

# Pension Fund Annual Report & Accounts 2024/25



Front cover photo: Beach Huts at Budleigh Salterton, Devon  
Photo taken by Christine Tucker

# Contents

<b>Forward from the Chair of the Investment and Pension Fund Committee</b>	<b>4</b>
<b>Report of the Director of Finance and Public Value</b>	<b>5</b>
<b>Market Commentary from the Independent Investment Advisor</b>	<b>11</b>
<b>Pension Board Annual Report</b>	<b>15</b>
<b>Investment Pooling – Brunel Pension Partnership</b>	<b>17</b>
<b>UK Investment and Local Impact</b>	<b>21</b>
<b>Cost Transparency</b>	<b>24</b>
<b>Knowledge and Skills</b>	<b>27</b>
<b>Risk Management</b>	<b>30</b>
<b>Stewardship and Engagement</b>	<b>36</b>
<b>Climate Change and Carbon Footprint</b>	<b>62</b>
<b>Management of Fund</b>	<b>72</b>
<b>Managers Reports</b>	<b>77</b>
<b>Pension Fund Budget</b>	<b>94</b>
<b>Contributions by Employer</b>	<b>96</b>
<b>Peninsula Pensions Administration Report</b>	<b>99</b>
<b>Financial Statements:</b>	
Statement of Responsibilities for the Statement of Accounts	119
Approval of the Statement of Accounts	120
Financial Statements	121
Statement of the Fund Actuary	168
Audit Report	171
<b>Additional Information:</b>	
Investment Powers	173
Statutory Statements	174
The Fund's Largest Equity Shareholdings	175
Scheme and Benefit Information	177
Glossary	179



## Foreword from the Outgoing 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 2025. The Fund achieved a 3.7% investment return during the year, which was ahead of the Local Government Pension Scheme average of 3.4%.

The Investment and Pension Fund Committee oversees the management of the Fund, both the investments and the administration of benefits, ensuring that it is managed in the best interests of pension fund members and fund employers.

During the year we have discussed the new Government's "Fit for the Future" proposals for the Local Government Pension Scheme. This will mean changes to the way that our investments are pooled. We have significant concerns around this, but officers will seek to ensure that the requirements of the Pension Schemes Bill and consequent regulation are implemented in a way that works for us locally in the interests of our pension fund members.

We have continued to act as responsible owners of the assets we invest in. We have also continued to make progress on our target to invest 3% of the Pension Fund in investment funds that will support the local community across Devon and the South West, while still achieving the required investment return. I was delighted to attend the launch of the Foresight Regional Investment Fund that the Devon Pension Fund has agreed to invest in. The fund will provide finance to small and medium sized businesses across the South West.

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. As the outgoing chair, I wish my successor well in continuing to lead the Committee and the Fund forward over the next four years.

### James Morrish

Chair of the Investment and Pension Fund Committee

### Investment and Pension Fund Committee Attendance 2024/25

Name	Representing	Date Appointed	Meetings Attended
Cllr James Morrish (Chairman)	Devon CC	May 2021	3 (of 4, 1 virtual) <sup>2</sup>
Cllr Yvonne Atkinson	Devon CC	May 2017	3 (of 4)
Cllr Henry Gent	Devon CC	May 2021	3 (of 4)
Cllr George Gribble	Devon CC	May 2021	0 (of 4)
Cllr Marcus Hartnell	Devon CC	May 2021	1 (of 4, virtual) <sup>2</sup>
Cllr Jeff Trail	Devon CC	May 2024	4 (of 4)
Cllr Mark Lowry	Plymouth CC	May 2023	3 (of 4, all virtual) <sup>2</sup>
Cllr Martin Brook	Torbay Council	May 2023	2 (of 4, both virtual) <sup>2</sup>
Cllr Phil Bialyk	Devon Districts	Feb 2024	1 (of 4, virtual) <sup>2</sup>
Cllr Ray Bloxham	Fund Employers	Oct 2021	2 (of 4)
Roberto Franceschini	Fund Members <sup>1</sup>	May 1992	4 (of 4)
Lorraine Parker Delaz-Ajete	Fund Members <sup>1</sup>	May 2022	2 (of 2, virtual)
Michael Daniell	Fund Members <sup>1</sup>	July 2022	4 (of 4, all virtual)

<sup>1</sup>Fund member representatives can observe and speak, and have one joint vote.

<sup>2</sup>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 £5.9 billion, as at 31 March 2024, to £6.1 billion as at 31 March 2025, representing an investment return of 3.7%. Until the end of January, investment markets were generally positive, but the investment return for the financial year was then impacted by market falls during February and March as investors worried about the impact of President Trump's tariff policies.

The Fund continues to seek to manage its investments in a responsible way to ensure sustainable returns to fund future pensions. We were again re-accredited as signatories of the UK Stewardship Code which sets high standards for managing investments in a responsible way.

The majority of the Fund's assets are invested in portfolios managed by the Brunel Pension Partnership, a company we set up and own in partnership with 9 other Local Government Pension Scheme (LGPS) funds across the South West. Over the next year we have been required by Government to look at joining or combining with another LGPS pool. This will provide a period of uncertainty for the Fund, but individual members' pensions will be unaffected.

Peninsula Pensions, the shared administration service for Devon and Somerset, continues to deliver robust and responsive pension services, despite increasing demand and workforce pressures. In 2024/25, the team accelerated its digital transformation agenda, introducing a suite of online self-services for scheme members via the portal, including contribution refunds, deferred benefits into payment options, and transfer-out quotations. Development is also underway on an upgraded Member Self-Service portal, which now features AI-driven video annual benefit statements to further enhance member engagement.

Significant progress has been made on McCloud remedy system developments and associated project work, as well as stage one testing for the Pension Dashboard ahead of the October 2025 connection deadline. We continue to strengthen employer engagement through performance reporting aligned with the revised Pension Administration Strategy. These initiatives ensure the service remains agile, compliant, and future-ready.

## 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 2025. The first section sets out the income received in contributions from employers and employees, and the expenditure on pension benefit payments. The Fund Account then shows the cost of managing the Fund followed by the income received from the Fund's 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 £183 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 subsequent notes.

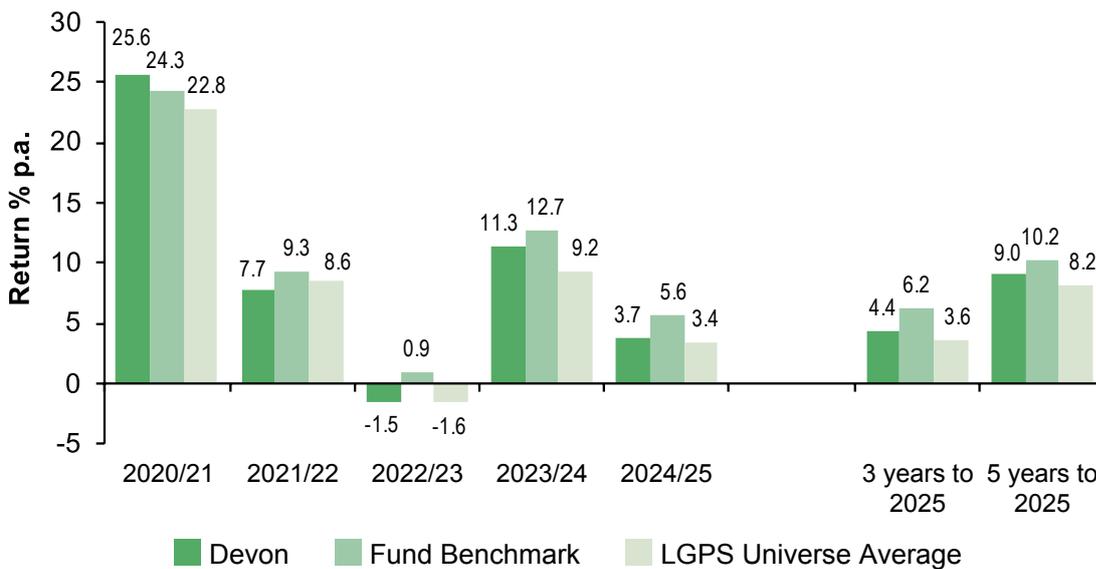
## Investment Performance

As indicated above, the asset value of the Fund at the end of the 2024/25 financial year was £6.1 billion. This represented an investment return of 3.7% net of fees, compared with the Fund’s internally set strategic benchmark target of +5.6%. 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.

Despite the underperformance against benchmark, the Devon Fund’s returns were ahead of the LGPS Universe Average over 2024/25 and over the 3 and 5 year periods.

The following chart presents the investment returns achieved by the Devon Fund compared to the Fund’s benchmark and the LGPS Universe average 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.

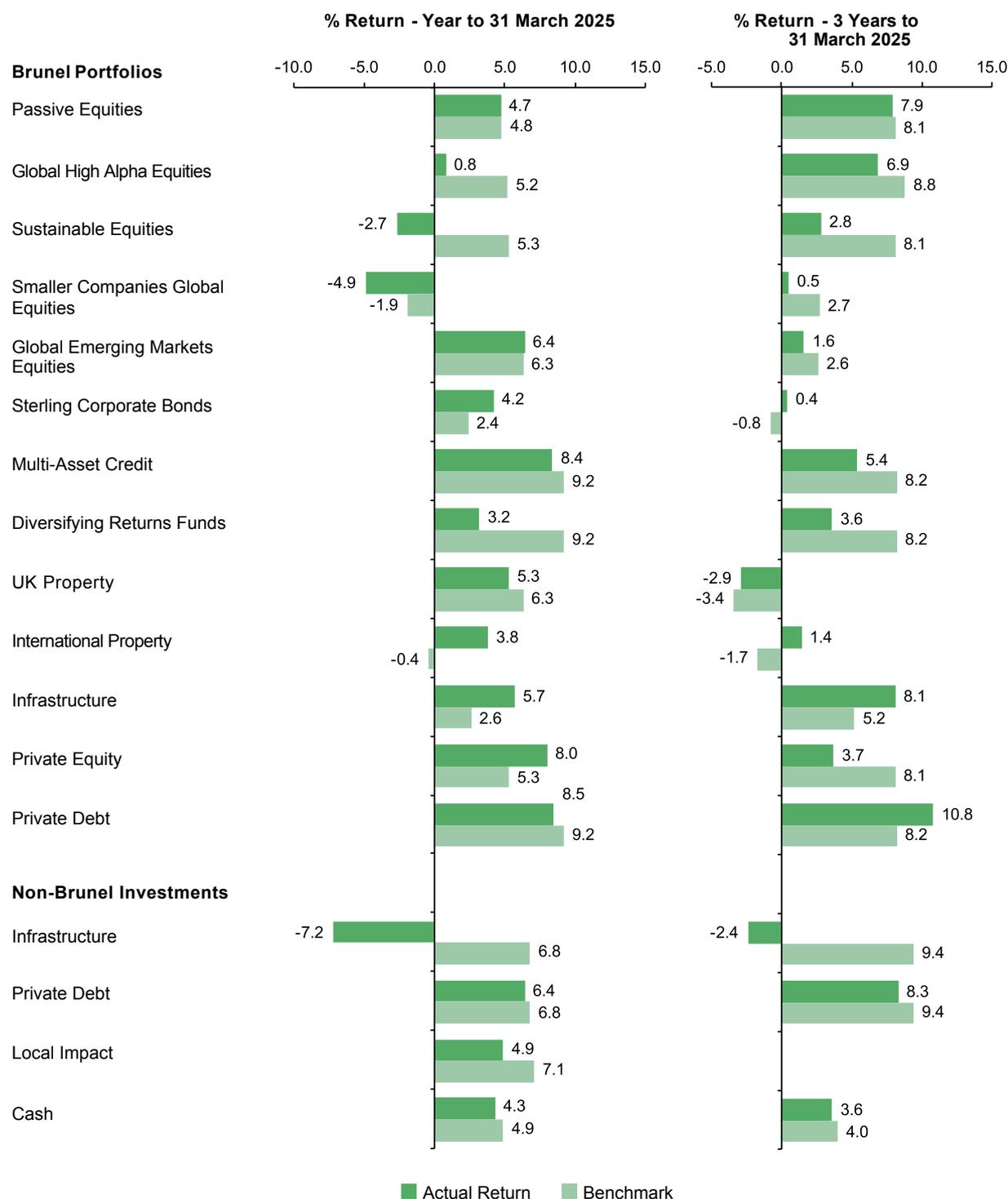
### Investment Performance



The active equity portfolios were the main reason for the under-performance against benchmark during 2024/25, with only the Emerging Markets portfolio performing better than its benchmark index, while the Sustainable Equities, Global High Alpha and Smaller Companies portfolios all underperformed. As in the previous year, global market returns were driven by the large technology companies. An underweight allocation to those companies account for the majority of the underperformance.

Performance over the last year and three years broken down by portfolio is shown in the following chart. The Local Impact portfolio has been in existence for less than two years, so does not yet have a three year track record.

### Annual Performance 2024/25 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.

At the end of December 2024, a funding update provided by the Fund Actuary, based on rolling forward the data from the 2022 valuation, updating it for subsequent investment returns, pension and salary increases, and revised assumptions on future investment returns, suggested that the funding level had improved to just over 100%.

Work on the next scheduled triennial valuation, as at 31 March 2025, is now underway. The 2025 valuation will comprise a more detailed analysis and updating of the Fund's liabilities, based on revised data as at 31 March 2025 and revised assumptions. The valuation has to be carried out in a way that ensures the solvency of the Fund and achieves long term cost efficiency in setting contribution levels to reduce the deficit in the funding position. The Fund will have an ongoing dialogue with employers over the valuation period to ensure that any concerns they have about future contribution levels are addressed.

## Asset Allocation

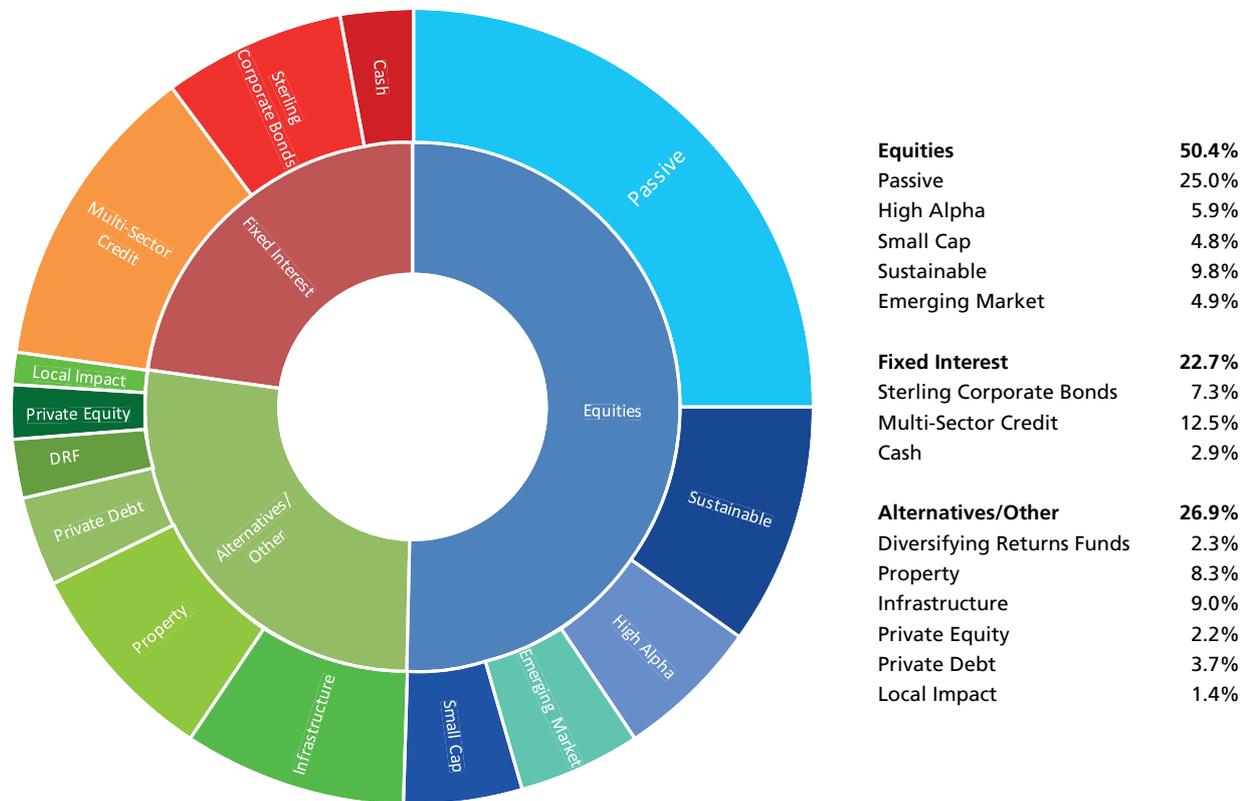
The Investment and Pension Fund Committee is charged with the responsibility for governance and stewardship of the Fund and making decisions about strategic asset allocation policy.

During 2024/25, the asset allocation strategy targeted an allocation of 50% to Equities, 20% to Fixed Interest and 30% to Alternatives/Other. No changes to the target allocations were made during the year, but a review of the Fund's investment strategy by investment consultants Redington will result in revised target allocations for 2025/26. This will reduce the Fund's allocation to equities, with a new allocation to index-linked gilts designed to reduce risk whilst still achieving the required level of investment return.

Progress has continued on the Local Impact Fund launched in 2023/24, with commitments now made to five funds that will benefit Devon and the wider South West through the provision of affordable housing, renewable energy infrastructure and support to local businesses. It will take time for the investment to be fully deployed as the fund managers concerned identify suitable opportunities to invest in.

The Fund's actual asset allocation as at 31 March 2025 is shown in the following chart:

**Actual Asset Allocation as at 31 March 2025**



A comparison of the actual allocation as at 31 March 2025 with the Fund's target allocation for 2024/25 is shown in the following table:

### Actual Asset Allocation Compared to Target

	as at 31 March 2024		as at 31 March 2025		
	Target allocation %	Actual allocation %	Target allocation %	Actual allocation %	Variation from Target %
Sterling Corporate Bonds	7.0	7.3	7.0	7.3	
Multi-Sector Credit	12.0	12.0	12.0	12.5	
Cash	1.0	2.1	1.0	2.9	
<b>Total Fixed Interest</b>	<b>20.0</b>	<b>21.4</b>	<b>20.0</b>	<b>22.7</b>	<b>+2.7</b>
Passive Equities	25.0	27.0	25.0	25.0	
Active Global Equities	5.0	6.1	5.0	5.9	
Active Small Cap Equities	5.0	5.2	5.0	4.8	
Active Sustainable Equities	10.0	10.4	10.0	9.8	
Active Emerging Markets Equities	5.0	4.8	5.0	4.9	
<b>Total Equities</b>	<b>50.0</b>	<b>53.5</b>	<b>50.0</b>	<b>50.4</b>	<b>+0.4</b>
Diversified Growth Funds	3.0	2.4	-	2.3	
Property	10.0	7.8	10.0	8.3	
Infrastructure	9.0	9.1	9.0	9.0	
Private Equity	3.0	1.4	4.0	2.2	
Private Debt	4.0	3.4	4.0	3.7	
Local Impact	1.0	1.0	3.0	1.4	
<b>Total Alternatives/Other</b>	<b>30.0</b>	<b>25.1</b>	<b>30.0</b>	<b>26.9</b>	<b>-3.1</b>

## Conclusion

2024/25 saw the Fund make steady progress, moderated by equity market falls in the second half of March. While some of our investment portfolios have underperformed their benchmarks, our investment return is ahead of the LGPS Universe average across the last year and over 3 and 5 year periods. The Fund is in a healthy position, which we are confident will be confirmed by the outcome of the 2025 Triennial Actuarial Valuation.

While the future management of our investments is uncertain, resulting from the Government's "Fit for the Future" proposals, we will seek to navigate the requirement to join with another LGPS pool in a way that minimises transition costs and retains many of the positives that we have achieved through the Brunel Pension Partnership.

Peninsula Pensions, the shared service that administers pension benefits for both the Devon and Somerset Pension Funds, continues to perform well and receives regular compliments from our Pension Fund members. 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  
25th June 2025

# Market Commentary from the Independent Investment Advisor

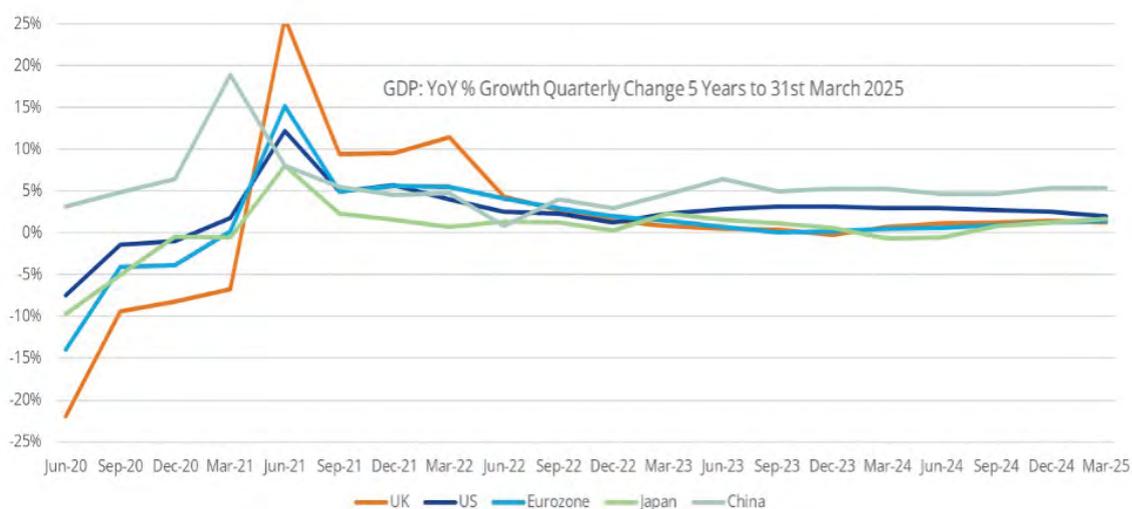
## Economic Background

Over the financial year ended 31st March 2025 the global economy was weaker than expected at the start of the year as core inflation remained sticky and the pace of interest rate cuts was slower than expected. Just as last year the US delivered the highest rate of growth in the developed economies and Japan the weakest, with Europe and the UK in the middle. China managed to deliver a strong +5% growth rate despite the sluggish domestic economy predominantly caused by the weakness of the property market.

Nearly all the good news on growth was delivered in first nine months of the year. In particular, the US economy that had been growing at around +3% in the summer of 2024, had slowed to +2.1% by December and by the final quarter of the financial year US economic growth was -0.2%, the same as Japan's.

The final quarter of the financial year was marked by a reversal of the optimism created by President Trump's re-election to the White House and the Republican clean sweep in both Houses of Congress. Following his inauguration Mr Trump wasted no time in issuing many executive orders, with the principal aim of swamping other parts of the US government system and preventing it carrying out appropriate governance and due diligence. Despite this "Blitzkrieg" of executive orders, inconsistent and disruptive policy announcements, equity markets were remarkably calm until Mr Trump announced unilateral 25% tariffs on all imports from Canada and Mexico, adding 10% tariffs to energy imports and imposing new additional 10% tariffs on goods imported from China.

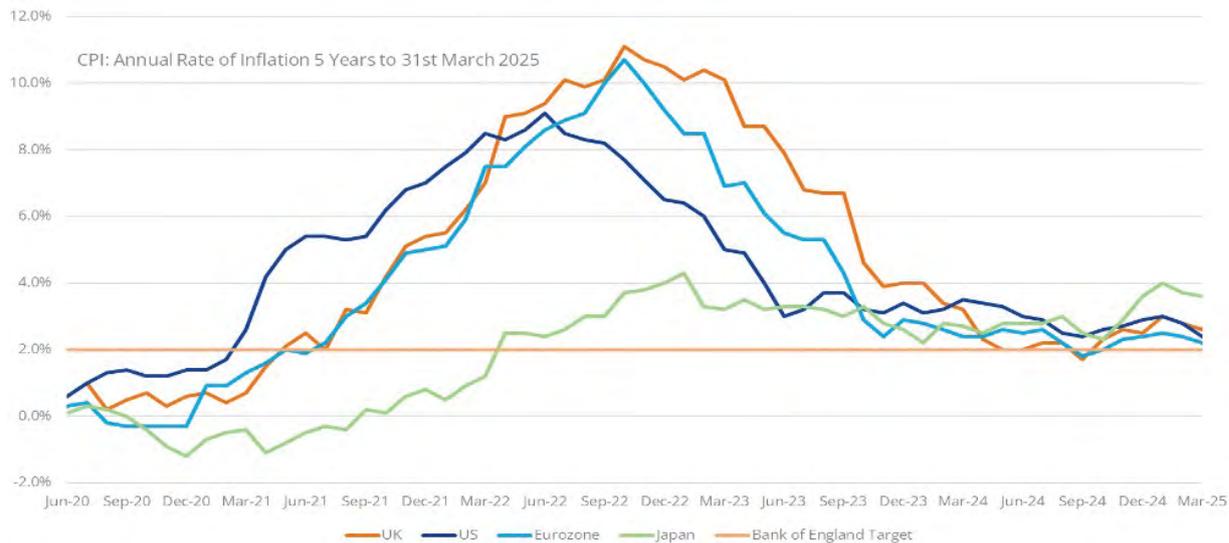
**Chart 1: GDP growth, quarterly % change** (Source: Bloomberg.)



Once again, the dominant macro-economic factor of the financial year remained higher and more persistent inflation than expected. Headline Inflation troughed in the summer of 2024 but by the end of the financial year it had bounced and remained above target. Tight labour markets and strong wage growth has kept core inflation rates much higher, making it difficult for central banks to cut rates. In the US the imposition of trade tariffs and a new migrant policy are likely to make this worse even if the economy slows. In the UK, increases in the energy price cap and increased employer taxes are likely to keep inflation higher.

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

(Source: Bloomberg.)



## Central Banks

During the financial year, central bank interest rate policy decisions started to diverge. The most aggressive cuts have come from the ECB which has delivered five 0.25% reductions in rates. The official rate ended the year at 2.5% and is expected to fall further over the next year as eurozone inflation appears to be under control.

Despite the weakness of the economy the Bank of England has been more cautious due to stubborn services price inflation, but has cut rates by 0.25% three times, the base rate is now 4.5%. Further rate cuts have been made more difficult by increased taxes and energy prices.

The Peoples Bank of China (PBoC) cut their key 1 year and the 5-year lending rates to record lows in September 2024 and announced other monetary and fiscal policy changes to help boost the recovery of the sluggish domestic economy. They also announced that they will further ease policy as required to stimulate growth and offset the impact of any new trade tariffs from the US.

Over the year the US Fed cut rates by 1% from 5.5% to 4.5% in December 2024, but since then it has not joined with the BoE and ECB in cutting rates further. It has adopted a wait and see approach to further policy changes, as employment remains strong and inflation expectations have increased following the election of Mr Trump.

Perhaps the most significant change to monetary policy came from the Bank of Japan (BoJ) which raised their overnight interest rate from 0.0% to +0.25% in August 2024 and followed that up with another rate increase in January to +0.5%. The change in August last year marked the end of more than 30 years of Zero interest rate policy by the BoJ. It comes on the back of the decision made in the previous financial year to start to phase out their bond purchase (QE) operations. At their recent meeting, they decided not to increase rates because of increased uncertainty, but did confirm they will further decrease purchases of Japanese government bonds this year and next. This indicates to me that further tightening of monetary policy can be expected. I would not be surprised to see rates increased to 1% over the coming year. I am concerned that the change in policy could also impact the global flow of capital, as borrowing in Japanese yen and investing elsewhere is no longer without cost.

## Market Returns

As can be seen in table 1 below, in contrast to the 2024 financial year Global equities only delivered a return of +5.5% in the 2025 financial year, with the UK and emerging equity markets performing strongly by comparison. Also, in a reversal of last year's performance the Japanese equity market delivered a negative return.

In contrast to the first 9 months of the financial year where equity returns had been reasonably strong, the final quarter of the period under review saw marked negative returns. Market volatility and mixed returns has been a feature of the markets since the summer of 2024, following the decision by the Bank of Japan to increase interest rates above zero and the final throes of the US election campaign. In mid-January equity markets were rocked by the shock revelation that China's DeepSeek can do searches as fast as US AI, but with lower energy usage. This was quickly followed by the decision of President Trump to impose significant new trade tariffs on Canada and Mexico, the USA's largest trading partners. These events have both called into question the exceptionalism of the US equity market and the "Mag 7" US Tech stocks. The trade tariffs raised fears of the magnitude of the new tariffs Mr Trump was expected to announce on goods imported from the rest of the world in April.

UK Government bond markets continued to deliver negative returns, with the highly interest rate sensitive UK index linked Gilt market achieving a third year of negative returns as real rates continued to increase and yield curves steepened. 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 2025.

### % Total return dividends reinvested in GBP terms

	MARKET RETURNS	
	Period end 31st March 2025	
	3 months	12 months
Global equity - FTSE – All World	-4.0	+5.5
FTSE Regional indices		
UK All Share	+4.5	+10.5
USA	-6.9	+6.3
Europe ex UK	+7.6	+3.8
Japan	-2.1	-3.4
Emerging	-0.8	+10.1
UK Gilts - Conventional All Stocks	+0.6	-1.2
UK Gilts - Index Linked All Stocks	-1.4	-8.0
UK Corporate bonds*	+0.5	+2.3
Overseas Government Bonds**	+1.1	+3.1
UK Property quarterly^	+1.9	+6.6
Sterling 7 day SONIA	+1.2	+5.0

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

UK properties benefited from their re-rated higher yield and an improved demand and supply dynamic. Private market assets (not represented in the table below) also experienced better returns. While the returns of the Fund's portfolio of assets were mixed, Private Equity and Debt both delivered good absolute returns as did the new Local Impact Portfolio.

As noted in the County Treasurer's report the Devon Pension Fund achieved a return of +3.7% net of fees, compared to +5.6% the strategic benchmark in the year to 31st March 2025. Over three years the Fund has achieved a net return of +4.4% per annum compared to the benchmark return of +6.2%. A more detailed analysis of the Fund's performance is contained in that report.

## Economic and Market Outlook

The global economic outlook has been clouded by the actions of the new US President. His approach to international diplomacy and policy on trade tariffs has the potential to slow economic growth and increase inflation. But his outspoken rhetoric and inconsistent implementation is probably the biggest problem for companies and individuals trying to assess the risk of their next investment or purchase decision. As a result, positive economic sentiment about the future is being sapped away and a negative outlook could become entrenched, increasing the risk of no growth and even a recession later in the year. Consensus economic forecasts for growth in 2025 have been revised lower and leading indicators of growth have also fallen as the initial economic growth optimism of a new Trump presidency has faded.

US economic data shows signs of a slowing economy, with first quarter GDP data negative and forward looking composite purchasing managers indices (PMI's) falling. Business expectations and consumer sentiment indices have fallen to levels last seen during the pandemic. The shock to confidence and uncertainty created by the new Administration is postponing investment and spending decisions, increasing the risk of a US recession later in the year.

In the UK, composite PMI's also showed a deterioration in economic momentum and moved closer to contractionary territory, with both global and domestic headwinds arising from a combination of trade uncertainty and higher domestic taxes. The surprise announcement of a trade deal with the US and India has done little to improve confidence in the economic outlook.

Growth prospects in the eurozone were more mixed, while leading indicators were also weaker, because the US announced a 10% tariff for all European goods and 25% on autos. German manufacturing is being supported by lower energy prices and the new Government's decision to significantly increase its fiscal spending on Infrastructure and Defence. Eurozone consumer confidence fell, confirming that trade tensions and the unresolved conflict in Ukraine are weighing on economic sentiment. In an attempt to create better conditions for trade negotiations with the US the European Union decided to suspend its retaliatory tariffs on US steel and aluminium imports.

Just as the economic outlook has been clouded by the new US President so has the outlook for markets. Going forward central banks will have a much more difficult environment to navigate. If the new US Administration sticks to its new trade policies, even if diluted, growth is expected to be lower and inflation higher, making it more difficult to respond with lower interest rates. The new tax policies are not positive for markets either potentially leading to higher deficits and US government bond yields. However, for a long-term investor the current level of yields and the extra yield available from non-government bonds may still be attractive compared to a couple of years ago, especially if equity returns are lower and volatility higher.

Within equity markets, the US remains expensive relative to the rest of the world. With US exceptionalism, the value of the US dollar beginning to be questioned, and the new policy approach of the US Administration, investors may look elsewhere for strong equity market returns.

**Anthony Fletcher, 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 2024/25 are detailed below:**

## **Review of the internal audit reports for 2024/25 and the Internal Audit Plan.**

The board monitored completion of internal audits as agreed in the Audit plan and also the completion of recommended actions arising from such audits. For example, the Board were concerned about the risks related to cyber security following a previous audit report that showed that there was only limited assurance that effective controls were in place. Additional measures put in place by Peninsula Pensions provided an increased level of assurance to the satisfaction of the Board.

## **Devon Pension Fund Risk Register.**

During 2024/25, the Pension Board have reviewed the Risk Register at every board meeting and discussed various risks with officers including possible future risks that are being monitored.

## **Pension fund governance.**

The Board considered reports covering contribution monitoring that is undertaken by officers throughout the year. The governance monitoring was extended through the year to include employer performance on the provision of timely administration data.

## **The Pension Regulator Code of Practice .**

The board considered a report from officers on their assessment of the Fund's compliance with the new regulator code of practice. This is an ongoing piece of work which will continue into 2025/26.

## **Minutes from Investment & Pension Fund Committee meetings.**

The Board reviewed each set of minutes from the Investment & Pension Fund Committee meetings held during 2024/25 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 targets 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 2024/25

Name	Date Appointed	Date Left	Meetings Attended
<b>Employer Representatives</b>			
Cllr Colin Slade (Chairman)	Sept 2018		4 (of 4)
Cllr Sara Randall Johnson	May 2016		4 (of 4)
Carl Hearn	May 2015		2 (of 4)
Dominic Walshe	May 2022		4 (of 4)
<b>Scheme Member Representatives</b>			
Ian Arrow	June 2023		4 (of 4)
Andy Bowman	May 2015		4 (of 4)
Alistair Macintosh	June 2024		2 (of 3)
Helen Pennack	June 2024		2 (of 3)
Paul Phillips	Aug 2017	June 2024	1 (of 1)
<b>Independent Non-Voting Member</b>			
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 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)
<b>Net costs / (realised savings)</b>	<b>6,150</b>	<b>(3,275)</b>	<b>(3,565)</b>	<b>(3,919)</b>	<b>(4,298)</b>	<b>(5,109)</b>	<b>(92,984)</b>	<b>(107,000)</b>

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 2025 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	3,117,174	0	3,117,174
Bonds	1,219,274	0	1,219,274
Property	476,994	0	476,994
Diversified Growth Funds	143,818	0	143,818
Private Equity	135,772	0	135,772
Private Debt	147,116	77,756	224,872
Infrastructure	474,229	159,104	633,333
Derivatives	225	-	225
Cash and net current assets	5,212	153,777	158,989
Other	750	-	750
<b>Total</b>	<b>5,720,564</b>	<b>390,637</b>	<b>6,111,201</b>
<b>Percentage</b>	<b>93.6%</b>	<b>6.4%</b>	

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. 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 2025, the Fund was holding more cash than the target allocation, given interest rates of around 4%, 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 2024/25 are set out in the following table.

### Investment Fee Savings from Pooling 2024/25

Portfolio	Value in Original Business case (31 March 2016)	Value at 31 March 2025	Price variance	Quantity variance	Total saving / (cost)
	£'000	£'000	£'000	£'000	£'000
Global Paris Aligned Passive Equities	-	1,534,525	403	(764)	(361)
Global High Alpha Equities	174,215	360,771	235	(777)	(542)
Emerging Market Equities	136,970	298,891	820	(1,125)	(305)
Global Smaller Companies Equities	167,771	293,343	2,004	(1,668)	336
Sustainable Equities	-	598,556	1,166	(3,090)	(1,924)
Multi-Asset Credit	106,300	768,838	1,599	(2,875)	(1,276)
Investment Grade Bonds	295,938	450,436	521	(338)	183
Diversifying Returns Funds	486,079	143,818	241	1,614	1,855
Property	366,555	509,864	1,510	(1,044)	466
Infrastructure	139,374	478,634	2,939	(3,133)	(194)
Private Equity	-	135,772	594	(2,501)	(1,907)
Private Debt	-	147,116	2,528	(4,983)	(2,455)
			<b>14,560</b>	<b>(20,684)</b>	<b>(6,124)</b>

This analysis shows the fee savings achieved for the assets that have transitioned to Brunel portfolios against the fees charged at the time the business case for pooling was prepared in 2016. It therefore ignores fee reductions that were negotiated with incumbent managers between the formulation of the business case and the transition to Brunel. The price variance shows the difference between the fees paid in 2024/25 and those that would have been paid at the previous rates. The quantity variance shows the difference in fees payable as a result of asset growth since the original business case was formulated. Where portfolios were not held by Devon prior to pooling, the saving is based on average fee levels paid by those funds who did hold such portfolios pre-pooling.

A summary of the costs and savings to date compared to the original business case is provided in the following table.

### Expected v. Actual Costs and Savings To Date

	2023/24		Cumulative to 31 March 2024		2024/25		Cumulative to 31 March 2025	
	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	930	1,714	4,983	8,823	961	1,848	5,944	10,671
Devon Fund Savings	(89)	(89)	(494)	(488)	(91)	(91)	(585)	(579)
Transition costs	-	-	6,533	6,465	-	-	6,533	6,465
Fee savings	(5,139)	(10,130)	(21,170)	(32,883)	(5,979)	(14,560)	(27,149)	(47,443)
Net costs / (realised savings)	<b>(4,298)</b>	<b>(8,505)</b>	<b>(8,907)</b>	<b>(17,010)</b>	<b>(5,109)</b>	<b>(12,803)</b>	<b>(14,016)</b>	<b>(29,813)</b>

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 £12.8 million during 2024/25. 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.

In November 2024, the Government announced plans to develop further the investment pooling arrangements through its "Fit for the Future" consultation. In parallel with the consultation, the Government required each of the eight LGPS pools to submit a business case stating how it would implement the proposals within the consultation.

Subsequently, the Government concluded that Brunel's proposal did not meet the Government's vision for the future of the LGPS. The Government's view was that the interests of the LGPS would be best met by Brunel Authorities working with another LGPS pool to form a new partnership. The Pension Schemes Bill would include the power for the Secretary of State to give a direction to a scheme manager requiring the manager to participate in an asset pool company specified in the direction, or to cease to participate in an asset pool company so specified.

The Government's decision is very disappointing. The Brunel Pension Partnership has been one of the more successful pools since the establishment of pooling, with a higher proportion of client investments pooled than all but one of the other pools, and a strong working relationship between the participating funds. The Devon Fund, along with its Brunel partners, now faces a period of uncertainty until new investment pooling arrangements are agreed and established.

## UK Investment and Local Impact

In the previous 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 2025

	Assets Pooled	Assets Not Pooled	Total Assets
	£'000	£'000	£'000
UK Listed Equities	116,760	0	116,760
UK Government Bonds	526	0	526
UK Infrastructure	76,897	141,230	218,127
UK Private Equity	10,765	0	10,765
	<b>204,948</b>	<b>141,230</b>	<b>346,178</b>

Both the previous and the current Government have also put a new emphasis on LGPS funds making local investments to support local or UK growth. The previous Government had 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 would support "levelling up". The current Government's "Fit for the Future" proposals for the LGPS have proposed to require local funds to liaise with mayoral combined authorities, and where those don't yet exist with local authorities to identify suitable local projects for investment

The Investment and Pension Fund resolved at their meeting in June 2023 to allocate 3% of the Devon 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.

The Local Impact Portfolio has now been fully committed to five funds. These include two funds that will invest across the South West, and three investments in UK-wide funds but with the restriction that 50% of the investment must be in co-investment opportunities to invest in assets in Devon. The investments made are set out in the following table.

### Local Impact Investments as at 31 March 2025

Fund	Commitment £'000	Value of Investment to Date £'000	Focus of Investment
Greencoat Wessex Gardens	60,000	42,709	South West
Quinbrook Renewables Impact Fund	40,000	22,157	50% UK; 50% Devon
Gresham House Residential Income Fund	40,000	8,123	50% UK; 50% Devon
Octopus Affordable Housing Fund	40,000	5,393	50% UK; 50% Devon
Foresight Regional Development Fund VII	40,000	5,310	South West
<b>TOTAL</b>	<b>220,000</b>	<b>83,692</b>	

Further details of the Local Impact Portfolio investments are provided below:

**Greencoat Wessex Garden Fund** - The Wessex Gardens Fund was set up to invest in renewable energy infrastructure across the South West. An initial investment was made in a portfolio of 17 solar farms located predominantly across the South West, with a combined capacity of 196.4 MWp. Greencoat are now looking to diversify the fund into a wider range of renewable infrastructure, with the next investment likely to be in battery storage.

**Quinbrook Renewables Impact Fund** - The Quinbrook Fund is a UK-wide fund. The Devon Fund has committed £20 million to be invested in the UK-wide fund, with a further £20 million to be used to co-invest in opportunities within Devon. Construction work on a battery storage asset within Devon is due to commence within the next 2 years, dependent on securing a grid connection. The majority of the UK-wide element of the investment has already been invested in six individual assets including solar and synchronous condensers.

**Gresham House Residential Income Fund** - £40 million has been committed to the UK fund, with the condition that half the investment can only be drawn to fund projects within Devon. Gresham are investing in 40 new shared ownership homes in Exmouth. The homes will be built by 3West Group and are set for completion in 2025 and 2026. They have also acquired 5 new homes in Exeter and 7 in Cullompton.

**Octopus Affordable Housing Fund** - £20 million has been committed to Octopus's UK-wide fund with a further £20 million commitment to co-investment opportunities in Devon. The fund will invest predominantly on housing for rent, with a focus on net zero homes to reduce energy costs for residents. Octopus are investing in affordable homes in Pinhoe, Exeter, and in Bideford and Northam.

**Foresight Regional Investment Fund** – Foresight's fund is designed to support business growth in the South West, An initial £5 million has been invested out of a total commitment by the Devon Fund of £40 million. This will fund the expansion of the Family Adventures Group, to open new nursery provision in Somerset. Foresight have opened offices in Bristol and Exeter. A launch event for the fund was held during March 2025, attended by Councillor James Morrish, Chair of the Devon County Council Investment and Pension Fund Committee.

Following the review of the Fund's strategic asset allocation by Redington during January/February 2025, the medium term aspiration is to increase the allocation to Local Impact from 3% to 5%. However, the increase has been put on hold until the Fund's future pooling arrangements are put in place. It will then be the responsibility of the pool company to identify appropriate investments.



Councillor James Morrish and the Foresight team at the launch of the Foresight South West Regional Development Fund.

## Cost Transparency – Investment Management Costs

Direct investment management fees and transaction costs are included in note 11 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 2024/25, together with the comparator figures for 2023/24. 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 2024/25

	Brunel Asset Pool				Non Asset Pool			Fund Total		
	Direct £'000	Indirect £'000	Total £'000	bps	Direct £'000	Indirect £'000	Total £'000	bps	£'000	bps
<b>Management Fees</b>										
Ad Valorem	17,678	391	18,069	31.6	3,461	-	3,461	88.6	21,530	35.2
Performance	-	2,152	2,152	3.8	1,593	-	1,593	40.8	3,745	6.1
Research	-	-	-	-	-	-	-	-	-	-
Other Charges	-	6,803	6,803	11.9	-	318	318	8.1	7,121	11.7
<b>Asset Pool Shared Costs</b>	1,848	-	1,848	3.2	-	-	-	-	1,848	3.0
<b>Transaction costs</b>										
Transaction taxes	432	-	432	0.8	-	-	-	-	432	0.7
Broker commission	765	-	765	1.3	-	-	-	-	765	1.3
Implicit costs	-	4,023	4,023	7.0	-	-	-	-	4,023	6.6
Entry/exit charges	903	-	903	1.6	-	-	-	-	903	1.5
Indirect transaction costs	-	980	980	1.7	-	-	-	-	980	1.6
Other transaction costs	84	148	232	0.4	494	94	588	15.1	820	1.3
Anti-dilution offset	-	(547)	(547)	(1.0)	-	-	-	-	(547)	(0.9)
<b>Property Management Costs</b>	-	5,581	5,581	9.8	-	12	12	0.3	5,593	9.2
<b>Custody</b>	6	281	287	0.5	-	10	10	0.3	297	0.5
<b>Other Costs</b>	-	225	225	0.4	20	-	20	0.5	245	0.4
	21,716	20,037	41,753	73.0	5,568	434	6,002	153.6	47,755	78.1

**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
<b>Management Fees</b>										
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
<b>Asset Pool Shared Costs</b>	1,633	-	1,633	3.0	-	-	-	-	1,633	2.8
<b>Transaction costs</b>										
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)
<b>Property Management Costs</b>	-	6,985	6,985	12.7	-	-	-	-	6,985	11.8
<b>Custody</b>	23	283	306	0.6	-	10	10	0.3	316	0.5
<b>Other Costs</b>	-	-	-	-	27	-	27	0.7	27	0.0
	<b>24,116</b>	<b>17,910</b>	<b>42,026</b>	<b>76.1</b>	<b>7,157</b>	<b>489</b>	<b>7,646</b>	<b>201.9</b>	<b>49,672</b>	<b>84.2</b>

The following points are relevant in comparing the Brunel costs with the non-asset pool costs, and in comparing costs between 2023/24 and 2024/25:

- 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 growing maturity of the Brunel private equity portfolios meant that performance fees were chargeable for 2024/25. Performance fees on the non-pooled assets were lower in 2024/25 than the previous year, as a result of the closure of the high performing Igneo European Diversified Infrastructure Funds.
- The net effect was a £1.9 million decrease in the absolute value of investment management costs, and a small reduction in cost as a proportion of the Fund value from 84.2 basis points (0.842%) to 78.1 basis points (0.781%).

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

**Ad Valorem 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.

**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. Four 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 held at Trowbridge in Wiltshire. In addition a seminar was held for Redington to present their review of the Fund's investment strategy. 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 – 15 July 2024**

The Spring Devon Training Day provided the following sessions:

- Market outlook and impact on asset classes
- Liquidity Solutions to manage strategic asset allocation
- The Pensions Regulator Code of Practice
- Pensions for purpose – supporting the sustainable development goals

**Brunel Investor Seminar – 18 September 2024**

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

- Outlook for Private Equity
- Natural Capital investing and managing nature risk
- Driving change through stewardship
- Economic outlook

**Devon Training Day – 8 November 2024**

The Autumn Devon Training Day provided the following sessions:

- LGPS update
- Planning for the 2024/25 Triennial Valuation
- Monitoring Employer Performance
- Reviewing Investment Strategy

**Investment Strategy Seminar – 10 February 2025**

Redington presented their review of the Fund’s strategic asset allocation, which included some training around proposed new asset classes:

- Index Linked Gilts
- Natural Capital
- Liquidity Waterfalls

**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 15 July	Brunel Investor Day 18 Sept	Devon Training Day 8 Nov	Devon SAA Seminar 10 Feb	TPR Self Assessment Completed
<b>Investment and Pension Fund Committee</b>					
Cllr James Morrish	✓				
Cllr Yvonne Atkinson	✓		✓		
Cllr Henry Gent	✓	✓	✓	✓	
Cllr George Gribble					
Cllr Marcus Hartnell					
Cllr Jeff Trail		✓		✓	

Name	Devon Training Day 15 July	Brunel Investor Day 18 Sept	Devon Training Day 8 Nov	Devon SAA Seminar 10 Feb	TPR Self Assessment Completed
<b>Investment and Pension Fund Committee</b>					
Cllr Mark Lowry					
Cllr Martin Brook			✓		
Cllr Phil Bialyk			✓		
Cllr Ray Bloxham	✓		✓	✓	✓
Roberto Franceschini	✓	✓	✓	✓	✓
Lorraine Parker Delaz-Ajete	✓		✓		
Michael Daniell	✓		✓	✓	✓
<b>Devon Pension Board</b>					
Cllr Colin Slade (Chairman)	✓		✓	✓	✓
Cllr Sara Randall Johnson	✓		✓	✓	✓
Carl Hearn	✓	✓	✓	✓	✓
Dominic Walshe	✓		✓	✓	✓
Ian Arrow	✓	✓	✓	✓	✓
Andrew Bowman	✓		✓	✓	✓
Alistair MacIntosh	✓		✓	✓	✓
Helen Pennack	✓		✓	✓	✓
Paul Phillips	N/A	N/A	N/A	N/A	✓
Rob Jeanes	✓	✓	✓		✓

# 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 2024/25 financial year is shown in the table below.

Description of Risk and Potential Impact	Mitigating Controls
<p>Reduction in market value of investments due to a market crash or poor performance of the investment strategy resulting in:</p> <ul style="list-style-type: none"> <li>• Financial loss.</li> <li>• Increased employer contribution costs.</li> <li>• Insufficient funds available to meet future obligations.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• External review of the Fund’s investment strategy is commissioned at minimum every three years. The last review was undertaken by Redington who presented their review to the Investment and Pension Fund Committee in March 2025.</li> <li>• The Fund’s investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets.</li> </ul>

Description of Risk and Potential Impact	Mitigating Controls
	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The funding level is updated on a quarterly basis based on a roll forward of the Triennial valuation data and subsequent investment returns, pension and salary increases and reported to the Pensions committee.</li> </ul>
<p>Pay and price inflation are higher than anticipated.</p> <ul style="list-style-type: none"> <li>• An increase in liabilities which exceeds the previous valuation estimate.</li> </ul>	<ul style="list-style-type: none"> <li>• The triennial actuarial valuation review focuses on the real returns on assets, net price and pay increases.</li> <li>• 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.</li> <li>• The Fund is increasing its target allocation to investments in infrastructure funds with inflation linked returns, to act as a hedge against inflation increases.</li> <li>• Inflation risk was addressed in the strategic reviewed undertaken by Redington which was presented to the Investment and Pension Fund committee in February 2025. Following the review a new 5% allocation to Index Linked Gilts was agreed to increase the inflation protection.</li> <li>• Internal Audit on inflation risk completed Q4 2023/24 with substantial assurance.</li> </ul>
<p>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:</p> <ul style="list-style-type: none"> <li>• Poor Fund performance/financial loss.</li> <li>• Increased employer contribution costs.</li> </ul>	<ul style="list-style-type: none"> <li>• The Investment Strategy is set in accordance with LGPS investment regulations and takes into account the Fund's Liabilities</li> <li>• The Investment Strategy is reviewed, approved and documented by the Investment and Pension Fund Committee.</li> <li>• DCC employ an external investment advisor who provides specialist guidance to the Investment and Pension Fund Committee regarding the investment strategy.</li> <li>• 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</li> <li>• Members and Officers are encouraged to challenge advice and guidance received when necessary.</li> <li>• An induction session and pack will be provided for new members of the Committee and Board.</li> </ul>

Description of Risk and Potential Impact	Mitigating Controls
<p>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:</p> <ul style="list-style-type: none"> <li>• Financial loss and/or failure to meet return expectations.</li> <li>• Increased employer contribution costs.</li> <li>• Reputational damage.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• The Devon Fund will undertake an annual assessment of the carbon footprint of its investments.</li> <li>• The Devon Fund requires its non-Brunel investment managers (Infrastructure and Private Debt) to take climate change risks into account and report back regularly.</li> <li>• 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.</li> </ul>
<p>Inadequate risk management policies on Environmental, Social and Governance Issues. Lack of awareness/training. Resulting in:</p> <ul style="list-style-type: none"> <li>• Financial loss.</li> <li>• Damage to reputation.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• The Fund is accredited by the FRC as a signatory to the UK Stewardship Code.</li> </ul>

Description of Risk and Potential Impact	Mitigating Controls
<p>Cyber Attack results in loss of access to key systems, and as a result:</p> <ul style="list-style-type: none"> <li>• The fund cannot continue to operate and deliver its propriety services following a disaster, IT incident or data loss scenario.</li> <li>• Loss/disclosure of Sensitive Data/ Information.</li> <li>• Financial costs from legal action.</li> </ul>	<ul style="list-style-type: none"> <li>• All staff have completed mandatory cyber security training.</li> <li>• 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.</li> <li>• Supplier Contract management - Business Continuity Plan in place as well as incident response plans, penetration testing which are all tested annually.</li> <li>• Brunel’s cyber security arrangements have been audited by Deloitte which came back positive.</li> <li>• 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.</li> </ul>
<p>Departure or non-availability of staff who hold key knowledge. Breakdown in internal processes and service delivery resulting in:</p> <ul style="list-style-type: none"> <li>• Financial Loss due to costs of obtaining resource, or delays/ inefficiencies in existing processes.</li> <li>• Reputation Damage.</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge of all tasks are shared by at least two team members and can in addition be covered by senior staff.</li> <li>• Training requirements are set out in job descriptions.</li> <li>• The Training and Technical team have created training and procedure notes for the team covering all major processes. These will help to ensure consistency across the teams and will assist with the training of new recruits. Training notes are kept under review and updated as and when new regulations come into effect.</li> </ul>
<p>Failure of employing authorities to provide timely and accurate member data resulting in:</p> <ul style="list-style-type: none"> <li>• Incorrect benefit calculations.</li> <li>• Financial Loss due to compensation to members.</li> <li>• Delays to payments.</li> <li>• Additional work to request and correct information.</li> </ul>	<ul style="list-style-type: none"> <li>• Pension Administration Strategy (PAS) in place since April 2015. Revised 2020 and March 2024 to include schedule of fees relating to employer underperformance.. Employer duties are clearly identified in the PAS. Ability to fine employers is provided for in PAS and LGPS regulations.</li> <li>• Employing authorities are contacted for outstanding information when it is identified that information is missing or contains errors.</li> <li>• Outstanding data queries are passed to Employer and Communications Team to monitor.</li> <li>• Guidance available on website.</li> <li>• Individual employer meetings include review of employer performance.</li> <li>• An Employer and Communications team is now in place. The team will consider employer performance and take action to address any issues, as required.</li> </ul>

Description of Risk and Potential Impact	Mitigating Controls
<p>Pensions Systems failure due to connection issues, supplier fault or cyber attack resulting in:</p> <ul style="list-style-type: none"> <li>• Loss of sensitive data.</li> <li>• Reputation risk.</li> <li>• Financial loss arising from legal action.</li> </ul>	<ul style="list-style-type: none"> <li>• The system is backed-up daily. System is hosted by Heywoods.</li> <li>• A full disaster recovery plan and Business Continuity Plan is in place and tested/updated annually.</li> <li>• Supplier management – Business Continuity Plan in place, along with incidence response plans, penetration testing and an annual disaster recovery test. In addition other documentation is provided with assurances of most recent UKAS certified body ISO (currently 27001) / cyber essentials / SOC2 compliance.</li> </ul>

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 Assurance 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 2024/25, and the opinions provided, are summarised in the following table.

**Internal Audit Coverage 2024/25**

Audit Risk Areas	Stage	Level of Assurance
Communications Policy and Compliance	DPF	Substantial Assurance
HMRC Reports	PP	Substantial Assurance
Private Market Accounts Reconciliation	DPF	Reasonable Assurance
Data Quality Control and Assurance	PP	Reasonable Assurance
McCloud	PP	Substantial Assurance
Pension Administration Strategy	PP	Substantial Assurance
Data Quality - Employer Interface	PP	Limited Assurance
Local Impact Portfolio	DPF	Substantial Assurance
Good Governance Review (replaced by Local Impact Portfolio)	DPF	Deferred

**Key – DPF = Devon Pension Fund    PP = Peninsula Pensions**

The Devon Assurance 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 Assurance Partnership also maintain records of progress against agreed actions.

All audits resulted in substantial or reasonable assurance being provided, apart from the Data Quality – Employer Interface review, where limited assurance was provided. The employer interface audit reviewed a sample of 29 employer data submissions between November 2024 and January 2025, and sought to verify the accuracy of the data through matching back to the original payroll / supporting information from the employers. The review identified that submissions were accurate and fully matched the payroll information for 23 (79%) of the employers. Two employers failed to respond and there were discrepancies with the other 6. Peninsula Pensions will work with the 6 employers concerned to ensure improvements in the data interfaces submitted. A follow up review will be undertaken during 25/26 where further testing will be undertaken on a new sample of employers to assess whether this is a wider issue.

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 2024/25 all internal control reports reviewed were found to 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 2025 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 2023/24. 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 2024/25 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 and voting 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 2024/25 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:

- A focused session with Brunel to discuss concerns about investments in the defence industry, military contracting and the potential human rights implications. Controversial weapons manufacturers are excluded from Brunel investment portfolios, but investments in other military contractors remain. This was set in the context of an unstable world where the UK Government is seeking to increase defence spending to ensure our security.
- The Committee raised concerns that resolutions regarding climate-positive / sustainable investment were not passing at company general meetings. While these resolutions were failing, in many cases they were doing so by smaller margins which has meant that companies have been forced to take more notice of shareholder views. The exception to this has been in the sectors where a significant number of responsible investors have divested their shares to less responsible investors.
- A question around the extent to which Brunel monitors individual assets within the infrastructure funds it holds, particularly in the event that there might be reputational damage from association with problems at an individual company, in addition to the investment risk.

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 Pensions and 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 Redington undertook a climate scenario analysis as part of their review of

the Fund's strategic asset allocation undertaken in early 2025. More detail on that is covered in the Climate Change and Carbon Footprint 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, the 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 consultation undertaken with fund members, 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.

In the past this meeting has been held in the first quarter of the calendar year, but the Investment and Pension Fund Committee decided that from 2025 onwards the meeting should be held in September. This will allow fund members to be given more timely presentations focusing on the outcomes from the financial year ended 31st March. Annual carbon metrics as at 31st December are not generally available until around May, so were often 14 months out of date by the time of the annual consultative meeting, but will now be presented on a more timely basis.

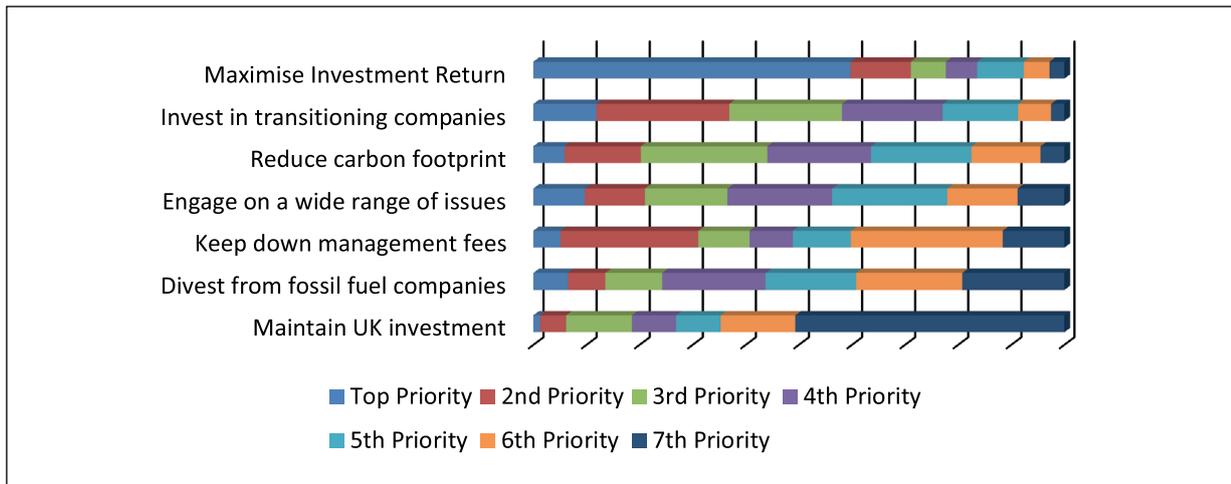
A similar meeting is held annually for fund employers and information is also available on the Fund website: [www.devonpensionfund.org.uk](http://www.devonpensionfund.org.uk)

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 Autumn 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.

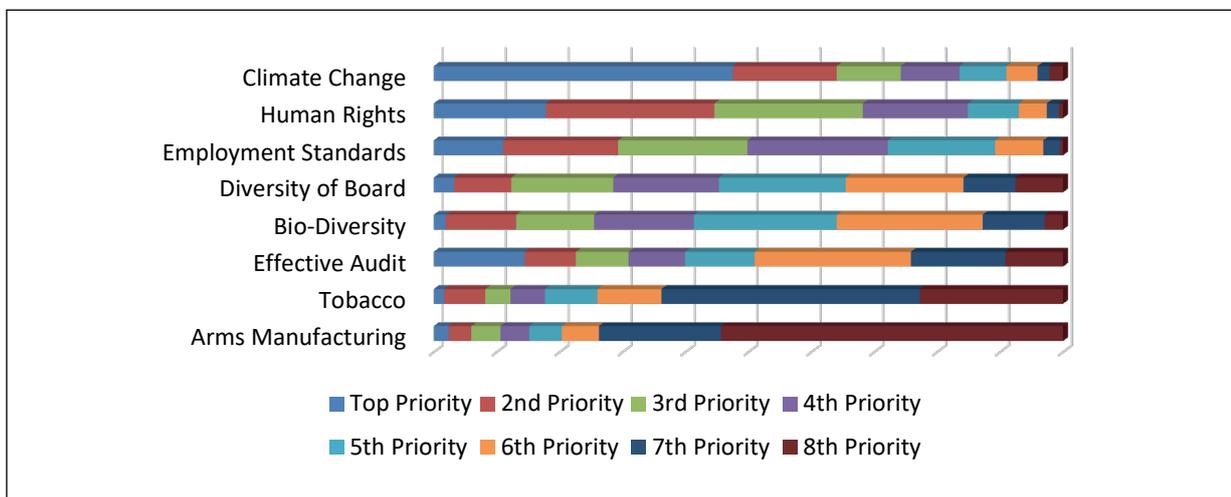
### Pension Fund Member Investment Priorities



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.

The next survey will be undertaken during the autumn of 2025. Given that the 2022 exercise was the first time such a survey had been undertaken by the Fund, lessons were learned that will be applied in drawing up the 2025 survey. The survey will also aim to take into account current world issues and items on which we have received representations from fund members.

### **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 have been 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 2024/25 financial year.

### **Asset Classes**

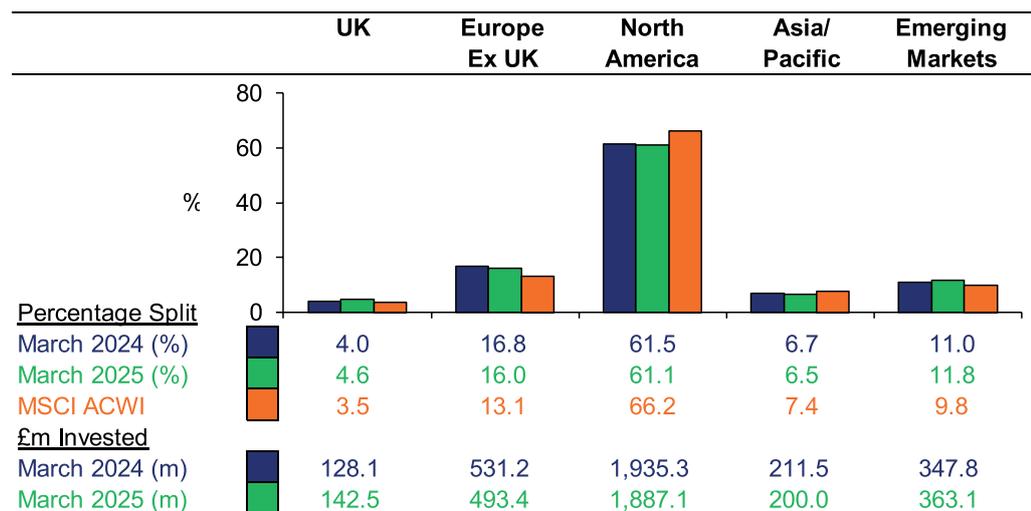
The Fund's investments are split between a number of asset classes. Broadly speaking as at 31 March 2024 50% was invested in equities, 23% in fixed interest, 2% in diversifying returns funds and 25% in private markets (property, infrastructure, private equity and private debt). More details can be found in the Report of the Director of Finance and Public Value on pages 5-10. Stewardship and engagement activity varies between the different 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



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.

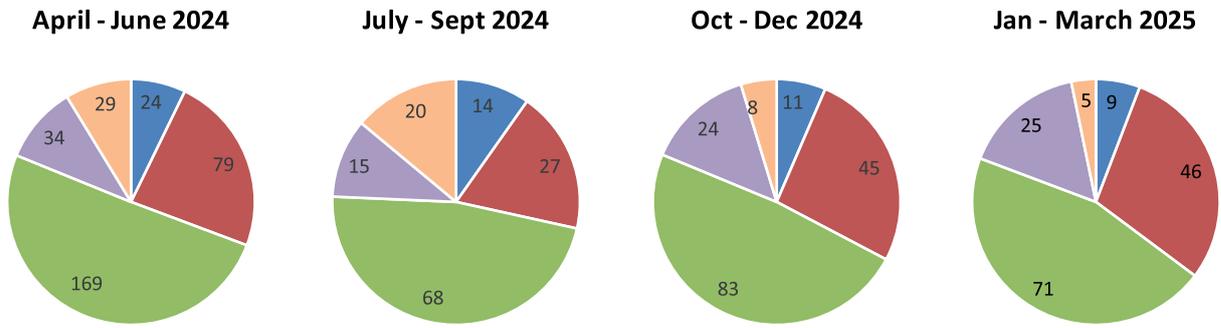
Areas of particular concern to the Devon Fund, which will influence voting and engagement activity include:

- 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.

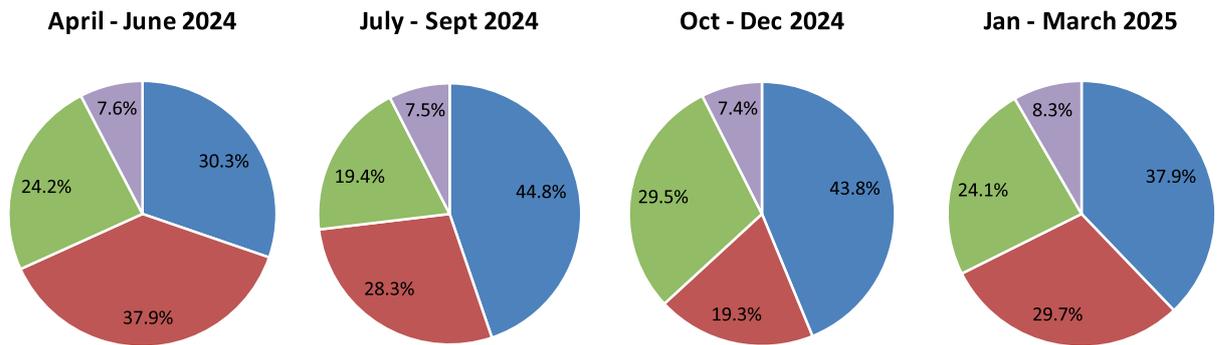
The Devon Fund’s expectation is that engagement should be undertaken by Brunel on behalf of the Devon Fund and Brunel’s other clients, and that their engagement should address the Fund’s priority areas of concern. The Head of Pensions and Investments and the Investment Manager participate regularly in 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**



The Devon Fund expects that Brunel will have a focus on the largest active investments made on behalf of the Fund. The following table shows the areas of engagement with the Devon Fund's largest active equity investments.

### Devon Pension Fund Top Five Active Equity Holdings and how they were engaged on selected themes during 2024

			Taiwan Semi conductor	Microsoft	Mastercard	Amazon	Nvidia
Environmental	Climate Change	GHG emissions reduction	●	●		●	
		Governance and transparency	●		●		
		Climate opportunities				●	
		Physical risk					
	Circular economy and zero pollution	Circular economy and waste				●	
		Pollution					
	Natural resource stewardship	Biodiversity and sustainable food systems	●		●		
Water stress		●	●			●	
Antimicrobial resistance							
Governance	Board effectiveness	Board composition and structure	●				
		Succession and stability	●				
		Board and mgt effectiveness	●				
	Investor protection and rights	Minority protections					
		Basic shareholder rights					
Executive remuneration	Pay design and transparency	●			●		
Social	Human capital	Employment terms and conditions				●	
		DEI and innovation					
		Health, safety and wellbeing	●			●	●
	Wider societal impacts	Conduct and ethics					
		Safe products and services					
		Anti-bribery and corruption					
		Responsible tax practices		●			
	Human and labour rights	Access and affordability					
		Indigenous and community rights					
		Supply chain rights	●			●	●
Digital rights			●		●	●	
High geographic risks					●		
Strategy, risk and communication	Purpose strategy and policies	Business purpose					
		Long-term sustainable strategy					
		Capital allocation					
	Corporate reporting	Audit and accounting					
		Sustainability transparency					
	Risk management	Enterprise risk practices	●				
		Cyber security	●				

More detail of Brunel’s engagement activity can be found in their manager report on pages 83-90, 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

#### **CRH** - (held in Sustainable Equities and Paris Aligned Passive Equities Portfolios).

Cement was agreed as an area of focus by LAPFF members at the business meeting in July 2024. CRH is a building supplies and cement producer and the majority of CRH's sales are cement. Cement accounts for approximately 8% of global greenhouse gas emissions. Cement is a difficult to abate sector and the carbon emissions from the calcium carbonate will require some form of carbon capture and storage ('CCS'). LAPFF met with CRH to discuss its actions towards achieving net zero. The meeting was encouraging. CRH has already been benefiting from cost savings and opportunity from the transition, such as cheaper electricity for kilns and other energy dependent processes. As of 2024 there is no working model of CCS on cement, though Heidelberg cement may have a working site by the end of 2024. CRH's actions to decide on investment in Carbon Capture and Storage won't affect 2030 targets as the working assumption is that CCS won't be used before that date. However, the company's plans are thoughtful and backed by actions and implementation.

#### **Nestle** - (held in Global High Alpha Equities and Paris Aligned Passive Equities Portfolios)

LAPFF attended a roundtable in London with Nestlé Chair Paul Bulcke. LAPFF attends this meeting each year, providing an opportunity to ask questions directly to the chair of the world's largest food and beverage company. . Given the significant role that regenerative agriculture is set to play in Nestlé's net zero strategy, LAPFF asked questions on this topic, focusing on efficiencies and the positive impact the company can have on nature. Nestlé has surpassed its 2025 target for regenerative agriculture, with 21.3% (target of 20%) of key ingredients now sourced from farmers adopting these practices and appears to remain on track to reach 50% by 2030. The company's efforts focus on improving soil health, reducing reliance on synthetic inputs, and supporting farmers in adopting techniques such as cover cropping and precision farming. Through its Nestlé Agriculture Framework, the company continues to provide long-term support, training, and incentives to accelerate the transition to sustainable food systems.

#### **Bank of Nova Scotia, Royal Bank of Canada, and Toronto Dominion** - (all held in Paris Aligned Passive Equities Portfolio)

As part of its work on banks and climate change, LAPFF identified Canadian banks as worthwhile engagement candidates. Reports indicated that Canadian banks are increasing lending to oil and gas companies, while other banks were stepping away. In April, LAPFF met with three of the largest Canadian banks: Bank of Nova Scotia, Royal Bank of Canada, and Toronto Dominion. The objective of the initial engagement was to outline LAPFF's views to the companies, understand their positions, and assess the prospect for further engagement. The companies were open in sharing their climate reporting efforts and the challenges in finding meaningful metrics for disclosure and reporting. Overall, LAPFF's objectives were met in this round of engagement. The Forum had constructive dialogues with the companies, and while there were disagreements on several points, the banks are not in denial about climate change and have plans in place. This provides a foundation for further discussions. There was an immediate willingness to improve reporting, and the banks appeared to welcome the views of serious international investors as providing another perspective on their businesses.

**Home Depot Inc** - (held in Sustainable Equities and Paris Aligned Passive Equities Portfolios)

Alongside other investors from the Investor Alliance for Human Rights' Uyghur Working Group, LAPFF has met with Home Depot twice to discuss the company's approach to alleged Uyghur forced labour in its luxury vinyl tile flooring. LAPFF wrote to Home Depot again this quarter seeking further engagement on the issue and received a written response. Home Depot was able to provide positive developments in the efficacy of its traceability initiatives, detailing information on programmes that had been discussed in past engagements, further enhancements in the company's auditing practices and verification process, and a continuation of how it was monitoring evolving regulatory standards.

**Shell** - (held in Global High Alpha Equities Portfolio)

Both Shell and BP are retreating from the transition towards renewables. During continued engagement with Shell, LAPFF's approach has remained to test oil and gas companies beyond claims of decarbonisation based on existing business models to challenge the viability of the current business. This expectation, based on LAPFF policy, is that the demand for hydrocarbons will reduce in aggregate terms; and that demand will be met by lowest cost producers. Shell held a "Liquid Natural Gas ('LNG')" day in February 2025 at which an LNG Outlook document was produced. That refers to "LSG" – Liquid Synthetic Gas, which is chemically and physically identical to LNG (methane). LSG is produced by "methanation" a reaction which combines hydrogen and carbon dioxide. It would appear that LSG is being promoted as a means of prolonging the life of existing and new LNG infrastructure. This in LAPFF's view would be a very risky – and subsidy dependent – way of going about it. LAPFF also continues to challenge Shell as to whether Carbon Capture and Storage (CCS) can be made to work as a line of business, given that the costs involved make it a last resort if cheaper substitute energy sources are not possible.

**Persimmon** - (held in Paris Aligned Passive Equities Portfolio)

LAPFF remains actively engaged with the UK's largest housebuilders on their climate transition strategies. They engaged with Persimmon to assess its transition plan, focusing on Scope 3 emissions, just transition planning, and value chain decarbonisation. Persimmon is finalising its net-zero transition plan, set for inclusion in the 2025 annual report, and preparing long-term targets aligned with a 90% emissions reduction by 2045. Just transition considerations, including supply chain opportunities and local employment, are being integrated. Key areas for further engagement include finalising and improving the transparency of its transition plan, refining Scope 3 reporting, making clearer supply chain commitments, and preparing for regulatory changes. Continued engagement will be crucial to ensuring a credible and ambitious climate strategy.

**Proctor and Gamble** - (held in Sustainable Equities and Paris Aligned Passive Equities Portfolios)

Since Nature Action 100 (NA100) published its benchmark in October 2024, LAPFF has worked within investor groups to refine the asks of companies. The investor group that LAPFF works within for Procter & Gamble (P&G) met with the company focusing on the 'Assessment', 'Target Setting' and 'Governance' pillars of NA100. The company acknowledged transparency gaps in disclosures around biodiversity impact assessments but highlighted positive steps, including commitments to align with TNFD (Taskforce for Nature-Related Financial Disclosures) by 2026 and ongoing work on water stress assessments. On deforestation, P&G outlined its approach, which includes third-party certification, satellite monitoring covering 98% of its palm oil supply, and a grievance mechanism for non-compliance.

**Hyundai, Toyota, Renault** - (held in Paris Aligned Passive Equities Portfolios, Hyundai held in Emerging Markets Equities Portfolio)

LAPFF has held engagements with global auto manufacturers on their electric vehicle (EV) battery supply chains since 2021, seeing positive outcomes at Mercedes, BMW, Ford, General Motors, and Renault. Whilst these companies are making notable progress, there are still a number of manufacturers that are performing poorly in the context of managing human rights risks present in the critical mineral supply chain. In this quarter, LAPFF wrote to BYD, Toyota, Kia, Honda, Nissan, and Hyundai, seeking engagement on human rights considerations in the transition to electric vehicles. LAPFF has not yet received responses from these manufacturers and is in the process of considering escalation at the respective AGMs.

### 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 2024/25

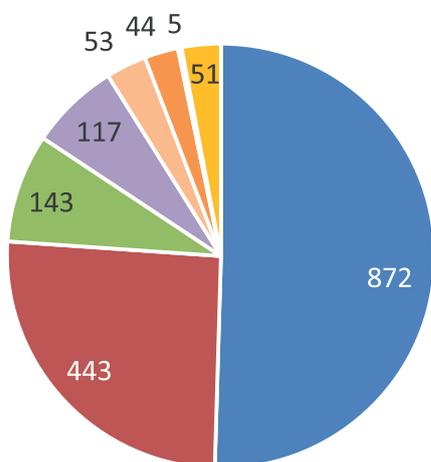
Manager	Number of Meetings	Number of Resolutions	Votes against Management Recommendation
Brunel Passive Portfolios (LGIM)	1,047	15,178	3,459
Brunel active Portfolios	886	10,322	1,728

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.

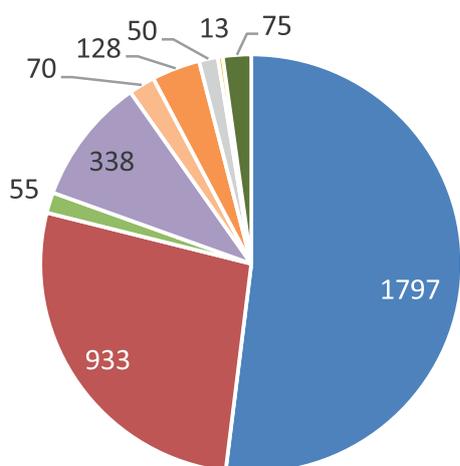
**Votes cast against management recommendation by issue 2024/25**

**Brunel Active Portfolios**



- Board stucture
- Remuneration
- Shareholder resolutions
- Capital structure and dividends
- Amend articles
- Audit and accounts
- Investment, mergers and acquisitions
- Other

**Brunel Passive (LGIM) Portfolios**



- Director Related
- Remuneration
- Capital Structure and Dividends
- Audit and accounts
- Environmental/Climate
- Social/Human Rights/Diversity
- Corporate Governance
- Restructuring/M&A
- Other

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 2024/25 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 2024/25**

<b>Lennar Corporation - 10 April 2024</b>		Active Portfolios held in: None			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>	
7. Vote on a stockholder proposal requesting a report on the Company's plans to reduce greenhouse gas emissions.	For	For	N/A	Not approved (79.3% votes against)	
<b>Rationale for vote:</b> LGIM supported the shareholder proposal as they expect companies to be taking sufficient action on the key issue of climate change.					
<b>Nestle SA - 18 April 2024</b>		Active Portfolios held in: High Alpha Global Equities			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>	
7. Sales of Healthier and Less Healthy Foods	For	For	For	Not approved (87.9% votes against)	
<b>Rationale for vote:</b> LGIM were one of the co-filers of this resolution and called for more effective targets to increase the availability of healthier food choices for consumers. Brunel supported the resolution to meet the objectives of good health and wellbeing.					
<b>Godman Sachs Group - 24 April 2024</b>		Active Portfolios held in: None			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>	
8. Shareholder Proposal Regarding Disclosure of Clean Energy Supply Financing Ratio	For	For	N/A	Not approved (71.0% votes against)	
<b>Rationale for vote:</b> LGIM supported the proposal 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.					
<b>Bank of America Corporation - 24 April 2024</b>		Active Portfolios held in: High Alpha Global Equities			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>	
6. Requesting report on lobbying alignment with Bank of America's climate goals	For	For	For	Not approved (72.5% votes against)	
9. Shareholder Proposal Regarding Disclosure of Clean Energy Supply Financing Ratio	For	For	For	Not approved (68.7% votes against)	
<b>Rationale for vote:</b> Brunel believes that the shareholder resolution promotes better management of ESG opportunities and risk. LGIM encourages all companies to report on their climate lobbying activity in line with the global standard on responsible corporate climate lobbying.					

<b>Centrepoint Energy, INC - 24 April 2024</b>	Active Portfolios held in: None			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
7. Disclosure of our Scope 3 emissions and setting Scope 3 emissions targets	For	For	N/A	Not approved (87.4% votes against)
<b>Rationale for vote:</b> LGIM supported the resolution as they expect companies to set 1.5 degree aligned targets covering all scopes of emissions.				
<b>International Business Machines - 30 April 2024</b>	Active Portfolios held in: None			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
7. Requesting a Public Report on Climate Lobbying	For	For	N/A	Not approved (68.2% votes against)
8. Requesting the Adoption of Greenhouse Gas Emissions Targets	For	For	N/A	Not approved (69.2% votes against)
<b>Rationale for vote:</b> LGIM expects companies to set science-based targets on both direct and indirect value chain emissions.				
<b>Paccar INC - 30 April 2024</b>	Active Portfolios held in: None			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
6. Report on Climate-Related Policy Engagement	For	For	N/A	Not approved (70.7% votes against)
<b>Rationale for vote:</b> LGIM encourages all companies to report their climate lobbying activity in line with the global standard on responsible corporate climate lobbying.				
<b>Huntington Ingalls Industries INC - 1 May 2024</b>	Active Portfolios held in: None			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
5. Science-based Greenhouse Gas Reduction Targets and Transition Plan	For	For	N/A	Not approved (71.9% votes against)
<b>Rationale for vote:</b> LGIM supported the resolution as they expect companies to be taking sufficient action on the key issue of climate change.				

<b>Capital One Financial Corp - 2 May 2024</b>		Active Portfolios held in: High Alpha Global Equities			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>	
5. Requesting setting of near- and long-term greenhouse gas emission reduction targets	For	For	For	Not approved (89.9% votes against)	
<b>Rationale for vote:</b> Brunel supports the proposal as it promotes transparency. LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5%.					
<b>DTE Energy Company - 2 May 2024</b>		Active Portfolios held in: None			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>	
5. Relating to a climate transition plan, inclusive of downstream gas utility emissions	For	For	N/A	Not approved (88.4% votes against)	
<b>Rationale for vote:</b> LGIM expects companies to introduce credible transition plans, consistent with the Paris objectives of limiting the global average temperature increase to 1.5%.					
<b>American Express Company - 6 May 2024</b>		Active Portfolios held in: None			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>	
6. Relating to a climate lobbying	For	For	N/A	Not approved (75.6% votes against)	
<b>Rationale for vote:</b> LGIM encourages all companies to report their climate lobbying activity in line with the global standard on responsible corporate climate lobbying.					
<b>Expeditors International of Washington INC - 7 May 2024</b>		Active Portfolios held in: None			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>	
6. Establishment of Near and Long-Term Science-Based Greenhouse Reduction Targets	For	For	N/A	Not approved (77.5% votes against)	
<b>Rationale for vote:</b> LGIM supported the resolution as they believe that the company setting a target to reduce their emissions in line with the Paris agreement signals their commitment to mitigating their impact on the environment.					
<b>Power Corporation of Canada - 9 May 2024</b>		Active Portfolios held in: None			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>	
4. Annual disclosure of financed emissions	For	For	N/A	Not approved (81.6% votes against)	
<b>Rationale for vote:</b> LGIM believes that the disclosure of the companies direct 1 and 2 Scope emissions, and increased disclosure of Scope 3 financed emissions is not sufficiently reported to be in line with LGIM requirements.					

<b>Centene Corporation - 14 May 2024</b>				
Active Portfolios held in: High Alpha Global Equities				
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
4. Shareholder proposal promotes better management of ESG opportunities and risks	For	For	For	Not approved (63.9%) votes against
<b>Rationale for vote:</b> Brunel supports the proposal to promote better management of ESG opportunities and risks. LGIM expects companies to be taking sufficient action on the key issue of climate change.				
<b>Skyworks Solutions - 14 May 2024</b>				
Active Portfolios held in: None				
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
11. To approve a stockholder proposal regarding the adoption of greenhouse gas emissions reduction targets	For	For	N/A	Not approved (68.8%) votes against
<b>Rationale for vote:</b> LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C.				
<b>The Travelers Companies Inc - 15 May 2024</b>				
Active Portfolios held in: None				
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
5. Shareholder proposal relating to GHG emissions, if presented at the Annual Meeting of Shareholders	For	For	N/A	Not approved (84.4%) votes against
<b>Rationale for vote:</b> LGIM voted in favour to improve transparency on the company's activities financing activities that will hamper climate change mitigation.				
<b>Old Dominion Freight Line Inc - 15 May 2024</b>				
Active Portfolios held in: Global Sustainable Equities High Alpha Global Equities				
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
5. Shareholder Proposal Regarding Greenhouse Gas Reduction Targets	For	For	For	Not approved (75.6% votes against)
<b>Rationale for vote:</b> LGIM notes the company's sustainability efforts, but it is somewhat difficult to assess the company's strategy in reducing GHG emissions given the lack of quantifiable targets or a disclosed climate transition plan. Brunel supports the proposal to promote better management of ESG opportunities and risks.				
<b>Chubb Limited - 16 May 2024</b>				
Active Portfolios held in: Global Sustainable Equities				
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
15. Shareholder proposal on Scope 3 Greenhouse Gas Emissions Reporting	For	For	For	Not approved (72.2%) votes against
<b>Rationale for vote:</b> LGIM voted in favour to improve transparency on the company's activities financing activities that will hamper climate change mitigation. Brunel supports the proposal to promote better management of ESG opportunities and risks.				

<b>Quest Diagnostics - 16 May 2024</b>		Active Portfolios held in: Smaller Companies Equities			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>	
5. Stockholder Proposal Regarding Managing Climate Risk Through Science-Based Targets and Transition Planning	For	For	For	Not approved (57.9%) votes against	
<b>Rationale for vote:</b> LGIM expects companies to be taking sufficient action on the key issue of climate change. Brunel supports the proposal to promote better management of ESG opportunities and risks.					
<b>The Boeing Company - 17 May 2024</b>		Active Portfolios held in: None			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>	
5. Report on Climate Lobbying	For	For	N/A	Not approved (74.6% votes against)	
8. Adoption of Value Chain Emission Reduction Target	For	For	N/A	Not approved (68.5% votes against)	
<b>Rationale for vote:</b> LGIM encourages all companies to report their climate lobbying activity in line with the Global standard on responsible corporate climate lobbying and expects companies to be taking sufficient action on the key issue of climate change.					
<b>Shell - 23 May 2023</b>		Active Portfolios held in: Global high alpha equities			
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>	
1. Accept Financial Statements and Statutory Reports	Oppose	N/A	For	Approved (99.1% votes for)	
2. Approval of the Directors Remuneration Report	Oppose	N/A	Oppose	Approved (94.8% votes for)	
4. Reappoint Neil Carson- Non-Executive Director	Oppose	N/A	Oppose	Approved (98.8% votes for)	
5. Reappoint Ann Godbehere- Non-Executive Director	Oppose	N/A	Oppose	Approved (96.1% votes for)	
7. Reappoint Jane Holl Lute- Non-Executive Director	Oppose	N/A	Oppose	Approved (98.8% votes for)	
8. Reappoint Catherine J.Hughes- Non-Executive Director	Oppose	N/A	Oppose	Approved (96% votes for)	
9. Reappoint Sire Andrew Mackenzie-Chair (Non-Executive)	For	N/A	Oppose	Approved (90.2% votes for)	
12. Reappoint Abraham Schot- Non-Executive Director	Oppose	N/A	Oppose	Approved (98.3% votes for)	
22. Shell's Energy Transition Strategy 2024	Oppose	N/A	Oppose	Approved (78% votes for)	
23. Shareholder Resolution- Follow This	For	N/A	For	Not approved (81.4% votes against)	
<b>Rationale for vote:</b> Brunel perceived misalignment on the importance of material value chain carbon emissions and declared pay is misaligned with EOS remuneration principles. The shareholder proposal promotes better management of ESG opportunities and risks.					

<b>Markel Corporation - 22 May 2024</b>		Active Portfolios held in: None		
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
5. Shareholder proposal for a report on the Company's greenhouse gas emissions	For	For	N/A	Not approved (62.1% vote against)
<b>Rationale for vote:</b> LGIM believe the resolution will improve transparency on the company's activities financing activities that will hamper climate change mitigation.				
<b>Morgan Stanley - 23 May 2024</b>		Active Portfolios held in: None		
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
7. Shareholder proposal requesting a clean energy supply financing ratio	For	For	N/A	Not approved (77.1% votes against)
<b>Rationale for vote:</b> LGIM believes that banks and financial institutions have a significant role to play in shifting financing away from 'brown' to funding the transition to 'green' and 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.				
<b>Republic Services INC - 23 May 2024</b>		Active Portfolios held in: Global Sustainable Equities		
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
4. Report on stakeholder impact from the Company's climate change strategy	For	For	For	Not approved (84.8% votes against)
<b>Rationale for vote:</b> LGIM notes the disclosure from the company to date on Just Transition, freedom of association is a core requirement of the guidelines referenced and central to any Just Transition process. Brunel supports the proposal to promote better management of ESG opportunities and risks.				
<b>NextEra Energy Inc - 23 May 2024</b>		Active Portfolios held in: Global Sustainable Equities		
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
5. A proposal entitled 'requesting a 'Climate Lobbying Report' on the Company's lobbying and trade association memberships in relation to the Company's emissions goal.	For	For	For	Not approved (67.5% votes against)
<b>Rationale for vote:</b> LGIM encourages all companies to report their climate lobbying activity in line with the Global standard on responsible corporate climate lobbying. Brunel supports the proposal to promote better management of ESG opportunities and risks.				

<b>Amazon. Com Inc - 22 May 2024</b>		Active Portfolios held in: Global Sustainable Equities High Alpha Global Equities		
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
4. Additional Board Committee to Oversee Public Policy	For	For	Oppose	Not approved (93.4% votes against)
5. Additional Board Committee to Oversee Financial Impact of Policy positions	Oppose	Oppose	Oppose	Not approved (99.4% votes against)
6. Report on Customer Due Diligence	For	For	For	Not approved (83.2% votes against)
7. Additional Reporting on Lobbying	For	For	For	Not approved (70.3% votes against)
8. Additional Reporting on Gender/Racial Pay	For	For	For	Not approved (70.6% votes against)
10. Additional Reporting on Stakeholder Impacts	For	For	For	Not approved (76.6% votes against)
11. Report on Packaging Materials	For	For	For	Not approved (71.4% votes against)
12. Additional Reporting on Freedom of Association	For	For	For	Not approved (68.2% votes against)
13. Alternative Emissions Reporting	For	For	For	Not approved (84.8% votes against)
14. Report on Customer Use of Certain Technologies	For	For	For	Not approved (80.9% votes against)
15. Policy to Disclose Directors' Political and Charitable Donations	For	Oppose	Oppose	Not approved (99.0% votes against)
16. Additional Board Committee to Oversee Artificial Intelligence	For	For	Oppose	Not approved (90.3% votes against)
17. Report on Warehouse Working Conditions	For	For	For	Not approved (68.8% votes against)
<b>Rationale for vote:</b> LGIM supported the majority of these proposals as they will improve corporate governance, Board oversight and climate change reporting. Brunel also supported the majority of the proposals to promote better management of ESG opportunities and risks. Where proposals were opposed, the rationale was around the wording and intention of the shareholder proposal, which was not in line with LGIM/Brunel's voting policy and was to some extent reducing the commitment to managing ESG issues.				
<b>Mondelez Inc - 22 May 2024</b>		Active Portfolios held in: None		
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
8. Third-party report assessing effectiveness of implementation of human rights policy	For	For	N/A	Not approved (68.6% votes against)
<b>Rationale for vote:</b> LGIM believes that shareholders would benefit from an independent review of the effectiveness of the company's human rights policy in conflict-affected and high-risk areas.				

<b>Meta Platforms Inc - 29 May 2024</b>		Active Portfolios held in: None		
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
5. Dual Class Capital Structure	For	For	N/A	Not approved (73.7% votes against)
6. Report on Generative AI Risks	For	For	N/A	Not approved (83.3% votes against)
7. Disclosure of Voting Results Based on Class of Shares	For	For	N/A	Not approved (82.9% votes against)
8. Report on Human Rights Risks in Non-US Markets	For	Oppose	N/A	Not approved (94.5% votes against)
9. Amendments of Corporate Governance Guidelines	For	For	N/A	Not approved (82.3% votes against)
10. HRIA's on AI Systems Driving Targeted Advertising	For	For	N/A	Not approved (85.5% votes against)
11. Report on Child Safely Impacts and Actual Harm Reduction	For	For	N/A	Not approved (81.5% votes against)
12. Report and Advisory Vote on Minimum Age for Social Media	For	Oppose	N/A	Not approved (99.7% votes against)
13. Report on Political Advantage and Election Cycle Enhanced Actions	For	Oppose	N/A	Not approved (97.0% votes against)
14. Report on Framework to Assess Lobbying Alignment with Climate	For	For	N/A	Not approved (91.8% votes against)
<p><b>Rationale for vote:</b> LGIM supported the majority of these proposals as they will improve human rights, corporate governance, Board oversight and climate change reporting. LGIM voted against item 8 as the company has an established human rights policy with board oversight in addition to an independent Oversight Committee which reviews content moderation policies. The company has conducted country specific human rights impact assessments which is positive although LGIM would encourage the company to disclose the results of these assessments. LGIM voted against item 12 as the proposal asked the company to implement an advisory vote on the topic, which is unconventional and not practical as a solution to improve risk management on the issue. LGIM voted against item 13, as the company's current disclosures allow shareholders to assess Meta's management of its advertising policies and practices aimed at reducing the spread of misinformation.</p>				
<b>Glencore PLC - 29 May 2024</b>		Active Portfolios held in: High Alpha Global Equities		
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
1. Receive the Annual Report	Oppose	N/A	For	Approved (99.2% votes for)
3. Re-elect Kalidas Madhavpeddi	Oppose	N/A	Oppose	Approved (94.1% votes for)
4. Re-elect Gary Nagle	Oppose	N/A	For	Approved (99.6% votes for)
5. Re-elect Martin Gilbert	Oppose	N/A	For	Approved (76.7% votes for))
7. Re-elect Cynthia Carroll	Oppose	N/A	For	Approved (97.5% votes against)

9. Re-elect Liz Hewitt	Oppose	N/A	For	Approved (98.9% votes for)
12. Approve the 2024-2026 Climate Plan	Oppose	N/A	Oppose	Approved (90.1% votes for)
13. Approve the Director Remuneration Policy	Oppose	N/A	For	Approved (97.6% votes against)
14. Approve the Director Remuneration Report	Oppose	N/A	For	Approved (96.4% votes against)

**Rationale for vote:** Brunel voted against the re-election of the Chair and against the Climate Plan, due to inadequate management of climate-related risks, but chose not to vote against the re-election of the other board members.

**Alphabet Inc - 7 June 2024**

Active Portfolios held in: Global Sustainable Equities  
High Alpha Global Equities

Target Resolutions	LAPFF Recommendation	LGIM (Passive) Vote	Brunel (Active) Vote	Vote Outcome
3. Bylaw Amendment: Stockholder Approval of Director Compensation	For	Oppose	Oppose	Not approved (99.4% votes against)
4. EEO Policy Risk Report	Oppose	Oppose	Oppose	Not approved (99.8% votes against)
5. Report on Electromagnetic Radiation/ Wireless Technologies Risks	For	Oppose	Oppose	Not approved (99.2% votes against)
6. Policy for Director Transparency on Political and Charitable Giving	Oppose	Oppose	Oppose	Not approved (99.7% votes against)
7. Report on Climate Risks to Retirement Plan Beneficiaries	For	Oppose	For	Not approved (96.2% votes against)
8. Lobbying Report	For	For	For	Not approved (84.6% votes against)
9. Equal Shareholder Voting	For	For	For	Not approved (68.7% votes against)
10. AI Principles and Board Oversight	For	For	For	Not approved (93.6% votes against)
11. Set different greenhouse gas emissions reduction targets	For	Oppose	For	Not approved (92.6% votes against)
12. Report on Generative AI Misinformation and Disinformation Risks	For	For	For	Not approved (82.4% votes against)
13. Human Rights Assessment of AI-Driven Targeted Ad Policies	For	For	For	Not approved (81.4% votes against)
14. Report on Online Safety for Children	For	For	N/A	Not approved (85.8% votes against)

**Rationale for vote:** LGIM has voted in acknowledgement of the reporting currently in place but believes more could be achieved in reporting on social and corporate responsibility matters. Brunel supported the majority of proposals to promote better management of ESG opportunities and risks. Items 3-6 were opposed by both Brunel and LGIM as either over-restrictive, unscientifically based, or discriminatory.

Tesla - 13 June 2024		Active Portfolios held in: High Alpha Global Equities		
Target Resolutions	LAPFF Recommendation	LGIM (Passive) Vote	Brunel (Active) Vote	Vote Outcome
3. A Tesla proposal to approve the redomestication of Tesla from Delaware to Texas by conversion	Oppose	Oppose	Oppose	Approved (87.2% votes for)
4. A Tesla proposal to ratify the 100% performance-based stock option award to Elon Musk approved by stockholders in 2018	Oppose	Oppose	Oppose	Approved (76.9% votes for)
6. A stockholder proposal regarding reduction of director terms in one year	For	For	For	Approved (54.1% votes for)
8. A stockholder proposal regarding annual reporting on anti-harassment and discrimination efforts, if properly presented	For	For	For	Not approved (68.5% votes against)
9. A stockholder proposal regarding adoption of freedom of association and collective bargaining policy, if properly presented	For	For	For	Not approved (79.4% votes against)
<b>Rationale for vote:</b> LGIM believes that the total award value to Elon Musk remains excessive, even given the company's success and that increased transparency on harassment and discrimination prevention efforts and freedom of association. Brunel believes that pay is misaligned with their remuneration principles. They also have concerns about protecting shareholder value and propose to promote better management of ESG opportunities and risks.				
Toyota Motor Corp - 18 June 2024		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 (Issuing annual report on the alignment with the climate-related lobbying activities and the goals of the Paris Agreement)	For	For	N/A	Not approved (90.7% votes against)
<b>Rationale for vote:</b> LGIM would like to see further clarity on Toyota's position on specific climate policies in key markets and how they align with the decarbonisation and electrification strategy.				
Kroger Co - 27 June 2024		Active Portfolios held in: Global Sustainable Equities		
Target Resolutions	LAPFF Recommendation	LGIM (Passive) Vote	Brunel (Active) Vote	Vote Outcome
7. Just Transition Report	For	For	For	Not approved (82.3% votes against)
<b>Rationale for vote:</b> LGIM expects companies to put in place just transition policies in line with the guiding principles set out by the ILO to ensure that workers are not negatively impacted when the company executes its climate change transition plans. Brunel supports this proposal to promote better management of ESG opportunities and risks.				

<b>National Grid- 10 July 2024</b>		Active Portfolios held in: Global Sustainable Equities		
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
17. Approve the Climate Transition Plan	For	For	For	Approved (98.9% votes for)
<p><b>Rationale for vote:</b> Brunel and LGIM both supported the Company's climate transition plan, consistent with the LAPFF recommendation. They commended the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science based targets. LGIM also appreciate the clarity provided in the 'Delivering for 2035 report' and look forward to seeing the results of National Grid's engagement with SBTi (Science Based Targets initiative) regarding the decarbonisation of heating.</p>				
<b>Constellation Brands Inc - 17 July 2024</b>		Active Portfolios held in: High Alpha Global Equities		
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
4. Shareholder Resolution: Managing supply chain water at risk at Constellation Brands Inc	For	For	For	Not approved (64.9% votes against)
<p><b>Rationale for vote:</b> Both Brunel and LGIM supported the shareholder resolution. Brunel's view was that the shareholder proposal promotes better management of social and environmental opportunities and risks. LGIM felt that additional disclosure on the company's efforts to reduce supply chain water usage would bring the company into alignment with standard practice.</p>				
<b>Nike Inc - 10 September 2024</b>		Active Portfolios held in: High Alpha Global Equities		
<b>Target Resolutions</b>	<b>LAPFF Recommendation</b>	<b>LGIM (Passive) Vote</b>	<b>Brunel (Active) Vote</b>	<b>Vote Outcome</b>
5. Supply chain management report	For	Against	For	Not approved 86.80%
6. Regarding worker-driven social responsibility)	For	Against	For	Not approved 87.70%
<p><b>Rationale for vote:</b> Brunel supported the shareholder proposals to promote better management of social and environmental opportunities and risks. However, LGIM have engaged with Nike on the issues raised by these shareholder resolutions and voted against on this occasion as in their view disclosures indicate that Nike's policies and practices in the due diligence of their supply chains have improved and include efforts to ensure worker voice in some countries.</p>				

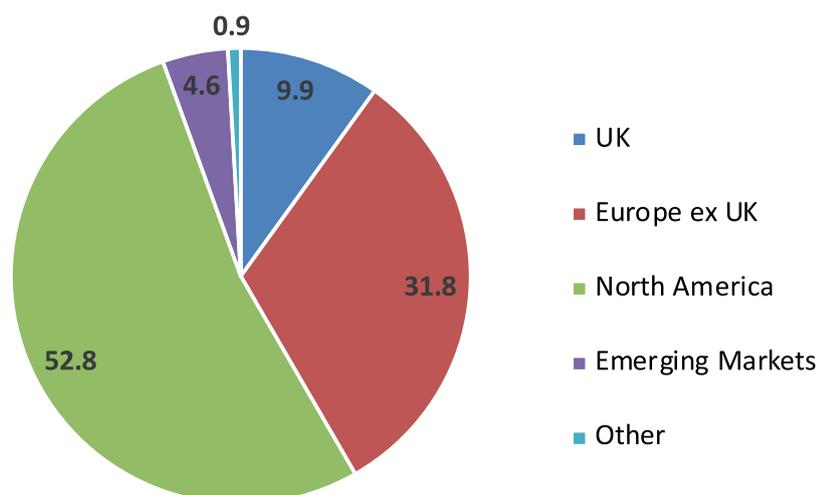
## Fixed Interest and Diversifying Returns Funds

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. Therefore we expect the Brunel Pension Partnership to engage with the companies whose bonds they hold on our behalf in the same way that they do for equities.

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



Two of the targets in the Devon Fund’s Climate Change Policy are to ensure that we engage with 70% of financed emissions and that 90% of financed emissions in material sectors are either aligned, aligning or subject to direct or collective engagement and stewardship actions for all listed equity and corporate bonds by June 2027. The Multi-Asset Credit portfolio is in scope for this target. All three managers are currently meeting the 70% target and are on track for the 90% target and reporting progress to Brunel. This is a superb achievement given the scope and scale of the stewardship outreach this entails.

For example, since 2020, CQS Investment Management have been engaging with a leading British convenience retailer and forecourt operator, focused on several issues aligned to climate change disclosure, targets and its strategy for managing transition to a lower carbon future. From their most recent engagement, they looked to understand potential revision of climate targets, particularly considering the disposal of its UK assets, and its landmark deal with Tesla for use of its ultra-fast EV charging unit technology.

Since initiating engagement with the company, where it has since measured group-wide carbon footprint for the first time, CQS believe that the company has made significant positive progress and continues to move in the right direction. CQS will continue to pursue engagement with management to focus on the robustness of its climate objectives and monitor for Scope 3 target submission in this year's ESG report.

With respect to the Sterling Corporate Bonds portfolio, Brunel have worked with Royal London Asset Management through their collaborative engagement on cyber security addressing systemic cybersecurity risks. The initiative has enabled the development of a consistent and joint set of investor expectations, that is being used to evaluate cybersecurity processes across holdings exposed to high risk. This included engagement with an American health insurance provider following a cyber event to understand their response to the incident, remedial actions and future resilience measures to protect them from associated financial loss. Through this dialogue, they gained a deeper understanding of the company's cybersecurity approach and management of potential financial impacts, and welcomed improvements made to strengthen the company's defences.

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, 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.

A key aspect of the Devon Fund's private markets commitment is the 3% allocation to funding investments that will have a local impact across Devon and the South West. Details of the investments made are included in the section of the Annual Report on UK Investment and Local Impact. However, the intention is that in addition to achieving a return, the investments across affordable housing, sustainable infrastructure and local business support should also deliver a measurable impact for the local community.

These investments are at an early stage, but we are working with the fund managers concerned to develop a set of key performance indicators that can be published in future annual reports. This is likely to include units of affordable housing provided, local jobs created and gigawatts of renewable energy generated locally.

Highlights from stewardship activity in relation to our private market investments from 2024/25 include:

- The **Federated Hermes Diversified Infrastructure Fund** recorded 86 sustainability-related engagements with portfolio companies in Q4 2024, relative to 74 recorded in the same period in 2023. Governance was the thematic focus for the majority of engagements with company strategy and policies, risk management, and executive remuneration the most common governance topics. Health and safety and net zero were also a priority and both within the top five topics covered. At an asset level, Scandlines published its 2024 Sustainability Report, which featured updates on its

progress reducing scope 1 emissions by 20% from its 2019 base year and the actions being taken to improve health and safety performance.

- The **Brunel Pension Partnership** has advocated for the adoption of “Ownership Works” across the private equity industry. Ownership Works is a broad-based employee ownership programme. The programme offers employees of portfolio companies (at no expense to them) an option to participate in the private equity profits at the point the sponsor exits. Payouts are scaled in accordance with length of employee service and are given to all staff (not just senior management as seen in more traditional models). The programme has a proven track record of meaningfully improving employee/management alignment, examples of which include materially improving employee retention, productivity and employee efforts to drive costs efficiencies.
- **Brunel** is also a limited partner signatory to the ESG Data Convergence Initiative (‘EDCI’) . The initiative was launched in 2021 to streamline the fragmented approach to ESG data collection seen across the private markets industry. Key metrics captured include:
  - GHG emissions
  - Renewable energy
  - Net-Zero alignment (strategy in place; short term green house gas reduction target; & ambition)
  - Diversity
  - Work-related accidents
  - Net new hires
  - Employee engagement

This initiative allows General Partners to collect ESG data on underlying portfolio companies more easily but also allows investors to make more meaningful comparisons across their portfolios.

# 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 collective 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 Devon Fund has worked with the Brunel Pension Partnership with a view to decarbonising 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.

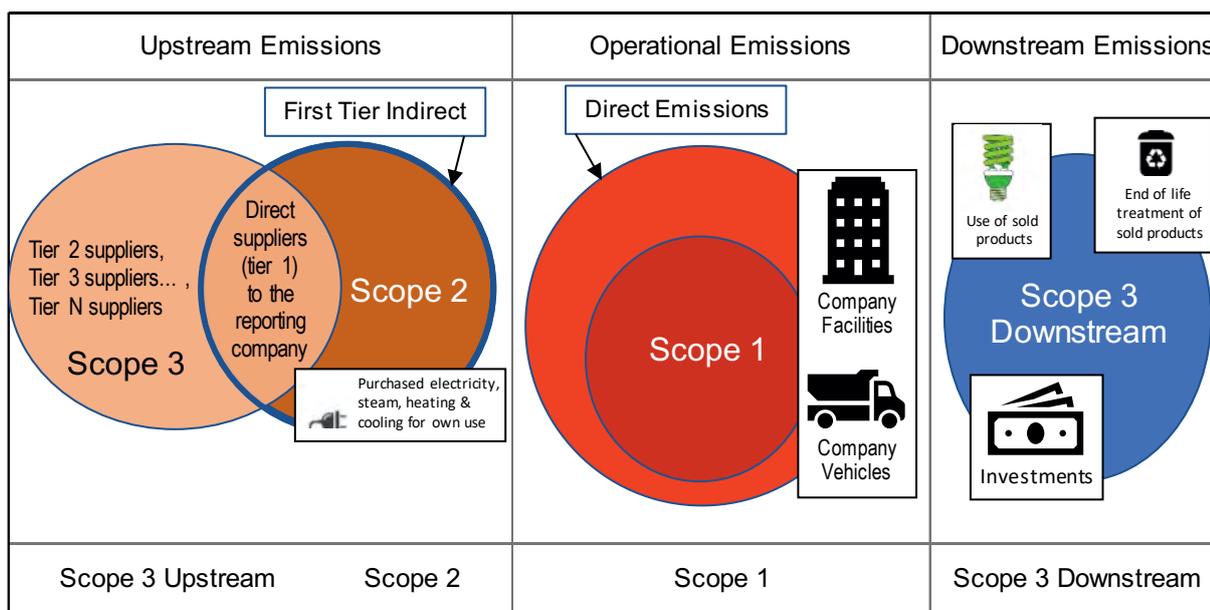
## Carbon Footprint

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.

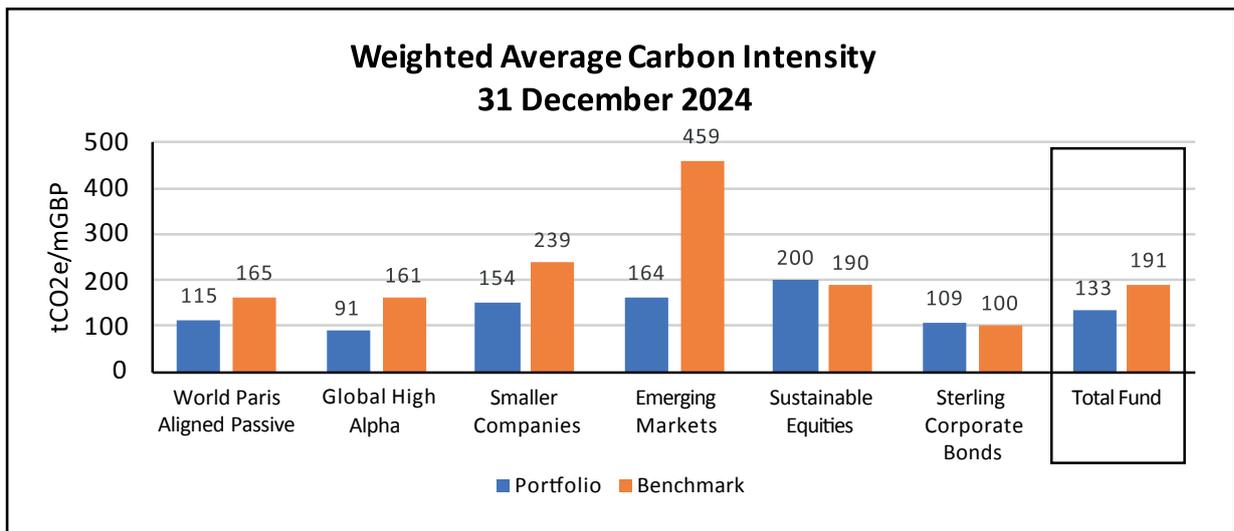
The analysis undertaken quantifies greenhouse gas emissions (GHG) embedded within a portfolio, presenting these as tonnes of carbon dioxide equivalents (tCO<sub>2</sub>e). Comparing the total GHG emissions of each holding relative to either revenues generated, or capital invested, gives a measure of 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:

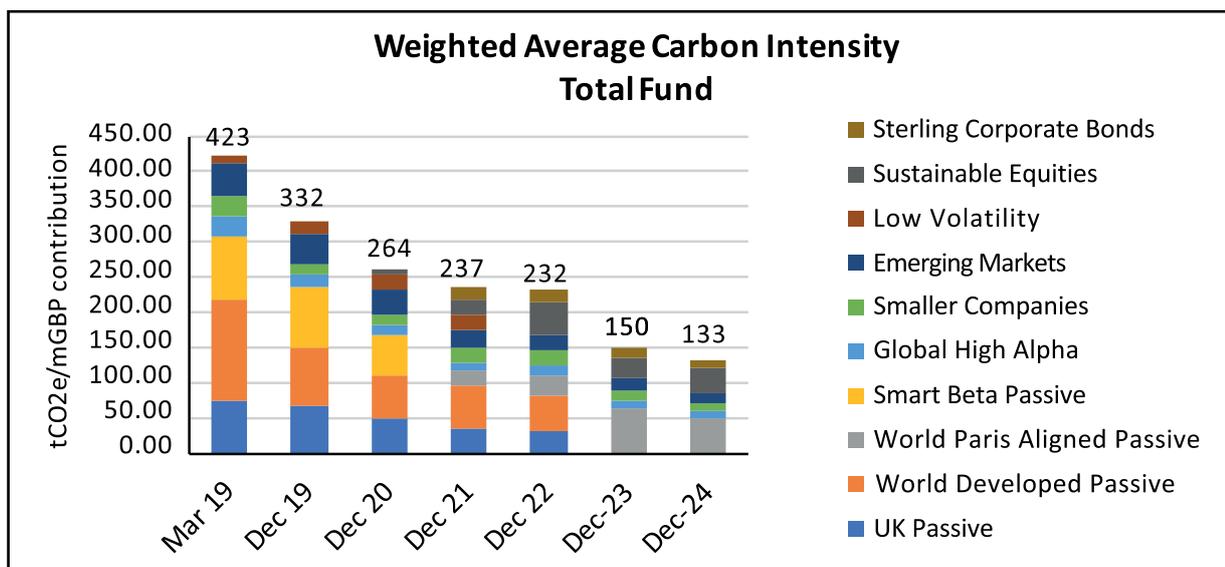
- Full Disclosure - exact figures have been extracted from annual reports, financial account disclosures, other regulatory disclosures, environmental/corporate social responsibility reports, or from personal communication with a company.
- Partial Disclosure - S&P Capital IQ has needed to derive, adjust, 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 2024 is shown in the graph below. The total Fund WACI has fallen from 150 tCO<sub>2</sub>e/mGBP in December 2023 to 133 tCO<sub>2</sub>e/mGBP in December 2024, a reduction of 11.3%. The WACI in December 2024 is below the benchmark of 191 tCO<sub>2</sub>e/mGBP.



It is noticeable that the portfolio with the highest WACI is the Sustainable Equities portfolio. The portfolio is biased towards companies that are making positive contributions to sustainability and combatting climate change, rather than to companies with low emissions. So, for example, a manufacturer of wind turbines will have high emissions from the manufacturing process, but be creating something that will contribute to reducing future emissions. This shows that emissions statistics are only part of the story. Success at tackling global warming will be through companies reducing the emissions from their processes, rather than investors moving their investments from higher emitting industries to companies that have lower emissions just because of the nature of the services they provide.

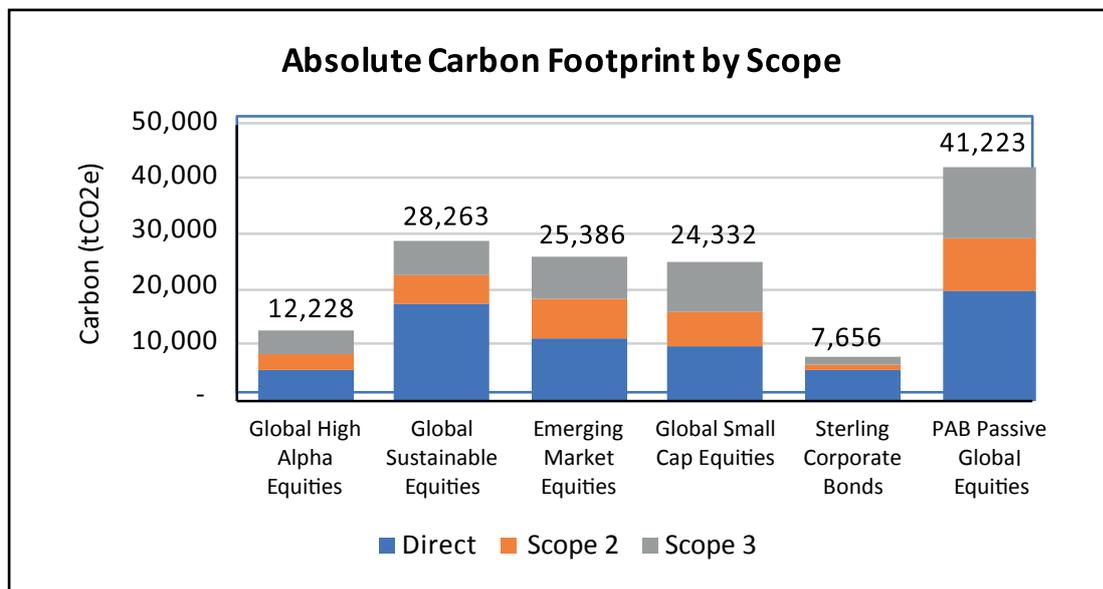
Progress since the baseline position as at March 2019 is shown in the following chart, with the proportionate contribution from each equity portfolio also highlighted. The reduction from 423 tCO<sub>2</sub>e/mGBP in March 2019 to 133 tCO<sub>2</sub>e/mGBP in December 2024, represents a 68.6% reduction from the baseline position.



There are several factors contributing to the 68.6% reduction since March 2019:

- Global equity markets are now dominated by the big technology companies, which have lower emissions than traditional manufacturing. As the tech companies form a much larger proportion of investment portfolios, that will reduce the Weighted Average Carbon Intensity of our Investments.
- The Investment and Pension Fund Committee’s decision in 2023 to move all the passive equity allocation to a Paris Aligned Benchmark index fund contributed to a 35% reduction in WACI between December 2022 and December 2023. The Paris Aligned Benchmark takes into account climate data in re-weighting companies within the index to ensure a 7% per year reduction in WACI.
- Brunel’s actively managed portfolios are all managed to be climate-aware in order to manage climate related risks.
- While action can be taken to realign portfolios to manage climate risk, if real world progress is to be made, then we need individual investee companies to be reducing their emissions. The engagement conducted by Brunel and the Local Authority Pension Fund Forum on our behalf contributes to that aim. The WACI of our listed equity and corporate bonds portfolios has reduced between December 2023 and December 2024 without a significant change in our asset allocation.

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.

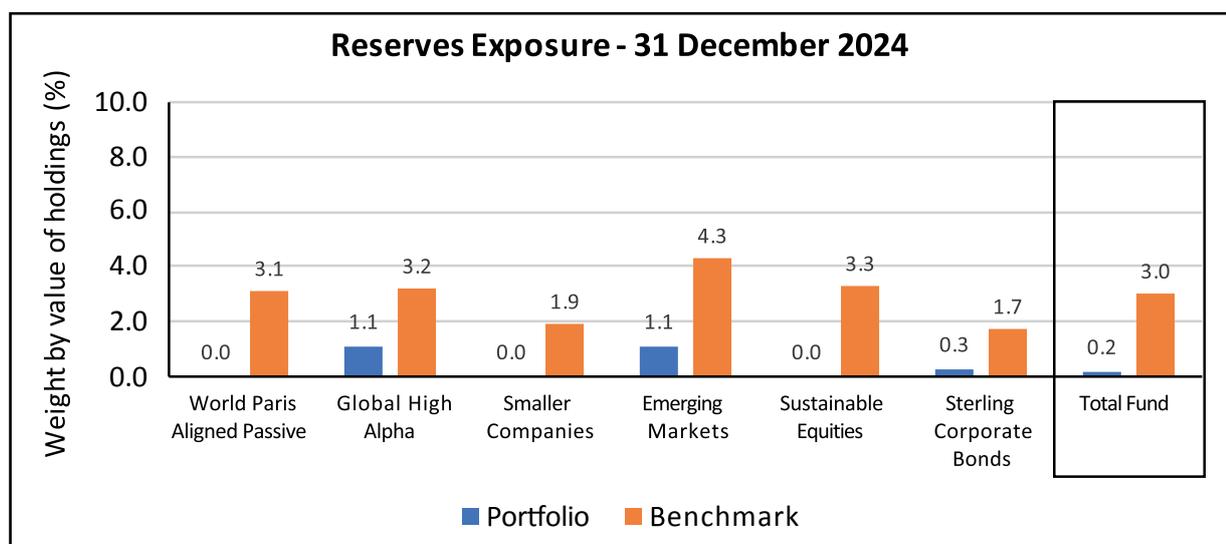
The Fund will continue to work with Brunel to seek further reductions in its carbon footprint. The Fund’s carbon footprint will be measured as at 31 December each year in order to review progress.

### 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 and sterling corporate bond holdings as at 31 December 2024 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 2023 and December 2024, the reserves exposure fell from 0.4% to 0.2%.

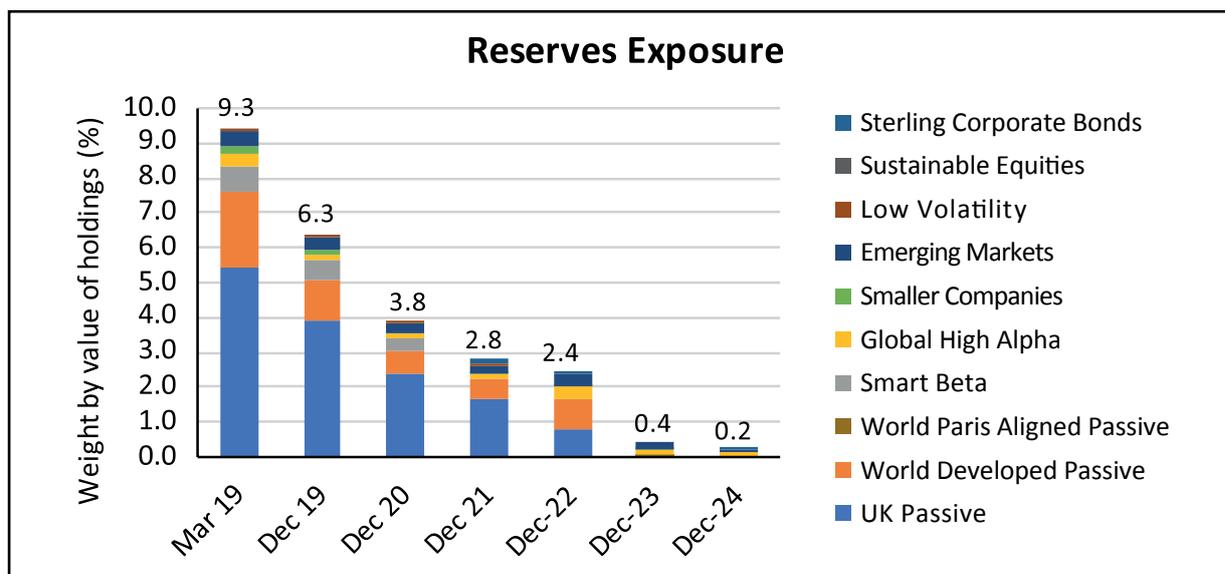


The remaining exposure was with the following companies:

	Market Value as at 31 December 2024 £'000	Percentage of Portfolio %
<b>Emerging Markets Portfolio</b>		
Reliance Industries Limited	3,217	1.07
<b>Global High Alpha Portfolio</b>		
ConocoPhillips	870	0.23
Glencore plc	651	0.17
Shell plc	2,631	0.69
<b>Sterling Corporate Bonds Portfolio</b>		
Centrica plc	1,286	0.29

While the Devon Fund still has indirect exposure to the companies above (the shares are owned by Brunel not by the Devon Fund), the exposure is significantly less than it has been in the past. The small exposure to Shell has enabled Brunel to work with other investors to engage with the company on their future business plans and seek tougher emissions reduction targets going forward.

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



The biggest change since 2019 has been the transfer of passive equity from the previous UK and Global developed passive allocations to the World Paris Aligned Benchmark fund. The Paris Aligned Benchmark has a number of exclusions including companies obtaining 10 % or more of revenues from the exploration, extraction, distribution or refining of oil fuels, whereas the UK Index in particular had a high exposure to Shell and BP.

### 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.

## Investment in Renewable Infrastructure

Category	Brunel Infra Portfolios £'000	DCC Managed Infra Funds £'000	Local Impact Portfolio £'000	Total Investment £'000
Cogeneration	16,500			16,500
Hydro	169			169
Mixed Renewables	40,090			40,090
Solar	82,747	9,122	51,248	143,117
Waste to Energy	3,619	6,903		10,522
Wind	79,423	3,916		83,339
Power Storage	10,495		5,419	15,914
Smart & Efficient Grids	15,068		7,703	22,771
	<b>248,111</b>	<b>19,941</b>	<b>64,370</b>	<b>332,422</b>

The £332 million investment currently comprises 5.4% of the total Fund value, an increase from 4.5% over the year. The target of investing 5% of the Fund in renewable energy infrastructure has therefore been met.

## Alignment

On alignment and engagement, Brunel have provided an analysis across all their listed equity holdings. Given that the Devon Fund is not invested in all the listed equity portfolios there are likely to be differences between the total Brunel data and the Devon specific data. The following is therefore an approximation of the position for the Devon Fund.

On alignment, the following table shows the proportion of Brunel's listed equity holdings with company targets aligned to the UN Paris Agreement, benchmarked by several sector-specific scenarios: 1.5°C, Below 2°C, and National Pledges.

Alignment Category	2050 Alignment
Not Assessed or Unsuitable Disclosure	10%
Not Aligned	8%
National/Paris/International Pledges	9%
Below 2°C / 2°C / 2°C (Shift-improve)	29%
1.5°C	44%

On engagement, Brunel have achieved the target to engage with the companies representing 70% of total financed emissions across the Brunel portfolios, through collective or direct engagement, by 2024.

Brunel have investments in over 3000 companies through their portfolios. Brunel have engaged directly with 700 companies in relation to their policies on climate change. While this only represents less than a quarter of the total number of companies invested in, because Brunel have targeted the highest emitters, this equates to 70% of the total financed emissions.

## 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.

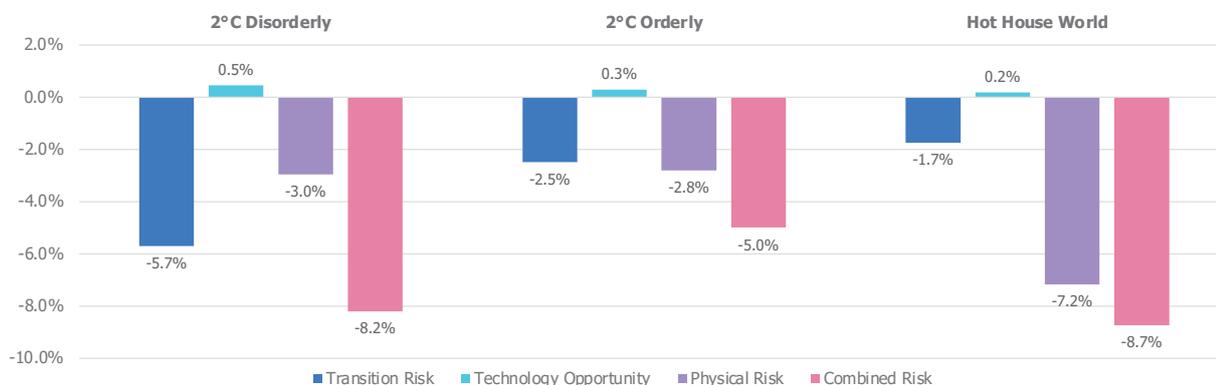
As part of the review of the Fund's investment strategy carried out in early 2025, investment consultants Redington provided a climate scenario analysis using the Network for Greening the Financial System (NGFS) scenario tests, which are used to construct a plausible representation of the future to investigate the impacts of climate change.

The Climate Scenarios are designed to analyse climate risks to the economy and financial system. The scenarios consider downside risks both from physical changes and costs of decarbonization, with some mitigation from technology. They are risk exposures and not central cases so even the best scenarios have risks attached.

The output of 3 NGFS scenario tests for Devon's medium term asset allocation is shown in the following chart. The scenarios shown comprise:

- 2°C Disorderly Transition : this is illustrative of a scenario where rapid and unexpected policy changes occur in a panicked effort to limit global warming to 2°C. This scenario represents the highest level of transition risk.
- 2°C Orderly Transition: this is the lowest-risk scenario, and is illustrative of countries gradually increasing the stringency of climate policies to increase the likelihood of global warming being limited to 2°C.
- Hot House World: this is illustrative of a global warming scenario where a climate tipping point could be reached and warming is worse than expected. This scenario accounts for countries' national climate policy pledges (even if they have not yet been implemented) and 5 °C of warming.

### Devon Medium Term Target Asset Allocation – NGFS Stress Test



Source: Redington modelling of Devon’s medium term target allocation. Based off modelled asset class proxies rather than bottom-up manager analysis.

The Fund’s climate policies are designed to mitigate against these risks. The analysis is based on asset class proxies, therefore it would be expected that negative impacts on the portfolios managed by Brunel would be lower than shown.

The medium term proposed allocation to a Natural Capital portfolio will also contribute to reducing the risk, and to the Fund’s climate policies in general. This allocation is currently on hold pending the changes to the investment pooling arrangements that are being required by Government.

## 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 made prior to the inception of investment pooling.
- The Local Impact Portfolio set up to invest in funds that will have a positive impact on Devon and the South West.
- Cash

The following table lists the mandates in place as at 31st March 2025 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%
Private Equity	Outperform benchmark by 3% per annum over a rolling 3-5 year period	MSCI All Countries World Index (ACWI) TR

## Devon County Council Managed Portfolios

Mandate	Target	Benchmark
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 2025

One Year Performance	Opening Value	Opening Value	Closing Value	Closing Value	Return	Benchmark
	£'000	%	£'000	%	%	%
<b>Brunel Asset Pool Managed Investments</b>						
Passive Equities	1,591,396	26.9	1,534,525	25.1	+4.7	+4.8
Active Global High Alpha Equities	357,956	6.1	360,771	5.9	+0.8	+5.2
Active Global Small Cap Equities	308,397	5.2	293,343	4.8	-4.9	-1.9
Active Emerging Market Equities	280,974	4.8	298,891	4.9	+6.4	+6.3
Active Sustainable Equities	615,079	10.4	598,556	9.8	-2.7	+5.3
Sterling Corporate Bonds	432,413	7.3	450,436	7.4	+4.2	+2.4
Multi-Asset Credit	709,192	12.0	768,838	12.6	+8.4	+9.2
UK Property	358,934	6.1	415,448	6.8	+5.3	+6.3
International Property	99,963	1.7	94,416	1.5	+3.8	-0.4
Infrastructure	433,744	7.4	478,634	7.8	+5.7	+2.6
Private Equity	82,847	1.4	135,772	2.2	+8.0	+5.3
Private Debt	110,506	1.9	147,116	2.4	+8.5	+9.2
Diversifying Returns Fund	139,302	2.4	143,818	2.4	+3.2	+9.2
<b>Non-Asset Pool Managed Investments</b>						
Infrastructure	101,928	1.7	75,412	1.2	-7.2	+6.8
Private Debt	88,237	1.5	77,756	1.3	+6.4	+6.8
Local Impact Portfolio	62,457	1.1	83,692	1.4	+4.9	+7.1
Cash	126,161	2.1	153,777	2.5	+4.3	+4.9
<b>TOTAL</b>	<b>5,899,486</b>	<b>100.0</b>	<b>6,111,201</b>	<b>100.0</b>	<b>+3.7</b>	<b>+5.6</b>

Three Year Performance <sup>2</sup>	Value 1 April 2022	Value 1 April 2022	Closing Value	Closing Value	Return	Benchmark
	£'000	%	£'000	%	%	%
<b>Brunel Asset Pool Managed Investments</b>						
Passive Equities	1,709,091	31.6	1,534,525	25.1	+7.9	+8.1
Active Global High Alpha Equities	295,699	5.5	360,771	5.9	+6.9	+8.8
Active Global Small Cap Equities	289,118	5.4	293,343	4.8	+0.5	+2.7
Active Emerging Market Equities	249,457	4.6	298,891	4.9	+1.6	+2.6
Active Sustainable Equities	258,166	4.8	598,556	9.8	+2.8	+8.1
Active Low Volatility Equities	391,135	7.2	-	-	-	-
Sterling Corporate Bonds	330,866	6.1	450,436	7.4	+0.4	-0.8
Multi-Asset Credit	392,082	7.3	768,838	12.6	+5.4	+8.2
UK Property	436,458	8.1	415,448	6.8	-2.9	-3.4
International Property	71,769	1.3	94,416	1.5	+1.4	-1.7
Infrastructure	186,296	3.4	478,634	7.8	+8.1	+5.2
Private Equity	25,448	0.5	135,772	2.2	+3.7	+8.1
Private Debt	17,434	0.3	147,116	2.4	+10.8	+8.2
Diversifying Returns Fund	502,440	9.3	143,818	2.4	+3.6	+8.2
<b>Non-Asset Pool Managed Investments</b>						
Infrastructure	138,838	2.6	75,412	1.2	-2.4	+9.4
Private Debt	91,022	1.7	77,756	1.3	+8.3	+9.4
Local Impact Portfolio	-	-	83,692	1.4	-	-
Cash	16,541	0.3	153,777	2.5	+3.6	+4.0
<b>TOTAL</b>	<b>5,401,860</b>	<b>100.0</b>	<b>6,111,201</b>	<b>100.0</b>	<b>+4.4</b>	<b>+6.2</b>

Five Year Performance	Value 1 April 2020	Value 1 April 2020	Closing Value	Closing Value	Return	Benchmark
	£'000	%	£'000	%	%	%
<b>Brunel Asset Pool Managed Investments</b>						
Passive Equities	1,505,380	37.5	1,534,525	25.1	+13.9	+14.1
Active Global High Alpha Equities	241,385	6.0	360,771	5.9	+14.8	+15.7
Active Global Small Cap Equities	-	-	293,343	4.8	-	-
Active Emerging Market Equities	179,009	4.5	298,891	4.9	+6.3	+7.5
Active Sustainable Equities	-	-	598,556	9.8	-	-
Active Low Volatility Equities	186,409	4.6	-	-	-	-
Sterling Corporate Bonds	-	-	450,436	7.4	-	-
Multi-Asset Credit	-	-	768,838	12.6	+7.8	+9.6
UK Property	328,388	8.2	415,448	6.8	+2.4	+1.8
International Property	51,321	1.3	94,416	1.5	+4.8	+2.4
Infrastructure	25,117	0.6	478,634	7.8	+6.4	+4.7
Private Equity	-	-	135,772	2.2	-	-
Private Debt	-	-	147,116	2.4	-	-
Diversifying Returns Fund	-	-	143,818	2.4	-	-
<b>Non-Asset Pool Managed Investments</b>						
Active Specialist Equity Funds	143,940	3.6	-	-	-	-
Global Bonds	279,109	7.0	-	-	-	-
Multi-Asset Credit	246,737	6.2	-	-	-	-
Infrastructure	146,207	3.6	75,412	1.2	+1.1	+8.9
Private Debt	107,367	2.7	77,756	1.3	+7.9	+8.9
Local Impact Portfolio	-	-	83,692	1.4	-	-
Diversified Growth Funds	526,061	13.1	-	-	-	-
Cash	44,685	1.1	153,777	2.5	+2.3	+2.4
<b>TOTAL</b>	<b>4,011,115</b>	<b>100.0</b>	<b>6,111,201</b>	<b>100.0</b>	<b>+9.0</b>	<b>+10.2</b>

Equity markets performed well over the first ten months of the financial year led by the big 7 technology stocks (Microsoft, Apple, Alphabet, Amazon, Meta, Tesla and Nvidia), but fell back to some extent over the last quarter as markets were spooked by US President Trump's tariff proposals. Bond markets were positive over the year. The Fund's total return for the year was +3.7%.

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 US Dollar weakened over the year against the pound.

All active equity portfolios, with the exception of **Emerging Markets** under-performed their benchmark over the year. While the earlier part of the year was dominated by the big technology companies (Apple, Microsoft, Alphabet, Meta, Nvidia, Amazon, Tesla), the last quarter's best performers were value companies. The **Global High Alpha** and **Sustainable Equities** portfolios are orientated to the growth sector, but underweight the big tech names, resulting in the under-performance.

Credit markets performed well despite some late turbulence as investors anticipated the impact of US tariffs. Both the **Sterling Corporate Bonds** and **Multi-Asset Credit** portfolios delivered positive

performance over the year to 31st March. **Sterling Corporate Bonds** out-performed the benchmark over the year and while the **Multi-Asset Credit** portfolio was behind its cash plus benchmark it was ahead of a composite of high yield and leveraged loan indices.

The private market portfolios all showed positive performance, although performance relative to benchmark was mixed. **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, although the Igneo Fund which closed during the year has been the stand-out high performer. **Private Debt** performance continues to be strong delivering above benchmark returns.

# Manager's Report - Brunel Pension Partnership

## Passive Equity Portfolios

### Performance Review

For the 12-month period ending 31st March 2025, all Brunel passive portfolios have met performance expectations.

The **Passive Global Paris Aligned Benchmark Equities** portfolio returned +3.3% over the 12-month period while the hedged version of the portfolio returned +6.1%. This contributed to an overall return for the Devon Passive Equity portfolio of +4.7%.

## Global High Alpha Equity Portfolio

### Performance Review

The sub-fund returned 0.8% over the period, underperforming the benchmark (MSCI World index in GBP) by 4.4%. Sector attribution shows this was driven by negative stock selection and negative sector allocation. Stock selection was weakest in the Consumer Discretionary and Healthcare sectors. The largest single detractors on a company basis were an underweight holding in Apple and an overweight holding in ASML. The negative impact from sector allocation was largely due to the Fund's overweight exposure to the Consumer Discretionary sector and not having any exposure in the Utilities sector which was the second strongest performing sector.

Since inception on 5th December 2019, the Fund has returned 11.8% per annum, outperforming the benchmark by 0.1% 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, current developments in global trade and security relationships, and evolving expectations for inflation, interest rates and economic growth.

## Emerging Market Equity Portfolio

### Performance Review

The Emerging Markets portfolio returned 6.4% over the year, which was 0.04% ahead of the benchmark. This was driven by Ninety-One who outperformed the benchmark by 7.7%. The portfolio remains behind target and benchmark since inception.

The outperformance vs benchmark was primarily driven by stock selection with exceptional returns from a couple of Chinese companies who were held by Ninety One. Country positioning narrowly detracted from relative performance over the trailing year. The most notable detractor was China where the portfolio holds a modest underweight position. China appreciated by 37.9% over the year, driven by various stimulus measures and pro-tech policies from the government. A modest underweight position in Korea helped the portfolio as the country fell by -21.9%.

Sector wise, the portfolio lost ground with the benchmark because of the consumer staple bias. Investment styles showed significant dispersion over the past year. Defensives and Quality suffered underperformance of roughly 10%. The portfolio is narrowly overweight to Quality orientated companies. The best performing style was cyclicals, which beat broader emerging markets by 2.2%.

## Outlook

The outlook for Emerging markets remains cautiously optimistic. Investors have raised questions on global growth given geopolitical fears, which is causing volatility across markets. These considerations need to be compared to what are still attractive valuations.

## Sustainable Equities Portfolio

### Performance Review

Over the 1-year period the sub-fund has returned -2.7% on a net of fees basis, underperforming the MSCI ACWI, which has returned 5.3%. The 1-year underperformance can be attributed to Q2 and Q4 2024. The market story over 2024 was once again dominated by market concentration in a handful of names, however this narrative turned as we entered 2025 as US mag 7 stocks sold off in favour of European Défense/Energy companies. Over the one-year period, there was a change in the target allocations between three of the sub-managers. One very high beta growth manager's allocation was decreased, whilst two manager allocations were increased to balance risk across the portfolio.

The start of the year was reminiscent of the concentrated environment during 2023 where the magnificent 7 dominated. This time it was 5 names around AI which contributed to the entire performance of the benchmark. Q3 was an incredibly volatile 3 months for the global equity market though the sustainable fund provided a significant level of outperformance as it has a natural underweight to the very large tech positions. The early parts of Q4 2024 saw the continuation of the rally seen at the end of Q3 after the FED cut rates followed by the election victory by Trump which raised the entire market. However the reality of political uncertainty and the potential for further inflation hit home in December and investors ran for cover in the mega caps once more.

### 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 -1.9% over the year to 31 March 2025. Over the same period the portfolio returned -4.9%, underperforming the MSCI World Small Cap index by 3.0%

Stock selection was the main driver of relative returns over the one year period to end March 2025. At a sector level, stock selection in Communication Services, Materials and Real Estate were the largest detractors from relative returns, whilst stock selection in Information Technology contributed to relative returns. However, the overweight allocation to Information Technology and underweight allocation to Utilities both detracted from relative performance, though underweight allocation to Energy contributed to relative performance.

The period started inauspiciously for small caps which delivered negative returns in Q2 2024 and underperformed large caps which benefitted from positive sentiment towards A.I. Returns picked up for small caps in Q3 as the market started to correctly price a 50bps Federal Reserve interest rate cut. Further rate cuts in Q4 saw positive returns for equities generally, and small caps marginally outperformed large caps over the second half of 2024.

However, the introduction of sales tariffs by the US on key trading partners, and speculation of further tariffs to come, which post reporting period materialised, caused stocks to sell off in Q1 2025. As is

often the case in volatile market conditions, small cap returns were weaker than large cap returns. Clearly tariffs are not good for company profits and it is fair to say that US trade policy is currently highly unpredictable, and this is causing high levels of volatility in markets.

### **Outlook**

Stock market performance will be sensitive to further global tariff developments. The fund's bias towards quality companies should provide some protection on a relative basis should volatility continue. It's possible that with some certainty over global trade terms, small companies, which generally have a higher level of domestic revenue exposure compare to large caps, could be positioned to perform better than large caps should tariffs persist.

## **Diversifying Returns Fund**

### **Performance Review**

Over the 12 months ended 31 March 2025, the Brunel Diversified Returns Fund (DRF) returned 3.2%, 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 8.1%.

The first half of the reporting period was characterised by subsiding inflation and robust growth in the US, which aside from a shock in the third quarter was largely supportive for markets. However, there was growing evidence of regional disparities with growth in Europe and China subdued. The theme of US exceptionalism continued into the end of 2024, with the election of President Trump initially seen as good for business.

### **Outlook**

The first quarter of 2025 has seen a reversal in fortunes of US markets. The introduction of sales tariffs by the US on key trading partners, and speculation of further tariffs to come along with fears over the size of the US deficit caused US stocks, Treasuries and the Dollar to fall in value. The expectation is that tariffs will prove inflationary, but investors remain divided on whether this will lead to higher interest rates, or whether growth will be sufficiently curtailed that central banks will need to lower interest rates.

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 another volatile year especially during August caused by concerns over weak US jobs data and a risk off environment. The Federal Reserve began its long-awaited loosening cycle for interest rates during the summer 2024. The reduced rate and spread environment resulted in favourable returns for fixed rate asset classes. Expectations were a more modest view of higher for longer as the number of rate cuts assumed for 2024/25 reduced.

The portfolio returned 8.4% which was behind 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.

### Outlook

Financial markets are still struggling to price interest rate expectations. The first quarter of 2025 once again showed higher volatility in Treasury yields. Investors should be wary of this trend, alongside potential impacts from tariffs, which could cause credit spread volatility. Despite the risks, carry remains at a healthy level, with the portfolio offering an attractive yield of 7.7%.

## Sterling Bonds

### Performance Review

The year started with expectations that central banks will cut rates early and often. This however changed as inflation remained sticky. Bank of England started cutting rates in the second quarter which helped the fixed income markets to perform positively. Overall the portfolio achieve 4.2% against a benchmark return of 2.4%.

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.

### Outlook

After a strong start in the year, RLAM looked to reduce the risk in the portfolio and reducing their overweight position in banks and moving to structured bonds where spreads were wider. Bank and insurance bonds continue to be strong performers.

## 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 and as at the end of Q1 2025, the portfolio was ~96% invested and 97% 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. The portfolio was 85% invested at the final quarter of the year. Early performance indicates good resilience to market turbulence. We are pleased with how the portfolio has developed and continues to do so. The portfolio is diversified across geographies, sectors, managers and vintages, and invested in opportunities that we believe will provide strong performance, both in terms of returns and societal and environmental sustainability.

Cycle 2 Renewables – The portfolio is now 94% committed and 75% invested across 6 primary funds and 12 tactical investments. The final primary investment closed during the year so this fund is now fully committed and no new investments are required. Global investment in renewable energy generation in 2023 surpassed \$700bn, double that of 2015 yet the staggering investment required to repair, upgrade and transition critical infrastructure has left a large funding gap. We believe that many infrastructure investments continue to exhibit strong defensive characteristics and given the diversified nature of the portfolio (across sectors, geography and business models) we expect performance to hold up.

Cycle 3 – This portfolio was 78% committed and 46% invested across 11 primaries and 11 tacticals. There are two co-investments to be sourced to complete the commitment of Cycle 3. Global net zero targets remain a priority, but concerns about energy security and affordability are becoming more prominent. Consequently, investors in decarbonization infrastructure need to expand their investment attention beyond just reducing greenhouse gas emissions, taking geopolitical factors into account.

## Private Debt Portfolio

The Brunel private debt portfolios remain attractive with interest rates remaining elevated for longer than anticipated, senior secured direct lending remained a compelling asset class for those seeking attractive risk adjusted returns.

At the end of the year the cycle 2 portfolio was 100% committed with 77% invested to second funds. All funds have now called investor capital and some managers are coming towards the end of their respective investment periods. 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 has made all its commitments to six funds (3 European and 3 US) with all having now called capital. The portfolio is 43% invested and performance is positive.

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.

## Private Equity

With respect to the Brunel private equity portfolios, cycle 2 is now fully committed and 77% invested. 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.

For cycle 3, the portfolio is now fully committed and 17% invested. Performance will become more meaningful over time. The portfolio has 17% in secondaries fund exposure which positioned it well to take advantage of prior liquidity squeezes as well as potential future situations. In addition the portfolio overall has significant exposure to the mid-market which continues to produce greater distributions than large cap companies.

Cycle 4 portfolio is expected to have a meaningful 27% secondaries exposure which will position it well to take advantage of liquidity squeezes. Brunel continue to review the market for investment opportunities. Market mapping is expected to continue through 2025.

## UK Property Portfolio

### Performance

UK real estate values have grown steadily over the past year or so, with all sectors experiencing increases in investment volumes with a 28% rise compared to the previous year. The Devon portfolio returned 5.3% over the year against a benchmark of 6.3%.

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) completed the acquisition of the Nuveen Property Fund which are a complimentary fit for Threadneedle, with most of the assets being in the industrial and retail sectors.

### Outlook

The property markets were beginning their cyclical upswing but as of early Q2 are now facing potential challenges due to the impact of tariffs. It is too early to determine precisely how various sectors will respond to tariffs. However, residential, alternatives and core offices are likely to be the most resilient parts of the market. Conversely, retail and logistic may face headwinds.

## International Property Portfolio

### Performance

Whilst the environment for global property has improved, markets are not expecting the same recovery as post the Great Financial Crash given weaker growth and higher interest rates. Investment activity remained subdued in 2024, though Europe was up 15% mid year though this still reflects an annual fall of 2%. Global private real estate fundraising fell 23% year on year according to Realfin. Occupier demand held up well, with tight vacancy and supply conditions. Some exceptions exist, including some office markets in Asia. Industrial fundamentals deteriorated in the US, despite increased demand on the back of supply hitting the market.

2024 as a whole saw a positive return for the Devon portfolio of +3.8% against a benchmark return of -0.4%. Europe delivered positive returns over the period whilst the US and Asia were negative. The positive return on the portfolio was influenced by the currency hedging in place, without which the return would have been negative.

During quarter 4 a number of extreme weather events impacted regions where Brunel funds operate, including Spanish floods and US hurricanes. Fortunately, all staff and tenants were safe, with assets only incurring minor damage such as landscaping and some water incursion.

## Outlook

Managers are watching the situation with US tariffs closely. Their main concerns are that tariffs may slow growth, boost inflation, and increase construction costs. Funds are reporting that lenders are returning to the market and particularly logistics and residential assets are finding demand for financing.

## Stewardship and Responsible Investment

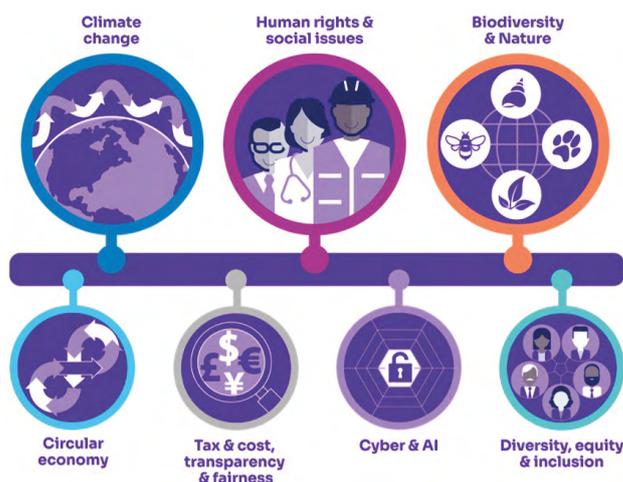
### (across all portfolios)

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.

Our partnership commitments on Responsible Investment (RI) aim to help our partner funds provide not only for their members' retirement, but for the world they will retire into. The RI Strategy provides a framework through which we can implement our RI priorities. During 2024 we have gone through a process to fundamentally review our RI themes and priorities, originally set out in our RI Policy in 2018, following a series of partner fund workshops and consultations with external and internal stakeholders.

Our priorities have been categorised into 'Top' and 'Enabling' priorities. These are set out in the following chart.



Our 'Top priorities' have:

- A high resource commitment with multipronged approach to effect change, set out in a dedicated policy framework.
- Key performance indicators (KPI) integrated into our risk systems, asset manager expectations and stewardship.
- Outcomes that expect to materially impact both risk avoidance and positive impact in capital allocation.

The 'Enabling priorities' have:

- Lower direct resource commitments with strong focus on collaborative initiatives to drive outcomes.
- Case studies and ad hoc analytical evaluation to demonstrate progress against objectives.
- Outcomes that are expected to influence capital allocation.
- Engagement and voting as primary stewardship levers,

Three examples, published in the last 12 months, provide compelling evidence to reinforce Brunel's top three RI Priorities:

### **Climate**

2024 was the hottest year on record, the first year to be more than 1.5 degrees Celsius above the preindustrial era and witnessed natural disasters unfold worldwide leading to losses of US\$ 320bn (Climate change is showing its claws: The world is getting hotter, resulting in severe hurricanes, thunderstorms and floods, MunichRe, 2025).

### **Biodiversity & nature**

73% average declines in wildlife populations over the last 50 years, rising to 85% for freshwater populations, and identified as a top risk to business risk increasing in severity over the next 10 years (Living Planet Report, WWF, 2024).

### **Human rights & social issues**

Conflict zones grew by 65% globally since 2021, covering 6 million km<sup>2</sup> or just under 5% of the world's land mass, with control of food, critical minerals and resources being a key driver but causing much wider disruption to supply chains globally (Political risk, Verisk Maplecroft, 2024).

It is vital for Brunel, alongside other responsible investors, to address those concerns and regain the narrative on critical risks and issues. This was front of mind when we undertook our review of Brunel's Responsible Investment Strategy in 2024. We re-examined our thematic priorities, refreshing the investment risk (and opportunity) rationale that underpinned each one. We sought to be more focused on Brunel's role, our position in the investment eco-system that would make our actions more effective, additive and importantly, meet our partner funds expectations to enable us to continue forging better futures by investing for a world worth living in.

## **Approach to Stewardship**

Our approach allows us to amplify our impact by leveraging our outsourced model. Working with our appointed asset managers creates a brilliant two-way relationship providing expertise and a huge network of influence. This is further compounded by the work we do with our specialist engagement provider, EOS at Federated Hermes. We also leverage collaborative initiatives and public policy work to drive real-world impact that we can have. All of the above amplifies the work undertaken across Brunel. RI is an integral component of activities across the organisation, not just within the specialist RI or Investment teams.

Our overall approach to being a responsible investor has always had three pillars, to integrate, to collaborate and to be transparent. This has been further developed as we have identified the levers that will be used to put these pillars into practice and allow comparisons across themes. The scope and depth of activity will vary depending on the theme.

**Integrate**

- Capital allocation.
- Risk process integration at Brunel and asset/fund managers, strategic partners and GPs.
- Capacity building.
- Walking the talk, integrating best practice into Brunel's own operations.

**Collaborate**

- Public policy and support to regulators.
- Collective stewardship activities.
- Targeted stewardship.

**Be Transparent**

- Partner fund reporting, publishing of content, workshops and thematic working groups.
- Industry leadership and outreach.
- Shaping and supporting the roll out of effective reporting at corporate, investor and government level.

Our seven RI priorities are rooted in systemic risks. With partnership as one of our core values, we strongly believe that problems are best tackled together. Shown below is how our RI priorities align with the Global Risks identified in the World Economic Forum risks perceptions survey and the United Nations Sustainable Development goals.

Other inputs are also factored into our setting of RI priorities, including an evaluation of regulations, best practice and views of partner funds and other stakeholders. As part of the recent review, we have reflected and articulated more clearly that we believe good governance and robust supply chain management are vital across all priority themes, rather than separate themes in of themselves.

**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.

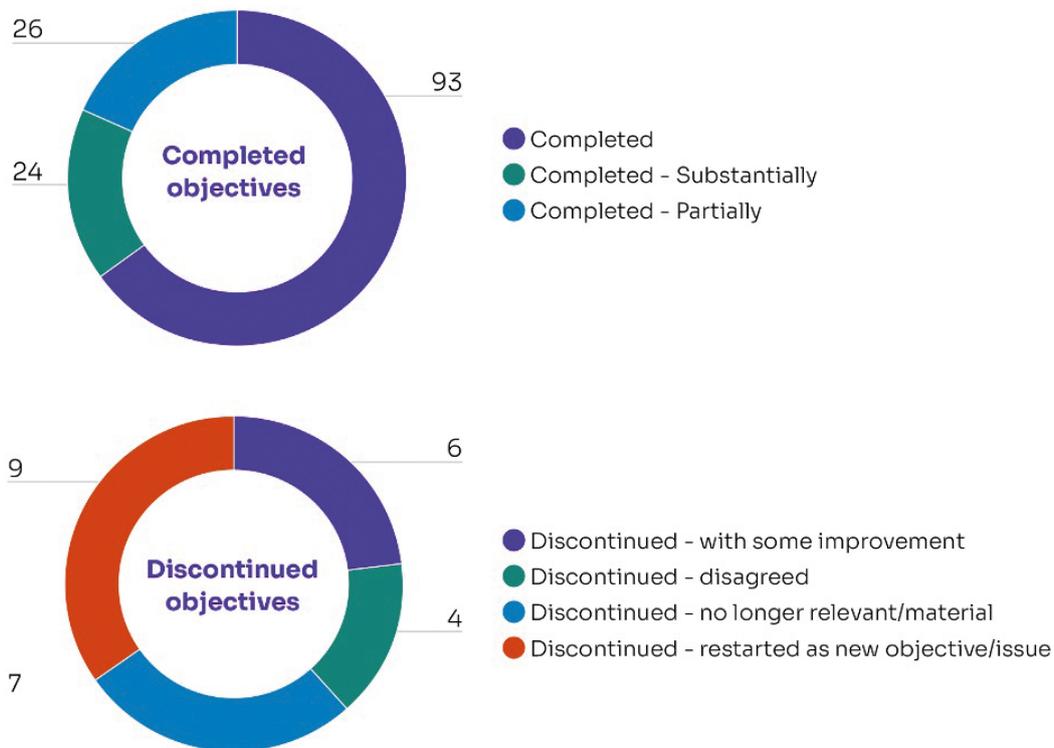
At the start of every engagement, milestones are set that need to be achieved to class the engagement as successful. Progress against these objectives is assessed regularly and evaluated against the original engagement proposal.



**Engagement Coverage** - The below diagram illustrates a summary of the 3,530 issues and objectives on which EOS engaged with companies in 2024. Its holistic approach to engagement means that it typically engages with companies on more than one topic simultaneously.



**Completed Objectives** – The below graphs highlight the number of objectives that have been completed during the year and those that have been discontinued following an assessment by EOS.



**Key Achievements** - Our 2025 Responsible Investment and Stewardship report demonstrates progress across our seven RI priorities, evaluated and refined in collaboration with our clients. Key achievements include:

- 759 companies engaged, 97 of which featured engagement with the Chief Executive Officer or Company Chair.
- 407 companies featured engagements with senior management or board members.
- 121 public policy interactions including consultation responses, letters, meetings and discussions.
- Voted at 99.7% of meetings - that is 1259 meetings instructed.

## Case Studies

The following case studies highlight Brunel's engagement:

### Tackling climate and nature physical risk in food and beverage companies

Physical climate risks play out through extreme weather events such as droughts, heat waves, water scarcity as well as flooding and increased pest and disease activities. They present risks to the operations of companies and create disruption to supply chains. While companies have strengthened their focus on decarbonisation, they are not adequately considering or responding to physical risk. Only 23% of companies in consumer staples – such as food and drinks products - have adaptation plans to address climate physical risks according to an S&P Global Assessment.

For this reason, Brunel Pension Partnership has developed an engagement on climate physical risks and biodiversity with consumer staples companies with support from Chronos Sustainability. The engagement aims to help companies assess, manage and adapt to climate impacts, and understand how biodiversity is used to increase resilience, whilst building investor capacity for effective stewardship on these issues.

In March 2024, engagement letters were sent to 20 focus companies. As of March 2025, 15 companies responded to the letter, 14 companies have completed one round of dialogues and 13 remain engaged in a second round of dialogues currently underway.

Through the first engagement meetings, four companies discussed with us how their boards have oversight on climate physical risks and biodiversity and two clarified the scope of their risk assessment. Feedback was provided to the companies during the dialogues that investors would like to see this information in the public reports to understand the company's approach to the topic.

Based on the engagement with 13 companies, several key observations and areas of focus for improvement have emerged:

- The scope and quality of climate risk assessments varies significantly between companies.
- Companies are not approaching climate physical risks systematically and from a holistic perspective such as through integrating their work on water, soil and biodiversity at strategically significant locations.
- Biodiversity and nature are nascent topics, with few companies having established biodiversity policies and are in the early stages of assessing related impacts and dependencies.
- Some companies are using regenerative agriculture as part of their adaptation strategies, but this lacks clear definitions, comprehensive measurement, and integrated approaches.

The next round of dialogues is underway. Through peer-to-peer learning, companies will continue to be encouraged to raise the bar on good practice.

### Infrastructure: Protecting Biodiversity

Our engagement on biodiversity with our General Partners (GPs) dates back to 2023. Working closely with Stepstone we have focused on biodiversity risk, reporting and promoting the idea of Taskforce for Nature-related Financial Disclosures (TNFD).

Ensuring GPs identify biodiversity risks in their portfolio, and report on their progress in mitigating such risks is essential. The work most GPs are doing to develop the required data and analysis will enable them to report. Positive steps are already showing through our conversations and interactions with the GPs.

Supply chain management is a key factor in protecting biodiversity, as resources are often sourced from areas where there are increased risks. This is a new area for many GPs, but our questions have

been positively received, with indications given that this will also be reported on in future.

New biodiversity questions included in our Due Diligence Questionnaire have uncovered some interesting activities:

- Ardian performed a Biodiversity mapping exercise in Q1 2024 for the full Infrastructure portfolio to identify any overlap with protected areas.
- Copenhagen Infrastructure Partners introduced a Biodiversity Action Plan, which seeks to ensure biodiversity impacts are assessed and measured to protect and restore biodiversity.
- British Solar Renewables, an ICG portfolio company and a Brunel co-investment has committed to achieving a 60% biodiversity net gain (BNG) for each project. Their Nature Protection Pledge demonstrates their commitment to taking positive action for the planet.
- Little Crow, BSR's recent acquisition of a 150MWp photovoltaic (PV) project co-located with a 60MW battery energy storage system exceeds the 60% minimum BNG targets, reaching 140%.

### **Social issues, additional safeguarding assurance**

We believe being a responsible investor does not mean avoiding more challenging areas of investment, particularly those where it has the potential to make a very positive difference. For example businesses providing health and social care for vulnerable patients and users. Some of our investments include areas such as acute special-needs education, fostering and providing care for patients with serious eating disorders.

We take a robust approach to engaging with the managers to gain comfort on:

- the nature of the investment being done;
- how the manager intends to drive improvements in the outcomes of the services those businesses are providing;
- the heightened nature of due diligence done on these businesses given their vulnerable patient base; and
- the way in which managers are maintaining ongoing monitoring of the care-standards and any ongoing safeguarding measures in place.

Levers of control will vary depending on whether they are lending to the business or if they are the controlling owner. However, we consistently engage to ensure that we are comfortable that the manager has a grasp on the seriousness with which we expect them to continue to centre patient welfare and patient outcomes throughout the life of their involvement with these businesses.

### **Bayer (EOS), female representation in senior management**

Since 2019, EOS, on behalf of Brunel and other clients, has engaged with Bayer on female representation in senior management, expecting over 30% female representation on both the management board and group leadership circle. EOS outlined these expectations in a letter to the supervisory board chair, urging a public ambition for gender parity. Bayer responded by appointing a woman to its management board in February 2019 and setting targets of 33% in top management by 2025 and 50% by 2030.

EOS has seen considerable improvement over the course of its engagement: by the end of 2023, Bayer's annual report indicated that 32% of top management and 44% of overall management roles were held by women—a nominal improvement that culminated in the completion of this objective as of June 2024, with EOS continuing to monitor progress.

**Case Study: Coca Cola (EOS), tax strategy**

EOS continued engagement on our behalf with priority watchlist companies focusing on the four critical areas in our responsible tax principles: policy, governance, stakeholder engagement and transparency.

At Coca-Cola, EOS engaged in discussions regarding the company's tax strategy and disclosure with their Head of Tax. The discussions covered the company's governance approach and the relationship with tax authorities. EOS also encouraged the company to consider reporting against the GRI 207 standards. Coca Cola confirmed that it had established a plan to report taxes paid on a country-by-country basis, in compliance with impending EU legislation.

**Further Information**

A full analysis of Brunel's responsible investment and stewardship outcomes can be found at **[Brunel Outcomes Report 2025.pdf](#)**

# Managers' Reports - 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-25	One Year Return	One Year Benchmark	3 Year Return	3 Year Benchmark
	£'000	%	%	%	%
Archmore Infrastructure Fund (UBS)	5,374	-10.6		-12.5	
Aviva Ground Rents Fund	12,157	-9.0		-10.7	
Aviva Infrastructure Income Fund	21,396	-13.7		-8.5	
Hermes Infrastructure Fund I	36,023	-1.7		+1.2	
Igneo European Infra Fund I	462	-		-	
<b>TOTAL</b>	<b>75,412</b>	<b>-7.2</b>	<b>+6.8</b>	<b>-2.4</b>	<b>+9.4</b>

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

- Archmore Infrastructure Fund** – The fund delivered a negative return during the year as the value of both Southern Water and Spinning Spur (US wind farm) were impaired. Following the significant issues that have impacted the value of Southern Water, the valuation of the company has been brought down to zero. The Saubermacher waste management asset was sold during the year.
- Aviva Ground Rents Fund** – 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 fund has also been negatively impacted by the Leasehold and Freehold Reform Bill Act which was passed just before Parliament was dissolved for the general election.
- Aviva Infrastructure Income Fund** – The fund is due to close by 2027, with the option of two one year extensions. Investors have been concerned that Aviva are progressing asset sales at a time that may not yield maximum value. Aviva have now sold the energy centre and wind assets, and £2.7 million was returned to the Devon Fund in December as our share of the sale proceeds. The process for sale of the Infrastructure leases (except energy from waste) assets is due to commence with the assets due to be sold during 2025. A strategic review of the biomass plants has been undertaken and in November Aviva decided to place the assets into insolvent liquidation and reduce the valuation of the asset to zero. As a result of problems with the construction of these assets, there has been no ability to put these plants into effective operation.
- Hermes Infrastructure Fund** – The fund has seen a reduction in capital value driven by the reset of the long term business plan at Eurostar, material return of capital from Fallago Rig and a strengthening of GBP versus EUR putting downward pressure on Euro-denominated investment valuations. However the fund continues to provide an income stream. An income distribution of £2.9 million was received during March representing dividends from Associated British Ports, Eurostar and Cadent, as well as the sale of a toll road in Spain.
- Igneo European Diversified Infrastructure Fund I** – The Igneo Fund entered into liquidation on 14th September 2024, following the sale of the final asset. The Igneo EDIF I Fund has been the most successful of the Devon Fund’s infrastructure investments with a 14.3% per annum return since the initial investment was made in 2014. A small sum still remains with the Fund to meet any costs of closure, but a final distribution will be made in due course.

## 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-25	One Year Return	One Year Benchmark	3 Year Return	3 Year Benchmark
	£'000	%	%	%	%
Arcmont Senior Loan Fund I	26,914	+3.0		+4.3	
Golub Capital International Fund 11	50,842	+8.0		+11.2	
<b>TOTAL</b>	<b>77,756</b>	<b>+6.4</b>	<b>+6.8</b>	<b>+8.3</b>	<b>+9.4</b>

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** – The fund delivered a net return for the year in US Dollar terms of 10.2%. This was offset to some degree by the weakening of the US Dollar, reducing the return in Sterling terms. Relative performance was strong compared to public markets. Despite some continued spread compression (the difference between the rates achievable in private debt markets in comparison to Government bonds), the portfolio continued to generate attractive levels of income, in part driven by high base rates and in part by lower borrowing costs.

## Local Impact Portfolio

During the year, further investments were made from the Fund's Local Impact Portfolio. The Committee have agreed an allocation of 3% of the Fund to investments that will 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-25	One Year Return	One Year Benchmark	3 Year Return	3 Year Benchmark
	£'000	%	%	%	%
Foresight Regional Investment Fund	5,310	-		-	-
Greencoat Wessex Gardens Fund	42,709	+5.0		-	-
Gresham House Residential Fund	8,123	-1.8		-	-
Octopus Affordable Housing Fund	5,393	-		-	-
Quinbrook Renewables Impact Fund	22,157	+6.7		-	-
<b>TOTAL</b>	<b>83,692</b>	<b>+4.9</b>	<b>+7.1</b>	-	-

- **Foresight Regional Investment Fund** – An initial drawdown of £5 million has been invested in a nursery business in Somerset.
- **Greencoat Wessex Gardens Fund** - The fund has generated a return of 5% over the year from the initial £42 million investment in 17 solar farms predominantly in the Brunel area.
- **Gresham House Residential Fund** – the Fund has seen a small reduction in the capital valuation since the initial Devon investment.

- **Octopus Affordable Housing Fund** – the first £5 million was drawn in February, towards the end of the financial year.
- **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 increased 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 2024/25

Pension Fund Budget Forecast and Actuals 2023/24	Actual 2023/24 £'000	Original Forecast 2024/25 £'000	Actual 2024/25 £'000	Variance from Original Forecast £'000
<b>Contributions</b>				
Employers	(178,207)	(185,000)	(193,404)	(8,404)
Members	(53,438)	(55,000)	(56,450)	(1,450)
Transfers in from other pension funds:	(23,345)	(20,000)	(24,574)	(4,574)
	(254,990)	(260,000)	(274,428)	(14,428)
<b>Benefits</b>				
Pensions	196,531	215,000	214,002	(998)
Commutation and lump sum retirement benefits	32,612	35,000	39,369	4,369
Lump sum death benefits	5,464	5,000	5,222	222
Payments to and on account of leavers	1,405	1,500	1,421	-79
Individual Transfers	14,592	15,000	13,889	(1,111)
	250,604	271,500	273,903	2,403
<b>Net Withdrawals from dealings with fund members</b>	<b>(4,386)</b>	<b>11,500</b>	<b>(525)</b>	<b>(12,025)</b>
<b>Investment Income</b>	<b>(51,146)</b>	<b>(55,000)</b>	<b>(63,958)</b>	<b>(8,958)</b>
<b>Administrative costs</b>				
Peninsula Pensions	3,016	3,195	3,285	90
	<b>3,016</b>	<b>3,195</b>	<b>3,285</b>	<b>90</b>
<b>Investment management expenses</b>				
External investment management fees	25,925	27,250	24,580	(2,670)
Custody fees	23	30	6	(24)
Transaction costs	5,298	5,000	2,804	(2,196)
Class Action Proceeds	0	0	(18)	(18)
Other investment management expenses	27	30	38	8
	<b>31,273</b>	<b>32,310</b>	<b>27,410</b>	<b>(4,900)</b>
<b>Oversight and governance costs</b>				
Investment & Pension Fund Committee Support	89	100	111	11
Pension Board	43	48	50	2
Investment Oversight and Accounting	396	400	411	11
Brunel Pension Partnership	9	10	15	5
Legal Support	23	40	71	31
Actuarial Services	74	75	63	(12)
Investment Performance Measurement	64	70	68	(2)
Subscriptions	73	75	56	(19)
Internal Audit fees	22	25	23	(2)
External Audit fees	106	120	159	39
	<b>899</b>	<b>963</b>	<b>1,027</b>	<b>64</b>
<b>Total Management Expenses</b>	<b>35,188</b>	<b>36,468</b>	<b>31,722</b>	<b>(4,746)</b>

### Key variances against the original forecast are summarised below:

- Contributions income was higher than anticipated. This was due in part to the stepped rate applied to academies resulting from the 2022 Triennial Valuation, whereby their rate increased from 21.9% in 2023/24 to 22.9% in 2024/25.
- During September a bulk transfer of £8.5 million was received from the Dorset Pension Fund as a result of staff transferring from Dorset Police to Devon and Cornwall Police. This was higher than expected and resulted in higher transfers into the Fund than the original budget forecast.
- Investment income from property, infrastructure and private debt is received in cash and can be used to aid cashflow. Investment income for the year was higher than the budget, as private markets investments have continued to grow and mature.
- Pensions administration expenditure was higher than the original budget. This reflects increased staffing resources and the cost of work in relation to the McCloud judgement and preparations for the pensions dashboard.
- Investment management fees were lower than the original budget. The last quarter's fees in particular were lower as a result of the negative investment return over that period (fees are generally charged as a percentage of assets under management). Performance fees were also lower. This was partly as a result of the closure of the Igneo Infrastructure Fund which has in the past attracted a high level of performance fees. Transaction fees were also below budget, as there were a lower number of significant investment transactions between portfolios than in previous years.
- Legal costs were higher than the original budget. This is the result of the additional work required on the legal and investment due diligence required in relation to the new investments made from the Local Impact Portfolio.

# Contributions by Employer 2024/25

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
<b>Administering Authority and Scheduled Bodies</b>					
Devon County Council	50,345	14,448	Edghill College	1	-
Plymouth City Council	17,670	5,973	Eggbuckland Primary School	86	22
Torbay Council	8,873	3,174	Ermington Primary (WCST)	5	1
East Devon District Council	4,143	1,282	Exeter College	1,582	565
Exeter City Council	6,906	1,522	Exeter Mathematics School	88	23
Mid Devon District Council	3,500	935	Exmouth Academy	596	155
North Devon District Council	3,084	812	First Federation	1,528	385
South Hams District Council	2,900	967	Fremington Primary School	(19)	(5)
Teignbridge District Council	5,096	999	Furzeham Primary School	19	5
Torrige District Council	2,111	522	Glendinning Academy	60	15
West Devon Borough Council	945	267	Great Torrington Academy	276	72
Devon & Cornwall Police Authority	15,792	5,239	Greenshaw Learning Trust	(15)	3
Devon & Somerset Fire Authority	2,632	946	Hayes Primary School	142	36
Police and Crime Commissioner	318	132	Honiton Academy	45	12
University Of Plymouth	7,488	2,661	Horwood & Newton	(4)	(1)
ACE (Devon)	943	249	Ide Primary	(5)	(1)
ACE Schools	1,057	256	Ilington Primary School	9	2
Acorn Federation	106	26	Isca - Part Of Ted Wrang Trust	3,980	1,065
All Saints Academy	46	12	Ivybridge Academy	3,929	1,025
Alphington Primary	393	98	Kings Academy	327	88
Alphington Primary Pre-school	(7)	(2)	Kingsbridge Academy	18	-
Alumnis Multi Academy Trust	417	108	Learning Academy Multi Academy Trust	2,006	501
Ashburton Primary (WCST)	15	4	Learning Academy Partnership	880	219
Austin Farm School	15	4	Lew Tenchard	36	9
Axe Valley	47	12	Lifton Community Primary Academy	19	4
Barton Primary	185	46	Lipson Academy	99	19
Bay Education Trust	245	61	Littleham Cof E Primary (Link)	12	3
Beaford Community Primary	(5)	(1)	Littleton Primary Academy	143	35
Berry Pomeroy CofE Primary	7	2	Lodestar Academy	14	4
Bicton College Of Agriculture	218	57	Manor Primary (WCST)	27	7
Bideford College	701	177	Marine Academy, Plymouth	114	28
Bowhill Primary	(23)	(6)	Matford Brook Academy	5	1
Bradworthy Primary Academy	73	18	Montpelier School	44	11
Braunton Academy	222	63	Morchard Bishop Primary School	11	3
Brixham Academy	48	12	Moretonhampstead Primary School	14	3
Brixham CofE Primary	17	4	Mount Tamar School	48	12
Broadclyst Academy	786	195	Newport Academy	1,453	347
Brunel School	17	5	Newtown Primary School	10	3
Buckfastleigh Primary School (WCST)	14	3	North Molton Primary School	(5)	(1)
Burlescombe CofE Primary School	(2)	(1)	Orchard Manor Academy	582	149
Chulmleigh Academy	349	90	Petroc	1,486	382
Churston Academy	282	75	Pilton Infants	(10)	(3)
City College Plymouth	1,537	499	Plymouth Academy Trust	76	19
Clyst Vale Academy	277	74	Plymouth Cast	169	47
Colyton Academy	250	67	Plymouth CAST (Plymouth)	1,350	352
Colyton Primary School	(6)	(2)	Plymouth CAST (Torbay)	45	11
Combe Pafford Academy	307	77	Plymouth Citybus	5	3
Connect Academy Trust	1,397	349	Plymouth College Of Art & Design	742	240
Dartington CofE Primary	38	10	Plymouth High School for Girls	32	8
Dartmoor National Park	614	207	Police and Crime Commissioner	6	-
Devonport Boys Academy	282	132	Primary Academies Trust	2,360	589
Devonport Girls Academy	194	51	QE Academy Trust	71	18
Discovery Multi Academy Trust	278	70	Reach South Central	1,594	432

Employer	Employers Contributions £'000	Employees Contributions £'000	Employer	Employers Contributions £'000	Employees Contributions £'000
Ridgeway Academy	46	12	Templer Academy	2,098	546
Riviera Primary Trust	490	123	The Dartmoor Trust	1,662	449
Roundswell Primary School	(18)	(5)	The Exwick Ark	5	1
Route 39	17	4	The Inspire MAT	268	68
Shiphay Academy	36	9	The Link Academy MAT	798	206
Sidmouth College	56	14	Thinking Schools Trust (Central Staff)	1,562	406
South Dartmoor Community College	75	20	Torbridge Academy	98	25
South Devon College	1,520	485	Torquay Boys Academy	580	152
Sparkwell Primary Academy	7	2	Torquay Girls Academy	275	72
St Budeaux Primary School	(8)	(2)	Torre Primary School	26	7
St Christophers Primary MAT	1,346	342	Trinity CofE School	18	4
St Christophers Secondary MAT	74	19	Uffculme Academy	808	215
St James Academy Trust	18	4	Ugborough Primary (WCST)	7	2
St Lukes College (Ted Wragg Tr)	177	44	United School Trust Kingsteignton School	(14)	(4)
St Margaret's Academy	46	12	Wave MAT	314	82
St Thomas Primary	(7)	(2)	Webbers CofE Primary School	(2)	-
Stockland Primary Academy	3	1	Whitchurch Primary School	(10)	(2)
Stoke Damerel Academy	666	173	Widecombe Primary	4	1
Team Multi Academy Trust	407	101	Wolborough Cofe Primary	20	5
Teignmouth Learning Trust	1,234	330			
			<b>TOTAL</b>	<b>183,925</b>	<b>53,823</b>
Employer	Employers Contributions £'000	Employees Contributions £'000	Employer	Employers Contributions £'000	Employees Contributions £'000
<b>Resolution Bodies</b>					
Ashburton Town Council	9	3	Frithelstock Parish Council	1	-
Axminster Town Council	44	13	Georgeham Parish Council	3	1
Aylesbeare Parish Council	1	-	Great Torrington Town Council	23	6
Barnstaple Town Council	123	36	Holcombe Burnell Parish Council	1	-
Berrynarbour Parish Council	1	-	Honiton Town Council	31	9
Bideford Town Council	54	16	Ilfracombe Town Council	-	-
Bishops Clyst Parish Council	3	1	Ivybridge Town Council	88	25
Bishops Tawton Parish Council	1	-	Kingsbridge Town Council	15	4
Bishopsteignton Parish Council	6	2	Kingsteignton Parish Council	40	12
Bovey Tracey Town Council	21	6	Kingswear Parish Council	1	-
Bradninch Town Council	5	1	Lynton & Lynmouth Town Council	50	14
Braunton Pc	39	11	Moretonhampstead Parish Council	4	1
Brixham Town Council	46	13	Newton Abbot Town Council	124	39
Brixton Parish Council	2	-	Okehampton Town Council	34	9
Broadclyst Parish Council	34	11	Seaton Town Council	37	11
Buckland Monachorum Pc	3	1	Sidmouth Town Council	29	8
Budleigh Salterton Town Council	17	5	South Brent Parish Council	3	1
Chudleigh Town Council	15	8	South Molton Town Council	11	3
Clyst Honiton Parish Council	-	-	Staverton Parish Council	2	1
Combe Martin Parish Council	23	6	Stokenham Parish Council	4	1
Cranbrook Town Council	47	13	Tavistock Town Council	163	51
Crediton Town Council	33	9	Tedburn St Mary Parish Council	2	1
Cullompton Town Council	43	12	Teignmouth Town Council	57	17
Dartington Parish Council	4	1	Totnes Town Council	59	17
Dartmouth Town Council	91	26	Ugborough Parish Council	2	1
Dawlish Town Council	35	10	Uplyme Parish Council	6	2
Exmouth Town Council	81	23	Wembury Parish Council	6	1
Fremington Parish Council	29	8	Witheridge Parish Council	2	1
			<b>TOTAL</b>	<b>1,608</b>	<b>471</b>

Employer	Contributions Employers	Contributions Employees	Employer	Contributions Employers	Contributions Employees
	£'000	£'000		£'000	£'000
<b>Admission Bodies</b>					
Access Plymouth	19	3	Fresha - Haywoods School	2	-
Action For Children	12	4	Fusion Lifestyle	121	3
Aspens (Barton Hill)	9	4	Fusion School Services Ltd	86	21
Aspens (King Edward VI)	(18)	-	Healthwatch	21	5
Aspens (TGGS)	(22)	-	Innovate (Blackdown EP)	54	13
BIFFA Waste Services Ltd	30	8	Innovate (Colyton Grammar)	25	6
Bournemouth Churches HA	3	2	Innovate Honiton	(17)	-
British Telecom (D&C Police)	58	21	Innovate (Ivy Education Trust)	36	11
Burton Art Gallery	14	4	Interserve Education	15	4
CaterEd	540	163	LED Leisure Management Ltd	35	15
Chartwells (OLCS)	1	-	Libraries Unlimited	217	88
Churchills - St Peters Plymouth	(1)	-	Liverty Ltd	79	-
Churchills - SW Ambulance	3	1	Mama Bears Day Nursery	6	2
Churchills (Honiton CC)	5	1	Mitie PLC (Devon)	8	3
Churchills (Oreston WCST)	1	-	NHS Care	5	1
Churchills (Plymstock School WCST)	3	2	NHS Devon ICB	7	10
Churchills (SDCC WCST)	(5)	(2)	Norse Catering	58	15
Compass (Great Torrington)	34	10	Norse Cleaning	39	9
Compass (Plymouth HS for Girls)	6	1	North Devon Crematorium Cttee	62	15
Compass Plympton Academy	7	2	North Devon Homes	763	-
Compass (South Dartmoor MAT)	168	-	Pec Management Services Ltd	47	14
Dame Hannah Rogers School	109	27	Pinnacle	7	1
DCC Cleaning	4	1	Plymouth Active Leisure 2	19	8
DCC South West Heritage Trust	35	34	Plymouth Active Life	66	34
DELT - Plymouth City	64	22	Plymouth Association of Primary Heads	259	82
DELT - Transforming Futures	39	12	Plymouth Citizens Advice Bureau	7	2
DELT Part Print Services	5	1	Plymouth Community Healthcare	1,390	466
DELT Shared Services Ltd	234	90	Plymouth Community Homes	1,066	350
DELT - TFT Mount Tamar	25	6	Plymouth Dental Social Enterprise	13	3
Devon and Severn IFCA	124	38	Quadron	10	4
Devon Norse FM	41	11	Scott Medical College	6	1
Devon Schools Leadership Services	11	3	Servicemaster Clean Control	5	1
Devon Wildlife Trust	4	1	South West Highways	50	28
Direct Cleaning Services	15	3	Specialist Fleet Services Ltd (NDDC)	12	3
Dolce Limited	38	10	Strata	673	193
DYS Space Ltd	92	31	Swsico Ltd.	512	161
Elite Cleaning (Cornerstone)	2	1	Tarka Housing Limited	79	11
Elite Cleaning (Devon Moors)	1	-	Three Rivers Development Ltd	58	-
Exeter Royal Acad.for Deaf Ed	127	25	Tops Day Nursery (Exeter College)	5	2
Expedite Ltd	1	-	Torbay Coast & Countryside Trust	15	3
FishKids	4	1	Torbay Community Development Trust	23	6
Fishkids (Blackpool Primary)	3	1	Torbay Education Ltd	22	7
Fishkids (West Cliff - First Federation)	1	-	University Comms Services Limited	13	3
Fresh Ltd	5	1	Wolseley Development Trust	41	9
			<b>TOTAL</b>	<b>7,871</b>	<b>2,156</b>

Summary	Contributions Employer £'000	Contributions Employees £'000
Administering Authority	50,345	14,448
Scheduled Bodies	133,580	39,375
Resolution Bodies	1,608	471
Admission Bodies	7,871	2,156
<b>TOTAL</b>	<b>193,404</b>	<b>56,450</b>

# Peninsula Pensions Administration Report

## Scheme Administration

Peninsula Pensions was formed in 2013 as a shared pension administration service, with Devon County Council 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 & information for members on complex pension issues
- Calculation of individual pension benefits - paying the right person the right amount at the right time
- Payment of pensions – 3232 retirements actioned in 24/25
- Provision of annual personal statements – 132,958 issued in 24/25
- Guidance and information as to how pension legislation affects employers and their employees
- Compliance with HMRC including completion of statutory returns and issue of Annual Allowance statements – 70 issued in 24/25
- Compliance with regulatory bodies ensuring internal controls in place and documented policies.

## Value for Money

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

For the 24/25 year, automation and digital services helped reduce outstanding workflow to a five-year low, demonstrating our commitment to service excellence.

## Our Vision

To be a provider of efficient and cost-effective pensions administration by:

- Utilising technology to deliver service improvement
- Training and developing staff both internally and externally with recognised LGA / Pension qualifications
- Providing effective training for members & employers
- Enhancing member self-service and website functionality for all.

## Our Objectives

- Deliver a reliable, professional service with excellent customer care
- Maintain training modules for continuous staff development
- Use technology for efficient service & online access
- Improve communication & training for members and employers
- Strive for continuous improvement and high satisfaction.

## Summary of Activity (2024/25)

- Maintained high performance against statutory requirements
- Delivered measurable improvements in service delivery, and operational efficiency with Devon LGPS Fund outstanding workflow reduced by 19%
- Continued hybrid working arrangements
- Digital innovation and transformation projects undertaken including workflow automation and AI
- Improved member engagement and support
- Introduced employer performance reporting at both employer & Fund level

The team comprises 83 dedicated employees, including 12 new hires in 24/25 and serves a Local Government Pension Scheme (LGPS) membership base of 215,000 individuals across 535 active employers, covering 2 Funds - Devon and Somerset. Administration services are also provided for 1 Police and 1 Fire Service.

The administration team is led by Rachel Lamb, Head of Peninsula Pensions, and is split across three specialist functions, as set out below:



## Technical & Compliance

### Lead: Alexander Thompson – Technical & Compliance Strategic Lead

- Pensioner Payroll: Monthly/annual cycles, tax codes, annual P60s & pension increases HMRC statutory reporting, Real Time Information – ensuring all pensions are paid accurately, to the right person, and at the right time
- Systems Development: management of administration database, new developments, member self-service area, statutory reporting, employer data / interface loading and bulk documentation production (annual benefit statements) / data quality
- New scheme member setup
- Technical: ensuring that the team operates in full compliance with legislation and regulations with efficient, effective and secure internal processes and controls in place
- Training team - Procedure notes & training programme for staff members - conducted 41 internal training sessions for staff on the team, ensuring continuous professional development and up-to-date knowledge of pension legislation and systems, including covering the challenges below
- Staff accreditation process
- Quality assurance
- Technical queries
- Annual Allowance & McCloud Remedy projects.

## Employer Liaison & Communication

### Lead: Shirley Cuthbert – Employer & Communications Strategic Lead

- Client management, support & Communications (members & employers)
- Employer training & engagement
- Employer performance monitoring
- Managing admitted bodies & employer transitions
- Record keeping and reviews (employer discretions, key contacts, Pension Administration Strategy, Service Level Agreements)
- Boosting member self-service & website use
- Budgeting, invoicing, debt recovery, payroll reconciliation
- Member support team responding to all enquiries from scheme members and communications for both members and employers, giving members full focus and quick responses to both verbal and written enquiries made
- Post handling, workflow creation & distribution
- Processing updates (address, hours, marital status).

## Member Services

### Lead: Natalie Taylor – Member Services Strategic Lead

- Retirement calculations
- Death-in-service & survivor benefit calculations
- Early Leaver calculations resulting in deferred benefits
- Cash Equivalent Transfer Values for divorce, pension sharing, earmarking
- Transfers in and out of pension rights from external pension schemes (club/non club)
- Interfunds in / out of LGPS pension rights from other Funds
- Refunds of contributions and opt-out member calculations
- Additional Pension/Voluntary Contributions.

## Administration - Key activities for 24/25

In the past year, our pension administration team has embarked on a transformative journey, redefining how services are delivered to members, and employers. Through a series of projects and collaborative developments, the efficiency, and accessibility of our pension services have been significantly enhanced. Outlined below are the key initiatives that have driven this transformation and demonstrates our commitment to excellence in public service pension delivery.

### 1. 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 both the administration software providers and Devon County Council, including the emergency continuity procedures to be followed were there to be an incident. As part of the data improvement plan for 24/25, the following activities were undertaken:

#### Member Tracing / Mortality Checker & Data Cleansing

Peninsula Pensions engaged with Heywood 'Data Cleansing and Enrichment service' to assist with tracing members, particularly deferred members, that have changed address and unfortunately not informed the team. The service provides the following:

- updated name / date of birth;
- updated address / gone away flag / living as stated confidence flag;
- email verification;
- telephone / mobile phone verification; and
- mortality flag with available death information.

#### Valuation Data Checker

Our Actuary provides a data checker that is used by the team at least annually to ensure that valuation data is as accurate and 'clean' as it can be in preparation for the next valuation due in 25/26.

#### The Pension Regulator

Access to a 'live' reporting tool is available to the team via Heywood which highlights any potential errors/missing data on our records for individual scheme member. This tool is used as a regular checker to assist with ongoing data quality.

## 2. Software Developments:

During the 24/25 period, several new development modules relating to Member Engagement and Pensioner Payroll have been introduced to assist with both efficiency and accuracy. In addition to these, the software has been further enhanced to cater for the McCloud remedy.

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.

### Digital Transformation Projects

Introduction of a suite of digital services to streamline member interactions and improve processing times. These include:

- Online Refunds: Members can now request refunds entirely online, reducing turnaround times and improving user satisfaction
- Online Deferred Benefits into Payment: A seamless digital process for deferred members to bring their benefits into payment.
- Online Transfer Out Quotations: Real-time transfer out quotations through our secure portal, empowering members with timely information.

### New Online Portal and AI Integration

Launch of a new online portal featuring AI-powered video Annual Benefit Statements (ABS), offering personalised pension information in an engaging format. The portal also includes intuitive dashboards, secure messaging, and document upload capabilities, enhancing the overall user experience.

### New Finance System - Training and Testing

Comprehensive training and testing for the new Unit 4 ERP Finance system, ensuring smooth integration between our pension administration software and new ledgers, for operational readiness.

### Automation of Workflow Processes

Automation of several workflow processes to improve efficiency and accuracy, contributing to a five-year low in outstanding tasks. This included:

- Automated new starter packs to streamline onboarding
- Automated diary processes to identify when pension benefits are due and notification to member.

### AI-Powered Learning and Team Development

Piloted Microsoft AI tools to support team learning and development, including interactive quizzes and knowledge checks, fostering continuous improvement and engagement.

### Collaboration with Heywood and Industry Contributions

Worked closely with Heywood software providers to implement system enhancements and ensure alignment with national pension reforms. Our team is represented at the regional LGPS group and nationally at the Technical Working Group, contributing to policy development and sharing best practices across the sector.

### 3. Projects / administration challenges

There were several challenges faced by the team in 24/25, alongside managing an increasing workflow and staff recruitment issues, for 'business as usual'. Challenges were tackled through planning, resourcing, and digital transformation.

Employer performance reports improved data quality and compliance which led to faster processing, enhanced member satisfaction, and improved operational efficiency.

#### 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.

There were delays in receipt of legislation/guidance, impacting on both software upgrades and team training. McCloud remedy requirements and legacy manual processes have proved complex.

To address the McCloud remedy, system changes were implemented across all schemes and we formed a dedicated project team to ensure compliance, accuracy, and transparency. All staff have received training to ensure a good level of understanding and awareness, communications have been managed with scheme members throughout, and individuals impacted historically have been identified for the team to review accordingly.

#### Pension Dashboard

The team have been engaging with software providers, webinars, and quarterly with The Pension Regulator, to ensure both readiness of data and ISP (Integrated Service Provider) to comply with the implementation date. Stage one testing of the pension dashboard was completed, including data readiness assessments and API testing, positioning us as early adopters of this national initiative. Stage 2 testing follows in 25/26. The team have continued to focus on ensuring that member data along with deferred and amalgamation cases are in a good position in preparation, and are planning on being able to connect slightly ahead of the statutory October 2025 deadline.

#### Financial Indicators

For the financial year 2024/25, the costs of providing a pension administration service equated to £23.43 per fund member (compared with £21.87 for 2023/24). The slight increase in costs is a result of an increase in FTE 79.18 when compared to FTE 76.82 in 2023/2024.

Our pension payroll costs per pensioner for the same period equated to £8.68 per pensioner (compared with £6.60 for 2023/24).

An analysis of the Devon Pension Fund's membership data as at 31st March 2025 is set out in the table below.

Status of Fund Membership	Number of Members
Active	40,324
Deferred	45,959
Pensioner/Dependant	42,518
Undecided leavers (status 2 and 9)	9,954
<b>Total</b>	<b>138,755</b>

A further analysis of new pensioners for the Devon Pension Fund during 2024/25 is set out in the table below:

Pensioner Category	Number of New Pensioners
Ill Health	74
Early Retirement (including Flexible, Redundancy)	1,892
Normal (Normal and Late)	751
<b>Total</b>	<b>2,717</b>

## Key Performance Data

### Administration Performance

Peninsula Pensions monitors performance on a monthly basis via a task managements system and reporting tool within the pension database. It is measured 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.

Total performance against the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 for 2024/25 was 92%, an improvement on the 2023/24 year.

The tables below provide a detailed breakdown of administration performance relating to the Devon LGPS Pension Fund only, against the internal targets and Disclosure Regulations for the financial year ending 31st March 2025. The figures include all member calculations performed including internal transfers and amalgamations.

### Performance Summary

	Total Cases 24/25	Performance (Disc Regs)	Total Cases 23/24	Performance (Disc Regs)
High Priority Procedures	13,576	96%	13,814	95%
Medium Priority Procedures	21,312	92%	22,811	90%
Low Priority Procedures	7,850	84%	6,131	85%
<b>TOTAL</b>	<b>42,738</b>	<b>92%</b>	<b>42,756</b>	<b>91%</b>

### High Priority Cases

	Total Cases 24/25	Performance (Disc Regs)	Total Cases 23/24	Performance (Disc Regs)
Changes	846	99%	1,200	98%
Complaint (First instance)	100	100%	89	100%
IDRP Stage 1	11	100%	11	82%
IDRP Stage 2	4	100%	6	83%
Deaths	1,506	88%	1,646	80%
Deferred (over 55)	1,334	99%	1,463	98%
Payroll	3,835	97%	3,105	97%
Refunds	734	100%	1,058	100%
Retirements (Active)	1,811	96%	1,868	95%
Retirements (Deferred)	3,395	96%	3,368	95%
<b>TOTAL</b>	<b>13,576</b>	<b>96%</b>	<b>13,814</b>	<b>95%</b>

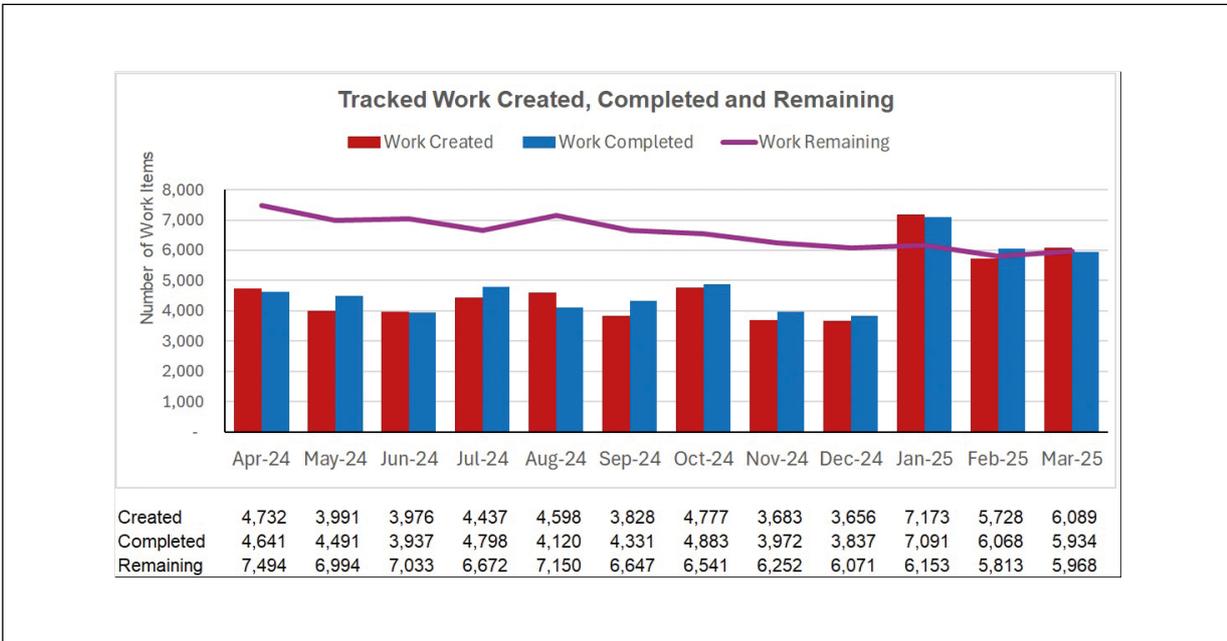
### Medium Priority Cases

	Total Cases 24/25	Performance (Disc Regs)	Total Cases 23/24	Performance (Disc Regs)
Amalgamation of Records	5,529	82%	4,196	76%
Deferred Benefit Calculations	5,407	90%	6,212	84%
Divorce Calculations	310	79%	261	89%
Employer Queries	2,217	74%	801	86%
Estimates (Employer)	396	100%	350	100%
Estimates (Member)	144	97%	241	96%
General enquiries (including emails and enquiries via online portal)	6,655	100%	5,035	99%
HMRC	69	100%	227	99%
Member Self-Service	2,802	100%	5,488	100%
<b>TOTAL</b>	<b>21,312</b>	<b>92%</b>	<b>22,811</b>	<b>90%</b>

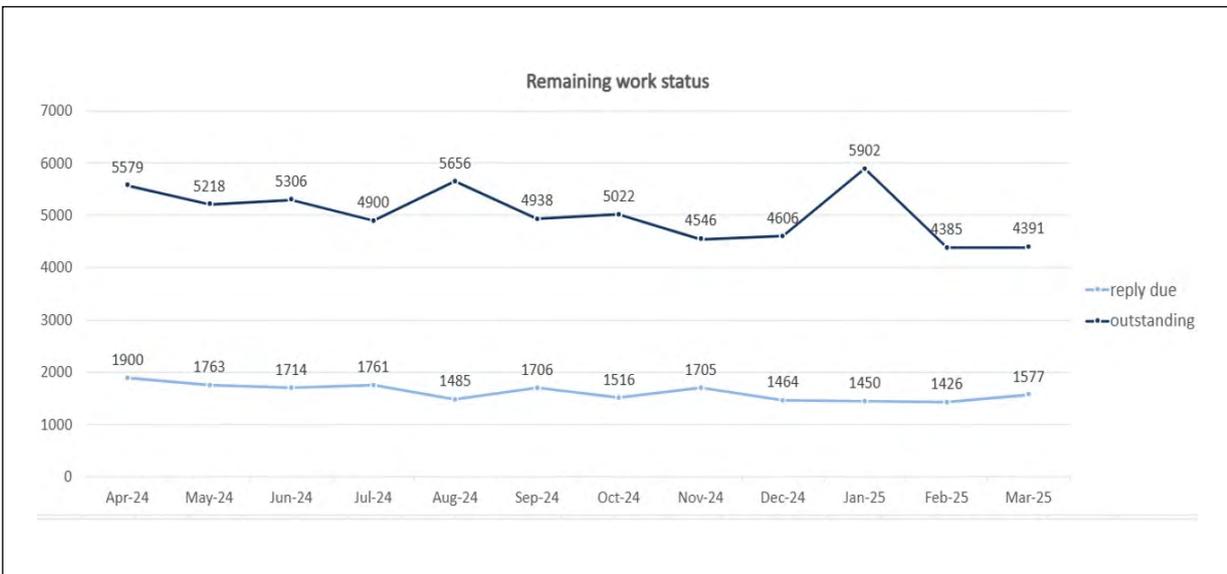
### Low Priority Cases

	Total Cases 24/25	Performance (Disc Regs)	Total Cases 23/24	Performance (Disc Regs)
Estimates (Other)	178	90%	241	86%
Guaranteed Minimum Pension Queries	3	67%	47	100%
Interfund Transfers In	336	72%	365	89%
Interfund Transfers Out	344	68%	417	81%
Pension Top Ups	771	100%	599	98%
Frozen Refunds	2,651	62%	3,474	80%
New Starters	2,839	100%	0	-
Pension Transfers In	440	95%	649	94%
Pension Transfers Out	288	92%	339	95%
<b>TOTAL</b>	<b>7,850</b>	<b>84%</b>	<b>6131</b>	<b>85%</b>

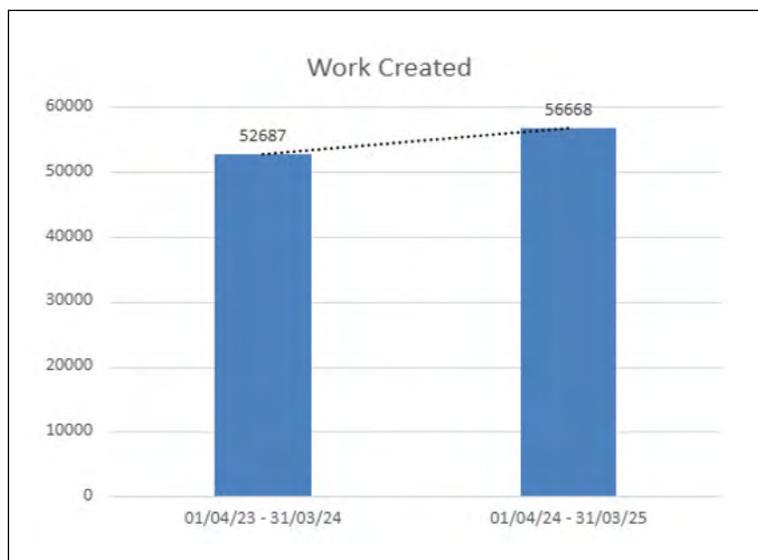
The graph below shows the overall performance of Peninsula Pensions (Devon Pension Fund only) for the year ending 31st March 2025:



The graph below shows how the remaining work is split between work pending a reply from third party (scheme member/employer) / work awaiting calculations for the year ending 31st March 2025:



The graph below shows the work received (created) over the 24/25 year compared to the 23/24 year:



### Analysis of pension overpayments over the 24/25 financial 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 395 overpayments were written off in 2024/25 – 387 of which were below £150.00.

	Overpayments raised £000s	Recoveries/ Paid invoices £000s	Annual Payroll £000s	% of payroll
2024/2025	104	52	190,226	0.05%
2023/2024	93	58	178,881	0.05%
2022/2023	132	86	165,436	0.08%
2021/2022	122	57	159,859	0.08%
2020/2021	124	82	155,849	0.08%
2019/2020	120	69	150,788	0.08%

## Prepared in line with Guidance for Local Government Pension Scheme Funds (April 2024)

### Administration KPI Table A – Total number of casework)

Ref	Casework KPI	Total number of cases open as at 31/3/24 (starting position)	Total number of new cases created 1/4/24 - 30/3/25	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year*	Total % of cases completed in previous year*
A1	Deaths recorded of active, deferred, pensioner and dependent members	57	927	920	93.5%	934	94.9%
A2	New dependent member benefits	25	480	454	89.9%	471	95.0%
A3	Deferred member retirements	259	4,070	4,214	97.3%	4,236	94.2%
A4	Active member retirements	195	3,855	3,833	94.6%	3,916	95.3%
A5	Deferred benefits	732	4,462	4,359	83.9%	4,514	86.0%
A6	Transfers in (including interfunds in, club transfers)	77	447	453	86.5%	480	86.2%
A7	Transfers out (including interfunds out, club transfers)	17	224	212	88.0%	225	93.0%
A8	Refunds	0	161	157	97.5%	290	100.0%
A9	Divorce quotations issued	49	282	299	90.3%	246	83.4%
A10	Actual divorce cases	0	0	0		3	100.0%
A11	Member estimates requested either by scheme member and employer	60	935	970	97.5%	1,267	95.5%
A12	New joiner notifications*	73	3,402	2,689	77.4%	0	0.0%
A13	Aggregation cases	1,103	4,819	5,280	89.2%	4,089	78.8%
A14	Optants out received after 3 months membership	21	115	100	73.5%	207	90.8%

\* to be provided in future for full year (period Jan 25 – Mar 25 only for new joiner notifications)

**Administration KPI Table B – Time taken to process casework 24/25**

Ref	Casework KPI	Suggest- ed Fund KPI target	Number complet- ed Within KPI Target 24/25	% complet- ed Within KPI Fund Target 24/25	Previous year Number complet- ed Within KPI Target 23/24	Previous year % complet- ed Within KPI Fund Target 23/24	Number Comple- ed Within Legally Required Response Time 24/25	% Complete Within Legal Target 24/25 **
B1	Communicat- ion issued with acknowledge- ment of death of active, deferred, pensioner and dependent member	5 days	555	59.4%	713	77.5%	934	100.0%
B2	Communicat- ion issued confirming the amount of dependents pension	10 days	317	67.3%	262	57.7%	471	100.0%
B3	Communicat- ion issued to deferred member with pension and lump sum options (quotation)	15 days	1,488	85.9%	1,727	93.9%	1,732	100.0%
B4	Communicat- ion issued to active member with pension and lump sum options (quotation)	15 days	1,344	66.5%	1,451	75.6%	2,022	100.0%
B5	Communicat- ion issued to deferred member with confirmat-ion of pension and lump sum options (actual)	15 days	1,088	86.9%	1,219	90.5%	1,252	100.0%

Ref	Casework KPI	Suggest- ed Fund KPI target	Number complet- ed Within KPI Target 24/25	% complet- ed Within KPI Fund Target 24/25	Previous year Number complet- ed Within KPI Target 23/24	Previous year % complet- ed Within KPI Fund Target 23/24	Number Comple- ed Within Legally Required Response Time 24/25	% Complete Within Legal Target 24/25 **
B6	Communicat- ion issued to active member with confirmat-ion of pension and lump sum options (actual)	15 days	796	84.1%	853	89.1%	947	100.0%
B7	Payment of lump sum (both actives and deferreds)	15 days	1,848	84.0%	1,753	88.4%	2,199	100.0%
B8	Communicat- ion issued with deferred benefit options	30 days	3,168	70.2%	2,477	56.8%	4,514	100.0%
B9	Communicat- ion issued to scheme member with completion of transfer in	15 days	438	91.3%	321	70.9%	480	100.0%
B10	Communicat- ion issued to scheme member with completion of transfer out	15 days	189	84.0%	154	72.6%	225	100.0%
B11	Payment of refund	10 days	201	69.3%	143	91.1%	290	100.0%
B12	Divorce quotation	45 days	236	95.9%	266	89.0%	246	100.0%
B13	Communicat- ion issued following actual divorce proceedings i.e. application of a Pension Sharing Order	15 days	3	100.0%	1,849	68.8%	3	100.0%

Ref	Casework KPI	Suggest- ed Fund KPI target	Number complet- ed Within KPI Target 24/25	% complet- ed Within KPI Fund Target 24/25	Previous year Number complet- ed Within KPI Target 23/24	Previous year % complet- ed Within KPI Fund Target 23/24	Number Comple- ed Within Legally Required Response Time 24/25	% Complete Within Legal Target 24/25 **
B14	Communicat- ion issued to new starters*	40 days						
B15	Member estimates requested by scheme member and employer	15 days	1,070	84.5%	713	77.5%	1,267	100.0%
	<b>TOTALS</b>		12,741 (24/25)	61.0%	14,053 (23/24)	58.7%	16,582 (24/25)	79.4%

\* to be provided in future (first year with these KPIs)

\*\* Peninsula Pensions monitors performance against the **Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013**, which set out the statutory requirements regarding the disclosure of pension information (two end columns). In addition, there are some internal targets outlined within the **Pension Administration Strategy** which the team aim to achieve.

### Administration KPI Table B – Time taken to process casework 24/25

#### Communication

In line with the Peninsula Pensions **Communications Policy**, the team ensures clear, secure, and timely communication through its online portal, website, and member support services. Members can access real-time pension data, generate estimates, update details, and submit queries online. Regular content reviews ensure accuracy, while secure email and recorded support calls uphold data protection and provide service quality assurance. Annual newsletters, employer meetings, and training sessions keep stakeholders informed. Feedback tools and service level standards ensure prompt responses. All communication is designed for clarity and accessibility, aligning with public sector regulations and best practices to enhance engagement and trust.

Peninsula Pensions support the annual 'Pension Awareness - Pay your pension some attention' campaign in conjunction with the Pension and Lifetime Savings Association. Pension scheme benefits are promoted by the team along with the understanding of them, and employers are encouraged with this approach too.

#### Enhanced Online Portal – Member Self Service (MSS 'Engage')

A new version of our online portal was launched, featuring AI-powered video Annual Benefit Statements (ABS), offering personalised pension information in an engaging format. The portal also includes intuitive dashboards, secure messaging, a financial planner, and document upload capabilities, enhancing the overall user experience.

Peninsula Pensions has continued to promote the benefits of Member Self-Service (MSS) over the year. The online functions were extended to allow members to obtain their own option choices and figures in relation to 'deferred benefit into payment calculations'; obtain their own transfer value quotations; in addition to having the ability to generate refund payments.

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 2025 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: 57.64%**  
**Pensioners registered: 54.35% (including survivors registered)**  
**Deferred members registered: 51.15%**

Members split by age	Age up to 30	Age 31-50	Age 51-60	Age 61+
Active contributors	35.20%	52.57%	69.79%	71.10%
Pensioners	-	78.05%	89.85%	56.83%
Deferreds	40.39%	44.68%	57.83%	58.39%

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.

## Website

The website holds current information and benefits of all the pension schemes administered by the team. It includes details on the latest updates, processes and both statutory and internal timescales for the varying functions administrators carry out. It includes links to the national LGPS website, and clear instructions of how to contact us and sign up to our Member Self Service portal.

The intention during 25/26 is to improve and expand on our service provided to all Fund members by providing quarterly webinars each year whilst 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. Recordings of events will be made available on our website for those unable to attend the sessions.

## Documentation

**Newsletters** – yearly updates to pensioners, and regular updates are sent to both scheme members and employers.

**Member and scheme literature** – personal benefit statements are provided to both active and deferred members of the scheme; and pensioners receive an annual newsletter. P60s are provided on a yearly basis. These are available both electronically, or by post where the individual has opted out of electronic communications

When material changes occur, newsletters are issued accordingly, and information placed on both the online portal and / or our website. A recent example of this was relating the McCloud remedy when individual members were provided with a factsheet during 24/25.

## Customer Interaction / Satisfaction Levels

**Total phone calls received 24/25:** 34179 (compared to 23/24 31213)

**Total enquiries received 24/25:** 6655 (including emails and enquiries via the online portal)

**Member Events:** During the 24/25 financial year, there were 53 talks held with members (some at the request of individual employers) - these were a combination of team member talks, roadshows, webinars, and one to one conversations. In addition, 12 in person member visits to the office were recorded.

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 2024/25.

Compliments & Complaints	23/24	24/25
Compliments	102	61
Formal complaints (IDRP Stage 1) <sup>1</sup>	11	11
Formal complaints (IDRP Stage 2) <sup>2</sup>	6	4
Other complaints <sup>3</sup>	83	100
Complaints referred to The Pensions Ombudsman pending outcome (where Peninsula Pensions have been notified) – relating to transfer out.	2	1

<sup>1</sup> Eight of the IDR Stage 1 complaints were against decisions made by the administering authority. Six of these complaints were not upheld. All other IDR Stage 1 complaints were against decisions made by scheme employers.

<sup>2</sup> Any complaint that cannot be resolved under Stage 1 of the IDR may be escalated to Stage 2. One of the complaints was against decisions made by the administering authority this was upheld. Three Stage 2 complaints were against decisions made by scheme employers in respect of ill health retirement.

<sup>3</sup> All other complaints were successfully resolved in-house and did not escalate to a formal complaint under provision of the IDR.

### 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.

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.

**Employer Events:** During the 24/25 financial year, there were 36 events held for employers (some at the request of individual employers) - these were a combination of 2 in person hosted meetings for all employers, 3 online focus sessions for all employers, and 31 individual employer training sessions.

**Employer Communications:** During the 24/25 financial year, 15 'Pension Line' newsletters issued to all employers.

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), effective from April 2024. Our primary aim continues to engage and work with employers to resolve issues. The revised strategy however clearly outlines requirements of both employers and administrators, and the potential financial consequences of non-adherence.

## Administration KPI Table D – Resources (Staffing indicators)

As at 31st March 2025, Peninsula Pensions employed **79.18** 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).

The average service length of administration staff is: **11.85 years**  
(70% of staff have more than 3 years' experience)

The staff vacancy rate average over the 24/25 year was: **4%** (same as 23/24)

For the LGPS only, for all administration staff, this equates to a ratio of approximately **2814** fund members for every full-time equivalent member of staff (compared with 2960 for 2023/24).

For the LGPS only, for all administration staff excluding management, this equates to a ratio of approximately **2970** fund members for every full-time equivalent member of staff.

## Administration KPI Table E – Data Quality

### 1. Annual Benefit Statements

Active members: 100% of these were issued as at 31st August 2025

Deferred members: 93% of these were issued as at 31st August 2025\*

(\*less than 7% were not issued – these were awaiting a combination of information from employers and subsequent calculations)

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

### 2. Data Category

#### The Pension Regulator annual data score return

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

For the year 24/25 Peninsula Pensions achieved the following for the Devon Fund:

Common data score: **96.5%** (96.1% 23/24)

Scheme-specific data score: **97.38%** (97.07% 23/24)

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 data checker tools and internal quality assurance.

**Scheme Member address data (postal & electronic)**

The percentage of members without a current address being held is: **3.10%** (a slight improvement on last year's 3.49%).

(this includes active/deferred/pensioner members – the majority of which relate to deferred members)

The percentage of members where there is an email address held is: **63%** (a slight improvement on last year's 62%).

(this includes active/deferred/pensioner members)

### 3. Employer Performance Reporting

Employer Performance Reports were introduced at both individual employer and Fund level aligned with the new Pension Administration Strategy. These reports provide metrics on data quality, timeliness, and compliance, fostering greater accountability.

The key purpose 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.

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 during reporting period selected in 24/25: **93%**.

Of these, 88% were received within 14 days of month end in line with our Pension Administration Strategy timescale requirements.

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

	Active	Ceased	Total
Scheduled body	182	87	269
Resolution body	51	8	59
Admitted body	75	97	172
<b>Total</b>	<b>308</b>	<b>192</b>	<b>500</b>

These numbers differ from the table in Note 1 of the Statement of Accounts, as it counts each individual academy school as an employer, whereas Note 1 of the Statement of Accounts is based on counting each Multi-Academy Trust (MAT) as an employer, when each MAT may include several schools. In practice, the administration team have dealings with and receive data from each individual academy within the MATs and with admitted bodies, data is received for each individual admission agreement linked to that admitted body.

## Other Information

### Audit

Peninsula Pensions is audited by Devon Assurance 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.

One of the reports relating to 'Cyber Security' during the 24/25 resulted a 'reasonable' assurance level and 3 of the reports relating to 'McCloud Readiness', 'HMRC reporting', and 'Pension Administration Strategy review' resulted in 'substantial' level of assurance. This provided a positive independent compliance level around internal processes on these areas.

### 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 2024 and subsequent data match reports processed in early 2025 included the following:

- Active pensioners with Department for Work and Pensions (DWP) deceased records, to identify cases where pension may still be in payment for someone who has died;
- Pensioners with payroll records for public sector bodies to identify cases where pensions may need to be considered for abatement

The next data is due to be submitted in 2026/2027 accordingly.

### 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/>

**Member self-service (MSS) 'Engage' can be accessed via the following link:**

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

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 2024/25

# 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 2025 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 2025 and its income and expenditure for the year ended 31st March 2025.

### Angie Sinclair

Director of Finance and Public Value  
12th November 2025

# Approval of the Statement of Accounts

I confirm that these accounts were approved by the Audit Committee at its meeting on 24th November 2025.

**Councillor Alan Connett**  
**Chair of the Audit Committee**

## Fund Account - for the year ended 31 March 2025

2023/24 £'000		2024/25 £'000	Notes
	<b>Dealings with members, employers and others directly involved in the fund</b>		
(231,645)	Contributions	(249,854)	7
(23,345)	Transfers in from other pension funds	(24,574)	8
(254,990)		(274,428)	
234,607	Benefits	258,593	9
15,997	Payments to and on account of leavers	15,310	10
250,604		273,903	
<b>(4,386)</b>	<b>Net (additions)/withdrawals from dealings with members</b>	<b>(525)</b>	
35,188	Management expenses	31,722	11
<b>30,802</b>	<b>Net (additions)/withdrawals including fund management expenses</b>	<b>31,197</b>	
	<b>Returns on investments</b>		
(51,140)	Investment Income	(63,964)	13
(6)	Taxes on income	6	
(580,621)	(Profit) and losses on disposal of investments and changes in market value of investments	(182,939)	
<b>(631,767)</b>	<b>Net Returns on Investments</b>	<b>(246,897)</b>	
(600,965)	Net (increase)/decrease in the net assets available for benefits during the year	(215,700)	
(5,312,831)	Opening Net Assets of the Scheme	(5,913,796)	
<b>(5,913,796)</b>	<b>Closing Net Assets of the Scheme</b>	<b>(6,129,496)</b>	

## Net Assets Statement - for the year ended 31 March 2025

2023/24 £'000		2024/25 £'000	Notes
722	Long Term Investments	750	14
5,899,950	Investment Assets	6,110,451	14
(1,186)	Investment Liabilities	-	14
<b>5,899,486</b>	<b>Total net investments</b>	<b>6,111,201</b>	
	<b>Current Assets and Liabilities</b>		
22,918	Current Assets	23,241	24
(8,608)	Current Liabilities	(4,946)	24
<b>5,913,796</b>	<b>Net assets of the fund available to fund benefits at the end of the reporting period</b>	<b>6,129,496</b>	

### 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. The actuarial present value of promised retirement benefits is 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.

The fund currently has 40,324 actively contributing members, employed by 185 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:

<b>Scheduled Body</b>	<b>Admitted Body</b>
An employer explicitly defined in the Regulations	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 indemnity or bond

## Statistical Summary

### Financial Summary

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
<b>Contributions and Benefits</b>					
Contributions	(214,261)	(173,432)	(191,150)	(231,645)	(249,854)
Transfers in from other pension funds	(12,970)	(13,324)	(13,253)	(23,345)	(24,574)
	<b>(227,231)</b>	<b>(186,756)</b>	<b>(204,403)</b>	<b>(254,990)</b>	<b>(274,428)</b>
Benefits Paid	192,439	201,032	208,345	234,607	258,593
Payments to and on account of leavers	8,437	26,633	10,121	15,997	15,310
	<b>200,876</b>	<b>227,665</b>	<b>218,466</b>	<b>250,604</b>	<b>273,903</b>
<b>Net (Additions) Withdrawals from Dealings with Fund members</b>	<b>(26,355)</b>	<b>40,909</b>	<b>14,063</b>	<b>(4,386)</b>	<b>(525)</b>
<b>Management Expenses</b>	<b>20,791</b>	<b>28,453</b>	<b>28,635</b>	<b>35,188</b>	<b>31,722</b>
<b>Returns on Investments</b>					
Investment Income	(35,020)	(33,646)	(39,115)	(51,146)	(63,958)
(Increase) /decrease in Market Value of Investments during the Year	(1,015,231)	(380,768)	95,569	(580,621)	(182,939)
<b>Net Returns on Investments</b>	<b>(1,050,251)</b>	<b>(414,414)</b>	<b>56,454</b>	<b>(631,767)</b>	<b>(246,897)</b>
<b>Net Assets of the Fund at 31 March</b>	<b>(5,066,930)</b>	<b>(5,411,982)</b>	<b>(5,312,831)</b>	<b>(5,913,796)</b>	<b>(6,129,496)</b>

### Members Summary

	2020/21 No.	2021/22 No.	2022/23 No.	2023/24 No.	2024/25 No.
<b>Devon County Council</b>					
Contributors	11,390	11,574	11,546	10,907	9,915
Pensioners and Dependants	15,148	16,113	15,731	16,037	16,373
Deferred Pensioners	19,520	20,348	19,795	19,154	18,606
<b>Other Employers</b>					
Contributors	28,072	27,886	29,475	29,042	30,409
Pensioners and Dependants	21,847	22,519	23,766	24,835	26,145
Deferred Pensioners	34,004	36,050	37,777	39,023	37,307

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

Pensions are paid to 42,518 pensioners (and/or dependants) every month. There are currently 55,913 members with rights to deferred benefits, frozen memberships pending refunds and those undecided pending resolution.

## Employing Bodies

	<b>Active</b>
Scheduled body	128
Admitted body	80
<b>Total</b>	<b>208</b>

There are currently 208 employers who have active members in the Fund.

These numbers represent the number of pension records paid either to individuals who contributed to the scheme or their dependents, this can mean that the same individual receives multiple payments relating to multiple pension records / liabilities.

Further contributions are made by Fund employers, which are set based on triennial actuarial funding valuations. The contributions for 2024/25 were set by the valuation as at 31st 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 1st 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:

	<b>Service before 1 April 2008</b>	<b>Service 1 April 2008 to 31 March 2014</b>	<b>Service from 1 April 2014</b>
<b>Pension</b>	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 <b>career average</b> salary.
<b>Lump sum</b>	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.

## Administering Authority

Devon County Council

## Scheduled Bodies

Academy for Character and Excellence	Devonport High School for Boys	Special Partnership Trust
Alumnis Multi Academy Trust	Devonport High School for Girls	Special Partnership Trust (Mill Water Special School)
An Daras Multi Academy Trust	Discovery Multi Academy Trust	St Christopher's CofE (Primary) Multi Academy Trust
Arts University Plymouth	East Devon District Council	St Margaret's Academy
Ashburton Town Council	Education South West	Staverton Parish Council
Athena Learning Trust	Exeter City Council	Stokenham Parish Council
Axminster Town Council	Exeter College	Tarka Learning Partnership
Axmouth Parish Council	Exeter Learning Academy Trust	Tavistock Town Council
Aylesbeare Parish Council	Exeter Mathematics School	TEAM Multi Academy Trust
Barnstaple Town Council	Exmouth Town Council	Ted Wragg Multi Academy Trust
Berrynarbor Parish Council	First Federation Trust	Tedburn St Mary Parish Council
Bideford Town Council	Fremington Parish Council	Teignbridge District Council
Bishops Clyst Parish Council	Frithelstock Parish Council	Teignmouth Town Council
Bishops Tawton Parish Council	Georgeham Parish Council	The Harbour Schools Partnership
Bishopsteignton Parish Council	Great Torrington Academy	The King's School Ottery St Mary
Blackdown Education Partnership	Great Torrington Town Council	Thinking Schools Academy Trust
Bovey Tracey Town Council	Greenshaw Learning Trust	Torbay Council
Bradninch Town Council	Hayes Road Academy	Torquay Boys' Grammar School Multi-Academy Trust
Bradworthy Primary Academy	Holcombe Burnell Parish Council	Torquay Girls Grammar School
Braunton Parish Council	Honiton Littleton Primary Academy Trust	Torrige District Council
Braunton School and Community College Academy Trust	Honiton Town Council	Totnes Town Council
Brixham Town Council	Ilfracombe Town Council	Transforming Futures Multi Academy Trust
Brixton Parish Council	Inspire Multi Academy Trust	Ugborough Parish Council
Broadclyst Parish Council	Ivy Education Trust	University of Plymouth
Buckland Monachorum Parish Council	Ivybridge Town Council	Uplyme Parish Council
Budleigh Salterton Town Council	Kingsbridge Town Council	Wave Multi Academy Trust
Chudleigh Town Council	Kingsteignton Town Council	Wembury Parish Council
Chulmleigh Academy Trust	Learning Academies Trust	West Devon Borough Council
Churston Ferrers Grammar School Academy	Learning Academy Partnership South West	Westcountry Schools Trust
City College Plymouth	Lift Schools	Witheridge Parish Council
Clyst Honiton Parish Council	Link Academy Trust	Witheridge Parish Council
Clyst Vale Academy Trust	Lynton & Lymouth Town Council	
Colyton Grammar School Academy Trust	Mid Devon District Council	
Combe Martin Parish Council	Moretonhampstead Parish Council	
Combe Pafford Academy	Newton Abbot Town Council	
Connect Academy Trust	North Devon District Council	
Cornerstone Academy Trust	Okehampton Town Council	
Cornwall College	Petroc	
Cranbrook Town Council	Plymouth CAST	
Crediton Town Council	Plymouth City Council	
Cullompton Town Council	Police Crime Commissioner Devon and Cornwall	
Dartington Parish Council	Reach South Academy Trust	
Dartmoor Multi Academy Trust	Riviera Education Trust	
Dartmoor National Park Authority	Seaton Town Council	
Dartmouth Town Council	Sidmouth Town Council	
Dawlish Town Council	South Brent Parish Council	
Devon & Severn IFCA	South Devon College	
Devon & Somerset Fire Authority	South Hams District Council	
	South Molton Town Council	

## Admitted Bodies

Action for Children (Torbay)	Innovate (Colyton Grammar School Academy Trust)
Aspens (Barton Hill Academy)	Innovate Services (Blackdown Education Partnership)
Aspens (Ted Wragg)	Innovate Services (Ivy Education Trust)
BIFFA Waste Services Ltd	Interserve Projects Ltd
Bournemouth Churches Housing Association	LED Community Leisure
British Telecom (D&C Police)	Libraries Unlimited
Burton Art Gallery	Livewell South West
CaterEd	LiveWest
Churchill Cleaning Services Limited - West (Honiton Community College)	Mama Bears Day Nursery
Churchill Cleaning Services Limited - West (Oreston Academy)	MITIE (South Devon College)
Churchill Cleaning Services Limited - West (Plymstock School)	NHS CARE (Torbay & South Devon NHS Foundation)
Churchill Cleaning Services Limited - West (SW Ambulance)	NHS Devon ICB
Compass (Chartwells) Devon School's Cluster	Norse South West Catering
Compass (Great Torrington Academy)	Norse South West Cleaning
Compass (Plymouth High School for Girls)	Norse South West Facilities Management
Compass (Plympton Academy - Thinking Schools Academy Trust)	North Devon Crematorium
Dame Hannah Rogers School	PEC Management Services
DCC Cleaning	Peninsula Dental Social Enterprise CIC
Deaf Academy	Pinnacle FM Limited
Delt Shared Services (Mount Tamar School) - Transforming Futures Multi Academy Trust	Plymouth Active Leisure Limited
Delt Shared Services (Plymouth City) Ltd	Plymouth Active Life
Delt Shared Services (Print & Doc Services) Ltd	Plymouth Citizens Advice Bureaux
Delt Shared Services (Transforming Futures Multi Academy Trust)	Plymouth CityBus
Delt Shared Services Ltd	Plymouth Community Homes
Devon Schools Leadership Services	Plymouth Learning Partnership CIC
Direct Cleaning Services (Exmouth Community College)	ServiceMaster Clean Contract Services
Direct Cleaning Services (Thinking Schools Academy Trust)	South West Heritage Trust
Dolce Ltd	South West Highways
DYS Space Ltd	Specialist Fleet Services
Elite Cleaning (Devon Moors)	Strata Service Solutions Ltd
Elite Cleaning (South Devon)	SWISCO
Fishkids (Blackpool Primary)	The Exwick Ark
Fishkids (Brixington Primary)	Tops Day Nursery
Fishkids (West Cliff)	Torbay Coast & Countryside Trust
Fresha (Haywoods School)	Torbay Community Development Trust
Fresha (Riviera Education Trust)	Torbay Education Limited
Fusion Lifestyle	University Commercial Services
Fusion School Services Limited	Westward Housing
Glen Cleaning (Plymouth CAST)	Wolseley Community Economic Development Trust
Healthwatch Torbay	Wolseley Community Economic Development Trust
Idverde Limited	

## Management Structure

<b>Administering Authority</b>	Devon County Council County Hall Exeter EX2 4QD
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### Investment and Pension Fund Committee (at 31 March 2025)

Representing Devon County Council	Councillor James Morrish Councillor Yvonne Atkinson Councillor George Gribble Councillor Henry Gent Councillor Marcus Hartnell Councillor Jeff Trail	(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 * Vacancy	(UNISON) (GMB)
Representing the Beneficiaries	Roberto Franceschini *	(UNISON)

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

<b>Adviser</b>	Anthony Fletcher	(MJ Hudson Allenbridge)
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### Devon Pension Board (at 31 March 2025)

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 Alistair Macintosh Helen Pennack	
Independent Member	Robert Jeanes	

<b>County Council Officers</b>	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
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<b>Asset Pool</b>	Brunel Pension Partnership 101 Victoria Street Bristol. BS1 6PU
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<b>Fund Actuary</b>	Barnett Waddingham LLP 163 West George Street Glasgow. G2 2JJ
<b>Fund Custodian</b>	State Street Bank and Trust Company Quartermile 3 10 Nightingale Way Edinburgh. EH3 9EG
<b>Bankers to the Fund</b>	Barclays Bank plc 3 Bedford St Exeter. EX1 1LX
<b>AVC Providers</b>	Prudential Assurance Company Ltd Lancing BN15 8GB
<b>External Auditors</b>	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 2024/25 were set by the statutory triennial actuarial valuation of the Fund undertaken in 2022, signed by the Actuary on 31st 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 2024/25 financial year and its position at year-end as at 31st March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (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 2025/26 that are anticipated to have a material impact on the Fund's financial performance or financial position.

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**

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 2024/25.

## 5. Events After the Reporting Date

### **Proposed Government reforms to the Local Government Pension Scheme Pooling Arrangements in England and Wales.**

In November 2024, the Government set out its proposed reforms in its "Fit for Future" consultation with an aim to establish a world class LGPS with large pools of professionally managed capital, offering best value to its members and communities. Government wrote to each pool, asking for transition proposals setting out how they would seek to achieve the minimum standards proposed in the consultation by March 2026, focusing on the benefits of scale, long-term resilience, value for money and viability against the deadline, with consideration given to the opportunity for closer collaboration across the scheme and the merger of pools.

The Brunel Pension Partnership which acts as the Pool for the Pension Fund, engaged fully with this consultation and submitted its proposals to Government accordingly. On 9th April 2025, Brunel received notification from the Government that after full consideration the submission did not meet the Government's vision for the future of the LGPS, and invited Brunel and its partner Pension Funds to urgently investigate new partnership arrangements with other existing LGPS pools, and to notify the Government by 30th September 2025, its in-principle proposals in the introduction of these new arrangements.

Whilst the Fund is disappointed by this decision, the Investment and Pension Fund Committee has approved in principle that the Devon Fund will join the LPPI (Local Pension Partnership Investments) pool. The Fund is currently working with the Brunel Pension Partnership, LPPI and partner funds to plan the transition to the new pooling arrangements. Considerable uncertainties remain on setting up the new arrangements and on the future of the Brunel Pension Partnership.

As reported within the balance sheet a 10% shareholding of the Brunel Pension Partnership as at 31st March 2025 exists and this is valued at £750,000. Although not considered material to the accounts, uncertainty on the long-term future of the Brunel Pension Partnership exists, until it becomes clearer on how the new Government arrangements will be implemented. Future transition costs to these new arrangements are also unclear. The Fund recognises these risks but following consideration has decided not to make any adjustment to the financial statements but will continue to review as more clarity on the way forward develops.

There have been no other events since 31st March 2025, and up to the date when these accounts were authorised on 12th November 2025 that require any adjustment.

## 6. 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
<p>Level 2 &amp; 3 investments (£4,957 million and £1,014 million respectively, £5,971 million in total) not based on quoted market prices</p>	<p>The Fund's investments are revalued on a monthly basis. Uncertainty will exist when investments are not valued using quoted prices in active markets, or by reference to markets which are not considered to be active and are valued based on alternative pricing sources supported by observable inputs. Level 3 investments will have significant unobservable inputs.</p>	<p>For every 1% increase in the value of level 2 and 3 investments the value of the Fund will increase by £60 million with a decrease having the opposite effect.</p>
<p>Unlisted assets, specifically level 3 private infrastructure, private equity and debt funds (valued at £994m)</p>	<p>Unlisted level 3 assets are not actively traded, but their valuation may still be sensitive to broader market trends. After the reporting date, changes in interest rates, inflation expectations, or sector-specific risks may result in the previous market evidence used to inform assumptions and the opinion of value becoming out dated. If assumptions (e.g. discount rates, growth projections, risk premiums) change materially after the reporting date, the previously reported fair value may no longer reflect economic reality.</p>	<p>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 £50m in total Fund assets.</p>
<p>Actuarial present value of promised retirement benefits disclosed in Note 23 amounting to £5,114 million. The Pension Fund holds assets disclosed in the Net Asset Statement, which offset these projected total liabilities.</p>	<p>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.</p>	<p>The effects on the actuarial present value of promised retirement benefits (the Funded Obligation) of changes in individual assumptions can be measured. For instance:</p> <ul style="list-style-type: none"> <li>• a 0.1% increase in the discount rate assumption would result in a decrease in the Funded Obligation of £73.7 million</li> <li>• a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £5.6 million</li> <li>• a one-year increase in assumed life expectancy would increase the liability by approximately £173.2 million</li> </ul>

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.

## 7. Contributions receivable

### By category

2023/24 £'000		2024/25 £'000
(53,438)	Employees' normal contributions	(56,450)
	Employers' contributions:	
(162,325)	Employers' normal contributions	(173,447)
(15,882)	Employers' deficit recovery contributions	(19,957)
<u>(178,207)</u>	Total employers' contributions	<u>(193,404)</u>
<b><u>(231,645)</u></b>	<b>Total contributions receivable</b>	<b><u>(249,854)</u></b>
2023/24 £'000		2024/25 £'000
(63,411)	Administering Authority	(64,793)
(157,230)	Scheduled bodies	(172,955)
(1,066)	Community admission body	(755)
(8,086)	Transferee admission body	(9,272)
(1,852)	Resolution body	(2,079)
<u>(231,645)</u>		<u>(249,854)</u>

## 8. Transfers In From Other Pension Funds

2023/24 £'000		2024/25 £'000
(23,345)	Individual transfers in	(16,143)
-	Bulk transfers in	(8,431)
<u>(23,345)</u>		<u>(24,574)</u>

## 9. Benefits Payable

### By category

2023/24 £'000		2024/25 £'000
196,531	Pensions	214,002
32,612	Commutation and lump sum retirement benefits	39,369
5,464	Lump sum death benefits	5,222
<b>234,607</b>		<b>258,593</b>

### By type of employer

2023/24 £'000		2024/25 £'000
80,023	Administering Authority	85,904
139,813	Scheduled bodies	156,715
2,996	Community admission body	3,308
11,036	Transferee admission body	11,820
739	Resolution body	846
<b>234,607</b>		<b>258,593</b>

## 10. Payments To And On Account of Leavers

2023/24 £'000		2024/25 £'000
1,406	Refunds to members leaving service	1,422
(1)	Payments for members joining state scheme	(1)
14,592	Individual transfers out	13,889
<b>15,997</b>		<b>15,310</b>

## 11. Management Expenses

2023/24 £'000		2024/25 £'000
3,016	<b>Administrative costs</b>	3,285
<u>3,016</u>		<u>3,285</u>
	<b>Investment management expenses</b>	
23,196	Management fees	22,987
2,729	Performance fees	1,593
23	Custody fees	6
5,298	Transaction costs	2,804
27	Other Investment management expenses	20
<u>31,273</u>		<u>27,410</u>
	<b>Oversight and governance costs</b>	
106	Audit Fees	159
793	Other Oversight and governance costs	868
<u>899</u>		<u>1,027</u>
<u>35,188</u>		<u>31,722</u>

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.

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).

The scale fee set out in the PSAA contract for audit fees due to Grant Thornton for the audit in 2024/25 is £105,795.

Addition PSAA approved audit fee variations totalling £53,000 paid in 2024/25 for the audit of the 2022/23 accounts were not accrued.

## 12. Investment Management Fees

2024/25

	Total £'000	Management fees £'000	Performance related fees £'000	Transaction Costs £'000
Pooled Investments *	23,718	19,549	1,593	2,576
Pooled Property Investments	3,666	3,438	-	228
	<b>27,384</b>	<b>22,987</b>	<b>1,593</b>	<b>2,804</b>
Custody Fees	6			
Class Action Proceeds	(18)			
Other Investment Management Expenses	38			
	<b>27,410</b>			

\* Included £1.848 million charged to the Fund by the Brunel Pension Partnership.

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
	<b>31,223</b>	<b>23,196</b>	<b>2,729</b>	<b>5,298</b>
Custody Fees	23			
Other Investment Management Expenses	27			
	<b>31,273</b>			

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

## 13. Investment Income

2023/24 £'000	2024/25 £'000
- Overseas Corporate Bonds	114
(9,723) Pooled Investments - Private Debt	(8,533)
(68) Pooled Investments - Private Equity	(141)
(20,531) Pooled Investments - Other	(28,473)
(14,370) Pooled Property Investments	(18,035)
(6,448) Interest on Cash and Short Term Deposits	(8,896)
<b>(51,140)</b>	<b>(63,964)</b>
<b>Total before taxes</b>	

## 14. Investments

2023/24 £'000		2024/25 £'000
	<b>Pooled Funds</b>	
1,141,605	Fixed Interest Funds	1,219,274
3,165,979	Global Equity	3,117,174
597,522	Infrastructure Funds	633,333
198,742	Private Debt Funds	224,872
82,847	Private Equity Funds	135,772
139,302	Diversified Growth Funds	143,818
<u>5,325,997</u>		<u>5,474,243</u>
	<b>Other Investments</b>	
440,866	Pooled Property Investments	476,994
	Derivatives:	
-	- Forward Foreign Exchange	225
<u>440,866</u>		<u>477,219</u>
	Cash Deposits:	
8,299	Foreign Currency	4,601
114,195	Short Term Deposits	140,369
10,255	Cash & Bank Deposits	13,613
338	Investment Income Due	406
<u>133,087</u>		<u>158,989</u>
<u>5,899,950</u>	<b>Total Investment Assets</b>	<u>6,110,451</u>
	<b>Long-term Investments</b>	
<u>722</u>	Shares in Brunel Pool	<u>750</u>
	<b>Investment Liabilities</b>	
	Derivatives:	
(1,186)	- Forward Foreign Exchange	-
<u>(1,186)</u>	<b>Total Investment Liabilities</b>	<u>-</u>
<u>5,899,486</u>	<b>Total Investments</b>	<u>6,111,201</u>

## 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 2024						31 March 2025	
£'000	%	Manager	Mandate	£'000	%		
<b>Investments managed by the Brunel Pension Partnership Asset Pool:</b>							
1,591,396	26.9	Brunel Pension Partnership Ltd	Passive Equities	1,534,525	25.1		
357,956	6.1	Brunel Pension Partnership Ltd	Global High Alpha Equities	360,771	5.9		
308,397	5.2	Brunel Pension Partnership Ltd	Global Small Cap Equities	293,343	4.8		
280,974	4.8	Brunel Pension Partnership Ltd	Emerging Market Equities	298,891	4.9		
615,079	10.4	Brunel Pension Partnership Ltd	Sustainable Equities	598,556	9.8		
432,413	7.3	Brunel Pension Partnership Ltd	Sterling Corporate Bonds	450,436	7.4		
709,192	12.0	Brunel Pension Partnership Ltd	Multi-Asset Credit	768,838	12.6		
139,302	2.4	Brunel Pension Partnership Ltd	Diversifying Returns Fund	143,818	2.4		
458,897	7.8	Brunel Pension Partnership Ltd	Property	509,864	8.3		
433,744	7.4	Brunel Pension Partnership Ltd	Infrastructure	478,634	7.8		
82,847	1.4	Brunel Pension Partnership Ltd	Private Equity	135,772	2.2		
110,506	1.9	Brunel Pension Partnership Ltd	Private Debt	147,116	2.4		
<b>5,520,703</b>	<b>93.6</b>			<b>5,720,564</b>	<b>93.6</b>		
<b>Investments managed outside the Brunel Pension Partnership Asset Pool:</b>							
101,928	1.7	DCC Investment Team	Infrastructure	75,412	1.2		
88,237	1.5	DCC Investment Team	Private Debt	77,756	1.3		
62,457	1.1	DCC Investment Team	Local Impact	83,692	1.4		
126,161	2.1	DCC Investment Team	Cash	153,777	2.5		
<b>378,783</b>	<b>6.4</b>			<b>390,637</b>	<b>6.4</b>		
<b>5,899,486</b>	<b>100</b>			<b>6,111,201</b>	<b>100</b>		

## 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 2024 £'000	Purchases at cost & Derivative Payments £'000	Sale proceeds & Derivative Receipts £'000	Change in Market Value £'000	Value at 31 March 2025 £'000
<b>Investment Assets</b>					
<b>Equities ( Listed )</b>					
Pooled Investments	5,325,997	178,030	(208,083)	178,299	5,474,243
Pooled Property Investments	440,866	61,537	(27,503)	2,094	476,994
Derivative Contracts					
Forward Currency Contract Assets	-	2,917	(4,324)	1,632	225
Forward Currency Contract Liabilities	(1,186)	-	-	1,186	-
Foreign Currency	8,299	41,224	(44,622)	(300)	4,601
	<b>5,773,976</b>	<b>283,708</b>	<b>(284,532)</b>	<b>182,911</b>	<b>5,956,063</b>
Short Term Deposits	114,195				140,369
Cash & Bank Deposits	10,255				13,613
Long Term Investments	722			28	750
Investment Income Due	338				406
<b>Net Assets of the Fund at 31 March</b>	<b>5,899,486</b>			<b>182,939</b>	<b>6,111,201</b>

	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
<b>Investment Assets</b>					
<b>Equities ( Listed )</b>					
Pooled Investments	4,780,960	6,093,707	(6,152,155)	603,485	5,325,997
Pooled Property Investments	455,507	54,916	(43,365)	(26,192)	440,866
Derivative Contracts					
Forward Currency Contract Liabilities	2,063	4,006	(10,615)	3,360	(1,186)
Foreign Currency	1,478	60,172	(53,304)	(47)	8,299
	<b>5,240,008</b>	<b>6,212,801</b>	<b>(6,259,439)</b>	<b>580,606</b>	<b>5,773,976</b>
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
<b>Net Assets of the Fund at 31 March</b>	<b>5,302,244</b>			<b>580,621</b>	<b>5,899,486</b>

## 17. Fund Investments over 5% of total fund value

	<b>Value at 31 March 2025 £'000</b>	<b>% of Total Fund Value %</b>
LGIM World Developed Equity Index (Currency Hedged) Fund	768,682	12.6%
LGIM Paris-Aligned Developed Equity Index Fund	765,841	12.5%
Brunel Active Global Sustainable Equity Fund	598,556	9.8%
Royal London Mutual Assurance Sterling Corporate Bond Fund	450,436	7.4%
Neuberger Berman Multi-Asset Credit Fund	447,861	7.3%
Brunel Active Global High Alpha Equity Fund	360,771	5.9%
	<b>Value at 31 March 2024 £'000</b>	<b>% of Total Fund Value %</b>
LGIM Paris-Aligned Developed Equity Index Fund	798,417	13.5%
LGIM Paris Aligned 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	6.1%
Brunel Active Global Smaller Companies Equity Fund	308,397	5.2%

## 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
<b>Cash and cash equivalents</b>	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
<b>Market quoted investments</b>	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
<b>Quoted bonds</b>	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
<b>Pooled investments – Quoted UK and overseas unit trusts</b>	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
<b>Pooled investments - UK and overseas property funds, unitised insurance policies and other managed funds</b>	Level 2	<ul style="list-style-type: none"> <li>Closing bid price where bid and offer prices are published</li> <li>Closing single price where single price published</li> </ul>	NAV-based pricing set on a forward pricing basis	Not required
<b>Forward Currency Contracts</b>	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not required
<b>UK and Overseas Unit Trusts, including property funds (Venture Capital and Partnerships)</b>	Level 3	Based on cash flow analysis and comparable transaction multiples in accordance with the International Private Equity and Venture Capital Valuation Guidelines	<ul style="list-style-type: none"> <li>Market conditions</li> <li>Company business plans</li> <li>Financial projections</li> <li>Economic outlook</li> <li>Performance of the investments</li> <li>Business analysis</li> </ul>	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 2025

	Assessed valuation range (+/-) %	Value at 31 March 2025 £'000	Value on increase £'000	Value on decrease £'000
<b>Investment Assets</b>				
Pooled Property Investments	4.37%	19,429	20,278	18,580
Pooled Investments				
Unlisted Infrastructure	3.71%	633,333	656,844	609,818
Private Equity	11.22%	135,772	151,002	120,544
Private Debt	4.27%	224,872	234,480	215,270
Long Term Investments	12.32%	750	842	658
		<b>1,014,156</b>	<b>1,063,446</b>	<b>964,870</b>

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 2024

	Assessed valuation range (+/-) %	Value at 31 March 2022 £'000	Value on increase £'000	Value on decrease £'000
<b>Investment Assets</b>				
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
		<b>898,440</b>	<b>929,315</b>	<b>867,565</b>

### 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:

	2023/24 £'000	2024/25 £'000
<b>Pooled Property Investments</b>		
PGIM UK Affordable Housing Fund	318	824
<b>Unlisted Infrastructure</b>		
Archmore (UBS) International Infrastructure Fund LLP	(4,466)	(1,714)
Aviva Ground Rents Fund	(3,043)	(1,264)
Aviva Infrastructure Income Fund	(6,574)	(4,940)
Capital Dynamics Clean Energy Fund VII A	(879)	1,205
Capital Dynamics Clean Energy Fund VIII	307	1,210
First Sentier Infrastructure Fund	464	(289)
Foresight Regional Investment Fund VII	-	380
Greencoat Wessex Gardens Fund	-	(843)
Gresham House Residential Income Fund	-	(90)
Hermes GPE Infrastructure Fund LLP	(1,590)	(624)
Federated Hermes Diversified Infrastructure Fund	(1,148)	(1,495)
NTR Renewable Energy Fund II	866	(536)
Octopus Affordable Housing Fund	-	10
Quinbrook Renewables Impact Fund	-	1,844
Stepstone Brunel I Infrastructure Fund	7,151	7,382
Stepstone Brunel II Generalist Infra Fund	5,018	1,872
Stepstone Brunel II Renewables Infra Fund	1,549	2,205
Stepstone Brunel III Infrastructure Fund	318	1,874
Vauban Core Infrastructure Fund II	194	320
<b>Private Equity</b>		
Crown Global Secondaries V PE Fund	885	648
Alpinvest Co-Investment Fund VIII	1,045	1,432
Montana Capital-Partners Fund	562	661
New Mountain Fund 06	1,191	1,848
Insight Partners Fund XII	738	512
Insight Partners Fund X	325	106
Genstar X Opportunities Fund	2	191
Genstar X Fund	(31)	385
Inflexion Buyout Fund VI	(259)	651
PAI Partners Fund VIII	188	875
J Star Fund No.5	23	878
Atomico Venture Fund 06	209	925
Summa Equity Fund III	(76)	(241)
Apax Global Impact Fund 01	18	-
Baring Asia Fund VIII	219	1,354
Neuberger Bermann Clifton Private Equity Fund III	(1,023)	1,024
Neuberger Bermann Clifton Private Equity Fund IV	-	320
<b>Private Debt</b>		
Arcmont Senior Loan fund I	1,814	(1,149)
Golub Capital Partners International Fund 11	4	1,919
Ares Senior Direct Lending Fund 03	-	331
Aksia Brunel Private Debt Fund	745	(405)
Blackrock European Mid Market Fund III	2,099	1,011
Arcmont Direct Lending Fund IV	264	464
Barings North America Private Loan Fund 03	36	293
Neuberger Berman Private Debt Fund 05	-	82
ICG Senior Debt Partners Fund 05	208	326
<b>Long Term Investments</b>		
Brunel Pension Partnership	15	28
	<b>7,686</b>	<b>21,800</b>

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 2025**

	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With Significant unobservable inputs Level 3 £'000	Total £'000
Long Term Investments	-	-	750	750
<b>Investment Assets</b>				
Pooled investments	-	4,480,266	993,977	5,474,243
Pooled property investments	-	457,565	19,429	476,994
Cash Deposits	-	-	-	-
Foreign Currency	4,601	-	-	4,601
Short Term Deposits	140,369	-	-	140,369
Cash Equivalents	-	-	-	-
Cash & Bank Deposits	13,613	-	-	13,613
Forward Currency Contracts	-	225	-	225
<b>Assets and Liabilities</b>				
Current Assets	-	23,647	-	23,647
Current Liabilities	-	(4,946)	-	(4,946)
<b>Net Assets of the Fund at 31 March 2025</b>	<b>158,583</b>	<b>4,956,757</b>	<b>1,014,156</b>	<b>6,129,496</b>

**At 31 March 2024**

	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	-	-	722	722
<b>Investment Assets</b>				
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	-	-	-	-
<b>Investment Liabilities</b>				
Derivatives	-	-	-	-
Forward Currency Contracts	-	(1,186)	-	(1,186)
Amounts payable for purchases	-	-	-	-
<b>Assets and Liabilities</b>				
Current Assets	-	23,256	-	23,256
Current Liabilities	-	(8,608)	-	(8,608)
<b>Net Assets of the Fund at 31 March 2024</b>	<b>132,749</b>	<b>4,882,607</b>	<b>898,440</b>	<b>5,913,796</b>

### Reconciliation of Fair Value Measurements within Level 3

At 31 March 2025	Value at 31 March 2024	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Unrealised gains / (losses)	Realised gains / (losses)	Value at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Investment Assets</b>						
Pooled Property Investments	18,605	-	-	824	-	19,429
<u>Pooled Investments</u>						
Unlisted Infrastructure	597,520	74,055	(44,747)	3,632	2,873	633,333
Private Equity	82,847	43,505	(2,151)	11,571	-	135,772
Private Debt	198,746	41,785	(18,533)	2,874	-	224,872
Long Term Investments	722	-	-	28	-	750
	<b>898,440</b>	<b>159,345</b>	<b>(65,431)</b>	<b>18,929</b>	<b>2,873</b>	<b>1,014,156</b>
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
<b>Investment Assets</b>						
Pooled Property Investments	12,831	5,561	(105)	318	-	18,605
<u>Pooled Investments</u>						
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
	<b>686,733</b>	<b>289,737</b>	<b>(85,716)</b>	<b>(2,725)</b>	<b>10,411</b>	<b>898,440</b>

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
2023/24	2023/24	2023/24	2024/25	2024/25	2024/25
£'000	£'000	£'000	£'000	£'000	£'000
<b>Financial assets</b>					
-	-	-	-	-	-
5,325,997	-	-	5,474,243	-	-
440,866	-	-	476,994	-	-
-	-	-	225	-	-
-	132,749	-	-	158,583	-
722	-	-	750	-	-
338	-	-	406	-	-
-	22,918	-	-	23,241	-
<b>5,767,923</b>	<b>155,667</b>	-	<b>5,952,618</b>	<b>181,824</b>	-
<b>Financial Liabilities</b>					
(1,186)	-	-	-	-	-
-	-	-	-	-	-
-	-	(8,608)	-	-	(4,946)
<b>(1,186)</b>	-	<b>(8,608)</b>	-	-	<b>(4,946)</b>
<b>5,766,737</b>	<b>155,667</b>	<b>(8,608)</b>	<b>5,952,618</b>	<b>181,824</b>	<b>(4,946)</b>

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

31 March 2024		31 March 2025
£'000		£'000
<b>Financial assets</b>		
(581,150)	Fair value through profit and loss	(182,054)
(657)	Amortised Cost	301
<b>(581,807)</b>		<b>(181,753)</b>
<b>Financial liabilities</b>		
1,186	Fair value through profit and loss	(1,186)
<b>1,186</b>		<b>(1,186)</b>

The Pension Fund Net Returns on Investment is explained above in the distribution of financial assets and liabilities measured at fair value. Net returns on investment as per Net Asset Statement also includes £64 million investment income.

## 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 2023/24	Percentage Change 2024/25
Equities	11.81%	12.32%
Bonds	6.95%	6.88%
Cash	1.73%	1.73%
Property	5.40%	4.37%
Private Debt	-	4.27%
Private Equity	-	11.22%
Infrastructure	3.39%	3.71%
Pooled Multi Asset	4.35%	4.19%

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 2025

Asset Class	Value £'000	Percentage Change	Increase £'000	Decrease £'000
Equities	3,117,924	12.32%	384,123	(384,123)
Bonds	1,219,274	6.88%	83,935	(83,935)
Cash	159,214	1.73%	2,754	(2,754)
Property	476,994	4.37%	20,836	(20,836)
Private Debt	224,872	4.27%	9,602	(9,602)
Private Equity	135,772	11.22%	15,234	(15,234)
Infrastructure	633,333	3.71%	23,497	(23,497)
Pooled Multi Asset	143,818	4.19%	6,020	(6,020)
<b>Total</b>	<b>6,111,201</b>		<b>546,001</b>	<b>(546,001)</b>

### 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)
<b>Total</b>	<b>5,899,950</b>		<b>515,375</b>	<b>(515,375)</b>

## 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 2024 and 2025 are provided below. These disclosures present interest rate risk based on underlying financial assets (at fair value).

	As at 31 March 2024 £'000	As at 31 March 2025 £'000
Cash and cash equivalents	10,255	13,613
Short term Deposits	114,195	140,369
Fixed Interest	1,141,605	1,219,274
<b>Total</b>	<b>1,266,055</b>	<b>1,373,256</b>

## 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 £'000	As at 31 March 2025 £'000
Cash and cash equivalents	10,255	13,613
Short term Deposits	114,195	140,369
Fixed Interest	1,141,605	1,219,274
<b>Total</b>	<b>1,266,055</b>	<b>1,373,256</b>

As at 31 March 2025	Carrying value at 31 March 2025	Modified Duration of Portfolio	Effect on Asset Values +1%	Effect on Asset Values -1%
	£'000	%	£'000	£'000
Cash and cash equivalents	13,613	-	-	-
Short term Deposits	140,369	-	-	-
Fixed Interest	1,219,274	3.71	(45,198)	45,198
<b>Total</b>	<b>1,373,256</b>		<b>(45,198)</b>	<b>45,198</b>

As at 31 March 2024	Carrying value at 31 March 2024	Modified Duration of Portfolio	Effect on Asset Values - Restated +1%	Effect on Asset Values - Restated -1%
	£'000	%	£'000	£'000
Cash and cash equivalents	10,255	-	-	-
Short term Deposits	114,195	-	-	-
Fixed Interest	1,141,605	3.93	(44,865)	44,865
<b>Total</b>	<b>1,266,055</b>		<b>(44,865)</b>	<b>44,865</b>

As at 31 March 2025	Amount receivable in year ending 31 March 2025	Effect on Income Values +1%	Effect on Income Values -1%
	£'000	£'000	£'000
Cash and cash equivalents	8,896	89	(89)
<b>Total</b>	<b>8,896</b>	<b>89</b>	<b>(89)</b>

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)
<b>Total</b>	<b>6,448</b>	<b>64</b>	<b>(64)</b>

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 2025 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 2025 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 2024.

As at 31 March 2025	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	22,023	33	22,056	7.18%	1,584	(1,584)
Brazilian Real	26,236	-	26,236	12.68%	3,327	(3,327)
Canadian Dollar	26,833	-	26,833	6.34%	1,701	(1,701)
Chilean Peso	6,036	-	6,036	16.36%	987	(987)
Chinese Yuan	3,858	-	3,858	8.16%	315	(315)
Colombian Peso	461	-	461	12.28%	57	(57)
Czech Koruna	(769)	-	(769)	6.65%	(51)	51
Danish Krona	18,479	-	18,479	5.28%	976	(976)
Egyptian Pound	221	-	221	30.81%	68	(68)
Euro	310,140	281	310,421	5.20%	16,142	(16,142)
Hong Kong Dollar	78,491	-	78,491	8.15%	6,397	(6,397)
Hungarian Forint	1,965	-	1,965	11.49%	226	(226)
Indian Rupee	43,372	-	43,372	7.45%	3,231	(3,231)
Indonesian Rupiah	8,761	-	8,761	7.53%	660	(660)
Israeli Shekel	342	-	342	10.02%	34	(34)
Japanese Yen	137,348	-	137,348	9.63%	13,227	(13,227)
Malaysian Ringgit	1,445	-	1,445	7.53%	109	(109)
Mexican Peso	10,393	-	10,393	11.73%	1,219	(1,219)
New Taiwan Dollar	54,059	-	54,059	7.28%	3,935	(3,935)
New Turkish Lira	1,777	-	1,777	11.15%	198	(198)
New Zealand Dollar	(11,761)	-	(11,761)	6.76%	(795)	795
Norwegian Krone	20,579	-	20,579	9.07%	1,867	(1,867)
Philippines Peso	647	-	647	5.90%	38	(38)
Polish Zloty New	5,412	-	5,412	7.63%	413	(413)
Qatari Rial	4	-	4	8.49%	-	-
Saudi Arabia Riyal	1,801	-	1,801	5.39%	97	(97)
Singapore Dollars	6,067	-	6,067	5.75%	349	(349)
South African Rand	16,700	-	16,700	10.81%	1,805	(1,805)
South Korean Won	36,131	-	36,131	7.36%	2,659	(2,659)
Swedish Krona	17,370	-	17,370	7.03%	1,221	(1,221)
Swiss Franc	43,027	-	43,027	6.77%	2,913	(2,913)
Thailand Baht	2,842	-	2,842	7.41%	211	(211)
UAE Dirham	8,460	-	8,460	5.39%	456	(456)
US Dollars	1,600,056	(89)	1,599,967	8.24%	131,837	(131,837)
Vietnamese Dong	1,067	-	1,067	5.39%	58	(58)
	<b>2,499,873</b>	<b>225</b>	<b>2,500,098</b>		<b>197,471</b>	<b>(197,471)</b>

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	- 1
					Standard Deviation	Standard Deviation
	£'000	£'000	£'000		£'000	£'000
Argentine Peso	-	-	-	6.33%	-	-
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)
Chinese Yuan	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 Krona	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 Ringgit	1,009	-	1,009	7.31%	74	(74)
Mexican Peso	14,194	-	14,194	9.78%	1,388	(1,388)
New Taiwan Dollar	42,542	-	42,542	7.17%	3,050	(3,050)
New 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)
Philippines Peso	1,177	-	1,177	5.96%	70	(70)
Polish Zloty New	(757)	-	(757)	8.60%	(65)	65
Saudi Arabia Riyal	3,017	-	3,017	5.54%	167	(167)
Singapore Dollars	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)
Thailand Baht	4,799	-	4,799	7.43%	357	(357)
UAE Dirham	5,058	-	5,058	5.54%	280	(280)
US Dollars	1,643,255	(1,069)	1,642,186	8.18%	134,331	(134,331)
Vietnamese Dong	1,025	-	1,025	5.54%	57	(57)
	<b>2,544,895</b>	<b>(1,186)</b>	<b>2,543,709</b>		<b>198,901</b>	<b>(198,901)</b>

## 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 positions.

	<b>As at 31 March 2024 £'000</b>	<b>As at 31 March 2025 £'000</b>
Pooled investments	5,325,997	5,474,244
Pooled property investments	440,866	476,994
Derivatives (net)	(1,186)	225
Foreign currency	8,299	4,601
Short term deposits	114,195	140,369
Cash and cash equivalents	10,255	13,613
Settlements and dividends receivable	338	406
Long Term Investment	722	750
<b>Total of investments held</b>	<b>5,899,486</b>	<b>6,111,202</b>

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 2025 was £140.369 million (31st March 2024 £114.195 million). This was held with the following institutions:

**Credit Rating at 31 March 2025**

	<b>Fitch</b>	<b>Moody's</b>	<b>Standard &amp; Poor's</b>	<b>Balances as at 31 March 2024 £'000</b>	<b>Balances as at 31 March 2025 £'000</b>
<b>Banks and Building Societies</b>					
Australia and New Zealand Bank	AA-	Aa2	AA-	30,000	30,000
Handelsbanken	AA	Aa2	AA-	30,050	0
Lloyds	AA-	A1	A	31	20
Danske	A+	A1	A+	10,000	0
<b>Money Market Funds</b>					
Blackrock MMF	AAA	Aaa	AAA	16	489
Aberdeen Standard MMF	AAA	Aaa	AAA	4,098	9,860
<b>Local Authorities</b>					
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	
Devon County Council					5,000
Lancashire County Council					10,000
Cheshire East Council					10,000
Leeds MBC					10,000
Uttlesford District Council					5,000
Telford and Wrekin Council					10,000
Basildon Borough Council					5,000
LB of Newham					5,000
Central Bedfordshire Council					10,000
Suffolk County Council					10,000
Wirral Borough Council					10,000
Reading Borough Council					10,000
				<b>114,195</b>	<b>140,369</b>

**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 31st March 2022. The next valuation will take place as at 31st 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 31st March 2025 is 19.2% of payroll. The secondary rate (the deficit recovery rate) totals £18.809 million in 2024/25 across all the Fund's employers, equivalent to an average of 2.5% of payroll. These figures are from the Rates and Adjustments Certificate from the 2022 Actuarial Valuation.

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 2022 actuarial valuation report on [www.peninsulapensions.org.uk](http://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%	2.6%

## Mortality assumptions

Life expectancy from 65 years	31/03/2025	31/03/2024
Retiring today		
Males	21.4	21.5
Females	22.7	22.7
Retiring in 20 years		
Males	22.7	22.8
Females	24.1	24.1

## Historic mortality assumptions

Life expectancy for the year ended 31st March 2025 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 2023/24	Member contribution rate for that employment	Actual pensionable pay for an employment 2024/25	Member contribution rate for that employment
1	£0 to £16,500	5.50%	£0 to £17,600	5.50%
2	£16,501 to £25,900	5.80%	£17,601 to £27,600	5.80%
3	£25,901 to £42,100	6.50%	£27,601 to £44,900	6.50%
4	£42,101 to £53,300	6.80%	£44,901 to £56,800	6.80%
5	£53,301 to £74,700	8.50%	£56,801 to £79,700	8.50%
6	£74,701 to £105,900	9.90%	£79,701 to £112,900	9.90%
7	£105,901 to £124,800	10.50%	£112,901 to £133,100	10.50%
8	£124,801 to £187,200	11.40%	£133,101 to £199,700	11.40%
9	More than £187,201	12.50%	More than £199,701	12.50%

## 23. Funded Obligation

The actuarial present value of promised retirement benefits (the Funded Obligation) amounts to £5,114 million as at 31st March 2025 (£5,752 million as at 31st March 2024). The Funded Obligation consists of £5,060 million (£5,686 million as at 31st March 2024) in respect of Vested Obligation and £54 million (£67 million as at 31st March 2024), of Non-Vested Obligation. The Pension Fund holds assets, as disclosed in the Net Asset Statement, which offset these projected total liabilities.

<b>2023/2024</b>		<b>2024/25</b>
<b>£'000</b>		<b>£'000</b>
(5,752,319)	Present value of the defined benefit obligation	(5,114,528)
5,898,431	Fair value of Fund assets (bid value)	6,111,195
<b>146,112</b>	<b>Net (Liability)/Asset</b>	<b>996,667</b>

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 31st March 2025, the actuary has rolled forward the value of Fund's liabilities calculated for the latest full funding valuation as at 31st March 2022, 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 31st March 2025 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31st March 2025 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 March 2024 to March 2025.

As a result of allowing for actual experience, an experience item is observed in the reconciliation to 31st March 2025 to be a gain of £16 million (31st March 2024 to be a loss £17 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 31st 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\_2023 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 2023 weighting of 15%.

The impact on the Funds liabilities in 2024/25 resulting from changed demographic assumptions was a gain of £15 million.

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 2025.

Assumptions as at	Discount rate	Pension Increases	Salary Increases
	% p.a	% p.a	% p.a
31 March 2025	5.80	2.90	3.90
31 March 2024	4.90	2.95	3.95
31 March 2023	4.80	2.90	3.90

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.

2023/24 £'000		2024/25 £'000
	<b>Current Assets</b>	
	<b>Debtors and Prepayments</b>	
	Contributions Receivable	
13,935	Employers	14,145
4,267	Employees	4,297
4,716	Other debtors	4,799
<b>22,918</b>		<b>23,241</b>
	<b>Current Liabilities</b>	
	<b>Creditors and Receipts in Advance</b>	
(3,781)	Devon County Council	-
(4,827)	Other creditors	(4,946)
<b>(8,608)</b>		<b>(4,946)</b>

## 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.

2023/24 £'000	Payments on behalf of:	2024/25 £'000
7,688	Devon County Council	7,469
1,078	Plymouth City Council	1,088
575	Torbay Council	612
389	Teignbridge District Council	399
356	University Of Plymouth	340
258	Exeter City Council	258
237	North Devon District Council	242
206	South Hams District Council	234
209	Dorset, Devon and Cornwall Rehabilitation Service	189
90	Torridge District Council	89
556	Payments of less than £100,000 on behalf of other bodies	585
<b>11,642</b>		<b>11,505</b>

## 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 £4.149 million (2023/24 £3.893 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 £64.764 million to the fund in 2024/25 (2023/24 £63.371 million). In 2024/25 £5.384 million was owed to the fund (2023/24 £5.223 million) and nothing was due from the Fund in 2024/25 (2023/24 £3.662 million). On the 31 March 2025 Devon Pension Fund made a short-term loan to Devon County Council for £5 million at a rate of 6.25%. The loan was repaid on 3 April 2025.

### 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 Investments & Pension Fund Committee is also a member for the Devon & Somerset Fire and Rescue Authority with an appointment as Chair to the People Committee. The Devon & Somerset Fire and Rescue Authority is an active scheduled body employer participating in the Fund and in 2024/25 paid £3.6m to the Fund in pension contributions. As at the 31 March 2025 there was a £322,000 debtor balance.
- 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:

	2023/243	2024/25
	£'000	£'000
Income	-	-
Expenditure	1,633	1,848
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:

2023/24 £'000		2024/25 £'000
229	Salary, Fees and Allowances	203
9	Expenses Allowances	8
43	Pension contributions	36
<b>281</b>		<b>247</b>

Due to the restructuring of management responsibilities, a lower percentage of the Head of Financial Systems and Processes time has been allocated to pensions in 2024/25.

## 28. Contingent liabilities and contractual commitments

### Contractual commitments

As at 31st March 2025 the Fund had outstanding capital commitments of £699 million (31st March 2024 - £584 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 2024 Remaining Commitment £'000		31 March 2025 Remaining Commitment £'000
	<b>Property</b>	
22,479	Brunel Property Portfolio	1,829
	<b>Infrastructure</b>	
2,599	Pre-Brunel Investments	2,557
182,552	Brunel Infrastructure Portfolio	142,332
39,300	Devon Local Impact Portfolio	140,613
	<b>Private Debt</b>	
24,709	Pre-Brunel Investments	24,455
117,207	Brunel Private Debt Portfolio	139,717
	<b>Private Equity</b>	
195,377	Brunel Private Equity Portfolio	248,066
<b>584,223</b>		<b>699,569</b>

## Contingent liability

### Brunel Pension Partnership

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.

### Virgin Media judgement

In June 2023, the High Court (*Virgin Media Limited v NTL Pension Trustees II Limited*) ruled that amendments to certain defined benefit pension schemes were void if they were not accompanied by actuarial confirmation certificates issued under section 37 of the Pension Schemes Act 1993. The Court of Appeal rejected an

appeal of this decision in July 2024. The LGPS is affected by this ruling. The Government Actuary's Department has so far been unable to locate evidence that section 37 certificates are in place for all amendments. Work is ongoing to discover whether the evidence exists. Until this work is complete, it is not possible to conclude whether there is any impact on the value of retirement benefits under IAS 19 or if it can be reliably estimated.

There remains uncertainty as the case may be subject to a further appeal or the Department for Work and Pensions could legislate to amend section 37 to allow retrospective actuarial confirmation. Developments are being monitored. In the current circumstances, it is not considered necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the value of retirement benefits in the financial statements.

# Statement of the Actuary for the year ended 31 March 2025

## 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
<b>Financial assumptions</b>	
Market date	31-Mar-22
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.
<b>Demographic assumptions</b>	
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

The average investment return on the Fund's assets over the three years to 31 March 2025 has been positive, although lower than assumed at the previous actuarial valuation, while cashflow over the same period has been negative. Overall, the total market value of Fund assets has increased between the last formal valuation and the year-end date of 31 March 2025.

### Liabilities

Average actual CPI inflation over the three years to 31 March 2025 has been higher than the long-term average assumed at the 2022 valuation, although this has been largely offset in valuing the Fund's liabilities by the long-term average CPI inflation assumption itself reducing between 31 March 2022 and 31 March 2025.

In addition, the net benefits and transfers paid out from the Fund over those three years was higher than the further accrual of members' benefits over the period. Overall, after taking account of these factors, the total value of Fund liabilities has increased between the last formal valuation and the year-end date of 31 March 2025, with the majority of the increase attributable to interest accruing on the liabilities.

### Overall position

We estimate that the present value of Fund liabilities increased by less than the market value of Fund Assets over the three years to 31 March 2025. As a result, when measured on a consistent basis updated for market conditions, the funding level is estimated to have improved compared to the position at the last formal valuation.

However, the full formal valuation of the Fund as at 31 March 2025 is now underway, which will set revised contributions for all employers due over the period from 1 April 2026 to 31 March 2029.

We are currently advising the Fund on the funding assumptions as at 31 March 2025, which may differ to the assumptions underlying this statement, with any updated assumptions needing to be reflected in a revised version of the Funding Strategy Statement. In addition, changes to the Fund membership may also affect the results of the full formal valuation as at 31 March 2025.

As a result, the overall funding position produced by the full formal valuation as at 31 March 2025 may differ from the estimated position contained within this statement.

### Chris Morton FFA

Associate, Barnett Waddingham LLP  
11th June 2025

## Independent auditor's statement to the members of Devon County Council on the pension fund financial statements of Devon Pension Fund included within the Devon Pension Fund annual report

### Opinion

We have examined the pension fund financial statements of Devon Pension Fund (the 'pension fund') for the year ended 31 March 2025 included within the pension fund annual report, which comprise the Fund Account, the Net Assets Statement, and the notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the pension fund financial statements included within the pension fund annual report are consistent, in all material respects, with the audited pension fund financial statements of Devon County Council for the year ended 31 March 2025 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We have not considered the effects of any events between 26 November 2025, being the date we signed our auditor's report on the audited financial statements of Devon County Council, and the date of this statement.

### Respective responsibilities of the Director of Finance and Public Value and the auditor

As explained more fully in the Statement of Responsibilities of the Director of Finance and Public Value, 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 2024/25.

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.

### Beth Bowers

Beth Bowers, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor  
Bristol  
26 November 2025

# 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 through 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 2025

Company	Sector	Country	Passive Holding £000	Active Holding £000	Total Holding £000	% of Total Investments %
Amazon	Consumer Services	United States	84,330	22,176	106,506	1.74
Microsoft	Technology	United States	59,125	35,512	94,637	1.55
Alphabet	Technology	United States	75,689	10,642	86,331	1.41
Apple	Technology	United States	77,266	3,485	80,751	1.32
Tesla Motors	Consumer, Cyclical	United States	75,546	0	75,546	1.24
Nvidia	Technology	United States	35,038	18,156	53,194	0.87
Taiwan Semiconductor	Technology	Taiwan	0	47,750	47,750	0.78
Mastercard	Financial	United States	10,236	26,812	37,048	0.61
Cisco Systems	Telecommunications	United States	26,730	0	26,730	0.44
Salesforce	Technology	United States	20,714	4,781	25,495	0.42
United Health Group	Healthcare	United States	10,331	13,588	23,919	0.39
Intl Business Machines (IBM)	Technology	United States	21,721	0	21,721	0.36
Accenture	Technology	Rep. of Ireland	10,434	10,723	21,157	0.35
Waste Management Inc.	Waste Services	United States	7,436	13,420	20,856	0.34
Visa	Financial	United States	20,187	0	20,187	0.33
ASML	Technology	Netherlands	3,970	16,071	20,041	0.33
Intercontinental	Financial	United States	2,442	16,873	19,315	0.32
Meta Platforms	Technology	United States	17,168	0	17,168	0.28
Danaher Corporation	Healthcare	United States	10,463	6,375	16,838	0.28
SAP	Technology	Germany	16,797	0	16,797	0.27
			585,623	246,364	831,987	13.63
Balance of Equity Investments			948,902	1,336,285	2,285,187	37.35
			1,534,525	1,582,649	3,117,174	50.98

### The Fund's Largest Bond Holdings as at 31 March 2025

Company	Sector	Country	Portfolio	Total Holding £000	% of Total Investments %
Tesco	Consumer, Non-cyclical	United Kingdom	Sterling Corporate Bonds	7,320	0.12
Hub International	Financials	United States	Multi-Asset Credit	5,180	0.08
Freshwater	Communications	United Kingdom	Sterling Corporate Bonds	5,155	0.08
McAfee	Technology	United States	Multi-Asset Credit	4,983	0.08
Allied Universal	Commercial Services	United States	Multi-Asset Credit	4,936	0.08
M&G plc	Financials	United Kingdom	Sterling Corporate Bonds	4,795	0.08
Transdigm	Aerospace/Defence	United States	Multi-Asset Credit	4,622	0.08
Alpha Generation	Utilities	United States	Multi-Asset Credit	4,509	0.07
Electricite De France	Utilities	France	SCB/Multi-Asset Credit	4,152	0.07
Equity Release	Financials	United Kingdom	Sterling Corporate Bonds	3,909	0.06
				49,561	0.80
				1,169,713	19.14
				1,219,274	19.94

### The Fund's Largest Property Fund Holdings as at 31 March 2025

Property Fund	Total Holding £000	% of Total Investments %
Blackrock UK Property Fund	49,093	0.80
UBS Triton Property Unit Trust	48,379	0.79
Threadneedle Property Unit Trust	45,865	0.75
CBRE Global Investors UK Property Fund	45,352	0.74
Federated Hermes Property Unit Trust	36,845	0.60
	<hr/>	
	225,535	3.68
<b>Plus Other Pooled Property Fund Investments</b>	<hr/>	
	284,329	4.66
	<hr/>	
	509,864	8.34
	<hr/>	

### The Fund's Largest Private Markets Holdings (Infrastructure/Private Debt/Private Equity) as at 31 March 2025

Fund	Category	Total Holding £000	% of Total Investments %
Stepstone Brunel II Generalist Infrastructure Fund	Infrastructure	132,423	2.17
Stepstone Brunel I Infrastructure Fund	Infrastructure	121,480	1.99
Stepstone Brunel II Renewables Infrastructure Fund	Infrastructure	120,106	1.97
Brunel Aksia Private Debt Cycle II Portfolio	Private Debt	75,156	1.23
Golub Capital Partners International Fund 11	Private Debt	50,843	0.83
		<hr/>	
		500,007	8.19
<b>Plus Other Infrastructure, Private Debt and Private Equity Fund Investments</b>		<hr/>	
		493,970	8.07
		<hr/>	
		993,977	16.26
		<hr/>	

## Scheme and Benefit Information

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. The 2025 valuation is currently underway.

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.

Note: From 6 April 2028 the Normal Minimum Pension Age is changing so that the minimum age members can take their pension from will increase from age 55 to age 57. This does not apply if you have to take your pension early due to ill health. This will apply to all new scheme members joining from 4 November 2021 and may include other protections (to be confirmed).

## 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**

A 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 movement.

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