



**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**PENSIONS AND INVESTMENTS COMMITTEE**

**WEDNESDAY, 26 APRIL 2023**

**Report of the Director - Finance and ICT**

**Unquoted Investments**

**1. Purpose**

- 1.1 To request that authorisation for approving all unquoted investment commitments, including commitment re-ups (i.e. an increase in a commitment to an existing unquoted investment), is delegated to the Director of Finance & ICT.

**2. Information and Analysis**

- 2.1 Derbyshire Pension Fund (the Pension Fund/Fund) invests in a wide variety of asset classes and across a large number of investment markets. This involves investing in both highly liquid quoted investments (e.g. listed equities and listed sovereign bonds) and investing in illiquid long-term unquoted investments (e.g. Infrastructure, Private Equity, Multi-Asset Credit (MAC) and Indirect Property).
- 2.2 In December 2014, to accompany a substantial forecast increase in allocations to unquoted investments, it was agreed that all unquoted investments above £15m would be subject to Committee approval. This reflected the illiquid long-term nature of these commitments, together with the limited experience of the Fund of investing in Infrastructure, Private Equity, MAC and Indirect Property at that time.

In March 2017, the threshold for seeking Committee approval for unquoted investments was increased to £25m and in August 2018 it was agreed that time critical unquoted investments over £25m could be approved by the Director of Finance & ICT in consultation with the Chair of the Pensions and Investments Committee.

- 2.3 Listed investments are carried out by the In-House Investment Management Team (IIMT) under the CST Scheme of Delegation, in accordance with the investment strategy determined by the Pensions and Investments Committee, and are not subject to individual Committee approval.
- 2.4 Since 31 March 2017, the valuation of Fund's investment assets has increased from £4.4bn to £5.9bn at 31 March 2023. In addition, the Fund's combined allocation to Infrastructure, Private Equity, MAC and Indirect Property has increased from 13.0% in March 2017 to 23.0% in March 2023. Further increases to the Fund's allocations to these asset classes is likely when the Fund completes its next strategic asset allocation benchmark review later in 2023. As a result, the level of unquoted investment commitments made by the Fund is expected to continue to increase significantly.

Recognising the significant build-up of experience within the Pension Fund of making unquoted investment commitments, and to support additional flexibility on the timing of making commitments, it is recommended that approval for all future unquoted commitments, including re-ups, should be delegated to the Director of Finance & ICT. It is proposed that any unquoted commitments made would subsequently be reported to Committee as part of the quarterly Investment Report.

### **3. Implications**

- 3.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

### **4. Background Papers**

- 4.1 Papers held by the Pension Fund Team.

## **5. Appendices**

### **5.1 Appendix 1 – Implications**

## **6. Recommendation(s)**

That Committee:

- a) delegates approval for all future unquoted commitments, including re-ups, to the Director of Finance & ICT.

## **7. Reasons for Recommendation(s)**

- 7.1 The rationale for the recommendations is set out in Section 2 of the report.

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**Implications**

**Financial**

1.1 None

**Legal**

2.1 None

**Human Resources**

3.1 None

**Information Technology**

4.1 None

**Equalities Impact**

5.1 None

**Corporate objectives and priorities for change**

6.1 None

**Other (for example, Health and Safety, Environmental, Sustainability, Property and Asset Management, Risk Management and Safeguarding)**

7.1 None