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PENSION FUND COMMITTEE

MINUTES OF MEETING HELD ON TUESDAY 24 JUNE 2025

Present: Cllrs Andy Canning (Chair), Andy Todd (Vice-Chair), David Brown, Patrick Canavan, Will Chakawhata, Adrian Felgate, Steve Murcer, Felicity Rice and Andy Skeats

Also present: Steve Tyson (Independent Investment Adviser, Apex Group) and Tim Dixon (Head of Client Relationship, Brunel Pension Partnership)

Officers present (for all or part of the meeting):
Aidan Dunn (Executive Director - Corporate Development S151), Karen Gibson (Service Manager for Pensions) and David Wilkes (Service Manager for Treasury and Investments)

322. **Apologies**

There were no apologies for absence.

323. **Minutes**

The minutes of the meeting held on 18 March 2025 were confirmed and signed.

324. **Declarations of Interest**

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

325. **Public Participation**

Three questions, together with their responses from the Chair of the Pension Fund Committee, are set out in the appendix to these minutes.

326. **Questions From Councillors**

Two questions, together with their responses from the Chair or the Pension Fund Committee, are set out in the appendix to these minutes.

327. **PUBLIC PARTICIPATION - DEPUTATION**

A deputation was received from the Dorset Palestine Solidarity Campaign, calling for a commitment to divest the pension fund from “companies complicit in Israel’s genocide in Gaza and violations of international law and human rights against Palestinians.”

328. **DEPUTATION FROM THE DORSET PALESTINE SOLIDARITY CAMPAIGN**

A report from officers responding to the actions called for in the deputation was considered.

The primary duty of the Committee was to ensure that contributions to the pension fund from scheme members and their employers were invested appropriately to make returns sufficient to pay pensions when they fell due, without the need for additional contributions in the future. Legal opinion commissioned by the Local Government Pension Scheme Advisory Board (SAB) was that decisions could be made for non-financial reasons if two conditions were met: (1) that there would be no significant risk of financial detriment to the pension fund resulting from the decision and (2) that any decision had the support of scheme beneficiaries.

The Committee were sympathetic to the case presented in the deputation and some Committee members supported action to divest. Other members wanted further details of the likely financial implications of divestment and evidence of scheme member support before further action could be considered. It was agreed to amend the report's recommendations to include an investigation into the financial implications of divestment in further detail. It was also agreed to write to all local Members of Parliament seeking stronger action from the UK government regarding the matters raised in the deputation.

Decision

That the Committee:

i. Continues with its current approach to responsible investment and to favour engagement with companies rather than divestment from them but investigates further the financial implications of divestment from companies engaged in the activities identified in the deputation.

ii. Continues to endorse Brunel Pension Partnership's exclusion of "controversial weapons" (such as anti-personnel mines, chemical and biological weapons) and companies non-compliant with Principle 2 of United Nations Global Compact on Human Rights (UNGC) from their actively managed equity and bond portfolios.

iii. Investigates the costs and benefits of a survey of scheme members' views on non-financial factors as part of the next review of the Investment Strategy Statement following the conclusion of the triennial actuarial valuation.

iv. Writes to all local Members of Parliament seeking stronger action from the UK government regarding the matters raised in the deputation.

329. DRAFT PENSION FUND ACCOUNTS AND INDEPENDENT AUDITOR'S PLAN 2024/25

The Pension Fund draft accounts for 2024/25 had been completed and were included in Dorset Council's full draft accounts. The Audit and Governance Committee were due to consider the draft accounts on 30 June 2025. The audit plan of the council's independent auditor, Grant Thornton, was due to be considered at the same meeting.

330. **PENSIONS ADMINISTRATION**

Performance against Key Performance Indicators (KPIs) continued to be positive and as expected.

Scheme employer financial penalties had significantly increased in the last year. The majority of penalties related to academy outsourced payroll functions and were a result of poor and/or late data submitted to the fund.

The Ministry of Housing, Communities and Local Government (MHCLG) had announced an 'Access and Fairness' consultation on changes to the LGPS. Topics covered by the consultation included addressing survivor pensions, death grants and the Gender Pension Gap in the LGPS. The consultation close date was 7 August 2025. Discussions had already taken place with scheme employers at a recent employers meeting.

The key proposals of the Government's 'Fit for the future' consultation were highlighted. These included the requirement for a governance and training strategy, a conflict-of-interest policy and a senior LGPS officer to be appointed within each administering authority.

An external Integrated Service Provider had been appointed to enable connection to the Pensions Dashboard by the October 2025 deadline.

The deadline of 31 August 2025 for completing the McCloud remedy work would not be met as the required software was still in the test environment and a number of errors had been flagged and delivery of the software into the live system would not yet go ahead.

Decision

That the provision of the McCloud data in Annual Benefit Illustrations was deferred until 2026.

331. **PENSION FUND INVESTMENTS**

The value of the pension fund's assets at 31 March 2025 was £4.1 billion. The total return from the pension fund's investments over the quarter to 31 March 2025 was -0.4%, compared to the combined benchmark return of -0.1%. The total return for the year to 31 March 2025 was 4.7% compared to the benchmark return of 7.4%.

Markets saw high levels of volatility over the quarter to 31 March 2025. This was due to growth fears that arose because of uncertainty around the US tariffs. Positive returns were achieved in Europe and the UK as investors switched out of US stocks.

The administering authorities of ACCESS and Brunel Pension Partnership had received a joint letter from the Minister for Pensions and Local Government advising the partner funds to join other pools by 30 September 2025. This was part of the government's pooling consolidation plan to reduce the number of LGPS pools.

332. **DATES OF FUTURE MEETINGS**

1.30 pm Tuesday 9 September 2025 – County Hall, Dorchester.
1.30 pm Tuesday 2 December 2025 – County Hall, Dorchester.
1.30 pm Tuesday 17 March 2026 – County Hall, Dorchester.

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

333. **Urgent items**

There were no urgent items.

334. **Exempt Business**

Decision

That the press and the public be excluded for the following item(s) in view of the likely disclosure of exempt information within the meaning of paragraph 3 of schedule 12 A to the Local Government Act 1972 (as amended).

335. **LOCAL GOVERNMENT PENSION SCHEME (LGPS) INVESTMENT POOLING UPDATE**

Progress made to date in responding to government plans for the future of Local Government Pension Scheme (LGPS) investment pooling was discussed as was the Committee's representation on the Brunel Oversight Board.

Decision

That Cllr Andy Canning replaces Cllr John Beesley as the Committee's representative on the Brunel Oversight Board.

336. **INVESTMENT MANAGEMENT ARRANGEMENTS**

The transition from UK equities active to UK equities passive was now complete.

337. **INDEPENDENT INVESTMENT ADVICE**

Decision

That the option to extend the current contract for the provision of independent pension fund investment advice to 31 December 2026 be taken.

Appendix 1 - Public Questions
Appendix 2 - Councillor Questions

Duration of meeting: 1.30 - 3.20 pm

Chairman

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Pension Fund Committee

24 June 2025

Questions Submitted by the Public

Question 1 – submitted by Lisa Lobo

Does this committee agree that the Dorset County Pension Fund must not invest in companies enabling genocide, apartheid, and war crimes, nor those driving the climate emergency?

Both Dorset and BCP councils have recognised that the climate crisis is an emergency. However, over £75 million of the Dorset Pension Fund is invested in fossil fuel companies that are accelerating climate and ecological collapse. BCP Council states an intention to become carbon neutral by 2030, whilst Dorset Council has set a target for 2040. The threat posed by fossil fuel-led climate change is real and urgent. The UN has described us as being in a new era of global boiling with unprecedented extreme weather impacting every part of the globe with increasing frequency, and we are already seeing the impact of that within Dorset.

Meanwhile, the Dorset Pension Fund holds £173.9 million in companies complicit in Israel's multiple breaches of international law—including enforcing apartheid, maintaining the illegal occupation of Palestinian territories - as ruled by the ICJ last year, and carrying out a genocidal extermination campaign in Gaza that has seen over 55,000 Palestinians killed, over 18,000 of whom were children. Another 43,000 children have been orphaned. More and more people are now dying of starvation due to a deliberately enforced famine that the UK government calls "morally unjustifiable", whilst many of those that do try and access aid at the new militarized distribution centers are shot and killed whilst waiting for a bag of flour. Many more civilians continue to die from preventable causes due to the targeted destruction of Gaza's healthcare system, where every single hospital has now been bombed, and most are now completely out of service. Gaza has the highest number of child amputees in the world due to the indiscriminate bombing and the destruction of appropriate medical facilities and supplies, including even anaesthetic to relieve the pain of their limbs being torn apart. This Pension Fund invests directly in companies arming Israel - including BAE Systems, Elbit Systems, L3Harris, Leonardo and Lockheed Martin. There are many other investments in companies that are directly complicit in these atrocities and in the illegal settlements in occupied Palestinian territories - for which the ICJ urges sanctions and arms embargoes. It is not only morally unjustifiable for this Pension Fund to invest close to £174 million in companies complicit in these atrocities, but it may also be against International Law - facilitating the transfer of weapons and ammunition to Israel may constitute serious violations of human rights and international law.

So what concrete steps will this committee take to ensure public funds do not support these atrocities nor the destruction of our planet?

Response by Cllr Andy Canning

Thank you for taking the time to speak to this committee today on such an important and emotive subject. I am sure all members of the committee deplore the loss of life resulting from this conflict and all the many other conflicts currently happening around the world. We do not believe that the pension fund's investments support Israel's actions in Gaza nor are these investments accelerating climate change.

Later on today's agenda the Committee will be considering our response to a deputation calling on divestment from companies who provide weapons and military technology to Israel. It should be noted that the companies identified in the deputation are also suppliers to the UK, NATO and/or other allies, including Ukraine.

In relation to climate change, in September 2020, the Committee agreed a strategy of decarbonisation meaning a reduction in allocations of investment to companies which are high carbon emitters and trying to influence the demand for fossil fuels, not just their supply.

Since then, significant decarbonisation has been achieved through the transition of assets to the management of Brunel Pension Partnership, the pension fund's investment pooling manager, who are widely regarded as an industry leader in responsible investment. There have also been increased investments in renewables and 'green' technologies through Brunel's infrastructure funds.

Question 2 – submitted by Niaṁ Tickner

In 2023, BCP Council voted to stop investing pensions in risky fossil fuels. A strategy of ‘decarbonisation by percentage’ and engagement with asset managers has been adopted. However, this can inadvertently support increased fossil fuel production, especially considering corporate growth. Given the urgency of the climate crisis and the rapid transition we need, will the pension committee reconsider its current strategy and seriously consider divestment from the industry who are responsible for approximately 89% of CO_2 emissions?

Response by Cllr Andy Canning

We believe that engagement with companies has more chance of achieving positive ‘real world’ impacts than divestment from those companies, which simply means a sale of ownership to other parties. As I said in my answer to the previous question, the Committee’s current approach to the climate and ecological emergency was agreed nearly five years ago, so we should revisit our approach in more detail in the near future.

Question 3 – submitted by Julie-Ann Booker

Brunel Pension Partnership and ACCESS local government pension pools have been told to dissolve and their client authorities merge with one of the remaining six local government pension pools.

We understand the letter to local authority clients gave two main reasons for this decision. Namely a failure on the part of Brunel to consider a merger with another pool as a future option, and the lack of a plan to manage assets internally.

As you are aware, the government has asked both Brunel and ACCESS to provide an update by June, with an in-principle decision on future pooling arrangements expected by September. Given the huge implications of this the outlined timescale seems rather unreasonable and certainly a real challenge to achieve.

Once Dorset Council Pension Committee has analysed and assessed options for the future of our pension assets, hopefully the process and timetable for final decision making will be made public and members of the pension fund will be consulted with in some way.

No doubt you are having discussions with the other client authorities in the Brunel pool, with the option of all going to the same new pool being explored. The alternative being that some, or all, of the client authorities decide to move to different pools. Whichever option is chosen there will be significant costs involved in moving. It is unlikely that any new receiving pool will find it acceptable to pick up this cost. So you must be considering how this will be funded – hopefully not by the Dorset Council pension members.

We assume that one of the criteria you will need to use when assessing which new pool to go to will be how well their existing set-up and future plans align with the government's expectations.

Likewise that responsible investment will be a strong focus in your decision making process. Given the leading role Brunel has established on responsible investment you will no doubt want to seek for that to be continued in any future arrangement. Brunel's achievements being recently reflected by Faith Ward, Brunel Chief Responsible Investment Officer, recently being awarded an MBE for 'services to pensions and the environment'.

It also seems vital that Dorset Council and Bournemouth, Christchurch and Poole's Climate policies and/or transition plans will be preserved throughout this process.

Question: Given the above what are the key criteria you are going to use in assessing the suitability of alternative pools for Dorset Council's LGPS investments?

Response by Cllr Andy Canning

The criteria used to assess the suitability of alternative investment pools will include:

· Ability to meet the Government's requirements

· Range of investment products offered and performance

· Approach to responsible investment

· Proposed governance arrangements

· People and culture

· Transition plans and costs

Including this criteria in our assessment will seek to ensure that the new investment pool best serves the needs of Dorset County Pension Fund and all of its members, whilst also aligning to the Governments vision for pooling.

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Pension Fund Committee

24 June 2025

Questions submitted by Councillors

Question 1 – submitted by Cllr Paul Kimber

There is a great deal of concern from our constituents across Dorset regarding our Dorset Pension fund that has investment which includes arms manufacturers. Each day we hear the number of children being killed in Gaza.

Can we Disinvest from companies that produce arms manufacturing?

Response from Cllr Andy Canning

I also thank you for taking the time to speak to this committee today on such an important and emotive subject. As said in previous responses, I am sure all members of the committee deplore the loss of life resulting from this conflict and all the many other conflicts currently happening around the world.

This topic will be covered in more detail later in the meeting as part of the response to the deputation contained within today’s agenda. It should be noted that the companies identified in the deputation are also suppliers to the UK, NATO and/or other allies, including Ukraine.

Question 2 – submitted by Cllr Jon Orrell

Money has become the measure of all things. Mammon is enthroned on high. The bottom line is the only one that counts apparently. Pension investment being a cold non moral calculation that risks being amoral or immoral. Should it be this way? Are there counterbalancing weights to the scales of values? I would like to suggest there is a triple bottom line. The missing two being people and planet. People are being killed directly by weapons used on innocent children in Gaza. Should we profit from this business? The planet is destabilised into climate chaos by spewing forth outdated fossil fuels. Should we profit from this business?

Will the council divest from fossil fuels and weapons firms that are used on civilians in Gaza?

Response from Cllr Andy Canning

I also thank you for taking the time to speak to this committee today on such an important and emotive subject. As said in previous responses, I am sure all members of the committee deplore the loss of life resulting from this conflict and all the many other conflicts currently happening around the world.

The pension fund's response to the events in Gaza will be considered in more detail by the Committee later in the meeting.

As set out in earlier responses, in September 2020 the Committee agreed a strategy of decarbonisation rather than divestment which seeks to influence the demand for fossil fuels, not just their supply.