mechanism to formulate a service level agreement between the administering authority and employers. It covered a number of areas including procedures for liaison and communication and set out the performance standards and expectations for the administering authority and employers.

A draft PAS had been presented to the Devon Pension Board at its meeting on 21st October 2019 and it had made recommendations which had now been incorporated into this draft along with feedback from Employers. The final draft PAS was attached at Appendix 1 and summarised in the Report.

Members suggested that further reference should also be made to the General Data Protection Regulation (GDPR) requirements within the Strategy.

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

RESOLVED that the Pension Administration Strategy be approved for implementation from April 2020, subject to authority being given to the County Treasurer (in consultation the Chair) to consider and approve changes relating to further reference within the Strategy to the General Data Protection Regulation (GDPR) requirements.

* **164** **Internal Audit Report – Governance Arrangements**

The Committee noted the Report of the County Treasurer (CT/20/29) on a review of the Investment & Pension Fund Committee governance arrangements as part of the annual internal audit plan. The Audit findings had concluded there was a 'Good Standard' of control.

The Audit found that the Committee was operating in accordance with applicable legislation, regulation and guidance. A satisfactory level of information was provided to Members, and where not restricted, this information along with minutes of meetings was publicly published.

Some Members had provided their view in relation to the effectiveness of the Committee, and whilst largely positive, there were areas where existing practice could be enhanced to increase the overall effectiveness. The responses to survey questions were provided in Appendix C of the Report.

The Audit Report would be provided to Devon Pension Board Members alongside the Internal Audit Annual Outturn Report.

The Devon Audit Partnership thanked the Committee Members for taking part in the survey.

* **165** **Employer Changes - New admitted bodies**

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

(a) Applications for admitted body status:

- Staff from Virgin Care transferred to the NHS on 1/4/2019 – closed agreement.
- Chulmleigh Academy outsourced their drivers to Street Coaches on 1/9/2019 – closed agreement.
- Torbay Council outsourced staff to Torbay Youth Trust on 1/2/2020 – closed agreement.

(b) New academy conversions and changes:

- Clawton Primary School joined Alumnis Trust - 1/10/2019.
- Princetown joined AnDaras Multi Academy Trust - 1/10/2019.
- Steiner Academy Exeter joined Avanti Hall School - 1/11/2019.
- Bere Alston Primary School joined First Federation - 1/12/2019.
- Sherford Vale School joined Westcountry Schools Trust - 1/12/2019.
- Otterton C of E Primary School joined Link Academy Trust - 1/12/2019.
- Drakes Primary School joined Link Academy Trust - 1/12/2019
- Estuaries Multi Academy Trust began 1/12/2019 – incorporating Newton Abbot College, Dawlish Community College and Starcross Primary School.

* **166** **Annual Consultative Meeting with Staff and Retired Members**

The Committee noted the arrangements for the Annual Consultative Meeting which was being held in the afternoon commencing at 2.15pm.

* **167** **Committee Training**

Members noted that a training day had been arranged for the Committee and Devon Pension Board on Friday 6th March from 10am to 4pm at Exeter Racecourse.

* **168** **Dates of Future Meetings**

19 June 2020, 18 September 2020, 27 November 2020 and 26 February 2021 (all at 10.30 am).

* **169** **Exclusion of the Press and Public**

RESOLVED that the press and public be excluded from the meeting for the following items of business under Section 100(A)(4) of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Schedule 12A of the Act, information relating to the financial or business affairs of an individual other than the County Council and, in accordance with Section 36 of the Freedom of Information Act 2000, by virtue of the fact that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

* **170** **Brunel Update and Reserved Matters Request**

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

The Committee considered the Report of the County Treasurer (CT/20/30) on the progress of the Brunel Pension Partnership's Business Plan for 2020/21, an associated special reserved

matter request, the latest position in relation to governance issues and the creation of a Chief Stakeholder Officer post.

The Committee noted the latest position with the Brunel Pension Partnership.

* 171 **Brunel Pension Partnership - Transition of Assets**

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

The Committee considered the Report of the County Treasurer (CT/20/31) on the transition of assets to Brunel's Emerging Markets, Active High Alpha Global Equities, Property and Diversified Growth portfolios.

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

RESOLVED

(a) that the required actions to facilitate the transition of assets to the Brunel Global Small Cap Portfolio, as set out in the report, be approved;

(b) that the allocation (as detailed in the Report) to the Brunel Sustainable Equities portfolio, to be funded from the Brunel Passive UK and Global Developed Equities portfolios, be approved; and

(c) that the further sum (as detailed in the Report) be allocated to the Brunel Low Volatility Equities Portfolio, to be funded from the Brunel Passive UK and Global Developed Equities portfolios, be approved.

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

The Meeting started at 10.30 am and finished at 12.23 pm