

PENSION FUND COMMITTEE

MINUTES OF MEETING HELD ON TUESDAY 25 JUNE 2024

Present: Cllrs Andy Canning (Chair), Andy Todd (Vice-Chair), David Brown, Adrian Felgate and Felicity Rice

Present remotely: Cllrs John Beesley and Will Chakawhata

Apologies: Cllrs Andy Skeats and Gary Suttle

Also present: Tim Dickson and David Vickers (Brunel Pension Partnership), and Steve Tyson (Independent Investment Advisor, Apex Group)

Officers present (for all or part of the meeting):

Aidan Dunn (Executive Director - Corporate Development S151), Karen Gibson (Service Manager for Pensions), Sean Cremer (Corporate Director for Finance and Commercial) and David Wilkes (Service Manager for Treasury and Investments)

273. Minutes

The minutes of the meeting held on 26 March 2024 were confirmed and signed.

274. Declarations of Interest

No declarations of disclosable pecuniary interests were made at the meeting.

275. Public Participation

No questions or statements from members of the public were made at the meeting.

276. Questions From Councillors

No questions or statements from Councillors were made at the meeting.

277. Urgent items

No urgent items were raised at the meeting.

278. Pension Fund Investments

The value of the pension fund's assets at 31 March 2024 was £3.9 billion, compared to £3.5 billion at 1 April 2023. As at 31 March 2024, approximately 83% of the fund's assets were under the management of Brunel.

The total return from the pension fund's investments over the quarter to 31 March 2024 was 4.9% matching the combined benchmark return. The total return for the year to 31 March 2024 was 11.4% compared to the benchmark return of 12.5%. Annualised returns for three years were 5.4% compared to the benchmark return of 6.8%, and for five years were 5.5% compared to the benchmark of 6.2%. The discount rate used by the actuary at the last triennial valuation was 4.9% per annum.

The quarter to 31 March 2024 saw falls in inflation at a slower pace than anticipated, which in turn led to expectations that interest rates would fall more slowly than had been expected in the previous quarter to the end of 2023. Most markets remained positive as economic indicators were generally more positive. The investment environment for Brunel had been more favourable compared to 2022, and a large part of 2023.

The majority of the Brunel portfolios that the pension fund was invested in outperformed their benchmarks for the quarter, and those that didn't were only marginally behind their benchmarks. The emerging market portfolio had underperformed its benchmark since inception, largely attributed to the application of Brunel's responsible investment policy but also to some poor stock selection by underlying investment managers. Any changes to key personnel at underlying investment managers were subject to immediate review by Brunel.

279. **BRUNEL GOVERNANCE / SCHEME ADVISORY BOARD UPDATE**

Cllr John Beesley, the pension fund's representative on the Brunel Oversight Board (BOB), and also a member of the LGPS Scheme Advisory Board (SAB), updated the Committee on governance matters relating to investment pooling.

Sally Bridgeland joined Brunel's Board as Deputy Chair on 1 May and is due to formally take over as Chair on 1 October 2024. Laura Chappell, Brunel's Chief Executive, is expected to attend the next meeting of the Committee in September.

There had been discussions at BOB and SAB about how to respond to the government's ambitions for consolidation of LGPS investment pools, and possibly also LGPS funds, and for greater investment from pension funds in the United Kingdom. These ambitions were not expected to change regardless of the results of the general election.

SAB continued to spend a great deal of time on the McCloud remedy and other administrative issues.

280. **PENSIONS ADMINISTRATION**

Performance against Key Performance Indicators (KPIs) continued to be good.

The problems and delays with the software delivery required for the implementation of the McCloud remedy had continued. The software provider attended the last Local Pension Board meeting and is expected to attend the next

meeting. Progress and the impact of delays on the pension fund had been monitored.

Work had been underway to migrate the pensions payroll to the pensions administration system. The software provider, pension fund and other Council officers were discussing how to address issues regarding extraction of data from SAP, the Council's main finance system. Parallel payment runs are expected to commence from January 2025 and the go-live date is expected to be April 2025.

There had been an increase in the number of financial penalties issued to scheme employers, primarily due to missing data required for end of year processes. Outsourced payroll providers of schools had been a particular problem in submitting the relevant information on time. Monthly meetings had been set up with one payroll provider where concerns were discussed.

Pension fund officers had contributed to the Scheme Advisory Board's working group for the gender pensions gap.

281. Dates of Future Meetings

1.30 pm Tuesday 17 September 2024 - County Hall, Dorchester.

1.30 pm Tuesday 26 November 2024 - County Hall, Dorchester.

1.30 pm Tuesday 18 March 2025 - County Hall, Dorchester.

All meetings to be preceded by training for committee members 10am to 12.45pm.

282. Exempt Business

There was no exempt business.

Duration of meeting: 1.30 - 3.45 pm

Chairman

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