



Pension Fund Committee

Date: Tuesday, 2 December 2025
Time: 1.30 pm
Venue: Meeting Room 1, County Hall, Dorchester, DT1 1XJ

Membership: (Quorum 3)

Andy Canning (Chair), Andy Todd (Vice-Chair), John Beesley, David Brown, Will Chakawhata, Adrian Felgate, Steve Murcer, Felicity Rice and Andy Skeats

Chief Executive: Catherine Howe, County Hall, Dorchester, Dorset DT1 1XJ

For more information about this agenda please contact Democratic & Governance Services
Meeting Contact joshua.kennedy@dorsetcouncil.gov.uk

Members of the public are welcome to attend this meeting, apart from any items listed in the exempt part of this agenda. If you would like to attend this meeting and have any specific requirements please contact the Democratic Services Officer named above.

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Agenda

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1. APOLOGIES

To receive any apologies for absence.

2. MINUTES

5 - 8

To confirm the minutes of the meeting held on 09 September 2025.

3. DECLARATIONS OF INTEREST

To disclose any pecuniary, other registrable or personal interest as set out in the adopted Code of Conduct. In making their decision councillors are asked to state the agenda item, the nature of the interest and any action they propose to take as part of their declaration.

If required, further advice should be sought from the Monitoring Officer in advance of the meeting.

4. PUBLIC PARTICIPATION

Representatives of town or parish councils and members of the public who live, work, or represent an organisation within the Dorset Council area are welcome to submit either 1 question or 1 statement for each meeting. You are welcome to attend the meeting in person or via MS Teams to read out your question and to receive the response. If you submit a statement for the committee this will be circulated to all members of the committee in advance of the meeting as a supplement to the agenda and appended to the minutes for the formal record but will not be read out at the meeting. **The first 8 questions and the first 8 statements received from members of the public or organisations for each meeting will be accepted on a first come first served basis in accordance with the deadline set out below.**

Further information read [Public Participation - Dorset Council](#)

All submissions must be emailed in full to
Joshua.kennedy@dorsetcouncil.gov.uk by 08:00am on Thursday 27 November.

When submitting your question(s) and/or statement(s) please note that:

- You can submit 1 question or 1 statement.
- A question may include a short pre-ambule to set the context.
- It must be a single question and any sub-divided questions will not be permitted.
- Each question will consist of no more than 450 words, and you will be given up to 3 minutes to present your question.
- When submitting a question please indicate who the question is for (e.g., the name of the committee or Portfolio Holder).
- Include your name, address, and contact details. Only your name will be published but we may need your other details to contact you about your question or statement in advance of the meeting.
- Questions and statements received in line with the council's rules for public participation will be published as a supplement to the agenda.
- All questions, statements and responses will be published in full within the minutes of the meeting.

5. QUESTIONS FROM COUNCILLORS

To receive questions submitted by councillors.

Councillors can submit up to two valid questions at each meeting and sub divided questions count towards this total. Questions and statements received will be published as a supplement to the agenda and all questions, statements and responses will be published in full within the minutes of the meeting.

The submissions must be emailed in full to Joshua.kennedy@dorsetcouncil.gov.uk by 08:00 on Thursday 27 November.

[Dorset Council Constitution](#) – Procedure Rule 13

6. URGENT ITEMS

To consider any items of business which the Chairman has had prior notification and considers to be urgent pursuant to section 100B (4) b) of the Local Government Act 1972. The reason for the urgency shall be recorded in the minutes.

7. PENSIONS ADMINISTRATION 9 - 16

To consider the quarterly report on pension fund administration.

8. DRAFT FUNDING STRATEGY STATEMENT 17 - 78

To approve the draft Funding Strategy Statement for consultation.

9. PENSION FUND ANNUAL REPORT 2023/24 79 - 242

To approve the Pension Fund Annual Report 2023/24 for publication.

10. PENSION FUND INVESTMENTS 243 - 344

To consider the quarterly report on the value and performance of the pension fund's investments.

11. SCHEME ADVISORY BOARD UPDATE

To receive a verbal update from Cllr John Beesley in his capacity as a member of the Scheme Advisory Board (SAB) for the Local Government Pension Scheme (LGPS).

12. DATES OF FUTURE MEETINGS

To confirm the dates for the meetings of the Committee in 2024/25:

1.30 pm Tuesday 17 March 2026 - County Hall, Dorchester.

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

13. EXEMPT BUSINESS

To move the exclusion of the press and the public 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). The public and the press will be asked to leave

the meeting whilst the item of business is considered.

14. LGPS INVESTMENT POOLING UPDATE

Para 3

To receive a verbal update from officers on progress made to implement the changes required in response to the government's plans for the future of Local Government Pension Scheme (LGPS) investment pooling.



PENSION FUND COMMITTEE

MINUTES OF MEETING HELD ON TUESDAY 9 SEPTEMBER 2025

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

Present remotely: Cllrs Will Chakawhata

Apologies: None

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):

Sean Cremer (Corporate Director for Finance and Commercial), Karen Gibson (Service Manager for Pensions) and David Wilkes (Service Manager for Treasury and Investments)

338. Minutes

The minutes of the meeting held on 24 June 2025 were confirmed and signed.

339. Declarations of Interest

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

340. Public Participation

One question, together with the response from the Chair of the Pension Fund Committee, is set out in the appendix to these minutes.

341. Questions From Councillors

There were no questions from councillors.

342. 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).

343. **LGPS INVESTMENT POOLING UPDATE**

Dorset Council and the 20 other administering authorities in the ACCESS and Brunel Pension Partnership investment pools had been directed by the Government to make a “decision in principle” by 30 September 2025 which of the other six Local Government Pension Scheme (LGPS) investment pools they wished to work with.

Decision

That the Committee:

- i. Endorse the officer recommendation that Local Pension Partnership Investments (LPPI) is the preferred pool Dorset wishes to work with and that government are informed of this decision in principle by 30 September 2025.
- ii. Instruct officers to develop a plan for communicating the decision to key stakeholders and the wider public.
- iii. Note that officers continue to encourage other Brunel funds to join the preferred pool to build critical mass and to maximise the benefits of scale for the transition.
- iv. Establish a ‘Steering Group’ of officers, independent investment adviser, Committee chair and vice-chair meet on a frequent basis reporting back to other Committee members as appropriate between quarterly meetings.
- v. Invite key personnel from the preferred pool to attend the Committee’s next quarterly training session in November 2025 and/or officers will arrange a site visit to the preferred pool’s headquarters for Committee members.

344. **PENSION FUND INVESTMENTS**

The value of the pension fund’s assets at 30 June 2025 was just over £4.2 billion. The total return from the pension fund’s investments over the quarter to 30 June 2025 was 3.6%, compared to the combined benchmark return of 3.7%. The total return for the year to 30 June 2025 was 7.3% compared to the benchmark return of 9.1%.

Markets continued to see high levels of volatility over the quarter to 30 June 2025. This was largely driven by uncertainty around the US trade tariffs.

345. **PENSIONS ADMINISTRATION**

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

Annual benefit illustrations for active and deferred members had been sent out along with the annual newsletter. There had been a lot of positive member engagement and interest in the LGPS member presentation training sessions.

A letter had been sent to 15,910 members who were not believed to be in scope of the McCloud ruling. A large number of member enquiries had been received due to this piece of work.

The latest software delivery for the McCloud remedy work had been received on 3 September 2025. Testing continued and a project plan to address the rectification cases would be developed.

346. **DATES OF FUTURE MEETINGS**

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 12.30pm.

347. **Urgent items**

No urgent items were raised at the meeting.

01.1 Questions from Public Sept-25

Duration of meeting: 1.30 - 2.45 pm

Chairman

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Pensions Fund Committee

1 November 2025

Pensions Administration

For Review and Consultation

Local Councillor(s): All

Executive Director: S Cremer, Corporate Director, Section 151 Officer

Report Author: Karen Gibson
Title: Service Manager for Pensions
Tel: 01305 228524
Email: karen.gibson@dorsetcouncil.gov.uk

Report Status: Public

Brief Summary:

This report is the quarterly update for the Pension Fund Committee on all operational and administration matters relating to the Fund. It contains updates on the following:

- Key Performance Indicators
- Valuation 2025
- Dashboard Update
- McCloud Update

Recommendation:

It is recommended that the Committee note and comment on the contents of the report.

Reason for Recommendation:

To update the Committee on aspects of Pensions Administration.

1 Background

- 1.1 This report is the quarterly update for the Pension Fund Committee on all operational and administration matters relating to the Fund.

2 Key Performance Indicators

- 2.1 The key performance indicators (KPIs) are attached at Appendix 1. These are for the period 01/08/2025 - 31/10/2025. The previous quarter is included for reference.
- 2.2 Performance against the KPIs for the Top 10 cases improved compared to the previous quarter. Cases completed on time or early rose slightly from 96.67% to 97.23%.
 - 2.2.1 Total processes completed increased by 22.7% (from 5,736 to 7,037), with overall activity rising to 10,203 processes worked on.
 - 2.2.2 Significant gains were observed in:
 - Interfund Transfers: In Actual: performance improved from 92.5% to 99.13%, with average working time reduced by 35%. Out Actual: Performance rose from 87.38% to 98.41%, and average time dropped by 39%.
 - Retirements: completion within KPI increased to 99.82%, with processing time reduced by 30%
 - Correspondence: Jumped from 93.05% to 99.44%, with faster turnaround.
 - Admissions: Maintained 100% timeliness despite higher volumes.
 - McCloud-related processes more than doubled (from 138 to 271).

3 Valuation 2025

- 3.1 The 'March 2025 Valuation Employer Results Schedule' for all active employers within the fund was distributed during the period 7–18 November, corresponding with the dates on which the schedules were received.
- 3.2 The schedules set out the funding position and the proposed employer contribution rates.
- 3.3 Barnett Waddingham, the fund actuary, has provided a pre-recorded presentation for employers to watch which explains the funding position in more detail.

4 Pensions Dashboard Update

- 4.1 The Pensions Dashboard is being introduced to provide individuals with a secure, single online view of all their pensions, this includes workplace, personal, and the State Pension. It is designed to help members track down any lost or forgotten pensions, understand their overall retirement position, and make informed decisions about future planning. The Pensions Dashboard is due to go live by 31 October 2026.
- 4.2 Dorset County Pension Fund successfully completed Phase 2 of the implementation in early October. This phase included the configuration of the Live database in preparation for system connectivity.
- 4.3 Daily extracts from the Pensions Administration System have been automated to run at 06:30 and are uploaded to the Integrated Service Provider (ISP) ecosystem. The process comprises five separate reports, with email notifications confirming either successful uploads or any data errors encountered.
- 4.4 Additional Voluntary Contributions (AVC) data has been reviewed and cleansed where necessary. Prudential data, which is multi-source, was onboarded via its

own ISP on 31 October. Utmost data, being single-source, is supplemented by basic data provided alongside our pension data extracts. AVC data will be reconciled bi-annually with both providers.

- 4.5 The onboarding process was successfully completed in mid-October, and the Fund connected on the regulatory date of 31 October 2025.

5 McCloud Update

- 5.1 We have contacted all 91 LGPS funds to verify members' eligibility under McCloud. To date, 47 responses have been received. Pension records will be updated where service with other fund(s) brings members into scope for McCloud.
- 5.2 The next scheduled software delivery was on 20 November and addresses additional issues identified following the September release.
- 5.3 Subject to successful resolution of these issues, a project plan will be developed to manage rectification cases.
- 5.4 Any outstanding McCloud deliverables are scheduled for completion in Quarter 2 of 2026.
- 5.5 Guidance on teachers' excess service remains outstanding.
- 5.6 'Business as usual' processing continues for retirements and deferred members identified as being in scope for McCloud.

6 Oversea Pensioner Mortality Screening

- 6.1 Dorset County Pension Fund engaged Target Professional Services to conduct the 2025 mortality screening for overseas pensioners. Target was chosen for its cost-effectiveness and its ability to offer multiple verification methods, ensuring accessibility for pensioners worldwide. The previous supplier was unable to deliver services in certain countries, which limited coverage.
- 6.2 At the end of September, all overseas pensioners received a letter outlining the verification process.
- 6.3 The table below summarises responses as of 19 November 2025:

Overseas Pensioner Mortality Screening	Number of people	Percentage
Successful - via App	167	35.3
Successful - via Email	94	19.9
Successful - via Letter	74	15.6
Successful - Updated Directly with DCPF	5	1.1
Deceased	2	0.4
No Response	131	27.7

Total pensioners: 473 (342 responded + 131 no response yet)

- 6.4 A follow-up letter was issued on 19 November to those who have not responded. The project will conclude on 12 January 2026, and pensions for individuals who fail to make contact will be suspended.

7 LGPS 'Access and protections' consultation

- 7.1 The Department for Ministry of Housing, Communities and Local Government

- 7.2 (MHCLG) have launched a consultation '[Scheme improvements \(access and protections\)](#)' to address fairness, access, and efficiency within LGPS. The consultation closes on 22 December 2025.
- 7.3 The key proposals from this consultation are:
- **Normal Minimum Pension Age**
LGPS rules to be updated to reflect the legislative changes to the minimum pension age. The Government is proposing that some LGPS members will have a protected pension age and will be able to continue to access their LGPS benefits before age 57 after the change in minimum pension age.
 - **Academies**
A simplified process for academies to change administering authority is proposed. Removing the requirement for Secretary of State consent if criteria met (value for money, pre-existing relationship, agreement of parties, capacity to administer). Consent will still be required if the criteria is not met.
 - **Fair Deal Protections**
Extend LGPS membership protections for staff transferred to private contractors, ensuring continuity of pension rights. This could have potential cost implications for outsourcing arrangements.
 - **Access for Mayors and Councillors**
Reintroduce LGPS membership for elected mayors and councillors in England, aligning with other UK nations.
- 7.4 The consultation has been circulated to employers who may be affected by potential impact.
- 8 [Financial](#) Implications
N/A
- 9 [Climate](#) Implications
None
- 10 [Well-being](#) and Health Implications
None
- 11 **Other Implications**
N/A
- 12 **Risk Assessment**
- 12.1 HAVING CONSIDERED: the risks associated with this decision; the level of risk has been identified as:
Current Risk: N/A
Residual Risk: N/A
16. **Equalities Impact Assessment**
N/A
17. **Appendices**
Appendix 1 – KPIs (1 August 2025 to 31 October 2025)

18. Background Papers

[LGPS Regulations 2013](#)

[MHCLG consultation on Scheme improvements \(access and protections\)](#)

[McCloud statutory guidance](#)

[Homepage | UK Pensions Dashboards Programme](#)

[The Pensions Dashboards Regulations 2022](#)

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	Period:	August 2025 - October 2025				
Top 10 detail - cases completed on time	Completed in period	Performance	KPI (days)	Cases completed on time or early	Total Processes Worked On	Average Working Time (Days)
Admissions	1409	100.00%	30	1409	1409	1.01
Interfund in Quote	91	100.00%	30	91	410	5.34
Interfund In Actual	115	99.13%	30	114	154	8.42
Interfund Out Quote	59	100.00%	30	59	98	1.84
Interfund Out Actual	63	98.41%	30	62	91	10.46
Transfers in Quote	24	100.00%	15	24	93	2.31
Transfers In Actual	26	100.00%	15	26	26	2.62
Transfer Out Actual	15	100.00%	15	15	63	2.28
Transfer Out Quote	111	99.10%	15	110	127	2.58
Estimates	361	99.45%	15	359	378	3.97
Retirements	557	99.82%	10	556	619	3.18
Retirements Quote	654	99.24%	10	649	1440	3.37
Deferred Benefits	1164	85.40%	40	994	2019	24.71
Refunds	157	100.00%	15	157	343	1.08
Refunds Quote	354	100.00%	15	354	805	1.00
Deaths (Initial Stage)	86	95.35%	5	82	187	2.22
Correspondence	1791	99.44%	15	1781	1941	3.59
Total	7037	97.23%		6842	10203	

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Total Processes for month completed	16001
Total Processes worked on in month	19269
Total Phone Calls taken through Pensions Help	2083
Total Emails Received	Currently not reportable due to Dorset IT changes
Total Emails Sent	Currently not reportable due to Dorset IT changes
McCloud Processes Completed	271

Period:	May 2025 - July 2025				
Completed in period	Performance	KPI (days)	Cases completed on time or early	Total Processes Worked On	Average Working Time
1256	100.00%	30	1256	1256	1.00
99	97.98%	30	97	444	5.56
80	92.50%	30	74	148	12.95
96	98.96%	30	95	171	3.65
103	87.38%	30	90	151	17.12
8	100.00%	15	8	101	3.17
30	93.33%	15	28	33	5.05
19	94.74%	15	18	66	6.64
100	97.00%	15	97	121	3.85
281	99.29%	15	279	383	3.92
380	96.58%	10	367	584	4.51
591	98.65%	10	583	1323	2.94
780	93.97%	40	733	1315	26.45
169	100.00%	15	169	375	1.05
380	100.00%	15	380	845	1.94
83	95.18%	5	79	198	3.79
1281	93.05%	15	1192	1220	4.57
5736	96.67%		5545	8734	

Total Processes for month completed18175	
Total Processes worked on in month21756	
Total Phone Calls taken through Pensions Helpline2133	
Total Emails Received	Currently not reportable due to Dorset IT changes
Total Emails Sent	Currently not reportable due to Dorset IT changes
McCloud Processes Completed138	

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Pension Fund Committee

2 December 2025

Draft Funding Strategy Statement (FSS)

For Decision

Local Councillor(s): All

Senior Leadership Team:

S Cremer, Corporate Director, Section 151 Officer

Report author: David Wilkes

Job title: Service Manager (Treasury and Investments)

Email: investments@dorsetcouncil.gov.uk

Statutory Authority: Dorset Council

Report status: Public (the exemption paragraph is N/A)

Executive summary (maximum of 500 words)

LGPS regulations require administering authorities to prepare and maintain a Funding Strategy Statement (FSS) which explains how the administering authority plans to make sure the pension fund has enough money to pay pensions now and in the future.

The pension fund's FSS has been updated to reflect the draft results of the latest triennial valuation as at 31 March 2025 and the most recent guidance issued by the LGPS Scheme Advisory Board (SAB) January 2025. The administering authority will consult with scheme employers and other key stakeholders on the draft FSS before the final version of the FSS is considered by the Committee at its next meeting March 2026.

The pension fund's long-term funding aims are to:

- Achieve solvency by managing employers' liabilities effectively and ensuring that sufficient resources are available to meet all benefit payments as they arise;
- Achieve long-term cost efficiency by ensuring that employer contribution rates are not set at a level that gives rise to additional costs;

- Enable primary contribution rates to be kept as nearly constant as possible and (subject to not taking undue risks) at reasonable cost to our employers; and
- Seek returns on investment within reasonable risk parameters.

Employer contributions are reviewed every three years by the Fund Actuary and include:

- Primary Rate: covers future pensions for current employees (active members).
- Secondary Rate: adjusts for any past shortfall (deficit) or surplus.

Employer contribution rates are set taking into account:

- Expected investment returns.
- Employer covenant (financial strength).
- Risk profile and participation period.

Recommendation(s):

That the Committee approve for consultation the draft Funding Strategy Statement (FSS).

Reason for the recommendation(s):

The Local Government Pension Scheme (LGPS) Regulations 2013 require all administering authorities within the LGPS to prepare and maintain a Funding Strategy Statement (FSS) and to consult key stakeholders on the contents of this statement. The report attached as Appendix 1 meets the requirements of this legislation and is prepared in accordance with the most recent guidance issued by the LGPS Scheme Advisory Board (SAB) January 2025.

1. Legal considerations

1.1 None identified.

2. Financial implications

2.1 None identified.

3. Natural environment, climate & ecology implications

3.1 None identified.

4. Well-being and health implications

4.1 None identified.

5. Other implications

5.1 None identified.

6. Risk implications

6.1 None identified.

7. Equalities

7.1 There are no equalities implications arising from this report.

8. Appendices

Appendix 1: Draft Funding Strategy Statement (FSS).

9. Background papers

[Funding Strategy Statement | Dorset Pension Fund
FSS guidance Final January 2025.pdf](#)

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Dorset County Pension Fund (Draft)Funding Strategy Statement

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Section A – Purpose of the fund and the FSS

Introduction

This is the Funding Strategy Statement (FSS) for the Dorset County Pension Fund (the Fund), part of the Local Government Pension Scheme (LGPS). It has been prepared by Dorset Council in our capacity as Administering Authority of the Fund.

We have prepared this statement:

- in accordance with Regulation 58 of the LGPS Regulations 2013 as amended (the Regulations);
- with regard to the guidance ([Guidance for Preparing and maintaining a Funding Strategy Statement \(FSS\)](#)) jointly produced by the Scheme Advisory Board (SAB), the Chartered Institute of Public Finance and Accountancy (CIPFA) and Ministry of Housing, Communities and Local Government (MHCLG); and
- having taken advice from the Fund Actuary, Barnett Waddingham.

This statement should be read in conjunction with our Investment Strategy Statement (ISS) [here](#).

Employers and other relevant parties have been consulted during the development of this FSS, in line with

Annex D: Engagement plan.

This FSS was approved by the Pension Fund Committee on 17 March 2026 on the recommendation of the Chief Financial Officer (section 151 officer) and following consultation with our employers.

We have included an explanation of the key terminology used in this document in Annex F: Glossary.

Contact details

Any queries relating to this FSS should be directed to lgpsemployers@dorsetcouncil.gov.uk and investments@dorsetcouncil.gov.uk.

Aims and objectives of the FSS

The aims and objectives of this FSS are to:

- Enable our Fund Actuary to undertake appropriate funding calculations for the Fund, whether as part of a triennial actuarial valuation exercise or otherwise, which also meet the requirements of the LGPS Regulations and guidance and their professional obligations;
- Establish a clear and transparent fund-specific strategy that will identify how our 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(6) of the Regulations;
- Ensure that the regulatory requirements to set employer contributions to ensure the solvency and long-term cost efficiency of the Fund are met in the context of fiduciary duty;
- Explain how we seek to balance the interests of different employers; and
- Explain how we deal with conflicts of interest and references other policies/strategies.

They have been set in the context of fiduciary duty and requirement to pay pension benefits according to the LGPS and wider regulations.

Our aims in relation to long-term funding are to:

- Achieve solvency by managing employers' liabilities effectively and ensuring that sufficient resources are available to meet all benefit payments as they arise;
- Achieve long-term cost efficiency by ensuring that employer contribution rates are not set at a level that gives rise to additional costs;
- Enable primary contribution rates to be kept as nearly constant as possible and (subject to not taking undue risks) at reasonable cost to our employers; and
- Seek returns on investment within reasonable risk parameters.

Conflicts of interest

There is a potential conflict of interest in that the FSS is prepared by the Administering Authority which is itself an employer in the Fund. We will ensure that the contents of the FSS are not unduly influenced by any one employer by undertaking a consultation which is extended to all employers.

Monitoring and review of the FSS

The FSS will be monitored annually and it will be reviewed before the completion of the next actuarial valuation of the Fund unless circumstances suggest an earlier review would be desirable or required.

Examples of when we may wish to review the FSS include:

- Material changes to the LGPS benefit structure or regulations;
- Significant changes to our investment strategy;
- Significant changes to our membership profile;
- Such significant changes to the number, type, or individual circumstances of any employers to such an extent that they impact on the funding strategy (e.g. exit/restructuring/failure which could materially impact cashflow and/or maturity profile and/or covenant);
- A material change in the affordability of contributions and/or employer(s) financial strength which has an impact on the future solvency of the Fund;
- Recommendations from MHCLG/Government Actuary's Department (GAD); or
- On the advice of the Fund Actuary.

In a review of the FSS, we would consider whether an update to the FSS was required (and consequently whether an update to the ISS was also required). If we felt an update was required, we will consider communicating with those employers specifically impacted by any changes.

Section B: Key funding principles

Funding target

Employer contribution rates are required by Regulations to be set by an actuarial valuation exercise and securing the solvency and long-term cost efficiency of our Fund is a regulatory requirement. The Regulations also state it is desirable to maintain as nearly constant a Primary rate of employers' contribution as possible and the Fund aims to achieve this. A key principle in determining employer contribution rates is to establish a funding target, with employer contribution rates then set to meet that target over an agreed period.

The past service funding level (often referred to as simply the funding level) is the ratio of assets to liabilities in respect of accrued past service.

We define the funding target as having at least sufficient assets in the Fund to meet the accrued past service liabilities (i.e. a funding level of 100%). We may set different funding targets for different employers or groups (pools) of employers in the Fund.

The Fund Actuary can then assess how the value of the assets held by the Fund compares to the funding target and calculate the past service funding level.

We have many different employers in our Fund and our strategy seeks to strike the right balance between affordable, stable contributions whilst also recognising that failure of an employer to pay contributions, can lead to financial consequences for other employers. More information on the funding target for different employers is set out in the Summary of funding approach table.

How we set employer funding targets

Members' benefits are payable many years into the future and positive investment returns can help make the benefits more affordable for employers. Investment returns are not guaranteed or known in advance so the assumed future rate of investment return (also known as the discount rate) is the key assumption the Fund Actuary makes in calculating the liabilities. In general:

- the lower the investment return over a time period the higher the required contributions to the Fund over that time period and vice versa;
- the higher the assessed risk an employer (or group of employers) may cease to exist in future and be unable to meet their obligations to the Fund, the lower the assumed rate of future investment return may be, whilst recognising this must be balanced with affordability considerations; and
- the time period over which it is appropriate to consider the contributions and investment return may vary depending on the circumstances of an employer (or group of employers).

There are broadly three categories of employer according to the Regulations:

- Schedule 2 Part 1 ("Scheduled") bodies which must admit eligible employees to the LGPS (for example County and District councils, police and fire bodies and academies);
- Schedule 2 Part 2 ("Resolution") bodies which designate employees or posts as being eligible to join the LGPS (for example town and parish councils);
- Schedule 2 Part 3 ("Admission") Bodies which
 - participate by virtue of paragraph 1(d)¹ (generally where a service has been outsourced to a private sector contractor) – "Transferee Admission Bodies" and
 - meet the criteria in paragraphs 1(a) to (c) or 1(e) are typically referred to as Community Admission Bodies (CABs) (for example Charities and Housing associations).

We aim to be fair and consistent across our employers, so for all employers within a category, unless justified by a covenant assessment or agreed with the Fund Actuary, we will:

- adopt the same maximum periods to recover any deficit or surplus;
- apply the same minimum employer contribution rate;
- use the same funding basis to set the employer contributions for the actuarial valuation;
- use the same cessation basis in the event of an employer exit;
- apply the same maximum terms for any deferred debt agreement and debt spreading arrangements.

¹ of Part 3 of Schedule 2 to the Regulations

Summary of funding approach

Below we have summarised the funding approach to participating employers in the Dorset County Pension Fund (the Fund). Please note pass through employers are not included, they pay a contribution rate in line with individual pass-through agreements.

Employer category	Scheduled bodies 1	Scheduled bodies 2	Resolution bodies	Other 1	Other 2
Example employer within category	Police Fire Schools that have not opted to academise	Academies Further Education (FE) bodies falling under the guarantee of the Department for Education	Town and Parish Councils	Contractors with Letting Authority as guarantor	Universities without security Admission bodies without guarantor or security Charities, Housing associations without security
2022 funding approach	Maximum recovery period of 16 years	Academies – All pooled, recovery period of 16 years FE bodies – maximum recovery period of 16 years	All pooled, recovery period of 10 years	Contractors – recovery period in line with contract length	FE bodies – Maximum recovery period of 16 years - Admission bodies – recovery period in line with contract length Charities, Housing associations – Maximum recovery period of 16

Employer category	Scheduled bodies 1	Scheduled bodies 2	Resolution bodies	Other 1	Other 2
2025 funding target	Achieve fully funded position over appropriate time horizon Allow for reduction of total contribution rate if appropriate Maintain a degree of stability by limiting the total contribution reduction and by stepping in any changes over the intervaluation period Academies and resolution bodies remain fully pooled to increase stability			Achieve fully funded position over appropriate time horizon Allow total contributions to be set at a very low level to avoid overfunding (exit credits) Security / guarantor protects Fund against default	Achieve fully funded position over appropriate time horizon Allow total contributions to be set at a very low level to avoid overfunding (exit credits) with consideration of the position on a full cessation basis.
2025 valuation – funding basis	Ongoing basis				
2025 funding approach – deficit	Recovery period of 13 years, 7 for Town and Parish Councils, (three years less than in 2022, a lower recovery period may be used depending on an employer's covenant)			Recovery period set as the lower of the contract length, Expected Future Working Lifetime (EFWL), and 13 years (a lower recovery period may be used depending on an employer's covenant)	If not fully funded on a full cessation basis then total contribution rates maintained at 2022 level. If fully funded on a full cessation basis then surplus can be paid back over 13 years.

Employer category	Scheduled bodies 1	Scheduled bodies 2	Resolution bodies	Other 1	Other 2
2025 funding approach – surplus	Less than 115% funded – stepping down to new primary rate over intervaluation period More than 115% funded – stepping down to new total contribution rate below primary rate allowing for excess surplus (above the funding target) to be paid back over 13 years				Total contribution rates maintained or increased where required. If cessation deficit met on full cessation basis then total contribution rate will be stepped down.
2025 minimum contribution rate	12.5% in line with maximum member contributions No employer will receive a reduction of their total contribution rate of more than 1.0% p.a.			0% - contribution holiday possible	0% - contribution holiday possible
2025 cessation basis	No subsuming guarantor – full cessation basis With subsuming guarantor – ongoing basis	No subsuming guarantor – full cessation basis With subsuming guarantor – ongoing basis Following cessation where there is no subsuming guarantor, academies in a funding pool will be removed from the pool.	Town and parish council pool – ongoing basis Following cessation, town and parish council in a funding pool will remain in the pool.	No subsuming guarantor – full cessation basis With subsuming guarantor – ongoing basis	Full cessation basis

In exceptional circumstances, the Administering Authority may agree contributions that do not align with the table above. In such circumstances, advice will be sought from the Fund Actuary.

Managing risk

Whilst our funding strategy aims to satisfy the funding objectives of ensuring sufficient assets to meet liabilities and stable levels of employer contributions, there are risks that may impact on the ability of the strategy to meet our funding objectives.

The major risks to the funding strategy are financial, although there are other external factors including demographic risks, regulatory risks and governance risks.

We maintain a risk register where recent developments are reported. More detail of the various funding-specific risks can be found in Annex E: Managing Risks

Main actuarial assumptions

To value liabilities, the Fund Actuary needs to make assumptions about the factors affecting the Fund's future finances such as price inflation, pay increases, investment returns, rates of mortality, early retirement and employee turnover etc.

The assumptions adopted at the valuation can be considered as:

- The demographic (or statistical) assumptions which are essentially estimates of the likelihood or timing of benefits and contributions being paid, and
- The financial assumptions which will determine the estimated value of the amount of benefits and contributions payable.

A summary of our methodology to determine and monitor the actuarial assumptions is explained below. Financial assumptions are based on a particular date and consider average market yields over the six months straddling the relevant date. The relevant date may be the date of the valuation, or the date an employer joins or leaves the Fund.

Retail Prices Index (RPI) inflation

To measure the future level of price inflation over the long-term, we use the 20 year point on the Bank of England implied RPI inflation curve. A fixed inflation risk premium deduction of 0.3% p.a. is made to the assumption.

Consumer Prices Index (CPI) inflation (future revaluation and pension increases)

Pension increases, both in payment and the rate of revaluation applied to pension accounts, are linked to changes in the level of the CPI. Inflation as measured by the CPI has historically been less than RPI due mainly to different calculation methods. Based on analysis undertaken by the Fund Actuary, a deduction of 0.4% p.a. is made to the RPI assumption to derive the CPI assumption as at 31 March 2025. This deduction will taper down to 0.2% p.a. by February 2030 when it is anticipated that the RPI will be aligned with the Consumer Prices Index including owner occupiers' housing costs (CPIH).

Pay increases

As some of the benefits are still linked to final pay, the Fund Actuary needs to make an assumption as to future levels of pay increases. Historically, there has been a close link between price inflation and pay increases with

pay increases exceeding price inflation in the longer term. The long-term pay increase assumption adopted was CPI plus 1.0% p.a. which includes allowance for promotional increases.

Future investment returns/ discount rate

To determine the value of accrued liabilities and derive future contribution requirements it is necessary to discount future payments to present day values. The discount rate that is applied to all projected liabilities reflects an estimate of the rate of investment return that is expected to be earned from the underlying investment strategy by considering average market yields in the six months straddling the relevant date.

The discount rate is this rate of return with an adjustment for prudence. The adjustment for prudence has the effect of, all else being equal, increasing the value of liabilities.

The level of "prudence" in the ongoing discount rate has been determined based on a success probability of 67.5% which translates to a fixed deduction of 1.5% p.a. for all employers.

The adjustment for prudence is higher if the discount rate is used to value liabilities where the employer is leaving the fund. Further detail is given in Process for determining the position on termination section.

Demographic assumptions

The demographic assumptions adopted are based on Fund-specific experience and national statistics, adjusted as appropriate to reflect the individual circumstances of the Fund and/or individual employers.

Valuation assumptions

The key assumptions used in the 2025 actuarial valuation as at 31 March 2025 are summarised below:

Assumptions	Assumptions used for the 2025 valuation
Financial assumptions (p.a.)	
CPI inflation	2.7%
Salary increases	3.7%
Discount rate	5.1%
Demographic assumptions	
Post-retirement mortality	
Base table	S3PA
Multiplier (male/female)	95%/115%
CMI Model / long-term rate	2024 / 1.5% p.a.
Initial addition parameter	0%
Overlay half-life	1 year
Retirement assumption	Weighted average
Pre-retirement decrements	GAD 2020 scheme val: no salary scale, 50% multiplier to ill-health rates and 115%/120% multiplier to pre-retirement mortality rates (M/F)
IH assumed proportion in each tier (T1/T2/T3)	75% / 15% / 10%
50:50 assumption	Member data
Commutation	50% Max
Family statistics	
% with qualifying dependant	75% (M) / 65% (F)
Age difference	Males 3 years older

Further information on the assumptions used is explained in the Fund's valuation report [link to be provided in the final version of this document].

Actuarial methods

The actuarial method for open employers is the projected unit method and for closed employers is the attained age method. These are explained further in the section Primary rate of employers' contribution.

Asset valuation

For the purpose of considering funding levels and setting contributions, the asset value used is the market value of the assets at the valuation date, adjusted to reflect average market conditions during the six months straddling the valuation date. This is referred to as the smoothed asset value and is calculated as a consistent

approach to the valuation of the liabilities. For the 2025 valuation this led to assets being taken into account for funding purposes at 102.1% of the market value.

The Fund's assets are effectively unitised and notionally allocated to employers at an individual level by allowing for actual Fund returns achieved on the assets and cashflows paid into and out of the Fund in respect of each employer (e.g. contributions received and benefits paid). For funding pools the assets and liabilities are pooled together and calculated as if the funding pool were a single employer.

Employer pooling and risk sharing

The Fund operates several funding pools where employers share risks. This may impact the calculation of an employer's assets and is explained further in the section Pooling of individual employers.

Links to the Investment Strategy Statement (ISS)

Our ISS is available [here](#).

The funding strategy and the investment strategy are strongly connected. The funding strategy relies on contributions to maintain financial stability, and the investment strategy aims to generate returns that support long-term sustainability.

The main link between the FSS and the ISS relates to the discount rate that underlies the funding strategy as set out in the FSS, and the expected rate of investment return anticipated to be achieved by the long-term strategy as set out in the ISS.

As explained above, the ongoing discount rate that is adopted in the actuarial valuation is derived by considering the expected return from the long-term investment strategy. This ensures consistency between the funding strategy and investment strategy.

After employer and employee contributions, investment returns are the third key pillar of LGPS funding. We must be able to pay benefits when they are due. The payments of benefits are met from a combination of contributions (through the funding strategy) and asset return and income (through the investment strategy). Should investment performance or income fall below projected levels, it may be required to increase employer contributions to compensate to meet the cost of the benefits. Hence the required investment returns to meet the discount rate assumption set out in the FSS are considered in setting the strategic asset allocation.

A summary of the asset classes and allocation from the most recent ISS is shown below:

Asset class	Allocation
Bonds	6.5%
Public Equities	58.0%
Private Equities	5.0%
Property	9.0%
Infrastructure	8.0%
Multi-Asset Credit	6.5%
Diversified Growth Fund	7.0%

How employer contributions are calculated

The total contribution rates an employer must pay is the primary contribution rate plus the secondary contribution rate. The primary and secondary contribution rates are discussed in the sections below. The table in section Funding target above summarises how the primary and secondary contribution rates are set including the bases used under different circumstances of the valuation, or joining or leaving the fund.

The contribution rates that an employer must pay as calculated as part of the actuarial valuations will be communicated to the employers in the late Autumn of the valuation year through an initial results report written by the Fund Actuary.

The contribution rates that an employer must pay when they join the Fund will be calculated by the Fund Actuary and communicated via the Fund upon joining.

Frequency of employers' contributions

Contributions must be paid monthly unless we agree to a special arrangement following discussion with the Fund Actuary. Where contributions are based on a percentage of pay, the amounts paid by employers will fluctuate in line with payroll each month.

For all employers, the primary and secondary contributions they are required to pay along with the frequency of payment will be certified by the Fund Actuary in the Rates and Adjustment Certificate. The latest certificate can be found [here]. [link to be provided in the final version of this document]

Prepayment policy

No discount will be offered in exchange for early payment of either primary or secondary contributions.

Primary rate of employers' contribution

The funding level considers past service, but the Fund Actuary must also calculate the cost of benefits which will be earned in the future by active members.

The primary rate of an employer's contribution, as defined in Regulation 62(5), is the level of contributions required, expressed as a percentage of the pay of active members, which, together with employee contributions, is expected to cover the cost of benefits accruing in future.

The calculation of the primary rate ignores any past service surplus or deficit but allows for any employer-specific circumstances such as whether an employer is open or closed and includes the employer's share of administration costs.

The primary rate for the whole fund is the weighted average (by payroll) of the individual employers' primary rates.

Our approach to setting the primary rate depends on specific employer circumstances, including the strength of the employer covenant and guarantor arrangements which determine the employer categorisation (as set out in the Funding target section above). If an employer has any risk sharing arrangements then the primary rate will depend on the arrangement in place, and if the employer is part of a pooling arrangement, then the primary rate may be set to be the same as other employers in the pool. It may also depend on whether an employer is an "open" employer – one which allows new employees access to the Fund, or a "closed" employer – one which no longer permits new employees access to the Fund.

For open employers, in general, the actuarial funding method that is adopted is known as the Projected Unit Method. The key feature of this method is that, in assessing the future service cost, the primary rate represents the cost of one year's benefit accrual only.

For closed employers, in general, the actuarial funding method adopted is known as the Attained Age Method. The key difference between this method and the Projected Unit Method is that the Attained Age Method assesses the average cost of the benefits that will accrue over a specific period, such as the length of a contract or the remaining expected working lifetime of active members.

Our [Administration Strategy](#) and Admission Agreements require employers to tell us if they have stopped admitting new employees to the Fund so we can monitor the open or closed status of each employer.

Secondary rate of the employers' contribution

Whilst one of our funding objectives is to build up sufficient assets to meet the cost of benefits as they accrue, we know that at any particular point in time, the value of the assets is unlikely to be equal to the value of accrued liabilities, depending on how the actual experience of the Fund compares to the actuarial assumptions. This means there will be a past service surplus or deficit which can lead to an adjustment to employers' contributions. This contribution adjustment is referred to as the secondary rate, as defined in Regulation 62(7). The secondary rate is a positive or negative adjustment to the primary rate to arrive at the total contribution rate each employer is required to pay.

Secondary contributions can be certified as a percentage of payroll or as monetary amounts (which can be fixed or nominal amounts).

There is a potential conflict of interest whereby a single employer i.e. the Administering Authority of the Fund, is leading the process of setting the adjustments to the primary rate. The Fund manages this conflict of interest by consulting with all employers on the contents of the FSS which sets out how secondary contribution rates are set for all categories of employer.

Payment of additional contributions

Employers will usually be expected to make additional contributions into the Fund under the following circumstances:

- Where an employee under Regulation 30(7) becomes entitled to an immediate unreduced pension as a result of redundancy or business efficiency, we will request the Employer make a strain payment to cover the anticipated cost of the additional pension entitlement;
- Where an employee or former employee is permitted to retire on grounds of ill health leading to pension enhancement and/or early payment of pension benefits, we may request the Employer make a strain payment to cover the anticipated cost of the additional pension entitlement;
- Where an employee or former employee dies resulting in a death grant benefit becoming payable, we may request the Employer make a payment to the Fund to cover the incurred expense;
- Where an employee makes Additional Voluntary Contributions (AVC), at the employer's discretion, they may make an additional payment to the Fund under a cost sharing arrangement with the member.

The employer is required to inform the fund if any of these situations occur, in line with our [Administration Strategy](#).

Actuarial valuation

As required by Regulation 62 (1) of the LGPS Regulations 2013, an actuarial valuation of all LGPS funds is carried out every three years.

The main purpose of the valuation is to determine the level of employers' contributions that should be paid to ensure that the existing assets and future contributions will be sufficient to meet all future benefit payments from the Fund.

The most recent actuarial valuation of the Fund was undertaken as at 31 March 2025. The results of the 31 March 2025 valuation can be found in the Fund's valuation report [link to be provided in final version of this document], which includes:

- An actuarial valuation of the assets and liabilities of the Fund;
- The funding level of the Fund as at the valuation date;
- The primary rate for the whole fund which is the weighted average (by payroll) of the individual employers' primary rates
- The financial and demographic actuarial assumptions used to value the pension liabilities, including details of the sensitivity of the results to a small change in the assumptions used;
- The valuation report must demonstrate how the demographic assumptions have been set with reference to the actual events affecting Fund members since the previous valuation;
- A Rates and Adjustments certificate outlining the minimum contributions payable by employers in the Fund; specifying both the primary rate and secondary rate of the employer's contribution for each of the three years beginning on 1st April following the year in which the valuation date occurs; and
- Summarised information of the actuarial valuation in the form of a "dashboard" which is agreed between the actuarial firms and GAD.

The valuation documentation must be provided to the Administering Authority before the first anniversary of the valuation date.

Review of employer contributions between valuations

The Fund's Contribution review policy can be accessed in Annex A: Contribution review policy.

Fund approach to managing surpluses and deficits

As set out in Section A – Purpose of the fund and the FSS, our aim is to ensure employers' contributions are set to meet the Regulatory requirements of achieving solvency and long-term cost efficiency but also for the primary rate to be as stable as possible.

We aim to keep primary (and also total) contribution rates stable by:

- asking the Fund Actuary to adopt a discount rate (or assumed investment return) derived from the expected investment return on the Fund's assets;
- reviewing the level of prudence, i.e. the gap between the discount rate (or assumed investment return) and the expected investment return, at each valuation; and
- operating funding pools which increases the stability of contribution rates compared to calculating individual contribution rates for each employer, particularly for small employers.

Where there is a deficit, the secondary contribution rate is generally calculated to pay off the deficit over a maximum period of 13 years.

Where there is a surplus, the secondary contribution may include an adjustment to run off the surplus over a maximum period of 13 depending on the employer group and individual employer circumstances.

The period adopted for individual or groups of employers will depend on:

- The significance of the surplus or deficit relative to the liabilities;
- The Employer covenant of the employer/group (including any security in place) and any limited period of participation in the Fund;
- The remaining contract length of an employer in the Fund (if applicable); and
- The implications in terms of stability of future levels of employers' contribution.

A summary of our approach to employers in the Fund is set out in the table in Summary of funding approach.

Employer covenant

The Pensions Regulator defines employer covenant as *"the extent of the employer's legal obligation and financial ability to support the scheme now and in the future"*.

There is no prescribed way for an LGPS fund to assess and allow for employer covenant within their funding approach. In considering employer covenant as part of our funding strategy we will look to profile and better understand our participating employers, particularly by sector or size.

In reviewing the employer covenant, we look to:

- assess each employer's obligation and ability to support their ongoing LGPS commitments, in the context of any guarantees or security in place,
- reappraise the "riskiness" of employers, given their updated funding position,
- further integrate covenant insights into funding and investment strategy,
- ensure contributions are set appropriately; and
- put in place pragmatic procedures to monitor employers going forward.

The Fund's approach to allowing for employer covenant is set out below.

In certain circumstances, an employer is obliged to notify the Fund about any changes as set out in our [Administration Strategy](#). These include:

- an insolvency event
- a merger or acquisition with another employer
- a significant change in D&B score

The employer should contact the Fund via email lgpsemployers@dorsetcouncil.gov.uk.

Allowance for employer covenant

As part/In advance of the [2025](#) valuation, we commissioned an employer covenant review from Barnett Waddingham LLP based on an analysis of credit risk reports obtained from Dun & Bradstreet (D&B). This analysis considered the potential size of deficit were an employer to leave the Fund alongside a risk score

calculated using data from D&B. Where the review highlighted any concerns with regard to the default risk of an employer, particular attention was given to the deficit recovery period adopted for the employer and whether any security for the Fund was in place.

The Fund sought to engage with employers highlighted within the employer covenant review. Such engagement helped the Fund to better understand the financial position of our employers, and where appropriate, allowed us to seek further information from employers. Information that could be sought from employers could include, but not limited to, annual reports/accounts, audit opinions and any relevant financial supporting documentation.

Having identified employers posing a risk to the Fund, the Fund has considered a number of options to reduce the risk. These include;

- regular monitoring of financial position;
- consideration of any guarantee that could be obtained;
- review of any existing bond amounts, or consider putting bonds in place if not there already;
- obtaining security through a first charge on the employer's assets;
- establish contingency plans that would be triggered on certain events, such as certain funding levels being reached, the LGPS being replaced as the pensions vehicle for new employees, the LGPS's ranking on insolvency being reduced, or certain corporate transactions or decisions.

We will seek specialist employer covenant advice support as appropriate.

The outcome of the employer covenant review and subsequent employer engagement may influence setting the total contribution rate through, but not limited to:

- The level of prudence adopted in setting the discount rate used to calculate the contribution rate
- The length of the deficit recovery/surplus amortisation period
- The funding target

More detail on how employer covenant has been allowed for with individual employers (or groups of employers) is set out in the section "Summary of funding approach".

The Fund will keep the employer covenant analysis under review and will seek to update this on a triennial basis.

Guarantors

A guarantor of an employer in the LGPS is a formal promise by a party other than the Scheme employer, to meet any pension obligations not met by the Scheme employer. There are different types of guarantee that can be provided:

- A "subsuming guarantor" will assume future responsibility for the pension liabilities and assets following the exit of the Scheme employer. The exiting employer is generally still expected to meet any exit payment due. This is the situation for private contractors where the letting authority will be the "subsuming guarantor".
- An "external guarantor," such as the Department for Education, provides a guarantee that the exit payment will be made to the Fund in the scenario that the exiting employer cannot make it. This a one-off payment, the external guarantor does not assume future responsibility for the pension liabilities and assets of the exiting employer.

- A “physical guarantee”, often referred to as security, may provide the Fund the opportunity to call on the asset backing the guarantee in the event that the exiting employer cannot make the exit payment.
- A “guarantor of last resort” will be responsible for pension liabilities if the Scheme employer fails to meet its pension obligations to the Fund. The guarantor is liable to cover any exit payment and assume responsibility for pension obligations when all other avenues have been exhausted.

We will consult with guarantors on any proposed changes that significantly increase the risk of costs provided under the original guarantee.

Guarantor treatment for key funding activities

Guarantors will be treated consistently to other Scheme employers for funding purposes as follows:

- For new employers joining the Fund, the new employer should notify us of any guarantor in place and in the case of admission bodies, the existence and type of guarantor will be specified in the admission agreement;
- The guarantee for LGPS liabilities provided by the Department for Education for further education bodies and academy trusts is taken into account in setting the contribution rates for those employers covered by the guarantee (which we understand includes any admission bodies participating under a pass-through arrangement);
- The assessment of the covenant of any guarantors will be included in the covenant review exercise undertaken as part of the actuarial valuation;
- Guarantors are subject to the same notifiable events process as employers. Notifiable events are set out in the Contribution Review policy; and
- For exiting employers, we will carry out a cessation valuation of the employer’s liabilities and the existence of a guarantor will affect the actuarial valuation basis used to determine the final cessation valuation. More detail can be found in section Process for determining the position on termination.

Admission bodies

New admission bodies in the Fund are commonly a result of a transfer of employees from an existing employer in the Fund to another body (for example as part of a transfer of services from a council or academy to an external provider under Schedule 2 Part 3 of the Regulations). Typically these transfers will be for a limited period (the contract length), over which the new admission body employer is required to pay contributions into the Fund in respect of the transferred members.

Further details on how to join the fund are provided in section Joining the fund and employer contribution rate setting and monitoring and on the Fund’s website for employers: <https://dcpfemployers.org/>.

Security required by admission bodies

Under the Regulations, the Administering Authority must assess the risk a proposed new admission body poses to the Fund should the admission body become insolvent or go out of business.

For any proposed new admission bodies who are not joining the Fund using a pass-through arrangement, the new admission body may be required to put in place a bond in accordance with Schedule 2 Part 3 of the Regulations, if required by the letting authority and Administering Authority.

If, for any reason, it is not desirable for a new admission body to enter into a bond, the new admission body may provide an alternative form of security which is satisfactory to the Administering Authority.

This security may cover some or all of the:

- strain costs of any early retirements if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions
- admission body's existing deficit.

The Fund will agree with the employer the security required upon admission to the Fund.

Risk sharing arrangements

Subject to agreement with the Administering Authority where required, new admission bodies and the relevant letting authority may make a commercial agreement to deal with the pensions risk differently. For example, it may be agreed that all or part of the pensions risk remains with the letting authority.

Although pensions risk may be shared, it is common for the new admission body to remain responsible for pensions costs that arise from:

- above average pay increases, including the effect on service accrued prior to contract commencement; and
- redundancy and early retirement decisions.

The Administering Authority may consider risk sharing arrangements as long as the approach is clearly documented in the admission agreement, the transfer agreement or any other side agreement. The arrangement also should not lead to any undue risk to the other employers in the Fund.

Legal and actuarial advice in relation to risk sharing arrangements should be sought where required.

Pass-through arrangements

New admission bodies and the relevant letting authority may make a commercial agreement to deal with the pensions risk differently. For example, it may be agreed that all or part of the pensions risk remains with the letting authority. This is commonly known as a pass-through arrangement.

From 1 April 2026, the default approach for all new admission bodies joining the Fund will be under a pass-through arrangement. More detail on this and on pass-through arrangements more generally can be found in **Error! Reference source not found..**

The approach should be clearly documented in the admission agreement, the transfer agreement or any other side agreement. All information regarding risk sharing arrangements should be shared with the Fund. Legal and actuarial advice in relation to risk sharing arrangements should be sought where required.

In particular, the following information should be documented:

- whether the new admission body remains responsible for pensions costs that arise from above average pay increases, including the effect on service accrued prior to contract commencement;
- redundancy and early retirement decisions; and
- treatment of the admission body on exit.

The arrangement should not lead to any undue risk to the other employers in the Fund.

For any new admission bodies as a result of an outsourcing by an academy trust or a further education body, we understand that where pass-through provisions are in place, the liabilities remain covered by the Department for Education Guarantee.

Links to administration strategy

The membership data provided by employers is used by the Fund to calculate the contributions due from the employers, on joining the fund, terminating the fund or between actuarial valuations. Membership data is required for the actuarial valuations, and also when the employer joins or terminates the Fund. The quality of the data could have an effect on the contributions that an employer is required to pay.

The Fund's administration strategy can be found [here](#). Go back and take out other links or copy this

Section C: Employer events

Joining the fund and employer contribution rate setting and monitoring

When a new employer joins the Fund, the Fund Actuary is required to set the contribution rates payable by the new employer and allocate a share of Fund assets to the new employer as appropriate (unless the new employer joins under a pass-through arrangement). The most common types of new employers joining the Fund are admission bodies and new academies. These are considered in more detail below.

When a new employer wants to join the Fund, this should be approved by the Service Manager for Pensions, as delegated to by the Pension Fund Committee. The new employer will automatically join the appropriate employer category or funding pool as set out in the table in the section Summary of funding approach, unless representations are made by the employer to the Fund. Further details about joining the Fund can be found [here](#).

A new employer must provide membership data where the data is as at the date of joining the Fund. The data should be of good quality as it is used by the Fund Actuary to calculate the funding level and employer contribution rates on joining.

Admission bodies

New admission bodies in the Fund are commonly a result of a transfer of employees from an existing employer in the Fund to another body (for example as part of a transfer of services from a council or academy to an external provider under Schedule 2 Part 3 of the Regulations). Typically these transfers will be for a limited period (the contract length), over which the new admission body employer is required to pay contributions into the Fund in respect of the transferred members.

There are two main ways for the Fund to approach a new admission body joining the Fund.

- 1) Full risk transfer
- 2) Pass-through arrangement

More detail around the full risk transfer approach and the pass-through approach are set out below.

Approach of the Fund

From 1 April 2026, the default approach will be for admission bodies to join the Fund under a pass-through arrangement. Under a pass-through arrangement, the letting authority retains the pensions risk. The admission body is responsible for paying the agreed contribution rate and also additional costs as set out in each admission agreement e.g. redundancy and early retirement costs.

Before 1 April 2026, the default approach was a full risk transfer. Under a full risk transfer the admission body becomes responsible for all the pensions risk associated with the benefits accrued by transferring members and the benefits to be accrued over the contract length. The Administering Authority may consider requests for a full risk transfer from new admission bodies.

Funding at start of contract (full risk transfer only)

Under a full risk transfer, when a new admission body joins the Fund, they will become responsible for all the pensions risk associated with the benefits accrued by transferring members and the benefits to be accrued over the contract length. In these cases, it may be appropriate that the new admission body is allocated a share of

Fund assets equal to the value of the benefits transferred, i.e. the new admission body starts off on a fully funded basis. This is calculated on the relevant funding basis and the opening position may be different when calculated on an alternative basis (e.g. on an accounting basis).

However, there may be special arrangements made as part of the contract such that a full risk transfer approach is not adopted. In these cases, the initial assets allocated to the new admission body will reflect the level of risk transferred and may therefore not be on a fully funded basis or may not reflect the full value of the benefits attributable to the transferring members.

Contribution rate

The contribution rate may be set on an open or a closed basis. Where the funding at the start of the contract is on a fully funded basis then the contribution rate will represent the primary rate only; where there is a deficit allocated to the new admission body then the contribution rate will also incorporate a secondary rate with the aim of recovering the deficit over an appropriate recovery period.

For new employers participating under a pass-through arrangement, the default approach will be for the new employer to pay the primary contribution rate of the letting authority where secondary contributions are certified as a monetary amount or the same total contribution rate of the letting authority if secondary contributions have been certified as a percentage of salaries.

Depending on the details of any risk sharing arrangement, then additional adjustments may be made to determine the contribution rate payable by the new admission body. The approach in these cases will be bespoke to the individual arrangement and agreed between the new employer and the letting authority.

Pass-through arrangements

Pass-through arrangements are allowed for at the actuarial valuation by allocating any deficit/liabilities covered by the risk sharing arrangement to the relevant responsible employer.

New academies

When a school converts to academy status, the new academy (or the sponsoring multi-academy trust) becomes a Scheme employer in its own right.

Funding at start

On conversion to academy status, the new academy will become part of the Academies funding pool.

Assets are transferred to the pool based on the active cover of the relevant local authority on the conversion date. The active cover approach is based on the funding level of the local authority's active liabilities, after fully funding the local authority's deferred and pensioner liabilities, assets transferred to the pool will be capped at 100% of the academy's liabilities. The individual academy will then be allocated assets based on the funding level of the pool at the conversion date. More detail on funding pools can be found below.

Contribution rate

The contribution rate payable when a new academy joins the Fund will be in line with the contribution rate certified for the Academies funding pool at the 2025 valuation.

Pooling of individual employers

Each individual employer should be responsible for the costs of providing pensions for its own employees who participate in the Fund. Accordingly, contribution rates are set for individual employers to reflect their own particular circumstances.

However, certain groups of individual employers are pooled for the purposes of determining contribution rates to recognise common characteristics or where the number of Scheme members is small.

The main purpose of pooling is to produce more stable employer contribution levels, although recognising that ultimately there will be some level of cross-subsidy of pension cost amongst pooled employers.

The funding pools adopted for the Fund are summarised in the table below:

Pool	Type of pooling	Funding positions	Contribution rate
Dorset Council	Past and future service pooling	All employers in the pool will have the same funding level	All employers in the pool pay the same total contribution rate
Bournemouth, Christchurch and Poole	Past and future service pooling	All employers in the pool will have the same funding level	All employers in the pool pay the same total contribution rate
Academies	Past and future service pooling	All employers in the pool will have the same funding level	All employers in the pool pay the same total contribution rate
Small Scheduled Bodies	Past and future service pooling	All employers in the pool will have the same funding level	All employers in the pool pay the same total contribution rate

Treatment of employers in a pool (excluding pass-through arrangements)

When an employer joins a pool, it will be allocated a notional amount of assets so that the employer has the same funding level as the other employers in the pool at the date of joining. Any transferring assets in excess of this will get shared between the other employers in the pool.

When an employer leaves a pool, it will be allocated a notional amount of assets so that the employer has the same funding level as the other employers in the pool at the date of leaving.

Forming/disbanding a funding pool

Where the Fund identifies a group of employers with similar characteristics and potential merits for pooling, it is possible to form a pool for these employers. In this scenario, employers will be consulted with before this change is made. Advice should be sought from the Fund Actuary to consider the appropriateness and practicalities of forming the funding pool.

Conversely, the Fund may consider it no longer appropriate to pool a group of employers. This could be due to divergence of previously similar characteristics or an employer becoming a dominant party in the pool. Where this scenario arises, advice should be sought from the Fund Actuary.

Funding pools should be monitored on a regular basis, at least at each actuarial valuation, in order to ensure the pooling arrangement remains appropriate. The Fund will define the criteria for employers to be a part of a pool or not. There may be a scenario where an employer may request to be excluded from the pool but this is only likely to be granted in exceptional circumstances following discussion with the Fund Actuary.

Preparing for exit and events which may trigger termination

A cessation valuation may be required for many reasons, including:

- the last active member ceasing participation in the Fund
- the contract / admission agreement expiring
- Insolvency or wind up of the admission body
- Termination of a deferred debt agreement (DDA)
- A breach of the contract e.g. failure to pay contributions within the required period

If an employer wants to leave the Fund, they should notify the Fund via lgpsemployers@dorsetcouncil.gov.uk.

An employer should provide membership data to the Fund at the date of termination. The Fund needs the membership data before it can calculate the termination position. An employer can provide data at an earlier date to obtain an indicative termination position. If the termination takes place at a different date or if there are any changes to the membership from the data supplied than the termination position should be recalculated. The membership data should be of good quality as it affects the termination position and the amount an employer needs to pay or receive when exiting the Fund.

When a Scheme employer exits the Fund they become an exiting employer, as required under the Regulations the Fund Actuary will be asked to carry out an actuarial valuation in order to determine the liabilities in respect of the benefits held by the exiting employer's current and former employees. The Fund Actuary is also required to determine the exit payment due from the exiting employer or the exit credit payable to the exiting employer. The exit position will be determined using membership data relating to the date of exit.

Process for determining the position on termination

The Fund needs to protect the security of the remaining employers when assessing the position of the exiting employer. In assessing the value of the liabilities attributable to the exiting employer, the Fund Actuary may adopt differing actuarial assumptions depending on the employer and the specific details surrounding the employer's termination.

Different valuation approaches are taken depending on the details surrounding the exit of the employer. This generally comes down to the following two questions:

- **What is happening to the active members?**
For example, at the end of many outsourced contracts, the members may continue in employment with a new contractor. Alternatively, members may be made redundant or transferred to a defined contribution scheme with the same employer.
- **Is there an employer in the Fund willing to underwrite the future pension liabilities?**
For example, there may be a guarantor that is compelled to or volunteers to be responsible for any future deficits, or the exiting employer may be entering into a deferred debt agreement (DDA) with the Fund.

The Fund classifies a termination into the following scenarios:

Cessation scenarios

Ongoing cessation	Any remaining active employees are transferred to another employer in the Fund and the deferred and pensioner liabilities are also picked up by another employer in the Fund (which is usually the same employer as the destination for the active members but may not be). The funding position under this scenario is essentially the current ongoing funding position.
Full cessation	No employer in the Fund will be responsible for the Employer's residual liabilities after the Employer's exit from the Fund. Therefore, an approach using a relative high level of prudence is required in order to reduce the risk that the assets held in respect of the Employer's liabilities are not sufficient to pay for the members' benefits. Any members eligible for unreduced early retirement benefits on redundancy are assumed to become entitled to these.

For any employer exiting on the ongoing cessation scenario, their valuation will be carried out under the same method and assumptions as the ongoing funding basis. i.e. the funding basis as set out in section Main actuarial assumptions.

For any pass-through employer exiting the Fund, provided all contributions have been made as required and any additional costs or expenses have been paid, the pass-through employer will have no further responsibility for the pensions obligations. In particular, the pass-through employer will not be responsible for any funding deficit, or entitled to receive any surplus, that has emerged during their participation in the Fund.

For any employer exiting under a full cessation scenario, a more prudent discount rate is adopted than for the ongoing basis. All other assumptions are as for the ongoing funding basis. The more prudent discount rate is determined as follows:

A stochastic analysis was used to assess the "success probabilities" of certain levels of prudence as part of the 2025 valuation. The default approach to calculating the cessation position will be using a discount rate based on the success probability of 85%. This corresponds to a 3.8% prudence adjustment in the discount rate assumption. If we are satisfied that there is another employer willing to take on responsibility for the liabilities (or that there is some other form of guarantee in place) then the cessation position may be calculated on the ongoing funding basis.

The success probability and level of prudence will remain fixed over the inter-valuation period and as a minimum reviewed at each triennial valuation.

It may be appropriate for alternative success probabilities to be adopted, or different discount rate approaches to be taken, to reflect an individual employer's situation. This may be, for example, to reflect an employer targeting a cessation event or to reflect our views on the level of risk that an employer poses to the Fund. The Fund Actuary will incorporate any such adjustments after consultation with the Administering Authority.

Any deficit in the Fund in respect of the exiting employer will be due to the Fund as a single lump sum payment, unless we agree with the other parties involved that an alternative approach is permissible. Alternative approaches are set out in the Fund's policy for entering into, monitoring and terminating a DDA or DSA is set out in the DSA and DDA policy in Annex B: Deferred debt agreement and debt spreading arrangement policies.

Any surplus in the Fund in respect of the exiting employer may be treated differently to an exit payment, subject to the agreement between the relevant parties and any legal documentation. The LGPS (Amendment) Regulations 2018 allow administering authorities to make an exit credit payment to exiting employers. The Fund's exit credit policy is here Annex C: Exit Credit Policy.

The decision made by the Administering Authority is final, however if the employer wishes to appeal the decision please contact lgpsemployers@dorsetcouncil.gov.uk.

Deferred debt agreements or debt spreading arrangements

Where a valuation reveals a deficit and an exit payment is due on termination, the expectation is that the employer settles this debt immediately through a single cash payment. However, should it not be possible for the employer to settle this amount, providing the employer puts forward sufficient supporting evidence to the Administering Authority, the Administering Authority may agree a deferred debt agreement (DDA) with the employer under Regulation 64(7A) or a debt spreading arrangement (DSA) under Regulation 64B.

The Fund's policy for entering into, monitoring and terminating a DDA or DSA is set out in the DSA and DDA policy in Annex B: Deferred debt agreement and debt spreading arrangement policies.

Suspension notices

When the last active member leaves an employer in the Fund, normally under Regulation 64A this would result in a termination event for the employer and an exit valuation produced by the Fund Actuary. However, Regulation 64(2A) allows the suspending of their liability to pay an exit payment.

We will grant a suspension notice if we reasonably believe the employer is likely to have one or more active members contributing into the Fund within three years of the original cessation date. Were a suspension notice issued to a Scheme employer, and after a three-year period no further active members are enrolled, then a cessation valuation should be undertaken by the Fund Actuary, at the date the last active member left the Fund.

Partial terminations

A partial termination is where an employer exits the fund for deferred and pensioner members but seeks to remain a participating employer for active members.

An employer should contact the Fund if they want to request a partial termination. There may also be a requirement for actuarial and legal advice, the costs of which will be met by the employer.

We will only permit an employer in the Fund to complete a partial termination from the Fund in exceptional circumstances.

Exceptional circumstances are unlikely to be demonstrated unless all of the following criteria are met:

- A sufficient surplus on the valuation basis used to calculate the partial termination;
- Size of the employer relative to the remaining Fund is not unduly large;
- Consistent with the interests of other employers in the Fund; and
- Approval from the Fund Actuary.

The basis used to calculate the transfer of assets to cover the deferred and pensioner liabilities would be consistent with the approach used for the cessation valuation.

Bulk transfers (both to or from the LGPS)

Bulk transfers of employees into or out of the Fund can take place from other LGPS Funds or non-LGPS Funds.

A bulk transfer involves a group of employees changing to a new employer in a different Fund or moving along with their existing employer to a new Fund. It is usually triggered by a contract being transferred, a service being restructured, or a merger or acquisition involving an LGPS employer.

If ten or more members move from one LGPS Fund to another LGPS Fund they are covered by Regulation 103 of the Local Government Pension Scheme Regulations 2013.

A bulk transfer may be required by an issued Direction Order. This is generally in relation to an employer merger, where all the assets and liabilities attributable to the transferring employer in its original Fund are transferred to the receiving Fund.

The employer is responsible for making the Fund aware of any such bulk transfer.

The Fund Actuary for both Funds is responsible for negotiating the terms for the bulk transfer – specifically the terms by which the value of assets to be paid from one Fund to the other is calculated.

The agreement will be specific to the situation surrounding each bulk transfer but in general, we will look to receive the bulk transfer on no less than a fully funded transfer (i.e. the assets paid from the ceding Fund are sufficient to cover the value of the liabilities on the agreed basis). The terms must be acceptable to both Funds and if the Funds and their actuaries cannot reach an agreement then a third actuary is required to step in to determine a reasonable solution.

Membership data will be required in respect of members transferring and this will be agreed by both Funds involved.

The Fund actuaries will agree a calculation of the transfer amount and it is the original Fund's responsibility to facilitate payment of the transfer amount to the receiving Fund.

Annex A: Contribution review policy

Introduction

This is the Contribution review policy for the Dorset County Pension Fund (the Fund), part of the Local Government Pension Scheme (LGPS). It has been prepared by Dorset Council in our capacity as Administering Authority of the Fund.

This document sets out the Fund's policy on amending the contribution rates payable by an employer (or group of employers) between formal funding valuations.

Under Regulation 62 of the LGPS Regulations 2013 (the Regulations) we are required to obtain a formal actuarial valuation of the Fund and a rates and adjustments certificate setting out the contribution rates payable by each Scheme employer for three year period beginning 1 April following that in which the valuation date falls.

It is anticipated for most Scheme employers that the contribution rates certified at the formal actuarial valuation will remain payable for the period of the rates and adjustments certificate. However, there may be circumstances where a review of the contribution rates payable by an employer (or a group of employers) under Regulation 64A is deemed appropriate. This policy document sets out our approach to considering the appropriateness of a review and the process in which a review will be conducted.

This policy has been prepared following advice from the Fund Actuary, and following consultation with the Fund's Scheme employers. In drafting this policy document, we have taken into consideration the statutory guidance on drafting a contribution review policy which was issued by the Ministry of Housing, Communities and Local Government, and the Scheme Advisory Board's guide to employer flexibilities.

Throughout this document, any reference to the review of a Scheme employer's contribution rates will also mean the single review of the contribution rates for a group of Scheme employers (for example if the employers are pooled for funding purposes).

Note that where a Scheme employer seems likely to exit the Fund before the next actuarial valuation then we can exercise our powers under Regulation 64(4) to carry out a review of contributions with a view to adjusting the contributions for the Scheme employer to exit on a fully funded basis. These cases do not fall under this contribution review policy.

The contribution review process

As part of the review process, within this policy we include detail on:

- Examples of events that may trigger a contribution review under Regulation 64(A)(1)(b).
- The general process for assessing and conducting a review.
- Timescales including a timeline to provide a rough guide of our general expectation.

Following completion of the review process, we may continue to monitor the Scheme employer's position in order to ensure the revised contribution rate remains appropriate (where a review was completed) or to ensure the Scheme employer's situation does not change such that a review previously deemed not appropriate becomes appropriate. As part of its participation in the Fund, any Scheme employer is expected to support any reasonable information requests made by us in order to allow effective monitoring.

Timelines

Once a review of contribution rates has been agreed, unless the impact of amending the contribution rates is deemed immaterial by the Fund Actuary, then the results of the review will be applied with effect from the agreed review date.

Where initiation is made by the Administering Authority

Where we initiate a review (i.e. under conditions (i) and (ii) of Regulation 64(A)(1)(b)), the first stage is to engage with the Scheme employer and provide written evidence for requiring the review.

The Scheme employer will be given 30 calendar days from the later of the date of receipt of the evidence provided and the date of receipt of the results of the formal contribution review to respond to our proposal. Should no challenge be accepted within this period then we will treat the proposal as accepted and the revised contribution rates will come into effect from the proposed review date.

Should the Scheme employer challenge our proposal, then we will continue to engage with the Scheme employer in order to reach an agreeable decision. If no decision has been agreed within 3 months of the initial proposal, then we may proceed with the revised contribution rates. Further details of the appeals process for the Scheme employer is set out in the Appeals process section.

Although we will make the ultimate decision for a review, we are committed to engaging with any Scheme employer following the initial proposal to ensure that any change is agreeable to all relevant parties.

Where initiation is made by the Scheme employer

Where the review is initiated by the Scheme employer, the process begins once the Scheme employer has provided all the relevant documents required as set out in the Triggering a contribution review section.

We will aim to provide a response to the Scheme employer within 30 calendar days from the date of receipt. This will depend on the quality of the documents provided and any need for us to request further information from the Scheme employer. We will provide a written response setting out the issues considered in reviewing the request from the Scheme employer, together with the outcome and confirming the next steps in the process.

Responsibility of costs

Where we have initiated the review of contributions, any costs incurred as part of the review in relation to the gathering of evidence to present to the Scheme employer and the actuarial costs to commission the contribution review will be met by the Fund. This is with the exception of any costs incurred as a result of extra information requested by the Scheme employer which is not ordinarily anticipated to be incurred by the Administering Authority as part of the review. These exception costs would be recharged to the Scheme employer.

Any costs incurred as a result of a review initiated by the Scheme employer will be the responsibility of the Scheme employer, regardless of the outcome of the review proceeding or not. This may include specialist adviser costs involved in assessing whether or not the request for review should be accepted and the costs in relation to carrying out the review.

Triggering a contribution review

As set out in Regulation 64(A)(1)(b), a review of an employer's contribution rate between formal actuarial valuations may only take place if one of the following conditions are met:

- (i) it appears likely to the Administering Authority that the amount of the liabilities arising or likely to arise has changed significantly since the last valuation;
- (ii) it appears likely to the Administering Authority that there has been a significant change in the ability of the Scheme employer or employers to meet the obligations of employers in the Scheme; or
- (iii) a Scheme employer or employers have requested a review of Scheme employer contributions and have undertaken to meet the costs of that review.

Conditions (i) and (ii) are triggered by the Administering Authority and (iii) by the Scheme employer. The key considerations under each of the conditions are detailed below.

It should be noted that the conditions above are as set out in the Regulations therefore do not allow for a review of contributions where the trigger is due to a change in actuarial assumptions or asset values.

(i) change in the amount of the liabilities arising or likely to arise

Examples of changes which may trigger a review under this condition include, but are not limited to:

- Restructuring of a council due to a move to unitary status
- Restructuring of a Multi Academy Trust
- A significant outsourcing or transfer of employees
- Any other restructuring or event which could materially affect the Scheme employer's membership
- Changes to whether a Scheme employer is open or closed to new members, or a decision which will restrict the Scheme employer's active membership in the Fund in future
- Significant changes to the membership of an employer, for example due to redundancies, significant salary awards, ill health retirements or a large number of withdrawals
- Establishment of a wholly owned company by a scheduled body which does not participate in the LGPS.

As part of its participation in the Fund, Scheme employers are required to inform us of any notifiable events as set out in the Fund's Pensions Administration Strategy, service agreements and/or admission agreements. Through this notification process, we may identify events that merit a review of contributions.

In addition, we may initiate a review of contributions if we become aware of any events that we deem could potentially change the liabilities of the Scheme employer. This also applies to any employers for whom a review of contributions has already taken place as a further change in liabilities may merit another review.

(ii) change in the ability of the Scheme employer to meet its obligations

Examples of changes which may trigger a review under this condition include, but are not limited to:

- Change in employer legal status or constitution
- Provision of, or removal of, security, bond, guarantee or other form of indemnity by a Scheme employer
- A change in a Scheme employer's immediate financial strength
- A change in a Scheme employer's longer-term financial outlook
- Confirmation of wrongful trading
- Conviction of senior personnel
- Decision to cease business
- Breach of banking covenant

- Concerns felt by the Administering Authority due to behaviour by a Scheme employer's, for example, a persistent failure to pay contributions (at all, or on time), or to reasonably engage with the Administering Authority over a significant period of time.

We are committed to engaging with Scheme employers on their participation and through this may identify any Scheme employers that might be considered as high risk and whether any Scheme employers have had a significant change in riskiness. This in turn may affect the administering authority's views on whether the ability of a Scheme employer to meet its obligations to the Fund has changed significantly and therefore whether this change may merit a contribution review. This also applies to any employers for whom a review of contributions has already taken place as a further change in an employer's ability to meet its obligations may merit another review.

(iii) request from the Scheme employer for a contribution review

A request can be made by a Scheme employer for a review of contribution rates outside of the formal actuarial process. This must be triggered by one of the following two conditions:

- There has been a significant change in the liabilities arising or likely to arise; and/or
- There has been a significant change in the ability of the Scheme employer to meet its obligations to the Fund.

Any requests not arising from either of these conditions will not be considered.

Requests by a Scheme employer are limited to one review per calendar year.

With the exception of any cases where the Scheme employer is expected to cease before the next rates and adjustments certificate comes into effect, we will not accept a request for a review of contributions with an effective date within the 12 months preceding the next rates and adjustments certificate. It is expected in these cases that any requests can be factored into the formal review and any benefits of carrying out a review just prior to the commencement of a new rates and adjustments certificate are outweighed by the costs and resource required. If a request is made with an effective date within the 12 months preceding the next rates and adjustments certificate, the administering authority will instead reflect these changes in the actuarial valuation and the rates being certified and taking effect the year following the valuation date.

Information required from the Scheme employer

In order to submit a request for a review of contribution rates outside of the formal actuarial valuation process, a Scheme employer must provide the following to the Fund:

- Where a review is sought due to a potential change in the Scheme employer's liabilities:
 - Membership data or details of membership changes to evidence that the liabilities have materially changed, or are likely to change
- Where a review is sought due to a potential change in the ability of the Scheme employer to meet its obligations:
 - The most recent annual report and accounts for the Scheme employer
 - The most recent management accounts
 - Financial forecasts for a minimum of three years

- The change in security or guarantee to be provided in respect of the Scheme employer's liabilities

We may require further evidence to support the request and this will be requested on a case by case basis.

Assessing the appropriateness of a review

We will take following general considerations into account in all scenarios:

- the expected term for which the Scheme employer will continue to participate in the Fund;
- the time remaining to the next formal funding valuation;
- the cost of the review relative to the anticipated change in contribution rates and the benefit to the Scheme employer, the Fund and/or the other Scheme employers; and
- the anticipated impact on the Fund and the other Fund employers, including the relative size of the change in liabilities and contributions and any change in the risk borne by other Fund employers.

Where the review has been requested by the Scheme employer, we will also consider the information and evidence put forward by the Scheme employer. This may be with advice from the Fund Actuary where required. We will include an assessment of whether there is a reasonable likelihood that a review would result in a change in the Scheme employer's contribution rates. We will also consider whether it is necessary to consult with any other Scheme employer e.g. where a guarantee may have been provided by another Scheme employer.

We will make the final decision of whether a review of contribution rates will be carried out after discussion with Fund Actuary. It is acknowledged that each Scheme employer's situation may differ and therefore each decision will be made on a case by case basis. Should a Scheme employer disagree with the decision, then details of the Appeals process is set out later in this document.

Appropriateness of a review due to change in liabilities

This will be subject to the following considerations in addition to the general considerations set out above and:

- the size of the Scheme employer's liabilities relative to the Fund and the extent to which they have changed;
- the size of the event in terms of membership and liabilities relative to the Scheme employer and/or the Fund; and
- the Administering Authority's assessment of the ability of the Scheme employer to meet its obligations.

Appropriateness of a review due to change in ability to meet its obligations to the Fund

This will be subject to the following considerations in addition to the general considerations set out above and:

- The results of any employer risk analysis provided by the Fund Actuary or a covenant specialist
- The perceived change in the value of the indemnity to the Administering Authority, relative to the size of the Scheme employer's liabilities

Further considerations to that set out above may be relevant and will be taken into account as required.

Method used for reviewing contribution rates

If a review of contribution rates is agreed, or if an indicative review is required to help inform the review process, we will take advice from the Fund Actuary on the calculation of the Scheme employer's revised contribution rates. This will take into account the events leading to the anticipated liability change and any impact of the changes in the Scheme employer's ability to meet its obligations to the Fund.

The table below sets out the general approach that will be used when carrying out this review.

	General approach
Member data	The starting point for reviewing a Scheme employer's contribution rates will in some cases be the most recent actuarial valuation. In most cases, given the review is due to an anticipated change in membership, the Administering Authority and Scheme employer should work together to provide updated membership data for use in calculations. There may be instances where updated membership data is not required if it is deemed proportionate to use the most recent actuarial valuation data without adjustment. Where the cause for a review is due to a change in a Scheme employer's ability to meet its obligations to the Fund, updated membership data may not need to be used unless any significant membership movements since the previous valuation are known.
Approach to setting assumptions	This will be in line with that adopted for the most recent actuarial valuation, as set out in the Fund's Funding Strategy Statement (FSS).
Market conditions underlying financial assumptions	Unless an update is deemed more appropriate by the Fund Actuary, the market conditions will be in line with those at the most recent actuarial valuation.
Conditions underlying demographic assumptions	Unless an update is deemed more appropriate by the Fund Actuary, the demographic assumptions will be in line with those at the most recent actuarial valuation.
Funding target	The funding target adopted for a Scheme employer will be set in line with the Fund's FSS, which may be different from the approach adopted at the most recent actuarial valuation due to a change in the Scheme employer's circumstances.
Surplus/deficit recovery period	The surplus/deficit recovery period adopted for a Scheme employer will be set in line with the Fund's FSS, which may be different from the approach adopted at the most recent actuarial valuation due to a change in the Scheme employer's circumstances.

The Fund Actuary will be consulted throughout the review process and will be responsible for providing a revised rates and adjustments certificate. Any deviations from the general approach set out above will be agreed by us and the Fund Actuary.

Appeals process

If a Scheme Employer is dissatisfied with any decision made in relation to the contribution review, they have the right to have their complaint reviewed under the scheme's appeals process.

The Scheme employer will have 30 calendar days from the date of receipt of the results of the formal contribution review to lodge an appeal.

Annex B: Deferred debt agreement and debt spreading arrangement policies

Introduction

This is the policy on deferred debt agreements (DDAs) and debt spreading arrangements (DSAs) for the Dorset County Pension Fund (the Fund), part of the Local Government Pension Scheme (LGPS). It has been prepared by Dorset Council in our capacity as Administering Authority of the Fund.

When a Scheme employer becomes an exiting employer under Regulation 64, the Fund Actuary is required to carry out a valuation to determine the exit payment due from the exiting employer to the Fund, or the excess of assets in the Fund relating to that employer. Where an exit payment is due, the expectation is that the employer settles this debt immediately through a single cash payment. However, if the employer provides evidence that this is not possible, there are two alternatives available: Regulation 64(7A) enables the Administering Authority to enter into a DDA with the employer while Regulation 64B enables the Administering Authority to enter into a DSA.

Under a DDA, the exiting employer becomes a deferred employer in the Fund (i.e. they remain as a Scheme employer but with no active members) and remains responsible for paying the secondary rate of contributions to fund their deficit. The secondary rate of contributions will be reviewed at each actuarial valuation until the termination of the agreement.

Under a DSA, the cessation debt is crystallised and spread, with interest, over a period deemed reasonable by the Administering Authority having regard to the views of the Fund Actuary.

Whilst a DSA involves crystallising the cessation debt and the employer's only obligation is to settle this set amount, in a DDA the employer remains in the Fund as a Scheme employer and is exposed to the same risks (unless agreed otherwise with the Administering Authority) as active employers in the Fund (e.g. investment, interest rate, inflation, longevity and regulatory risks) meaning that the deficit will change over time.

This policy document sets out the Administering Authority's policy for entering into, monitoring and terminating a DDA or DSA.

These policies have been prepared by the Administering Authority following advice from the Fund Actuary, and following consultation with the Fund's Scheme employers. In drafting this policy document, the Administering Authority has taken into consideration the statutory guidance on preparing and maintaining policies on employer exit payments and deferred debt agreements which was issued on 2 March 2021 by the Ministry of Housing, Communities and Local Government, and the Scheme Advisory Board's guide to employer flexibilities dated 5 March 2021.

Approach for exiting employers

In the event that an employer becomes an exiting employer and an exit payment is identified, the Fund should seek to receive a payment from the exiting employer equal to the exit payment in full.

The Administering Authority makes the exiting employer aware an exit payment is due by providing a revised rates and adjustments certificate in the form of a cessation valuation report produced by the Fund Actuary. Details of the Fund's cessation policy can be found in the Fund's Funding Strategy Statement (FSS).

The default position is that the employer is required to make an exit payment in full immediately. However, if required, the exiting employer can inform the Administering Authority, along with evidence, that they are unable to do so and may request to enter either a DDA or DSA. If the Administering Authority is satisfied with the evidence provided, the DDA or DSA process may proceed.

Requests should be submitted within 30 calendar days of receiving confirmation of the exit payment required, or otherwise the exit payment should be paid to the Fund in full within 30 calendar days as per the Fund's Pension Administration Strategy.

Where possible, the Administering Authority encourages employers who are approaching exit to engage with the Administering Authority in advance in order to understand the options that may be available. An indicative cessation report can be produced to form the basis of discussions.

Choosing a DDA or DSA

Consideration needs to be given as to which approach is the most appropriate in each case. A DDA may be appropriate if:

- the employer temporarily has no active members but expects it may return to active employer status in future. However, please note that if the plan is for active members to join within three years then a suspension notice may be more appropriate;
- the employer wants to minimise costs by potentially benefitting from the upside of the pensions risks it would remain exposed to and therefore does not want to crystallise its debt by becoming an exiting employer. In this case the Administering Authority may be willing to defer crystallisation of the cessation debt for an appropriately significant period of time, subject to the strength of the employer's covenant or security provided;
- initial affordability of the full exit payment is low but there is a prospect of increased affordability in the future, or the payment can only be afforded over a long period and therefore a DDA enables the position to be updated over time in light of changing funding positions; and/or
- the employer has a weak covenant but is not faced with imminent insolvency and must rely on future investment returns to fully or partially fund the exit payment. The Administering Authority may agree that doing so over an appropriate long period is better for the Fund than risking immediate insolvency of the employer.

On the other hand, it may be more appropriate to enter a DSA if:

- the employer does not intend to employ any more active members and therefore is not expected to resume active employer status;
- the employer wishes to crystallise its debt to the Fund and therefore not be subject to any of the pensions risks that could cause the amounts payable to the Fund increasing (or decreasing) in future;
- the employer has ample resources to make the payment within the near future but not immediately; and/or
- the employer is deemed to have a very weak covenant and so the Administering Authority will want to try to recoup as much of the exit payment as possible before the employer becomes insolvent.

The Administering Authority has the right to refuse a DSA or DDA request if they believe it is not in the best interests of the Fund or the other participating employers, for example if entering a DSA or DDA increases the risk of a deficit falling to the other employers.

In considering each request for a DDA or DSA from an exiting employer the Administering Authority will take actuarial, covenant, legal and other advice as necessary. Proposed DDAs/DSAs will always be discussed with the employer, whether the DDA or DSA was at the exiting employer's request or not.

Employers who may be party to either a DSA or a DDA are encouraged to discuss any potential impact on their accounting treatment with their auditors.

Management of costs

On receiving a request the Administering Authority will make the employer aware that any costs associated with setting up the DDA or DSA will be the responsibility of the Scheme employer, regardless of whether the Administering Authority agrees to enter into the agreement or not. This may include the cost of actuarial advice, legal advice, administrative costs and any additional advice required in relation to a covenant assessment or any other specialist adviser costs. If costs deviate from those initially anticipated the Administering Authority will keep the exiting employer up-to-date with any increases. The Administering Authority will provide information on how and when payments should be made.

Internal dispute resolutions

Whether a DDA or DSA arrangement is agreed or not is ultimately the decision of the administering authority. If a Scheme Employer is dissatisfied with any decision made, they have the right to have their complaint reviewed under the scheme's appeals process.

The Scheme employer will have 30 calendar days from the date of receipt of the results of the formal DDA or DSA arrangement to lodge an appeal.

Deferred Debt Agreements (DDAs)

Entering into a DDA

Under a DDA, the exiting employer becomes a deferred employer in the Fund (i.e. they remain as a Scheme employer but with no active members) and remains responsible for paying the secondary rate of contributions to fund their deficit.

Information required from the employer

When making a request to enter a DDA, the employer should demonstrate that they are unable to settle their exit payment immediately and provide any relevant information to support their request e.g. in relation to their covenant/ability to continue to make payments to the Fund on a continuing basis. Examples of information the employer may provide as evidence include the exiting employer's:

- most recent annual report and accounts
- latest management accounts
- financial forecasts
- details of position of other creditors

This is not an exhaustive list and the Administering Authority may request further evidence. In particular, the Administering Authority may commission a covenant assessment if insufficient evidence is provided.

Assessing the proposal

The Administering Authority will make a decision on whether to enter into a DDA within 30 calendar days of receiving a request but this may vary to reflect specific circumstances, for example if the Administering Authority chooses to request a covenant assessment then the process may take longer.

To reach a decision the Administering Authority will consider:

- the size of the exiting employer's residual liabilities relative to the size of the Fund;
- the size of the exit payment relative to the costs associated with entering into a DDA;
- whether a debt spreading agreement or suspension notice would be more appropriate (see specific circumstances below);
- any information provided by the exiting employer to support their covenant strength, including any information on a guarantor or other form of security that the employer may be able to put forward to support their covenant;
- the results of any covenant review carried out by the Fund Actuary or a covenant specialist;
- the exiting employer's accounts;
- the potential impact on the other employers in the Fund; and
- the opinion of the Fund Actuary.

The Administering Authority is not obliged to accept an exiting employer's request for a DDA. For example, in the following circumstances the Administering Authority may consider a DDA not to be appropriate:

- the exiting employer could reasonably be expected to settle their exit payment in a single amount;
- it is known or likely that another active member will come into employment in the three years following the cessation date (in these cases a suspension notice would be considered more appropriate than a DDA); or
- the Administering Authority is concerned that where a DDA is entered, that the employer could not afford the impact of any negative experience which would result in an increase in the required secondary rate of contributions and an increase in the employer's overall deficit (in these cases a debt spreading agreement would be considered more appropriate as the payments are fixed throughout the term of the agreement).

Once all information has been considered the Administering Authority will consult with the exiting employer as required under the Regulations. If the Administering Authority does not wish to enter into a DDA they will explain to the exiting employer their reasoning and any alternatives (e.g. a debt spreading agreement, suspension notice or indeed require the exit payment in full). If the Administering Authority accepts the request to enter into a DDA, they will notify their legal advisers and Fund Actuary. If the Administering Authority has concerns about the level of risk arising due to the DDA, the Administering Authority may only accept the request subject to a one-off cash injection being made by the exiting employer or security being provided as an additional guarantee.

Setting up a DDA

Once agreed that a DDA is permitted, the terms of the DDA will be agreed between the Administering Authority and the exiting employer and will be set out in a formal legal agreement.

The Administering Authority and the exiting employer (with the assistance of the Fund Actuary) will negotiate an appropriate duration of the agreement which will consider the exiting employer's affordability and anticipated strength of covenant over the agreement period. If the exiting employer has sufficient reserves, the Administering Authority may require an immediate cash payment so that the DDA can start from an acceptably stronger funding position.

The Fund Actuary will calculate secondary contributions on an appropriate basis as agreed with the Administering Authority and following consultation with the exiting employer, taking into account any cash payments made in advance. The secondary contributions will be reviewed at each actuarial valuation and certified as part of the Fund's Rates and Adjustments Certificate until the termination of the agreement. Therefore payments throughout the agreement are not known in advance and may increase or decrease at each valuation to reflect changes in the employer's funding position.

The timeline from consultation with the exiting employer to entering into a DDA to the signing of the agreement will vary. Where possible all parties will aim to have the agreement signed within 60 calendar days, although there may be circumstances where timings may vary.

Once finalised, the employer will become a deferred employer in the Fund and will have an obligation to pay their secondary contributions as certified by the Fund Actuary. The responsibilities of the deferred employer will be set out in the legal agreement and these will include the requirements to:

- comply with all the requirements on Scheme employers under the Regulations except the requirement to pay a primary rate of contributions but including any additional applicable costs, such as those arising from an employer discretion, or strain costs as a result of ill health retirements;
- adopt the relevant practices and procedures relating to the operation of the Scheme and the Fund as set out in any employer's guide produced by the Administering Authority;
- comply with all applicable requirements of data protection law relating to the Scheme and with the provisions of any data-sharing protocol produced by the Administering Authority and provided to the deferred employer;
- promptly provide all such information that the Administering Authority may reasonably request in order to administer and manage the agreement; and
- give notice to the Administering Authority, of any actual or proposed change in its status, including take-over, change of control, reconstruction, amalgamation, insolvency, winding up, liquidation or receivership or a material change to its business or constitution.

The deferred employer should consult with their auditors about any impacts the DDA is expected to have on their accounting requirements.

Monitoring a DDA

A deferred debt agreement is subject to the ongoing approval of the Administering Authority. The Administering Authority reserves the right to terminate the agreement should they become concerned about a significant weakening in the deferred employer's covenant or a significant change in funding position. Conversely, if there was an improvement in the employer's circumstance then the Administering Authority and employer may agree to amend the terms of the agreement.

The Administering Authority will monitor a DDA in the following ways:

Changing funding position

The deferred employer's funding position will be reassessed at each triennial actuarial valuation in order to review the progress of the DDA. A requirement for more frequent updates may be included within the DDA where the administering authority considers the level of risk to the Fund merits them. The costs of such reviews will fall to the deferred employer as part of the terms for putting in place a DDA.

If the funding position changes by more than 10% (in absolute terms) from the previous review then the Administering Authority may engage with the deferred employer to discuss a possible review of the DDA.

Changing employer covenant

Once an employer enters into a DDA, the Administering Authority will review the employer's covenant on a regular basis and details of this will be agreed for each DDA on an individual basis. If a deferred employer's covenant deteriorates, the Administering Authority may issue a notice to review and possibly terminate the agreements.

In addition, if a deferred employer requests an extension to the duration of the DDA the Administering Authority will consider an updated covenant review, amongst other factors, in assessing the proposal.

As a condition of entering into a DDA, the deferred employer is required to engage with the Administering Authority to assist with monitoring the level of covenant, for example by providing information requested by the Administering Authority in a timely manner.

Timeliness of payments

The agreement will set out whether payments are made on a monthly or annual basis, and the Administering Authority will monitor if contributions are paid on time. Successive late or in particular missing payments would contribute towards a notice being issued to the deferred employer to review and possibly terminate the agreement.

Strength of guarantee or security

If a particular funding basis has been used by the Fund Actuary on the understanding that there is a particular security in place (e.g. another employer in the Fund willing to underwrite the residual deferred and pensioner liabilities when the employer formally exits) then the Administering Authority will check there has been no change to the security at agreed regular intervals and as a minimum as part of each actuarial valuation. The Fund Actuary may change the funding basis used to set the deferred employer's contributions depending on the strength of the security in place.

Notifiable events from the deferred employer

The deferred employer has a responsibility to make the Administering Authority aware of any changes in their ability to make payments or of a change in circumstance (e.g. a change of the guarantee in place mentioned above). Information should be shared with the Administering Authority at any time throughout the agreement to enable the Administering Authority to consider whether a review of the agreement should be carried out.

Terminating a DDA

Events that may terminate a DDA

As set out in Regulation 64(7E), the DDA terminates on the first of the following events:

- the deferred employer enrolls new active members;

- the duration of the agreement elapses;
- the take-over, amalgamation, insolvency, winding up or liquidation of the deferred employer;
- the Administering Authority serves a notice on the deferred employer that it is reasonably satisfied that the employer's ability to meet the contributions payable under the DDA has weakened materially (or is likely to in the next 12 months); or
- a review of the funding position of the deferred employer is carried out at an updated calculation date and the Fund Actuary assesses that the deferred employer has paid sufficient secondary contributions to cover what would be due if the deferred employer terminated at the updated calculation date; in other words the review reveals no deficit remains on the relevant calculation basis.

The deferred employer can also choose to terminate the DDA at any point. Notice should be given to the Administering Authority at the earliest opportunity.

Termination clauses will be included in the formal DDA legal agreement.

Process of termination

Once a termination of the DDA has been triggered, the deferred employer becomes an exiting employer under Regulation 64(1). The Administering Authority will obtain from the Fund Actuary an exit valuation calculated at the date the DDA terminates, and a revised rates and adjustments certificate setting out the exit payment due from the exiting employer or the excess of assets in the Fund relating to the exiting employer (which would then be subject to the Fund's exit credit policy). All fees associated with the termination are to be paid by the exiting employer.

Once the exit payment and any associated fees have been made in full, the exiting employer has no further obligation to the Fund.

If the termination has been triggered because the deferred employer has enrolled new active members then the deferred employer becomes an active employer in the Fund and an immediate exit payment may not be required; this may instead be incorporated in the revised rates and adjustments certificate that will be provided in respect of the active employer. The employer remains responsible for all previously accrued liabilities and the revised contributions required from the active employer will be calculated in line with the Fund's FSS.

If the termination has been triggered because a review of the funding position of the deferred employer reveals that the secondary contributions paid to date by the deferred employer are sufficient to cover what would be due if the deferred employer terminated at the updated calculation date, then the deferred employer becomes an exiting employer and no further payments are required. The exiting employer has no further obligation to the Fund. Where there is a surplus, an exit credit may be payable as determined by the Administering Authority and in line with the Fund's exit credit policy.

Debt Spreading Arrangements (DSAs)

Entering a DSA

Under a DSA, the cessation debt is crystallised and spread, with interest, over a period deemed reasonable by the Administering Authority having regard to the views of the Fund Actuary and following discussion with the exiting employer. The payments are fixed and are not reviewed at each actuarial valuation.

Information required from the employer

When making a request to enter a DSA, the exiting employer should demonstrate that they are unable to settle their exit payment immediately and provide any relevant information to support their request e.g. in relation to their covenant/ability to continue to make payments to the Fund. Examples of information the exiting employer may provide as evidence include the employer's:

- most recent annual report and accounts
- latest management accounts
- financial forecasts
- details of position of other creditors

This is not an exhaustive list and the Administering Authority may request further evidence. In particular, the Administering Authority may commission a covenant assessment if insufficient evidence is provided.

Assessing the proposal

The Administering Authority will make a decision on whether to enter into a DSA within 30 calendar days of receiving a request but this may vary to reflect specific circumstances, for example if the Administering Authority chooses to request a covenant assessment then the process may take longer.

To reach a decision the Administering Authority will consider:

- the size of the exit payment relative to the exiting employer's business cashflow;
- the size of the exit payment relative to the costs associated with entering into a DSA;
- whether a deferred debt agreement or suspension notice would be more appropriate;
- any information provided by the employer to support their covenant strength;
- the results of any covenant review carried out by the Fund Actuary or a covenant specialist;
- the merit of any guarantees from another source and whether this is deemed sufficient to cover the outstanding payments should the exiting employer fail;
- the exiting employer's accounts;
- any legal advice as appropriate;
- the potential impact on the other employers in the Fund; and
- the opinion of the Fund Actuary.

The Administering Authority is not obliged to accept an exiting employer's request for a DSA. For example, in the following circumstances the Administering Authority may consider a DSA not to be appropriate:

- the exiting employer could reasonably be expected to settle their exit payment in a single amount;
- there is doubt that the exiting employer can operate as a going concern during the spreading period;
or
- the exiting employer cannot afford the speeded payments over the maximum spreading period or is requesting a spreading period longer than the maximum (see below).

The structure of the DSA is at the discretion of the Administering Authority having taken advice from the Fund Actuary and consulted with the exiting employer. The structure should protect all other employers in the Fund whilst being achievable for the exiting employer. The structure of the DSA will take into consideration:

- the period that the payments will be spread. This is expected to be no more than 5 years. For longer periods it may be more appropriate to consider a DDA but the Administering Authority reserves the right to set whatever spreading period they deem appropriate provided they are satisfied with the exiting employer's ability to meet the payments over that period. The length of the spreading period will be set as to be as short as possible whilst remaining affordable for the exiting employer;
- the interest rate applicable to the spread payments. In general, this will be set with reference to the discount rate in the exiting employer's cessation valuation report;
- the regularity of the payments and when they fall due;
- other costs payable; and
- the responsibilities of the exiting employer during the spreading period (for example, to make payments on time and to notify the Administering Authority of a change in circumstances that could affect their ability to make payments).

Once all information has been considered the Administering Authority will consult with the exiting employer as required under the Regulations. If the Administering Authority does not wish to accept the exiting employer's request to enter into a DSA they will explain their reasoning and any alternatives (e.g. a DDA, suspension notice or indeed require the exit payment in full). If the Administering Authority accepts the request to enter into a DSA, they will notify their legal advisers and Fund Actuary. If the Administering Authority has concerns about the level of risk arising due to the DSA, the Administering Authority may only accept the request subject to a one-off cash injection being made by the exiting employer or security being provided as an additional guarantee.

Setting up a DSA

The Administering Authority and the exiting employer, with the assistance of the Fund Actuary, will then negotiate the structure of the schedule of payments which takes into consideration the exiting employer's affordability and an appropriate period of the spreading.

The schedule of payments will be set out in a revised rates and adjustments certificate prepared by the Fund Actuary. There may be circumstances where timings may vary, however, in general the certificate will be prepared and provided to the exiting employer within 60 calendar days of agreeing the structure of the schedule of payments with the exiting employer.

Monitoring a DSA

Over the term that the cessation debt payment is spread, the Administering Authority will monitor the ability and willingness of the exiting employer to pay the schedule of contributions in the revised rates and adjustments certificate. While it is expected the schedule of payments would be fixed for the spreading period, the Administering Authority may alter the structure of the schedule at any time if there is a change in the exiting employer's circumstances or indeed, if the exiting employer wanted to pay the remaining balance. This will be agreed on a case by case basis and set out in a side agreement as required.

The Administering Authority will be in regular contact with the exiting employer until their obligations to the Fund are removed when all payments set out in the schedule of payments are made.

Examples of factors which will be monitored are set out below. Should any of these raise any concerns with the Administering Authority then the DSA may be reviewed and/or terminated.

Changing employer covenant

The Administering Authority will monitor the ability of the exiting employer to make their set payments by monitoring publicly available information such as credit ratings and/or company accounts as well as keeping in regular contact, at least annually, with the exiting employer to ensure that the payments can be met.

As a condition of entering into a DSA, the exiting employer is required to engage with the Administering Authority to assist with monitoring the level of covenant, for example by providing information requested by the Administering Authority in a timely manner.

Timeliness of payments

The DSA will set out whether payments are made on a monthly or annual basis and how long for, and the Administering Authority will monitor if contributions are paid on time. Successive late or in particular missing payments would contribute towards further interest charges or the spreading agreement may be reviewed and/or terminated.

Strength of guarantee or security

If a particular schedule of payments has been agreed between the Administering Authority and the exiting employer on the understanding that there is a particular security in place (e.g. another employer in the Fund willing to pay the remaining balance or a fixed charge on property that covers the remaining balance) then the Administering Authority will check there has been no change to the security regularly. The frequency of these reviews may reduce as the level of outstanding debt reduces. The Administering Authority with advice from the Fund Actuary may change the schedule of payments depending on the strength of the security in place. The exiting employer would be consulted prior to any changes.

Notifiable events from the exiting employer

The exiting employer has a responsibility to make the Administering Authority aware of any changes in their ability to make payments or of a change in circumstance that affects their ability to make payments. Information should be shared with the Administering Authority at any time throughout the agreement to enable the Administering Authority to consider whether a review of the agreement should be carried out.

Terminating a DSA

Events that may terminate a DSA

On paying all the payments set out in the revised rates and adjustments certificate the exiting employer will no longer have any obligations to the Fund.

In the event that the Administering Authority believes that the exiting employer may not be able to make any of their remaining payments, the Administering Authority reserves the right to review and/or terminate the DSA to ensure it is appropriate for the Fund and does not adversely impact the other participating employers.

The exiting employer may also request to terminate the DSA early, in which case an immediate payment of the outstanding amounts set out in the contribution schedule should be paid.

Process of termination

In the event of a DSA being amended or terminated the Administering Authority will communicate this to the exiting employer along with reasons for the decision. Before the decision is made the Administering Authority

will consult with the exiting employer about their change in circumstances and also take advice from the Fund Actuary.

If the DSA has to be terminated prematurely the Administering Authority will seek to obtain from the exiting employer as much of the outstanding exit payments as possible or look at alternative arrangements such as a DDA.

Once the exit payment has been made in full, the exiting employer has no further obligation to the Fund.

Annex C: Exit Credit Policy

This is the Exit Credit policy for the Dorset County Pension Fund (the Fund), part of the Local Government Pension Scheme (LGPS). It has been prepared by Dorset Council in our capacity as Administering Authority of the Fund.

The LGPS (Amendment) Regulations 2018 allow administering authorities to make an exit credit payment to exiting employers. This will be reviewed on a case by case basis before any payment is made. Considerations will be based on any previous agreements made and discussions between us, the exiting employer and the guaranteeing employer (if relevant).

Having regard to any relevant considerations, we will take the following approach to the payment of exit credits:

- Any employer who cannot demonstrate that they have been exposed to underfunding risk during their participation in the Fund will not be entitled to an exit credit payment. This is on the basis that these employers would not have been asked to pay an exit payment had a deficit existed at the time of exit.
- We do not need to enquire into the precise risk sharing arrangement adopted by an employer but we must be satisfied that the risk sharing arrangement has been in place before we will pay out an exit credit. The level of risk that an employer has borne will be taken into account when determining the amount of any exit credit. It is the responsibility of the exiting employer to set out why the arrangements make payment of an exit credit appropriate.
- Any exit credit payable may be subject to a maximum of the actual employer contributions paid into the Fund as certified in the Fund's rates and adjustments certificates, up to any cap arrangements that may have been in place and excluding any additional payments such as strain payments.
- We will pay out any exit credits within six months of the cessation date where possible. We may agree to a longer time with the exiting employer where necessary. For example if the employer does not provide us with all the relevant information within one month of the cessation date, we will not be able to guarantee payment within six months of the cessation date.
- Under the Regulations, we have the discretion to take into account any other relevant factors in the calculation of any exit credit payable and we will seek legal advice where appropriate.

Applications for adjudication and disagreements

An exiting employer, or other employers affected by the decision (such as guarantors), will be able to make representations if there is any conflict or difference of opinion regarding the amount of an exit credit paid or the process by which it was determined. In this situation, the review and adjudication provisions set out in Regulations 74-78 of the LGPS Regulations 2013 will apply.

Annex D: Engagement plan

Deliverable	Responsible	Deadline
Draft employer results to officers	Actuary	31 October 2025
Draft employer results distributed to employers plus fund actuary video presentation and details for raising queries with fund actuary	Officers	7 November 2025
Draft Funding Strategy Statement (FSS)	Actuary	14 November 2025
Draft FSS approved for consultation	Committee	2 December 2025
Draft FSS published for consultation	Officers	5 December 2025
FSS consultation ends	Officers	23 January 2026
Final FSS	Actuary	27 February 2026
Final FSS approved for publication	Committee	17 March 2026
Final FSS published on pension fund website	Officers	31 March 2026
Rates and Adjustments Certificate	Actuary	31 March 2026

Annex E: Managing Risks

Investment risks

The main financial risk is that the investment strategy fails to deliver the discount rate, or assumed rate of investment return (in real terms) that underlies the funding strategy. This could be due to a number of factors, including market returns being less than expected and/or the fund managers who are employed to implement the chosen investment strategy failing to achieve their performance targets.

The valuation results are most sensitive to the real discount rate (i.e. the difference between the discount rate assumption and the price inflation assumption). Broadly speaking an increase/decrease of 0.5% p.a. in the real discount rate will decrease/increase the valuation of the liabilities by 10%, and decrease/increase the required employer contribution by around 3% of payroll p.a.

The Pension Fund Committee regularly monitors the investment returns achieved and receives advice from the investment consultants/independent advisers and officers on investment strategy.

The Committee may also seek advice from the Fund Actuary on valuation related investment matters.

Demographic risks

The Fund Actuary makes an allowance for future improvements in life expectancy when calculating the liabilities. The main demographic risk is that the assumptions underestimate future longevity, noting that the Fund Actuary has advised that an increase of one year to life expectancy of all members in the Fund will increase the liabilities by approximately 4%.

Information on pensioner deaths in the Fund is reviewed by the Fund Actuary at each actuarial valuation and the assumptions for how long members will live in retirement in future are adjusted as needed. In line with previous funding valuations, we have commissioned a bespoke longevity analysis by Barnett Waddingham's specialist longevity team in order to assess the mortality experience of the Fund and help set an appropriate mortality assumption for funding purposes.

The liabilities of the Fund can also increase by more than planned as a result of the additional financial costs of early retirements, including ill-health retirements. We monitor the incidence of early retirements; and procedures are in place that require individual employers to pay additional amounts into the Fund to meet any additional costs arising from early retirements.

Climate risk

There are a large number of interlinked systemic long-term financial risks related to climate change which could potentially have a material impact on the assets and/or the liabilities of the Fund. The most obvious of these climate change risks will be the financial risks to the value of the Fund's assets, the potential increased volatility of markets and potential changes in life expectancy. It is possible that some of these factors will impact the assets and liabilities of the Fund in the same direction, although not necessarily by the same amount.

Our policy in this area is included in our [Investment Strategy Statement](#).

When considering funding issues related to climate change, we have regard to the key principles document for preparing climate scenario analysis, agreed by the actuarial firms who act as fund actuary for the LGPS funds

and approved by GAD, MHCLG and SAB. The relevant information will then be provided to GAD by our Fund Actuary for the purpose of their reporting under Section 13 of the Public Service Pensions Act.

As part of the 2025 valuation we have commissioned scenario analysis to assess the resilience of the funding strategy against climate change risk over the agreed period. The quantitative analysis will involve at least two alternate scenarios to test if the funding strategy is sufficiently robust and any potential contribution impacts. We will also undertake a qualitative analysis to identify any potential actions the Fund is taking to improve resilience to climate change. The Fund Actuary will produce a report on the climate analysis and will also summarise the analysis/commentary in the final valuation report.

The climate risk analysis is integrated into our funding strategy by having regard to the climate analysis when setting the prudence level to include in the discount rate assumptions.

We will assess the implications of climate risk on funding strategy at least as part of each actuarial valuation.

Maturity risk

The maturity of a fund (or of an employer) is an assessment of the balance between active (contributing) members and pensioner members as well as how close on average the non-pensioner members are to retirement. The more mature the fund or employer, the greater proportion of its membership that is near or in retirement. For a mature fund or employer, the time available to generate investment returns is shorter and therefore the level of maturity needs to be considered as part of setting funding and investment strategies.

We consider the cashflow profile of the Fund alongside the level of maturity: as the Fund matures, the amount of pensions in payment increases compared to contributions being paid in for active members. This increases the risk of the Fund having to sell assets in order to meet its benefit payments.

The Fund Actuary provides us with cashflow projections at each triennial valuation to help to inform our investment strategy and to better understand our cashflow position.

As part of the employer covenant review process, we may ask individual employers about decisions that could affect the maturity profile (e.g. plans to close to new employees or redundancy exercises). This information may be used to inform the process in setting the contribution rates.

Regulatory and compliance risks

The benefits provided by the LGPS and employee contribution levels are set out in Regulations determined by central government. The tax status of the invested assets is also determined by the government.

The funding strategy is therefore exposed to the risks of changes in the Regulations governing the LGPS and changes to the tax regime which may affect the cost to individual employers participating in the LGPS as well as members, whose behaviour may change if tax relief on pension contributions is reduced/removed.

To mitigate this risk, we participate in any consultation process of any proposed changes in Regulations and seek advice from the Fund Actuary on the financial implications of any proposed changes.

There are a number of general risks to the Fund and the LGPS, including:

- As a statutory scheme the benefits provided by the LGPS or the structure of the scheme could be changed by the government.
- Changes to the State Pension Age changing the benefits.

At the time of preparing this FSS, specific regulatory risks of particular relevance to our funding strategy are in relation to the McCloud/Sargeant judgments and recent consultations as discussed in the sections below.

McCloud/Sargeant judgments

Following the McCloud and Sargeant cases the transitional protections implemented when the new career average schemes were introduced to public service pension schemes, were found to constitute unlawful age discrimination. In the case of the LGPS, a new underpin was introduced for qualifying members, covering benefits relating to the period from 1 April 2014 to 31 March 2022. The McCloud remedy became law on 1 October 2023.

An estimate for the McCloud ruling was included in the 2025 valuation for active members, but not for deferred or pensioner members. This is the same approach as was adopted for the 2022 valuation.

New Fair Deal

A consultation is currently underway on New Fair Deal, which is expected to change how pensions are protected for outsourced workers, introducing the concept of the letting authority being the “deemed employer” for LGPS members employed by contractors and formally removing the option for service providers to offer a broadly comparable scheme instead of continued LGPS membership for transferred employees. This proposed consultation will not affect the 2025 valuation, although we will need to revisit this FSS to ensure our approach to any new arrangements is appropriate.

Consultation: Fit for the Future

On 29 May 2025, the Government issued its response to the Fit for Future consultation. One requirement will be to move all listed assets to “under the management of the pool” by 31 March 2026. There is a risk that moving assets will result in a different (lower) net investment return to that assumed by the valuation. This risk is mitigated by our prudent approach to setting the discount rate, and use of various mechanisms to deliver greater stability in employer contributions if the funding position in 2028 is lower than expected due to higher investment costs/lower investment returns. The costs of moving pools is unknown and could be very high. The Pension Scheme Bill, published on 5 June 2025, introduced a directive that the Government has the power to force Funds to merge which could be used as a method of last resort if a Fund does not comply with moving all its assets under the management of a pool by the deadline.

Consultation: Access and Fairness

On 15 May 2025, the Government published a wide-ranging consultation. Key proposals include backdated equalisation of eligibility for survivor pensions and making some unpaid leave automatically pensionable at employers’ costs. Technical amendments are also proposed including changes to the McCloud remedy. There is a risk that outcomes from this consultation increase the cost benefits due under the LGPS which could worsen the Fund’s funding position. It is likely that backpayments will need to be made to individual members and therefore individual employers may be affected differently. Implementing the changes will also increase administration costs and put further pressure on resource.

Employer risks

Many different employers participate in the Fund. Accordingly, we recognise that a number of employer-specific events could impact on the funding strategy including:

- Structural changes in an individual employer’s membership;
- An individual employer deciding to close the Scheme to new employees; and

- An employer ceasing to exist without having fully funded their pension liabilities.

The introduction of a Department for Education guarantee for further education bodies has helped reduce the overall level of employer risk. To further mitigate this risk, we monitor the position of employers participating in the Fund, particularly those which may be susceptible to the events outlined, and take advice from the Fund Actuary when required. In particular, the Fund will commission an employer risk review from the Fund Actuary on a regular basis, every three years as a minimum, to help identify the employers in the Fund that might be considered as high risk. In the case of admission bodies, the Fund has a policy of requiring some form of security from the employer, in the form of a guarantee or a bond, in case of employer default where the risk falls to the Fund. Where the risk of default falls on the liabilities of an original letting authority, the Fund provides advice to the letting authority to enable them to make a decision on whether a guarantee, some other form of security or a bond should be required.

In addition, we keep in close touch with all individual employers participating in the Fund to ensure that, as Administering Authority, we have the most up to date information available on individual employer situations. We also keep individual employers briefed on funding and related issues.

Economic risks

Economic risks due to global events such as the conflict in Ukraine and the Middle East and pandemics could lead to instability in the economy and lead to high inflation which could cause unaffordable contribution increases for employers. High unemployment could lead to reduced contributions to the Fund and a change in the maturity of the membership profile meaning that contribution rates were no longer appropriate. A valuation is carried out every three years using updated membership data, and updated assumptions based on market conditions at the time of the valuation. Using updated membership data for valuation ensures the maturity of employers is priced into the employer contributions and updated market conditions takes account of the collective views of investors in the financial markets of the expectation of future inflation due to global events.

Employer data quality risks

There is a risk that the member data provided to us is inaccurate and leads to employer contribution rates which are greater or lower than required to cover the liabilities being accrued and a longer or shorter period than intended to reach a target funding level. In particular there is a risk that the administration software does not provide complete McCloud data for the 2025 valuation. To mitigate this risk, our Fund Actuary carries out a detailed analysis of the data provided for the valuation and we agree an appropriate course of action where gaps or (potential) errors are identified, which includes measures to reduce the risk of underestimating the liabilities. The Fund Actuary has also advised that the effect of the absence of complete McCloud data should not have a material effect on the funding position at whole fund or employer level.

Governance risks

The Pension Regulator's (TPR's) General Code of Practice (the Code) merged ten of its existing codes of practice into one (including the public service pension code) and came into force on 28 March 2024. The Code covers TPR's expectations on governance and best practice. The Code itself does not create new legal obligations but is framed around legal obligations which funds must comply with. In not having a separate code for the public sector, there is a risk that Funds might not comply with all aspects of the Code intended to apply to the LGPS. However, Funds should already be complying with the majority of the Code which is framed around existing legal requirements. Schemes are not expected to comply with the Code from the date it came into force.

Orphan liabilities

Orphan liabilities do not have a specific employer responsible for their liabilities in the Fund. New orphaned liabilities can arise from existing employers in the Fund ceasing their participation, where the residual liabilities are not subsumed by another employer in the Fund. There is a risk that orphan liabilities cause a significant increase in the costs for the remaining employers in the Fund. To mitigate this risk, when an employer ceases to participate in the Fund and the liabilities become orphaned, a cessation valuation is likely to be carried out on a more prudent basis than the ongoing basis and the ceasing employer is liable to pay an exit payment if in deficit. In addition, our Fund Actuary reviews all orphan liabilities as part of the valuation and the assets notionally allocated to employers are adjusted to ensure that these are at least fully funded on an ongoing basis.

Long-term employer covenant alongside shorter-term affordability

When considering deficit payments or exit payments, there is a risk that the initial affordability is low but there is the prospect of increased affordability in future. In extreme cases the payments due to the Fund may cause the immediate insolvency of an employer. The Fund makes use of the employer flexibilities which came into force on 23 September 2020 as set out in its DSA and DDA policy, to work with employers exiting the Fund.

Annex F: Glossary

This Glossary has been copied from Annex D of the FSS guidance [here](#) but supplemented with some additional terms as used in this FSS.

Actuarial certificates/rates and adjustments certificate

A statement of the contributions payable by each scheme employer. A statement of the contributions payable by the employer. Following the actuarial valuation exercise, the effective date is 12 months after the completion of the valuation.

Actuarial valuation

An investigation by an actuary, appointed by an Administering Authority into the costs of the scheme and the ability of the fund managed by that authority to meet its liabilities. This assesses the funding level and recommended employer contribution rates based on estimating the cost of pensions both in payment and those yet to be paid and comparing this to the value of the assets held in the fund. Valuations take place every three years (triennial).

Administering Authority (referred to as 'the fund')

A body listed in Part 1 of Schedule 3 of the regulations who maintains a fund within the LGPS and a body with a statutory duty to manage and administer the LGPS and maintain a pension fund (the fund). Usually, but not restricted to being, a local authority.

Admission agreement

A written agreement which provides for a body to participate in the LGPS as a scheme employer.

Assumptions

Forecasts of future experience which impact the costs of the scheme. For example, pay growth, longevity of pensioners, inflation, and investment returns.

Code of Practice

The Pensions Regulator's General Code of Practice.

Data

For GAD to carry out its function under Section 13 of the Public Service Pensions Act 2013, GAD will request data to be provided by the local administering authorities/local fund actuaries, and it is assumed that this data will be provided promptly and accurately.

Debt spreading arrangement

The ability to spread an exit payment over a period of time.

Deferred debt agreement

An agreement for an employer to continue to participate in the LGPS without any contributing scheme members.

Discount rate

A prudent estimate of the rate of investment return that is expected to be earned from the Fund's long-term investment strategy.

Employer covenant

The extent of the employer's legal obligation and financial ability to support its pension scheme now and in the future.

Funding level

The funding level is the value of assets compared with the liabilities.

Funding Pool

Where the Fund identifies a group of employers with similar characteristics, it is possible to form a pool for these employers. Employers within a pool will pay the same contribution rates and share risks.

Fund valuation date

The effective date of the triennial fund valuation.

GAD

Government Actuary's Department

Guarantee / guarantor

A formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean, for instance, that the fund can consider the employer's covenant to be as strong as its guarantor's.

Inflation Risk Premium

An adjustment to RPI inflation to reflect the view that investors are willing to pay a premium for inflation-linked products in return for protection against unexpected inflation.

Local Pension Board

The board established to assist the Administering Authority as the Scheme Manager for each fund.

MHCLG

Ministry of Housing, Communities and Local Government

Non-statutory guidance

Guidance which although it confers no statutory obligation on the parties named, they should nevertheless have regard to its contents.

Notifiable events

Events which the employer should make the Administering Authority aware of.

Past service liabilities

The cost of pensions already built up or in payment.

Pension Committee

A committee or sub-committee to which an Administering Authority has delegated its pension function.

Pensions Administration Strategy

A statement of the duties and responsibilities of scheme employers and administering authorities to ensure the effective management of the scheme.

Primary rate of the employers' contribution

The primary rate for each employer is that employer's future service contribution rate, which is the contribution rate required to meet the cost of the future accrual of benefits, expressed as a percentage of pensionable pay, ignoring any past service surplus or deficit but allowing for any employer-specific circumstances, such as the membership profile of that employer, the funding strategy adopted for that employer (including any risk sharing arrangements operated by the Administering Authority), the actuarial method chosen and/or the employer's covenant. The primary rate for the whole fund is the weighted average (by payroll) of the individual employers' primary rates.

SAB

Scheme Advisory Board

Secondary rate of the employers' contribution

The secondary rate is an adjustment to the primary rate to arrive at the rate each employer is required to pay. It may be expressed as a percentage adjustment to the primary rate, and/or a cash adjustment in each of the three years beginning with 1 April in the year following that in which the valuation date falls. The secondary rate is specified in the rates and adjustments certificate. For any employer, the rate they are required to pay is the sum of the primary and secondary rates. The actuary should also disclose the secondary rates for the whole scheme in each of the three years beginning with 1 April in the year following that in which the valuation date falls. These should be calculated as a weighted average based on the whole scheme payroll in respect of percentage rates and as a total amount in respect of cash adjustments. The purpose of this is to facilitate a single net rate of contributions expected to be received over each of the three years that can be readily compared with other rates and reconciled with actual receipts.

Scheme Manager

A person or body responsible for managing or administering a pension scheme established under section 1 of the 2013 Act. In the case of the LGPS, each fund has a Scheme Manager which is the Administering Authority.

Solvency

The notes to the Public Service Pensions Act 2013 state that solvency means that the rate of employer contributions should be set at "such level as to ensure that the scheme's liabilities can be met as they arise". It is not regarded that this means that the pension fund should be 100% funded at all times. Rather, and for the purposes of Section 13 of the Public Service.

Pensions Act 2013, the rate of employer contributions shall be deemed to have been set at an appropriate level to ensure solvency if:

- the rate of employer contributions is set to target a funding level for the whole fund (assets divided by liabilities) of 100% over an appropriate time period and using appropriate actuarial assumptions; and either
- employers collectively have the financial capacity to increase employer contributions, and/or the fund is able to realise contingent assets should future circumstances require, in order to continue to target a funding level of 100%; or
- there is an appropriate plan in place should there be, or if there is expected in future to be, no or a limited number of fund employers, or a material reduction in the capacity of fund employers to increase contributions as might be needed.

If the conditions above are met, then it is expected that the fund will be able to pay scheme benefits as they fall due.

Long-term cost efficiency

The notes to the Public Service Pensions Act 2013 state that Long-term cost-efficiency implies that the rate must not be set at a level that gives rise to additional costs. For example, deferring costs to the future would be likely to result in those costs being greater overall than if they were provided for at the time.

The rate of employer contributions shall be deemed to have been set at an appropriate level to ensure long-term cost efficiency if the rate of employer contributions is sufficient to make provision for the cost of current benefit accrual, with an appropriate adjustment to that rate for any surplus or deficit in the fund.

In assessing whether the above condition is met, GAD may have regard to the following considerations:

- the implied average deficit recovery period
- the investment return required to achieve full funding over different periods, e.g. the recovery period
- if there is no deficit, the extent to which contributions payable are likely to lead to a deficit arising in the future
- the extent to which the required investment return above is less than the Administering Authority's view of the expected future return being targeted by a fund's investment strategy, taking into account changes in maturity/strategy as appropriate.

Pension Fund Committee

2 December 2025

Pension Fund Annual Report 2024/25

For Decision

Local Councillor(s): All

Senior Leadership Team:

S Cremer, Corporate Director, Section 151 Officer

Report author: David Wilkes

Job title: Service Manager (Treasury and Investments)

Email: investments@dorsetcouncil.gov.uk

Statutory Authority: Dorset Council

Report status: Public (the exemption paragraph is N/A)

Executive summary (maximum of 500 words)

The annual report is a key component of the communication between the pension fund and its stakeholders. The report includes in one place key information regarding the management, administration and investment performance for the year, as well as the financial statements for the year and the key governance, administration and investment strategy documents.

The report of the independent auditors regarding the pension fund annual financial statements has not yet been finalised, and therefore the annual report will be published as 'draft'. The draft audit report is included as Appendix 2.

The auditors report that their work is substantially complete and that they have not identified any adjustments that impact on the Pension Fund's reported financial position and only disclosure misstatements and changes have been identified.

Recommendation(s):

That the Committee approve for publication the draft Pension Fund Annual Report 2024/25.

Reason for the recommendation(s):

The Local Government Pension Scheme (LGPS) Regulations 2013 require all administering authorities within the LGPS to publish an annual report. The report attached as Appendix 1 meets the requirements of this legislation and is prepared in accordance with the most recent guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

1. Legal considerations

1.1 None identified.

2. Financial implications

2.1 None identified.

3. Natural environment, climate & ecology implications

3.1 None identified.

4. Well-being and health implications

4.1 None identified.

5. Other implications

5.1 None identified.

6. Risk implications

6.1 None identified.

7. Equalities

7.1 There are no equalities implications arising from this report.

8. Appendices

Appendix 1: Pension Fund Annual Report 2024/25

Appendix 2: Audit Findings for Dorset County Pension Fund 2024/25

9. Background papers

None.



2024-2025

Annual Report



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Front Cover Photos

Top: Sherborne Town Council

Middle: Bridge over the River Avon, Christchurch

Bottom: West Bay

Introduction and Overview

Chairman's Statement



Introduction

This is the annual report for the Dorset County Pension Fund ("the Fund"), a Local Government Pension Scheme (LGPS) fund administered by Dorset Council ("the Council").

Asset Valuation and Investment Performance

It is pleasing to report that the Fund remains in a strong financial position. The value of the Fund's assets has increased from £3.9bn at the end of March 2024 to £4.1bn by the end of March 2025. The return on investments for the year was 4.7% compared to the combined benchmark return of 7.4%. Over the three years to 31 March 2025, the annualised return on investments was 3.6% compared to the combined benchmark return of 5.5%, and over five years the annualised return was 8.7% compared to the benchmark return of 9.5%.

Investment Pooling

In response to the government's requirement for Local Government Pension Scheme (LGPS) funds to pool investments to improve efficiency and to reduce costs, Dorset is one of ten LGPS funds which formed the Brunel Pension Partnership ("Brunel"), one of eight such pools across England and Wales. As at 31 March 2025 85% of the Fund's assets by value had transitioned to Brunel's management.

In April 2025 the ten administering authorities within the Brunel Pension Partnership each received a letter dated 9 April 2025 from the ministers for Pensions and Local Government regarding the government's ongoing review of Local Government Pension Scheme stating that: "Government is of the view that the interests of the scheme are best met by Brunel Authorities working with another LGPS pool to form a new partnership. We therefore invite you to consider and identify which pool you wish to partner with going forward taking into account the capabilities and capacity of each to take on additional partner authorities."

After careful analysis and independent advice, the Pension Fund Committee has selected Local Pension Partnership Investments (LPPI) as its preferred new investment pooling partner. LPPI currently manages nearly £30 billion in pension fund assets for other clients and is recognised for its stable governance, its investment expertise and its commitment to environmental, social, and governance (ESG) considerations and we are confident that this new partnership will deliver long-term benefits for our scheme members and their employers.

Actuarial Valuation

It is a statutory requirement for a valuation of all LGPS funds to be carried out every three years. In

2022-23, the results of the latest triennial valuation of the pension fund's assets and liabilities were received from our actuary, Barnett Waddingham. This estimated that at 31 March 2022 the fund had assets sufficient to cover 96% of its accrued liabilities, an improvement from 92% at the 31 March 2019 valuation. The results of the current valuation as at 31 March 2025 are expected shortly.

Scheme Membership

The main responsibility of the Fund is to pay benefits to scheme members and other beneficiaries as they fall due. Membership has grown and now totals over 82,000 active, pensioner, and deferred scheme members.

Decarbonisation

In September 2020, the Committee agreed to reduce investments in high carbon emitting companies based on evidence that such an approach would deliver significantly greater reductions in the 'carbon footprint' of the Fund's investments than blanket divestment from the fossil fuel sector, without negatively impacting investment returns. Since this approach was agreed, significant decarbonisation has been achieved through the transition of assets to the management of Brunel. Approximately 10% of the Fund's assets are now invested in Brunel's global sustainable equities fund and all other actively managed Brunel funds are committed to a target of a 7% year on year reduction in their carbon footprint, but without detriment to long term investment returns.

Asset Changes

There were some changes to the Fund's assets during the year. The Paris Aligned Benchmark was sold with the proceeds of £300m being used to

purchase the Brunel Low Volatility Global Equities; the proceeds of the sale of the Global High Equities of £60m was transferred to the Brunel UK Passive Fund and the proceeds of the sale of the Brunel Global Developed Equity Fund of £30m was transferred to the Brunel Global Smaller Companies Fund.

Pension Fund Committee Changes

There were changes to the membership of the Committee during 2024-25. Councillor Simon Christopher, Councillor Howard Legg, Councillor Mark Roberts and Councillor Gary Suttle were replaced by Councillor Andy Todd, Councillor Will Chakawhata and Councillor Andy Skeats.

I thank the outgoing members for their contributions to the Fund and I welcome the input of the new members since joining the Committee.

Thank you.

The success of the Fund depends upon the combined efforts of all those involved in its administration, and I would like to finish by thanking my fellow Committee members, Local Pension Board members and our external advisers. My thanks extend to all the staff who support the Fund for their hard work and dedication throughout the year, and also to all our scheme employers.

Yours faithfully,



CLlr Andy Canning
Chairman
Pension Fund Committee, Dorset Council

Introduction to the Dorset County Pension Fund Local Government Pension Scheme



The Dorset County Pension Fund is part of the Local Government Pension Scheme (LGPS) (the Scheme) and is administered by Dorset Council. The rules of the LGPS are set nationally under the Public Services Pensions Act 2013 by the Secretary of State for the Ministry of Housing, Communities and Local Government in the case of the LGPS in England and Wales, and the Scottish Government for LGPS Scotland.

The LGPS in Dorset is administered by Dorset Council, and prior to 1 April 2019 by Dorset County Council. Dorset County Pension Fund (DCPF) administration service covers 345 Employers, and over 82,000 Members. A breakdown of the scheme membership can be found on page 45.

The Scheme

The Local Government Pension Scheme (LGPS) is a statutory public pension scheme with over six million members in England and Wales, established by an Act of Parliament and governed by the Public Services Pensions Act 2013 (PSPA 2013). The Fund is administered in accordance with the following secondary legislation:

i. The Local Government Pension Scheme Regulations 2013 (as amended).

ii. The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended); and

iii. The Local Government Pensions Scheme (Management and Investment of Funds) regulations 2016 (as amended).

The LGPS is a nationwide pension scheme for people working in local government or working for other types of employers participating in the scheme. The LGPS scheme regulations are determined nationally; however, the scheme itself is administered and managed locally by 86 Funds in England and Wales.

The Scheme rules can only be changed with the approval of Parliament. Changes to the rules are discussed at a national level by employer and employee representatives. Dorset County Pension Fund must inform the employers and members if the Scheme rules change. They should do this as soon as possible, which must be within three months of the change.

Each fund is autonomous and managed locally by an administering authority, which is responsible for ensuring that there is, or will be, sufficient income to meet their pension fund's current and projected future financial obligations.

Academy trusts must offer access to the LGPS to all non-teaching employees.

The proprietor of an academy, commonly referred to as an academy trust, or a multi-academy trust (MAT), automatically becomes a scheme employer in the LGPS under the Local Government Pension Scheme Regulations 2013. This means that all non-teaching staff employed by academy trusts on conversion or afterwards are entitled to membership of the scheme.

The Pension Fund provides pension entitlements under the Local Government Pension Scheme to all eligible employees of Dorset Council and other participating bodies. Membership of the LGPS is not mandatory and excludes teachers, police officers and fire fighters, for whom specific

separate pension schemes are available. The LGPS is a statutory public service defined benefit pension scheme based on final salary for benefits accrued up to 31 March 2014 and career average revalued earnings ("CARE") for benefits accrued from 1 April 2014.

The LGPS is a defined benefit scheme. This means that benefits are determined by the regulations and are not affected by investment performance or market conditions. It provides for the payment of benefits to employees of Dorset Council and former employees of Dorset County Council and the admitted and scheduled bodies in the Fund.

Members include people who work in Local Authorities, including Dorset Council and Bournemouth, Christchurch and Poole Council, higher and further education establishments, schools and other public bodies and service providers.

Membership is generally available to employees of participating employers who have contracts of employment of three months or more, are under the age of 75 and who are not eligible for membership of other statutory pension schemes.

The LGPS is funded, which means that contributions are received from both the member and employer and are then invested by the Fund. The regulations also specify the member contribution rates as a percentage of pensionable pay, with employer contribution rates being set every three years by the Fund's Actuary, Barnett Waddingham LLP. These contributions are supplemented by earnings on the Fund's investments to pay retirement benefits.

A pension is usually payable from a member's normal pension age which is linked to their State Pension age (with a minimum of 65). A member could choose to retire early and take a reduced pension (between age 55 and 75) or - if a member is made redundant or retired in the interests of business efficiency (after age 55) - they could receive immediate payment of their benefits, with adjustments provided the member has met the two years vesting period.

The Scheme includes a number of options for members including the ability to pay half normal contributions in return for half the normal pension amount (the 50/50 section), boosting a pension by paying more into the Fund and exchanging some pension for tax-free cash on retirement.

The rate of contributions a member will pay is set nationally and range from 5.5% to 12.5%, dependent on a members' pay, the average contribution from employees is 6.5% nationally.

The employer contribution rates range from 16.2% to 29.9% of pensionable pay for the financial year ending 31 March 2025.

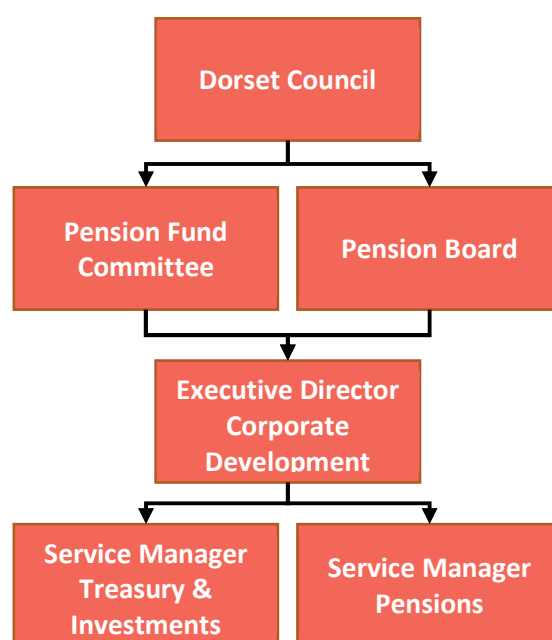
Who runs the Dorset County Pension Fund?

The Administering Authority

Dorset Council (DC, the Council) is the statutory administering authority for the Dorset County Pension Fund (DCPF, the Fund), which is responsible for the administration of the LGPS within the geographical area of Dorset and is part of the Local Government Pension Scheme (LGPS).

Council Structures

Dorset Council has delegated its decision making of the Pension Fund to the Pension Fund Committee. The diagram below sets out the governance structure in place for the Fund.



Pension Fund Committee

In this capacity, the Council delegates the management of the Fund to the Pension Fund Committee. The Committee are responsible for making investment policy, overseeing how the scheme is run and monitoring performance.

Local Pension Board

The Local Pension Board oversees the management of the Fund. The Board helps ensure that the Fund is managed and administered effectively and efficiently and complies with guidance issued by government, the Pensions Regulator and the LGPS Advisory Board.

The Fund Administrator

The day to day running of the Fund is delegated to the Fund Administrator who is the Executive Director (Corporate Development S151) of the Council and is responsible for implementing the decisions made by the Committee.

Supporting him are the Service Manager for Pensions, whose team administers all aspects of member records, pension benefits, employer liaison, and member communications, and the Service Manager for Treasury and Investments, whose team looks after the accounting and management information requirements of the Fund. All aspects of the day-to-day management of investment funds are undertaken by external fund managers.

Governance

The Pension Fund Committee consists of five Dorset Council elected members, three Bournemouth, Christchurch and Poole Council (BCP) elected members, and one scheme member representative nominated by the trade unions.

The Pension Board consists of eight members and is constituted with four employer representatives and four scheme membership representatives.

These membership arrangements have been designed to allow all key stakeholders to have the opportunity to be represented on the Committee and Board. The Committee and Board meet quarterly.

The Pension Fund Committee is primarily responsible for all functions of the Council as the administering authority of the Dorset County Pension Fund, including making investment policy, overseeing how the scheme is run and monitoring performance.

The Committee and Board's task is to provide an efficient and effective pension scheme for all the employees and pensioners of all eligible employers in Dorset, in accordance with the requirements of the legislation for the LGPS.

Pooling

Brunel Pension Partnership is one of eight UK Local Government Pension Scheme Pools, having originally brought together more than £35 billion of investments of ten likeminded funds. Dorset County Pension Fund is a founding member of the Brunel Pension Partnership (BPP) along with nine other Pension Funds namely: -

- Avon Pension Fund
- Buckinghamshire Pension Fund
- Cornwall Pension Fund
- Devon Pension Fund
- Gloucestershire Pension Fund
- Oxfordshire Pension Fund
- Somerset Pension Fund
- The Environment Agency
- Wiltshire Pension Fund

Brunel is authorised and regulated by the Financial Conduct authority as a full-service MiFID firm.

Brunel's priority is to manage their fiduciary duties to its clients. The partnership has also made major commitments on Climate Change and Responsible Investment in line with their shared values. In this way, the aim is to help clients provide not only for their members' retirement, but for the world they retire into.

The Pensions Regulator

The Pensions Regulator regulates the governance and administration of pension schemes, and it has recently published its General Code of Practice.

This applies to all UK pension schemes including the LGPS.

The Pension Fund Annual Report



Publication of this report gives the Council the opportunity to demonstrate the high standard of governance and financial management applied to the Fund. It brings together a number of separate reporting strands into one comprehensive document that enables both the public and employees to see how the Fund is managed and how well it is performing.

It is in the interest of both employees and the public that the Fund is well managed and continues to provide high returns and excellent value for money.

The Local Government Pension Scheme Regulations 2013 require administering authorities to prepare a document known as “The Pension Fund Annual Report”. The authority must publish the Pension Fund Annual Report on or before 1st December following the year end. The Pension Fund Annual report compiles many of the reports and statements which the Fund produces into a single, annual document.

In March 2024 CIPFA created a “Guidance for Local Government Pension Scheme Funds” creating a checklist for preparing the annual report showing disclosures that “must”, “should” and “maybe” included in the annual report, which have been included under the headings shown below. Dorset County Pension Fund has disclosed all information that “must” be provided, and the majority of information that “should” or “maybe” disclosed.

- *Overall Fund Management* – The report must list the names and, where appropriate for external parties, include relevant contact details.
- *Governance and Training* - Funds should set out their governance structure and how the pension fund has complied with its Governance Compliance Statement.
- *Financial Performance* – The report must provide an overview of the fund’s financial performance, focused primarily on income, expenditure, and cash flows.
- *Fund Account, Net Assets Statements and Notes* – The report must include a fund account and a net assets statement with supporting notes and disclosures in accordance with proper accounting practices for each of its pension funds.
- *Investments and Funding* - This section of the annual report must demonstrate how the Investment Strategy Statement (ISS) has been put into practice during the year and how this links to the Funding Strategy Statement (FSS). It must set out the fund’s investment management arrangements and the risks, returns and management costs associated with the investment portfolio.
- *Administration* - The administration section of the annual report must cover the following areas:
 - A summary of activities undertaken by the administration function during the year.
 - Report on performance against administration Key Performance Indicators (KPIs).

- Report on member and employer numbers by category.
- Report on actions taken to deliver the communications policy.
- Report on value for money achieved by the administration function.
- Report on complaints and dispute resolution.
- *Actuarial Reports on Funds* - Each administering authority is required to obtain an actuarial valuation of each of their pension funds on 31st March every three years.
- *External Audit Opinion* - The external auditor's opinion on the pension fund's statement of accounts must be included in the annual report.

- *Scheme Administration* – A report of the arrangements made during the year for the administration of the fund.
- *Governance* – Regulation 55 of the LGPS Regulations 2013 prescribes the content of the Governance Compliance Statement.
- *Asset Pools* – How asset pooling arrangements are progressing.
- *Pensions Administration Strategy Report*.
- *Funding Strategy Statement*.
- *Investment Strategy Statement*
- *Communications Policy Statement*.
- *Other Material* - any other material which the authority considers appropriate.

Responsible Investing



The Council has a paramount fiduciary duty to obtain the best possible financial return on Fund investments without exposing assets to unnecessary risk. The Council believes that following good practice in terms of social, environmental, and governance issues is generally likely to have a favourable effect on the long-term financial performance of a company and will improve investment returns to its shareholders.

The Fund investment managers, acting in the best financial interests of the Fund, are expected to consider, amongst other factors, the effects of social, environmental and ethical issues on the performance of a company when undertaking the acquisition, retention or realisation of investments for the Fund.

Key Information



- The value of the pension fund's assets at 31 March 2025 was £4.1 billion which rose by £149.1 million (3.8%) over the year, compared to the previous year's value of £3.9 billion. Over the last five years the value of the fund has increased by £730.8 million (21.9%) from £3.3 billion as at 31 March 2021 to £4.1 billion as at 31 March 2025.
- As at 31 March 2025, approximately 85% of the pension fund's assets were under the management of Brunel Pension Partnership. The Dorset assets (15%) that are not pooled are technically difficult to pool at the moment, for example direct property, legacy private equity and infrastructure, some of which are "running off".
- The Fund achieved a return on investments for the 2024-25 financial year of 4.7%, 2.7% below the benchmark return of 7.4%.
- The Fund underperformed its benchmark over three years with a performance return of 3.6% against its benchmark of 5.5%. Over five years the performance return was 8.7% against a benchmark of 9.5%.
- The funding level as at 31 March 2022 was 96% as formally calculated by the Fund's actuary Barnett Waddingham LLP, an increase from 92% in 2019. The deficit improved from £255m as at 31 March 2019 to £141m as at 31 March 2022. The discount rate fell from 5.0% at the 2019 valuation to 4.9% at the 2022 valuation. Improvement has been driven by growth in asset valuations.
- The total number of members in the Fund as at 31 March 2025 was 82,779, which was an increase of 358 members from the previous year.
- Income from contributions has been increasing over the past five years from £134.5M as at 31 March 2021 to £174.6M as at 31 March 2025, a rise of 29.8%. The pension benefit payments have been steadily rising over the same period from £131.4M as at 31 March 2021 to £181.8M as at 31 March 2025, a rise of 38.3%.

Developments in the Fund in 2024-25



There were some changes to the assets held during 2024-25.

- The full proceeds of £309.0M from the sale of the Paris Aligned Benchmark (Hedged and Unhedged) were transferred to the Brunel Low Volatility Global Equities over four trades in December 2024 and February 2025.
- The full proceeds of the part sale of the Global High Alpha Equities of £60.0M was transferred in December 2024 to the Brunel UK Passive Fund.
- The full proceeds of the part sale of the Brunel Global Developed Equity Fund of £30.0M was transferred in December 2024 to the Brunel Global Smaller Companies Fund.

Two properties were sold by Dorset County Pension Fund in 2024-25.

- Proceeds of £22.1M was received for the sale of Unit 270 (Plot A) Cambridge Science Park, Milton Road, Cambridge CB4 0GQ in January 2025.
- Proceeds of £1.8M was received for the sale of Pilgrim House, Old Ford Road, Aberdeen AB11 5RL.
- No properties were purchased by the Dorset County Pension Fund in 2024-25.

Overall Fund Management



Administering Authority

Dorset Council, County Hall
Dorchester, Dorset DT1 1XJ

The Fund's Managers

The Fund has a diversified portfolio of investments. Different asset classes and types of investments perform differently at different times and are based on different impacts of certain market conditions. This can help minimise overall

portfolio losses. The Fund invests in Equities (UK and Overseas), Corporate Bonds, Private Equity, Property and Property Funds, Multi Asset Credit, Infrastructure, Diversified Return Funds, Low Volatility and Cash and Cash Equivalents. In 2024-25 the Fund has five legacy portfolios with external fund managers and had twenty-seven investments managed by the Brunel Pension Partnership of which the details are provided below.

Fund Managers	Asset Class	Address
CBRE Global Investors	Property	Third Floor, One New Change, London EC4M 9AF
Federated Hermes	Infrastructure	150 Cheapside, London EC2V 6ET
HarbourVest Partners, LLC	Private Equity	One Lincoln Street, Suite 1700 Boston MA 02111-2641
IFM Investors	Infrastructure	2 London Wall Place, London EC2Y 5AU
Patria Investments (formerly Aberdeen Standard Investments)	Private Equity	1 Lochrin Square, 92-94, Fountainbridge, Edinburgh EH3 9QA

Brunel Pension Partnership Portfolios	Asset Class
Passive UK Equities	UK Equities
UK Active Equity	
Passive Smart Beta & Hedged	Overseas Equities
High Alpha Equity	
Emerging Market Equity	
Passive Developed Equities & Hedged	Global Equities
Global Sustainable Equities	
Smaller Companies Equities	
Diversifying Returns Fund	Diversified Return Funds
CQS Global Funds Mutual Fund	Multi Asset Credit
Oaktree (LUX) III SA SICAV Mutual Fund	
Neuberger Berman Investment Mutual Fund	
Secured Income	Property Funds
Aberdeen Standard Long Lease Property Fund	
Greencoat Renewable Income LP	
NB PE Impact Fund	Private Equity Co-Investment Funds
NB SCIOP IV	
Ardian LBO Fund 07 A	Private Equity Primary Fund
Vespa Capital 03	
Summit Europe Growth 03	

Other Organisations/Individuals

Service	Name	Address
Actuary	Barnett Waddingham LLP	163 West George Street, Glasgow G2 2JJ
Auditors	Grant Thornton UK LLP	4 th Floor, Victoria House, 199 Avebury Boulevard, Milton Keynes MK9 1AU
AVC Providers	Prudential Plc	PO Box 2711, Reading RG1 3UL
Bankers	NatWest - Main Banker	49 South Street, Dorchester, Dorset DT1 1DW
	State Street Global Services	20 Churchill Place, Canary Wharf, London E14 5HJ
Custodian	State Street Bank & Trust Company	Quartermile 3, 10 Nightingale Way, Edinburgh EH3 9EG
Fund Legal Advisers	Osborne Clarke	Halo Counterslip, Bristol BS1 6AJ
Independent Adviser	Mr Steve Tyson Apex Investment Advisers Limited	140 Aldersgate Street, 4th Floor, London EC1A 4HY
Local Government Pension Fund Pool	Brunel Pension Partnership Limited	101 Victoria Street, Redcliffe, Bristol BS1 6PU

The Fund Actuary

The Council appointed Fund Actuary is Barnett Waddingham LLP. Employee contributions are fixed by Central Government. However, the Actuary is required to set employer contribution rates to ensure benefits under the Scheme are properly funded. Although the Actuary is required to carry out a full valuation every three years, they are also required to calculate contributions rates for new employers, if membership figures change and if an employer leaves the Scheme.

Independent Adviser

The Pension Fund Committee and Council Officers receive investment advice from the Investment adviser to the fund, Steve Tyson of Apex Investment Advisers Limited. The role of the adviser is to attend the quarterly and annual meetings of the Committee and to provide advice on the following:

- Investment strategy.
- Strategic asset allocation.
- Development of investment policy and practices.
- Corporate governance issues, including socially responsible investment and the Council's Investment Strategy Statement.
- Pension fund related legislation 14.

- Investment management performance monitoring.
- Assistance in the selection of investment managers, custodians and actuaries.
- Review of and advice on alternative benchmarks and setting of performance targets.
- Other ad-hoc advice.

External Auditor

Grant Thornton was appointed as external auditors for Dorset Council and the Dorset County Pension Fund for five financial years from 2023-24 to 2027-28. The LGPS pension fund financial audits are the responsibility of three statutory auditing bodies – the public Sector Audit Appointment Limited (PSAA), the National Audit Office for 78 LGPS funds based in England; and the Welsh Audit Office for 8 LGPS funds based in Wales.

The role of LGPS auditors is crucial in ensuring the accuracy and reliability of the pension fund's financial statements. They are responsible for:

- Auditing the financial statements to ensure they show a true and fair view of the fund's income and expenditure, as well as the amount and disposition of its assets and liabilities.

- Providing assurance that the financial statements comply with the relevant accounting standards and regulations.
- Assisting the pension fund's actuary in producing year-end accounting reports and ensuring that the information provided is free from material misstatement.
- Monitoring the audit quality of firms involved in the delivery of public audit, ensuring they meet the necessary standards. LGPS auditors play a vital role in maintaining the integrity and transparency of the pension scheme, which is essential for the trust and confidence of the members and employers covered by the scheme. They are expected to be independent, qualified, and experienced in the field of public audit and pension scheme accounting.

Custodian Services

The Fund employs State Street Bank & Trust as its global custodian, independent to the investment managers, to be responsible for the safekeeping of the Fund's assets. State Street Bank & Trust provides a wide variety of services that underpin the work of the officers of the Pension Fund and its investment managers in managing the Pension Fund's assets. The performance of the global custodian is reported to the Committee and Board on an annual basis.

The custody services provided by State Street Bank & Trust to the Fund include:

- safekeeping of the Pension Fund's assets in the various different investment managers.

- collection of income from dividends and interest.
- tax reclamation services.
- corporate action processing and proxy voting based on the instructions received by the Pension Fund's investment managers.
- filing of US-based class action lawsuits.
- foreign exchange settlement to enable the Pension Fund to buy and sell assets in foreign currencies.
- stock lending.
- reporting on the value of Pension Fund's assets and the investment performance of the Fund's investment managers.

Legal Adviser

The Pension Fund uses Osborne Clarke for advice covering conveyancing, investment, and employer issues. The appointment extends to all legal services for LGPS funds and employing authorities in England and Wales. This covers the full range of matters, including benefits and administration, outsourcing and admitted bodies, governance, disputes resolutions and investments.

Internally Managed Cash

The Pension Fund holds cash internally as working balances and operates its own treasury management policy, which is implemented by the Dorset's Treasury Management Team.

Working balances comprise funds required to pay pensions, to fund private equity, property investments and other managers, and to pay day-to-day expenses. Surplus balances will be invested in accordance with the Treasury Management Strategy Statement.

Contact and Further Information



Further information regarding the Pension Fund or this report and accounts may be obtained from the following contacts:

Fund Administrator

Mr Sean Cremer

Corporate Director Finance and Commercial

Telephone Number: 01305 228685

Email: Sean.Cremer@dorsetcouncil.gov.uk

Accounts and Investments

Mr David Wilkes

Service Manager for Treasury and Investments

Telephone Number: (01305) 224119

Email: David.wilkes@dorsetcouncil.gov.uk

Benefits

Mrs Karen Gibson

Service Manager for Pensions

Telephone Number: (01305) 228524

Email: Karen.gibson@dorsetcouncil.gov.uk

A pension Fund helpline is manned by dedicated staff trained to assist in answering member queries, either by providing a direct and immediate response, or by setting up workflow for further investigation.



(01305) 224845



pensionshelpline@dorsetcouncil.gov.uk



Dorset County Pension Fund

County Hall

Dorchester, Dorset

DT1 1XJ

Our website contains further information relating to the LGPS. The address is as follows:

www.dorsetpensionfund.org

Financial Performance



Late Contributions

In 2024-25 there were no employers who regularly paid their contributions late.

£74,470.18 of this had been recovered and £97,507.15 remained outstanding.

No amounts had been written off during the year.

Analysis of Pension Overpayments

There was a total of £171,977.33 pension overpayments in 2024-25. As at 31 March 2025,

Key Financial Variables

The table below outlines the Fund's performance for key financial variables for the past five years.

		2020-21	2021-22	2022-23	2023-24	2024-25
		£'M	£'M	£'M	£'M	£'M
Contributions and Benefits	Contributions & Transfers In	143.1	162.3	147.2	172.7	197.6
	Contributions receivable	134.5	139.8	141.5	156.9	174.6
	Transfer in from other pension funds	8.6	22.5	5.7	15.9	23.0
	Benefits paid and Transfers out	-139.1	-139.3	-148.0	-172.2	-209.5
	Benefits payable	-131.4	-133.7	-141.3	-159.3	-181.8
	Payment to and on account of leavers	-7.7	-5.6	-6.7	-12.9	-27.6
	Management Expenses	-13.0	-15.5	-17.9	-21.0	-22.2
Net additions (withdrawals) including Fund management expenses		-9.0	7.5	-18.7	-20.4	-34.1
Return on Investments	Net return on investments	646.5	345.4	-163.1	418.1	199.7
	Investment income	17.4	16.2	19.5	18.5	21.9
	Profit (loss) on disposal investments and changes in the value of investments	629.1	329.2	-182.6	399.6	177.8
	Net return on investments	646.5	345.4	-163.1	418.1	199.7
Net increase (decrease) in assets available for benefits during the year		637.3	352.8	-181.8	397.7	165.7

Risk Management

Our risk appetite shows how much risk we are willing to accept to achieve our outcomes. Good risk management ensures we make well informed decisions and understand those associated risks. By ensuring that we respond to risks we will be best placed to achieve our priorities as set out in the Council Plan.

We recognise that effective risk management considers not just threats but also opportunities. We have encouraged all directorates to manage their risks, and the consideration on options that seek to achieve a balance between caution and innovation.

Our risk appetite reflects our approach to the encouragement of managed risk for minor to moderate level risks. Our approach to risk will change over time depending on our priorities and the environment in which we work. Beyond our risk appetite is our risk tolerance. This sets the level of risk that is unacceptable, whatever opportunities might follow. In such instances we will aim to reduce the risk to a level that is within our appetite. We illustrate our risk appetite and tolerance in the risk ranking matrix. We have made efforts

to make our approach clear, understandable, and flexible to change so that we can achieve improved focus and buy in from all at the council.

‘High risks will generally exceed the Council’s appetite for risk and measures should be taken to reduce the risk down to an acceptable level.’

The matrix below also illustrates how we monitor risks. The Council’s highest-level risks (those with a combined score of 15 and above) are reported to Senior Managers and Members consideration.

Risk Ranking Matrix identifies the level of risk

Severity (Impact)	Description
Catastrophic Score 5	- Multiple deaths of employees or those in the Council’s care - Inability to function effectively, Council-wide - Will lead to resignation of Chief Executive and/or Leader - Corporate Manslaughter charges - Service delivery must be taken over by Central Government - Front page news story in National Press - Financial loss over £10m
Major Score 4	- Suspicious death in Council’s care - Major disruption to Council’s critical services for more than 48hrs - Noticeable impact achieving strategic objectives - Will lead to resignation of Senior Officers and/or Cabinet Member - Adverse coverage in National press/Front page news locally - Financial loss £5m-£10m
Moderate Score 3	- Serious Injury to employees or those in the Council’s care - Disruption to one critical Council Service for more than 48hrs - Will lead to resignation of Head of Service/Project Manager - Adverse coverage in local press - Financial loss £1m-£5m
Slight Score 2	- Minor Injury to employees or those in the Council’s care - Manageable disruption to services - Disciplinary action against employee - Financial loss £100k-£1m
Limited Score 1	- Day-to-day operational problems - Financial loss less than £100k

Likelihood (Probability)	Description
Certain Score 5	Reasonable to expect that the event WILL happen, recur, possibly or frequently
Likely Score 4	Event is MORE THAN LIKELY to occur. Will Probably happen, recur, but is not a persisting issue.
Possible Score 3	LITTLE LIKELIHOOD of event occurring. It might happen or recur occasionally.
Unlikely Score 2	Event NOT EXPECTED . Do not expect it to happen or recur, but it is possible that it might do so.
Very Unlikely Score 1	EXCEPTIONAL event. This will probably never happen or recur.

Dorset County Pension Fund Risk Register

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
Fi1	Finance	Loss of funds through fraud or misappropriation	15/07/2025	2	2	4	Low	Reviewed. No change in risk or procedures	Internal and External Audit; Assurance that current systems provide appropriate level of internal control; reporting and monitoring; reporting to Audit & Scrutiny Committee; policies and procedures	Fund Administrator	No Change
Fi3	Finance	An employer with a large surplus chooses to exit the fund	15/07/2025	2	2	4	Low	Reviewed. No change in risk or procedures.	Not able to control. However, employer can only exit once all members have left the scheme.	Fund Administrator	No Change
Fi2	Finance	A company admitted to the Fund as an admission body may become financially unviable	15/07/2025	2	2	4	Low	Reviewed. No change in risk or procedures.	An Admission Body will only be admitted to the Fund if they have a Bond in place, or have a financial guarantor, for example the outsourcing authority. This covers any potential costs and losses. The value of this bond is set at the start of the contract and is reviewed periodically. A review of current bonds takes place periodically by the fund actuary to ensure that the bond level remains appropriate.	Fund Administrator	No Change
Fi3	Finance	Fraud - The Fund pays a pension to non-eligible pensioner	15/07/2025	2	2	4	Low	Reviewed. No change in risk or procedures.	Compliant with audit recommendations. Form of identity check required before any benefits are payable - i.e. passport or birth certificate. Mortality screening in UK and overseas performed regularly. To ensure unauthorised family members cannot access a deceased member's pension details, the fund has taken the steps to disable access to the online member portal when a notification of a member's death is entered into the Pensions Administration System.	Pensions Manager	No Change
Fi4	Finance	Fraud - Release a payment to the wrong bank account (e.g. mandate fraud)	15/07/2025	2	2	4	Low	Reviewed. No change in risk or procedures.	Compliant with audit recommendations. Form of identity check required before any benefits or payments are payable - i.e. passport or birth certificate. Mortality screening in UK and overseas performed regularly. Senior staff members would check or authorise any payments.	Pensions Manager	No Change

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
Ad1	Administration	Failure to comply with TPRs General Code of Practice (Governance and administration of pension schemes)	15/07/2025	1	2	2	Low	Reviewed. No change in risk or procedures.	Ensure key staff and LPB members are trained and understand requirements. Ensure System and PAS address requirements. Ensure relevant policies are in place and regularly reviewed. Data Quality annual checks and Improvement Plan in place.	Pensions Manager	No Change
Ad2	Administration	Failure to issue Annual Benefit Illustrations within statutory timescales	15/07/2025	2	3	6	Medium	Reviewed. No change in risk or procedures.	Weekly project meeting to monitor progress and address issues. Staff are trained and supported with additional resource available at peak times. Responsibility of meeting deadlines with Systems Manager.	Pensions Manager	No Change
Ad3	Administration	Failure to meet other statutory deadlines including the Annual Return (TPR) and Annual Allowance processes	15/07/2025	1	2	2	Low	Reviewed. No change in risk or procedures.	Weekly meetings with management and key staff to ensure appropriate resources in place. Ad hoc meetings whenever required.	Pensions Manager	No Change
Ad4	Administration	Failure to complete end of year processes within necessary timeframe	15/07/2025	2	3	6	Medium	Reviewed. No change in risk or procedures.	System Manager monitors progress against project plan and will report to PM at weekly management meetings to address issues as they arise. Ad-hoc meetings set up as required.	Pensions Manager	No Change
Ad5	Administration	Insufficiently trained or inexperienced staff leading to gaps in knowledge.	15/07/2025	2	3	6	Medium	Reviewed. No change in risk or procedures.	Training programme in place to identify and address training requirements / shortfalls. Each employee has a personal training record. Regular meetings and appraisals mean that any specific needs can be identified and addressed. Jobs have been re-evaluated to a higher level. This allows the fund to be competitive in recruiting new staff.	Pensions Manager	No change
Ad6	Administration	Staff unable to get to work e.g. widespread flu pandemic or building off limits.	15/07/2025	2	2	4	Low	Reviewed. No change in risk or procedures.	All staff are able to work from home in the event of building closure where technology permits. Business Continuity Plan to be updated regarding widespread sickness.	Pensions Manager	No Change
Ad7	Administration	Not dealing properly with complaints, leading to escalation that ultimately ends with the ombudsman.	15/07/2025	1	2	2	Low	Reviewed. No change in risk or procedures.	Well maintained structure in place for complaints, with expert advice sought in necessary cases to minimise further escalation. Regular reviews of IDRPs cases to keep within timescales. Quality of letters written checked by additional staff for accuracy to ensure best possible quality of communication. Complaints log.	Pensions Manager	No Change

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
Ad8	Administrati	Failure to meet Service Standards.	15/07/2025	2	3	6	Medium	Reviewed. No change in risk or procedures.	Pensions Administration Strategy in place and regular recording of Performance Indicators (KPIs) to identify strength and weakness areas, to maintain or make improvements.	Pensions Manager	No Change
Ad9	Administration	Failure to complete GMP Reconciliation and Rectification	15/07/2025	1	2	2	Low	Reviewed. No change in risk or procedures.	GMP Reconciliation project in place. Team well staffed and trained. Regular attendance of relevant regional and national meetings and forums. Weekly team meetings to discuss targets and problems. Reconciliation completed. Rectification paused as a result of McCloud remedy taking priority.	Pensions Manager	No Change
Ad10	Administration	Loss of key staff / expertise.	15/07/2025	2	3	6	Medium	Reviewed. No change in risk or procedures.	Training program in place. Job Description/Person Specification available. New staff have been employed and are currently being trained. It is expected that once they have gained enough experience, that this risk will reduce.	Pensions Manager	No Change
ad11	Administration	Pensions Dashboard Programme - Fund not ready to meet onboarding deadline.	15/07/2025	1	2	2	Low	Reviewed. No change in risk or procedures.	The fund has been working with software provider to ensure they can meet the required data, reporting and technical standards. The amount of additional staff resources required to manage the work involved is still unknown. However, the Government has now announced a delay to the proposed first connection date of 31 August 2023. Update 9/7/24: Connection date has been put back to 31/10/2025. Fund has signed up to the Norfolk Framework to assist with selecting the ISP delivery.	Pensions Manager	No Change
ad12	Administration	McCloud - not ready to deal with resulting work from remedy.	15/07/2025	1	4	4	Low	Reviewed. No change in risk or procedures.	Most of Dorset County Pension Fund member data relating to the McCloud remedy has been received. McCloud legislation is due in 2023. Need to ensure Fund administrators and software ready, plus Fund resourced sufficiently to deal with the resulting work from remedy. Looking at changes to benefits coming into payment now and going forward, but also the retrospective recalculation of all benefits and transfers since 2014.	Pensions Manager	No Change
Ad13	Administration	Death Grant	15/07/2025	2	3	6	Medium	Reviewed. No change in risk or procedures.	There is a risk that the Fund does not exercise its discretion over payment of a death grant properly. This could result in a claim from other potential beneficiaries of the deceased member. Fund has processes in place to identify potential beneficiaries and follow guidance. Fund takes advice from legal provider when required.	Pensions Manager	No Change

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
Ad14	Administrative	Payroll Migration	15/07/2025	3	2	6	Medium	Reviewed. No change in risk or procedures.	Pensioner payroll is due to be migrated from Dorset Council to Dorset County Pension Fund. There is a risk of not paying 23,000+ pensioners if the project is not managed correctly.	Pensions Manager	No Change
Wf1	Workforce	Health and safety of staff	15/07/2025	1	2	2	Low	Reviewed. No change in risk or procedures.	Work station assessments; PDR trigger interviews; absence management; DCC health & safety policies. DC have also invested in employee wellbeing with resources and information being made available on the DC intranet, along with individual advice and guidance. Homeworking The wellbeing of staff (particularly those who live alone) is an issue. DC provide resources on these subjects via the DC intranet. Managers encouraged to engage with staff member.	Fund Administrator	No Change
Wf2	Workforce	Failure to recruit, develop and retain suitably skilled staff.	15/07/2025	2	3	6	Medium	Reviewed. No change in risk or procedures.	Access to Management Development / Training; PDR; structure review. New staff have been employed and are currently being trained. It is expected that once they have gained enough experience, that this risk will reduce. The establishment of Brunel PP should ensure greater resilience against the loss of key staff re. investments.	Fund Administrator	No Change
Wf3	Workforce	Failure to maintain the balance between workload and staff capacity	15/07/2025	2	3	6	Medium	Reviewed. No change in risk or procedures.	Service planning and PDR process; continual review of workloads within teams; additional posts can be funded from pension fund where particular capacity demands are identified, at the approval of the Pension Fund Administrator.	Fund Administrator	No Change
Ot1	Other	Inability to provide service, due to a loss of Council facilities (IT; building) or staff	15/07/2025	2	2	4	Low	Reviewed. No change in risk or procedures.	Business continuity plans maintained for critical services; Pensions Systems can be accessed from home/ remotely; contact numbers held for the team. Disaster recovery in place for Pensions Systems.	Fund Administrator	No Change
Ot2	Other	Poor services, or perception of poor service	15/07/2025	1	3	3	Low	Reviewed. No change in risk or procedures.	Service planning and PDR process; external audit; internal audit reviews; processes and procedures.	Fund Administrator	No Change

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
Ot3	Other	Secure management and handling of confidential and/or personal information	15/07/2025	2	2	4	Low	Reviewed. No change in risk or procedures.	Data awareness guidance promoted corporately; secure email; secure payments portal to actuary. Secure employer and member portals. New system now means that office is paperless so 'hard-copy' files are no longer required.	Fund Administrator	No Change
Ot4	Other	Unrestricted physical access to office and confidential and/or personal information	15/07/2025	2	2	4	Low	Reviewed. No change in risk or procedures.	The Pensions office has now moved and is not now a general walkthrough. There is no longer a meeting room within the office, so only pensions staff should access the office, therefore mitigating risk of data breaches.	Pensions Manager	No Change
Co1	Communications	Growth in number of employers in the Fund leads to less pensions knowledge within each employer. New employers fail to understand their responsibilities within the Fund and LGPS in general	15/07/2025	1	3	3	Low	Reviewed. No change in risk or procedures.	Dedicated Communications Team to ensure all new employers are informed of their responsibilities within the Fund and the LGPS. Presentations and training provided to all necessary members of an employing authority. Feedback accounted for and review of internal procedures undertaken to ensure quality of training materials. New employer portal provides easier to use versions of forms with better guidance to be completed by employers.	Communications & Employer Relations Manager	No Change
Co2	Communications	Members don't make an informed decision regarding their pension options, and employers cannot make an informed decision regarding their discretions policy, leading to possible complaints against the Fund.	15/07/2025	1	3	3	Low	Reviewed. No change in risk or procedures.	Communication strategy in place to ensure the best possible communication material is used. Discretions template and guidance provided to employers completing their discretions policy. Members provided with factsheets, leaflets and booklets enclosed with pension documentation. Dedicated helpline and website providing further information.	Communications & Employer Relations Manager	No Change

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
Co3	Communications	Pension Fund does not reach the target audience and full exposure of information is not achieved.	15/07/2025	1	2	2	Low	Reviewed. No change in risk or procedures.	Annual Benefit Illustrations in paper form to home address with annual newsletter, dedicated telephone and email helpline available for queries. Members and employers are given opportunities to provide feedback. Regular improvements made to communications as issues / changes to legislation identified. Member self service site allows direct contact with members. Presentations for members on request or at times of substantial change. Employer training provided and Pension Officer Group meetings held three times a year.	Communications & Employer Relations Manager	No Change
Co4	Communications	Communication is overcomplicated and technical leading to a lack of engagement and understanding by members and employers of the Fund.	15/07/2025	1	2	2	Low	Reviewed. No change in risk or procedures.	Factsheets and information written on letters is kept as jargon free as possible, and a dedicated helpline through telephone and email is available for both members and employers of the Fund. Presentations provided with simple examples and chance for questions and answer sessions after. New an improved on-line member portal allows members to view details relating to their pension.	Communications & Employer Relations Manager	No Change
Co5	Communications	Employers don't meet their statutory requirements leading to possible reporting of breaches to the Pension Regulator.	15/07/2025	2	3	6	Medium	Reviewed. No change in risk or procedures.	Administration strategy in place to ensure all employers are aware of their responsibilities in the Fund. Training provided where needed. Dedicated Communications Team to ensure full compliance from employers. Penalty charges apply if employer is in breach of any of their responsibilities. New employer portal allows employers to submit monthly membership data, which in turn prompts them to submit lever forms, etc.	Communications & Employer Relations Manager	No Change
Fu1	Funding	Inability or refusal of an employer to pay cessation valuation.	15/07/2025	2	3	6	Medium	Reviewed. No change in risk or procedures.	Action to be taken through the courts. Employers now have the possibility of entering into a deferred debt arrangement or a debts spreading arrangement, which avoids having to pay a cessation cost as a lump sum.	Fund Administrator	No Change
Go1	Governance	Frequent and/or extensive turnover of committee members, or insufficient knowledge of regulations, guidance and best practice to make good decisions.	15/07/2025	1	2	2	Low	Reviewed. No change in risk or procedures.	Member training plan in place. Training policy has been produced. Monitoring of member attendance in place to ensure regular attendance.	Pensions Manager	No Change

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
Go2	Governance	Officers lack the knowledge and skills required to effectively advise elected members and/or carry out administrative duties. There is also a requirement to ensure that Committee members and Board members are appropriately trained to undertake their duties effectively.	15/07/2025	2	2	4	Low	Reviewed. No change in risk or procedures.	Training programmes in place for all staff. Professional qualifications offered to staff and a requirement for senior roles. Senior staff members attending regional and national forums. Staff training needs identified through in house training and development, and addressed through the appraisal process. Regular Training events and modules available for Board and Committee, along with a training policy for board members.	Pensions Manager	No Change
Go3	Governance	Committee members have undisclosed conflicts of interest.	15/07/2025	1	2	2	Low	Reviewed. No change in risk or procedures.	Conflicts of Interest are a regular item on all committee agendas. A Conflict of Interests Policy was introduced in October 2019. A log of interests is now maintained and board members have to complete a declaration of interests form.	Pensions Manager	No Change
Go4	Governance	Decisions are not implemented properly.	15/07/2025	1	2	2	Low	Reviewed. No change in risk or procedures.	Regular review of all decisions. Progress against all actions is reported to the committee.	Pensions Manager	No Change
Go5	Governance	Lack of mechanisms and policies for communicating with Scheme members and employers means that decisions are not available for scrutiny.	15/07/2025	1	2	2	Low	Reviewed. No change in risk or procedures.	Summary of all PFC and LPB minutes to be published in a timely fashion. Annual report published each year. Pension Fund website means information is accessible. Annual Newsletter issued with ABIs.	Pensions Manager	No Change

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
It1	IT Systems	Pension Administration system is not adequate to deliver complex historical pension calculations or implement new scheme changes.	15/07/2025	2	2	4	Low	Reviewed. No change in risk or procedures.	Staff trained to have the ability to manually perform calculations in occasions that systems fail, or cannot process historical/recent scheme changes. Regular collaboration and sharing of expertise knowledge with other funds.	Pensions Manager	No Change
It2	IT Systems	IT systems go down for a prolonged period leading to an inability to access data and run calculations.	15/07/2025	2	2	4	Low	Reviewed. No change in risk or procedures.	Business Continuity Plan, including disaster recovery plans to be updated. Staff trained in manual calculations and collaboration with other funds.	Systems Manager	No Change
It3	IT Systems	Access to on-line Employer Portal not available, for example due to cyber security attack on Dorset Council web addresses, resulting in employers being unable to submit required information in a timely manner in accordance with our admin strategy.	15/07/2025	2	2	4	Low	New risk	Business continuity plan to include provision for employers to submit required information in other forms (such as e-mail) and any employer penalty charges to take into account any period affected by loss of service.	Systems Manager	New risk
Le1	Legislation	Lack of access to appropriate legislation, best practice or guidance could lead to the Fund to act illegally.	15/07/2025	2	1	2	Low	Reviewed. No change in risk or procedures.	Access to LGA material, use of specialist advisors, membership of national and regional forums. Collaborative working with other funds.	Pensions Manager	No Change
Le2	Legislation	Lack of understanding of key changes means the impact is not fully understood.	15/07/2025	2	1	2	Low	Reviewed. No change in risk or procedures.	Regular Technical Management meetings to consider impact. Use of special project teams. Expert advice and collaboration with other funds.	Pensions Manager	No Change
Le3	Legislation	Lack of resource and/or skills to effectively communicate Scheme changes with members and employers.	15/07/2025	1	2	2	Low	Reviewed. No change in risk or procedures.	Communication & Employer Support team in place, regular training provided to ensure knowledge and skills of team members. Collaboration with other funds.	Pensions Manager	No Change

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
Se1	Security	Non-Compliance with GDPR	15/07/2025	2	3	6	Medium	Reviewed. No change in risk or procedures.	All staff required to complete GDPR training, plus additional external training provided to senior staff. DCPF Internal data protection policy for Administering Authority in place. GDPR actions checklist established. Privacy Policy published on DCPF website. Revision of contracts with external suppliers to ensure GDPR compliance. Update 9/7/24: To ensure unauthorised family members cannot access a deceased member's pension details, the fund has taken the steps to disable access to the online member portal when a notification of a member's death is entered into the Pensions Administration System.	Systems Manager	No Change
Se2	Security	Data Protection procedures non-existent or insufficient leading to poor security for member data.	15/07/2025	2	2	4	Low	Reviewed. No change in risk or procedures.	Staff must complete data protection and cyber security training. Secure portal for communication and submission of sensitive information between employers and the Fund. Shredder and Confidential Waste bin present in office. Multiple passwords required to access all software containing sensitive information. Systems are protected against viruses and other system threats.	Systems Manager	No Change
Se3	Security	Cyber Security Breaches	15/07/2025	3	3	9	Medium	Reviewed. No change in risk or procedures.	All staff have to complete compulsory training provided by Dorset Council in both Data Protection and Cyber Security. The Pension Section's ICT is provided by DC, and this includes Cyber Security protections.	Systems Manager	No Change
Se4	Security	Fraud by members.	15/07/2025	2	2	4	Low	Reviewed. No change in risk or procedures.	Compliant with audit recommendations. Form of identity check required before any benefits are payable i.e. passport or birth certificate. Mortality screening in UK and overseas performed regularly. To ensure unauthorised family members cannot access a deceased member's pension details, the fund has taken the steps to disable access to the online member portal when a notification of a member's death is entered into the Pensions Administration System.	Pensions Manager	No Change
Se5	Security	Fraud by staff.	15/07/2025	2	2	4	Low	Reviewed. No change in risk or procedures.	Compliant with audit recommendations. Robust accounting checks in place and adherence with best practice. Systems in use have built in controls and access levels. Processes in place to ensure staff leaving have access stopped immediately. All payments checked and authorised before being processed.	Pensions Manager	No Change

Investment Performance

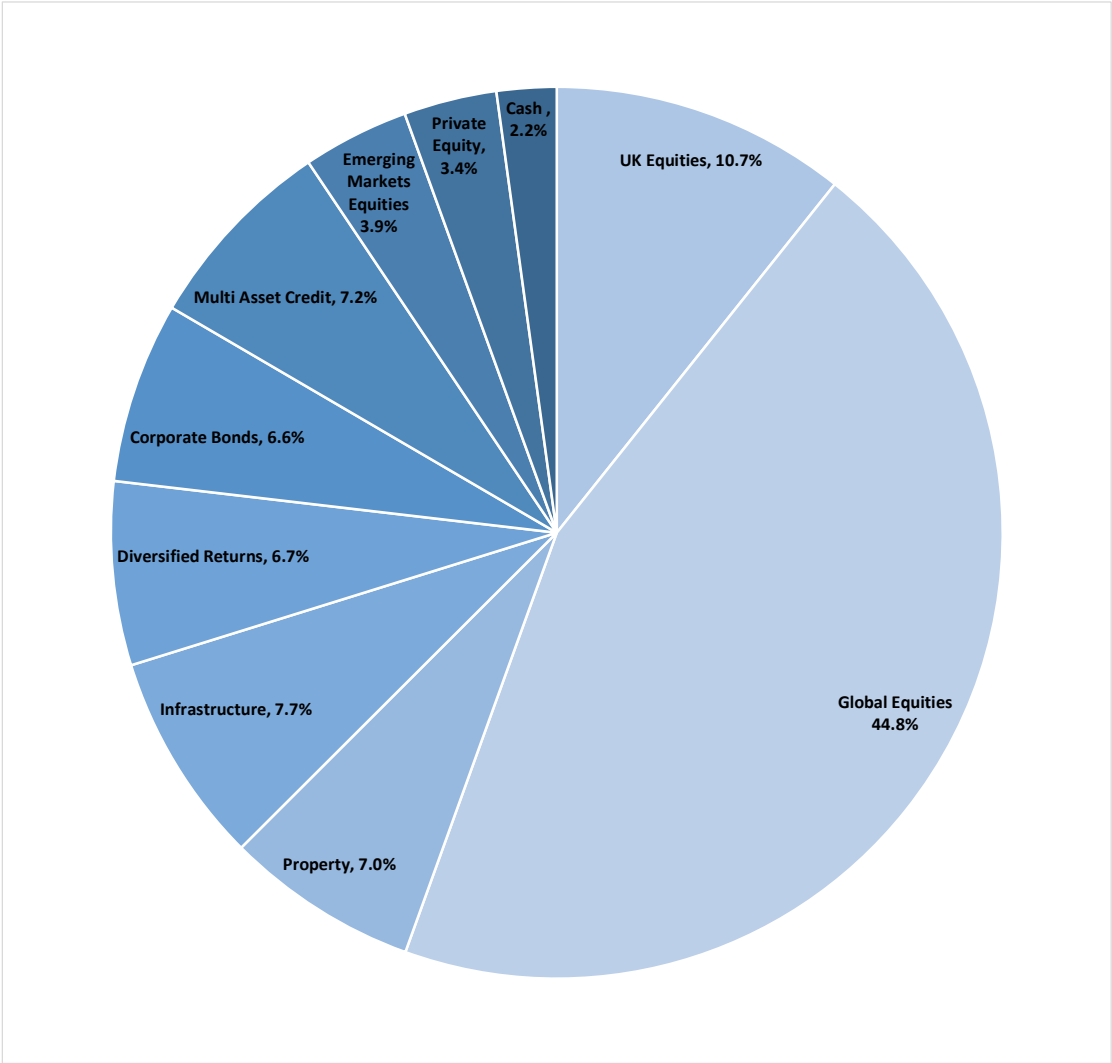
Fund Information 2024-25



£149.1M Fund Value Increase	£4.1Bn Total Fund Value	3.8% Fund Value Increase	4.7% Total Annual Return	2.7% Underperformed Benchmark
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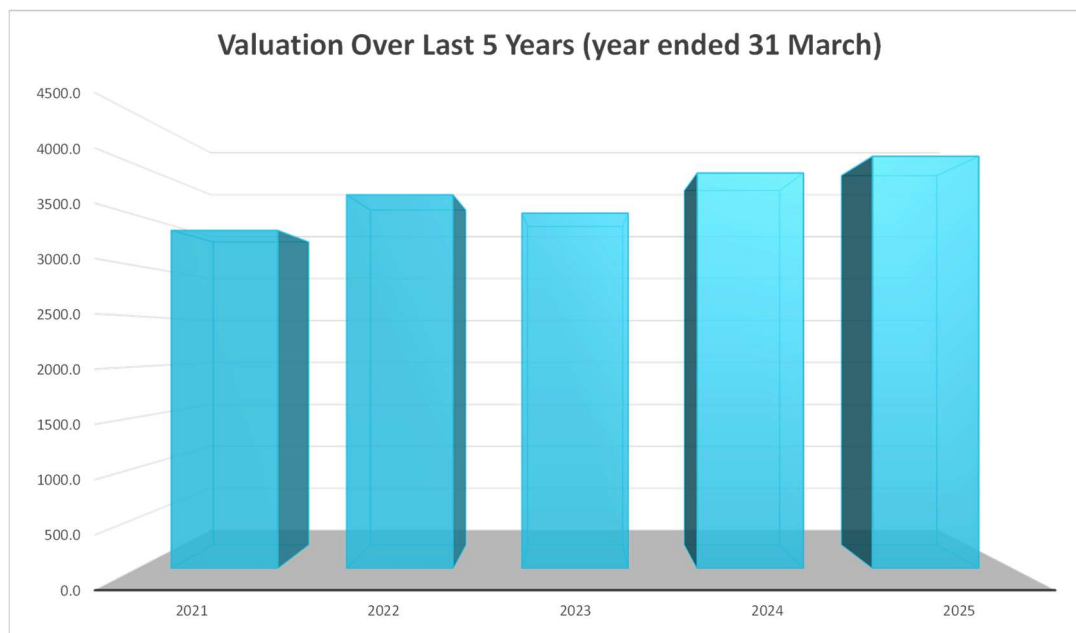
Total Asset Distribution as at 31 March 2025

The total asset distribution of the Dorset County Pension Fund as at 31 March 2025 is shown in the chart below. These allocations are within the agreed targets.



Fund valuation (year ended 31 March 2025)

The diagram below shows the change in value of the Fund over the last five years as at 31 March.



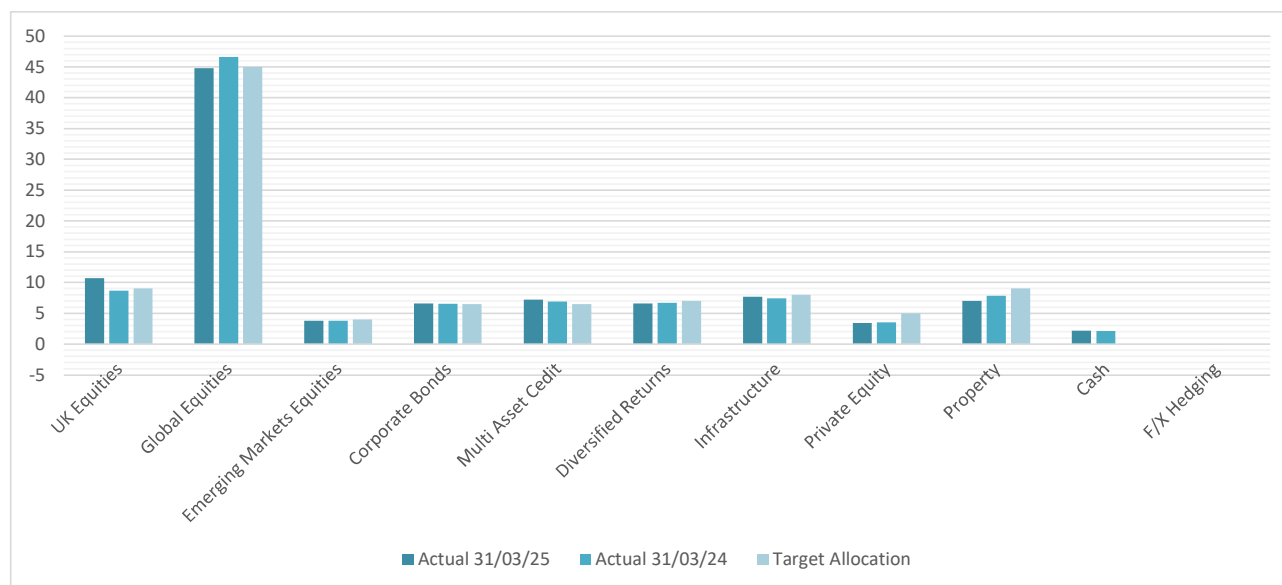
Asset allocation

The Dorset County Pension Fund Committee is responsible for deciding the asset allocation of the fund. The table below summarises the Fund's Asset Allocation.

The main requirement in managing the Fund is to ensure adequate diversification of its assets over different asset classes. The correct balance must be struck between the desire for enhanced returns and potential 'risk' of volatility in those returns i.e. the investment policy of the Fund is aimed at maximising returns within the acceptable limits of risk. The portfolio balance needs to be regularly monitored and adjusted in line with the economic, financial and market indicators.

Asset Class	31-Mar-24		31-Mar-25		Target Allocation	
	£M	%	£M	%	£M	%
UK Equities	339.9	8.7	436.1	10.7	366.4	9.0
Global Equities	1,826.2	46.6	1,822.6	44.8	1,831.8	45.0
Emerging Markets Equities	147.8	3.8	157.2	3.9	162.8	4.0
Total Listed Equities	2,313.9	59.1	2,415.9	59.3	2,361.0	58.0
Corporate Bonds	256.4	6.5	267.1	6.6	264.6	6.5
Multi Asset Credit	269.7	6.9	292.4	7.2	264.6	6.5
Diversified Returns	262.2	6.7	270.7	6.7	284.9	7.0
Infrastructure	290.4	7.4	312.7	7.7	325.6	8.0
Private Equity	138.4	3.5	137.2	3.4	203.5	5.0
Property	307.2	7.8	285.0	7.0	366.4	9.0
Cash	82.7	2.1	88.8	2.2	-	0.0
F/X Hedging	-2.8	-0.1	0.8	0.0	-	0.0
Total Asset Valuation	3,918.1	100.0	4,070.6	100.0	4,070.6	100.0

The Asset Mix of the portfolio is shown in the diagram below.



There was no target allocation for Cash as at 31 March 2025.

F/X Hedging was -0.1% on 31 March 2025. There was no target allocation for F/X Hedging as at 31 March 2025.

Investment Managers

The investment managers and their appointed portfolios are shown below, with the figures showing the percentage of the Fund's assets that each manager is responsible for based on market values as at 31 March 2025.

Manager	Asset Class	£M	%
Brunel	Global Equities	1,551.6	38.1
Brunel	UK Equities	436.1	10.7
Brunel	Overseas Equities	428.2	10.5
Brunel	Multi Asset Credit	292.4	7.2
Brunel	Diversifying Returns Fund	270.7	6.7
Brunel	Bonds	267.1	6.6
CBRE Global Investors	Property/Property Funds	228.2	5.6
IFM	Infrastructure	171.2	4.2
Cash & Cash Equivalents	Cash & Cash Equivalents/Interest Receivables	88.8	2.2
Federated Hermes	Infrastructure	77.6	1.9
Brunel	Private Equity	73.0	1.8
Brunel	Infrastructure	63.9	1.6
Brunel	Property Funds	56.8	1.4
HarbourVest	Private Equity	56.2	1.4
Patria	Private Equity	8.0	0.2
Derivatives	Derivatives	0.8	0.0
Total Assets		4,070.6	100.0

Performance

Performance of the Fund is measured against an overall strategic benchmark. Performance of fund managers is reviewed quarterly by the Pension Fund Committee, which is supported by the Fund's independent adviser.

The overall performance of each manager is measured over rolling three and five-year periods, as inevitably there will be short-term fluctuations in performance.

Fund Returns Achieved Over One, Three and Five Years by Asset Class

The overall performance of the Pension Fund's investments to 31 March 2025 is summarised below (returns for three and five years are annualised figures).

The table overleaf sets out a more detailed analysis of the Fund's investment returns for one, three and five years, broken down by asset class and enables comparison against their specific benchmarks.

Rates of Return - One Year Summary

During the year, the Fund underperformed its bespoke benchmark with a return of 4.7% compared to a benchmark of 7.4%. Positives to performance have been attributable to the Brunel Private Equity Cycle 3 (6.6%), Brunel Infrastructure Cycle 3 (5.5%) and Brunel Private Equity Cycle 1 (2.2%). The Brunel Sterling Corporate Bonds performed well outperforming its benchmark by 1.8%.

The main detractors to performance were the legacy Private Equity managers Patria (-12.9%) and HarbourVest (-8.7%). Legacy Infrastructure manager Federated Hermes underperformed its benchmark by 12.1%, whilst the Brunel Global Sustainable Equities Fund underperformed its benchmark by 8.0%.

Rates of Return - Three Year Summary

Over the three-year period, the Fund returned 3.6% against its bespoke benchmark of 5.5%. Positives to performance have been attributable to Private Equity Cycle 1 (2.4%) and the Passive Smart Beta Fund (0.6%) and the Passive Smart Beta Hedged Fund (0.5%).

The main detractors to performance were the Brunel Secured Income Cycle 1 Fund which underperformed its benchmark by 9.4%, whilst Infrastructure manager Federated Hermes underperformed its benchmark by 10.8%. Private Equity Manager HarbourVest underperformed its benchmark by 8.1% and the Brunel Global Sustainable Equities Fund underperformed its benchmark by 5.3%.

Rates of Return - Five Year Summary

Over the five-year period, the Fund underperformed its benchmark with a return of 8.7% compared to a benchmark of 9.5%. Positives to performance were Property manager CBRE who outperformed its benchmark by 1.5%, whereas Private Equity manager HarbourVest and Brunel Smart Beta fund (Hedged and Unhedged) outperformed the benchmark by 1.0% and 0.6% respectively.

The main detractors to performance were Federated Hermes who underperformed their benchmark by 9.1%, Patria who underperformed their benchmark by 6.0% and the Brunel Secured Income - Cycle 1 portfolio which underperformed their benchmark by 3.9% over the five-year period.

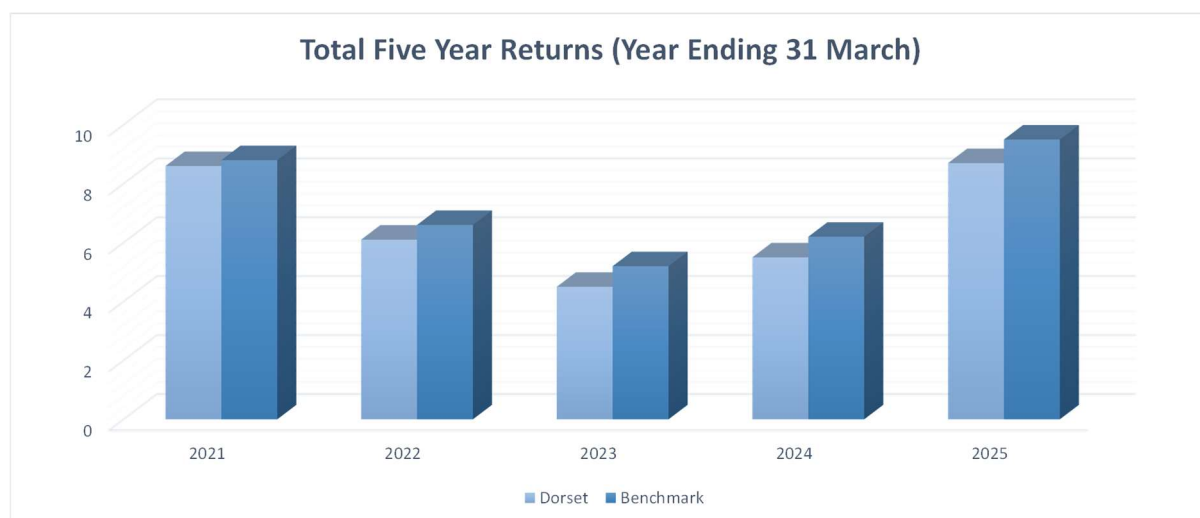
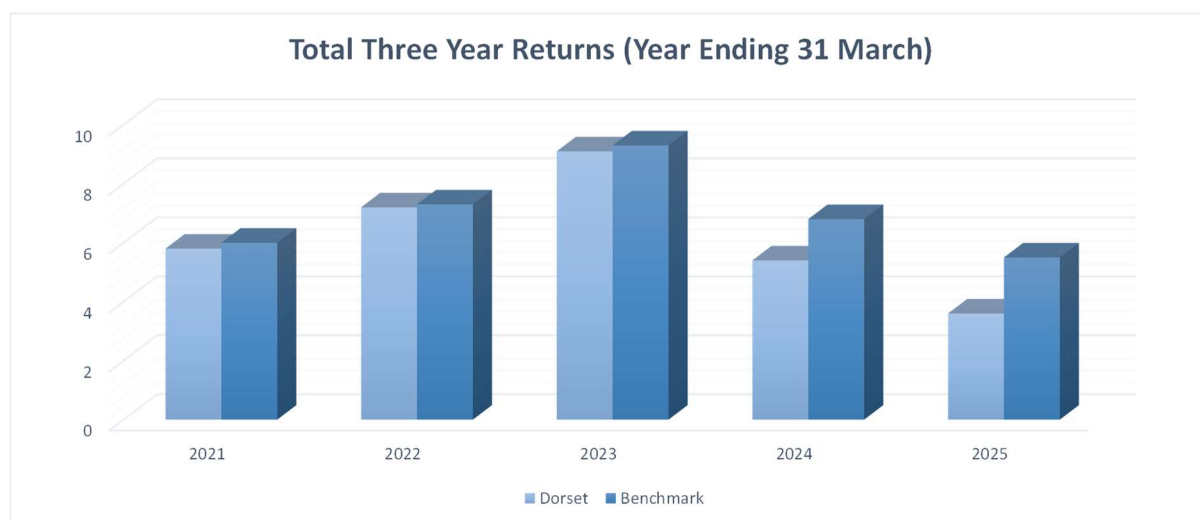
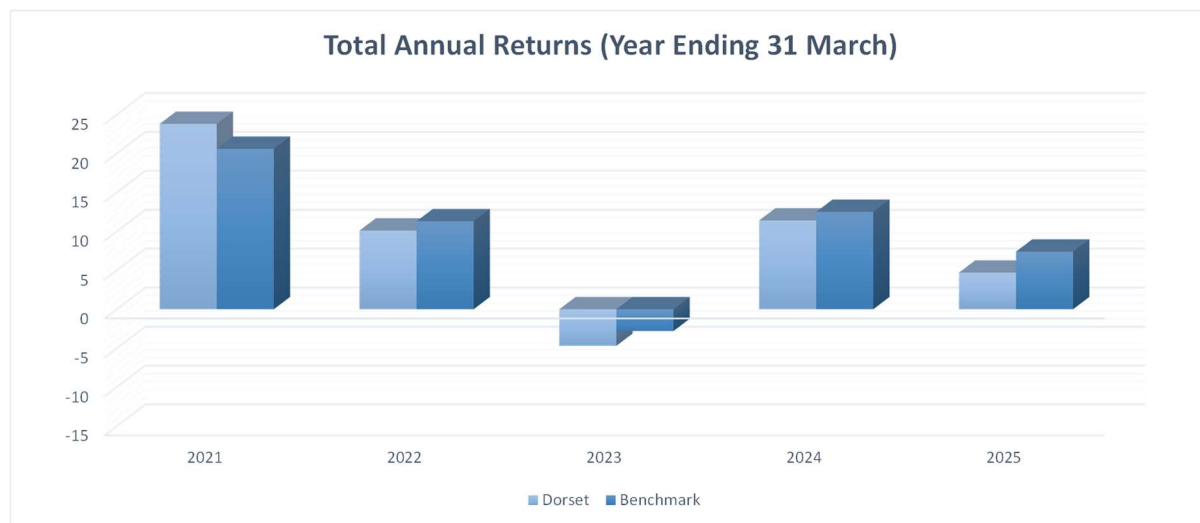
Performance Monitoring

Investment manager performance is reviewed quarterly by the Pension Fund Committee. The Committee review comprehensive quarterly and longer period reports that includes the performance of each manager measured against their benchmark and target. Information on returns is currently provided by State Street.

	Dorset 1 year %	Benchmark %	Dorset 3 year %	Benchmark %	Dorset 5 year %	Benchmark %
UK Equities						
Brunel Passive UK Equities	10.5	10.5	7.3	7.2	12.2	12.0
Brunel UK Active Equity	9.7	11.0	7.4	7.7	11.4	12.2
Overseas Equities						
Brunel Emerging Market Equity	6.4	6.3	1.6	2.6	6.3	7.5
Brunel Global High Alpha Equity	0.8	5.2	6.8	8.8	14.8	15.7
Brunel Passive Smart Beta	5.7	5.3	7.7	7.2	13.9	13.4
Brunel Passive Smart Beta Hedged	8.4	8.0	7.6	7.1	14.9	14.3
Global Equities						
Brunel Global Sustainable Equities	-2.7	5.3	2.8	8.1	N/A	N/A
Brunel Passive Developed Equities	4.6	5.0	8.4	8.6	15.3	15.5
Brunel Passive Developed Equities Hedged	7.4	7.9	8.4	8.6	16.3	16.4
Brunel Smaller Companies Equities	-4.9	-1.9	0.5	2.7	N/A	N/A
Bonds						
Brunel Royal London Mutual Insurance Mutual Fund	4.2	2.4	N/A	N/A	N/A	N/A
Multi Asset Credit						
Brunel Multi Asset Credit	8.4	9.2	5.4	8.2	N/A	N/A
Private Equity						
Patria	-2.4	10.5	2.9	7.2	6.0	12.0
Brunel Private Equity - Cycle 1	7.5	5.3	10.5	8.1	15.3	14.8
Brunel Private Equity - Cycle 3	11.9	5.3	N/A	N/A	N/A	N/A
HarbourVest	1.7	10.5	-0.9	7.2	13.1	12.0
Property						
CBRE Global Investors	4.9	6.3	-2.1	-2.7	2.8	2.2
Property Funds						
Brunel Secured Income - Cycle 1	3.6	2.6	-4.1	5.2	0.8	4.7
Brunel Secured Income - Cycle 3	2.5	2.6	N/A	N/A	N/A	N/A
Infrastructure						
Brunel Infrastructure - Cycle 3	8.2	2.6	N/A	N/A	N/A	N/A
Federated Hermes Fund	-2.1	10.0	-0.9	10.0	0.9	10.0
IFM Fund	6.0	10.0	8.9	10.0	10.3	10.0
Diversified Returns Fund						
Brunel Diversifying Returns Fund	3.2	8.1	3.6	7.2	N/A	N/A
Overall Fund Return	4.7	7.4	3.6	5.5	8.7	9.5

Total Returns Over the Past Five Years

The charts below show the total annual, three and five year returns of the Fund compared with its benchmark for each of the last five years as at 31 March.



Fund Benchmarks

The Fund utilises external investment managers to undertake the day-to-day management of the Fund's assets. Each manager has a specific benchmark and performance target against which their performance is regularly monitored.

The table below shows the Managers of the Fund and their respective benchmarks.

Manager	Mandate	Benchmark Indices	Inception Date
Brunel	Global Sustainable Equities	MSCI World All Cap	2020
Brunel	Multi Asset Credit	Sonia + 4%	2021
Brunel	Smaller Companies Equities	MSCI World Small Cap	2021
Brunel	Sterling Corporate Bonds	iBoxx Sterling Non-Gilts Overall Total Return Index	2022
Brunel - Colmore	Infrastructure Cycle 3	Consumer Price Index	2022
Brunel - Colmore	PM Secured Income - Cycle 1	Consumer Price Index	2019
Brunel - Colmore	PM Secured Income - Cycle 3	Consumer Price Index	2023
Brunel - Colmore	Private Equity - Cycle 1	MSCI ACWI	2019
Brunel - Colmore	Private Equity Cycle 3	MSCI AC World Index	2023
Brunel - Colmore	Private Equity Cycle 4	MSCI ACWI	2024
Brunel - Fundrock	UK Active Equity	FTSE All Share	2018
Brunel - Fundrock	Diversifying Returns Fund	SONIA	2020
Brunel - Fundrock	Emerging Markets Equity	MSCI EM TR Gross	2019
Brunel - Fundrock	Global Equity High Alpha	MSCI World TR Gross	2019
Brunel - LGIM	Passive Developed Equities	FTSE World Developed	2020
Brunel - LGIM	Passive Developed Equities (Hedged)	FTSE World Developed GBP (Hedged)	2020
Brunel - LGIM	Passive Smart Beta	Passive Smart Beta Benchmark	2018
Brunel - LGIM	Passive Smart Beta (Hedged)	Passive Smart Beta (Hedged) Benchmark	2018
Brunel - LGIM	Passive UK Equities	Passive UK Equities Benchmark	2018
Brunel - Tutman	Low Volatility Global Equity	MSCI AC World Index	2024
CBRE	Property	MSCI Quarterly Universe	2000
Federated			
Hermes	Infrastructure	10% Absolute Return	2015
HarbourVest	Private Equity	FTSE All Share	2006
IFM	Infrastructure	10% Absolute Return	2016
Patria	Private Equity	FTSE All Share	2006
Source: State Street			

Overview of Assets

The table below shows the Top 10 holdings of the Pension Fund as at 31 March 2025.

Security Name	Sector	Sub-Sector	Country	Market Value £	% of Pension fund
UK Equities					
Microsoft Corp	Information Technology	Systems Software	United States	44,486,584.27	1.09
Astrazeneca Plc	Health Care	Pharmaceuticals	United Kingdom	29,983,131.82	0.74
Shell Plc	Energy	Integrated Oil & Gas	United Kingdom	28,025,710.06	0.69
Univer Plc	Consumer Staples	Personal Care Products	United Kingdom	27,684,647.91	0.68
Mastercard Inc - A	Financials	Transaction & Payment	United States	26,651,021.37	0.65
Amazon.com Inc	Consumer Discretionary	Broadline Retail	United States	26,480,230.45	0.65
HSBC Holdings Plc	Financials	Diversified Banks	United Kingdom	23,658,790.51	0.58
Nvidia Corp	Information Technology	Semiconductors	United States	22,458,666.75	0.55
Apple Inc	Information Technology	Technology Hardware	United States	21,881,602.12	0.54
Alphabet Inc Class A	Communications Services	Interactive Media	United States	18,179,974.39	0.45

Table excludes cash and non-pooled assets. This is an estimated aggregate position using Brunel Portfolios.

Scheme Administration

The Local Government Pension Scheme



The Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is one of the largest pension schemes in the UK. It is a national pension scheme for people working in local government or working for other employers that participate in the Scheme. The LGPS in England and Wales is administered locally by 86 local pension funds.

The LGPS is a statutory public service pension scheme with over 6.7 million members in England and Wales. This is split:

- 2.1 million people are currently paying into the LGPS;
- 2.1 million people are being paid a pension from the LGPS; and
- 2.5 million have a pension with the LGPS that they have not yet taken.

The Scheme is regulated by statute through the Department for Ministry of Housing, Communities and Local Government. The Local Government Pension Scheme is a defined benefit scheme. This means that benefits are determined by the regulations and are not affected by investment performance or market conditions.

The Scheme is governed by the Public Services pension Act 2013. The fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended), describe how rights accrue and how benefits are calculated with effect from 1st April 2014. These regulations also contain the administrative provisions for the Scheme.

- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended), set out how membership accrued prior to 1st April 2014 counts. These regulations also remove the ability of Councillors in England and Wales to continue their participation in the LGPS.
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended), provide the regulatory framework for the investment of pension fund assets.

The LGPS is a registered public service pension scheme. This means that members can receive tax relief on the contributions that are paid, subject to certain limits.

Members include people who work in Local Authorities, including Dorset Council and Bournemouth, Christchurch and Poole Council, education establishments, admitted, resolution and scheduled bodies within Dorset.

Membership is generally available to employees of participating employers who have contracts of employment of three months or more, are under the age of 75 and who are not eligible for membership of other statutory pension schemes.

Membership of the LGPS is therefore not open to teachers, police officers, firefighters and civil servants who have their own pension schemes.

With effect from 1 April 2014 the LGPS changed from a final salary scheme to a career average scheme. All benefits built up in the LGPS after 31

March 2014 will be calculated under the rules of the career average scheme.

The vision is to administer the DCPF successfully, in a cost-effective way, whilst meeting member expectations, and ensuring our statutory duties are met.

Cost Management

A cost management process ensures the long-term sustainability of the LGPS. The cost of the Scheme is monitored to make sure it stays within limits by the Scheme Advisory Board and HM Treasury. Changes to the Scheme design may be required if the cost of the LGPS becomes higher or lower than those limits.

How the Scheme Currently Works

Scheme Benefits

The main provisions of the LGPS scheme are as follows:

- The scheme provides a guaranteed pension. From the 1st of April 2014 the Scheme became a Career Average Revalued Earnings (CARE) scheme with benefits building at a rate of 1/49th of pay plus an annual revaluation in line with increase in CPI. The Final Salary link was retained for all benefits prior to 31 March 2014 (1/60th of final pay for each year of membership in the scheme after 31 March 2008 and membership to 31 March 2008 calculated as 1/80th final pay pension plus 3/80ths lump sum).
- Up to 25% of the capital value of benefits can be taken as a lump sum by commutation using the 12:1 commutation rate, i.e. for every £1 of pension given up the member gets £12 lump sum on retirement.
- Benefits prior to 31 March 2014 continue to be calculated on final pay, being the best one of the last three years' pay.
- Retirement age for future benefits is now State Pension Age, with protections for older members, but with the right to take pension from age 55 with a reduction for early payment.
- Flexible retirement with employer consent is permitted from age 55.
- Immediate payment of pension benefits following redundancy / efficiency retirement on or after age 55.
- A three-tier ill health benefits system.

- A death grant of three times pay for death in service; five times pension if a deferred beneficiary dies; and 10 times pension less pension already paid if a pensioner dies within ten years of retirement and before age 75.

- Spouses' and Civil Partners pensions are generally based on a 1/160th accrual rate. Co-habiting partners pension will also be based on a 1/160th accrual rate but on post 5 April 1988 membership only.
- Members can buy extra scheme pension up to a maximum of £8,344 or they can pay into an Additional Voluntary Contribution (AVC) plan.
- Employers can grant extra pension of up to £8,344.
- Trivial pensions may be commuted into a single lump sum payment in accordance with HMRC rules.

Membership

Employees must normally have a contract of employment for three months or more in order to be eligible for membership. Membership of the Scheme is then compulsory but eligible employees are free to choose whether to remain in the Scheme or make their own personal pension arrangements outside the Scheme.

Contributions

Employees and employers contribute to the scheme. Employees: Members of the LGPS pay a contribution rate dependant on the salary band they fall in to. The contribution rate employees pay depends on their salary. The bands and contribution rates for 2024-25 are set out in the table on page 38.

If a member leaves with at least two years membership and is not entitled to immediate payment of benefits and does not choose to transfer out their accrued benefits, deferred benefits are awarded. Deferred benefits are those which remain in the Fund and are paid when the member reaches retirement age. Such benefits are subject to inflationary increases between the date of leaving and the date of payment.

Standard contributions for members vary from 5.5% to 12.50% depending on the members' level of pensionable pay. Employers meet the balance

of the cost of the LGPS through variable employer contributions which are set by the DCPF's actuary every three years following a valuation. Employer contribution rates are shown on pages 41-44.

DCPF's employers are all required to use the employer portal, which enables notifications and

data to be exchanged securely. This system links directly into our workflow system.

Scheme Employers

Scheme employers are supported by a dedicated team, who are available to assist and support employers. In addition to the information, forms and fact sheets are available on the DCPF's website, regular training is provided to assist employers in understanding their role and responsibilities, and in completing the data returns required. A new employer specific website went live in September 2019 to provide better support to employers <https://dcpfemployers.org>.

Employer meetings, (Pension Liaison Officers Group – PLOG), meet three times a year, and all employers are invited to attend.

Specific support is provided to employers outsourcing and new employers including a dedicated section on the website.

Full support and regular training are provided to assist employers in completing and maintaining their LGPS discretions policy, including a section on the fund website containing a full list of discretions, policy guidance and a template document at www.dcpfemployers.org

Value for Money

The DCPF is committed to ensuring that the administration functions represent value for money and ensuring the continued improvement of cost efficiency where possible. Our vision is to administer the DCPF successfully, in a cost-effective way, whilst meeting member expectations, and ensuring our statutory duties are met.

The scheme continues to offer value for money to employers and members, by making sure that both Pension Committee and Board have the right skill set and knowledge to ensure governance of the fund; whilst also making sure that the investment and administration teams are, appropriately and adequately resourced to meet the day-to-day challenge for running the Fund.

Data Quality

Retaining good quality data within the Fund is paramount to ensuring effective governance and administration of members' pension records.

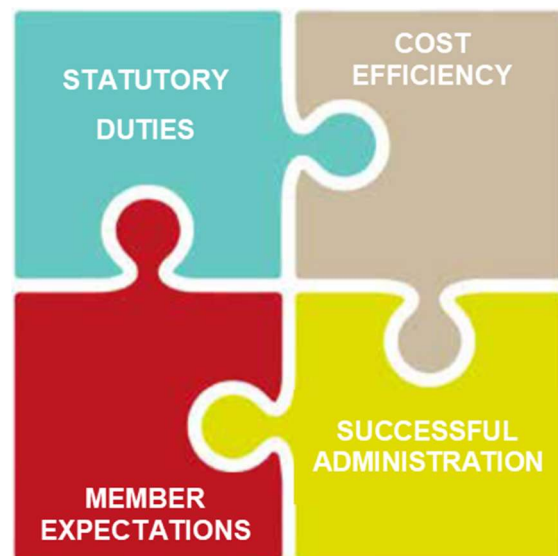
Whilst the Fund has a high level of scheme member data which is considered to be present

and accurate, it continually strives to improve its data quality.

Since 2018, the DCPF has developed a Data Improvement Plan following annual reports commissioned to examine the quality of the data held. The annual report, and subsequent

improvement plans, have led to the continued improvement of our data, and currently all scheme data is in excellent condition. This comes as a continued and joint effort of both the administration team and the DCPF employers who have committed to providing accurate and timely data. Where employers have not been able to meet these requirements, financial penalties as set out in the Pensions Administration Strategy have been imposed, together with an enhanced programme of training and support.

The Pensions Regulator requires all pension schemes to report to them via the annual Scheme Return, the data quality scores, for both common and scheme specific data.



Performance Information

The table below shows a summary of the main task areas, our local target for completion, (Fund KPIs), the legal timescales, the number of tasks completed in each work area, plus the % completed within our target time.

This represents a section of our work only; it does not cover all work areas.

Process	Fund KPIs	Legal Requirement	Number of cases completed in year	% completed within Benchmark
Deaths - Calculate and notify amount of dependent's benefit	15 days	2 months	291	77.66
Estimates - Letter notifying estimate of retirement benefits	15 days	2 months	898	97.88
Retirements - Process and pay lump sum retirement grant (including all retirement types)	10 Days	2 months	1,745	94.90
Deferment - Calculate and notify deferred benefits	40 Days	2 months	2,060	94.37
Transfers in - Letter detailing transfer in quote	15 Days	2 months	124	100.00
Refund - Process and pay a refund	15 Days	2 months	630	100.00
Joiners - Send notification of joining the LGPS to scheme member	30 Days	2 months	4,791	100.00

Process	Fund KPIs	Legal Requirement	Number of cases completed in year	% completed within Benchmark
Divorce - estimates for divorce purposes processed	15 Days	2 months	175	99.43
General Correspondence	15 Days		8,107	98.43
Total	18,821		18,404	97.78

Communications and Member Engagement

In 2018, the DCPF launched a Member Self-Service (MSS) facility, which enables active, deferred and pensioner members the option to change basic details, such as address, run through benefit calculations and also receive communications.

In August 2021, the member portal changed due to the change in pensions administrative software. This change has also increased the ability for users to contact the Fund, with the ability to upload documents and certificates.

My Pension - Dorset County Pension Fund's On-line Member Self-Service Portal for Active and Deferred Members

If you are an active or deferred member, you can perform your own benefit calculations from the data held on your pension record, so that you can actively plan for your retirement. You are able to perform as many calculations as you wish and in future not have to wait for your annual benefit statement to arrive before finding out what you can expect to receive when you retire. You are also able to view and update your personal details, which includes changing your death grant expression of wish, if needed.

In Summary:

- View / update your personal details.
- View financial details.
- Perform benefit calculations.

Pensioner Members

You will be able to change your home address, as well as being able to calculate the level of survivor's benefits payable upon your death, making it easier to manage your affairs.

In Summary:

- View / update your basic details.
- View / update your death grant nomination.

To register go to the My Pension website:

<https://mypension.dorsetcouncil.gov.uk>

Annual Benefit Illustrations are issued each year to active and deferred members together with an annual newsletter detailing regulatory changes and key messages for members. Annual newsletters are also sent to pensioner members each year. These communications are very well received by members.

The Communication Policy Statement for the DCPF can be found on the website below.

<https://www.dorsetpensionfund.org/forms-and-publications/communications-policy/>

In-House AVC Provider

The In-House AVC provider is the Prudential. Additional Voluntary Contributions (AVCs) allow members to build up extra savings for retirement. If members choose to pay AVCs, they are invested separately from the LGPS benefits and provide the member with additional income upon their retirement.

The LGPS has a provision within its regulations to allow an employee to enter into an agreement in which the employer can decide to also contribute to their employee's AVC arrangement. This is known as a Shared Cost AVC (SCAVC). This can be done under a Salary Sacrifice arrangement. If an employee enters a SCAVC Salary Sacrifice arrangement with their employer, they would both stand to make savings.

For example, if an employee was earning £20,000, and agrees with their employer that they will give up £1,000 of their salary, which the employer will put directly into a AVC fund, then as long as the employee also puts in a minimum of £1, they will enter a Shared Cost AVC.

The employee will make savings on tax and National Insurance (NI) contributions, and the employer will save on NI contributions. The employee could well have made the same tax savings themselves, by simply paying the £1,001 in directly into the AVC pot, without involving their employer or Salary Sacrifice at all, but via Salary Sacrifice the employee would get the bonus on saving on their National Insurance contributions too. Not all employers permit SCAVCs as this is an employer discretion.

Scheme Membership

Employees Contributions Table 2024-25

The 2024-2025 employee contribution bandings within the main and 50/50 sections of the LGPS have been confirmed and are detailed below.

There are nine salary bands with a different contribution percentage for each band. The following pay bands and contribution rates will apply in the main and 50/50 sections of the LGPS respectively from 1 April 2024 until 31 March 2025 (inclusive).

Contribution Table 2024-25			
Ba nd	Pay Bands: Actual Pensionable Pay	Contribution Rate Main Scheme %	Contribution Rate 50/50 Scheme %
1	Up to £17,600	5.50	2.75
2	£17,601 to £27,600	5.80	2.90
3	£27,601 to £44,900	6.50	3.25
4	£44,901 to £56,800	6.80	3.40
5	£56,801 to £79,700	8.50	4.25
6	£79,701 to £112,900	9.90	4.95
7	£112,901 to £133,100	10.50	5.25
8	£133,101 to £199,700	11.40	5.70
9	£199,701 or more	12.50	6.25

Pension Increase

Deferred benefits and pensions in payment are increased each year determined by the increase in the Consumer Price Index (CPI). The pension increase is effective in the first full week of each financial year and is determined by the CPI in the twelve months to the previous September. The increases are payable by the Fund and future increases are estimated at each triennial valuation. This rate is formally announced in October each year and the CPI increase which came into force in April 2025 has been announced as 1.7%.

Pensioners must be over the age of fifty-five or have retired on ill-health grounds to receive the increase. Those in receipt of a widow's, widower's or dependant's benefit receive the increase regardless of age.

The table opposite shows the rate of increases that have applied for the last ten years.

Year Beginning April	Rate of Increase %	Index
2025	1.7	CPI
2024	6.7	CPI
2023	10.1	CPI
2022	3.1	CPI
2021	0.5	CPI
2020	1.7	CPI
2019	2.4	CPI
2018	3.0	CPI
2017	1.0	CPI
2016	0.0	CPI

Triennial Valuation

Every three years the Fund commissions a formal valuation from the Fund's actuary, Barnett Waddingham LLP which produces two key outputs.

Firstly, it quantifies the funding level, i.e., the level to which the Fund's pension liabilities for the accrued benefits of current employees, deferred pensioners and pensions in payment are matched by the market value of the Fund's assets. A funding level of less than 100% implies that there is a deficit between the Fund's assets and liabilities at that date.

Secondly, it also sets the rate at which employers should contribute to the Fund for the following three years along with any deficit recovery payments.

Employer contributions are split into a primary rate and secondary rate.

The primary rate is what is required to meet the future benefits earned by active members (that is, current employees). The primary rate is usually expressed as a percentage of pay. This is then adjusted by the secondary rate to arrive at the overall rate the employer is required to pay. The secondary rate may be in respect of costs associated with the funding of active and inactive members' benefits earned up to the valuation date, although there can be other factors which affect this rate. The secondary rate may be expressed as a lump sum payment or as a percentage of payroll.

In 2022-23, the results of the latest triennial valuation of the pension fund's assets and liabilities were received from our actuary. This estimated that at 31 March 2022 the fund had assets sufficient to cover 96% of its accrued liabilities, an improvement from 92% at the 31 March 2019 valuation.

Participating Employers of the Fund

At 31 March 2025 there were 345 employers in the Pension Fund. Participating employers can be scheduled bodies, resolution bodies or admitted bodies, as defined below:

- **Scheduled Bodies.** Employers such as the unitary council (including maintained schools), further education establishments and Academies, whose employees are automatically entitled to be members of the Fund.
- **Resolution Bodies.** These are town and parish councils who can pass a resolution to allow all, or certain categories of employees, to join the LGPS.
- **Admitted Bodies.** These are voluntary, charitable and, in certain circumstances, private sector organisations carrying out scheduled bodies' contracts, where staff can become members of the Scheme by virtue of an Admission Agreement between the Pension Fund and the relevant body. At 31 March 2025 there were 54 Admitted Bodies participating in the Pension Fund.

The membership of the Scheme is analysed below over the three main categories of Active Members, Deferred Members and Pensioners.

- **Active Members:** Those in employment with the Council or one of the scheme employers making contributions to the Pension Fund.
- **Deferred Members:** Those who have left the Council or one of the Scheme employers but have not yet become entitled to receive their pension from the Scheme.
- **Pensioners:** Those who receive a pension from the Scheme (including spouses' and dependants' pension).

Scheme employers are supported by a dedicated team, who are available to assist and support

employers. In addition to the information, forms and fact sheets are available on our website, regular training is provided to assist employers in understanding their role and responsibilities, and in completing the data returns required. Our employers are all required to use our employer portal, which enables notifications and data to be exchanged securely. This system links directly to the pension administration system.

Employer meetings (Pension Liaison Officers Group – PLOG), meet three times a year, and all employers are invited to attend.

Specific support is provided to employers outsourcing and new employers including a dedicated section on our website. Full support and regular training are provided to assist employers in completing and maintaining their LGPS discretions policy, including a section on the fund website containing a full list of discretions, policy guidance and a template document at:

www.dcpfemployers.org

Employer Contribution Information – Year Ended 31 March 2025

The tables below show the Scheduled Bodies, Resolution Bodies and Admitted Bodies information.

The following tables show the employers participating in the Dorset County Pension Fund as at 31 March 2025. The contribution rates shown are the percentage of its employees' pensionable pay that each employer paid into the fund during 2024-25 as well as employees' contributions. The contribution rates are set at a level to bring the fund to 100% funding over a period of sixteen years. The contributions received from both employers and employees during the year are also shown.

Scheduled Bodies	Number of Active Members	Number of Pensioners	Number of Deferred Members	Employer Contribution Rate Paid %	Employer Contributions £	Employee Contribution Rate Paid %	Employee Contributions £
Principal Councils							
Dorset Council	6,524	11,942	10,059	19.1	37,640,899.95	6.4	10,572,067.37
BCP Council	5,123	7,965	6,514	19.0	35,799,800.10	6.4	9,660,232.03

Scheduled Bodies	Number of Active Members	Number of Pensioners	Number of Deferred Members	Employer Contribution Rate Paid %	Employer Contributions £	Employee Contribution Rate Paid %	Employee Contributions £
Parish and Town Councils							
Alderholt Parish Council	2	2	2	22.0	10,375.06	6.1	2,894.06
Bere Regis Parish Council	1	0	0	22.0	3,083.52	5.5	770.88
Blandford Town Council	17	16	10	22.0	88,700.50	6.3	25,263.37
Bothenhampton & Walditch Parish Council	0	1	0	N/A	0.00	N/A	0.00
Bradpole Parish Council	0	0	1	N/A	0.00	N/A	0.00
Bridport Town Council	25	9	10	22.0	126,122.22	6.1	34,831.19
Broadwindsor Group Parish Council	1	0	0	22.0	3,036.24	5.5	759.12
Charminster Parish Council	2	0	0	22.0	1,678.60	5.5	419.66
Chesil Bank Parish Council	1	0	0	22.0	1,020.37	5.5	255.10
Chickerell Town Council	6	0	0	22.0	16,682.62	6.0	7,924.45
Christchurch Town Council	6	2	0	22.0	42,389.16	6.5	12,551.56
Colehill Parish Council	2	2	2	22.0	13,062.94	6.2	3,702.62
Corfe Mullen Town Council	9	6	4	22.0	42,337.03	6.2	11,989.70
Crossways Parish Council	1	0	1	22.0	4,823.64	5.8	1,271.64
Dorchester Town Council	24	27	13	22.0	172,516.47	6.3	41,201.85
East Stoke Parish Council	1	0	0	22.0	787.00	5.5	186.57
Ferndown Town Council	16	9	2	22.0	63,900.12	6.4	18,842.03
Gillingham Town Council	15	9	10	22.0	94,935.82	6.2	26,671.93
Knightsford Parish Council	1	0	0	22.0	2,738.01	5.5	684.48
Lower Winterborne Parish Council	1	0	1	22.0	1,728.69	5.5	432.15
Lyme Regis Town Council	20	19	12	22.0	133,493.02	6.2	37,539.91
Lytchett Matravers Parish Council	1	1	0	22.0	4,460.02	5.8	834.76
Lytchett Minster And Upton Town Council	7	5	0	22.0	40,015.47	6.5	11,785.16
Maiden Newton/Frome Vauchurch Parish Council (1)	0	0	0	22.0	942.44	5.5	235.62
Milborne St Andrews Parish Council	0	1	0	N/A	0.00	N/A	0.00
Portland Town Council	11	6	2	22.0	52,293.33	6.2	14,688.25
Puddletown Area Parish Council (2)	1	1	0	22.0	0.00	N/A	0.00
Shaftesbury Town Council	9	8	13	22.0	52,768.09	6.2	14,889.46
Sherborne Town Council	21	22	6	22.0	118,038.12	6.4	34,142.50
St Leonards Parish Council	2	1	0	22.0	8,462.04	5.9	2,405.99
Stalbridge Town Council	1	0	0	22.0	4,498.21	5.8	1,185.89
Sturminster Marshall Parish Council	1	0	0	22.0	3,651.62	5.5	912.94
Sturminster Newton Parish Council	0	2	0	N/A	0.00	N/A	0.00
Swanage Town Council	39	75	32	22.0	212,735.47	5.8	55,959.81
Verwood Town Council	5	2	1	22.0	28,919.12	7.2	9,404.84
Wareham St Martin Parish Council	0	1	0	N/A	0.00	N/A	0.00
Wareham Town Council	8	11	8	22.0	52,590.84	6.5	15,485.95
West Moors Town Council	2	1	2	22.0	15,646.58	6.5	4,622.81
West Parley Parish Council	1	1	0	22.0	6,946.57	6.5	2,052.37
Weymouth Town Council	55	13	13	22.0	352,756.14	6.6	105,676.70
Wimborne Minster Town Council	8	3	7	22.0	57,423.74	6.4	16,683.68
Wool Parish Council	1	2	1	22.0	5,293.44	5.8	1,395.60

Scheduled Bodies	Number of Active Members	Number of Pensioners	Number of Deferred Members	Employer Contribution Rate Paid %	Employer Contributions £	Employee Contribution Rate Paid %	Employee Contributions £
Further and Higher Education Establishments							
Arts University Bournemouth	321	110	269	16.4	1,721,982.92	6.5	615,983.01
Bournemouth And Poole College	232	524	645	24.0	1,393,841.84	6.4	367,007.99
Bournemouth University	1,156	753	1,334	19.5	7,908,288.09	6.8	2,321,478.07
Health Sciences University	28	40	33	23.0	196,492.67	7.0	59,909.06
Weymouth And Kingston Maurward College	459	453	670	15.9	1,811,299.04	5.9	403,290.02

Scheduled Bodies	Number of Active Members	Number of Pensioners	Number of Deferred Members	Employer Contribution Rate Paid %	Employer Contributions £	Employee Contribution Rate Paid %	Employee Contributions £
Academies and Schools							
Atlantic Academy Portland	74	54	71	23.6	256,552.22	6.2	67,297.06
Authentic Education	732	195	431	23.6	2,829,142.34	6.1	733,933.36
Avonbourne Academy	160	89	128	23.6	619,906.22	6.0	160,812.64
Beaucroft School	132	18	23	23.5	445,753.08	5.8	110,847.15
Bishop Of Winchester Academy	57	26	68	23.6	278,632.05	6.3	72,748.77
Bournemouth School Academy	63	42	37	23.6	245,180.75	6.2	64,237.57
Bournemouth School For Girls Academy	71	46	42	23.6	273,845.01	6.3	72,658.47
Bovington Academy	32	1	19	23.6	79,500.85	5.8	19,440.93
Budmouth Academy	104	102	101	23.6	313,805.84	6.0	80,348.13
Burton Primary School	37	2	2	22.2	100,896.47	5.7	25,705.11
Castleman Academy Trust	296	30	101	23.6	772,348.27	5.9	190,077.27
Christchurch Infant School	7	7	17	22.2	37,749.30	5.7	9,624.08
Coastal Learning Partnership	759	129	335	23.6	2,174,082.80	5.7	512,075.38
Cornerstone Academy	84	19	47	23.6	247,462.45	5.8	61,099.02
Corpus Christi School	60	4	3	22.2	140,476.00	5.7	34,010.88
Delta Education Trust	294	44	135	23.6	1,054,532.99	5.8	259,353.95
Diocese Of Salisbury Academy Trust	457	76	203	23.6	1,004,163.88	5.6	238,984.85
Dorset Studio School	37	7	29	23.6	137,724.19	5.5	32,288.52
Epiphany Academy	44	23	22	23.6	115,940.72	5.8	28,462.19
First Federation Trust	130	24	58	23.6	289,001.46	5.6	69,014.68
Glenmoor Academy	8	9	9	23.6	51,353.13	6.2	13,563.10
Hamwic Education Trust	777	104	255	23.6	1,790,190.43	5.7	437,859.76
Heath Academy Trust	135	25	113	23.6	331,654.44	5.7	79,115.94
Highcliffe Academy (HISP)	96	52	66	23.6	317,769.72	6.0	80,119.29
Highcliffe St Mark Primary School	91	26	44	22.2	211,488.52	5.6	53,092.68
Hill View Primary School	46	17	21	23.6	125,802.48	5.6	29,826.80
Initio Learning Trust	679	293	439	23.6	2,046,442.59	5.9	501,266.78
Jewell Academy	35	2	25	23.6	120,687.96	5.6	28,889.27
Kingsleigh Primary School	73	17	36	23.6	307,338.58	5.9	77,333.45
Linwood School	289	15	28	22.2	991,296.22	5.7	253,176.40
Livingstone Academy Bournemouth	43	0	1	23.6	129,214.04	5.8	31,666.16
Lytchett Minster School	124	38	65	23.6	453,121.98	6.5	113,748.16
Magna Academy	82	16	36	23.6	216,274.22	6.0	55,273.51
Malmesbury Park Primary School	87	22	44	23.6	194,178.60	5.7	46,848.56
Montacute School	107	46	91	23.6	346,782.80	5.7	123,447.67
Moordown St John's Primary School	48	19	28	23.6	136,220.93	5.6	32,508.55
Mudeford Infants School	36	8	12	22.2	57,623.99	5.6	14,522.24
Mudeford Junior School	27	4	13	22.2	65,019.08	5.7	16,707.33
Muscliff Primary School	83	16	37	23.6	294,427.65	5.7	63,932.77
Ocean Academy	30	3	6	23.6	100,271.16	5.8	24,596.25
Parkfield School	15	5	33	23.6	33,257.85	5.9	8,281.13
Parkstone Grammar School	81	49	65	23.6	273,430.04	6.0	69,584.21
Pickwick Academy Trust	109	5	6	23.6	281,448.06	5.6	66,446.56
Plymouth CAST	521	89	161	23.6	712,709.68	5.8	170,798.18
Pokesdown Community Primary School	105	24	31	23.6	164,642.52	5.7	44,444.67
Poole Grammar School	80	61	83	23.6	283,120.78	5.9	70,821.71
Sherborne Area Schools' Trust	485	188	366	23.6	1,618,175.91	6.1	410,748.92
Somerford Primary School	37	10	14	22.2	100,652.79	5.7	25,832.01
St Edwards School	78	8	21	22.2	274,412.19	6.0	74,272.31
St James' Academy	55	7	24	23.6	157,989.27	5.7	39,629.61
St Joseph's School	45	3	15	22.2	71,480.73	5.6	17,906.55
St Katharine's School	65	0	8	22.2	120,349.29	5.6	28,664.29
St Mark's CE Primary School	71	16	38	23.6	157,459.54	5.6	37,596.90
St Michael's Primary School	67	12	37	23.6	239,044.49	5.7	57,473.01
St Walburga's School	77	15	3	22.2	122,834.48	5.7	29,576.67
St. Peter's School	152	89	107	23.6	515,822.09	5.8	126,221.82
Stanley Green Infant Academy	49	5	17	23.6	84,846.98	5.7	20,501.64
Teach Trust	234	31	86	23.6	581,821.33	5.7	141,625.26
The Bourne Academy	64	18	56	23.6	313,046.14	6.3	83,363.78
The Priory Primary School	17	3	15	22.2	52,264.63	5.6	13,194.50
The Swanage School	59	2	21	23.6	136,771.03	6.0	34,766.61
The Woodroffe School	53	68	54	23.5	306,231.04	6.0	78,709.06
Twynham Learning	500	166	415	23.6	1,606,399.50	5.9	400,424.95
Wessex Multi Academy Trust	587	164	373	23.6	1,874,664.07	5.9	471,062.93
Westfield Arts College	136	69	100	23.5	495,726.01	5.8	123,033.94
Winchelsea School	111	3	8	22.2	413,051.15	5.8	107,763.45
Winton Academy	75	15	37	23.6	338,194.97	6.0	85,972.32

Scheduled Bodies	Number of Active Members	Number of Pensioners	Number of Deferred Members	Employer Contribution Rate Paid %	Employer Contributions £	Employee Contribution Rate Paid %	Employee Contributions £
Other Scheduled Bodies							
Age Concern Bournemouth	1	5	0	25.0	2,107.80	5.5	467.31
Ansbury	0	106	117	N/A	0.00	N/A	0.00
Aspens Catering (SAST) (3)	14	0	0	22.6	2,658.80	5.5	592.02
Aspens Catering (Twynham) (3)	12	0	0	21.8	0.00	0.0	0.00
Bournemouth Airport	0	36	0	N/A	0.00	N/A	0.00
Bournemouth Citizen Advice Bureau	0	8	0	N/A	0.00	N/A	0.00
Bournemouth Health	0	1	0	N/A	0.00	N/A	0.00
Bournemouth Transport	0	168	5	N/A	0.00	N/A	0.00
Bridport Museum Trust	0	1	0	N/A	0.00	N/A	0.00
Care Dorset Limited	266	87	33	22.4	1,458,509.46	5.8	324,838.81
Care South	0	374	269	N/A	0.00	N/A	0.00
Caterlink Limited (St Peter's School)	2	0	0	26.5	8,358.99	5.5	1,742.26
Caterlink Limited (Wimborne)	1	0	3	21.3	6,404.21	5.6	1,680.57
Christchurch Learning Centre	4	0	3	22.2	21,364.48	6.0	5,786.34
Churchill (Ambitions)	7	1	1	22.6	10,982.08	5.5	2,672.61
Churchill (Avonbourne)	8	0	1	18.8	9,592.92	5.5	2,806.44
Churchill (Bourne Academy)	2	0	1	24.6	5,756.34	5.5	1,150.39
Churchill (Harbourside)	3	0	0	18.5	3,894.59	5.5	1,157.86
Churchill (Poole)	0	1	1	N/A	0.00	N/A	0.00
Churchill Contract Services	0	1	0	N/A	0.00	N/A	0.00
Cucina Restaurants Limited	12	0	2	26.7	27,941.48	5.6	5,866.41
Dorchester Joint Burial Committee	0	1	1	N/A	0.00	N/A	0.00
Dorset Association of Town & Parish Councils	2	8	0	26.0	21,306.41	6.3	5,182.57
Dorset Community Action	0	34	5	N/A	0.00	N/A	0.00
Dorset County Museum	3	18	9	25.0	15,446.46	5.7	3,540.72
Dorset Magistrates' Court	0	88	19	N/A	0.00	N/A	0.00
East Dorset Housing Association	0	45	20	N/A	0.00	N/A	0.00
Edwards & Ward Limited	0	1	0	N/A	0.00	N/A	0.00
Energy Kidz Limited	0	0	2	N/A	0.00	N/A	0.00
Enigma CCTV Limited	2	0	0	27.5	5,488.56	5.5	1,097.71
Family Action	3	1	0	24.0	10,013.85	5.7	2,398.58
Golf For All	0	0	1	N/A	0.00	N/A	0.00
Harbourside Learning Partnership	0	0	1	N/A	0.00	N/A	0.00
Harewood College	0	4	8	N/A	0.00	N/A	0.00
Horizon Home Care (Southern) Limited	2	1	0	25.2	5,052.21	5.5	2,518.49
HPS Services FM Limited (Atlantic & Budmouth)	14	6	6	29.9	23,458.44	5.5	4,644.95
HPS Services FM Limited (Bovington)	2	0	0	28.3	1,953.75	5.5	393.66
KGB Cleaning South West Limited	1	0	0	28.9	601.98	5.5	114.58
Kindred Cleaning	1	0	3	22.0	314.60	5.5	78.65
Links4Learning	0	1	1	N/A	0.00	N/A	0.00
Lymearts Community Trust	0	1	0	N/A	0.00	N/A	0.00
Magna Housing Association Limited	34	267	115	29.5	345,233.48	6.6	77,660.75
Magna Housing Group	4	39	14	22.7	123,631.43	6.5	11,887.43
Millbrook Healthcare	5	4	1	24.6	42,672.18	6.4	11,117.13
Municipal Hire Services Limited	0	0	1	N/A	0.00	N/A	0.00
Places For People	3	6	4	22.0	15,106.30	6.5	4,446.74
Police & Crime Commissioner for Dorset	1,464	1,109	849	18.7	8,749,676.36	7.0	3,116,568.33
Poole Harbour Commissioners	0	2	1	N/A	0.00	N/A	0.00
Rapid Commercial Cleaning Services Limited	4	1	0	22.6	5,407.64	5.5	1,315.96
Restorative Solutions	1	0	0	29.4	5,788.32	5.8	1,141.92
Sansum Solutions Group Limited	1	0	0	17.8	1,515.65	5.5	468.28
Sherborne Youth Resource	0	1	0	N/A	0.00	N/A	0.00
Signpost Housing Association Limited	0	39	12	N/A	0.00	N/A	0.00
SLM Community & Leisure Poole (4)	0	0	0	22.0	48,267.27	6.1	9,865.76
Spectrum Housing Group	9	20	8	17.6	406,595.17	7.0	30,815.64
Stonewater Limited	1	34	11	18.0	133,707.66	10.5	12,079.45
Stour Valley & Poole Partnership	0	53	25	N/A	0.00	N/A	0.00
Synergy Housing Group (5)	1	59	48	24.0	5,627,714.04	N/A	0.00
The Colliton Club	1	1	1	27.5	4,749.36	5.5	949.92
Tricuro Start Team	4	1	4	22.4	24,047.48	5.8	6,270.32
Wareham Burial Joint Committee	0	2	0	N/A	0.00	N/A	0.00
Wessex Education Shared Services	0	10	8	N/A	0.00	N/A	0.00
Wessex Water Authority	0	5	0	N/A	0.00	N/A	0.00
Weymouth And Portland Housing Association	0	54	17	N/A	0.00	N/A	0.00
Weymouth Port Health	0	15	0	N/A	0.00	N/A	0.00
Wimborne Cemetery	0	1	0	N/A	0.00	N/A	0.00

Admitted Bodies	Number of Active Members	Number of Pensioners	Number of Deferred Members	Employer Contribution Rate Paid %	Employer Contributions £	Employee Contribution Rate Paid %	Employee Contributions £
1610 (6)	0	5	14	16.2	470.41	5.8	168.42
Abilities Limited	0	0	2	N/A	0.00	N/A	0.00
Action For Children	0	0	5	N/A	0.00	N/A	0.00
Addaction	0	1	0	N/A	0.00	N/A	0.00
AP Chant Plumbing & Heating	0	3	0	N/A	0.00	N/A	0.00
AQS Homecare	0	12	0	N/A	0.00	N/A	0.00
Barnardo's	0	1	6	N/A	0.00	N/A	0.00
BH Live	53	85	122	20.5	266,935.28	6.7	86,657.73
Care Quality Commission	0	0	1	N/A	0.00	N/A	0.00
Care Uk Plc	0	49	29	N/A	0.00	N/A	0.00
Churchill (St Joseph's)	0	1	1	N/A	0.00	N/A	0.00
Churchill Bearwood	0	2	1	N/A	0.00	N/A	0.00
Churchill Cleaning Dorset Police	0	2	0	N/A	0.00	N/A	0.00
Churchill Purbeck School	0	0	1	N/A	0.00	N/A	0.00
Compass Contract Services Limited	0	4	2	N/A	0.00	N/A	0.00
Convex Leisure Limited	0	2	3	N/A	0.00	N/A	0.00
CSCI	0	17	2	N/A	0.00	N/A	0.00
Cucina (Aspirations - Livingstone) (7)	2	0	0	14.5	-900.53	0	94.12
DC Leisure Management Limited	0	8	20	N/A	0.00	N/A	0.00
Dorset Lighting	0	2	0	N/A	0.00	N/A	0.00
East Boro Housing Trust	0	13	15	N/A	0.00	N/A	0.00
Gamegrid	0	0	1	N/A	0.00	N/A	0.00
Glen Cleaning	1	0	0	25.4	1,859.94	5.5	402.73
Hayward Services Limited	23	0	3	20.6	27,299.36	5.5	7,736.65
Healthy Living Wessex	0	2	2	N/A	0.00	N/A	0.00
Innovate Services Limited	0	0	2	N/A	0.00	N/A	0.00
Interclean	0	1	0	N/A	0.00	N/A	0.00
Jurassic Coast Trust	2	0	2	20.0	7,387.61	6.8	2,550.00
Mack Trading	0	4	3	N/A	0.00	N/A	0.00
Mouchel Limited	0	74	60	N/A	0.00	N/A	0.00
N-Viro Limited	0	0	1	N/A	0.00	N/A	0.00
Openwide International Limited	0	0	1	N/A	0.00	N/A	0.00
Portland Museum Trust	0	0	1	N/A	0.00	N/A	0.00
Schools Plus Limited (8)	0	0	1	23.3	4,224.68	5.5	997.24
Sequal Solutions Limited	0	2	5	N/A	0.00	N/A	0.00
Signpost Care Partnership	0	3	3	N/A	0.00	N/A	0.00
Signpost Services Limited	0	11	0	N/A	0.00	N/A	0.00
SLM (Weymouth) Community & Leisure	4	4	6	20.0	22,296.80	6.2	6,952.82
SLM Community & Leisure Blandford	6	5	13	17.0	29,972.42	6.5	11,495.16
SLM Community Leisure Charitable Trust	0	9	33	N/A	0.00	N/A	0.00
SLM Fitness And Health Limited	0	0	1	N/A	0.00	N/A	0.00
SLM Food And Beverage Limited	0	1	2	N/A	0.00	N/A	0.00
SLM (Weymouth) Fit and Health	0	0	1	N/A	0.00	N/A	0.00
South Dorset Community Sports Trust (9)	0	3	1	N/A	0.00	N/A	-985.79
Sovereign Housing Group	1	55	15	17.6	208,311.77	12.4	32,617.70
Specialist Fleet Services	0	0	2	N/A	0.00	N/A	0.00
The Arts Development Company	0	3	3	N/A	0.00	N/A	0.00
The Children's Society Limited	0	0	3	N/A	0.00	N/A	0.00
Tricuro	164	297	202	22.5	1,139,352.04	6.2	285,650.79
Tricuro (Ex DC)	0	270	233	N/A	0.00	N/A	0.00
Tricuro Supported Living	0	7	3	N/A	0.00	N/A	0.00
Wessex Museums Trust (10)	0	1	1	19.4	4,449.59	5.5	503.03
Weyco Services Limited	3	2	10	15.9	14,229.20	5.8	3,873.45
Overall Total	26,774	28,448	27,557		138,248,367.17		36,371,786.43

Notes

1. Maiden Newton/Frome Vauchurch PC - One Active member. Record to be updated.
2. Puddletown PC - Deferment case completed in July 2025.
3. Aspens Catering - Backdated contributions paid in 2025-26 and accounted for.
4. Moved to BCP Council 1 October 2024.
5. Synergy - Cessation payments.
6. 1610 Limited. The last employee left the scheme in May 2024.
7. Cucina (Aspirations - Livingstone) - Paid incorrect rate so refunded.
8. Schools Plus - The last employee left the scheme in January 2025.
9. South Dorset Community Sports Trust - refund of overpaid contributions.
10. Wessex Museums Trust - The last employee left the scheme in October 2024.

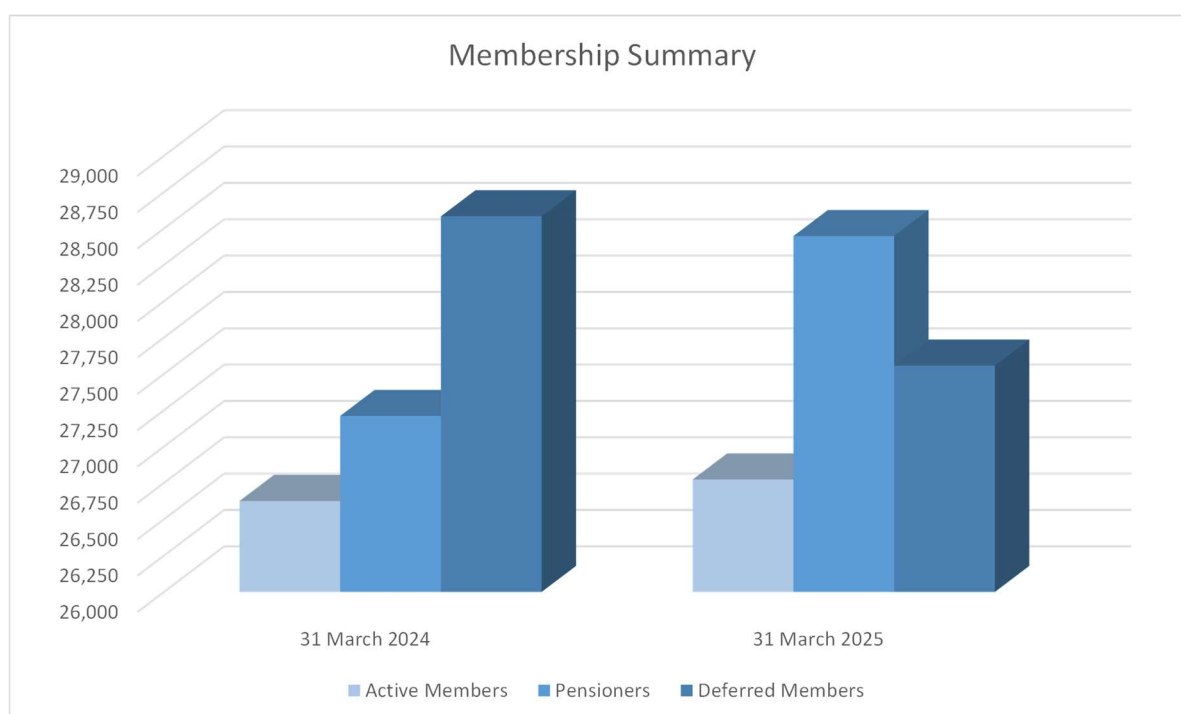
Other Scheme Administration Information

Scheme Membership

On 31 March 2025 there were 26,774 active members, 28,448 pensioners and 27,557 deferred members, a total of 82,779 scheme members.

The tables and charts below show the Membership in the Fund over the last two financial years.

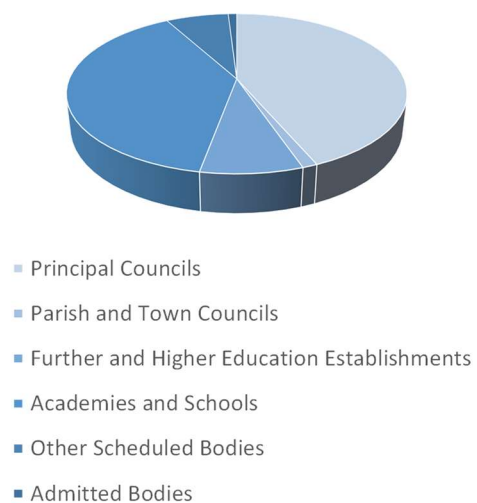
Membership Summary	31 March 2024	31 March 2025	Change	Change %
Active Members	26,626	26,774	148	0.6
Pensioners	27,211	28,448	1,237	4.5
Deferred Members	28,584	27,557	-1,027	-3.6
Total	82,421	82,779	358	



The table and the chart below show the split of active members and pensioner as at 31 March 2025.

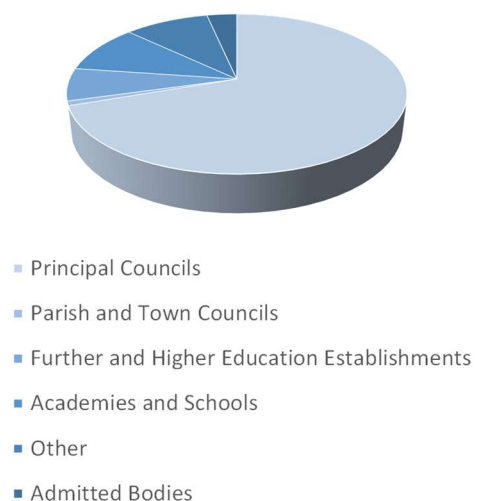
Active Members 31 March 2025	Number of Active Members	%
Principal Councils	11,647	43.5
Parish and Town Councils	324	1.2
Further and Higher Education Establishments	2,196	8.2
Academies and Schools	10,453	39.0
Other Scheduled Bodies	1,895	7.1
Admitted Bodies	259	1.0
Total	26,774	100.0

Number of Active Members



Pensioners 31 March 2025	Number of Pensioners	%
Principal Councils	19,833	69.7
Parish and Town Councils	258	0.9
Further and Higher Education Establishments	1,880	6.6
Academies and Schools	2,793	9.8
Other	2,723	9.6
Admitted Bodies	961	3.4
Total	28,448	100.0

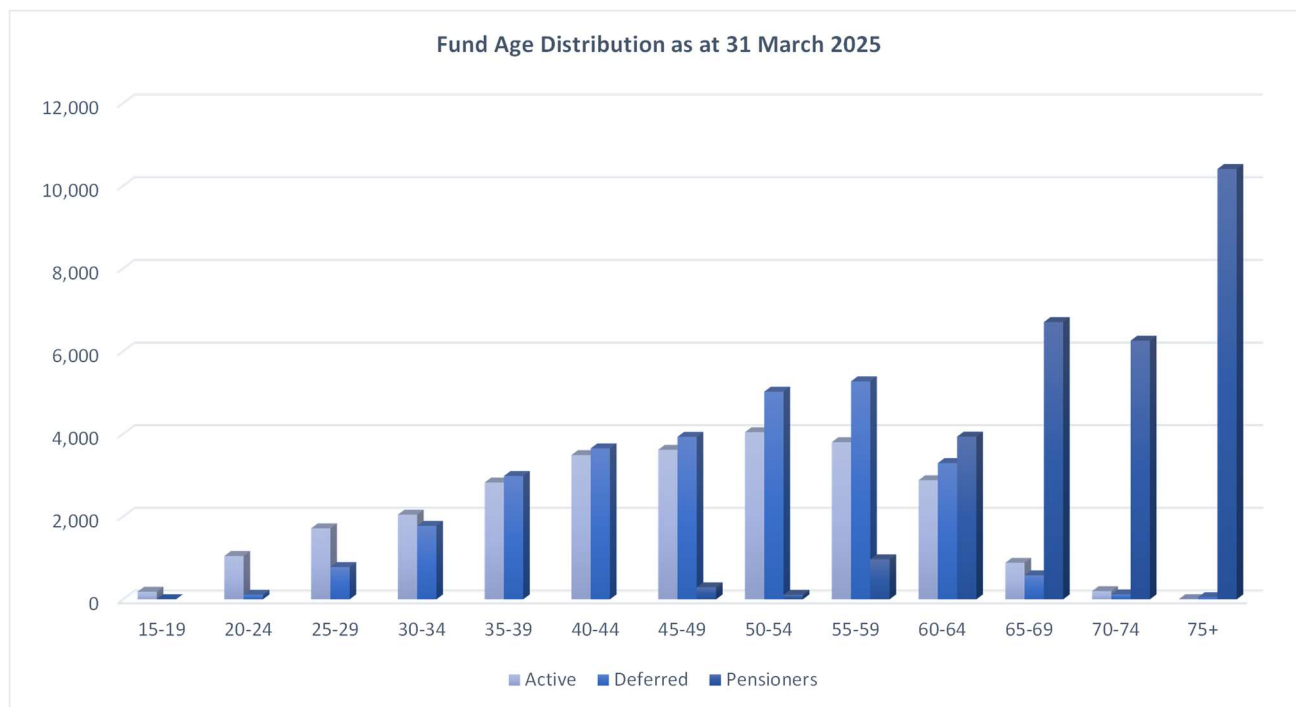
Number of Pensioners



Age Profile of Membership as at 31 March 2025

The chart below shows the Fund Age Profile as at 31 March 2025. There were 24

pensioners / dependents over 100 years old (19 females and 5 males), the oldest being 106 years old as at 31 March 2025.



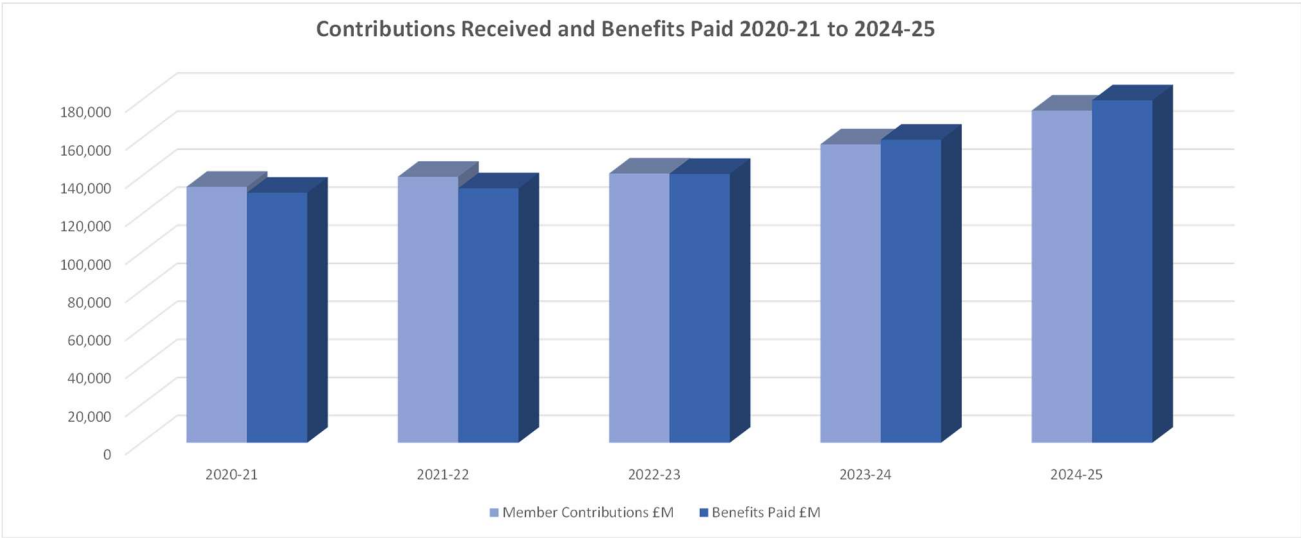
Starters and Leavers During 2024-25

During 2024-25 there were 3,981 new starters in the Pension Fund and 5,564 that have left the scheme.

Contributions and Benefits

The table and chart below show the history of contributions received and benefits paid over the last five financial years.

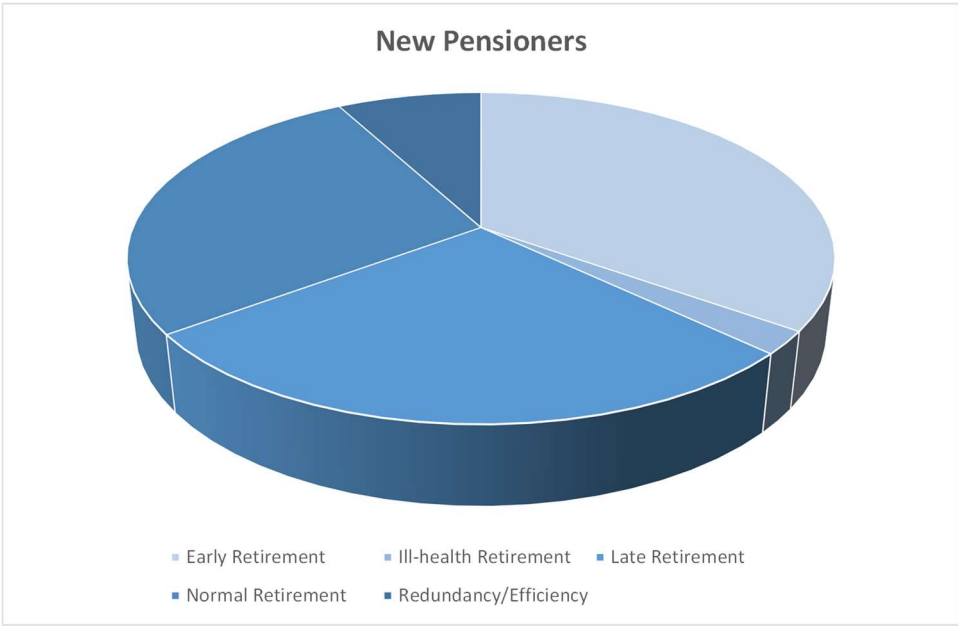
Year	Member Contributions £M	Benefits Paid £M
2024-25	174,620	181,830
2023-24	156,866	159,280
2022-23	141,527	141,306
2021-22	139,798	133,759
2020-21	134,548	131,431



New Pensioners

The table and chart below show the details of new pensioners split between types of retirement.

New Pensioners	
Type of Retirement	Total Members
Early Retirement	651
Ill-health Retirement	42
Late Retirement	519
Normal Retirement	510
Redundancy/Efficiency	147
Total	1,869



Scheme Administration

Dorset Council is the administering authority for the Dorset County Pension Fund and the scheme administration is the responsibility of the Fund Administrator. The costs of administering the scheme are charged to the Pension Fund.

Financial Services staff assist the Fund Administrator in his statutory duty to ensure that the Pension Scheme remains solvent and is administered effectively, adhering to the Local Government Pension Scheme Regulations in order to meet any current and future liabilities.

Staffing

There are two separate teams within the Dorset County Pension Fund. There are three sections in Pensions Administration which administers the Local Government Pension Scheme - the Technical Administration Teams, the Employer Relationship and Communication Team, and the Systems Team. The Treasury and Investment Team is responsible for the accounting of the Pension Fund.

The Pensions Administration team is accountable to the Pension Fund Committee, the Local Pensions Board, participating Employers and Scheme members. The team is fully committed to providing a quality service to meet the needs of the Fund's various stakeholders and to deliver excellent customer care.

The Pensions Administration Team provide a wide range of services including:

- Administration of the affairs of Dorset County Pension Fund.
- Administration of new starters in the Scheme.
- Calculation of pensions and lump sums for retiring members of the LGPS and provision of early retirement estimates.
- Calculation of service credit calculations, outgoing transfer value calculations and divorce estimates for the Local Government.
- Calculation of deferred pensions and refunds for early leavers.
- Calculation of widows and dependants benefits for retired and active members.

- Dealing with the administration of in-house AVCs and APCs.
- Maintenance of the database of pension scheme members and provision of annual benefit statements and deferred benefit statements.
- Undertaking the annual pension increase exercise.
- Key Performance Indicators report.
- Promotion and facilitation of relationships and working arrangements between Dorset Council and its Employers.
- Responsible for the design, procurement and issuing of fact sheets, newsletters and guidance to scheme members and employers.
- Liaison with the Actuary to provide information for the triennial valuation, annual accountancy disclosures and ad hoc costings for employers and prospective employers.
- Preparation of Pensions Fund Committee reports relating to benefits related issues.

A team of 5.6 full time equivalent staff in the Treasury and Investments Team provide support to the Fund Administrator in his statutory role in relation to accounting and investment related activities for the Pension Fund, including:

- Collection of employee and employer contributions to be invested into the LGPS.
- Day-to-day accounting for the Pension Fund.
- Liaison with External and Internal audit.
- Preparation of the Pension Fund Accounts for inclusion in Dorset Council's Statement of Accounts.
- Preparation of the Annual Report and Accounts of the Pension Fund.
- Reconciliation of all Managers' purchases, sales and dividends received.
- Allocation of cash to Investment Managers.
- Appointment of Advisers and Actuary.
- Investment of the Fund's surplus cash balances.
- Liaison with Investment Managers, Advisers and Actuary.
- Monitoring and review of Investment Managers, Advisers and Actuary.
- Preparation of the Investment Strategy Statement and Funding Strategy Statement.
- Rebalancing of Investment Managers' portfolios to their target asset allocation.

- Completion of statistical and financial returns for Government and other bodies.
- Co-ordination of the production of FRS 102/IAS19 information for employers.
- Co-ordination of reports for Quarterly Pension Fund Committee meetings and the Pension Fund's Annual Meeting.
- Preparation of Pension Fund Committee reports relating to investments and accounting issues.

Communications

The Pension Fund is committed to establishing and maintaining effective communications with its members and other interested parties. The Fund has a Communications Policy statement formalising the processes by which this will be achieved. This policy statement is available on the Fund's website at:

<https://www.dorsetpensionfund.org/forms-and-publications/communications-policy/>

UK General Data Protection Regulations (UK GDPR)

The law on Data Protection has changed from 25th May 2018. The General Data Protection Regulation (GDPR) is a new, Europe-wide law that replaces the Data Protection Act 1998 in the UK and supersedes the UK Data Protection Act 1998 (DPA 1998). It is part of the wider package of reform to the data protection landscape that includes the Data Protection Act 2018 (DPA 2018).

The GDPR sets out requirements for how organisations need to handle personal data from 25 May 2018. In addition to other changes, it will enhance the rights of people whose data is held (known as data subjects in the Data Protection Act) and give them more control over what happens to their data.

It also allows for financial penalties to be imposed on any organisation that breaches those rights or does not comply with the 'accountability principle' – which basically means that data controllers and data processors i.e. organisations and certain individuals – including councils, need to put technical and organisational measures in place to protect the data they hold from loss,

unauthorised access etc and to ensure the rights of data subjects are protected.

The GDPR has direct effect across all EU member states and has already been passed. This means organisations will still have to comply with this regulation and we will still have to look to the GDPR for most legal obligations. However, the GDPR gives member states limited opportunities to make provisions for how it applies in their country. One element of the Data Protection Act 2018 is the details of these. It is therefore important the GDPR and the 2018 Act are read side by side.

Equality and Diversity

The DCPF has a workforce that reflects and is part of the community it serves. It is the policy of Dorset Council to ensure that all its employees are selected, trained and promoted on the basis of their ability, the requirements of the job and other similar non-discriminatory criteria. All employment decisions are based purely on relevant and objective criteria.

Dorset aim to deliver accessible, high-quality and value for money services to all our customers, without discrimination on grounds of group memberships; for example, sex, race, disability, sexual orientation, religion, belief or age.

Information Technology

The DCPF requires administration software to fulfil its function of providing an efficient compliant service for the LGPS members and pensioners across over 340 employers, covering a membership of over 82,000.

The LGPS regulations, The Pension Regulator, HMRC and the scheme actuaries requires the DCPF to manage the LGPS properly to ensure it has accurate, complete and up-to-date records in order to pay the correct level of benefits to its members with sufficient funding levels. In order to do this, there is the necessity to have administration software and associated software to maintain the controls and processes within the Pensions Administration Team to meet these standards.

The Pension Team's main administration system is Universal Pension Management (UPM), provided under licence by CIVICA, the contract was awarded in October 2020 with an initial contract license of 7 years with the option to extend by a further 3 years.

The Pension Administration System, UPM delivers fully integrated functions, Pensions Administration, Case Management, Information Management and Payroll.

UPM offers a fully integrated Employers and Members portal which allows Employers to submit starters, leavers and change in contracts for members via a secure electronic exchange. Members and Pensioners can register for the portal, whereby they can update personal details which automatically update their pension record in UPM, it has the ability for members to run pension benefit estimates and access an electronic version of the Annual Benefit Statement.

The Fund's financial data is collected from several different payroll providers and collated on the Council's SAP system. This system is maintained in-house by Dorset Council's ICT team and includes comprehensive contingency and business continuity provisions. The payment of pensions is managed in-house by the Pension Fund, using SAP ERM System.

The formal notification to Dorset Council regarding the pension payroll provision has been redacted. Data cleansing is in progress across UPM and the Dorset Council SAP ERM system. A decision on the DCPF payroll provision will be made later in 2025.

All council staff involved in Pension Fund Administration and Investment activities have access to the internet and the council's intranet.

The Pension Fund maintains two websites which are managed by its own officers.

The web address for the member website is **www.dorsetpensionfund.org**

The web address for the employer website is **www.dcpfemployers.org**

Benefit Statements

The Pensions Administration Team is required each year to send annual benefits statements to its active and deferred members. The statement is intended to inform the scheme member of the value of their benefits and provide an overview of when they may become payable.

Performance Standards

The Pensions Team has a number of service standards that it seeks to meet in order to ensure that it is providing an efficient and timely service to members of the LGPS. The standards are:

New Active Members

Membership Certificate: Dorset aim to issue a Membership Certificate to a new member within one month of receiving a completed notification from the member's employer.

Transfers In: Dorset aim to acknowledge the member's request for transfer details and calculate the estimated benefits that a transfer value will buy and issue a quotation within 10 days of receiving details from the previous scheme and any additional essential information required from His Majesty's Revenue & Customs. Dorset aim to request payment of the transfer value within 5 days of receiving confirmation from the member that the transfer is to proceed. Dorset aim to confirm the actual benefits purchased by the transfer value within 10 days of receiving payment from the previous scheme.

Existing Active Members

Annual Benefit Statements: Provided pay details are received from employers promptly after the year end and all information is held, Dorset will make available each year an Annual Benefit Statement to each member showing the estimated current value of accrued benefits, the value of prospective benefits at normal retirement age, the estimated current value of death-in-service benefits and, for tax purposes the amount of Annual Allowance used by the change in benefit value since the previous year.

Paying Extra Contributions: The DCPF aim to provide information within 10 days of receiving a request from a member wishing to pay extra contributions.

Retirements: The DCPF aim to send details of the benefits payable and pay the member's tax-free cash lump sum within 10 days of receiving all of the information required from the member's employer and/or the member.

Deaths: The DCPF aim to send details of the benefits payable within 10 days of receiving all of the information required from the late member's employer and we will pay the lump sum death grant within 10 days of receiving Grant of Probate (or other appropriate documentation) or authorisation from two delegated officers.

Early Leavers: The DCPF aim to send details of the benefit options available within 30 days of receiving all of the information required from the employer.

Refunds: The DCPF aim to pay a refund by the end of the month following receipt of the member's formal request for payment.

Transfers Out: The DCPF aim to issue a quotation, guaranteed for 3 months, within 10 days of receiving the member's request and confirmation of the member's contracted-out rights from His Majesty's Revenue & Customs (where appropriate). The DCPF aim to pay a transfer value within five days of receiving confirmation from the member that the transfer is to be made and all of the information required to make payment is received.

Deferred Members

Annual Benefit Statements: The DCPF aim to make available to each deferred member a Benefit Statement by 31 August annually, showing the current value of the member's preserved benefits.

Website

The DCPF has its own website, with information for all member types, and for employees. The site contains information, forms and fact sheets, as

well as details covering investments and governance.

Annual Correspondence

Annual Benefit Illustrations are issued each year to active and deferred members together with an annual newsletter detailing regulatory changes and key messages for members. Annual newsletters are also sent to pensioner members each year. These communications are very well received by members.

Provided the DCPF hold an address which has been confirmed we will write to the member setting out the benefit options available to them.

Lump Sum Death Grant nominations

The LGPS provides a lump sum tax free death grant for members who die while still working and contributing to the LGPS. The death grant is a tax-free lump sum payment of three times your pay. If a member is already in receipt of another LGPS pension or have a deferred pension benefit in the LGPS, different rules will apply to any potential death grant.

If a member has nominated someone to receive their death grant, this is displayed in their Annual Benefit Illustration booklet 2025 on page 7. If this table does not show a name, no nomination for a recipient of the LGPS death grant has been made. LGPS members are able to make or update their nominations online at:

<https://mypension.dorsetcouncil.gov.uk/>

or by completing a form and returning to the DCPF. The form is available from the fund or online at:

www.dorsetpensionfund.org/forms-and-publications

The McCloud Remedy

When public service pensions schemes changed from final salary to carer average schemes in 2014 and 2015, older members were protected from the changes.

In 2018, the Courts found that younger members had been discriminated against because the protection did not apply to them. Changes made to the LGPS from 1 October 2023 removes the

discrimination found in the court case. These changes are called the McCloud Remedy.

Not all LGPS members are affected by the changes. There is more information on the national LGS website, including a short video.

Please visit:

www.lgpsmember.org/mccloud-remedy/

Help with Pension Problems

Internal Dispute Resolution Procedure

Decisions

From the day a person starts a job with an employer, to the day when benefits or dependant's benefits are paid, the employer and the Pension Scheme administering authority have to make decisions under the Pension Scheme rules that affect the member (or their dependants). When the member (this includes dependants) is notified of a decision they should check, as far as they can, that it is based on the correct details and that they agree with the decision.

Complaints

If they are not satisfied with any decision affecting them made in relation to the Scheme, they have the right to ask for it to be looked at again under the formal complaint procedure. They also have a right to use the procedure if a decision should have been made by their employer or administering authority, but it hasn't been. The complaint procedure's official name is the "Internal Dispute Resolution Procedure" (IDRP).

There are also a number of other regulatory bodies, such as Money Helper, which may be able to assist you.

The formal complaint procedure has two stages. Many complaints are resolved at the first stage. Any complaint you make should be treated seriously and considered thoroughly and fairly.

You can ask someone to take your complaint forward on your behalf. This could be, for instance, a trade union official, welfare officer, your husband, wife or partner, or a friend.

No charge is made at any stage for investigating a complaint under the internal dispute resolution procedure. But expenses that you will have to meet are your own (and/or your representative's) time, stationery and postage.

At any stage during the formal complaint procedure, you can contact Money Helper for information and advice.

Please remember that, before going to the trouble of making a formal complaint, your Pensions Section may welcome the opportunity to try to resolve the matter about which you are dissatisfied in an informal way. It may be worth checking again that they know you are concerned, and why.

The following gives an overview of the IDRP process:

First stage:

If a member needs to make a formal complaint, they should make it:

- in writing, and
- normally within 6 months of the day when they were told of the decision they want to complain about.

The complaint will be considered carefully by a person nominated by the body that took the decision against which the member wishes to complain. This guide calls them the "nominated person". That person is required to give the member their decision in writing.

If the nominated person's decision is contrary to the decision the member complained about, the employer or administering authority that made that original decision will now have to deal with your case in accordance with the nominated person's decision.

If the decision the member complained about concerned the exercise of discretion by the employer or administering authority, and the nominated person decides that the employer or administering authority should reconsider how they exercised their discretion, they will be required to reconsider their original decision.

Second Stage:

The member can ask the pension scheme administering authority to take a fresh look at the complaint in any of the following circumstances:

- the member is not satisfied with the nominated person's first stage decision;
 - the member has not received a decision or an interim letter from the nominated person, and it is 3 months since the member lodged your complaint; and
 - it is one month after the date by which the nominated person told the member (in an interim letter) that they would give them a decision, and they have still not received that decision.
- This review would be undertaken by a person not involved in the first stage decision.

The member will need to send the appropriate administering authority their complaint in writing. The administering authority will consider the complaint and give you their decision in writing.

If the member is still unhappy following the administering authority's second stage decision, they can take the case to the Pensions Ombudsman provided they do so within 3 years from the date of the original decision (or lack of a decision) about which the member is complaining.

If a member is unhappy with the service received, they should contact staff in the Pensions Administration team in the first instance as many issues can be resolved without the need to resort to the lengthy process of IDRP. It could simply be that there is a misunderstanding of the Regulations, and that the decision made is in fact correct and this can be explained to the member accordingly.

The Pensions Regulator (TPR)

The Pensions Regulator is the public body that protects workplace pensions in the UK. They work with employers and those running pensions so that people can save safely for their retirement. Their aim is to be a strong, visible regulator so that we build people's confidence in pensions.

The Pensions Regulator has responsibility for overseeing the Local Government Pension Scheme and is committed to ensuring that every fund reaches a basic level of compliance against the law and the Regulator's Code of Practice 14 for public sector schemes.

Pensions Ombudsman

In cases where a complaint or dispute has not been satisfactorily resolved through the IDRP, an application can be made to the Pensions Ombudsman within three years of the event that gave rise to the complaint or dispute or, if later, within three years of when the individual first knew about it (or ought to have known about it). There is discretion in certain instances for the time limit to be extended.

The Ombudsman can investigate and determine any complaint or dispute involving maladministration of the scheme or matters of fact or law and his or her decision is final and binding (unless the case is taken to the appropriate Court on a point of law). Matters where legal proceedings have already started cannot be investigated by the Pensions Ombudsman.

The Pensions Ombudsman's website can be found at:

www.pensions-ombudsman.org.uk

or they can be contacted on 0800 917 4487.

The address is:

10 South Colonnade
Canary Wharf
London
E14 4PU

Money Helper

Money Helper is available at any time to assist members and beneficiaries of the scheme in connection with any pension query that they may have difficulty which they cannot resolve with the scheme administrator. Information can be found at the following:

www.moneyhelper.org.uk

Telephone No: 0800 011 3797.

How can I trace my pension rights?

The Pension Tracing Service holds details of pension schemes, including the LGPS, together with relevant contact addresses. It provides a tracing service for ex-members of schemes with pension entitlements (and their survivors), who have lost touch with previous schemes. All occupational and personal pension schemes must register if the pension scheme has current members contributing to the scheme or people expecting benefits from the scheme.

If you need to use this tracing service, please write to:

Address:

The Pension Tracing Service
15 Post Handling Site B
Wolverhampton
WV99 1AS.

Telephone: 0800 731 0193

Website: **www.gov.uk**

The Financial Conduct Authority (FCA)

The FCA regulates the conduct of financial service firms and financial markets in the UK. The website provides advice and information to consumers in the avoidance of pension scams and includes a register members can check to find a suitably qualified independent financial advisor.

In writing:

FCA Head Office
12 Endeavor Square
London, E20 1JN
By telephone: 0207 066 1000

Website: **<https://www.fca.org.uk/>**

Pension Scams Pledge

The Dorset County Pension Fund have pledged to do what we can to protect scheme members and follow the principles of the Pension Scams Industry Group (PSIG) Code of Good Practice as it applies to LGPS Funds.

Pledging to combat pension scams confirms our intent to protect our LGPS members and demonstrates that we are committed to stopping scammers in their tracks.

The Dorset County Pension Fund have committed to:

- Regularly warn members about pension scams.
- Encourage members asking for cash drawdown to get impartial guidance from The Pensions Advisory Service.
- Get to know the warning signs of a scam and best practice for transfers by key staff completing the scams module in the Trustee Toolkit; studying and using resources on the Financial Conduct Authority (FCA) ScamSmart website.
- Take appropriate due diligence measures by carrying out checks on pension transfers and documenting pension transfer procedures.
- Clearly warning members if they insist on high-risk transfers being paid.
- Report concerns about a scam to the authorities and communicate this to the scheme member.



BARNETT
WADDINGHAM

Part of **HOWDEN**

Dorset County Pension Fund

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AS26 Report as at 31 March 2025

v2

6 June 2025



Introduction

We have been instructed by Dorset Council, the administering authority to the Dorset County Pension Fund (the Fund), to undertake pension expense calculations in respect of pension benefits provided by the Local Government Pension Scheme (the LGPS) to members of the Fund as at 31 March 2025. We have taken account of current LGPS Regulations, as amended, as at the date of this report.

This report is addressed to the administering authority and its advisers; in particular, this report is likely to be of relevance to the Fund's auditor.

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations and summarised on the LGPS website.

This report is prepared in accordance with our understanding of IAS26. This advice complies with Technical Actuarial Standard 100: General Actuarial Standards (TAS 100) as issued by the Financial Reporting Council (FRC). In calculating the disclosed numbers we have adopted methods and assumptions that are consistent with IAS19.

This report should be read in conjunction with the post accounting date briefing note for disclosures as at 31 March 2025.

This report supersedes previous versions of this report and has been updated to reflect the use of updated asset figures.

We would be pleased to answer any questions arising from this report.



Hagen Eichel FFA
Senior Consulting Actuary

Data used

We have used the following items of data which we received from the administering authority:

Results of the latest funding valuation as at	31 March 2022
Results of the previous IAS26 report as at	31 March 2024
Actual Fund returns to	n/a
Fund asset statement as at	31 March 2025
Fund income and expenditure items to	31 March 2025
Details of any new unreduced early retirement payments out to	31 March 2025

The data has been checked for reasonableness, including consistency with previous valuation data where relevant, and we are happy that the data is sufficient for the purposes of this advice.

Although some estimation of the data to the accounting date may be required, we do not believe it is likely to be material to the results in this report.

We are not aware of any material changes or events since we received the data.

Fund membership statistics

The table below summarises the membership data at 31 March 2022.

Member data summary	Number	Salaries/Pensions £000s	Average age
Actives	23,160	455,060	47
Deferred pensioners	35,046	49,563	50
Pensioners	25,296	121,447	72

Payroll

The total pensionable payroll for the employers in the Fund is set out below and is based on information provided to us by the administering authority.

Estimated payroll for the year to 31 March 2025 £518,004,000

Unfunded benefits

We have excluded any unfunded benefits as these are liabilities of employers rather than the Fund.

Early retirements

We requested data on any early retirements in respect of the Fund from the administering authority for the year ending 31 March 2025.

We have been notified of 82 new early retirements during the year which were not allowed for at the previous accounting date. The total annual pension that came into payment was £819,800.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2025 is calculated to be 5.15% based on the Fund asset statements and Fund cashflows as set out in the Data section preceding this section.

The estimated asset allocation for the Fund is as follows (noting that due to rounding they may not total 100%):

Asset breakdown	31 Mar 2025		31 Mar 2024	
	£000s	%	£000s	%
Equities	2,553,773	63%	2,452,982	63%
Cash	102,835	3%	80,134	2%
Other Bonds	267,053	7%	256,367	7%
Diversified Growth Fund	271,487	7%	262,731	7%
Property	285,006	7%	307,219	8%
Infrastructure	312,725	8%	290,476	7%
Multi Asset Credit	292,438	7%	269,755	7%
Total	4,085,317	100%	3,919,664	100%

Actuarial methods and assumptions

Details of the actuarial methods and derivation of the assumptions used can be found in the 31 March 2025 briefing note issued alongside this report unless noted otherwise below. The key assumptions used are set out below.

Financial assumptions	31 Mar 2025	31 Mar 2024	31 Mar 2023
	p.a.	p.a.	p.a.
Discount rate	5.85%	4.90%	4.80%
Pension increases (CPI)	2.90%	2.90%	2.85%
RPI inflation	3.20%	3.20%	3.20%
Salary increases	3.90%	3.90%	3.85%

Projected unit method is used in our calculations.

We have allowed for actual ONS CPI inflation observed between March 2024 and March 2025. This is reflected in the Experience loss/(gain) on defined benefit obligation figure in the results.

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2022, except for an update of the CMI projection model. Details of the post retirement mortality assumption are set out below; further details of the demographic assumptions adopted can be found in the briefing note corresponding to this report, and the Fund's actuarial valuation report.

Post retirement mortality	31 Mar 2025	31 Mar 2024
Base table	S3PA	S3PA
Multiplier (M/F)	95% / 100%	95% / 100%
Future improvements model	CMI_2023	CMI_2022
Long-term rate of improvement	1.25% p.a.	1.25% p.a.
Smoothing parameter	7.0	7.0
Initial addition parameter	0.0% p.a.	0.0% p.a.
2020 weight parameter	0%	0%
2021 weight parameter	0%	0%
2022 weight parameter	15%	25%
2023 weight parameter	15%	n/a

The assumed life expectancies, based on the assumptions set out above, are set out in the table below:

Life expectancy from age 65 (years)		31 Mar 2025	31 Mar 2024
Retiring today	Males	21.8	21.8
	Females	24.0	23.9
Retiring in 20 years	Males	23.1	23.1
	Females	25.4	25.4

Fund duration

The estimated Macaulay duration of the Fund's liabilities as at the accounting date using the assumptions set out above is 16 years.

Results

Balance sheet	As at	As at	As at
Net pension asset in the statement of financial position	31 Mar 2025	31 Mar 2024	31 Mar 2023
	£000s	£000s	£000s
Present value of the defined benefit obligation	3,723,670	4,227,493	4,138,310
Fair value of Fund assets (bid value)	4,085,317	3,919,664	3,517,354
Net liability in balance sheet	(361,647)	307,829	620,956

The present value of the defined benefit obligation consists of £3,685,312,000 in respect of vested obligation and £38,358,000 in respect of non-vested obligation.

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to 31 Mar 2025	Year to 31 Mar 2024
	£000s	£000s
Opening defined benefit obligation	4,227,493	4,138,310
Current service cost	93,459	92,282
Interest cost	203,612	195,770
Change in financial assumptions	(632,328)	(38,056)
Change in demographic assumptions	(10,473)	(54,510)
Experience loss/(gain) on defined benefit obligation	(10,006)	14,733
Liabilities assumed / (extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(185,416)	(154,060)
Past service costs, including curtailments	3,848	936
Contributions by Scheme participants	33,481	32,088
Closing defined benefit obligation	3,723,670	4,227,493

Reconciliation of opening & closing balances of the fair value of Fund assets	Year to 31 Mar 2025 £000s	Year to 31 Mar 2024 £000s
Opening fair value of Fund assets	3,919,664	3,517,354
Interest on assets	191,276	168,611
Return on assets less interest	9,821	245,944
Other actuarial gains/(losses)	-	-
Administration expenses	(2,909)	(2,904)
Contributions by employers	119,400	112,631
Contributions by Scheme participants	33,481	32,088
Estimated benefits paid net of transfers in	(185,416)	(154,060)
Settlement prices received / (paid)	-	-
Closing Fair value of Fund assets	4,085,317	3,919,664

Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	3,668,727	3,723,670	3,779,972
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	3,727,680	3,723,670	3,719,693
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	3,777,540	3,723,670	3,671,094
Adjustment to life expectancy assumptions	+1 Year	None	- 1 Year
Present value of total obligation	3,850,365	3,723,670	3,601,627

Governance

Pension Fund Committee



Pension Fund Committee

The Pension Fund Committee oversees the management of the Dorset County Pension Fund and act as trustees of the Fund.

The Pension Fund Committee is primarily responsible for all functions of the Council as the administering authority of the Dorset County Pension Fund, including making investment policy, overseeing how the scheme is run and monitoring performance.

The committee will consist of 9 Members comprising 5 Members appointed by Full Council (not more than 2 being also appointed to Cabinet); 3 persons nominated by the Bournemouth Christchurch and Poole Council and 1 person nominated by the unions who have membership that includes officers.

Councillor John Beesley is the Committee's representative on the Brunel Oversight Board and the Scheme Advisory Board. In this capacity, Councillor Beesley gives updates on governance relating to investment pooling at the quarterly Pension Fund Committees.

The Dorset County Pension Fund Committee Members as at 31 March 2025 were as follows.

Dorset County Pension Fund Committee	
Committee Member	Representing
Councillor Andy Canning (Chairman)	Dorset Council
Councillor Andy Todd (Vice-Chair)	Dorset Council
Councillor John Beesley	BCP Council
Councillor David Brown	BCP Council
Councillor Will Chakawhata	Dorset Council
Mr Adrian Felgate	Scheme Member Representative
Councillor Felicity Rice	BCP Council
Councillor Andy Skeats	Dorset Council



Councillor Andy Canning
Dorset Council
(Chairman)



Councillor John Beesley
BCP Council



Councillor David Brown
BCP Council



Councillor Will Chakawhata
Dorset Council



Mr Adrian Felgate
Scheme Member
Representative



Councillor Felicity Rice
BCP Council



Councillor Andy Skeats
Dorset Council



Councillor Andy Todd
Dorset Council
Vice-Chair

Pension Fund Committee Members Attendance

The table below summarises the meetings which have taken place including attendance by members of the Pension Fund Committee.

Committee Member	25 Jun 2024	17 Sep 2024	26 Nov 2024	18 Mar 2025	Total	Voting rights
Councillor Andy Canning (Chairman)	✓	✓	✓	✓	4/4	✓
Councillor Andy Todd (Vice-Chair)	✓	✓	✓	✓	4/4	✓
Councillor John Beesley	✓	✓	✓	✓	4/4	✓
Councillor David Brown	✓	✓	✓	✓	4/4	✓
Councillor Will Chakawhata	✓	X	✓	✓	3/4	✓
Mr Adrian Felgate	✓	✓	✓	✓	4/4	✓
Councillor Felicity Rice	✓	✓	✓	✓	4/4	✓
Councillor Andy Skeats	X	✓	✓	✓	3/4	✓
Councillor Gary Suttle	X	X	X	N/A	0/3	✓

key and Notes

- Online
- ✓ In Person
- ✓ Online
- X Apologies received

Committee Structure

The Council delegates the management of the Fund to the Pension Committee. A Committee of elected members, five Dorset Councillors, three Councillors representing Bournemouth, Christchurch and Poole Council and one voting Scheme Member representative are responsible for making investment policy, overseeing how the scheme is run and monitoring performance. The Committee is supported by an investment management expert who is not involved in the management of the Fund's Assets. The Committee meets on a quarterly basis.

Committee Responsibilities Delegated to the Fund Administrator

The Committee delegates to the Fund Administrator the following responsibilities:

- Managing and monitoring the investment managers, consultants and custodian.
- Managing the Fund's cash assets directly held by the Administering Authority.
- Transferring assets between the Administering Authority, the investment managers and custodian.
- Accounting for all investment transactions.
- Within limits, authorising expenditure from the Fund.
- Paying the fees of the investment managers and the custodian.
- When necessary, exercising the Fund's voting rights after consulting the Chairman and Vice Chairman.
- Admitting organisations into the Pension Scheme after consulting the Chairman and Vice Chairman.

Committee Responsibilities

The Pension Fund Committee's terms of reference are set out below and the Committee is responsible for monitoring all aspects relating to the investment of the assets of the Fund as follows:

- To undertake statutory functions on behalf of the Local Government Pension Scheme and ensure compliance with legislation and best practice.

- To determine policy for the investment, funding and administration of the pension fund.
- To consider issues arising and make decisions to secure efficient and effective performance and service delivery.
- To appoint and monitor all relevant external service providers:
 - *fund managers.*
 - *custodian.*
 - *corporate advisors.*
 - *independent advisers.*
 - *actuaries.*
 - *governance advisers.*
 - *all other professional services associated with the pension fund.*
- To monitor performance across all aspects of the service.
- To ensure that arrangements are in place for consultation with stakeholders as necessary.
- To consider and approve the annual statement of pension fund accounts.
- To consider and approve the Dorset County Pension Fund actuarial valuation and employer contributions.
- Approval of key policies and statement:
 - Investment Strategy Statement.
 - Funding Strategy Statement.
 - Governance Compliance Statement.
 - Communications Strategy Statement.

Matters Discussed by the Committee

During 2024-25 the following items were discussed by the Committee.

Standing items at each board meeting:

- Pension Fund Investments
- Brunel Governance/Scheme Advisory Board Update.
- Pensions Administration report.

In addition, other subjects included:

- Brunel Pension Partnership's Chief Executive's Update.
- Independent Auditor's Report 2021-22 update.
- Pension Fund Annual report 2023-24 approval.

- Independent Auditor's Statements and Reports 2023-24.
- LGPS Investment Pooling Update.
- Pension Fund Treasury Management Strategy 2025-26 approval.

Code of Conduct

Councillors are required to comply with the requirements of the Localism Act 2011 regarding disclosable pecuniary interests which are to:

- Check if there is an item of business on this agenda in which you or a relevant person has a disclosable pecuniary interest.
- Inform the Secretary to the Committee in advance about your disclosable pecuniary interest and if necessary, take advice.
- Check that you have notified your interest to your own Council's Monitoring Officer (in writing) and that it has been entered in your Council's Register (if not this must be done within 28 days, and you are asked to use a notification form available from the clerk).
- Disclose the interest at the meeting and in the absence of a dispensation to speak and/or vote, withdraw from any consideration of the item.

The code includes general provisions on ethics and standards of behaviour which require elected members to treat others with respect and not to bully, intimidate or do anything to compromise the impartiality of those who work for or on behalf of the Council.

Accountability and Transparency

Pensions Committee meetings are open to members of the public.

Agendas and Minutes

Pensions Committee agendas and minutes are published on the Dorset Council website at:
<https://moderngov.dorsetcouncil.gov.uk>

Conflicts of Interest

The Pension Fund is governed by elected members acting as trustees and the code of conduct for elected members' sets out how any conflicts of interest should be addressed

The Code also contains rules about "disclosable pecuniary interests" and sets out the action an elected member must take when they have such an interest in Council business, for instance withdrawing from the room or chamber when the matter is discussed and decided in committee, unless dispensation has been obtained from the Council's Monitoring Officer.

The Local Pension Board for the Dorset County Pension Fund



Introduction

With effect from 1 April 2015 Dorset County Pension Fund created a Local Pension Board. The role of the board is to help the Dorset Pension Fund comply with all the legislative requirements to ensure the scheme is being effectively and efficiently governed and managed.

The Local Pension Board helps ensure that the Fund is managed and administered effectively and

efficiently and complies with the code of practice on the governance and administration of local government pension schemes issued by the Pension Regulator and with due regard to guidance issued by government, The Pensions Regulator and the LGPS Advisory Board.

Local Pension Boards are constituted entirely under the Public Service Pensions Act 2013 and are not local authority committees.

The current membership of the Local Pension Board as at 31 March 2025

The Pension Board consists of eight members plus an independent chair and is constituted as follows.

- 1 Independent Chair.
- 4 employer representatives.
- 4 scheme membership representatives.

The Local Pension Board membership as at 31 March 2025 was as follows.

The Local Pension Board Current Membership	
Richard Bates (Chairman)	Independent
Adam Richens (Vice Chairman)	Employer Representative (BCP Council)
Jon Bird	Scheme Member Representative (Union Nominated)
Neal Butterworth	Employer Representative (Dorset Police)
Liz Bishopp	Employer Representative (Ferndown Town Council)
Mary O'Sullivan	Scheme Member Representative
James Stevens	Scheme Member Representative
Jonathan Stiby	Scheme Member Representative
Councillor David Taylor	Employer Representative (Dorset Council)

The Local Board Members Attendance

The table below summarises the meetings which have taken place including attendance by members of the Board.

The Board met five times during the 2024-25 scheme year.

Pension Board Member	03 Apr 2024	10 Jul 2024	25 Sept 2024	04 Dec 2024	26 Mar 2025	Total
Richard Bates	✓	✓	✓	✓	✓	5/5
Adam Richens (Vice Chairman)	✓	✓	✓	✓	✓	5/5
Jon Bird	x	✓	✓	✓	✓	4/5
Liz Bishopp	N/A	N/A	✓	x	x	1/3
Neal Butterworth	✓	x	x	✓	✓	3/5
Mary O' Sullivan	✓	✓	✓	✓	✓	5/5
James Sheehy	x	N/A	N/A	N/A	N/A	0/1
Councillor David Shortell	✓	N/A	N/A	N/A	N/A	1/1
James Stevens	✓	✓	✓	✓	✓	5/5
Jonathan Stiby	✓	x	✓	✓	✓	4/5
Councillor David Taylor	N/A	x	✓	x	x	1/4

Pension Board Changes

Cllr David Shortell was replaced as Dorset Council's Employer Representative by Cllr David Taylor in May 2024. Liz Bishopp became an Employer Representative in July 2024.

The Function of the Board

The function of the Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013 is to assist the Scheme Manager.

- To secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS.
- To secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator.
- To secure the effective and efficient governance and administration of the LGPS for the Dorset County Pension Fund; and
- To provide the Scheme Manager with such information as it requires to ensure that any member of the Local Pension Board or person to be appointed to the Local Pension Board does not have a conflict of interest.

Role of the Pension Board

The Pension Board is responsible for:

- Scrutinising the progress of actions to meet the performance objectives of the Pension Fund.
- Reviewing and monitoring the training plan of the Pensions Board and elected members and officers with delegated responsibilities for the governance, management, and administration of the Pension Fund.
- Reviewing and monitoring the performance of external business partners, including the pensions administration service, the actuary, the custodian, and the investment consultant.
- Reviewing and monitoring the Risk Register and risk monitoring of scheme employers.
- Reviewing the implementation of revised policies and procedures, including the administering discretions.
- Reviewing the compliance of projects commissioned by the Pension Fund Committee, including the Triennial Valuation of the Pension Fund.

- Ensuring pension rules and regulations are being complied with when officers are making decisions on pension matters.
- Scrutinising data quality.
- Reviewing internal audit reports.
- Assisting in the development of improved customer services.
- Reviewing compliance of Investment Managers with Investment Management Agreements; and
- Reviewing progress of agreed actions to address finding from any review of the Pension Fund activities.

Matters discussed by the Board

During 2024-25 the following items were discussed by the Board.

Standing items at each board meeting:

- LGPS Administration report, which includes Key Performance Indicators.
- Papers from the Pension Fund Committee meetings.
- Investment Update.
- Risk Register.

In addition, other subjects included:

- Abolition of the Lifetime Allowance.
- UK Spring Budget.
- The Pensions Regulator's General Code of Practice.
- McCloud Judgement.
- Pensions Dashboard.
- Administration Authority Discretions Policy.
- Changes to the Internal Dispute Resolution Procedure.
- Shared Cost Additional Pension Contributions.
- Autumn Budget 2024.
- Dorset Council Pension Fund data quality report.
- Annual end of year processes and annual benefit statements.
- Inheritance tax consultation.
- Dorset County Pension Fund Opt-Out Data.

- Member information and Scheme Awareness.

Agendas and Minutes

Pension Board agendas, minutes and additional reports are published on the Dorset County Pension Fund website:

<https://dorsetpensionfund.org/about-the-scheme/about-the-pension-fund/local-pension-board/>

Scheme Compliance/Breaches

During the 2024-25 scheme year no materially significant breaches of the law were identified that required reporting to The Pensions Regulator (TPR).

The TPR's guidance on reporting breaches of the law can be found here:

www.thepensionsregulator.gov.uk

Training

Dorset County Pension Fund is committed to providing training to those involved in the governance of the Fund and to ensure members have the necessary skills and knowledge to act effectively in line with their responsibilities.

The Local Pension Board Training Policy for Dorset County Pension Fund can be found on our website here:

<https://dorsetpensionfund.org/>

The Pensions Regulator Public Service Toolkit

All Board members are required to complete the Pensions Regulator's online Public Service toolkit. The programme is split into seven separate courses designed to cover the governance and administration of public service schemes, as described in the public service code of practice.

www.thepensionsregulator.gov.uk/

- Conflicts of interest.
- Managing risk and internal controls.
- Maintaining accurate member data.
- Maintaining member contributions.
- Providing information to members and others.
- Resolving internal disputes.
- Reporting breaches of the law.

LGPS Online Learning Academy (LOLA)

Board members are also given access to Hymans Robertson's online platform, LOLA. This is designed to support the training needs of Pension Committees, Pension Boards and Fund Officers. The learning plan consists of a series of short video presentations with additional learning materials and quizzes.

Further details can be found here:

www.hymans.co.uk/services/lgps-online-learning-academy/

Training Sessions and Events

Various conferences and seminars organised by industry bodies such as the Local Government Association (LGA) and the Chartered Institute of Public Finance and Accountancy (CIPFA) take place during the year. Attendance at these events will count as Board member training, along with bespoke sessions arranged for board meetings.

2025-26 Local Pension Board Meetings

Local Pension Board Meetings have been scheduled for the following dates.

- 23 July 2025
- 1 October 2025
- 7 January 2026

APPENDIX C: PENSION FUND ACCOUNTS 2024-25

FUND ACCOUNT				
2023/24			2024/25	
£'000	£'000	Note	£'000	£'000
Dealings with members, employers and others directly involved in the Fund:				
	156,866	Contributions		174,620
121,979		Employer contributions	138,248	
34,887		Member contributions	36,372	
	15,871	Transfers in from other pension funds		22,951
	172,737	Total additions from dealing with members etc.		197,571
	(159,280)	Benefits		(181,830)
(135,005)		Pensions	(147,340)	
(19,660)		Commutation and lump sum retirement benefits	(31,218)	
(4,615)		Lump sum death benefits	(3,272)	
	(12,922)	Payments to and on account of leavers		(27,631)
(502)		Refunds of contributions	(508)	
(12,420)		Transfers to other pension funds	(27,123)	
	535	Net additions/(withdrawals) from dealings with members and others		(11,890)
	(20,955)	Management expenses		(22,204)
	(20,420)	Net additions/(withdrawals) including Fund management expenses		(34,094)
Returns on investments:				
	18,514	Investment Income		21,937
	399,575	Profit/(loss) on disposal of investments and changes in the value of investments		177,810
	418,089	Net return on investments		199,747
	397,669	Net increase/(decrease) in assets available for benefits during the year		165,653
	3,521,995	Opening net assets of the Fund		3,919,664
	3,919,664	Closing net assets of the Fund		4,085,317

NET ASSETS STATEMENT					
31 March 2024			31 March 2025		
£'000	£'000		Note	£'000	£'000
	722	Long term investments	13		750
722		Brunel Pension Partnership Ltd		750	
	3,921,466	Investment assets	14		4,070,553
77		Equities		60	
3,464,168		Pooled investment vehicles		3,631,761	
138,390		Private equity		137,149	
235,645		Property		211,980	
81,929		Cash & cash equivalents		88,239	
528		Derivative contracts	16	782	
729		Other investment assets		582	
	(3,352)	Investment liabilities			-
(3,352)		Derivative contracts	16	-	
-		Other investment liabilities		-	
	3,918,836	Total net investments			4,071,303
	12,925	Current assets			22,209
11,584		Contributions due from employers		17,925	
1,341		Other current assets		4,284	
	(12,097)	Current liabilities			(8,195)
(1,259)		Unpaid benefits		(470)	
(10,838)		Other current liabilities		(7,725)	
	3,919,664	Net assets available to fund benefits			4,085,317

DISCLOSURE NOTES

NOTE 1. DESCRIPTION OF THE FUND

The Dorset County Pension Fund ("the Fund") is part of the Local Government Pension Scheme (LGPS) and is administered by Dorset Council ("the Council").

a) General

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 (LGPS) Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by the Council to provide pensions and other benefits for pensionable employees of the Council, other councils and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The Fund is overseen by the Pension Fund Committee, which is a committee of the Council.

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

- **Scheduled bodies**, which are automatically entitled to be members of the Fund.
- **Admitted bodies**, which participate in the Fund under the terms of an admission agreement between the Fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Membership details are set out below:

31 March 2024		31 March 2025
346	Total Employers	345
	Employees	
6,546	Administering Authority	6,523
19,234	Other Scheduled Bodies	19,587
846	Admitted Bodies	664
26,626	Total Employees	26,774
	Pensioners	
9,954	Administering Authority	10,199
15,109	Other Scheduled Bodies	15,995
2,148	Admitted Bodies	2,254
27,211	Total Pensioners	28,448
	Deferred Pensioners	
9,407	Administering Authority	9,070
17,592	Other Scheduled Bodies	16,910
1,585	Admitted Bodies	1,577
28,584	Total Deferred Pensioners	27,557
82,421	Total Members	82,779

c) **Funding**

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. Currently, employer contribution rates range from 10.0% to 29.0% of pensionable pay.

d) **Benefits**

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 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 uprated annually in line with the Consumer Prices Index. A range of other benefits are also provided including early retirement, disability pensions and death benefits.

NOTE 2. BASIS OF PREPARATION

The statement of accounts summarise the Fund's transactions for the 2024/25 financial year and its financial position at 31 March 2025. The accounts have been prepared in accordance with the CIPFA 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 accounts have been prepared on a going concern basis.

Paragraph 3.3.1.2 of 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 report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Fund has opted to disclose this information by appending an actuarial report.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account:

Contribution income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes which rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the Fund actuary for the 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. Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the 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

Transfers in and out relate to members who have either joined or left the Fund:

- Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (Note 8).

- Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

Investment income

- Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.
- Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- 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.
- Rental income is recognised on a straight-line basis over the term of the lease. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.
- Changes in the value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

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, providing that payment has been approved.

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 Accounting for Local Government Pension Scheme Management Expenses (2016). All items of expenditure are charged to the Fund on an accruals basis as follows:

Administrative expenses:

All staff costs relating to the pensions administration team are charged direct to the fund. Council recharges for management, accommodation and other overhead costs are also accounted for as administrative expenses of the Fund.

Oversight and Governance:

All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the Fund.

Investment management expenses:

Investment fees are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off returns by investment managers, these expenses are grossed up to increase the change in value of investments. Fees charged by external investment managers and custodians are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. The costs of the time spent by officers on investment management activity are also included.

Net Assets Statement:

Financial assets

All investment assets are included in the financial statements 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. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 17). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Freehold and leasehold properties

Properties are valued annually as at the year-end date by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' (RICS) Valuation Standards. See Note 17 for more details.

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, 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.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, subject to minimal risk of changes in value and are close to maturity at the time of acquisition, generally within three months or less.

Loans and receivables

Financial assets are carried in the net asset statement at amortised cost.

Financial liabilities

A financial liability is recognised in the net assets statement on the date the Fund becomes legally responsible for that liability. The Fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

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 International Accounting Standard (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 an actuarial report appended to the accounts.

Additional voluntary contributions

The Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed for information in Note 22.

Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise in circumstances where it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes (see Note 24).

NOTE 4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**Directly held property**

The Fund's investment portfolio includes a number of directly owned properties which are leased commercially to various tenants. The Fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by the Code, therefore the properties are retained on the net asset statement at fair value.

NOTE 5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However actual outcomes could be different from the assumptions and estimates made.

The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows:

Actuarial present value of promised retirement benefits (Note 21)

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on Fund assets. A firm of consulting actuaries, Barnett Waddingham LLP, is engaged to provide the Fund with expert advice about the assumptions to be applied.

If actual results differ from key assumptions:

- a 0.1% p.a. increase in the discount rate would reduce future pension liabilities by c. £200m
- a 0.5% p.a. increase in earnings inflation would increase future pension benefits by c. £180m
- a 0.25% p.a. increase in long-term rate of mortality improvement would increase future pension benefits by c. £170m.

Private equity investments (Note 17)

Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (December 2018). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Private equity investments are valued at £137m in the financial statements. Valuations could be affected by material events occurring between the date of the financial statements provided and the

Fund's reporting date, changes to expected cashflows, differences between audited and unaudited accounts, by up to 15% i.e. an increase or decrease of £21m.

Freehold, leasehold property and pooled property funds (Note 17)

Valuation techniques are used to determine the carrying values of directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, otherwise the best available data is used.

Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by up to 15% i.e. an increase or decrease of £32m on carrying values of £212m.

NOTE 6. EVENTS AFTER THE REPORTING DATE

There are events, both favourable and unfavourable, that can occur between the end of the reporting period and the date when the financial statements are authorised for issue. There are events that provide additional information about conditions that existed at the end of the reporting period (adjusting events), and events that occur after the reporting period (non-adjusting events).

Reforms to LGPS asset pooling arrangements in England and Wales (non-adjusting event)

The 86 administering authorities in England and Wales currently manage their LGPS assets through eight investment pools. The Fund's assets, together with the assets of nine other LGPS pension funds, are managed by Brunel Pension Partnership Ltd (Brunel), a company owned wholly in equal shares by the ten administering authorities. In April 2025, as part of its 'fit for future' pensions review, the Government wrote to the administering authorities from two pools (Brunel and ACCESS) directing them to join one of the six continuing pools, with a 'decision in principle' on which pool they planned to join required by 30 September 2025. The Council has selected Local Pension Partnership Investments (LPPI) as its preferred new investment pooling partner.

Considerable uncertainties remain on how any new arrangements will be adopted and on the future of Brunel. The value of the Fund's shareholding in Brunel reported in the Net Assets Statement was £750,000 as at 31 March 2025, which is not considered to be material.

No other events after the reporting date have been identified.

NOTE 7. CONTRIBUTIONS RECEIVABLE

By category:

2023/24		2024/25
£'000	Employer contributions	£'000
103,624	Contributions re future service costs	108,094
16,819	Contributions re past service costs (deficit recovery)	18,676
261	Voluntary additional contributions	-
1,275	Augmentation cost of early retirements	5,908
-	Exit payments from employers	5,570
-	Exit credits to employers	-
121,979	Total employer contributions	138,248
34,887	Member contributions	36,372
156,866	Total contributions receivable	174,620

By type of employer:

2023/24		2024/25
£'000		£'000
49,016	Administering authority	51,567
103,070	Other scheduled bodies	113,540
4,780	Admitted bodies	9,513
156,866	Total contributions receivable	174,620

NOTE 8. TRANSFERS IN FROM OTHER PENSION FUNDS

2023/24		2024/25
£'000		£'000
15,587	Individual transfers from other pension funds	22,896
-	Group transfers from other pension funds	-
284	AVC to purchase scheme benefits	55
15,871		22,951

NOTE 9. BENEFITS PAYABLE

By category:

2023/24		2024/25
£'000		£'000
135,005	Pensions	147,340
19,660	Commutation and lump sum retirement benefits	31,218
4,615	Lump sum death benefits	3,272
159,280	Total benefits payable	181,830

By type of employer:

2023/24		2024/25
£'000		£'000
54,019	Administering authority	59,473
92,525	Other scheduled bodies	108,371
12,736	Admitted bodies	13,986
159,280	Total benefits payable	181,830

NOTE 10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2023/24		2024/25
£'000		£'000
502	Refunds to members leaving service	508
-	Group transfers to other pension funds	8,431
12,420	Individual transfers to other pension funds	18,692
12,922		27,631

NOTE 11. MANAGEMENT EXPENSES

The table below shows a breakdown of the management expenses incurred during the year.

2023/24		2024/25
£'000		£'000
2,338	Administrative expenses	2,726
571	Oversight and governance costs	610
18,046	Investment management expenses	18,868
20,955	Total management expenses	22,204

The scale fee for the 2024/25 external audit is £93,992 and is included in oversight and governance costs above, and additional fees for the audit relating to 2024/25 are estimated to be £10,000. The total fee for the 2024/25 external audit is estimated to be £103,992.

Investment management expenses consisted of:

2023/24		2024/25
£'000		£'000
15,385	Investment management fees	15,699
320	Performance related fees	32
23	Custody fees	21
1,457	Transaction costs	1,758
861	Other fees and costs	1,358
18,046	Total investment management expenses	18,868

Transaction costs associated with pooled investment vehicles are taken into account in calculating the bid/offer spread of these investments and are therefore embedded within the purchase and sales costs and not separately identifiable. All other transaction costs have been charged to the fund account.

The following table summarises investment management expenses by asset class:

2023/24		2024/25
£'000		£'000
13,517	Pooled investments	15,294
61	Pooled property investments	-
3,744	Private Equity	2,873
663	Property	516
38	Derivatives (FX contracts)	164
23	Custody Costs	21
18,046	Total investment management expenses	18,868

NOTE 12. INVESTMENT INCOME

2023/24		2024/25
£'000		£'000
6	Equities	6
1,617	Pooled Investments	3,433
2,067	Pooled Property Investments	2,427
11,406	Direct Property	11,824
84	Private Equity	214
3,065	Interest from Cash Deposits	3,413
1	Other Income	0
1	Class Action Income	-
268	Fee Rebate Income	620
18,514	Total Investment Income	21,937

NOTE 13. LONG TERM INVESTMENTS

In response to the requirements of the investment regulations for LGPS funds to pool investment assets, Brunel Pension Partnership Ltd (Brunel) has been formed to oversee the investment assets for the Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire LGPS funds.

Each of the ten funds own an equal share of Brunel, with share capital invested by each fund at a cost of £840k. The value of each fund's shareholding based on Brunel's most recently audited accounts was £750k (£722k at 31 March 2024).

NOTE 14. INVESTMENT ASSETS

31 March 2024			31 March 2025		
Market Value		Description / Investment Manager	Market Value		
%	£'000		£'000	%	
0.0%	77	Equities	60	0.0%	
0.0%	77	Investec	60	0.0%	
3.5%	138,390	Private Equity	137,149	3.4%	
1.6%	63,088	HarbourVest	56,205	1.4%	
0.3%	13,928	Patria	8,029	0.2%	
0.3%	12,569	Capital Dynamics Global Secondary Fund V	11,365	0.3%	
0.3%	12,217	Neuberger Berman Private Equity Impact Fund	14,002	0.4%	
0.4%	14,528	Neuberger Berman SCIOF IV	16,603	0.4%	
0.1%	3,625	Neuberger Berman Clifton Fund III	11,039	0.3%	
0.2%	5,993	Ardian LBO Fund	5,394	0.1%	
0.1%	4,373	Vespa Capital III	5,519	0.1%	
0.1%	2,514	Summit Eur Growth EQ III SCSP LP	2,760	0.1%	
0.1%	5,555	Alpinvest Secondaries Fund VII Limited Partnership	4,886	0.1%	
0.0%	-	Neuberger Berman Clifton Private Equity IV	1,345	0.0%	
6.0%	235,645	Property (directly owned)	211,980	5.2%	
6.0%	235,645	CBRE Global Investors	211,980	5.2%	
Pooled Investment Vehicles:					
6.5%	256,367	Bonds	267,053	6.6%	
6.5%	256,367	Royal London Mutual Insurance Mutual Fund	267,053	6.6%	
8.7%	339,906	UK Equities - Quoted	436,080	10.7%	
3.5%	135,774	LGIM UK Equity Index (passive)	212,237	5.2%	
5.2%	204,132	Brunel UK Equities	223,843	5.5%	
50.3%	1,973,886	Global Equities - Quoted	1,979,734	48.6%	
8.9%	348,876	LGIM Smart Beta Fund	373,355	9.2%	
6.2%	243,048	LGIM World Developed Equities Index Fund	229,038	5.6%	
6.8%	267,710	LGIM Paris Aligned Benchmark Developed Equities	-	0.0%	
8.3%	325,323	Brunel Global High Alpha Equities	270,952	6.7%	
3.8%	147,803	Brunel Emerging Markets Equities	157,228	3.9%	
10.0%	393,596	Brunel Global Sustainable Equities	383,022	9.3%	
6.3%	247,530	Brunel Smaller Companies Equities	262,841	6.4%	
0.0%	-	Brunel Low Volatility	303,298	7.5%	
6.9%	269,755	Multi Asset Credit (MAC)	292,439	7.2%	
1.5%	56,299	CQS Global Funds Mutual Fund	61,883	1.5%	
1.4%	55,083	Oaktree (LUX) III SA SICAV Mutual Fund	60,013	1.5%	
4.0%	158,373	Neuberger Berman Investment Mutual Fund	170,543	4.2%	
1.8%	71,574	Property Funds	73,026	1.8%	
0.0%	23	Lend Lease Retail Partnership	-	0.0%	
0.1%	3,444	Standard Life UK Shopping Centre Trust	2,290	0.1%	
0.3%	13,917	CBRE UK Long Income Property Fund	13,912	0.3%	
0.7%	26,809	Aberdeen Standard Long Lease Property Fund	28,030	0.7%	
0.7%	27,381	M&G Secured Income Property Fund	28,794	0.7%	
6.7%	262,203	Diversified Returns Funds	270,705	6.7%	
6.7%	262,203	Brunel Diversifying Returns Fund	270,705	6.7%	
7.4%	290,476	Infrastructure	312,725	7.7%	
2.1%	83,652	Hermes GPE Infrastructure Funds	77,642	1.9%	
4.1%	161,422	IFM Global Infrastructure Fund	171,151	4.2%	
0.6%	24,479	Greencoats Renewable Income Infrastructure Fund	27,435	0.7%	
0.6%	20,923	STEPSTONE B III	36,497	0.9%	
88.3%	3,464,168	Total - Pooled Investments	3,631,761	89.3%	

31 March 2024			31 March 2024		
Market Value		Description / Investment Manager	Market Value		
2.1%	81,929	Cash & Cash Equivalents	88,239	2.2%	
0.0%	528	Derivatives	782	0.0%	
0.0%	729	Investment Receivables	582	0.0%	
100.0%	3,921,466	Total Investment Assets	4,070,553	100.0%	

Single investments exceeding 5% of total value of the net assets are shown in the table above.

Investments analysed by fund manager:

31 March 2024			31 March 2025		
Market Value		Description / Investment Manager	Market Value		
%	£'000		£'000	%	
83.2%	3,263,084	Investments managed by the Brunel Pension Partnership Asset Pool:	3,439,681	84.5%	
0.7%	26,809	Aberdeen Standard Investments	28,030	0.7%	
0.1%	5,555	Alpinvest Partners	4,886	0.1%	
0.2%	5,993	Ardian	5,394	0.1%	
40.3%	1,580,587	Brunel Pension Partnership Ltd	1,871,889	46.0%	
0.3%	12,569	Capital Dynamics	11,365	0.3%	
1.4%	56,299	CQS	61,883	1.5%	
0.6%	24,479	Greencoat Capital	27,435	0.7%	
25.4%	995,409	LGIM	814,629	20.0%	
0.7%	27,381	M&G Investments	28,794	0.7%	
4.8%	188,743	Neuberger Berman	213,533	5.2%	
1.4%	55,083	Oaktree	60,013	1.5%	
6.5%	256,367	Royal London	267,053	6.6%	
0.5%	20,923	StepStone Infrastructure and Real Assets	36,497	0.9%	
0.1%	2,514	Summit Partners	2,760	0.1%	
0.1%	4,373	Vespa Capital	5,519	0.1%	
14.7%	575,195	Investments managed outside the Brunel Pension Partnership Asset Pool:	541,269	13.3%	
6.5%	253,029	CBRE Investment Management	228,182	5.6%	
2.1%	83,652	Federated Hermes	77,642	1.9%	
1.6%	63,088	HarbourVest	56,205	1.4%	
4.1%	161,422	IFM Investors	171,151	4.2%	
0.0%	77	Investec	60	0.0%	
0.4%	13,928	Patria	8,029	0.2%	
2.1%	83,186	Cash, derivatives and investment receivables:	89,603	2.2%	
2.1%	81,929	Cash	88,239	2.2%	
0.0%	528	Derivatives	782	0.0%	
0.0%	729	Investment Receivables	582	0.0%	
100.0%	3,921,466	Total Investment Assets	4,070,553	100.0%	

NOTE 14B. PROPERTY HOLDINGS

The pension fund's investment portfolio includes a number of directly owned properties that are leased commercially to various tenants. Details of these properties are as follows:

31 March 2024		31 March 2025	
£'000		£'000	
245,859	Opening balance	235,645	
2,281	Purchases	716	
(6,131)	Disposals	(23,966)	
(6,364)	Change in market value	(415)	
235,645	Closing balance	211,980	

The future minimum lease payments receivable are as follows:

31 March 2024		31 March 2025
£'000		£'000
10,777	Within one year	9,498
26,313	Between one and five years	20,667
41,482	Later than five years	37,360
78,572	Total future lease payments due under existing contracts	67,524

NOTE 15. RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

The following tables summarise details of purchases, sales and changes in the market valuation of investments in the fund during the financial year and prior year.

2024-25	Value 1 April 2024 £'000	Purch's & Derivative payments £'000	Sales & Derivative receipts £'000	Change in market value £'000	Value 31 March 2025 £'000
Long Term Investments	722	-	-	28	750
Equities	77	-	-	(17)	60
Pooled Investment Vehicles	3,464,168	420,731	(417,196)	164,058	3,631,761
Private Equity	138,390	14,478	(20,827)	5,108	137,149
Property	235,645	716	(23,966)	(415)	211,980
Total Securities	3,839,002	435,925	(461,989)	168,762	3,981,700
Forward Foreign Exchange	(2,824)	-	-	3,606	782
Total Securities and Derivatives	3,836,178	435,925	(461,989)	172,368	3,982,482
Other Investment Balances:					
Cash & cash equivalents*	81,929			5,448	88,239
Other investment assets	729			(6)	582
Other investment liabilities	-			-	-
Total Net Investments	3,918,836			177,810	4,071,303

2023-24	Value 1 April 2023 £'000	Purch's & Derivative payments £'000	Sales & Derivative receipts £'000	Change in market value £'000	Value 31 March 2024 £'000
Long Term Investments	707	-	-	15	722
Equities	72	267,479	(267,460)	(14)	77
Pooled Investment Vehicles	3,069,686	428,269	(424,943)	391,156	3,464,168
Private Equity	135,849	17,624	(16,939)	1,856	138,390
Property	245,859	2,281	(6,131)	(6,364)	235,645
Total Securities	3,452,173	715,653	(715,473)	386,649	3,839,002
Forward Foreign Exchange	7,086	-	-	(9,910)	(2,824)
Total Securities and Derivatives	3,459,259	715,653	(715,473)	376,739	3,836,178
Other Investment Balances:					
Cash & cash equivalents*	58,035			22,850	81,929
Other investment assets	768			(14)	729
Other investment liabilities	-			-	-
Total Net Investments	3,518,062			399,575	3,918,836

The closing value of securities and derivatives equals the opening value plus purchases and derivative payments, less sales and derivative receipts, plus increases (or less decreases) in market value over the period. The value of other investment balances will change with cashflows over the year and therefore closing values do not 'cast' from opening values in the same way as for securities and derivatives.

*The change in market value shown for cash and cash equivalents is the net increase/(decrease) in cash balances resulting from the realised profits or losses on forward foreign currency contracts during the period.

NOTE 16. ANALYSIS OF DERIVATIVES

The Fund's holdings in derivatives are to hedge liabilities or hedge exposures to reduce risk. To maintain appropriate diversification a significant proportion of the Fund's equity portfolio is in overseas stock. To reduce the volatility associated with fluctuating currency rates, the Fund hedges 50% of the US Dollar, Euro and Japanese Yen exposure within its global equities investments. As at 31 March, the Fund held the following open forward currency contracts.

Settlement	Currency Bought	Local Value 000s	Currency Sold	Local Value 000s	Asset Value £'000	Liability Value £'000
2-6 months	GBP	36,936	EUR	43,722	185	(0.3)
2-6 months	GBP	34,747	JPY	6,557,632	478	(0)
2-6 months	GBP	329,365	USD	424,943	119	0
2-6 months	USD	11,230	GBP	8,701	0	0
Open Forward Currency Contracts at 31 March 2025					782.1	(0.3)
Net Forward Currency Contracts at 31 March 2025						781.8

Settlement	Currency Bought	Local Value 000s	Currency Sold	Local Value 000s	Asset Value £'000	Liability Value £'000
2-6 months	GBP	37,400	EUR	43,604	17	-
2-6 months	GBP	35,447	JPY	6,601,821	510	(1)
2-6 months	GBP	304,776	USD	389,409	0	(3,351)
Open Forward Currency Contracts at 31 March 2024					527.7	(3,351.9)
Net Forward Currency Contracts at 31 March 2024						(2,824.1)

NOTE 17. FAIR VALUE OF INVESTMENT ASSETS

All investment assets have been valued using fair value techniques based on the characteristics of each asset class. Asset valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values, as follows:

- **Level 1:** where fair values are derived from unadjusted quoted prices in active markets for identical assets;
- **Level 2:** where quoted market prices are not available, for example, where an asset is traded in a market that is not considered to be active, but where valuation techniques are based significantly on observable market data;
- **Level 3:** where at least one input that could have a significant effect on the asset's valuation is not based on observable market data.

During the year ended 31 March 2025 there were no transfers between levels 1, 2 or 3 of the fair value hierarchy.

The basis of the valuation of each class of investment asset is summarised below.

Description of Asset	Basis of Valuation	Key Inputs	Key Sensitivities
Level 1:			
Market quoted investments	Published bid market price ruling on the final day of the accounting period.	Not required.	Not required.
Exchange traded pooled investments	Published exchange prices at the reporting date.	Not required.	Not required.
Cash and cash equivalents	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments.	Not required.	Not required.
Level 2:			
Pooled investments - unit trusts etc.	Closing bid price where bid and offer prices are published, or closing single price where single price only is published.	Net Asset Value (NAV) based pricing set on a forward pricing basis.	Not required.
Cash and cash equivalents	Where held in vehicles priced once a month.	Not required.	Not required.
Level 3:			
Freehold and leasehold properties	Valued at fair value at the reporting date by Savills, acting as independent valuers and in accordance with current RICS Valuation Standards.	Existing lease terms and rentals, independent market research, nature of tenancies, covenant strength for existing tenants, assumed vacancy levels, estimated rental growth, discount rate.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations, as could more general changes to market prices.
Unquoted equity	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018) and the IPEV Board's Special Valuation Guidance (March 2020).	Earnings (EBITDA) and revenue multiples, discount for lack of marketability, control premium.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's reporting date, changes to expected cashflows, differences between audited and unaudited accounts.
Level 3:			
Property funds (where regular trading does not take place)	Underlying assets valued at fair value at the reporting date by each fund's valuers in accordance with current RICS Valuation Standards, taking account of other financial assets and liabilities within the fund structure.	Existing lease terms and rentals, independent market research, nature of tenancies, covenant strength for existing tenants, assumed vacancy levels, estimated rental growth, discount rate.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations, as could more general changes to market prices.

Sensitivity of assets valued at Level 3

The Fund has determined that the valuation methods described above are likely to be accurate within the following ranges, and has set out below the consequent potential impact on the closing values of investments held at 31 March 2025.

	Valuation range % (+/-)	Value at 31 March 2025 £'000	Value on Increase £'000 £'000	Value on Decrease £'000 £'000
Pooled Investment Vehicles	15.00%	384,405	442,066	326,744
Private Equity	15.00%	137,149	157,721	116,577
Property	15.00%	211,980	243,777	180,183
Total		733,534	843,564	623,504

	Valuation range % (+/-)	Value at 31 March 2024 £'000	Value on Increase £'000 £'000	Value on Decrease £'000 £'000
Pooled Investment Vehicles	15.00%	362,050	416,358	307,743
Private Equity	15.00%	138,390	159,149	117,632
Property	15.00%	235,645	270,992	200,298
Total		736,085	846,499	625,673

The following tables provides an analysis of the Fund's assets and liabilities by fair value hierarchy.

31 March 2025	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss				
Equities	60	-	-	60
Pooled investments	-	3,247,356	311,379	3,558,735
Pooled property investments	-	-	73,026	73,026
Private equity	-	-	137,149	137,149
Derivative contracts	-	782	-	782
Cash and cash equivalents	56,669	21,180	-	83,044
Sub-total	56,729	3,269,318	521,554	3,852,796
Non financial assets at fair value through profit and loss				
Property	-	-	211,980	211,980
Financial liabilities at fair value through profit and loss				
Derivative contracts	-	-	-	-
Total	56,729	3,269,318	733,534	4,064,776

31 March 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss				
Equities	77	-	-	77
Pooled investments	-	3,102,118	290,476	3,392,594
Pooled property investments	-	-	71,574	71,574
Private equity	-	-	138,390	138,390
Derivative contracts	-	528	-	528
Cash and cash equivalents	51,359	26,042	-	79,665
Sub-total	51,436	3,128,688	500,440	3,682,828
Non financial assets at fair value through profit and loss				
Property	-	-	235,645	235,645
Financial liabilities at fair value through profit and loss				
Derivative contracts	-	(3,352)	-	(3,352)
Total	51,436	3,125,336	736,085	3,915,121

The following table provides a reconciliation of fair value measurements within Level 3.

	Pooled Investment £'000	Private Equity £'000	Property £'000	Total £'000
Opening value at 1 April 2024	362,050	138,390	235,645	736,085
Purchases and derivative payments	21,731	14,478	716	36,925
Sales and derivative receipts	(5,347)	(20,827)	(23,966)	(50,140)
Unrealised gains and losses	11,350	(8,289)	(415)	2,646
Realised gains and losses	(5,379)	13,397	-	8,018
Closing value at 31 March 2025	384,405	137,149	211,980	733,534

	Pooled Investment £'000	Private Equity £'000	Property £'000	Total £'000
Opening value at 1 April 2023	333,082	135,849	245,859	714,790
Purchases and derivative payments	104,778	17,624	2,281	124,683
Sales and derivative receipts	(69,622)	(16,939)	(6,131)	(92,692)
Unrealised gains and losses	(4,964)	(8,289)	(6,364)	(19,617)
Realised gains and losses	(1,224)	10,145	-	8,921
Closing value at 31 March 2024	362,050	138,390	235,645	736,085

NOTE 18. CLASSIFICATION OF FINANCIAL INSTRUMENTS

As at 31 March 2025	Fair value through profit and loss £'000	Assets at amortised cost £'000	Liabilities at fair value through profit & loss £'000	Liabilities at amortised cost £'000
Financial assets				
Long term investments	750			
Equities	60	-		
Pooled investments	3,558,735	-		
Pooled property investments	73,026	-		
Private equity	137,149	-		
Derivative contracts	782	-		
Cash and cash equivalents	83,044	5,195		
Other investment balances	-	582		
Debtors	-	4,284		
Total	3,853,546	10,061		
Financial liabilities				
Derivative contracts			-	
Other investment balances				-
Sundry creditors				8,195
Total			-	8,195

As at 31 March 2024	Fair value through profit and loss £'000	Assets at amortised cost £'000	Liabilities at fair value through profit & loss £'000	Liabilities at amortised cost £'000
Financial assets				
Long term investments	722			
Equities	77	-		
Pooled investments	3,392,594	-		
Pooled property investments	71,574	-		
Private equity	138,390	-		
Derivative contracts	528	-		
Cash and cash equivalents	79,665	2,264		
Other investment balances	-	729		
Debtors	-	1,341		
Total	3,683,550	4,334		
Financial liabilities				
Derivative contracts			3,352	
Other investment balances				-
Sundry creditors				12,097
Total			3,352	12,097

NOTE 18A. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

All realised gains and losses arise from the sale or disposal of financial assets that have been derecognised in the financial statements. The Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

2023/24		2024/25
£'000		£'000
	Financial assets	
383,103	Fair value through profit and loss	175,063
	Financial liabilities	
	Fair value through profit and loss	
383,103	Total	175,063

NOTE 19. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunities for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, interest rate risk and currency risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet its forecast cash flows.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. The Pension Fund Committee receives regular reports from all investment managers and from its Independent Investment Adviser on the nature of the investments made and their associated risks.

(a) Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of asset classes, geographical and industry sectors, and individual securities. Exposure to specific markets and asset classes is limited by applying strategic targets to asset allocation, which are agreed and monitored by the Pension Fund Committee.

(a) (i) Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result 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 factors affecting all such instruments in the market. The Fund's investment managers mitigate this risk through diversification in line with their own investment strategies.

The following table demonstrates the change in the net assets available to pay benefits if the market price for each class of investment had increased or decreased by 15%, excluding cash and other investment assets.

As at 31 March 2025	Value £'000	Change %	Increase £'000	Decrease £'000
Equities	60	15.00%	9	(9)
Pooled Investment Vehicles	3,631,761	15.00%	544,764	(544,764)
Private Equity	137,149	15.00%	20,572	(20,572)
Property	211,980	15.00%	31,797	(31,797)
Cash & cash equivalents	88,239	0.00%	-	-
Derivatives	782	15.00%	117	(117)
Other investment assets	582	0.00%	-	-
Total	4,070,553		597,259	(597,259)

As at 31 March 2024	Value £'000	Change %	Increase £'000	Decrease £'000
Equities	77	15.00%	12	(12)
Pooled Investment Vehicles	3,464,168	15.00%	519,625	(519,625)
Private Equity	138,390	15.00%	20,759	(20,759)
Property	235,645	15.00%	35,347	(35,347)
Cash & cash equivalents	81,929	0.00%	-	-
Derivatives	528	15.00%	79	(79)
Other investment assets	729	0.00%	-	-
Total	3,921,466		575,822	(575,822)

(a) (ii) Interest Rate Risk

Interest rates can vary and can affect both income the Fund and the value of Fund assets, both of which affect the value of net assets available to pay benefits. The Fund's exposure to interest rate movements on those investments at 31 March 2025 and 2024 are provided below, based on underlying financial assets at fair value.

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of an increase or decrease of 1% (100 basis points) in interest rates.

The 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 and cash equivalents but they will affect the interest received on those balances.

As at 31 March 2025	Market Value £'000	Impact of 1% Rate Decrease £'000	Increase £'000
Cash & cash equivalents	88,239	-	-
Assets held in pooled investment vehicles:			
Bonds	267,053	15,342	15,342
Multi Asset Credit (MAC)	292,439	7,086	(7,086)
Total	647,730	22,428	8,256

As at 31 March 2024	Market Value £'000	Impact of 1% Rate Decrease £'000	Increase £'000
Cash & cash equivalents	81,929	-	-
Assets held in pooled investment vehicles:			
Bonds	256,367	14,833	(14,833)
Multi Asset Credit (MAC)	269,755	6,818	(6,818)
Total	608,051	21,651	(21,651)

(a) (iii) Currency Risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling (GBP).

To mitigate the effect of movements in foreign exchange rates against its overseas equities investments, the Fund has in place a 50% passive currency hedge against the three major currencies, the US Dollar, the Euro and the Japanese Yen, and 50% of its holdings in the LGIM Passive Developed Equities and Smart Beta funds are in hedged units.

Following analysis of historical data, the Fund considers the likely volatility associated with foreign exchange rate movements to be not more than +/- 15% in total. The following summarises the Fund's exposure to currency exchange rate movements on its investments net of these hedges.

As at 31 March 2025	Total Exposure	Unhedged Exposure	Potential Movement
	£'000	£'000	£'000
Equities	60	30	4
Pooled Investment Vehicles	2,714,029	1,802,776	270,416
Private Equity	137,149	137,149	20,572
Total	2,851,237	1,939,954	290,993

As at 31 March 2024	Total Exposure	Unhedged Exposure	Potential Movement
	£'000	£'000	£'000
Equities	77	39	6
Pooled Investment Vehicles	2,667,267	1,754,225	263,134
Private Equity	138,390	138,390	20,759
Total	2,805,734	1,892,654	283,898

(b) Credit Risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The selection of high quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Fund's credit criteria. The Fund also sets limits as to the maximum percentage of deposits placed with any one individual institution. In addition, the Fund invests in low volatility money market funds, all of which have a AAA rating from the leading credit rating agencies.

The table below summarises the Fund's exposure to credit risk at 31 March 2025 and 31 March 2024.

	31 March 2025	31 March 2024
Investment	£'000	£'000
Cash and Cash Equivalents	88,239	81,929
Assets held in pooled investment vehicles:		
Bonds	267,053	256,367
Multi Asset Credit (MAC)	292,439	269,755
Total	647,730	608,051

(c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. Such risks are mitigated by maintaining a detailed cashflow model and taking appropriate steps to ensure that there is adequate cash available to meet liabilities as they fall due.

The Fund has immediate access to its cash holdings and defines liquid assets as assets that can be converted to cash within three months' notice, subject to normal market conditions. As at 31 March 2025, liquid assets were £3,368m representing 82% of total net assets (£3,220m at 31 March 2024 representing 82% of total net assets at that date).

NOTE 20. FUNDING ARRANGEMENTS

In accordance with the LGPS Regulations, the Fund's actuary, Barnett Waddingham LLP, undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The most recent such valuation took place as at 31 March 2022, setting employer contribution rates for the period 1 April 2023 to 31 March 2026.

The next valuation is taking place as at 31 March 2025 and will set employer contribution rates for the period 1 April 2026 to 31 March 2029.

The key elements of the funding policy are:

- to ensure that the long-term solvency of the Fund i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment;
- to ensure that employer contribution rates are as stable as possible;
- to minimise the long term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return;
- to reflect the different characteristics of employing bodies in determining contribution rates where it is reasonable to do so; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its pension obligations.

Contribution rates for the year ending 31 March 2025 were set at the valuation calculated as at 31 March 2022. The common contribution rates set at the 2022 valuation for the three-year period ending 31 March 2026 are as follows.

	2023/24	2024/25	2025/26
Primary rate (future service contributions)	19.10%	19.10%	19.10%
Secondary rate (deficit recovery contributions)	3.10%	3.30%	3.40%
Total employer contributions	22.20%	22.40%	22.50%

The contribution rates paid by each employer, in addition to those paid by members of the scheme, are set to be sufficient to meet the liabilities that build up each year within the Fund in respect of the benefits earned by each employer's active members of the Fund during the year plus an amount to reflect each participating employer's share of the value of the Fund's assets compared with the liabilities that have already accrued at the valuation date. Each employer pays an individual rate of contributions to reflect its own particular circumstances and funding position within the Fund. The contribution rates were calculated using the projected unit method taking account of market conditions at the valuation date.

At the 2022 actuarial valuation, the Fund was assessed as 96% funded (92% at the 2019 valuation) with a deficit recovery period of no more than 16 years (19 years at the 2019 valuation). The key assumptions applied by the actuary for the 2022 and 2019 valuations are summarised below. To be consistent with the market value of assets, the liabilities were valued allowing for expected future investment returns and increases to benefits as determined by market levels at the valuation date.

	Valuation 2019	Valuation 2022
Annual rate of return on investments (discount rate)	5.00%	4.90%
Annual rate of increases in pay (long term)	3.60%	4.00%
Annual rate of inflation (CPI)	2.60%	3.00%

NOTE 21. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation, the Fund's actuary, Barnett Waddingham LLP, also undertakes a valuation of the Fund's liabilities on an IAS 19 basis every year using the same base data as the funding valuation rolled forward to the current financial year but taking account of changes in membership numbers and updating assumptions to the current year. This annual valuation is not carried out on the same basis as that used for setting employer contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

This valuation as at 31 March 2025 is set out in Appendix D to these financial statements.

NOTE 22. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC)

The Council administers an in-house AVC Scheme with two designated providers, Prudential Plc and Utmost Life and Pensions Limited (formerly Equitable Life). The amounts contributed to AVC plans by employees who are members of the pension scheme do not form any part of, and are not included in,

the Fund accounts.

Each employer in the Fund is responsible for collecting from their own employees and paying to the AVC provider those contributions due on AVC plans. Dorset Council, in its capacity as a scheme employer, deducted and paid to the AVC providers a total of £1,714k in 2024/25 (£1,352k in 2023/24).

The market value of the separately invested additional voluntary contributions as at 31 March 2025 was £9,551k (£8,855k as at 1 April 2024).

NOTE 23. RELATED PARTY TRANSACTIONS

Related party issues arise primarily from the fact that the Council is the administering authority for the Fund. The Council also has various operational, contractual and financial dealings with a number of scheduled and admitted bodies of the Fund, however, these activities do not relate to the Council's role as administering authority for the Fund.

The Pension Fund has transactions with Brunel Pension Partnership (BPP Ltd), company number 10429110. BPP Ltd was formed on 14 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 ten administering authorities, including Dorset Council, own 10% of BPP Ltd. Transactions with BPP Ltd were £1,598k for 2024/25 and £1,306k for 2023/24.

The Council remits monthly contributions to the Fund in arrears, and total contributions for the year were £48m. £3.6m of this related to March 2025 contributions and was accrued as at 31 March 2025. Management and administration costs of £2.6m were incurred by the Council and recharged to the Fund in 2024/25. In addition, at any given time there may be amounts which have been paid or received by both the Council or the Fund where indebtedness arises between the two. These can arise due to operational necessity or where single transactions have elements relating to both the Council and the Fund and are settled on a regular basis.

Note 23A. KEY MANAGEMENT PERSONNEL

Senior officers of the Council are members of the Fund as employee contributors. As at 31 March 2025, no members of the Pension Fund Committee were contributing members of the Fund. The key management personnel of the Fund are the members of the Pension Fund Committee, the Council's Chief Financial Officer (who is the Fund Administrator) and the Deputy Chief Financial Officer. The £2.6m recharge from the Council includes a charge of £22k for the Deputy Chief Financial Officer's time spent working for the Fund. The £22k charge is categorised as a short-term employee benefit.

NOTE 24. CONTINGENT ASSETS, LIABILITIES AND CONTRACTUAL COMMITMENTS

Recovery of withholding tax

The Fund is continuing the process required to recover withholding tax from various EU investments following rulings requiring equal treatment for all EU investors. These claims will be retrospective and will cover a varying number of years depending on the domicile. Neither the amount nor the expected time of settlement are known so consequently the financial statements as at 31 March 2025 do not reflect any potential recovery of tax.

Commitments to private markets' portfolios

Outstanding capital commitments (investments) at 31 March 2025 were approximately £135m. These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the pension fund. The amounts 'called' by these funds are irregular in both size and timing over a number of years from the date of each original commitment.

Virgin Media case

The Fund is aware that in June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Ltd) ruled that certain historical amendments for contracted-out defined benefit schemes

were invalid if they were not accompanied by the correct actuarial confirmation. The case was taken to The Court of Appeal in June 2024 and the original ruling was upheld.

It is not yet known whether this case has any implications to public sector pension schemes, including the Local Government Pension Scheme. Therefore, no allowance for the potential impact of the Virgin Media case has been recognised in the financial statements.

Asset Pools

Asset Pools Background

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 LGPS 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.

To meet these requirements, the Fund joined with nine other LGPS administering authorities (Avon, Buckinghamshire, Cornwall, Devon, Gloucestershire, Oxfordshire, Somerset, Wiltshire and the Environment Agency) to form the Brunel Pension Partnership. The expected costs and savings for the Fund in the original business case approved in January 2017 and then submitted to Government, are set out in the following table.

Table 1: Expected Costs and Savings from Pooling (as per Business Case)

	2016 2018 £'000	2018 2019 £'000	2019 2020 £'000	2020 2021 £'000	2021 2022 £'000	2022 2023 £'000	2023 2024 £'000	2024 2025 £'000	2025 2036 £'000	Total £'000
Set up costs	1,183	-	-	-	-	-	-	-	-	1,183
Ongoing Brunel Costs	-	487	637	657	679	701	724	747	10,019	14,650
Dorset Fund Savings	-	(125)	(129)	(133)	(137)	(141)	(145)	(149)	(1,972)	(2,931)
Transition costs	-	1,283	1,896	123	-	-	-	-	-	3,301
Fee savings	-	(59)	(1,499)	(2,562)	(2,986)	(3,453)	(3,953)	(4,232)	(71,046)	(89,788)
Net costs / (savings)	1,183	1,586	905	(1,915)	(2,444)	(2,893)	(3,374)	(3,634)	(62,999)	(73,585)

Following approval of the business case, Brunel Pension Partnership Ltd was established in July 2017 as a company wholly owned in equal shares by the ten administering authorities and authorised by the Financial Conduct Authority (FCA).

The company is responsible for implementing the strategic asset allocations of the participating funds by investing their 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. However, responsibility for setting strategic asset allocations remains with the administering authorities.

The financial performance of the pool is monitored 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 set up and transition costs incurred to date are set out in the following table.

Table 2: Investment Pool Set Up Costs

	2024/25		Cumulative	
	Direct	Indirect	Total	to date
	£'000	£'000	£'000	£'000
Set Up Costs				
Recruitment	-	-	-	18
Legal	-	-	-	133
Consulting, Advisory & Procurement	-	-	-	82
Other support costs e.g. IT, accommodation	-	-	-	0
Share purchase / subscription costs	-	-	-	840
Total Set Up Costs	-	-	-	1,072
Transition Costs				
Transition fees	-	-	-	320
Taxation	-	-	-	552
Other transition costs	-	-	-	3,460
Total Transition Costs	-	-	-	4,332

The Fund transitioned its first assets to Brunel's management in July 2018 and by 31 March 2025 approximately 85% of assets had transitioned. The investment fee savings achieved to date are summarised in the following table.

Table 3: Investment Fee Savings from Pooling

	Value OBC 31-Mar-16 £'000	Value 31-Mar-25 £'000	Price Variance £'000	Quantity Variance £'000	Total Saving / (Cost) £'000
UK Passive Equities	365,654	212,237	-71	0	-71
UK Active Equities	218,539	223,843	5,380	2,051	7,431
Global Passive Equities	0	229,038	221	-444	-223
Global Climate Transition Equities	0	0	35	-64	-29
Global Paris Aligned Equities	0	0	94	-179	-85
Smart Beta Passive Equities	0	373,355	502	-1,602	-1,100
Low Volatility Equities	227,083	303,298	159	3,115	3,274
Emerging Markets Equities	65,186	157,228	1,054	-1,942	-888
High Alpha Global Equities	0	270,952	4,187	-8,910	-4,723
Global Smaller Companies Equities	0	262,841	1,651	-6,141	-4,490
Global Sustainable Equities	0	383,022	4,470	-9,260	-4,790
Core Global Equities	333,306	0	0	21,607	21,607
Diversifying Returns Fund	107,588	270,705	2,626	-1,824	802
Multi Asset Credit	0	292,442	538	-2,784	-2,246
Sterling Corporate Bonds	0	267,053	880	4,911	5,791
Sub-Total Listed Markets	1,317,356	3,246,014	21,726	-1,466	20,260
Private Markets			2,846	-3,647	-801
Total			24,572	-5,113	19,459

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. Where the Fund did not have an investment in an equivalent mandate an average of the fees paid by other client funds at that time is used as a proxy fee.

The price variance measures the extent to which changes in fee rates have generated savings or costs, and the quantity variance shows the difference in fees payable as a result of changes in asset value since the original business case.

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

Table 4: Expected vs Actual Costs and Savings to Date

	2023/24				2024/25			
	Budget		Actual		Budget		Actual	
	In Year £'000	To Date £'000	In Year £'000	To Date £'000	In Year £'000	To Date £'000	In Year £'000	To Date £'000
Set up costs	0	1,183	0	1,072	0	1,183	0	1,072
Ongoing Brunel Costs	724	3,884	1,084	5,731	747	4,631	1,331	7,062
Client Savings	(145)	(810)	(133)	(786)	(149)	(959)	(133)	(919)
Transition costs	0	3,301	0	4,332	0	3,301	0	4,332
Fee savings	(3,953)	(14,510)	(5,475)	(17,752)	(4,232)	(18,742)	(6,820)	(24,572)
Net costs/(savings)	(3,374)	(6,952)	(4,524)	(7,403)	(3,634)	(10,586)	(5,622)	(13,025)

Other Material

Knowledge and Skills



There is a requirement for all those involved in the management and oversight of public sector pension funds (whether members or officers) to ensure they achieve the level of knowledge and skill necessary for performing their duties and responsibilities effectively.

Dorset County Pension Fund recognises the importance of ensuring that it has the necessary resources to discharge its pensions administration responsibilities and that all staff and members charged with the financial administration,

governance and decision-making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

The Dorset County Pension Fund seeks to utilise individuals who are both capable and experienced and it will provide/arrange training for staff and members of the pensions decision-making and governance bodies to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

Training



All public sector organisations charged with the financial management of pension schemes will be aware of the schemes' growing complexity. Public sector pension scheme financial management demands appropriate skills, including knowledge of financial markets and products; financial services procurement; pensions accounting and auditing; actuarial practices; investment performance and risk management and the implications of legal and regulatory requirements.

Every public sector organisation should secure appropriate training, having assessed the professional competence of both those involved in pension scheme financial management and those with a policy, management and/or oversight role. They should also ensure that those charged

with pension scheme governance have access to the skills and knowledge they require to carry out this role effectively.

CIPFA has published its Pensions Finance Knowledge and Skills Framework as a basis for the training and development of those involved in pension scheme finances. The six areas within the Knowledge and Skills framework 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 product knowledge.
- Actuarial methods, standards and practices.

As an administering authority of the Local Government Pension Scheme, Dorset Council has always recognised the importance of ensuring that all officers and members of the Pension Fund Committee charged with the financial management and decision making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them. The Fund provides and arranges training for officers and members of the Pension Fund Committee to enable them to acquire and maintain an appropriate level of expertise, knowledge, and skills.

The administering authority recognises the importance of training, both for Committee members, Local Pension Board and pension fund staff responsible for financial management and decision making within the Fund. Training is provided to ensure committee members, Local

Pension Board and staff, possess an appropriate level of knowledge, skill and understanding to carry out their duties. Specifically, the administering authority must ensure:

- that decisions are taken by persons or organisations with the skills, knowledge advice and resources necessary to make them effectively monitor implementation; and
- those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.

Topics for training in 2024-25 for members and officers are shown in the table below.

Date	Training	By Whom
Jun-24	Investment Training by Independent Adviser	Apex Investment Advisory
Sep-24	Strategic Asset Allocation Training	Ninety One
Sep-24	Approach to Sustainability and Net Zero	Ninety One
Nov-24	2025 Actuarial Valuation Training	Barnett Waddingham
Nov-24	Global Low Volatility Portfolio Training	Brunel Pension Partnership
Mar-25	Global Sustainable Equity Portfolio Training	Brunel Pension Partnership

Pension Fund Documents



The precis and the links below are important documents that relate to the Dorset County Pension Fund.

Investment Strategy Statement

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require administering authorities of LGPS funds to formulate and to publish a statement of its investment strategy, in accordance with guidance issued from time to time by the Secretary of State. This statement must be reviewed by the administering authority at least every three years, or more frequently should any significant change occur.

The regulations provide a prudential framework, within which administering authorities are responsible for setting their policy on asset allocation, risk and diversity. Administering authorities must invest, in accordance with its investment strategy, any pension fund money that is not needed immediately to make

payments. The Investment Strategy Statement is therefore an important governance tool as well as providing transparency in relation to how LGPS funds' investments are managed.

All functions of Dorset Council ("the Council") as the administering authority for the Dorset County Pension Fund ("the Fund") have been delegated to the Pension Fund Committee ("the Committee"). This includes responsibility for determining the overall investment strategy and strategic asset allocation of the Fund, and in doing so taking proper professional advice. The Fund's primary purpose is to provide pension benefits for its members.

The Fund's investments will be managed to achieve a return that will ensure the solvency of the Fund and provide for members' benefits in a way that achieves long term cost efficiency and effectively manages risk. The Investment Strategy Statement therefore sets out a strategy that is designed to achieve an investment return consistent with the objectives and assumptions set out in the Fund's Funding Strategy Statement. The Investment Strategy Statement sets out in more detail the Fund's:

- assessment of the suitability of particular types of investments, and the balance between asset classes.
- approach to risk and how risks will be measured and managed, consistent with achieving the required investment return.
- approach to investment pooling and its relationship with its investment pooling manager, Brunel Pension Partnership Ltd ("Brunel"); and
- policy on how environmental, social or corporate governance considerations are taken into account in its investment strategy, including its stewardship responsibilities as a shareholder and asset owner.

The full report can be read following the link below:

<https://www.dorsetpensionfund.org/forms-and-publications/investment-strategy-statement>

Funding Strategy Statement

This is the Funding Strategy Statement for the Dorset County Pension Fund (the Fund). It has been prepared with the support of the Fund Actuary, Barnett Waddingham LLP in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 as amended (the Regulations) and describes Dorset Council's funding strategy, in its capacity as administering authority, for the Dorset County Pension Fund.

This statement should be read in conjunction with the Fund's Investment Strategy Statement (ISS) and has been prepared with regard to the guidance (Preparing and Maintaining a funding strategy statement in the LGPS 2016 edition) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The full report can be read following the link below:

<https://www.dorsetpensionfund.org/forms-and-publications/dorset-funding-strategy-statement>

Pensions Administration Strategy Statement

Dorset County Pension Fund ("the Fund") is responsible for the administration of the Local Government Pension Scheme ("LGPS") within the geographical area of Dorset. The Fund also administers the LGPS on behalf of a number of qualifying employers who are not situated within the Dorset area. The service is carried out by Dorset Council ("the administering authority") on behalf of qualifying employers and ultimately the LGPS members.

This document is the Pensions Administration Strategy statement outlining the policies and performance standards towards providing a cost-effective, inclusive and high-quality pensions and administration service. Delivery of such an administration service is not the responsibility of one person or one organisation but is rather the joint working of a number of different stakeholders, which between them are responsible for

delivering the pensions administration service to meet the diverse needs of the membership. As the cost of this service is borne by the Fund and effectively recharged pro-rata to each employer via the contribution rate, it is in everyone's interests to ensure an efficient cost-effective provision.

The full report can be read following the link below:

<https://www.dorsetpensionfund.org/forms-and-publications/administration-strategy>

Communication Policy Statement

The Dorset County Pension Fund are continuously looking at ways to improve communications with the various stakeholders in the Local Government Pension Scheme administered by Dorset County Council.

The Fund aims to use the most appropriate communication medium for the audiences receiving the information. This may involve using more than one method of communication. This document explains our existing methods of communication and describes some of our future plans.

The full report can be read following the link below:

<https://www.dorsetpensionfund.org/forms-and-publications/communications-policy>

Glossary of Terms



50/50 Option

The LGPS offers the flexibility to pay half of the normal contribution rate and build up half of the normal pension whilst retaining full life and ill-health cover.

Accrual

An amount to cover income or spending that belongs to the accounting year, which was outstanding at the accounting date.

Actuarial Valuation

An Actuarial Valuation is a three yearly valuation of the Fund. It is undertaken by the Actuary into the liability of the Fund to meet its liabilities. For the LGPS the Fund Actuary will assess the funding level of each participating employer and agree contribution rates.

Actuary

An independent consultant who advises the Fund and reviews the financial position of the Fund every three years. The Actuary produces a report, known as the actuarial report, which compares the Fund's assets with the liabilities and prescribes the rates at which the employing bodies must contribute.

Additional Voluntary Contributions (AVCs)

AVCs are paid by a contributor who decides to supplement their pension by paying extra contributions to the Scheme's AVC provider.

Administering Authority

A body required to maintain a pension fund under the LGPS regulations. For the Dorset County Pension Fund this is Dorset Council.

Admitted Bodies

These are employers who have been allowed into the Fund at the County Council's discretion.

Annual Benefit Statement

A document issued to active and deferred members on an annual basis informing them of the current and estimated future value of their pension benefits at the end of each scheme year.

Asset Allocation

The apportionment of the Fund's assets between different types of investments (or asset classes).

Assets

These are everything that the pension fund holds. They include investments, bank balances and debtors.

Automatic Enrolment

To help people save for their retirement the Government requires all employers in the UK to automatically enrol their workers into a workplace pension, if they meet certain requirements. This is known as automatic enrolment and already happens in the LGPS, with most new employees automatically joining the Scheme when they commence employment.

Benchmark

A measure against which pension fund management performance is judged. A series of appropriate indices is chosen which reflects the requirements of the trustees. Usually, a target is set which requires an agreed percentage better performance from the fund than the benchmark.

Brunel Pension Partnership (BPP Ltd)

A partnership of ten LGPS funds to pool the management of their investment assets. The individual funds will retain responsibility for setting investment strategy; BPP Ltd, a company owned by the ten administering authorities will implement the strategies on behalf of the funds. The funds in the partnership are Avon, Buckinghamshire, Cornwall, Devon, Dorset,

Environment Agency, Gloucestershire, Oxfordshire, Somerset and Wiltshire.

Cessation Valuation

A calculation carried out by the actuary when an employer leaves the Fund, which may result in a final deficit payment due to the Fund.

Collateral

An asset (cash or securities) posted from one counterparty to another and held as a guarantee against the value of a specified trade or other transactions.

Consumer Price Index (CPI)

CPI is a measure of inflation based on the change in the price of a fixed basket of goods and services. The difference between CPI and Retail Price Index (RPI) is that CPI excludes some items used in RPI such as mortgage interest payments and Council Tax, and includes other items not used in RPI.

Corporate Bonds

Fixed interest securities and index-linked securities issued by companies registered either in the UK or overseas. They represent 'loans' to the companies which are repayable on a stated future date. In the annual accounts, these are included in 'Sterling Bonds'.

Custodian

An external body responsible for ensuring Fund assets are registered in the name of the Fund, managing the settlement of trades entered into by the Fund, collecting income arising on Fund assets and reporting transactions and values to the Fund on a regular basis.

Deficit

If assets are less than liabilities, the Fund is said to be in deficit - there isn't enough money in the Fund to pay all future pension payments, so contributions may need to increase.

Deferred Pensioners

A deferred member is one that has stopped paying into the scheme but is not yet receiving a pension. As a deferred member you will receive an Annual Benefit Statement which shows the

benefits you have accrued, and any pension increase that has been applied and how much they will be worth on retirement.

Dividend

The part of a company's after-tax earnings, which is distributed to the shareholders in the form of cash or shares. The directors of the company decide how much dividend is to be paid and when. The dividend is neither automatic nor guaranteed for ordinary shareholders.

Emerging Markets

Developing economies in Latin America, Africa, Asia and the Middle East as well as areas of Europe and the Far East. Investment returns within these markets tend to be more volatile than those in more established markets.

Equities

Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

Fund Administrator

The person who is responsible for managing the pension fund.

Funding Level

The ratio of a fund's assets to the estimated value of its past service liabilities. This is expressed as a percentage. If a fund has a funding level of 110% it owns 10% more assets than it currently requires to meet its liabilities.

Hedge

To protect a fund from a fall in prices. This is usually accomplished by the selling of futures.

Infrastructure

The public facilities and services needed to support residential development, including highways, bridges, schools and sewer and water systems.

LGPS

The Local Government Pension Scheme, a public sector pension arrangement put in place via

Government Regulations, for workers in local government.

Liabilities

The actuarially calculated present value of all benefit entitlements i.e. Fund cashflows of all members of the Fund, built up to date or in the future. The liabilities in relation to the benefit entitlements earned up to the valuation date are compared with the present market value of Fund assets to derive the deficit and funding/solvency level. Liabilities can be assessed on different set of actuarial assumptions depending on the purpose of the valuation.

Local Pension Board

The Local Pension Board is made up of employer and member representatives and provides assistance to the scheme manager with the administration of the pension fund.

Market Value

The price at which an asset might reasonably be expected to be sold in an open market.

Membership

Local authority employment during which time pension contributions were made or redeemed to have been made providing entitlement to benefits under the scheme.

Ministry of Housing, Communities and Local Government (MHCLG)

Formerly the Department for Communities and Local Government (DCLG), MHCLG is the government department responsible for the Local Government Pension Scheme.

Net Asset Value

The value of the Fund's assets minus the value of its liabilities.

Passive Management

A style of investment management that seeks to attain performance equal to market or index returns.

Pension Fund Committee

The Pension Fund Committee oversees the management of the Dorset Pension Fund and acts as trustees of the Fund.

Pensionable Pay

Pensionable pay is the amount of pay on which you pay contributions. It includes basic pay, plus some other extras such as bonus, shift allowances and voluntary overtime. It does not include things like mileage or expenses.

Performance Measurement

Calculation of a Fund's historic return on its investments.

Pooled Funds

Pooled Funds are funds which manage the investments of more than one investor on a collective basis. Each investor is allocated units in the fund which are revalued at regular intervals. Income from these investments is normally reinvested in the pooled fund automatically which increases the value of the units.

Private Equity

Private equity is capital that is not noted on a public exchange. Private equity is composed of funds and investors that directly invest in private companies, or that engage in buyouts of public companies, resulting in the delisting of public equity.

Property

In investment, property can refer to offices, shops, shopping centres, retail parks and warehouses. Returns from property can include rental income and growth in value (capital growth).

Scheduled Body

A scheduled body is a statutorily defined body within the scheme's regulations and has a statutory obligation to participate in the Scheme.

Scheme Employer

An employer participating in the pension fund with current employees enrolled in the LGPS.

Scheme Member

An individual with pension benefits in the LGPS or who is in receipt of pension benefits from the LGPS.

State Pension Age

This is the earliest age that someone can receive the state basic pension. You can use the Government's State Pension Age calculator

(www.gov.uk/state-pension-age) to find out your State Pension Age.

Transfer Payment

A payment made from one pension scheme to another in lieu of benefits which have accrued to the member or members concerned, to enable the receiving pension scheme to provide alternative benefits.

Audit Findings (ISA 260) Report for Dorset Pension Fund

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Year ended 31 March 2025

13 November 2025



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13 November 2025

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Dear Members of the Audit and Governance Committee

Audit Findings for Dorset Pension Fund for the year ended 31 March 2025

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management. We will issue a final audit findings report on the conclusion of our work.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Chartered Accountants

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf](#).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Julie Masci

Director
For Grant Thornton UK LLP

Chartered Accountants

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Headlines and status of the audit

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Headlines

Financial statements

Introduction

These are the key findings and other matters arising from the statutory audit of Dorset Pension Fund (the 'Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

Requirements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion:

- the Pension Fund's financial statements give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2025 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Audit Work

Our audit work commenced in July 2025 and is substantially complete. We have received good cooperation from management in the course of our audit enquiries.

To date, we have not identified any adjustments that impact on the Pension Fund's reported financial position and only disclosure misstatements and changes have been identified. Audit adjustments are detailed in page 33.

We have identified £4.1m of unadjusted differences in the valuation of the Fund's investments disclosed in the financial statements at 31 March 2025 and the valuation statements received from the third-party investment managers. These unadjusted differences are detailed in page 37. Management are proposing not to amend the financial statements on the basis that the differences are not material both quantitatively and qualitatively. The Audit Committee will be asked to confirm their agreement to this through the Letter of Representation.

We have also raised recommendations for management as a result of our audit work. These are set out in pages 39 to 41. Our follow up of recommendations from the prior year's audit are detailed in pages 42 to 43.

Continued overleaf

Headlines

Financial statements

Audit Work - continued

Our work is substantially complete, subject to the following outstanding matters:

- review of valuation bases of Level 2 and 3 investments, following a classification error identified;
- responses to our 2 remaining journal enquiries;
- responses to benefits payable sample testing;
- receipt and review of the Pension Fund Annual Report;
- receipt of management representation letter; and
- review of the final set of financial statements and final audit manager and engagement lead review.

We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.

Due to the disclaimer of opinion on the financial statements for the year ended 31 March 2024, our audit opinion on the current period's financial statements is modified because of the possible effects of this matter on the comparability of the current period's figures and the corresponding figures. Therefore, our anticipated audit opinion will be modified.

Whilst our work on the Pension Fund financial statements is nearing conclusion, we are unable to issue our final audit opinion on the Pension Fund financial statements until our audit, and the audit of the Administering Authority is complete.

We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements.

Due to statutory deadlines, the Pension Fund Annual Report is not required to be published until 1 December 2025 and therefore this report has not yet been produced. We are therefore unable to give this separate opinion and are unable to certify completion of the audit until this work has been completed.

Headlines

Local & National Context

Local Context

- Dorset Pension Fund successfully connected to the Pension Dashboard ecosystem on 31st October 2025. Heywood provide the Integrated Service Provider for connectivity via both a multi and single source to integrate the fund's responsibilities to Additional Voluntary Contribution contracts. The member data is uploaded daily to capture any member status movements.

Local Government Pension Scheme: Fit for the future consultation outcome – May 2025 – The government has decided to reduce the number of LGPS asset pools. Brunel Pension Partnership has been deemed unable to meet the newly set minimum pooling standards and must therefore be dissolved. The Council has selected Local Pension Partnership Investments (LPPI) as its preferred new investment pooling partner. Considerable uncertainties remain on how any new arrangements will be adopted and on the future of Brunel.

- In line with Regulation 2(6) of the Local Government Pension Scheme (Information) Regulations 2024, the Fund has exercised its discretion to defer inclusion of the McCloud Remedy underpin in the 2025 Annual Benefit Illustrations. This is due to ongoing delays with the required software delivery. The situation is being closely monitored, and the software provider is under continued pressure to resolve the issues.

Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Our audit work on the pension fund is substantially complete, but we cannot issue our opinion until we have concluded our outstanding work and until the administering authority audit is complete. This is expected to be concluded ahead of the statutory deadline.

Financial statements

Financial statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the NAO Code of Audit Practice (the 'Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

For Dorset Pension Fund, the Audit and Governance Committee fulfil the role of those charged with governance.

The Pension Committee considers the draft financial statements and is part of the overall member oversight process. We have determined they are an appropriate sub-group to communicate with under ISA (UK) 260.)

Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and is risk based, and in particular included:

- an evaluation of the Pension Fund's internal controls environment, including its IT systems and controls; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have had to alter our audit plan, as communicated to you on 30 June 2025, to reflect our updated materiality threshold based on receipt of draft financial statements. This is detailed from pages 12 to 14. There is no change in the risks reported in audit plan.

Financial statements (continued)

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing a modified audit opinion once the Fund and Administering Authority's audit is complete. The outstanding items are set out on page 7.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff involved in the audit.

Materiality

Our approach to materiality

As communicated in our Audit Plan dated 18 June 2025, we determined materiality at the planning stage as £71m based on 1.82% of your gross investment assets as at 31 March 2024. At year-end, we have reconsidered planning materiality based on the 2024/25 figures in the draft financial statements. Both the materiality for the Net Asset Statement and the specific materiality for the Fund Account changed due to significant change noted in the value of the benchmark used.

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- We have determined materiality at £75m based on professional judgement in the context of our knowledge of the Fund, including consideration of factors such as control environment, economic environment, concentration of ownership, etc.
- We have used 1.83% of gross investment assets as at 31 March 2025 as the benchmark for our materiality. We have revised the materiality from planning as a result of the increase in value in gross investment assets compared to the prior year.
- We have used gross investments asset as the materiality benchmark. This is consistent with our approach in 2023/24.

Performance materiality

- We have determined performance materiality at £56m which is determined as 75% of headline materiality.

Specific materiality for the Fund Account

- We have determined a lower separate materiality for the fund account at £23m, this is based on 10% of gross expenditure (in the fund account) as at March 2025. The lower specific materiality for the fund account will be applied to the audit of all fund account transactions, except for testing of (Profit) and losses on disposal of investments and changes in market value of investments, for which headline materiality will be applied. We have revised the fund account materiality from planning as a result of increase in fund's expenditure as compared to prior year.

Reporting threshold

- We will report to you all misstatements identified in excess of £3.75m, in addition to any matters considered to be qualitatively material.

Our approach to materiality (continued)

A summary of our approach to determining materiality is set out below.

Description	Amount (£)	Qualitative factors considered
Materiality for the financial statements	£75m (£71m at planning)	We have considered the proportion of gross investment assets to the Fund to be an appropriate benchmark for the financial year. This is approximately 1.83% of your gross investment assets as at 31 March 2025. In setting this materiality level, we considered key qualitative factors like control environment, economic environment, concentration of ownership etc.
Performance materiality	£56m (£53m at planning)	We have determined this using 75% of headline materiality. This reflects the fact that there were no material errors within the 2023/24 accounts and that there has not historically been a large number of significant misstatements, senior management and key reporting personnel in finance function has remained relatively stable and the scoped items for audit remain relatively consistent.
Specific materiality for the fund account	£23m (£17m at planning)	Due to sensitivity of the fund account disclosures to those stakeholders who are admitted members of the Fund, we have determined a lower materiality threshold over the relevant fund account disclosures. This is approximately 10% of the fund's gross expenditure in the year ending 31 March 2025.
Trivial matters - reporting threshold	£3.75m (£3.5m at planning)	This is based on 5% of headline materiality, which we consider to be an appropriate threshold to use in terms of our reporting to the Audit and Governance Committee as 'Those Charged with Governance'

Overview of audit risks

Overview of audit risks

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	●
Valuation of Level 3 Investments	Significant	↔	✗	High	●
Valuation of Directly Held Investment Properties	Significant	↔	✗	High	●
The revenue cycle includes fraudulent transactions	Rebutted	↔	✗	Low	N/A
The expenditure cycle includes fraudulent transactions	Rebutted	↔	✗	Low	N/A

- ↑

Assessed risk increased since audit plan
- ↔

Assessed risk consistent with audit plan
- ↓

Assessed risk decrease since audit plan
- Not likely to result in material adjustment or change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Likely to result in material adjustment or significant changes to disclosures within the financial statements

Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risk identified	Audit procedures performed	Key observations
Management Override of Controls In accordance with ISA (UK) 240, we have identified a risk of fraud in respect of management override of controls. Significant	As part of our audit procedures, we have: - evaluated the design effectiveness of management controls over journals; - analysed the journals listing and determined the criteria for selecting high risk unusual journals; - tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; and - gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness.	Our journals work is substantially complete subject to receipt of outstanding responses to our journal enquiries and audit manager and engagement lead review. Our work has not identified any instances of management override of controls, however, we raised improvement recommendations regarding the points identified below: - we identified that journals below £50k are posted directly into SAP without authorisation. Journals above £50k are required to be approved prior to posting with the exception of FB05 transactions. FB05 transactions are relating to bank postings and direct postings of income and expenditure from the bank statement imports. These journals are automatically approved without the need of approval regardless of value. Journals not subject to second user authorisation are at risk of error or fraud, and hence, we have identified a control deficiency and recommend that compensatory controls are put in place; and - our IT audit work identified a number of control findings which are set out in more detail within our IT audit findings report. This was previously presented to the Audit and Governance Committee on 4th of August 2025. We considered these as part of our journals work and did not identify any issues arising from these deficiencies in the journals that were selected for testing. Outstanding responses to journal enquiries relate to two casual employees with privileged access rights who posted journals on behalf of the Fund and have since left the Council. We are discussing with management as to how obtain enquiries from these individuals or how to gain assurance that there are no instances of management override of controls on the journals posted by these individuals.

Significant risks (continued)

Risk identified	Audit procedures performed	Key observations
Valuation of Level 3 Investments The valuations of level 3 investments are based on unobservable inputs and hence there is a risk of material misstatement due to error. Significant Relevant assertion(s) Valuation, Existence Applicable assertion(s) Rights & Obligations, Presentation Planned level of control reliance None	As part of our audit procedures, we have: - evaluated management's processes for valuing Level 3 investments; - obtained and reviewed the audited financial statements of the investment accounts, where these are at a different reporting date to the Fund's financial statements the valuations are compared accounting for cashflows; - obtained and reviewed the corresponding investment manager report as at the investment accounts and the Fund accounts reporting dates where appropriate; - reviewed purchase and sale transactions of the investment near the reporting date where appropriate; - reviewed the guidelines under which the investment has been valued at the date of the investment accounts and the Fund accounts; - reviewed management's classification of the assets; and - obtained and reviewed investment manager service auditor report on design and operating effectiveness of internal controls where appropriate	Our testing of level 3 investment is substantially complete subject to completion of the work detailed below and subject to engagement lead review. Our work in relation to assessing the appropriateness of the valuation bases and fair value hierarchy is still in progress. We have experienced delay in completing this work due to the fact that the management does not complete its own assessment and relies on its custodian. The responsibility to determine the categorisation of investments remains with the Council in accordance with the requirements of the CIPFA Code. We have raised improvement recommendations in relation to this as set out on page 41 of our report. Based on the work completed thus far, a number of estimation differences regarding the valuation of Level 3 investments were identified. These typically arise as the values at 31 March 2025 are estimated using latest available data (e.g., capital account statement at 31 December 2024) which is then adjusted for known changes, such as calls and distributions (i.e., further investments or capital withdrawals). We have identified a £3.67m understatement of level 3 investments which we reported as an unadjusted misstatement. We have also identified a disclosure issue in terms of classification of investment. An investment amounting to £31.03m will be reclassified from Level 2 to Level 3. Note that this does not impact the overall net assets of the Fund.

Significant risks (continued)

Risk identified	Audit procedures performed	Key observations
Valuation of Directly Held Properties The valuations of directly held investment properties are based assumptions resulting to a material accounting estimate, hence, there is a risk of material misstatement due to error. Significant Relevant assertion(s) Valuation Applicable assertion(s) Existence*, Rights & Obligations, Presentation Planned level of control reliance None *Note that following completion of our risk assessment, we deemed that existence is only an applicable assertion rather than relevant assertion.	As part of our audit procedures, we have: - evaluated management’s processes for valuing directly held property investments; - assessed the qualification, competence and objectivity if the expert; - obtained and reviewed the valuation report provided by management’s expert; - reviewed the methodology and assumptions used in the valuations; - reviewed the movement in valuation from the prior year where appropriate; and - reviewed the inputs and significant assumptions used as part of the valuation for a sample of assets.	Our testing of directly held properties is complete subject to final review. Our work to date has not identified any significant issues with regards to the valuation of Directly Held Properties. An additional disclosure has been added under Note 14 to ensure that the accounts are compliant with the requirements of paragraph 4.4.4.2 4 of the CIFPA Code to disclose a reconciliation between the carrying amounts of investment property at the beginning and end of period.

Other findings

Other findings – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Summary of management's approach

Level 3 investments (excluding directly held properties) – £491m

The Pension Fund has investments which are valued on the balance sheet as at 31 March 2025 in the following:

- pooled investments that in total are valued at £280m (PY: £255m);
- pooled property investments that in total are valued at £73m (PY: £72m); and
- private equity funds that in total are valued at £137m (PY: £138m).

Management have reviewed the year-end valuations provided by the Fund Managers and have treated them as management experts. These investments are not traded on an open exchange/market, and the valuation of investment is highly subjective due to lack of observable inputs.

Note 17 to the Pension Fund's financial statements sets out the basis of the valuations for the Level 2 investments.

The Pension Fund uses custodian to obtain the valuations provided by fund managers. Service auditor reports (for investment manager and custodians) are obtained and considered by the Pension Fund.

Audit comments

In response to management's approach, we have:

1. Evaluated the design and implementation of relevant controls of management's process for valuing Level 3 investments.
2. Completed and assessment of management's experts – the investment managers.
3. For sample of investments, tested the valuation by obtaining and reviewing the audited accounts (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconciled those values to the values at 31 March 2025 with reference to known movements in the intervening period.
4. Reviewed the guidelines under which the investment has been valued at the date of the investment accounts and fund accounts.

Continued overleaf

Other findings – key judgements and estimates (continued)

Audit comments (continued)

5. Considered the impact of any changes to the valuation method from the prior period (where applicable).
6. Obtained and reviewed investment manager service auditor reports on design and operating effectiveness of internal controls where appropriate.
7. Evaluation the reasonableness of any increase/decrease in valuation of the estimate, using relevant indices where appropriate
8. Challenged management's classification of the assets.

Additionally, the sensitivities disclosed in the notes to the accounts are deemed to be reasonable in line with the Code, and the estimate is adequately disclosed in the financial statements.

We identified a £6.06m understatement in respect of valuation of level 3 investments because of differences in the auditor's point estimates using audited financial statements in comparison to year-end Fund reporting. As this is an immaterial estimation variance and not deemed to be an error, this is not reported as an unadjusted misstatement in the financial statements. However, this is reported for transparency of the work performed and supports the conclusion that level 3 investments are materially accurate.

In addition, we have identified £31.03m of investments that are classified as level 2 but are actually level 3 investments as these relates to investments valued using unobservable inputs. Management agreed to update this in Note 17 Fair Value of Investment Assets.

Assessment

● [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious.

Assessment Key

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Other findings – key judgements and estimates (continued)

Summary of management’s approach
Directly Held Properties - £212m Directly held properties are investment properties and are required to be revalued each year in line with the Code and Accounting Standards. The valuations are completed by Savills, management’s expert, and 100% of total investment property assets were revalued during 2024/25. The total year-end valuation of investment property was £212m (PY:236m). Valuation methods are used to calculate a value for each property, including the capitalisation of rental income using yield assumptions. The management employs CBRE as their property manager who keeps record of investments such as tenancy schedules, rental agreements, etc.
Audit comments
In response to management’s approach, we have: 1. Assessed management’s experts to ensure they are suitably qualified and independent. 2. Engaged an auditor’s expert to review terms of engagements and valuation report. 3. Assessed the completeness and accuracy of underlying information used to determine the estimate. 4. Confirmed that there were no changes to valuation method. 5. Assessed the adequacy of disclosure of the estimate in the financial statements. 6. Evaluated the significant assumptions (yield and market rent) determined by the valuer and involved are auditor’s expert, where necessary. No issues identified in our testing. We deemed that the valuation of Directly Held Properties as at 31 March 2025 is materially accurate.

Other findings – key judgements and estimates (continued)

Assessment
● [Green] We consider management’s process is appropriate and key assumptions are neither optimistic nor cautious.

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Assessment Key

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- [Green] We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Other findings – key judgements and estimates (continued)

Summary of management's approach

Level 2 investments - £3,279m

The Pension Fund has investments in a range of areas that in total are valued on the net asset statement as at 31 March 2025 at £3,279m (PY: £3,134m). These investments include pooled property funds and other managed funds.

The investments are not directly traded on an open exchange / market as they may be restricted, for example, to Pension Funds that sit within the Brunel arrangement. The valuation of these investments is subjective, although valuations are based on observable inputs and so are not as subjective as Level 3 investments.

Note 17 to the Pension Fund's financial statements sets out the basis of the valuations for the Level 2 investments.

In order to determine the value, management has employed expert fund managers and other advisors who have the necessary experience and technical expertise to ensure the correct valuation of these investments in the year end accounts.

Audit comments

In response to management's approach, we have:

1. For a sample of investments, tested the valuation by obtaining independent pricing data (where available) and/or reviewing the audited accounts (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconciled those values to the values at 31 March 2025 with reference to known movements in the intervening period.
2. Reviewed the guidelines under which the investment has been valued at the date of the investment accounts and fund accounts.
3. Considered the impact of any changes to valuation method from prior period (where applicable).

Continued overleaf

Other findings – key judgements and estimates (continued)

Audit comments (continued)

4. Obtained and reviewed investment managers service auditors on design and operating effectiveness of internal controls where appropriate.
5. Evaluated the reasonableness of any increase/decrease in valuation of the estimate, using relevant indices where appropriate.
6. Challenged management's classification of the assets.

We identified a maximum of £23.5m estimated understatement in respect of valuation of level 2 investments because of differences in the auditor's point estimates using independent pricing information in comparison to year-end Fund reporting. As this is an immaterial estimation variance and not deemed to be an error, this is not reported as an unadjusted misstatement in the financial statements. However, this is reported for transparency of the work performed and supports the conclusion that level 2 investments are materially accurate.

In addition, we have identified £31.03m of investments that are classified as level 2 but are actually level 3 investments as these relates to investments valued using observable inputs. Management agreed to update this in Note 17 Fair Value of Investment Assets.

Assessment

- [Green] We consider management's process is appropriate and key assumptions are neither optimistic nor cautious.

Assessment Key

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas. For further detail of the IT audit scope and findings please see separate ‘IT Audit Findings’ report presented previously to the Audit and Governance Committee on 4th of August 2025.

IT application	Level of assessment performed	ITGC control area rating				Related significant risks/other risks
		Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Page 217 P	Roll forward ITGC assessment	●	●	●	●	Management override of controls
UPM	Roll forward ITGC assessment	●	●	●	●	Contributions and benefits payments and membership data
Active Directory	Roll forward ITGC assessment	●	●	●	●	n/a

Assessment:

- [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- [Black] Not in scope for assessment

Communication requirements and other responsibilities

Other communication requirements

	Issue	Commentary
1	Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Governance Committee and been made aware of an on-going fraud investigation with the administering authority. Our audit approach is not considered to be impacted but we will assess the impact of this within the Fund once the result of the investigation is available.
2	Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
3	Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Page 219	Written representations	We have requested a Letter of Representation from management and this is included as a separate agenda item.
	Confirmation requests from third parties	We requested from management permission to send confirmation requests to their custodian and investment managers. This permission was granted and the requests were sent.
	Disclosures	- Our review found no material omissions in the financial statements - Significant disclosures in the 2024/25 statutory financial statements include: - Fair value Hierarchy, Actuarial valuation, Uncertainty and risk disclosures
7	Audit evidence and explanations	Refer to page 7 for outstanding matters and queries.
8	Accounting practices	We have evaluated the appropriateness of the Pension Fund's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.

Other communication requirements (continued)

Going Concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).

Commentary

When performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.

Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:

- the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities
- for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting.

Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10.

Continued overleaf

Other communication requirements (continued)

Going Concern

Commentary (continued)

The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:

- the nature of the Pension Fund and the environment in which it operates
- the Pension Fund's financial reporting framework
- the Pension Fund's system of internal control for identifying events or conditions relevant to going concern

On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:

a material uncertainty related to going concern has not been identified

management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	The Pension Fund is administered by Dorset Council (the ‘Council’), and the Pension Fund’s accounts form part of the Council’s financial statements. We are required to read any other information published alongside the Council’s financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority. No inconsistencies have been identified.
Matters on which we report by exception	We are required to give a separate consistency opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. Due to statutory deadlines, the Pension Fund Annual Report is not required to be published until 1 December 2025 and therefore this report has not yet been produced. We are therefore unable to give this separate opinion and are unable to certify completion of the audit until this work has been completed. We are required to report if we have applied any of our statutory powers or duties as outlined in the Code. We have nothing to report on these matter.

Audit adjustments

Adjusted misstatements

This is a summary of adjusted misstatements identified during the audit. We are required to report all non-trivial misstatements to those charged with governance.

Impact of adjusted misstatements

To date, we have not identified any adjustments that impact the primary financial statements.

Misclassification and disclosure changes

Disclosure misstatement	Detail	Adjusted?
Page 224 Note 11 Management expenses	The additional proposed fee in relation to the work in Directly Held Properties were added in the disclosure to ensure that this is consistent with audit plan.	✓
Note 24 Contingent Assets, Liabilities and Contractual Commitments	Our work on the actuarial valuation of the Fund noted that on-going Virgin Media Limited vs NTL Pension Trustees II Limited Case has experienced some updates during the financial year. At this stage the impact on the financial statement is yet to be determined. Our review of the case and the on-going government updates suggest that this meets the definition of Contingent Liability as per IAS 37 and the CIPFA Code. Management agreed to add a narrative disclosure under Note 24.	✓
Other Information (Appendix D)	Our review of the contribution amount identified a variance of £22m between the Fund accounts and the actuary data. This is due to timing difference wherein estimated data has been provided to the actuary. The estimated impact as per the actuary is an increase of 0.2% if the total liability of the Fund. This equates to increase of £7,447k of the defined benefit obligation. Note that this do not impact the Fund Accounts and Net Asset Statement but is only deemed to be a disclosure/other information error and will be communicated via the IAS 19 assurance letter.	✓
Accounting policies	Our review of cash and cash equivalent identified that the accounting policy with regards to what the Fund classifies as cash equivalent is not included. This is not in line with the requirements of CIPFA Code para 3.4.2.15. Management agreed to update their accounting policy to "Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, subject to minimal risk of changes in value and are close to maturity at the time of acquisition, generally within three months or less."	✓

Adjusted misstatements

Disclosure misstatement	Detail	Adjusted?
Note 14 Investment Assets	Our review of investment disclosure identified that the disclosure in relation to the market value of the assets at balance sheet date that were under the management of fund managers and the proportion managed by each manager as required by para 6.5.5.1 h) of the Code is missing. The client agreed to update the accounts to reflect this. An additional table in relation to this has been added under Note 14.	✓
Note 14 Investment Assets	Our review of the future lease minimum receivable payments identified that there were rent contracts included despite the property being sold. There were also issues with the formula used causing material differences. The management reviewed this and revised the disclosure as below: Within one year - from £13,422k to £9,498k Between one and five years - from £41,927k to £20,667k Later than five years - from £43,730k to £37,360k Total - from £99,079k to £67,524k However, upon further review of the contracts, we identified contracts wherein the current rent is not updated. Our recalculation identified a net variance in the total of £5,202k understatement of future minimum lease receivables. This is not material, hence, the Fund did not further update the disclosure. We recommend to the management to review the tenancy schedules and make sure that this is current to ensure accurate reporting within the accounts.	✓
Note 14B Property Holdings	An additional disclosure has been added under Note 14 to ensure that the accounts is compliant with the requirements of paragraph 4.4.4.2 4) of CIFPA Code to disclose a reconciliation between the carrying amounts of investment property at the beginning and end of period.	✓

Adjusted misstatements

Disclosure misstatement	Detail	Adjusted?
Note 14 Investment Assets	Our review of investment note asset disclosures identified that the requirement of the CIPFA Code [para 6.5.5.1 I)] to disclose any single investment exceeding 5% of the net assets available for benefits is not being complied with. The Fund has since then revised their Note 14 to show the percentages of each single investment. However, we noted that the Fund used the total investment assets instead of the total net investment asset available for benefits. The percentages movement were not material if the Fund used the net investment assets but we still recommend to the Fund to disclose this in the future using the net investment assets available for benefits.	Partially
Note 17 Fair Value of Investments	A couple of adjustments have been made to Note 17 to ensure that is materially correct and in line with the requirements of CIPFA Code: – One investment amounting to £31.03m was reclassified from Level 2 to Level 3 as it has been valued using unobservable inputs. This is a disclosure adjustment only and does not impact the Net Asset Statement. – The cash and cash equivalents have been omitted from the disclosure. The adjustments are currently being finalised.	TBC
Note 18 Classification of Financial Instruments	Our testing identified that in Note 18, all cash and cash equivalents were disclosed as amortised cost which is not in line with our expectations given that this includes cash equivalents that are valued on a fair value basis at year-end. The following adjustments were made: Cash and cash equivalents Fair value through profit or loss – from nil to £83,044k Assets at amortised cost – from £88,239k to £51,95k	✓
Throughout	Following review of accounts by engagement lead and manager and also consistency check carried out, we have noted minor errors and wording amendments. Management has agreed to update the financial statements to reflect these changes.	TBC

Unadjusted misstatements

This is a summary of unadjusted misstatements identified during the audit. We are required to report all non-trivial misstatements to those charged with governance.

Adjustment ref.	Detail	Pension Fund Account		Net Asset Statement £'000		Impact on total net assets £'000	Reason for not adjusting
		Debit £'000	Credit £'000	Debit £'000	Credit £'000		
	Total net assets per final accounts					£4,085,317	
Page 227	We have noted variances between the Level 2 and 3 investment values stated in the financial statements and the Level 2 and 3 investment values confirmed by Fund manager. This resulted to understatement in Level 2 and 3 investments.	-	£4,108	£4,108	-	£4,108	Not material
	We have identified one (1) sample in Transfers in testing that is relating to 2023/24. This caused overstatement in the Transfers in figure for 2024/25. Note that this do not impact the total net assets as the other entry is credit to the opening balance of net assets.	£4,302	-	-	£4,302	-	Not material
	Total net assets – recalculated to include unadjusted misstatements					£4,089,425	

Impact of unadjusted misstatements in the prior year

This is a summary of unadjusted misstatements identified during the prior year audit, which impact the current year financial statements.

Detail	Pension Fund Account		Net Asset Statement £'000		Impact on total net assets £'000	Reason for not adjusting
	Debit £'000	Credit £'000	Debit £'000	Credit £'000		
Our testing of level 3 investments identified differences between the estimated investment values used in the financial statements and the actual investment values per the capital asset statements as at 31 March 2024 due to timing differences.						
The total of these differences are an understatement of investments of £2.892m.	£2,892	-	-	£2,892	-	Not material
Note that since investments are valued at year-end, the impact would only be on the Profit/(loss) on disposal of investments and changes in the value of investments which is in the Fund Account and the opening net assets of the Fund.						
Total net assets – recalculated to include unadjusted misstatements identified in both the prior and current year					£4,089,245	

Action plan

We have identified 6 recommendations for the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2025/26 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

	Assessment	Issue and risk	Recommendations
Page 229	1	● Our audit work has identified that journals below £50k are posted directly into SAP without authorisation. Journals above £50k are required to be approved prior to posting with the exception of FB05 transactions (refer to page 17). This increases the risk of error and the potential for fraud and management override of controls.	We recommend that compensatory controls are put in place. Management response The financial system currently used by the Council (SAP) does not allow for approvals within the system. This will be reviewed as part of the process for implementing a replacement system. The process for approval of journals in the pension fund accounts is the same as that for the 'main' Council accounts, where the £50k threshold has been set as a balance between risk and resource.
		● We have again identified that there was no budget monitoring undertaken for the pension fund. Investments are monitored throughout the year but there is no monitoring of items within the fund account such as management expenses, benefit payments and contributions. Monitoring and reporting of these values through out the year would help early identification of anomalies.	We recommend that a budget for fund account items is developed and reporting against throughout the year. Management response A budget for fund account items has been developed and will be reported against throughout the year

Assessment key:

- [Red] High – Significant effect on financial statements
- [Amber] Medium – Limited effect on financial statements
- [Green] Low – Best practice

Action plan (continued)

Assessment	Issue and risk	Recommendations
3	Our testing of starters and leavers identified that a number of leavers did not have leaving dates recorded. This was due to a backlog of leaver processing within the Pension Fund team. All leavers tested had left and evidence to support this was provided. However, their pension leaving date and status had not been updated in the UPM system.	We recommend that status updates are processed in a more timely manner. Management response Typically, the leaver processes are processed in a timely manner in line with KPIs and Service Level Agreements covered within the pension fund’s administration strategy. However, there may be instances where delays for deferments occur due to resource needing to be pooled on work areas of a higher priority.
	We identified issue in our testing wherein transfers in payment relating to 2023/24 was only recognised in the general ledger in 2024/25 due to resourcing issue creating backlog in pensions admin team. This creates risk that material transaction could be missed causing material error within the accounts.	We recommend that management should ensure adequate resource and controls to be put in place to ensure transactions are recorded in the timely manner. Management response Typically, transfers in payment are processed in a timely manner but there may be instances where delays occur due to resource needing to be pooled on work areas of a higher priority. It is highly unlikely that such transactions would be material and, if they were, that they would be missed.

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Assessment key:

- [Red] High – Significant effect on financial statements
- [Amber] Medium – Limited effect on financial statements
- [Green] Low – Best practice

Action plan (continued)

Assessment	Issue and risk	Recommendations
5	Our testing identified that the Fund does not have its own assessment of the classification and valuation level of the investments they hold as well as the detailed breakdown of their cash equivalent under Level 1 and 2 investments. They solely rely on their custodian to provide this assessment and information. This cause some delays in the audit wherein we had been back and forth with the Fund to obtain this information. Due to the significance of the investment the Funds hold, there is a risk of material misstatement in the disclosure if the classification is incorrect.	We recommend that management should ensure they have their own assessment of their valuation bases in line with CIPFA Code and they should maintain own records of their investment asset. This should be readily available for audit at beginning of fieldwork. Management response The classification of the pension fund’s assets by Fair Value hierarchy is initially undertaken by the pension fund’s custodian, then reviewed by officers, but we agree that the reasons for the classification of each asset should be readily available each year at the beginning of audit field work.
	Our review of investments disclosures identified that the tenancy schedule were not updated by the Fund and its property manager. It still includes properties that were sold by the Fund and some of the annual rent were not updated in line with the latest agreed rent. This resulted to disclosure error in future minimum lease receivable payments which the Fund amended. Refer to page 35 for our findings. This creates risk of material error within the disclosure.	We recommend that management ensure the tenancy schedule is up to date. Management response Agreed.

Assessment key:

- [Red] High – Significant effect on financial statements
- [Amber] Medium – Limited effect on financial statements
- [Green] Low – Best practice

Follow up of prior year recommendations

This is a summary of where we identified recommendations for the Pension Fund because of issues identified during the prior year audit, and an update on actions taken by management as a result.

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Page 232	1	✘	Our audit work has identified that journals below £50k are posted directly into SAP without authorisation. Journals above £50k are required to be approved prior to posting. This increases the risk of error and the potential for fraud and management override of controls. We recommend that compensatory controls are put in place.
		✘	We identified that was no budget monitoring undertaken for the pension fund. Investments are monitored throughout the year but there is no monitoring of items within the fund account such as management expenses, benefit payments and contributions. Monitoring and reporting of these values through out the year would help early identification of anomalies. We recommend that a budget for fund account items is developed and reporting against throughout the year.
	3	✓	Our Directly Owned Property testing identified that a formal 'Terms of Engagement' document is not issued annually between the valuer and the Pension Fund. This is a mandatory requirement for Valuers under the RICS valuation standards. We recommend that an annual 'Terms of Engagement' document for any valuation completed is obtained.
			Management changed valuer during the year and has provided us with formal 'Terms of Engagement' This has been reviewed by our auditor's expert and confirmed this is appropriate.

Assessment:

- ✓ Action completed
- Work in progress / Partially addressed
- ✘ Not yet addressed

Follow up of prior year recommendations (continued)

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
4	✘	Our testing of starters and leavers identified that a number of leavers did not have leaving dates recorded. This was due to a backlog of leaver processing within the Pension Fund team. All leavers tested had left and evidence to support this was provided. However, their pension leaving date and status had not been updated in the UPM system. We recommend that status updates are processed in a more timely manner.	This remains as finding in our audit. We have raised this again as part of this year's audit recommendation – see Action Plan.
5	✓	Our testing of year end bank reconciliations for both the 2022/23 and 2023/24 financial years noted that there were a number of items that had not been cleared for a significant period, with the oldest dated 2022. We recommend that as part of monthly bank reconciliations the fund ensure items are cleared before the following month. Any remaining should be investigated further and written off where necessary.	Our work in the current year audit has not identified any long outstanding bank reconciling items, therefore, we consider this recommendation as addressed.
	✓	We reviewed the opening trial balance for 2023/24 and compared this against the prior year closing position (31/03/23) to ensure completeness. In our review, we identified a manual adjustment of £490k that was made to the comparator figures in the 2023/24 accounts, however, this was not reflected in the ledger. This was a late 2022/23 audit adjustment. Whilst we are satisfied that the correct adjustment has been made to the prior year comparators, and the amount is trivial, we are reporting this as a control weakness as all transactions should be posted to through the general ledger. Going forward we recommend that all transactions/adjustments are processed in the ledger to ensure all transactions/adjustments are subject to the same level of internal control and scrutiny.	Our reconciliation of closing balance in 2023/24 to opening balance in 2024/25 has not identified any similar manual adjustments therefore, we consider this recommendation as addressed.

Assessment:

- ✓ Action completed
- Work in progress / Partially addressed
- ✘ Not yet addressed

Independence considerations

Independence considerations

As part of our assessment of our independence we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Fund that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Fund or investments in the Fund held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Fund as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Fund.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Fund's committees, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Fees and non-audit services

Our firm also provides audit and non-audit services to the Dorset Council, the administering authority. The fees in relation to these services and the related ethical considerations are reported in the Audit Findings Report issued to TCWG for that entity. Consequently, such fees are disclosed in the Council’s financial statements rather than the Pension Fund’s.

We confirm below our final proposed fees charged for the audit and confirm that there were no fees for the provision of non-audit services.

P 20 23	Audit fees	£
	Audit of Dorset Pension Fund – Scale Fee	£93,992
	Direct Property Valuations Work (estimated)	£10,000
	Total (Exc. VAT)	£103,992

Additional fee analysis – fee variation for in year work

The following table sets out further information on additional fees and a final analysis will be provided at the conclusion of the audit once all time records are finalised. A separate table for the additional fees arising from the work of our auditor’s valuation expert is also shown below.

Grade	Rate (Determined by PSAA)	Hours	Fee variation for Audit 2024/25
Director	£428	TBC	TBC
Manager	£236	TBC	TBC
Senior Auditor	£153	TBC	TBC
Other staff	£117	TBC	TBC
Total			

Expert Fee	Rate	Hours	Fee variation for Audit 2024/25
Stage 1 and 2 Review	£3,000 plus VAT	Fixed	£3,000
Stage 3 Review	£125	4	£500
Total			£3,500

The above is subject to review by PSAA who will make a final determination.

Appendices

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Fund's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

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ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings Report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.



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Pension Fund Committee

2 December 2025

Pension Fund Investments

For Decision

Local Councillor(s): All

Senior Leadership Team:

S Cremer, Corporate Director, Section 151 Officer

Report author: David Wilkes

Job title: Service Manager (Treasury and Investments)

Email: investments@dorsetcouncil.gov.uk

Statutory Authority: Dorset Council

Report status: Public (the exemption paragraph is N/A)

Executive summary (maximum of 500 words)

The estimated value of the pension fund's assets at 30 September 2025 was £4,406m compared to £4,071m at the start of the financial year, an increase of £335m. Approximately 85% of the pension fund's assets were under the management of Brunel Pension Partnership, the fund's investment pooling manager.

The total return from the pension fund's investments over the quarter to 30 September 2025 was 4.9%, compared to the combined benchmark return of 6.1%. The total return for the 12 months to 30 September 2025 was 10.1% compared to the benchmark return of 14.0%. Annualised returns for three years were 9.7% compared to the benchmark return of 11.2% and for five years were 7.8% compared to the benchmark of 9.4%.

Most asset classes recorded positive returns in the quarter, driven by subsiding concerns regarding US trade tariff policy, continued high expectations for Artificial Intelligence (AI) developments and a weaker US dollar providing support to emerging markets and precious metals. There is a heightened risk that markets could see significant corrections if sentiment towards AI changes.

Following a government directive for LGPS funds to consolidate into fewer and stronger investment pools at its last meeting, 9 September 2025, the Committee resolved to join Local Pension Partnership Investments (LPPI).

Recommendation(s):

That the Committee review and comment upon the activity and overall performance of the pension fund's investments.

Reason for the recommendation(s):

To ensure that the pension fund has the appropriate management and monitoring arrangements in place, and to ensure that asset allocation in line with agreed strategic targets.

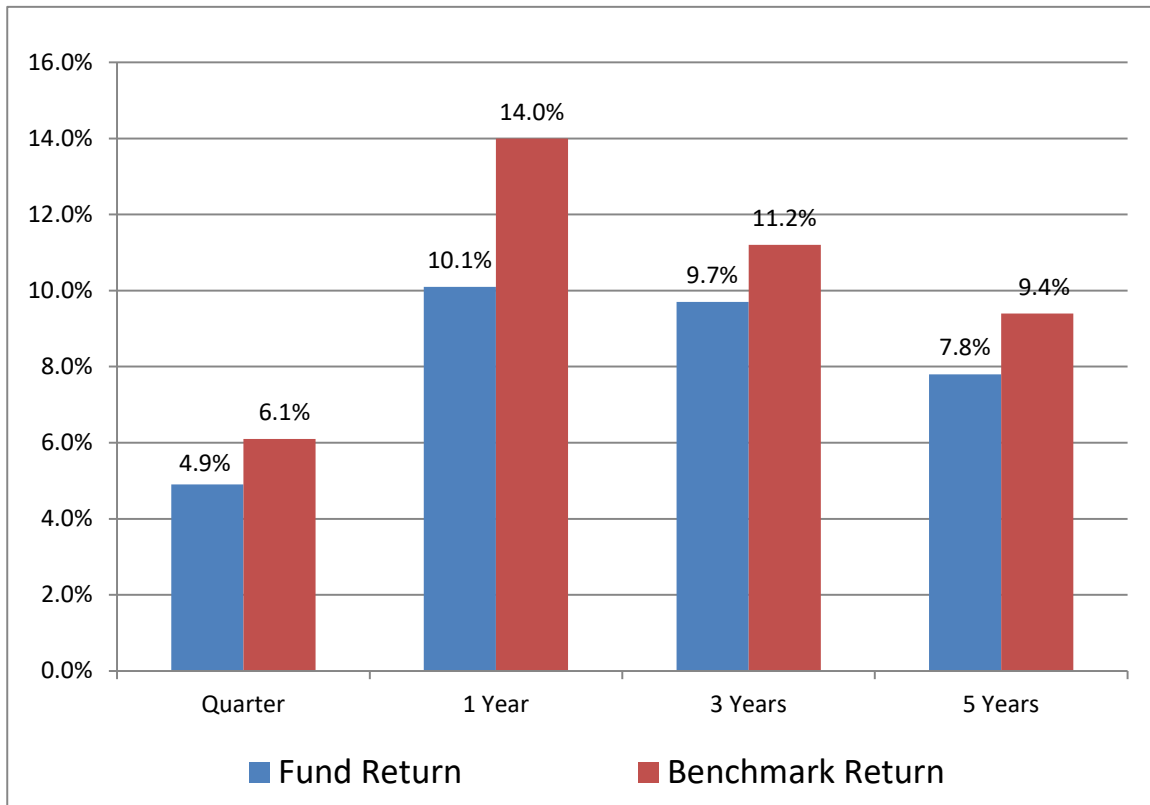
1. Asset Valuation Summary

- 1.1 The table below shows the pension fund's asset valuation by asset class at the beginning of the financial year and as at 30 September 2025, compared with the target allocation agreed by the Committee June 2023. There were no significant variances between actual and target allocations.

Asset Class	31-Mar-25		30-Sep-25		Target Allocation	
	£M	%	£M	%	£M	%
UK Equities	436.1	10.7%	488.9	11.1%	396.5	9.0%
Global Equities	1,822.6	44.8%	2,008.0	45.6%	1,982.7	45.0%
Emerging Markets Equities	157.2	3.9%	189.9	4.3%	176.2	4.0%
Total Listed Equities	2,415.9	59.3%	2,686.8	61.0%	2,555.5	58.0%
Corporate Bonds	267.1	6.6%	278.4	6.3%	286.4	6.5%
Multi Asset Credit	292.4	7.2%	306.8	7.0%	286.4	6.5%
Diversified Returns	270.7	6.7%	283.2	6.4%	308.4	7.0%
Infrastructure	312.7	7.7%	320.5	7.3%	352.5	8.0%
Private Equity	137.2	3.4%	142.3	3.2%	220.3	5.0%
Property	285.0	7.0%	287.0	6.5%	396.5	9.0%
Liability Driven Investment	0.0	0.0%	-	0.0%	-	0.0%
Cash	88.8	2.2%	103.7	2.4%	-	0.0%
F/X Hedging	0.8	0.0%	2.7	-0.1%	-	0.0%
Total Asset Valuation	4,070.6	100.0%	4,406.0	100.0%	4,406.0	100.0%

2. Investment Performance Summary

- 2.1 The overall performance of the pension fund's investments to 30 September 2025 is summarised below (returns for three and five years are annualised figures).



- 2.2 Appendix 1 summarises by investment manager and investment vehicle the value of Assets Under Management (AUM) as at 30 September 2025 plus each investment's return compared to its benchmark for the quarter, one, three and five years, and 'Since Initial Investment' (SII). All percentages quoted for periods over one year are annualised returns

3. Economic and Market Background

- 3.1 Most asset classes recorded positive returns in the third quarter of 2026, driven by subsiding concerns regarding US trade tariff policy, continued high expectations for Artificial Intelligence (AI) developments and a weaker US dollar providing support to emerging markets and precious metals. There is a heightened risk that markets could see significant corrections if sentiment towards AI changes.
- 3.2 Further information relating to the economic and market background relevant to the pension fund's investments can be found in the

independent investment adviser's quarterly report (Appendix 2) and in Brunel's quarterly report (Appendix 3).

4. Investment Pooling

- 4.1 In accordance with the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, Dorset participates with nine other LGPS funds to pool investment assets through the Brunel Pension Partnership. Brunel is wholly owned in equal shares by the ten administering authorities that participate in the pool and is authorised by the Financial Conduct Authority (FCA).
- 4.2 As at 30 September 2025, approximately 85% of the pension fund's assets were under the management of Brunel.
- 4.3 Brunel's performance report for the quarter ending 30 September 2025 is included as Appendix 3 to this report. This report includes market summaries from Brunel's investment officers and an overall performance summary for the pension fund, together with more detailed information in relation to Dorset's assets under Brunel's management.
- 4.4 The administering authorities of two of the eight LGPS investment pools (Brunel Pension Partnership and ACCESS) received a joint letter from the ministers for Pensions and Local Government advising them that they would need to identify a new pool to work with by 30 September 2025.
- 4.5 At its last meeting, September 2025, the Committee resolved to join Local Pension Partnership Investments (LPPI) alongside five of the other Brunel partner funds. An update on progress in implementing this decision is provided later in the agenda for this meeting.
- 4.6 On 20 November 2025 the Ministry of Housing, Communities & Local Government (MHCLG) launched a consultation seeking views on whether two draft statutory instruments "will effectively deliver the policy proposals set out in the government's response to the LGPS Fit for the Future consultation". Officers will draft a response to the consultation and circulate to Committee members for comment before the consultation ends 2 January 2026.

[Local Government Pension Scheme in England and Wales: Fit for the Future - technical consultation - GOV.UK](#)

5. Private Markets

- 5.1 The pension fund has investments in private equity funds managed by two external managers, HarbourVest and Patria (formerly managed by Aberdeen group), and Brunel.
- 5.2 Private Equity is an asset class that takes several years for commitments to be fully invested. The table below summarises the pension fund's commitments, drawdowns, distributions received and closing valuations by manager as at 30 September 2025.

	<u>Commitment</u>	<u>Drawdown</u>		<u>Distributions</u>	<u>Valuation</u>
	<u>£m</u>	<u>£m</u>	<u>%</u>	<u>£m</u>	<u>£m</u>
HarbourVest	104.5	96.8	93%	138.8	54.0
Patria	75.6	68.9	87%	105.2	4.5
Brunel	160.4	71.3	44%	3.8	83.8
Total	340.5	236.9	70%	247.9	142.3

- 5.3 The pension fund has two external infrastructure managers, Federated Hermes and IFM. The target for each manager is a 10% absolute annual return and this is used as the benchmark for these investments. In addition to the assets under the management of Federated Hermes and IFM, the pension fund also has holdings in infrastructure funds under the management of Brunel.
- 5.4 The performance of the pension fund's property investments managed by CBRE is detailed in Appendix 4. In addition to the assets under the management of CBRE, the pension fund also has holdings in secured long income property funds under the management of Brunel.

6. Legal considerations

- 6.1 None identified.

7. Financial implications

- 7.1 The Local Government Pension Scheme (LGPS) is a national pension scheme administered locally. Dorset Council is the administering authority for the LGPS in Dorset which provides pensions and other benefits for employees of the Council, other councils and a range of other organisations within the county.
- 7.2 The LGPS is a 'defined benefit' scheme which means that benefits for scheme members are calculated based on factors such as age, length of

membership and salary. Member benefits are not calculated on the basis of investment performance as they would be in a 'defined contribution' scheme.

- 7.3 Administering authorities are required to maintain a pension fund for the payment of benefits to scheme members funded by contributions from scheme members and their employers, and from the returns on contributions invested prior to benefits becoming payable.
- 7.4 Contribution levels for scheme members are set nationally, and contribution levels for scheme employers are set locally by actuaries engaged by administering authorities. As scheme member rates cannot be changed locally and benefits are defined, the risk of investment underperformance is effectively borne by scheme employers.
- 7.5 In September 2024 the LGPS Scheme Advisory Board (SAB) published a statement making clear that that “when decision makers exercise their LGPS investment responsibilities, the primary purpose must be to achieve the required returns in an appropriately risk-managed way to pay pensions when they become due, minimising the need for additional funding in the future.”
- 7.6 The pension fund's actuary, Barnett Waddingham, undertakes a full assessment of the funding position every three years. The draft results of the latest full assessment as at 31 March 2025 were that the pension fund had a funding level of 98% i.e. assets were estimated to be 98% of the value that they would have needed to be to pay for the expected benefits accrued to that date, based on the assumptions used, compared to 96% at the last valuation as at 31 March 2022.

8. Natural environment, climate & ecology implications

- 8.1 The pension fund's Investment Strategy Statement requires all external investment managers to consider and manage all financially material risks arising from environmental issues, including those associated with climate change.
- 8.2 At its meeting in September 2020, the Committee agreed to a strategy of decarbonisation meaning a reduction in allocations of investment to companies which are high carbon emitters and looking to influence the demand for fossil fuels and their financing, not just their supply.

- 8.3 Significant decarbonisation has been and will continue to be achieved through the transition of assets to the management of Brunel. Approximately 10% of the pension fund's assets are invested in Brunel's global sustainable equities fund, with all other actively managed Brunel funds are committed to a policy of a 7% year on year reduction in their carbon footprint.
- 8.3 The pension fund no longer has any direct investments in individual companies, including 'fossil fuel' companies, but it does have indirect exposure to such companies through its holdings in pooled investment vehicles. As at 30 June 2025, the value of the pension fund's investments in companies primarily involved in the exploration, production, mining and/or refining of fossil fuels was estimated at approximately £79M (1.8% of total investment assets).

9. Well-being and health implications

- 9.1 None identified.

10. Other implications

- 10.1 None identified.

11. Risk implications

- 11.1 The risks associated with the pension fund's investments are assessed in detail and considered as part of the strategic asset allocation. The pension fund's Investment Strategy Statement requires all external investment managers to consider and manage all financially material risks.

12. Equalities

- 12.1 There are no equalities implications arising from this report.

13. Appendices

Appendix 1: Performance summary by investment manager
Appendix 2: Independent Investment Adviser's quarterly report
Appendix 3: Brunel's quarterly report
Appendix 4: CBRE Quarterly Investment Report

14. Background papers

[Funding Strategy Statement \(dorsetpensionfund.org\)](https://www.dorsetpensionfund.org/funding-strategy-statement)
[Investment Strategy Statement | Dorset Pension Fund](https://www.dorsetpensionfund.org/investment-strategy-statement)

[Dorset County Pension Fund Holdings Report 30 June 2025 | Dorset Pension Fund](#)
[Dorset County Pension Fund to join new investment pool | Dorset Pension Fund](#)
[LGPS Scheme Advisory Board - Home](#)

Appendix 1

Performance by Investment Manager

The following tables summarise by investment manager and investment vehicle the value of Assets Under Management (AUM) as at 30 September 2025 plus each investment's return compared to its benchmark for the quarter, one, three and five years, and 'Since Initial Investment' (SII). All percentages quoted for periods over one year are annualised returns.

Brunel Pension Partnership

Investment	AUM £m	Qtr %	1 Yr %	3 Yr %	5 Yr %	SII %
Global Equities:						
Brunel Global Sustainable Equities	418.5	5.7	6.9	9.2	-	6.0
MSCI AC World GBP Index		9.7	17.4	16.2	-	11.7
Excess		-4.0	-10.5	-7.0	-	-5.7
Brunel Global High Alpha Equity	302.7	7.1	12.0	14.3	10.8	12.4
MSCI World TR Index		9.3	17.3	16.8	14.0	12.9
Excess		-2.2	-5.3	-2.5	-3.2	-0.5
Brunel Smaller Companies Equities	291.9	2.9	4.0	7.6	-	3.4
MSCI World Small Cap		10.6	13.7	10.8	-	6.6
Excess		-7.7	-9.7	-3.2	-	-3.2
Brunel Emerging Market Equity	189.9	13.5	18.5	11.9	5.5	5.2
MSCI Emerging Markets		12.9	17.7	11.6	6.6	6.5
Excess		0.6	0.8	0.3	-1.1	-1.3
LGIM Passive Developed Equities	128.0	9.3	17.4	16.5	13.7	12.2
FTSE World Developed		9.4	17.6	16.8	13.8	12.3
Excess		-0.1	-0.2	-0.3	-0.1	-0.1
LGIM Passive Dev. Equities (Hedged)	139.3	7.8	18.1	22.7	14.8	13.0
FTSE World Developed Hedged		7.9	18.4	23.0	15.0	13.2
Excess		-0.1	-0.3	-0.3	-0.2	-0.2
Low Volatility Global Equity	329.0	6.7	-	-	-	6.9
MSCI AC World Index		9.7	-	-	-	9.3
Excess		-3.0	-	-	-	-2.4

Investment	AUM £m	Qtr %	1 Yr %	3 Yr %	5 Yr %	SII %
LGIM Passive Smart Beta	193.5	6.4	9.6	11.0	11.5	9.0
SciBeta Multifactor Composite		6.3	9.0	10.5	11.0	8.6
Excess		0.1	0.6	0.5	0.5	0.4
LGIM Passive Smart Beta (Hedged)	205.1	4.9	10.1	16.9	12.6	9.2
SciBeta Multifactor Hedged Composite		4.8	9.6	16.3	12.1	8.8
Excess		0.1	0.5	0.6	0.5	0.4
UK Equities:						
LGIM Passive UK Equities	488.9	6.9	16.2	14.5	13.1	6.4
FTSE All Share		6.9	16.2	14.5	13.0	6.3
Excess		0.0	0.0	0.0	0.1	0.1
Fixed Income:						
Brunel Multi Asset Credit	306.8	2.2	7.4	10.6	-	4.5
SONIA + 4%		2.1	8.7	8.8	-	7.5
Excess		0.1	-1.3	1.8	-	-3.0
Brunel Sterling Corporate Bonds	278.4	1.4	5.7	-	-	6.4
iBoxx Sterling Non Gilts Overall Return		0.7	3.7	-	-	4.6
Excess		0.7	2.0	-	-	1.8
Other:						
Brunel Diversifying Returns Fund	282.9	3.3	6.5	6.5	4.9	4.5
SONIA + 3%		1.8	7.6	7.7	6.0	5.9
Excess		1.5	-1.1	-1.2	-1.1	-1.4
Private Markets:						
Brunel Private Equity Cycle 1	63.0	7.8	14.1	4.6	16.7	18.1
MSCI AC World Index		9.7	17.4	16.2	13.1	12.9
Excess		-1.9	-3.3	-11.6	3.6	5.2
Brunel Private Equity Cycle 3	16.5	-0.3	2.9	-	-	8.2
MSCI AC World Index		9.7	17.4	-	-	17.3
Excess		-10.0	-14.5	-	-	-9.1
Brunel Private Equity Cycle 4	4.3	6.0	25.8	-	-	18.7
MSCI AC World Index		9.7	17.4	-	-	15.8
Excess		-3.7	8.4	-	-	2.9
Brunel Secured Income Cycle 1	53.9	0.7	3.7	-3.3	1.0	1.3
CPI		0.3	3.8	4.0	5.0	4.0
Excess		0.4	-0.1	-7.3	-4.0	-2.7
Brunel Secured Income Cycle 3	30.5	-0.5	1.5	-	-	2.5
CPI		0.3	3.8	-	-	2.6
Excess		-0.8	-2.3	-	-	-0.1
Brunel Infrastructure Cycle 3	37.3	-0.3	7.9	-	-	4.3
CPI		0.3	3.8	-	-	4.1
Excess		-0.6	4.1	-	-	0.2

Other Managers

Manager / Investment	AUM	Qtr	1 Yr	3 Yr	5 Yr	SII
	£m	%	%	%	%	%
CBRE / Property	228.4	2.1	6.1	-0.9	3.5	6.5
MSCI UK All Properties (Quarterly)		1.4	6.3	-1.5	3.0	6.2
Excess		0.7	-0.2	0.6	0.5	0.3
HarbourVest / Private Equity	54.0	7.0	10.5	-2.9	13.9	12.2
FTSE All Share		6.9	16.2	14.5	13.0	6.3
Excess		0.1	-5.7	-17.4	0.9	5.9
Patria / Private Equity	4.5	3.5	-4.0	-4.9	5.6	3.9
FTSE All Share		6.9	16.2	14.5	13.0	6.6
Excess		-3.4	-20.2	-19.4	-7.4	-2.7
Federated Hermes / Infrastructure	79.2	2.2	3.2	-3.1	2.6	4.9
10% Absolute Return		2.5	10.0	10.0	10.0	10.0
Excess		-0.3	-6.8	-13.1	-7.4	-5.1
IFM / Infrastructure	178.2	4.0	12.6	5.2	11.0	11.9
10% Absolute Return		2.5	10.0	10.0	10.0	10.0
Excess		1.5	2.6	-4.8	1.0	1.9

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Market Review

Quarterly Report

Q3 2025

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Contacts

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Key Indicators at a Glance

Index (Local Currency)		Q3	YTD
Equities		Total Return	
UK Large-Cap Equities	FTSE 100	7.52%	17.70%
UK All-Cap Equities	FTSE All-Share	6.87%	16.58%
US Equities	S&P 500	8.12%	14.83%
European Equities	EURO STOXX 50 Price EUR	4.51%	15.38%
Japanese Equities	Nikkei 225	11.79%	14.68%
EM Equities	MSCI Emerging Markets	10.64%	27.53%
Global Equities	MSCI World	7.27%	17.43%
Government Bonds			
UK Gilts	FTSE Actuaries UK Gilts TR All Stocks	-0.62%	1.87%
UK Gilts Over 15 Years	FTSE Actuaries UK Gilts Over 15 Yr	-2.39%	-1.95%
UK Index-Linked Gilts	FTSE Actuaries UK Index-Linked Gilts TR All Stocks	-1.32%	-1.89%
UK Index-Linked Gilts Over 15 Yr	FTSE Actuaries UK Index-Linked Gilts TR Over 15 Yr	-3.28%	-6.40%
Euro Gov Bonds	Bloomberg EU Govt All Bonds TR	-0.22%	0.28%
US Gov Bonds	Bloomberg US Treasuries TR Unhedged	1.51%	5.36%
EM Gov Bonds (Local)	JP. Morgan Government Bond Index Emerging Markets Core Index	2.75%	15.05%
EM Gov Bonds (Hard/USD)	JP. Morgan Emerging Markets Global Diversified Index	4.75%	10.66%
Bond Indices			
IBOXX Sterling Corporates	IBOXX Sterling Corporates Overall Total Return Index	0.86%	4.47%
European Corporate Investment	Bloomberg Pan-European Aggregate Corporate TR Unhedged	0.66%	2.19%
European Corporate High Yield	Bloomberg Pan-European HY TR Unhedged	1.83%	4.17%
US Corporate Investment Grade	Bloomberg US Corporate Investment Grade TR Unhedged	2.60%	6.88%
US Corporate High Yield	Bloomberg US Corporate HY TR Unhedged	2.54%	7.22%
Currencies			
GBP/EUR	GBPEUR Exchange Rate	-1.65%	-5.18%
GBP/USD	GBPUSD Exchange Rate	-2.08%	7.43%
EUR/USD	EURUSD Exchange Rate	-0.45%	13.33%
USD/JPY	USDJPY Exchange Rate	2.69%	-5.92%
Dollar Index	Dollar Index Spot	0.93%	-9.87%
USD/CNY	USDCNY Exchange Rate	-0.59%	-2.44%
Alternatives			
Infrastructure	S&P Global Infrastructure Index	3.66%	19.74%
Private Equity	S&P Listed Private Equity Index	1.71%	4.44%
Hedge Funds	Hedge Fund Research HFRF Fund-Weighted Composite Index	5.68%	9.77%
Global Real Estate	FTSE EPRA Nareit Global Index TR GBP	6.30%	3.85%
Volatility		Change in Volatility	
VIX	Chicago Board Options Exchange SPX Volatility Index	-2.69%	-6.17%
Commodities			
Brent Crude Oil	Generic 1st Crude Oil, Brent, USD/bbl	-0.87%	-10.21%
Natural Gas (US)	Generic 1st Natural Gas, USD/MMBtu	-4.43%	-9.08%
Gold	Generic 1st Gold, USD/toz	16.12%	45.43%
Copper	Generic 1st Copper, USD/lb	-3.45%	20.61%
Gold	Spot gold price quoted in USD per troy ounce	16.83%	47.04%
S&P GSCI	Broad, production-weighted S&P GSCI commodity benchmark	1.26%	0.06%
Sugar Futures	Front-month ICE Sugar #11 raw-sugar futures contract	4.01%	-16.41%
Arabica Coffee	Front-month ICE Coffee "C" Arabica futures contract	22.20%	17.23%
Sector Indices			
NASDAQ-100 Technology	Equal-weighted NASDAQ-100 Technology Sector	7.78%	22.15%
S&P500 Consumer Discretionary	S&P 500 Consumer Discretionary sector	9.36%	4.74%
S&P500 Consumer Staples	S&P 500 Consumer Staples sector	-2.90%	2.04%
S&P 500 Health Care	S&P 500 Health Care sector	3.27%	1.20%
S&P 500 Financials	S&P 500 Financials sector	2.86%	11.49%
S&P 500 Energy	S&P 500 Energy sector	5.26%	4.27%
S&P 500 Industrials	S&P 500 Industrials sector	4.56%	17.07%
S&P 500 Utilities	S&P 500 Utilities sector	6.84%	15.13%
S&P 500 Communication Service	S&P 500 Communication Services sector	11.82%	23.69%
S&P 500 Real Estate	S&P 500 Real Estate sector	1.72%	3.47%

Source: Bloomberg. All return figures quoted are total return, calculated with gross dividends/income reinvested.

Executive Summary

- Dorset performance was **+4.8% versus a strong benchmark +6.1% in the third quarter**. Over 1 year Dorset is +10.1% versus +14.0% benchmark. Although our performance lags benchmark, these are **exceptionally strong benchmarks returns** in a stretched equity market and some of these underperformance issues are quite commonplace among managers today. That said there are two factors to take note of: firstly, we are lagging the benchmark over all the longer term time periods, but secondly and more comforting, the returns the fund has achieved have all been in excess of the discount rate in the range of a very acceptable 7.5-10%.
- At the last quarterly meeting, Dorset took a **historic decision to join the LPPI Pool**, along with 5 other Brunel client funds. I have confidence that LPPI has already been operating in line with the government's Fit for the Future consultation, and is best placed to deliver the outcomes that Dorset requires.
- The **priority is a smooth transition of the assets by April 1st 2026**. Operationally, the transition is not straightforward because 6 Brunel clients are going to LPPI, 3 to Central and 1 to London CIV. The untangling of the Brunel Partnership has many legal and operational complexities. Multiple parties.....Dorset, the Brunel clients, LPPI and Brunel itself....have to manage the transition such that it is equitable and low-cost. I advise the Pension Committee to seek assurances from the Dorset officers, LPPI and Brunel that this interim transition period is being managed with appropriate care.
- As mentioned above, equity market have been very strong, in a **US-driven AI bubble**. This has been likened to the internet bubble of 1999/2000 and the similarities are striking. The difference this time is that the mega-cap US technology protagonists are highly profitable, which was not true in 2000. However they are making eye-watering investments in developing AI capability, and the pay-off is very unclear. I continue to be nervous about this. Via Brunel and their managers, we are underweight the big US tech companies, and I do not believe we have much, if any, exposure to the smaller company speculative end of the AI bubble. I expect a correction, until the future profits from AI become clearer. In the meantime if AI corrects, then funds like Low Volatility should prove defensive.
- Within the Brunel portfolios, we have a **7% exposure to Brunel Global Smaller Companies** fund which is having ongoing performance issues, specifically in the last 12 months the index is +13.7% but the Brunel portfolio is only +4.0%. This is very disappointing, especially as we have been anticipating that smaller companies would start to perform better; they have but we haven't participated. Too much exposure to cheaper European small companies, and too much "quality" is given as the reason. One manager

excludes Mining stocks which have been top performers. If the under-performance relates back to the earlier speculative issues around AI, then they can be partially forgiven as this will no doubt reverse at some point, but we should ask Brunel for clear explanations.

- The **UK budget** will have been delivered by the time of the Committee meeting and there is much speculation at the time of writing, so I will hold off comments on the UK's challenging fiscal position until the meeting.
- We are starting to work on Dorset's **Strategic Asset Allocation** with LPPI following the conclusion of the 2025 triennial valuation. LPPI already offer this service for existing clients in line with Fit for Future.

General Market Commentary on Q2

- The third quarter of 2025 was eventful, with a combination of market euphoria and macro-economic fragilities intertwined. Q3 started with optimism: AI-driven equity rallies, a fragile US–China trade truce, and a global economy that was still expanding, if unevenly. The quarter ended with the main stock indices having hit all-time highs, the US government shutting down, sovereign CDS spreads widening, and geopolitical tensions simmering. Risk assets were rewarded over the period, while Gilts and sterling were weak. Eurozone held rates steady at 2% throughout the quarter. In contrast, the BoE made one 25bps cut in August, bringing its policy rate to 4%. Meanwhile, the Federal Reserve made its first rate cut since 2024 in September by lowering the federal funds rate by 0.25% to a range of 4.00%–4.25%. US CPI remained stable at 2.7 and 2.9% in July and August, respectively. In comparison, UK CPI averaged 3.8% over the same period, while the Eurozone maintained a relatively low average of 2.1% through the quarter. The Dollar Index rose slightly by 0.9% during Q3, though it remains down 9.9% YTD. The pound depreciated 1.7% against the euro and 2.4% against the dollar. The US economy maintained stable annual GDP growth of 2.1% in Q2. The UK economy saw a slight slowdown, with annual GDP declining to 1.4% from 1.7%. Meanwhile, the Eurozone experienced a modest decline in momentum with annual GDP growth falling to 1.5% from 1.6%. Japan, however, maintained a steady annual GDP growth of 1.7% over the quarter. The US composite PMI increased slightly from 52.9 to 53.9 over the quarter.
- Equity markets delivered strong returns across the board. The S&P 500, Nasdaq, Dow Jones, and Russell 2000 all reached new peaks, with 15 of the G20 countries' main indices hitting record highs, including the FTSE 100, Nikkei 225, CAC 40, and BSE Sensex, while market concentration, notably in U.S. tech, became even more pronounced. AI optimism also drove the Hang Seng Tech Index up by 22.1% and Taiwan's tech-heavy market up by 14.7%. Global equities the quarter by +7.3% (+17.4% YTD), led by the Nikkei (+11.8%, +14.7% YTD), emerging markets (+10.6%, +27.5% YTD), the US (+8.1%, +14.8% YTD), and the UK (+7.5%, 17.7% YTD). Europe had more modest gains comparatively (+4.5%). Government bonds'

performance varied across regions. Only US (+1.5%) and emerging markets (+4.8% in dollar terms) bonds ended the quarter in positive territory, while UK (-0.6%) and Eurozone (-0.2%) bonds posted modest declines. Across the US, UK, and Europe, both high yield and investment grade credit outperformed. Bitcoin finished the quarter up +6.3% reaching \$114,056 as of September 2025.

We highlight the following themes impacting investment markets:

- Government Credit Sovereign Risk Repricing:** While financial conditions remained broadly accommodative, sovereign credit risk rose sharply. US CDS spreads climbed to levels comparable with BBB-rated sovereigns, driven by Moody's US debt credit downgrade, debt ceiling volatility, and tariff-related inflation risks. Italian and Greek spreads remained elevated but stable. France saw a rise in spreads, with their five-year CDS pricing approaching 40bps amid EU-wide fiscal concerns. Turkey, Argentina, and South Africa saw CDS spreads widen and bond yields spike (Turkey's 10Y reaching 15%). EM Debt generally was supported by dollar weakness and rate cuts. US High Yield outperformed European High Yield. CDS trading volumes rose, particularly around geopolitical flashpoints and U.S. fiscal events.
- Mixed Signals in Europe:** Eurozone equities delivered solid gains overall in the third quarter, with strength in financials and healthcare. Banks were buoyed by strong earnings, helping lift overall market sentiment. Germany, Italy, and Spain saw encouraging expansion in their services sectors, reflecting underlying economic resilience. France, however, continues to be a source of concern. Political instability has deepened significantly: Prime Minister François Bayrou stepped down after his proposed austerity measures failed to gain parliamentary support. His successor, Sébastien Lecornu, has now resigned just 26 days into the role - the fifth prime ministerial departure under President Macron in just two years. The problems for France's economy include sluggish growth, a recent credit rating downgrade, and rising uncertainty around fiscal planning and borrowing costs. Meanwhile, foreign demand for European goods remains subdued. Export orders declined for the 28th consecutive month, underscoring persistent global trade challenges. August inflation aligned with the ECB's 2% target, though September figures are expected to come in slightly higher. However, despite headwinds from US-imposed trade tariffs, the eurozone performed better than expected, with moderate growth impacts and limited inflationary spillover.

Regional Commentary

- In the US, the Federal Reserve cut rates by 25bps in September, its first move of the year, responding to a cooling labour market and modest inflation. The S&P 500 total return was +8.1% (+14.8% YTD). Unemployment in the US edged up slightly from 4.1% in June to 4.3% in August and core inflation remained elevated at 3.1% in August. The quarter ended with a full government shutdown, triggered by a breakdown in budget negotiations, and 750,000 federal workers were furloughed. Key economic data releases were suspended. Markets rotated into safe-haven assets; gold surged, Treasury yields fell, and equity momentum paused. The Manufacturing PMI decreased to 52.0 and The Services PMI increased to 54.2 in September (both 52.9 in March).
- In Europe, the Euro Stoxx 50 delivered a strong quarterly return of +4.5%, bringing its year-to-date performance to +15.4%. In France, political reshuffling saw PM Bayrou replaced by Lecornu. Equities gained modestly (+3.3%), but fiscal consolidation remains uncertain. Meanwhile, Germany continued to underperform (-1.2%) amid industrial stagnation and weak exports. The ECB did not implement any rate cuts during the quarter, maintaining its policy rate at 2%, while core inflation averaged 2.3% over this period.
- UK equity indices rose. The FTSE All-Share rose 6.9% (+16.6% YTD), and the FTSE 100 was up 7.5% (+17.7% YTD), supported by UK companies' global exposure and a weaker sterling. Yet, 30-year Gilt yields hit their highest since 1998, reflecting inflation and fiscal concerns. The BoE implemented a 25bps rate cut in August, bringing the policy rate down to 4%, despite persistently high core annual inflation, which stood at 3.6% for the month. Labour market conditions continued to soften, with the unemployment rate rising to 4.7% in July and job vacancies declining further. Business activity also weakened, with the manufacturing PMI falling to 46.2 from 47.7 in June, while the services PMI dropped to 50.8 (52.8 in June). UK gilts posted a modest decline of 0.6%, broadly in line with the previous quarter, but long-duration gilts (15 years) saw a sharper drop of 2.39%.
- Japan was the strongest-performing developed market in Q3. The Nikkei advanced by 11.8% (+14.7% YTD), benefitting from a new U.S. trade deal and continued yen weakness. Business activity was mixed, the manufacturing PMI decreased to 48.5, whereas the services PMI increased to 53.3 from 51.7 in June. The Bank of Japan kept rates at 0.5%, following a hike earlier in 2025. GDP growth in Q2 held steady at 1.7%, unchanged from Q1.
- Emerging market equities performed well (+10.6%), delivering a YTD return of +27.5%, led by Mexico, Brazil, and India. In China, the US–China trade truce held, boosting sentiment. Chinese tech stocks (Hang Seng Tech Index) rallied 22.1% and the Shanghai Shenzhen CSI 300 Index China 300 outperformed over the quarter.
- In commodities, the S&P GSCI index was up 1.3% (YTD: 0.1%), with Brent crude ending down 0.9% (YTD: -10.2%) despite geopolitical tensions, as surplus expectations weighed on sentiment and talks of OPEC increasing supply. Natural gas fell by 4.4%. The Bloomberg

Commodity Index rose +3.7% in Q3. Gold rallied on safe-haven demand, inflation fears, and central bank easing, ending the quarter at \$3,841 per troy ounce (+16.1%, YTD +45.4%). Silver: Surged to \$46/oz, up 45% YTD, driven by industrial demand and structural supply deficits. Copper peaked mid-quarter then eased, ending the quarter by -3.5%. In the agricultural sector, cocoa hit record highs due to West African crop failures, while coffee & sugar supplies tightened. The arabica coffee front-month ICE Coffee “C” Arabica futures contract rose by 22.2% over the quarter.

- Global real estate shares strengthened during the quarter, with the FTSE EPRA NAREIT Global Index (GBP) rising 6.3%, bringing YTD gains to 3.9%. UK nationwide house price index rose 1.1% during Q3.
- Equity volatility remained subdued throughout the quarter, with the VIX largely holding in the mid-teens despite occasional spikes around geopolitical flare-ups and tariff headlines. Since March, markets have shown a remarkable ability to climb higher while largely shrugging off political tension, trade friction, and policy uncertainty. This steady backdrop has kept implied volatility anchored at historically low levels, a sign that investors remain confident, or perhaps a touch complacent. With equities at or near record highs and yields edging up, the current calm may not last. As ever, it may be wise to keep an eye on the VIX as experience tells us it has a habit of waking up suddenly when investors least expect it.

Charts and Data

Economic Indicators

Table 1: Quarterly Real GDP Growth and Monthly CPI

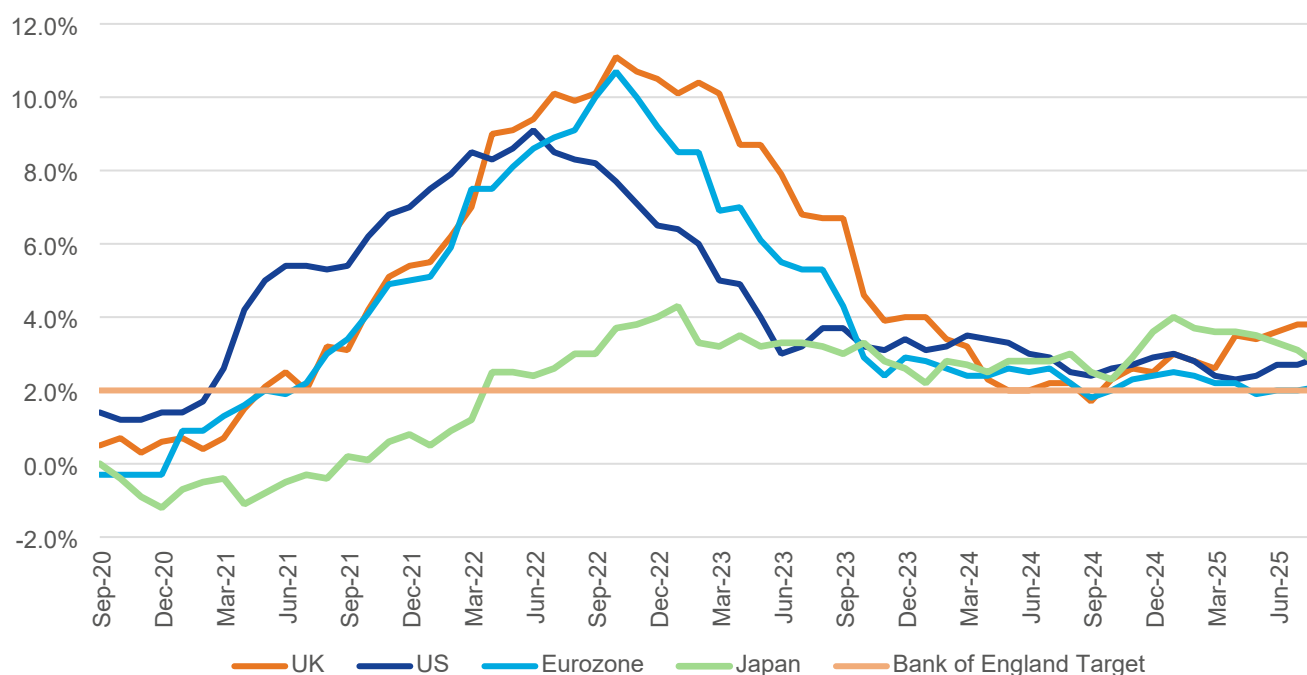
%	GDP		CPI		
	Q2 2025	Q3 2025	Jul	Aug	Sep
UK	0.3	-	3.8	3.8	-
US	0.9	-	2.7	2.9	-
Eurozone	0.1	-	2.0	2.1	-
Japan	0.5	-	3.1	2.7	-

Source: Bloomberg; Trading Economics.

CPI: UK: UK CPI EU Harmonised YoY NSA (Ticker: UKRPCJYR Index); US: US CPI Urban Consumer YoY NSA (Ticker: CPI YOY Index); Eurozone: Eurostat Eurozone MUICP All Items YoY Flash Estimate (Ticker: ECCPEST Index); Japan: Japan CPI Nationwide YOY (Ticker: JNCPIYOY Index)

GDP: UK Real GDP (Ticker: UKGRABIQ Index), US Real GDP (Ticker: GDP CQOQ Index) de-annualised, Eurozone Real GDP (Ticker: EUGNEMUQ Index), Japan Real GDP (Ticker: JGDPQGDGP)

Chart 1: CPI – Annual rate of Inflation - Five Years to Sep 2025

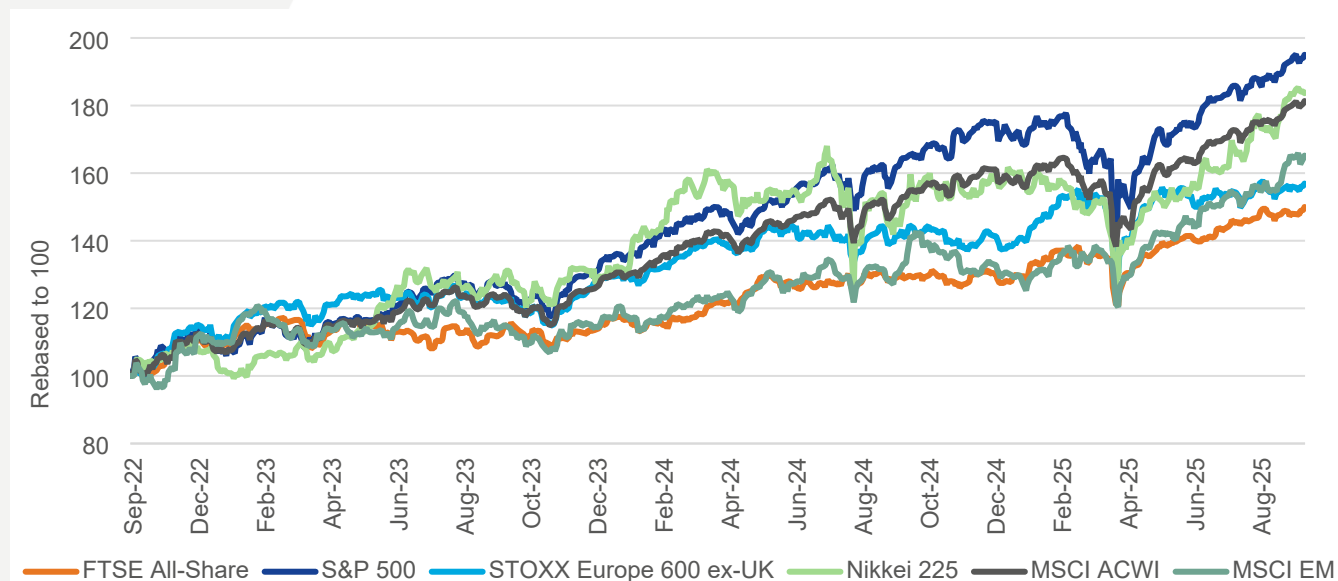


Source: Bloomberg

Notes: UK: UK CPI EU Harmonised YoY NSA (Ticker: UKRPCJYR Index); US: US CPI Urban Consumer YoY NSA (Ticker: CPI YOY Index); Eurozone: Eurostat Eurozone MUICP All Items YoY Flash Estimate (Ticker: ECCPEST Index); Japan: Japan CPI Nationwide YOY (Ticker: JNCPIYOY Index)

Equities

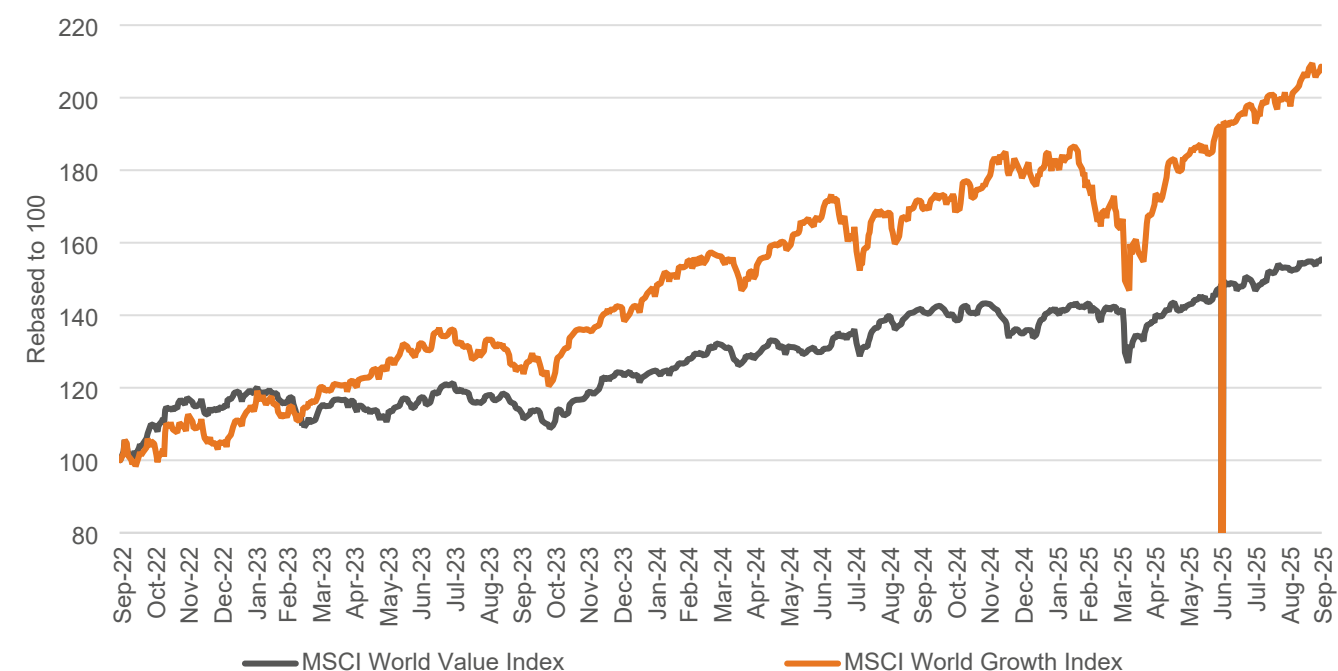
Chart 2: Global Equity Markets Performance



Source: Bloomberg. All in local currencies

Notes: FTSE All-Share Index (Ticker: ASXTR Index); S&P 500 Index (Ticker: SPXT Index); STOXX Europe 600 (Ticker: SXXG Index); Nikkei 225 Index (Ticker: NKYTR Index); MSCI World Index (Ticker: DLEACWF Index); MSCI Emerging Markets (Ticker: M1EF Index)

Chart 3: Global Equity Markets, Growth vs Value



Source: Bloomberg

Notes: MSCI World Value Index (Ticker: MXWO000V Index); MSCI World Growth Index (Ticker: MXWO000G Index)

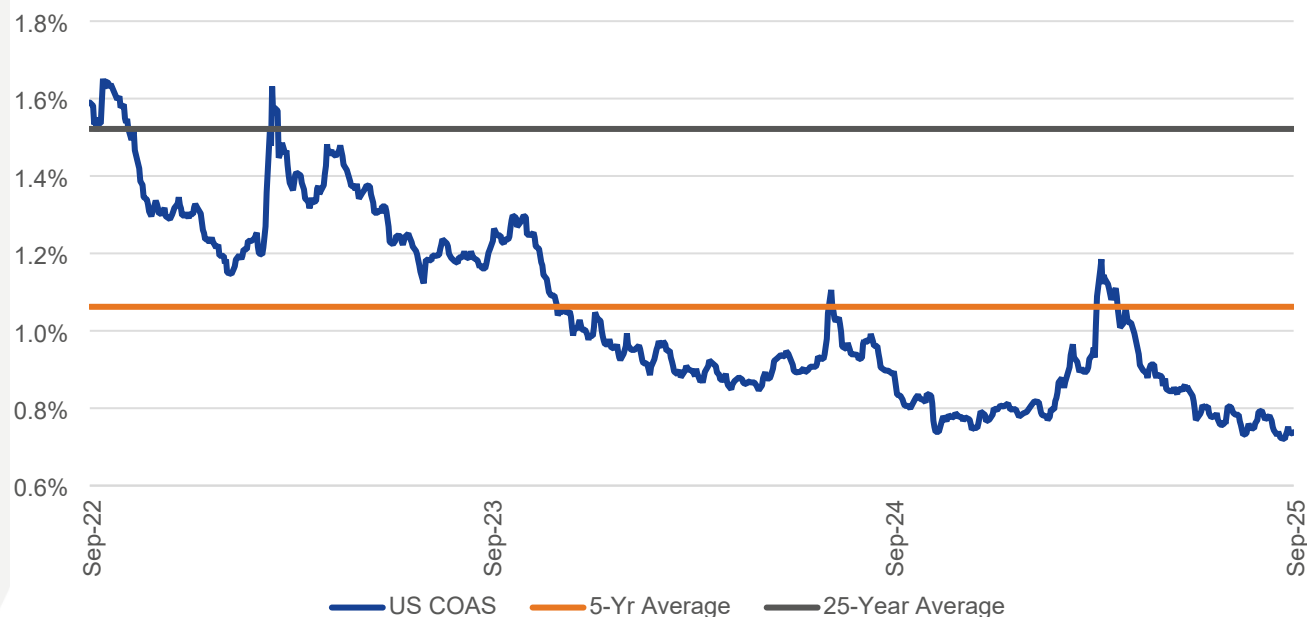
Table 2: MSCI ACWI Composition

Region	Q2 2025 (%)	Q3 2025 (%)
US	64.7	65.0
UK	3.3	3.2
Europe (ex-UK)	11.7	11.1
Japan	4.9	4.9
Developed Asia-Pacific	2.5	2.4
Emerging Markets	9.8	10.1
Other	3.1	3.2

Source: iShares MSCI ACWI ETF

Fixed Income

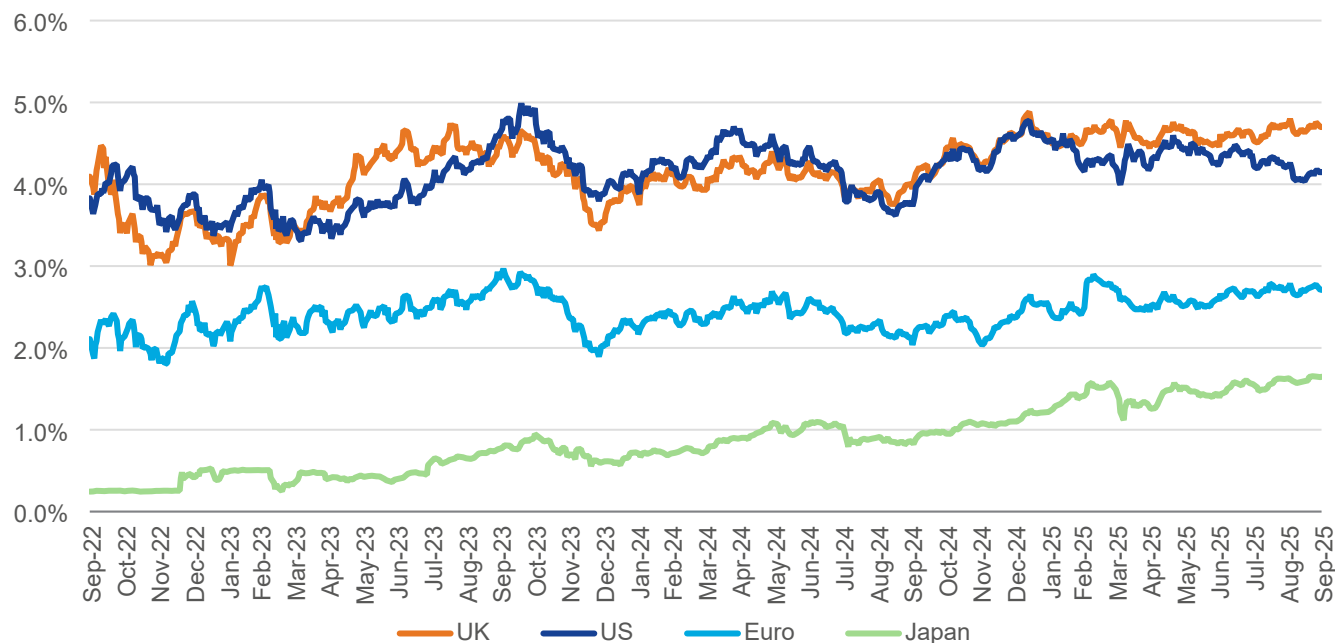
Chart 4: US Corporate Bond Spreads



Source: Bloomberg

Notes: Bloomberg Barclays US Corporate Option Adjusted Spread (Ticker: LUACSTAT Index); Option-Adjusted Spreads (OAS) represent the difference between the index yield and the yield of a comparable maturity treasury

Chart 5: Government Bond Yields

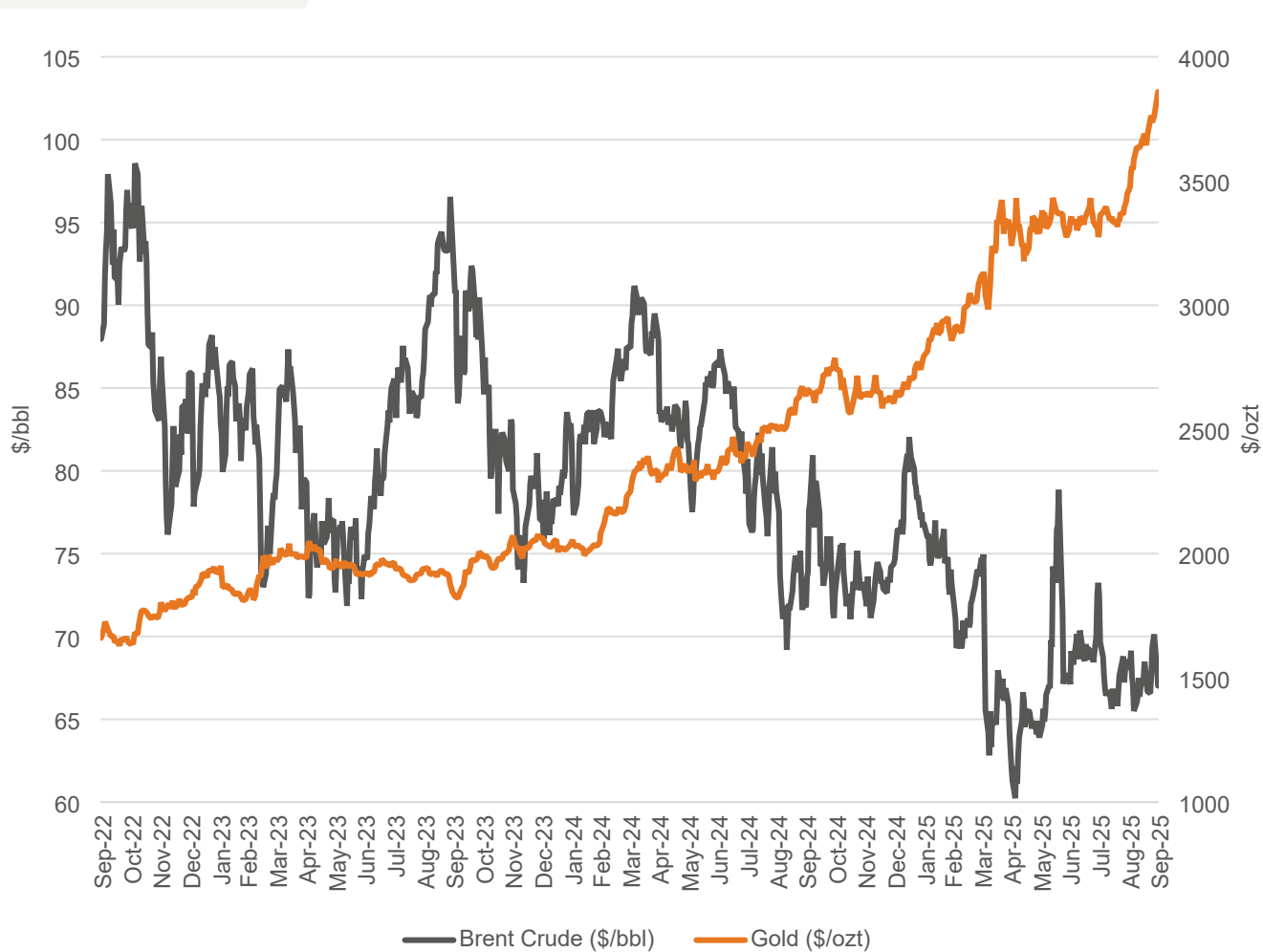


Source: Bloomberg

Notes: US Generic Govt 10 Year Yield (Ticker: USGG10YR Index); UK Govt Bonds 10 Year Note Generic Bid Yield (Ticker: GUKG10 Index); Euro Generic Govt Bond 10 Year (Ticker: GECU10YR Index); Japan Generic Govt Bond 10 Year Yield (Ticker: GJGB10 Index)

Commodities

Chart 6: Gold and Brent Crude Oil Prices

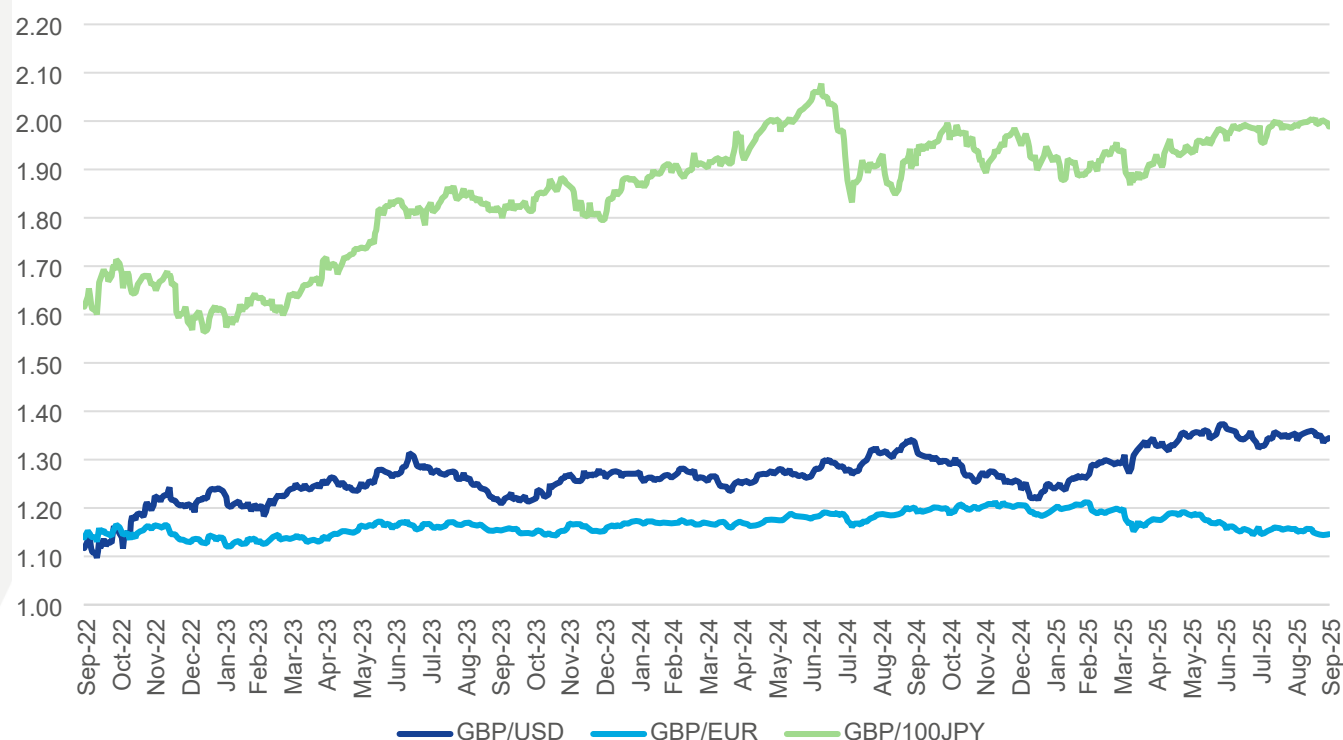


Source: Bloomberg

Notes: Gold USD Spot (Ticker: XAU Currency); Generic 1st Brent Crude Oil (Ticker: CO1 Commodity)

Currencies

Chart 7: Three-Year Currency Rates of Major Currencies vs Pound Sterling



Source: Bloomberg

Notes: GBPEUR Spot Exchange Rate (Ticker: GBPEUR Currency); GBPUSD Spot Exchange Rate (Ticker: GBPUSD Currency); GBPJPY Spot Exchange Rate (Ticker: GBPJPY Currency)

Table 3: Currency Rates as of 30 June 2025

Pair	Q3 Value	% Change Over Quarter
GBP/EUR	1.1459	-1.65%
GBP/USD	1.3446	-2.08%
EUR/USD	1.1734	-0.45%
USD/JPY	147.9	2.69%

Source: Bloomberg

Notes: GBPEUR Spot Exchange Rate (Ticker: GBPEUR Currency); GBPUSD Spot Exchange Rate (Ticker: GBPUSD Currency); EURUSD Spot Exchange Rate (Ticker: EURUSD Currency); USDJPY Spot Exchange Rate (Ticker: USDJPY Currency)

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Dorset County Pension Fund Performance Report

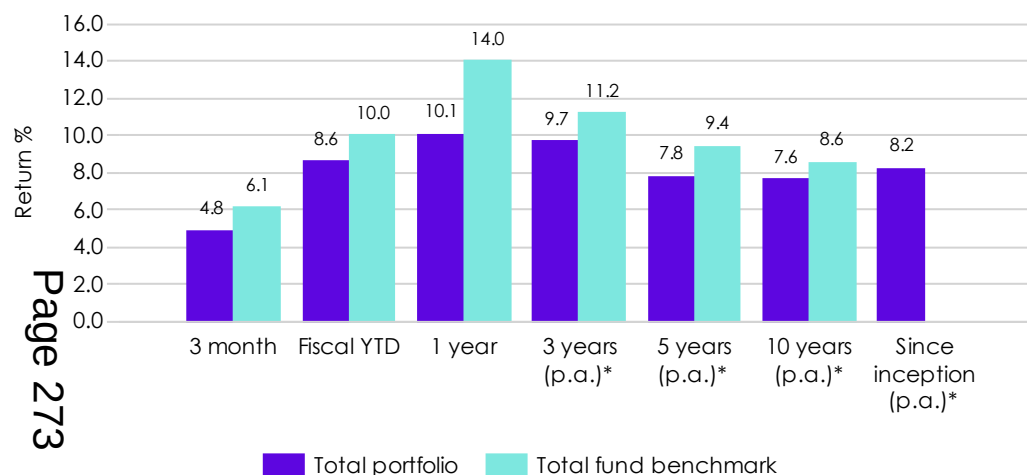
Quarter ending 30 September 2025

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Pension Fund performance

Performance (annualised)



Source: State Street Global Services
*per annum. Net of all fees.

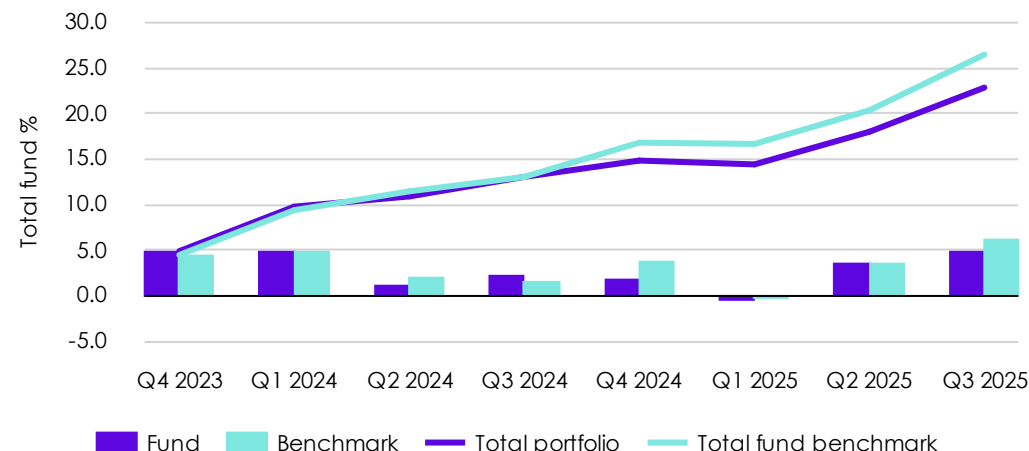
Key events

In Q3, most major asset classes recorded positive returns, reflecting subsiding tariff concerns. Other drivers included AI euphoria and a weaker US\$, which provided support to both emerging markets and precious metals such as silver and gold. Risks abound but most markets remained immune.

The MSCI World was up 9.2% in GBP, but emerging markets were a standout with gains in excess of 12% (GBP). The tech rally helped and pushed South Korean and Taiwanese markets upwards. Europe and the UK were relative laggards but still in positive territory.

US and UK rate setters both cut rates by 25bps, but bond markets remained volatile. US 10 yr yields ended the quarter lower, but UK yields were up. Spreads on other bonds, relative to government bonds, generally tightened.

Quarterly performance

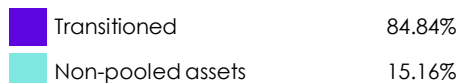
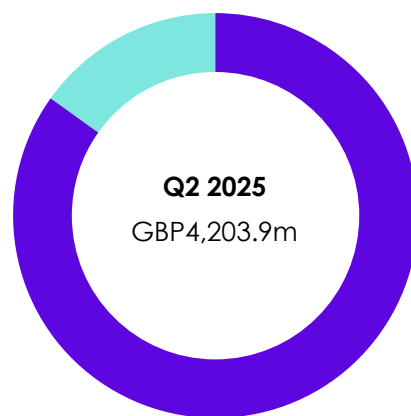
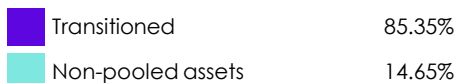
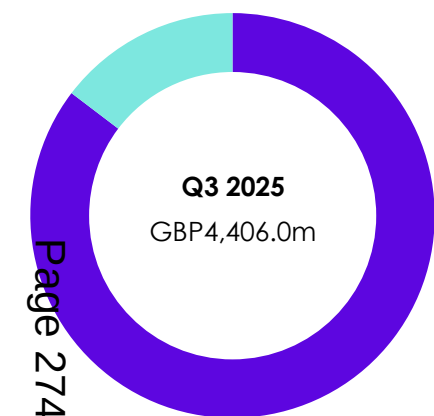


Source: State Street Global Services. Net of all fees.

In private markets, fundraising rebounded strongly, and secondary markets saw strong liquidity. Against this backdrop, Brunel's active portfolios were all up in absolute terms over the quarter. However, a number of the equity portfolios struggled to keep pace with the strong markets and underperformed on a relative basis. The active fixed income portfolios were ahead of their respective benchmarks. Passive bond portfolios (UK Gilts) were down in absolute terms, reflecting the rising yield trend noted earlier.

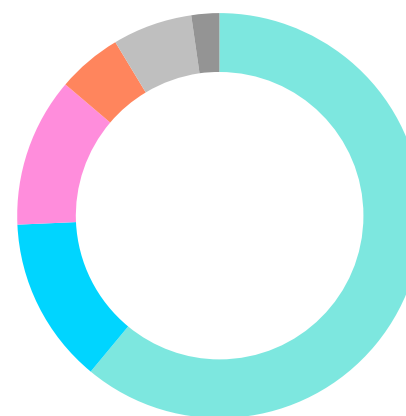
Asset summary

Assets transitioned to Brunel



Source: State Street Global Services. Net of all fees.

Asset allocation breakdown



Key:

Equities	61.00%
Fixed income	13.28%
Private markets	11.93%
Property	5.18%
Other	6.37%
Cash	2.24%

Source: State Street Global Services. Net of all fees.
Data includes non-pooled assets

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Detailed asset allocation

Equities	£2,687.52m	61.00%
Passive UK Equities	£488.88m	11.10%
Global Sustainable Equities	£418.52m	9.50%
Low Volatility Global Equities	£328.98m	7.47%
Global High Alpha Equities	£302.69m	6.87%
Global Small Cap Equities	£291.95m	6.63%
Passive Smart Beta (Hedged)	£205.06m	4.65%
Passive Smart Beta	£193.55m	4.39%
Emerging Markets Equities	£189.92m	4.31%
Passive Developed Equities (Hedged)	£139.31m	3.16%
Passive Developed Equities	£128.03m	2.91%
Non-pooled Assets	£0.64m	0.01%
Fixed income	£585.20m	13.28%
Multi-Asset Credit	£306.83m	6.96%
Sterling Corporate Bonds	£278.38m	6.32%

Private markets (incl. property)	£753.81m	17.11%
Private Equity Cycle 1	£62.99m	1.43%
Secured Income Cycle 1	£53.90m	1.22%
Infrastructure Cycle 3	£37.28m	0.85%
Secured Income Cycle 3	£30.54m	0.69%
Private Equity Cycle 3	£16.45m	0.37%
Private Equity Cycle 4	£4.34m	0.10%
Non-pooled Assets	£548.32m	12.44%
Other	£280.62m	6.37%
Diversifying Returns Fund	£282.89m	6.42%
Non-pooled Assets	-£2.27m	-0.05%

Cash not included

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Top 10 Equity Holdings at Pension Fund

ISIN	Security Name	Sector	Sub-sector	Country	Market Value (£)	% of Pension fund	ESG Score
US5949181045	MICROSOFT CORP	Information Technology	Systems Software	UNITED STATES	55,042,742.88	1.25%	13.43
US67066G1040	NVIDIA CORP	Information Technology	Semiconductors	UNITED STATES	43,218,757.32	0.98%	12.45
GB0005405286	HSBC HOLDINGS PLC	Financials	Diversified Banks	UNITED KINGDOM	36,373,036.11	0.83%	13.50
GB0009895292	ASTRAZENECA PLC	Health Care	Pharmaceuticals	UNITED KINGDOM	34,047,714.13	0.77%	18.27
GB00BP6MXD84	SHELL PLC	Energy	Integrated Oil & Gas	UNITED KINGDOM	31,662,550.21	0.72%	31.11
TW0002330008	TAIWAN SEMICONDUCTOR	Information Technology	Semiconductors	TAIWAN	28,353,444.06	0.64%	13.16
US02079K3059	ALPHABET INC-CL A	Communication Services	Interactive Media &	UNITED STATES	26,836,101.19	0.61%	20.10
GB00B10RZP78	UNILEVER PLC	Consumer Staples	Personal Care Products	UNITED KINGDOM	25,709,126.03	0.58%	16.08
US0231351067	AMAZON.COM INC	Consumer Discretionary	Broadline Retail	UNITED STATES	25,694,969.95	0.58%	18.37
US0378331005	APPLE INC	Information Technology	Technology Hardware	UNITED STATES	24,021,689.78	0.55%	14.19

Table excludes cash and non-pooled assets. This is an estimated aggregate position using Brunel Portfolios.

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Pension fund performance attribution - to quarter end

	End market value £'000	Actual % allocation at end of quarter	Strategic asset allocation (%)	Difference (%)	Fund return (%): 3 months	Contribution to return: 3 month
Aberdeen Standard	4,540	0.1%	1.50%	-1.4%	3.5%	0.0%
Brunel PM Cash (DPDLCASH)	4,032	0.1%	-	0.1%	2.7%	0.0%
Cash	98,858	2.2%	-	2.2%	0.6%	0.0%
CBRE	228,392	5.2%	8.00%	-2.8%	2.1%	0.1%
Harbourvest	53,969	1.2%	2.50%	-1.3%	7.0%	0.1%
Hermes	79,228	1.8%	2.00%	-0.2%	2.1%	0.0%
IFM	178,157	4.0%	4.00%	0.0%	4.0%	0.2%
Insight	169	0.0%	-	0.0%	0.1%	0.0%
Investec	383	0.0%	-	0.0%	6.3%	0.0%
SSgA Currency Overlay	-2,443	-0.1%	-	-0.1%	-5,137.0%	-0.1%
Wellington	234	0.0%	-	0.0%	1.8%	0.0%
Dorset Transition Acc - Brunel (DPDP)	0	0.0%	-	0.0%	0.2%	0.0%
Brunel - Cash (DPDGCASH)	24	0.0%	-	0.0%	-	-
Global High Alpha Equities	302,686	6.9%	6.00%	0.9%	7.1%	0.5%
Global Sustainable Equities	418,515	9.5%	10.00%	-0.5%	5.7%	0.5%
Emerging Markets Equities	189,922	4.3%	4.00%	0.3%	13.5%	0.5%

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Pension fund performance attribution - to quarter end

	End market value £'000	Actual % allocation at end of quarter	Strategic asset allocation (%)	Difference (%)	Fund return (%): 3 months	Contribution to return: 3 month
Global Small Cap Equities	291,949	6.6%	7.00%	-0.4%	2.9%	0.2%
Diversifying Returns Fund	282,891	6.4%	7.00%	-0.6%	3.3%	0.2%
Low Volatility Global Equities	328,977	7.5%	7.50%	-0.0%	6.7%	0.5%
Multi-Asset Credit	306,826	7.0%	6.50%	0.5%	2.2%	0.2%
Sterling Corporate Bonds	278,377	6.3%	6.50%	-0.2%	1.4%	0.1%
Passive Developed Equities	128,030	2.9%	1.75%	1.2%	9.3%	0.3%
Passive Developed Equities (Hedged)	139,312	3.2%	1.75%	1.4%	7.8%	0.2%
Passive UK Equities	488,880	11.1%	11.00%	0.1%	6.9%	0.8%
Passive Smart Beta	193,547	4.4%	4.50%	-0.1%	6.4%	0.3%
Passive Smart Beta (Hedged)	205,058	4.7%	4.50%	0.2%	4.9%	0.2%
Private Equity Cycle 1	62,994	1.4%	2.00%	-0.6%	N/M	N/M
Private Equity Cycle 3	16,452	0.4%	-	0.4%	N/M	N/M
Private Equity Cycle 4	4,335	0.1%	-	0.1%	N/M	N/M
Infrastructure Cycle 3	37,278	0.8%	1.00%	-0.2%	N/M	N/M
Secured Income Cycle 1	53,901	1.2%	1.00%	0.2%	N/M	N/M
Secured Income Cycle 3	30,537	0.7%	-	0.7%	N/M	N/M

Performance attribution

Pension fund performance attribution - to quarter end

Private Markets 3 month performance is not material. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Stewardship and climate metrics

Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q4	2024 Q4	2025 Q2	2025 Q3	2025 Q2	2025 Q3
Global High Alpha Equities	107	91	1.4	1.2	1.8	1.0
MSCI World*	176	161	3.1	3.1	7.3	7.3
Global Sustainable Equities	196	200	1.4	1.2	6.9	6.3
MSCI ACWI*	211	190	3.2	3.1	7.3	7.1
Emerging Markets Equities	244	164	0.1	0.1	2.1	1.8
MSCI Emerging Markets*	513	459	5.5	5.6	6.8	6.2
Global Small Cap Equities	140	154	1.4	1.4	1.5	1.5
MSCI Small Cap World*	225	239	3.1	3.2	5.1	5.2
Low Volatility Global Equities	126	107	1.1	0.9	2.7	3.0
MSCI ACWI*	211	190	3.2	3.1	7.3	7.1
PAB Passive Global Equities	145	115	0.8	0.9	3.3	3.7
FTSE Dev World TR UKPD*	182	165	3.1	3.1	7.5	7.6
PAB Passive Global Equities (Hedged)	145	115	0.8	0.9	3.3	3.7
CTB Passive Global Equities	167	141	1.4	1.3	4.7	5.1
CTB Passive Global Equities (Hedged)	167	141	1.4	1.3	4.7	5.1
FTSE Dev World TR UKPD*	182	165	3.1	3.1	7.5	7.6
Passive Developed Equities	182	165	2.9	2.9	7.5	7.4
Passive Developed Equities (Hedged)	182	165	2.9	2.9	7.5	7.4
Passive UK Equities	184	156	6.0	5.9	15.0	15.4
Passive Smart Beta	316	316	2.9	2.9	12.1	12.1
Passive Smart Beta (Hedged)	316	316	2.9	2.9	12.1	12.1

*Benchmark. ¹ Extractive revenue exposure as share (%) of total revenue. ² Value of holdings (VOH) - companies who derive revenues from extractives. Source: S&P. Changes between periods may reflect improved data quality and coverage.

Stewardship reporting links

Engagement records

www.brunelpensionpartnership.org/stewardship/engagement-records/

Holdings records

www.brunelpensionpartnership.org/stewardship/holdings-records/

Voting records

www.brunelpensionpartnership.org/stewardship/voting-records/

Risk and return summary

Brunel portfolio performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Equities				
Global High Alpha Equities	14.3%	11.8%	16.8%	10.5%
Global Sustainable Equities	9.2%	11.0%	16.2%	10.2%
Emerging Markets Equities	11.9%	13.3%	11.6%	13.4%
Global Small Cap Equities	7.6%	13.9%	10.8%	14.2%
Passive Developed Equities	16.5%	10.4%	16.8%	10.4%
Passive Developed Equities (Hedged)	22.7%	11.6%	23.0%	11.6%
Passive UK Equities	14.5%	9.7%	14.5%	9.7%
Passive Smart Beta	10.9%	9.2%	10.5%	9.2%
Passive Smart Beta (Hedged)	16.8%	10.8%	16.3%	10.8%
Fixed income				
Multi-Asset Credit	10.6%	3.5%	8.8%	0.2%
Other				
Diversifying Returns Fund	6.5%	3.5%	7.7%	0.2%

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Brunel portfolio performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Private markets (incl. property)				
Private Equity Cycle 1	3.5%	6.9%	16.2%	10.2%
Secured Income Cycle 1	-3.5%	11.9%	4.0%	1.8%

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Non-pooled manager performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Aberdeen Standard	-4.9%	12.0%	14.5%	9.7%
Brunel PM Cash	250.5%	-	-	-
Cash	0.6%	-	-	-
CBRE	-0.8%	10.9%	-3.4%	7.6%
Hatfield	-2.9%	8.3%	14.5%	9.7%
Hermes	-3.3%	3.8%	10.0%	0.1%
IFM	5.2%	5.5%	10.0%	0.1%
Insight	69.8%	271.9%	70.0%	271.9%
Dorset County Pension Fund	9.7%	6.6%	11.2%	6.1%

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Portfolio	Benchmark	Outperformance target	AUM (GBPm)	Perf. 3 month	Excess* 3 month	Perf. 1 year	Excess* 1 year	Perf. 3 year	Excess* 3 year	Perf. SII*	Excess* SII*	Initial investment
Equities (60.98%)			2,686.88									
Global High Alpha Equities	MSCI World	+2-3%	302.69	7.1%	-2.2%	12.0%	-5.4%	14.3%	-2.5%	12.4%	-0.5%	15 Nov 2019
Global Sustainable Equities	MSCI ACWI	+2%	418.51	5.7%	-4.0%	6.9%	-10.5%	9.2%	-7.1%	6.0%	-5.7%	01 Dec 2020
Emerging Markets Equities	MSCI Emerging Markets	+2-3%	189.92	13.5%	0.5%	18.5%	0.8%	11.9%	0.2%	5.2%	-1.3%	09 Oct 2019
Global Small Cap Equities	MSCI Small Cap World	+2%	291.95	2.9%	-7.6%	4.0%	-9.7%	7.6%	-3.2%	3.4%	-3.1%	03 Mar 2021
Low Volatility Global Equities	MSCI ACWI	> Benchmark	328.98	6.7%	-3.0%	-	-	-	-	6.9%	-2.4%	11 Dec 2024
Passive Developed Equities	FTSE Developed	Match	128.03	9.3%	-0.1%	17.4%	-0.2%	16.5%	-0.3%	12.2%	-0.2%	24 Jan 2020
Passive Developed Equities (Hedged)	FTSE Developed	Match	139.31	7.8%	-0.1%	18.1%	-0.3%	22.7%	-0.3%	13.0%	-0.2%	31 Jan 2020
Passive UK Equities	FTSE All Share	Match	488.88	6.9%	-	16.2%	-	14.5%	-	6.4%	0.1%	11 Jul 2018
Passive Smart Beta	SciBeta Multifactor Composite	+0.5-1%	193.55	6.4%	0.1%	9.6%	0.5%	10.9%	0.5%	9.0%	0.3%	25 Jul 2018
Passive Smart Beta (Hedged)	SciBeta Multifactor Hedged Composite	+0.5-1%	205.06	4.9%	0.1%	10.0%	0.4%	16.8%	0.5%	9.1%	0.3%	25 Jul 2018
Fixed income (13.28%)			585.20									
Multi-Asset Credit	SONIA +4%	0% to +1.0%	306.83	2.2%	0.2%	7.4%	-1.3%	10.6%	1.9%	4.5%	-3.0%	01 Jun 2021
Sterling Corporate Bonds	iBoxx Sterling Non Gilt x	+1%	278.38	1.4%	0.7%	5.7%	2.0%	-	-	6.4%	1.7%	14 Dec 2022
Private markets (incl. property) (4.66%)			205.50									
Private Equity Cycle 1	MSCI ACWI	+3%	62.99	N/M	N/M	13.5%	-3.9%	3.5%	-12.7%	12.0%	-0.9%	26 Mar 2019

Portfolio overview

Portfolio	Benchmark	Outperformance target	AUM (GBPm)	Perf. 3 month	Excess* 3 month	Perf. 1 year	Excess* 1 year	Perf. 3 year	Excess* 3 year	Perf. SII*	Excess* SII*	Initial investment
Private markets (incl. property) (4.66%)			205.50									
Private Equity Cycle 3	MSCI ACWI	+3%	16.45	N/M	N/M	0.4%	-16.9%	-	-	-0.7%	-18.1%	28 Apr 2023
Private Equity Cycle 4	MSCI ACWI	+3%	4.34	N/M	N/M	21.8%	4.4%	-	-	-	-15.8%	30 May 2024
Infrastructure Cycle 3	n/a - absolute return target	net 8% IRR	37.28	N/M	N/M	7.0%	3.2%	-	-	4.6%	0.6%	13 Oct 2022
Secured Income Cycle 1	CPI	+2%	53.90	N/M	N/M	3.4%	-0.4%	-3.5%	-7.6%	0.2%	-3.8%	15 Jan 2019
Secured Income Cycle 3	CPI	+2%	30.54	N/M	N/M	2.1%	-1.7%	-	-	-	-2.6%	01 Jun 2023
Cash (6.42%)			282.89									
Diversifying Returns Fund	SONIA +3%	0% to +2.0%	282.89	3.3%	1.5%	6.5%	-1.1%	6.5%	-1.2%	4.5%	-1.3%	31 Jul 2020
Total Brunel assets (excl. cash) (85.35%)			3,760.47									

*Since initial investment

* Excess to benchmark, may not include outperformance

Private Markets 3 month performance is not material. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

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Portfolio	AUM (GBPm)	Perf. 3 month	Excess ⁺ 3 month	Perf. 1 year	Excess ⁺ 1 year	Perf. 3 year	Excess ⁺ 3 year	Perf. SII*	Excess ⁺ SII*	Initial investment
Private markets (incl. property) (12.44%)			548.32							
Aberdeen Standard	4.54	3.5%	-3.4%	-4.0%	-20.2%	-4.9%	-19.4%	3.9%	-2.7%	01 Jun 2006
Brunel PM Cash (DPDLCASH)	4.03	2.7%	2.7%	4.7%	4.7%	250.5%	250.5%	100.8%	-	01 Jun 2020
Capgemini	228.39	2.1%	0.7%	5.7%	-0.7%	-0.8%	2.6%	6.4%	0.2%	01 Jan 2000
Harbourvest	53.97	7.0%	0.1%	10.5%	-5.7%	-2.9%	-17.4%	12.2%	5.8%	01 May 2006
Hermes	79.23	2.1%	-0.4%	2.9%	-7.1%	-3.3%	-13.2%	4.3%	-5.7%	01 Feb 2015
IFM	178.16	4.0%	1.5%	12.6%	2.6%	5.2%	-4.8%	11.9%	1.9%	01 Apr 2016
Other (2.25%)			99.03							
Cash	98.86	0.6%	0.6%	1.3%	1.3%	0.6%	0.6%	0.5%	-	01 Jan 2009
Insight	0.17	0.1%	-	0.5%	-	69.8%	-0.2%	17.0%	0.4%	01 Jul 2012
Total non-pooled assets (excl. cash) (14.69%)		647.34								

*Since initial investment

* Excess to benchmark, may not include outperformance

Chief Investment Officer commentary

The third quarter of 2025 saw positive returns across most major asset classes, as the MSCI World index returned 9.2% in sterling terms. Trade tensions subsided, AI euphoria continued, corporate earnings were solid, and the Fed undertook a 25bp interest rate cut in the US. Such was the backdrop to strong returns. A weaker US dollar supported emerging markets and led to record-setting rallies in gold and silver. Bond markets were volatile throughout the quarter, as global political uncertainty and concerns around fiscal sustainability came into focus.

In the US, the S&P 500 Index returned 8.1% over the quarter in dollar terms (10.1% in sterling terms) as the S&P 500 Index and the Nasdaq Composite both climbed to record highs. However, there were some intra-quarter wobbles. One such wobble followed the July non-farm payrolls release, and another came with a sell-off in US Treasuries in September. Nevertheless, gains were supported by a good second quarter earnings season and by expectations of a further lowering of interest rates following the 25-basis point cut in September. Technology and Communication Services were strong performers, while Healthcare and Energy lagged, as the latter was hindered by falling oil prices.

The FTSE Developed Europe ex UK index returned 5.1%, despite weak performance from the German market. Financials and Health Care led the advance, while Telecoms and Communication Services lagged. Bank shares were buoyed by strong corporate earnings. Markets now believe that the European Central Bank (ECB) has ended its rate-cutting cycle. Policy rates were unchanged during Q3. Although inflation forecasts were revised further below the central bank's target of 2%, the economy is showing little cause for concern.

UK equities rose, with the FTSE All-Share up 6.9%. While the domestic economic backdrop is challenging, three quarters of the index's revenues are derived abroad, and thus a resilient global economy, alongside weaker sterling, supported returns. UK inflation persisted at 3.8% in August, with pressures from food, energy, and regulated utility costs keeping it close to 4%. In August, in response, the Bank of England's Monetary Policy Committee voted by a narrow majority to reduce the bank rate by 0.25 percentage points to 4.0%.

Japanese, Asian, and broader Emerging Markets all enjoyed strong gains over the quarter. In Japan, a US-Japan trade deal (which lowered US tariffs on almost all Japanese exports from 25% to 15%) and a weaker yen supported the export-oriented TOPIX Index, which returned 10.6% in sterling terms. Asian markets and Emerging Markets both returned over 12% in sterling terms. South Korea and Taiwan were standout performers, fuelled by strong AI and tech demand. Chinese equities also posted strong gains, driven by capital inflows and investment in AI and chip self-reliance, despite weaker domestic demand.

The performance of government bond markets was mixed during Q3, with US Treasury yields ending the quarter lower (yields move inversely to price), while UK, German, and Japanese yields all rose over the period. It was a positive quarter for credit markets. US investment grade spreads tightened further, outperforming government bonds and reaching multi-decade tight levels. A resurgence of US issuance during September was well absorbed, reflecting ongoing investor demand for yield - and positive sentiment. There was similarly positive performance across eurozone and UK Investment Grade bond markets.

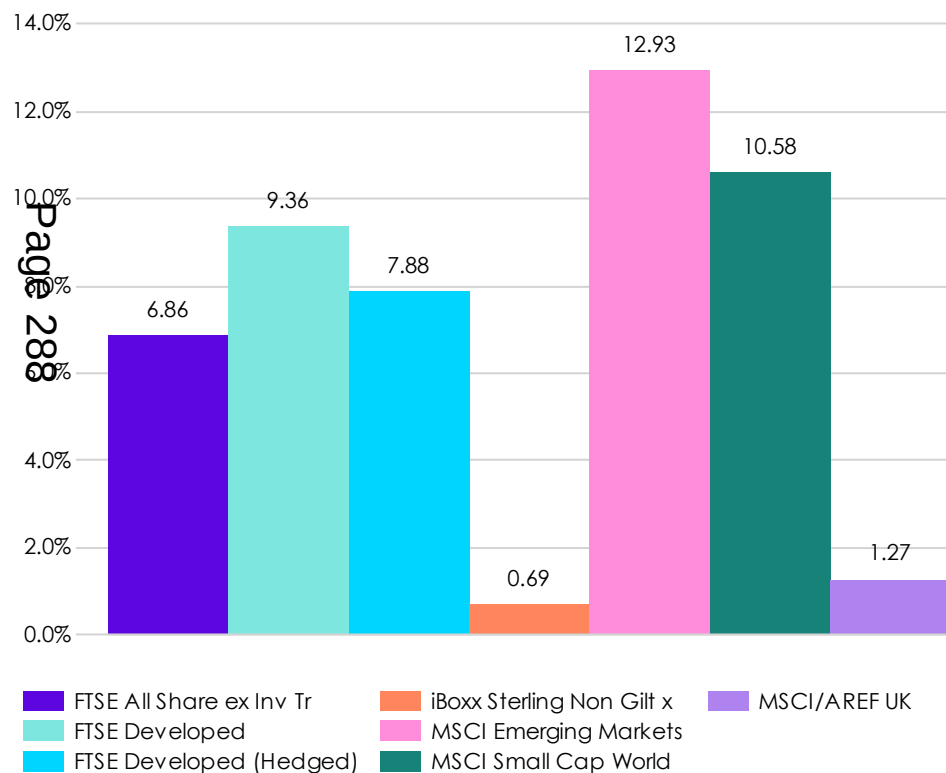
Just as in public markets, AI mania has also leached into private markets. Fund raising has rebounded robustly and data centre construction is accelerating at an unprecedented rate. Inevitably, there will be winners and losers, just as in fibre broadband. Global M&A volumes surged with megadeals driving the totals. Silver Lake and Affinity Partners struck a \$55bn takeover of video gaming company Electronic Arts (EA), marking it the private equity industry's largest take-private. The EA deal capped off a 42% year-on-year increase in private equity takeover activity in the third quarter, led by large deals exceeding \$1bn, according to S&P Global Market Intelligence.

Secondary market liquidity was robust and on track to set new records in 2025. Property markets globally remain cautious but with some improvement in investment volumes, even though yield compression was scarce. The rate-cutting cycle has provided some support for certain asset classes but detracted from floating rate investments in private debt, where default rates remained low, even as distressed exchanges rose. Unhedged FX detracted from portfolio returns and risks remain high, especially surrounding policy missteps in the US.

Looking ahead, elevated stock valuations, persistent inflation and ongoing geopolitical tensions continue to present potential challenges for markets. There is a real risk that markets are underestimating the potential inflationary impact of tariffs in the future. It is therefore worth remembering the lesson of 2022. The bankruptcies of US auto parts supplier First Brands and car dealership Tricolor provide a further warning of possible investor complacency.

Chief Investment Officer commentary

Index Performance Q3 2025



Source: State Street

Global High Alpha Equities

Launch date

6 December 2019

Investment strategy & key drivers

High conviction, unconstrained global equity portfolio

Liquidity

Managed

Benchmark

MSCI World

Outperformance target

+2-3%

Total fund value

\$2,342m

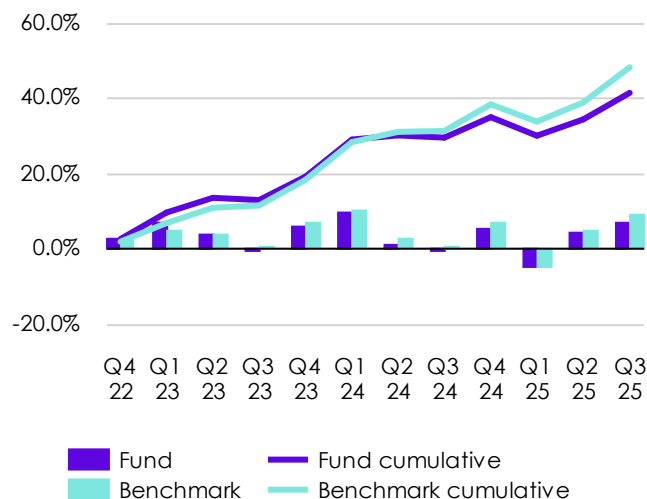
Risk profile

High

Dorset's Holding:

GBP303m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	7.0	12.0	14.3	12.8
MSCI World	9.3	17.3	16.8	13.4
Excess	-2.2	-5.3	-2.5	-0.5

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Global developed equities (as proxied by the MSCI World index) returned 9.3% in GBP terms over the quarter. Equity markets were again driven by enthusiasm around AI, as some significant AI investment announcements were made. Between strong corporate earnings, a US Fed rate cut in September and easing trade tensions, the market rally continued, whilst elevated valuations continued to raise concerns. Cyclical sectors significantly outperformed defensive sectors in general. IT and Communication Services were again the best-performing sectors, whilst Consumer Staples, Real Estate and Health Care were the weakest. Broad style indices showed that Growth outperformed, whilst both Quality and Value underperformed the broader MSCI World index. The differential between Growth and Value was less marked than in the second quarter.

The portfolio returned 7%, underperforming the index by 2.3% as weak selection more than offset the small positive contribution delivered by sector allocation. Selection was weakest in Financials (-c.1%). The portfolio's underrepresentation in banks (which performed strongly) and higher relative exposure to payments service providers (overweight holdings in Mastercard, Visa and Adyen) and financial exchanges and data companies (overweight holdings in Moody's, CME Group, MSCI, Intercontinental Exchange and LSE) were the largest detractors. All holdings in the last two categories underperformed the benchmark return. Moody's, CME and MSCI came under particular pressure due to perceived threats from AI models that could help actors retrieve publicly available data more efficiently and reduce demand for their offerings. Selection was also

weak in IT, where the underweights in Apple, NVidia and Broadcom detracted 55 basis points (bps), 23 bps and 12 bps, respectively. The largest individual contributor to relative returns was Aplovin (+32bps), which generated a 109% return as it outpaced competitors and continued to deliver exceptional growth in e-commerce advertising. The largest single detractors were the aforementioned underweights in Apple and NVidia and not holding Tesla (-40bps).

Manager performance was mixed. Baillie Gifford outperformed, aided by overweight exposure to the two best-performing sectors (Communications Services and IT). Fiera matched the benchmark, whilst the three other managers underperformed the strong index return.

Global High Alpha Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MICROSOFT CORP	5.30	4.53	16,044,079
TAIWAN SEMICONDUCTOR	4.28	-	12,946,597
AMAZON.COM INC	4.20	2.65	12,708,504
ALPHABET INC	3.65	3.27	11,061,859
NVIDIA CORP	3.45	5.53	10,439,960

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
TAIWAN SEMICONDUCTOR	4.28	-
MASTERCARD INC	2.75	0.61
AMAZON.COM INC	4.20	2.65
ASML HOLDING NV	1.97	0.48
AUTOZONE INC	1.55	0.09

Top 5 active underweights

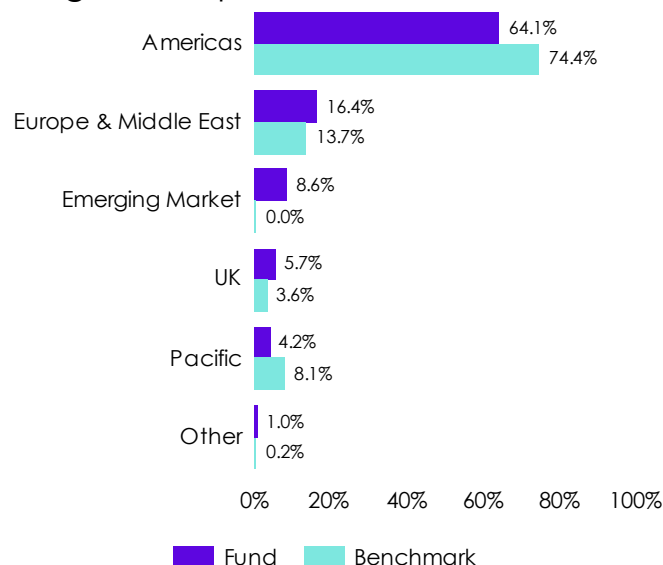
	Weight %	Benchmark weight %
APPLE INC	0.94	4.74
NVIDIA CORP	3.45	5.53
META PLATFORMS INC	-	2.01
TESLA INC	-	1.60
JPMORGAN CHASE & CO	-	1.09

Largest contributors to ESG risk

	ESG risk score*	
	Q2 2025	Q3 2025
AMAZON.COM INC	25.82	18.37
ALPHABET INC-CL A	24.89	20.10
MICROSOFT CORP	17.39	13.43
TAIWAN SEMICONDUCTOR-SP	14.67	13.16
NVIDIA CORP	12.46	12.45

*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Regional exposure

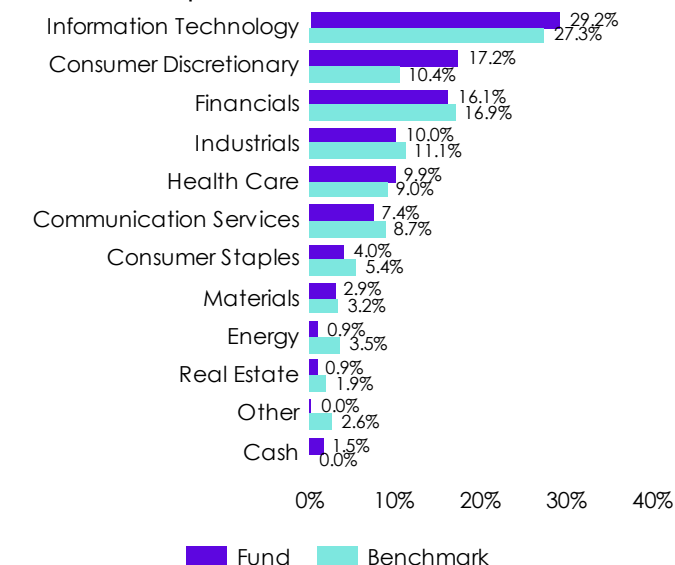


Carbon metrics

Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q4	2024 Q4	2025 Q2	2025 Q3	2025 Q2	2025 Q3
Global High Alpha	107	91	1.44	1.22	1.84	1.05
MSCI World*	176	161	3.13	3.09	7.31	7.26

*Benchmark. ¹ Extractive revenue exposure as share (%) of total revenue. ² Value of holdings (VOH) - companies who derive revenues from extractives. Source: S&P. Changes between periods may reflect improved data quality and coverage.

Sector exposure



Global Sustainable Equities

Launch date

20 October 2020

Investment strategy & key drivers

Global equity exposure concentrating on ESG factors

Liquidity

Managed

Benchmark

MSCI ACWI

Outperformance target

+2%

Total fund value

\$95m

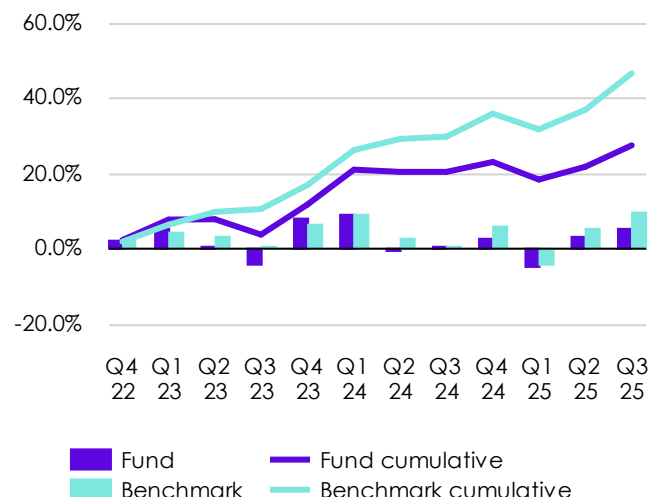
Risk profile

High

Dorset's Holding:

GBP419m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	5.7	6.9	9.1	6.7
MSCI ACWI	9.7	17.4	16.2	12.9
Excess	-4.0	-10.5	-7.1	-6.1

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The portfolio returned a healthy 5.7% during Q3 2025 as equities continued to march higher from the trough of early April. Whilst an absolute return of 5.7% is attractive for a 3-month period, the broader market (as represented by the MSCI ACWI) returned 9.7%. However, we should stress that the MSCI ACWI does not look to achieve the same exposures as the sustainable equity portfolio, and there is a philosophical mismatch between fund and benchmark.

The main focuses of the market over the quarter were the economic data coming out of the US and the potential impact of tariffs on companies' earnings. Inflation in the US continued to be a hot topic of conversation, as it sat above the FED's target rate of 2%, at 2.9%. Under normal circumstances, the FED would maintain its base rate at 4.5%.

However, the US economy did show some signs of slowing. A cooling labour market and a weakening in consumer spending left the Fed in a precarious position, not to mention it faces added political pressures from the White House. The FED therefore cut rates by 25bps in September. The market anticipates a further two cuts by the end of the year.

These rate cuts and the anticipation of further rate cuts supported equity valuations throughout the quarter, and we once again saw a renewed enthusiasm for the AI theme and big tech. Needless to say, the biggest contributors to the MSCI ACWI return were therefore Apple, Nvidia, Alphabet, Tesla, Broadcom, Microsoft and TSMC, who contributed >4% to the market's 9.6% return. From a multi-fund management perspective, it is difficult to overweight these names as they

make up 20% of the market; and those names ultimately contributed to 50% of the fund's quarterly relative underperformance.

We should also pass comment on the one-year number. In absolute terms, most investors would be happy with a return of 6.9%. However, when compared to an MSCI ACWI return of 17.4%, it makes for very difficult reading. There is obviously the philosophical alignment between portfolio and benchmark mentioned above. However, we can also pinpoint most of this underperformance as coming from three sectors; Information Tech, Health Care and Financials.

Information Tech has been covered above, and underperformance is due to the underweight to pure AI exposure. On Financials, the portfolio is underweight Banks

Summary

Overview of assets

Performance attribution

Responsible investment

Risk and return

Portfolio overview

CIO commentary

Portfolios

Glossary

Disclaimer

and Investment Banking, which have benefitted from higher interest rates. Health Care, however, has been a challenging sector over the last three years and unfortunately is an overweight position for many sustainable managers. Over the 1-year period, the sector returned -7%, when the market has returned 17.4%. The sector faced a number of headwinds from upstream funding and politics, although it is a sector that will always play a role in providing a net positive benefit to society and will always be a major theme for investment. At the moment, Health Care is valued at historical lows and we are starting to see some of the headwinds disperse, whilst the sector's underlying quality endures.

Relative to peers, the portfolio sits below the median in the 3rd quartile; RBC and Nordea have performed well year-to-date and sit in the first and second quartiles, respectively. However, our exposure to more defensive managers, such as Jupiter, has pulled the fund to below the median. Whilst disappointing, that exposure will be important if we see a market correction in the future. The MSCI ACWI is in the top quartile across 1-, 3- and 5-year periods, and in the top decile for 1- and 5 years. We can conclude that it has been exceptionally difficult for single-strategy sustainable managers to outperform the ACWI over these time periods.

We have removed our allocation to Ownership Capital over the quarter and have re-allocated the capital into the Baillie Gifford Positive Change Fund.

Global Sustainable Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MICROSOFT CORP	3.68	4.04	15,388,905
NVIDIA CORP	3.59	4.94	15,017,516
TAIWAN SEMICONDUCTOR	3.13	1.17	13,104,653
ECOLAB INC	1.85	0.08	7,737,790
ASML HOLDING NV	1.74	0.42	7,266,166

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
TAIWAN SEMICONDUCTOR	3.13	1.17
ECOLAB INC	1.85	0.08
WASTE MANAGEMENT INC	1.70	0.10
AMERICAN WATER WORKS CO INC	1.50	0.03
ASML HOLDING NV	1.74	0.42

Top 5 active underweights

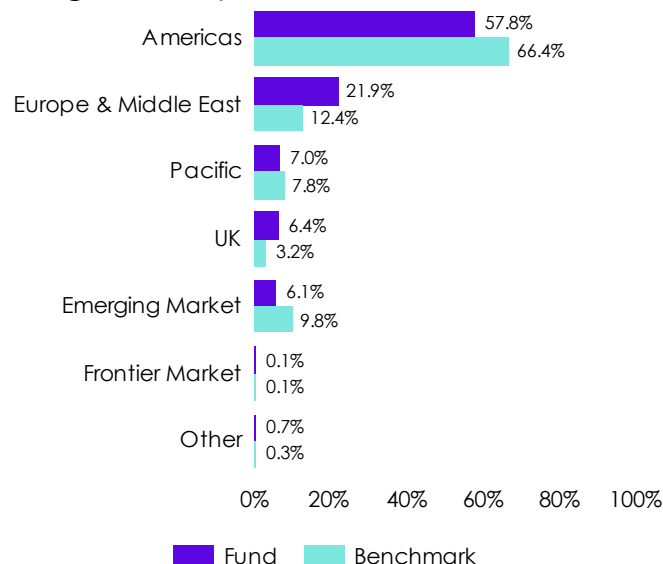
	Weight %	Benchmark weight %
APPLE INC	-	4.23
ALPHABET INC	-	2.92
META PLATFORMS INC	-	1.80
TESLA INC	-	1.43
NVIDIA CORP	3.59	4.94

Largest contributors to ESG risk

	ESG risk score*	
	Q2 2025	Q3 2025
MICROSOFT CORP	17.39	13.43
NVIDIA CORP	12.46	12.45
ECOLAB INC	23.56	19.41
WASTE MANAGEMENT INC	17.85	17.13
SHOPIFY INC - CLASS A	-	24.40

*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Regional exposure

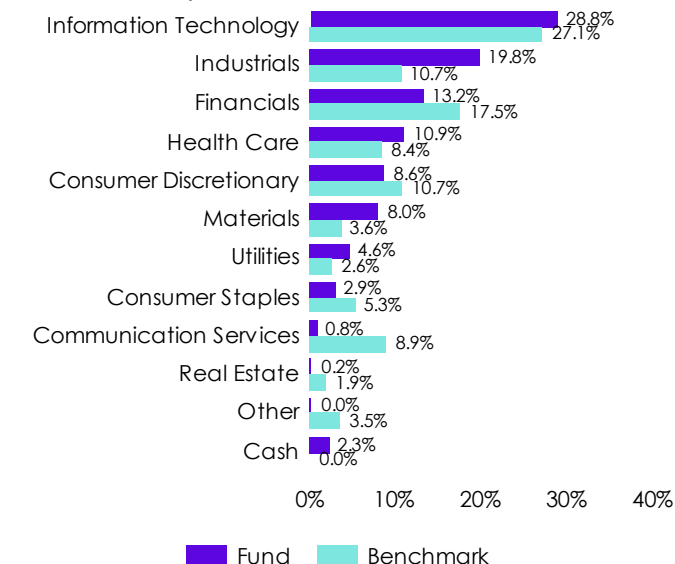


Carbon metrics

Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q4	2024 Q4	2025 Q2	2025 Q3	2025 Q2	2025 Q3
Global Sustainable	196	200	1.41	1.21	6.92	6.28
MSCI ACWI*	211	190	3.18	3.14	7.26	7.15

*Benchmark. ¹ Extractive revenue exposure as share (%) of total revenue. ² Value of holdings (VOH) - companies who derive revenues from extractives. Source: S&P. Changes between periods may reflect improved data quality and coverage.

Sector exposure



Emerging Markets Equities

Launch date

8 November 2019

Investment strategy & key drivers

Equity exposure to emerging markets

Liquidity

Managed

Benchmark

MSCI Emerging Markets

Outperformance target

+0.8%

Total fund value

£1,322m

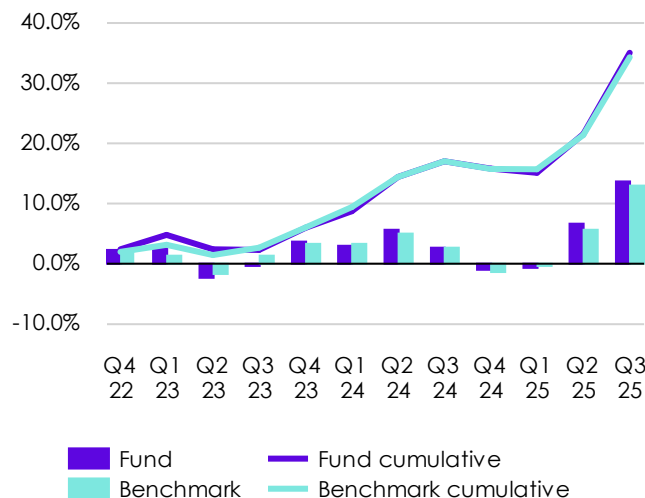
Risk profile

High

Dorset's Holding:

GBP190m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	13.5	18.5	11.8	4.8
MSCI Emerging Markets	12.9	17.7	11.6	6.0
Excess	0.5	0.8	0.2	-1.2

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Emerging Markets (EM) experienced another positive quarter, returning +12.9% when measured by MSCI Emerging Markets. This has brought EM closer to bull market territory, with returns +19.3% across the first three quarters. A truce in US/China trade talks accompanied by strong appetite towards AI sectors drove positive sentiment in EM, particularly in China. The Brunel Emerging Markets portfolio outperformed the benchmark by +0.5% net of fees.

A number of overweight positions produced strong returns over the quarter. Contemporary Amperex – one of the world's leading battery producers – returned 64% following the announcement by China's Development & Reform Commission of a plan to install over 180GW of new energy

capacity by 2027. This added almost 70bps to relative performance.

Country and Sector positioning worked against the portfolio. The portfolio is around 5% underweight in China, which appreciated by 23% because of improved investor sentiment. From a sector perspective, the underweight to Materials detracted almost 50bps from relative performance. Materials returned +26% following a surge in gold prices. The portfolio is 4% underweight vs benchmark, with almost no exposure to gold.

Styles showed divergence last quarter. Prime Value – a measure of Quality companies at a cheap price – outperformed broader EM by over 2%, benefiting Robeco's value approach. Conversely, Defensives and Low Volatility

were once again the worst performers, underperforming broader EM by almost 7%. This continued to be hugely detrimental to Stewart's relative performance.

On a forward-looking basis, sentiment is improving across EM. There is an argument that EM capital markets are yet to receive the full benefit of this improvement. However, investors need to balance this with potential macro risks, notably tariffs, geopolitical uncertainties and dollar volatility. Valuations still appear reasonable, with EM equities trading on 12-month forward price-to-earnings ratios of 13.8x as at quarter end, up from 12.7x in June.

Emerging Markets Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
TAIWAN SEMICONDUCTOR	10.85	10.85	20,609,775
SAMSUNG ELECTRONICS CO LTD	4.91	3.35	9,324,472
ALIBABA GROUP HOLDING LTD	4.51	3.96	8,560,434
TENCENT HOLDINGS LTD	4.20	5.63	7,975,303
HDFC BANK LTD	2.75	1.26	5,219,534

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
CONTAMPEREX	2.07	0.20
SAMSUNG ELECTRONICS CO LTD	4.91	3.35
HDFC BANK LTD	2.75	1.26
SEA LTD	1.08	-
MAHINDRA & MAHINDRA LTD	1.42	0.37

Top 5 active underweights

	Weight %	Benchmark weight %
TENCENT HOLDINGS LTD	4.20	5.63
PDD HOLDINGS INC	-	0.96
HON HAI PRECISION INDUSTRY CO	-	0.93
MEITUAN	-	0.68
BYD CO LTD	-	0.58

Largest contributors to ESG risk

	ESG risk score*	
	Q2 2025	Q3 2025
TAIWAN SEMICONDUCTOR	14.67	13.16
TENCENT HOLDINGS LTD	18.94	17.19
ALIBABA GROUP HOLDING LTD	17.99	15.48
SAMSUNG ELECTRONICS CO LTD	15.12	11.24
HDFC BANK LIMITED	24.34	23.02

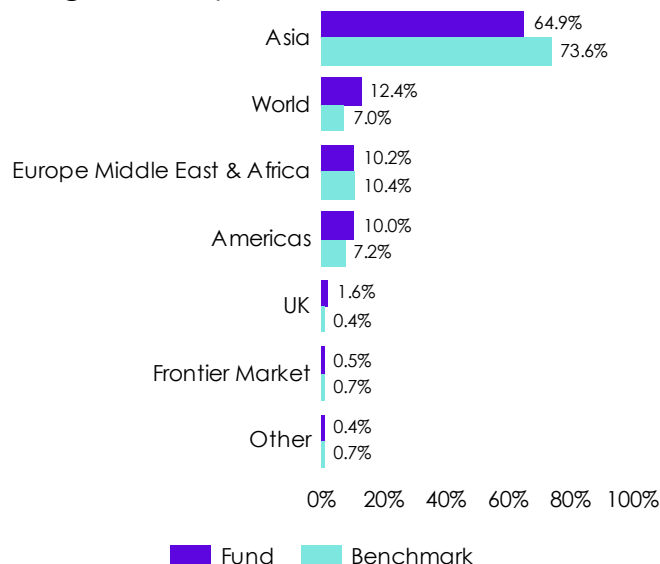
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

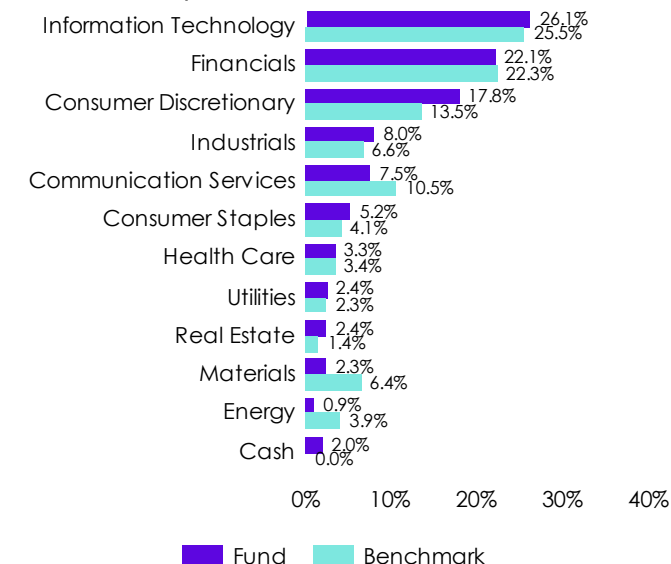
Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q4	2024 Q4	2025 Q2	2025 Q3	2025 Q2	2025 Q3
Emerging Markets	244	164	0.10	0.12	2.11	1.77
MSCI Emerging	513	459	5.53	5.59	6.80	6.19

*Benchmark. ¹ Extractive revenue exposure as share (%) of total revenue. ² Value of holdings (VOH) - companies who derive revenues from extractives. Source: S&P. Changes between periods may reflect improved data quality and coverage.

Regional exposure



Sector exposure



Global Small Cap Equities

Launch date

2 October 2020

Investment strategy & key drivers

Global equity exposure to smaller capitalisation companies

Liquidity

Managed

Benchmark

MSCI Small Cap World

Outperformance target

+2%

Total fund value

£1,055m

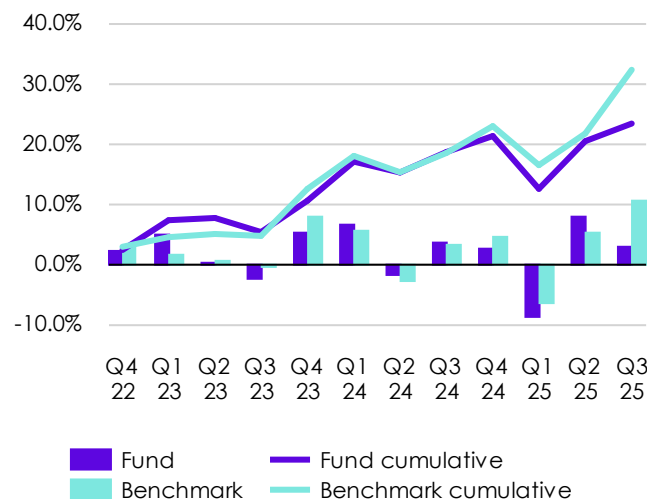
Risk profile

High

Dorset's Holding:

GBP292m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	3.0	4.0	7.6	7.2
MSCI Small Cap World	10.6	13.7	10.8	10.5
Excess	-7.6	-9.7	-3.2	-3.3

Source: State Street Global Services

*per annum. Net of all fees.

Performance commentary

Global small cap equity markets rallied over the quarter, as investor sentiment improved. The quarter saw extreme market positioning in certain industries. The strongest performing sector was Materials, driven by Metals and Mining. Gold and silver rallied significantly as the dollar declined and there were ongoing inflationary concerns. Diversified Metals and Mining also rallied strongly due to the Trump administration identifying critical materials, such as lithium, as investment targets. Aerospace and Defence companies outperformed, as Western countries raised defence budgets. Technology also performed strongly, particularly AI-related names.

Across the small cap market, performance was led by the least profitable companies. Despite attractive fundamentals, higher quality small caps underperformed in a capitulation-

type environment, where investors abandoned high quality holdings in favour of stocks that had suffered deep valuation discounts.

The Global Small Cap Equities portfolio returned 3.0% over the period, underperforming the benchmark by 7.6%. The portfolio's significant bias towards Quality detracted, as low quality stocks rallied sharply, driven by macro factors such as rate expectations, valuation gaps and Momentum chasing. The lack of exposure to the strongest areas of the market, such as Metals and Mining, also detracted.

American Century returned 5.3%. Stock selection in Industrials, Healthcare and Technology detracted. Notably, the portfolio was underweight Biotechnology stocks and AI-related names, which rallied over the quarter.

Kempen returned 4.3%. Kempen's overweight allocation to Europe detracted, as European small caps significantly lagged the US market. Stock selection in Industrials, Financials and Healthcare detracted. Kempen faced headwinds from specific exclusions (including Aerospace and Defence, gold, silver and diversified metals), which are excluded from investment due to ESG considerations.

Montanaro returned -0.8%. Montanaro's significant focus on Quality particularly harmed performance. The overweight exposure to Europe and underweight allocation to the US (on valuation grounds) contributed to outperformance in Q2, but detracted during Q3. Stock selection in Industrials and the lack of exposure to Biotechnology detracted. Montanaro also excludes Metals and Mining due to ESG considerations.

Global Small Cap Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
WINTRUST FINANCIAL CORP	1.45	0.09	4,226,806
ENCOMPASS HEALTH CORP	1.35	0.14	3,942,535
NOVA LTD	1.32	-	3,855,447
MTU AERO ENGINES AG	1.29	-	3,768,154
QUEST DIAGNOSTICS INC	1.19	-	3,469,228

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
WINTRUST FINANCIAL CORP	1.45	0.09
NOVA LTD	1.32	-
MTU AERO ENGINES AG	1.29	-
ENCOMPASS HEALTH CORP	1.35	0.14
QUEST DIAGNOSTICS INC	1.19	-

Top 5 active underweights

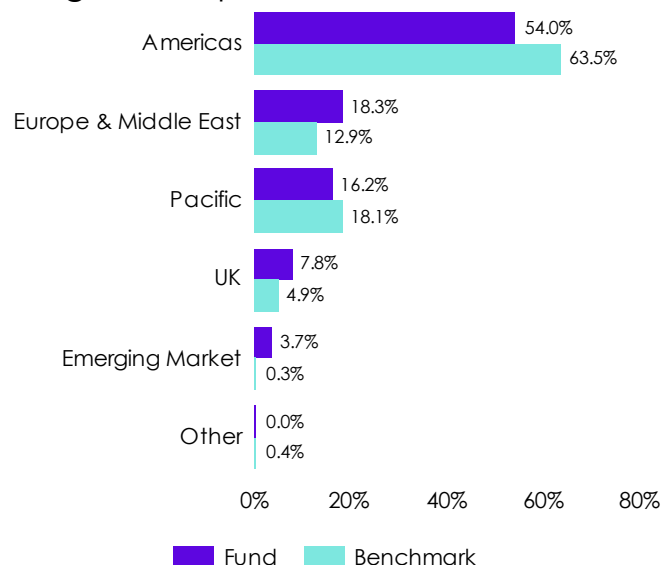
	Weight %	Benchmark weight %
COMFORT SYSTEMS USA INC	-	0.31
INSMED INC	-	0.29
ASTERA LABS INC	-	0.27
FLEX LTD	-	0.23
CASEY'S GENERAL STORES INC	-	0.22

Largest contributors to ESG risk

	ESG risk score*	
	Q2 2025	Q3 2025
ENCOMPASS HEALTH CORP	30.21	30.08
WINTRUST FINANCIAL CORP	28.27	26.85
NOVA LTD	28.30	27.79
MUELLER WATER PRODUCTS	31.44	30.65
STIFEL FINANCIAL CORP	-	28.61

*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Regional exposure

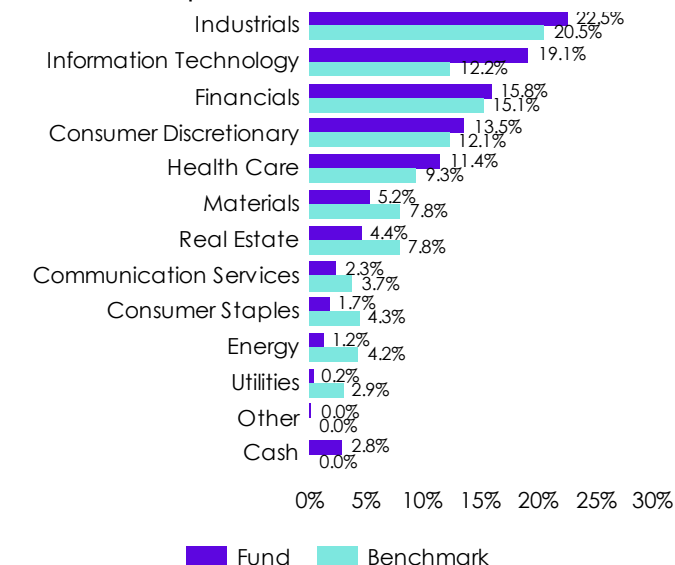


Carbon metrics

Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q4	2024 Q4	2025 Q2	2025 Q3	2025 Q2	2025 Q3
Global Small Cap	140	154	1.39	1.38	1.49	1.47
MSCI Small Cap	225	239	3.11	3.18	5.14	5.17

*Benchmark. ¹ Extractive revenue exposure as share (%) of total revenue. ² Value of holdings (VOH) - companies who derive revenues from extractives. Source: S&P. Changes between periods may reflect improved data quality and coverage.

Sector exposure



Diversifying Returns Fund

Launch date

12 August 2020

Investment strategy & key drivers

Strategy utilising currencies, credit, rates and equities

Liquidity

Managed

Benchmark

SONIA +3%

Outperformance target

0% to +2.0%

Total fund value

£861m

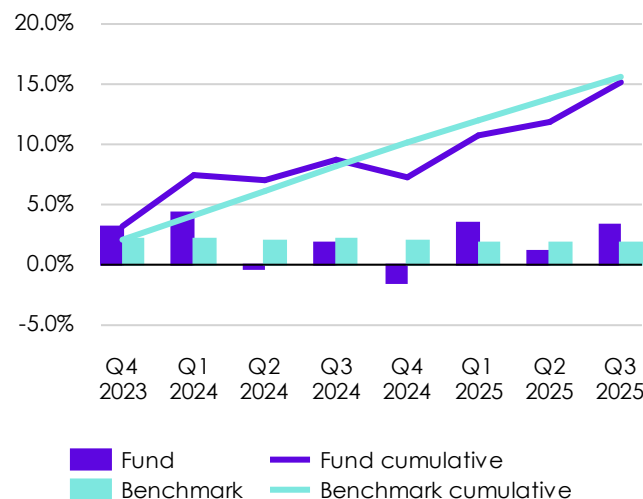
Risk profile

Moderate

Dorset's Holding:

GBP283m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	3.3	6.5	6.5	4.5
SONIA +3%	1.8	7.6	7.7	5.9
Excess	1.5	-1.1	-1.2	-1.4

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The Diversifying Returns Fund returned 3.3% over the third quarter of 2025. SONIA +3% returned 1.8%. The sterling hedged 50/50 equity/bond index we monitor returned 4.6% over the quarter.

The third quarter of 2025 was a "risk-on" environment. Investors embraced Growth assets amid supportive monetary policy, continued enthusiasm over Artificial Intelligence, and improving geopolitical dynamics. Equities performed well and bonds provided positive returns. However, persistent inflation and elevated valuations remain risks going forward. These factors helped gold to set new highs and deliver strong returns over the period.

It was a good quarter for both traditional asset classes and alternative premia, with asset allocators able to capture

strong returns to equities and precious metals at the same time as equity and currency value premia performed well. The quarter leaves the portfolio in a strong position year to date.

Fulcrum returned 4.1% over the quarter as they continued to benefit from equity exposure. The Discretionary Macro sleeve of the fund also generated positive returns, capturing the positive performance of precious metals, with the volatility dispersion strategy aided by the 30% one-day move in Oracle.

JPM returned 3.5%. The Equity Value signal rebounded after a weak Q2 and was the largest contributor to returns. Equity Trend and Relative Value both performed well. Commodity Trend and Carry each contributed to performance.

Lombard Odier provided a positive return of 3.2%. Returns were generated across credit, equities and commodities, with gold supporting returns. The trend signal also contributed, notably from equity and gold exposure.

The UBS element rose 1.8% over the period, with positive returns from long positions in the Brazilian real and Norwegian kroner and a short position in the New Zealand dollar. A long position in Japanese yen made a negative contribution to returns.

Summary

Overview of assets

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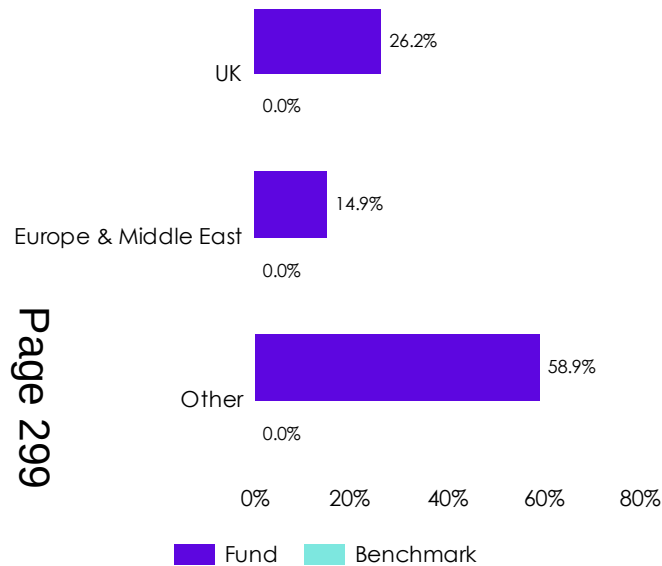
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Low Volatility Global Equities

Launch date

14 March 2019

Investment strategy & key drivers

Active global equity exposure with reduced risk and return volatility

Liquidity

Reasonable

Benchmark

MSCI ACWI

Outperformance target

> Benchmark

Total fund value

£843m

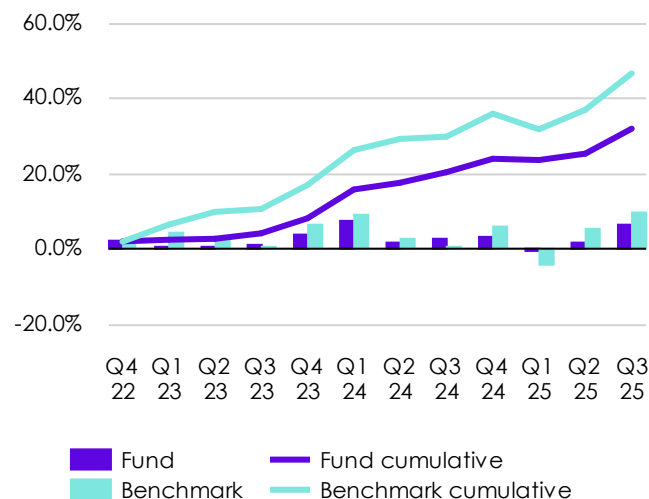
Risk profile

High

Dorset's Holding:

GBP329m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	6.6	11.9	11.0	9.1
MSCI ACWI	9.7	17.4	16.2	12.8
Excess	-3.0	-5.5	-5.2	-3.7
MSCI ACWI Min Vol	4.6	8.6	7.8	7.5

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

During Q3, the portfolio returned 6.6% on a net basis, outperforming the strategy-level MSCI Min Vol index, which returned 4.6%. The portfolio also outperformed its strategy-level benchmark through the first three quarters of 2025, returning 8% while its strategy-level benchmark returned 5.6%. However, if we think of the broad MSCI ACWI market, the portfolio underperformed over the quarter and also over 2025 to quarter-end, with the broad market returning 9.7% and 10.6% respectively. Although we observed a significant level of volatility in the market over the first three quarters, the portfolio provided a 35% reduction in Q1-3 volatility, a standard deviation of 9.7% against the markets 14.75%.

The main focuses of the market over the quarter were the economic data coming out of the US and the potential

impact of tariffs on companies' earnings. Inflation in the US continues to be a hot topic of conversation, as it currently sits above the Fed's target rate of 2% - at 2.9%. Under normal circumstances, the Fed would maintain its base rate at 4.5%. However, the US economy did show some signs of slowing. A cooling labour market and weakening consumer spending left the Fed in a precarious position, not to mention the added political pressures it faces from the White House. The Fed therefore cut rates by 25bps in September, and the market anticipates a further two cuts by the end of the year. These rate cuts and the anticipation of further rate cuts supported equity valuations throughout the quarter, and we once again saw a renewed enthusiasm for the AI theme and for big tech. Needless to say, the biggest contributors to the MSCI ACWI return were therefore Apple, Nvidia, Alphabet,

Tesla, Broadcom, Microsoft and TSMC, who contributed >4% to the market's 9.6% return.

Given the continued investment in big tech and the continued market concentration, we have seen many market commentators focus on the potential for a bubble. It is difficult to time a market correction or the peak of a bubble. However, if we do see a market correction, we should expect a good level of downside protection from the portfolio.

Relative to peers, the Low Volatility portfolio sits comfortably above the median across all time periods - in the 2nd quartile for 3 and 5 years and in the top quartile over the most recent quarter. It should be noted that the MSCI ACWI sits in the top decile across all time periods.

Low Volatility Global Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
ROBECO CAPITAL GROWTH	5.77	-	18,982,230
QUONIAM FUNDS SELECTION	5.68	-	18,689,769
ALPHABET INC	3.46	2.92	11,396,964
MICROSOFT CORP	3.02	4.04	9,934,297
APPLE INC	2.25	4.23	7,394,723

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
ROBECO CAPITAL GROWTH FUNDS -	5.77	-
QUONIAM FUNDS SELECTION SICAV	5.68	-
JOHNSON & JOHNSON	1.67	0.49
NOVARTIS AG	1.42	0.26
ELECTRONIC ARTS INC	1.19	0.05

Top 5 active underweights

	Weight %	Benchmark weight %
NVIDIA CORP	1.14	4.94
AMAZON.COM INC	0.12	2.36
APPLE INC	2.25	4.23
TESLA INC	-	1.43
TAIWAN SEMICONDUCTOR	-	1.17

Largest contributors to ESG risk

	ESG risk score*	
	Q2 2025	Q3 2025
ALPHABET INC-CL A	24.89	20.10
MICROSOFT CORP	17.39	13.43
APPLE INC	18.99	14.19
JOHNSON & JOHNSON	22.45	18.80
PROCTER & GAMBLE CO/THE	-	23.94

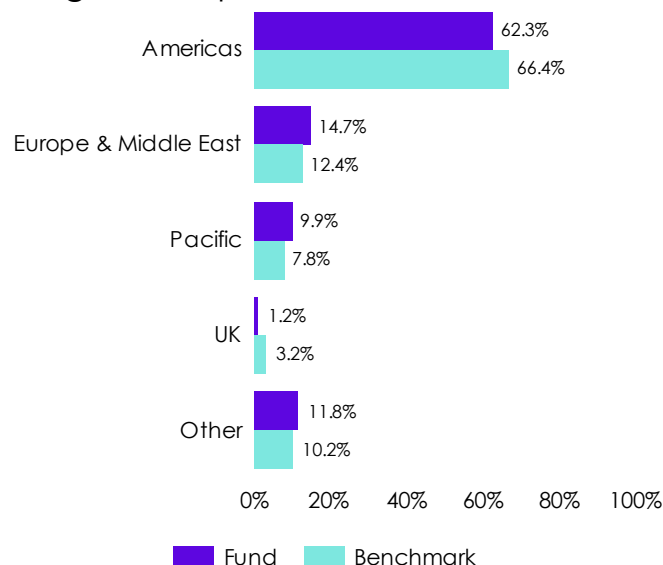
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

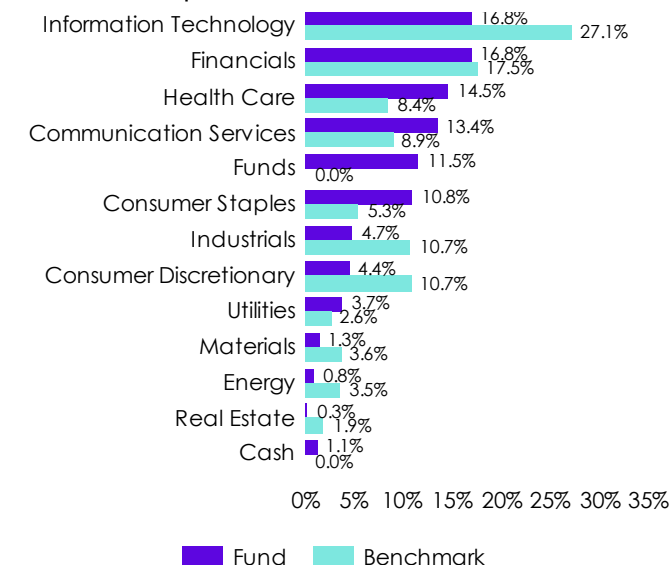
Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q4	2024 Q4	2025 Q2	2025 Q3	2025 Q2	2025 Q3
Low Volatility	126	107	1.08	0.88	2.68	3.01
MSCI ACWI*	211	190	3.18	3.14	7.26	7.15

*Benchmark. ¹ Extractive revenue exposure as share (%) of total revenue. ² Value of holdings (VOH) - companies who derive revenues from extractives. Source: S&P. Changes between periods may reflect improved data quality and coverage.

Regional exposure



Sector exposure



Multi-Asset Credit

Launch date

7 July 2021

Investment strategy & key drivers

Exposure to higher yield bonds with moderate credit risk

Liquidity

Managed

Benchmark

SONIA +4%

Outperformance target

0% to +1.0%

Total fund value

£3,376m

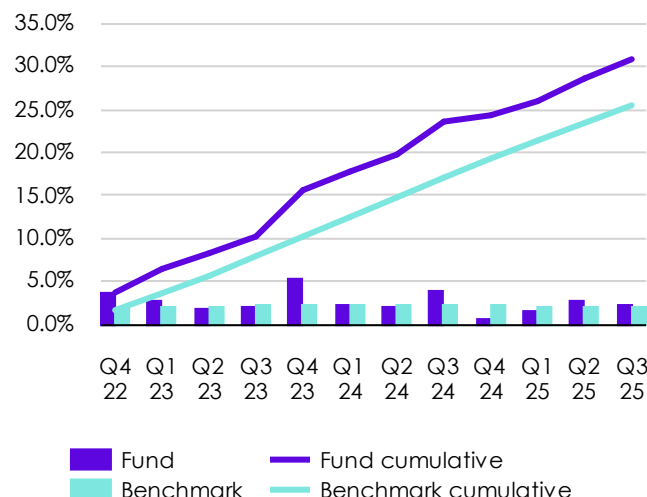
Risk profile

Moderate

Dorset's Holding:

GBP307m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	2.2	7.4	10.7	4.5
SONIA +4%	2.1	8.7	8.8	7.6
Excess	0.2	-1.2	1.9	-3.0
Bloomberg Global High Yield Index	2.6	8.6	12.3	3.7
Morningstar LSTA US Leveraged Loan Index	1.7	7.1	9.4	6.1

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The third quarter of 2025 was positive for all credit assets. A combination of tighter spreads and lower short-term interest rates drove yields narrowly down, providing positive returns for most asset classes. The United States (US) cut interest rates by 25bps in September as expected, which was the first cut of 2025. The market expects two more cuts this year at the time of writing, which has been a contributing factor to falling short term government yields.

US government yields fell at the shorter end but remained elevated elsewhere. The US 2-year yield fell by 10bps to 3.61%. Whereas the 5yr yield ended the period at 4.13%, a rise of 17bps. Rate volatility was lower vs previous quarters, however, there was a significant downward move in shorter term US rates in early August following weaker than expected payroll

data. Credit spreads in high yield fell 25bps last quarter, ending the period just over 300bps.

The lower rates and spreads resulted in positive returns for all asset classes. The notable outlier was Convertible Bonds, which appreciated by almost 10% in local terms. This was a result of strong links to artificial intelligence within the universe and increased issuance in 2025 vs prior years. Loans were the lowest performer last quarter, returning approximately 1.4% in local terms. Loans lagged due to lower interest rates reducing carry.

The Multi-Asset Credit portfolio returned +2.2%; this was ahead of the primary target (SONIA+4%) but behind the composite secondary benchmark. These benchmarks

returned +2.1% and +2.3% respectively. All three managers experienced similar levels of performance.

Spreads are once again tight and moving nearer to all-time lows following a rally last quarter. Investors should be mindful of the mark to market impact from widening but should take comfort with a yield to worst around 7%.

Sterling Corporate Bonds

Launch date

2 July 2021

Investment strategy & key drivers

Managed credit selection to generate excess sterling yield returns

Liquidity

Managed

Benchmark

iBoxx Sterling Non Gilt x

Outperformance target

+1%

Total fund value

\$2,448m

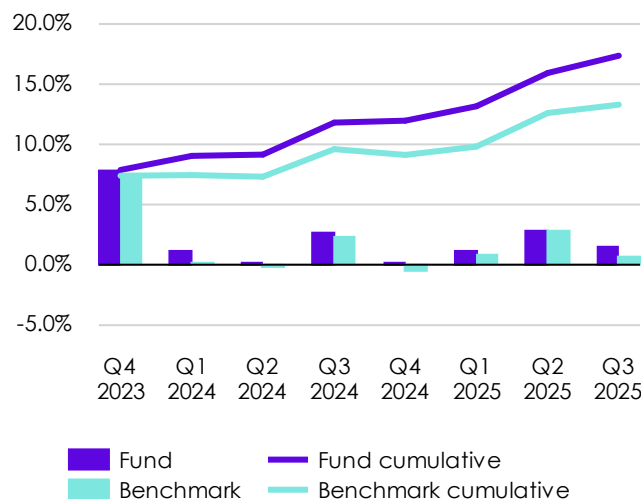
Risk profile

Moderate

Dorset's Holding:

GBP278m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	1.4	5.7	8.8	-0.2
iBoxx Sterling Non Gilt x	0.7	3.7	6.8	-1.5
Excess	0.7	2.0	2.0	1.2

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Following a turbulent second quarter shaped by the initial shock of US trade tariff announcements, markets stabilised during the third quarter. Globally, attention shifted towards fiscal policy and government debt sustainability. With central banks circumspect about the prospects for further rate cuts, uncertainty around potential rate cuts influenced bond yields and investor confidence.

Benchmark 10-year gilt yields rose from 4.48% to end at 4.70%, but with sharp rallies in both early August and September. Meanwhile, at 5.75%, UK 30-year gilt yields hit their highest levels in almost 30 years. The sterling investment grade credit market (iBoxx non-gilt index) returned 0.7% over the quarter, outperforming gilts, with the average sterling investment grade credit spread tightening over the period.

Spreads narrowed from 0.87% to 0.77% over the third quarter, continuing the narrowing of spreads seen during the second quarter, which had more or less reversed the widening seen in the first quarter. Sector returns were generally positive, led by banks, insurance and structured bonds, while supranationals, utilities and consumer sectors lagged.

The Sterling Corporate Bond portfolio returned 1.4% net of fees, outperforming the benchmark by 0.7%.

Sector positioning was positive. The portfolio's bias towards insurance bonds was helpful, as the sector performed strongly, and so was the exposure to the structured sector. The portfolio's longstanding underweight in supranational bonds also helped performance as the lower perceived risk

of the supranational sector contributed to it again lagging the wider market.

Credit selection effects were positive during the quarter. Credit selection was particularly positive within the structured sector. The exposure to Unifund was a notable example. These are secured bonds financing loans to two universities. The University of Sheffield repaid its loan at par during the quarter, resulting in strong performance from the bonds. Banks and insurance credit selection was also helpful. Subordinated bonds from Santander and Close Brothers all performed well, as did insurance subordinated bonds from CNP Assurances and Axa. Impacts from broad asset allocation, duration and curve positioning were neutral over the quarter.

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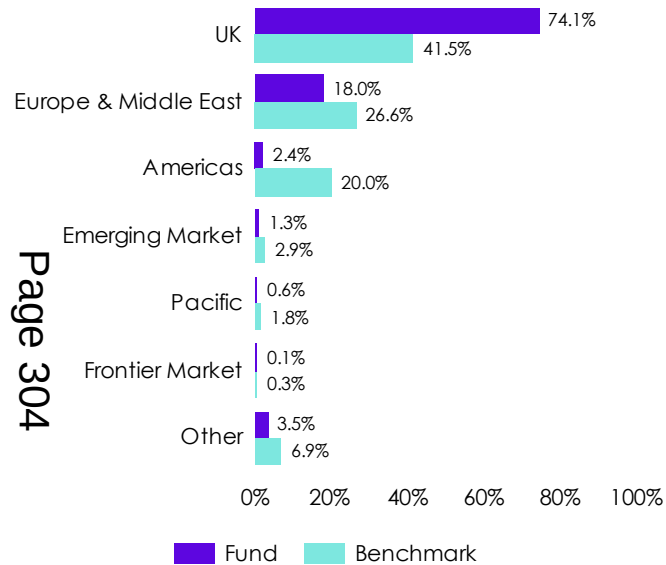
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Sterling Corporate Bonds

Regional exposure



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Passive Developed Equities

Launch date

11 July 2018

Investment strategy & key drivers

Passive global equity exposure

Liquidity

High

Benchmark

FTSE Developed

Outperformance target

Match

Total fund value

\$243m

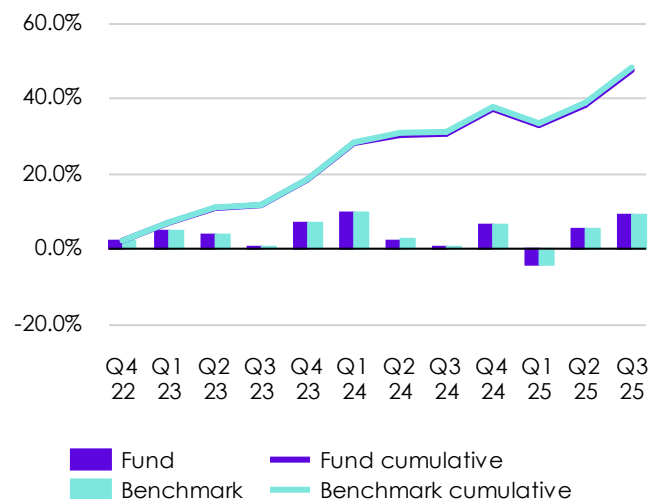
Risk profile

High

Dorset's Holding:

GBP128m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	9.3	17.4	16.5	12.0
FTSE Developed	9.4	17.6	16.8	12.1
Excess	-0.1	-0.2	-0.3	-0.1

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Passive Developed Equities returned 9.3% in the third quarter of 2025, tracking the benchmark index in line with expectations. Over the 12 months to quarter-end, the portfolio returned 17.4%.

The third quarter of 2025 saw investors embrace Growth assets amid a supportive monetary policy environment and improving geopolitical dynamics. US equities performed well, aided by a US interest rate cut and robust corporate earnings. The Japanese market also performed well, as a US-Japan trade agreement lowered tariffs on Japanese exports to the US. European markets delivered respectable returns but lagged the US and Japan, as fiscal concerns weighed on markets.

Technology was the best-performing sector. Apple performed well as it continued to negotiate a settlement with the European Commission over potential breaches of the EU digital markets act. Investor enthusiasm for AI continued, with Nvidia, Broadcom and Oracle all making strong contributions to index returns. The weakest-performing sector was Consumer Staples. A rotation to Growth stocks, and concerns over labour market weakness, combined to temper enthusiasm for the sector.

Apple and Alphabet were among the largest contributors to index returns. The Department of Justice found that artificial intelligence developments have left the search engine market open to disruption, negating the need to break up Alphabet - its stock was up 40.5% over the period for GBP

investors. Netflix made the largest negative contribution to returns. Investors fretted over the increasing cost of content development, while the company's decision to stop reporting quarterly subscriber numbers did nothing to ease investor concerns.

Passive Developed Equities

Top 5 holdings

	Weight %	Client value (GBP)*
NVIDIA CORP	5.24	6,710,509
MICROSOFT CORP	4.61	5,903,098
APPLE INC	4.46	5,704,638
ALPHABET INC	3.08	3,942,965
AMAZON.COM INC	2.53	3,236,750

*Estimated client value

Largest contributors to ESG risk

	ESG risk score*	
	Q2 2025	Q3 2025
NVIDIA CORP	12.46	12.45
APPLE INC	18.99	14.19
MICROSOFT CORP	17.39	13.43
META PLATFORMS INC-CLASS A	32.73	25.02
AMAZON.COM INC	25.82	18.37

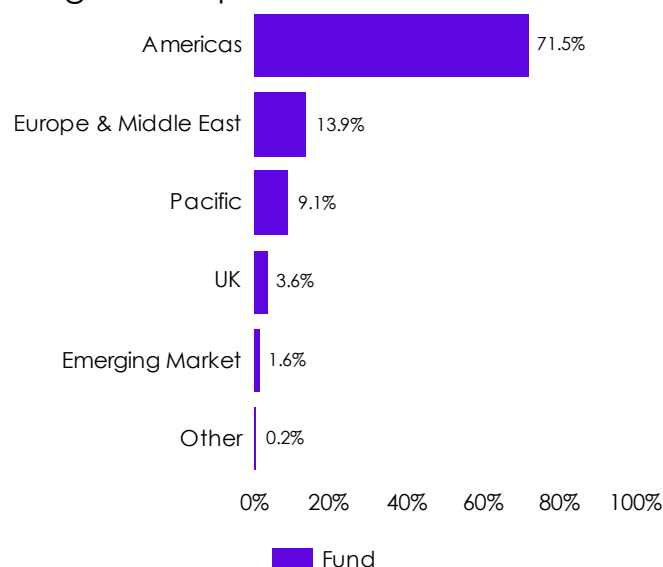
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

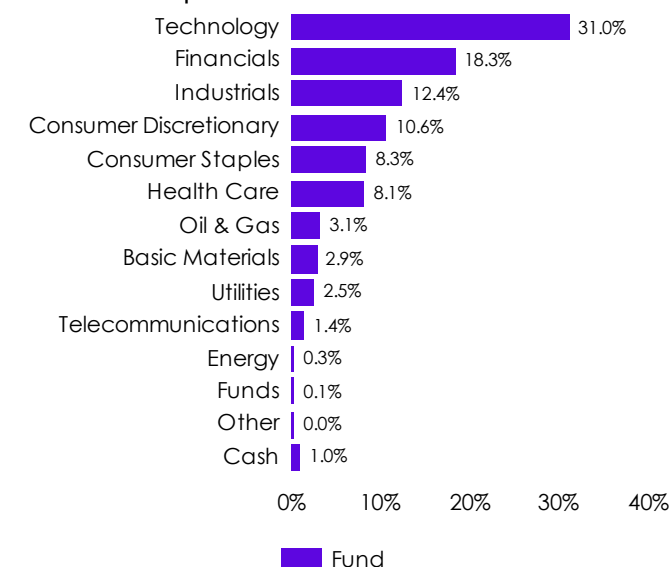
Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q4	2024 Q4	2025 Q2	2025 Q3	2025 Q2	2025 Q3
Passive Developed	182	165	2.92	2.94	7.49	7.44

*Benchmark. ¹ Extractive revenue exposure as share (%) of total revenue. ² Value of holdings (VOH) - companies who derive revenues from extractives. Source: S&P. Changes between periods may reflect improved data quality and coverage.

Regional exposure



Sector exposure



Passive Developed Equities (Hedged)

Launch date

11 July 2018

Investment strategy & key drivers

Passive global equity exposure - hedged

Liquidity

High

Benchmark

FTSE Developed

Outperformance target

Match

Total fund value

\$1.9m

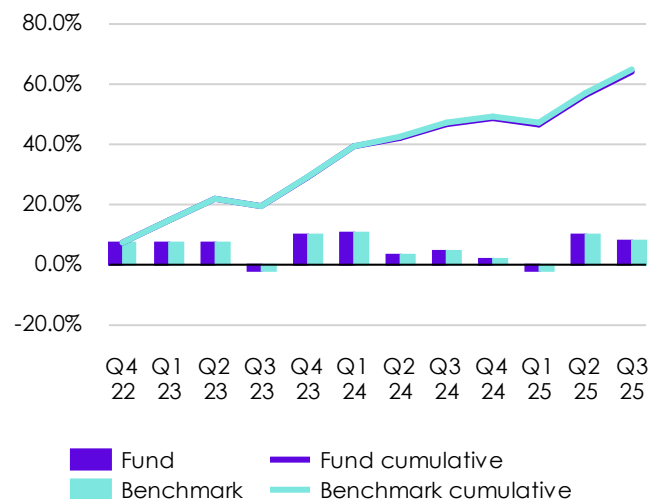
Risk profile

High

Dorset's Holding:

GBP139m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	7.8	18.1	22.7	11.8
FTSE Developed	7.9	18.4	23.0	12.0
Excess	-0.1	-0.3	-0.3	-0.2

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Passive Developed Equities (GBP Hedged) returned 7.8% in the third quarter of 2025, tracking the benchmark index in line with expectations. The fund returned 18.1% over the 12 months to quarter-end.

The third quarter saw investors embrace growth assets amid a supportive monetary policy environment and improving geopolitical dynamics. The dollar strengthened against sterling over the period. Investor worries about labour market weakness began to subside, while sterling came under pressure due to concerns as to how the UK's budget deficit would be financed. The depreciation of sterling vs the dollar led to the hedged product underperforming the unhedged version.

US equities performed well, aided by a US interest rate cut and robust corporate earnings. The Japanese market also performed well, as a US-Japan trade agreement lowered tariffs on Japanese exports to the US. European markets delivered respectable returns but lagged the US and Japan, with fiscal concerns weighing on markets.

Technology was the best-performing sector. Apple performed well as it continued to negotiate a settlement with the European Commission over potential breaches of the EU digital markets act. Investor enthusiasm for AI continued, with Nvidia, Broadcom and Oracle all making strong contributions to index returns.

The weakest-performing sector was Consumer Staples. A rotation to Growth stocks and concerns over labour market weakness combined to temper enthusiasm for the sector.

Apple and Alphabet were among the largest contributors to index returns. The Department of Justice found that artificial intelligence developments left the search engine market open to disruption, negating the need to break up Alphabet - its stock was up 38.1% over the period in USD. Netflix made the largest negative contribution to returns. Investors fretted over the increasing cost of content development; the company's decision to stop reporting quarterly subscriber numbers did little to ease investor uncertainty.

Passive Developed Equities (Hedged)

Top 5 holdings

	Weight %	Client value (GBP)*
NVIDIA CORP	5.24	7,301,831
MICROSOFT CORP	4.61	6,423,272
APPLE INC	4.46	6,207,324
ALPHABET INC	3.08	4,290,414
AMAZON.COM INC	2.53	3,521,968

*Estimated client value

Largest contributors to ESG risk

	ESG risk score*	
	Q2 2025	Q3 2025
NVIDIA CORP	12.46	12.45
APPLE INC	18.99	14.19
MICROSOFT CORP	17.39	13.43
META PLATFORMS INC-CLASS A	32.73	25.02
AMAZON.COM INC	25.82	18.37

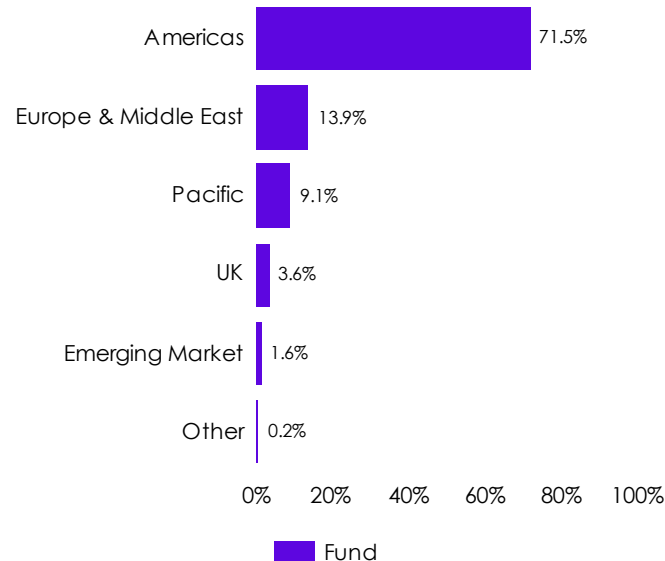
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

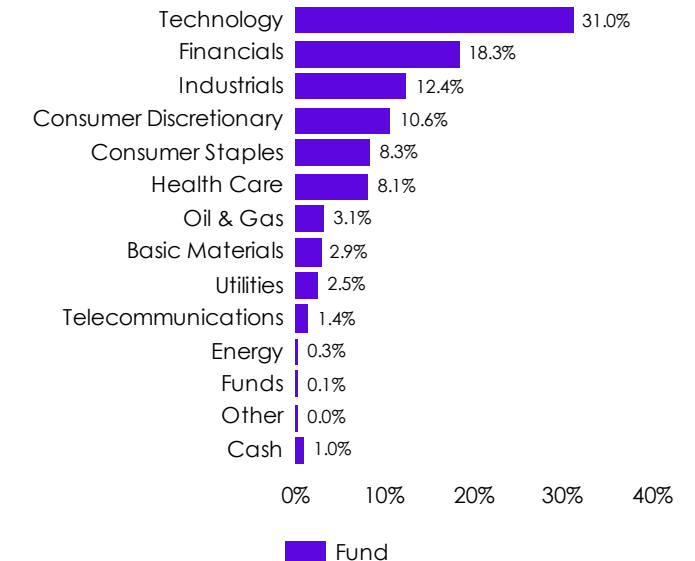
Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q4	2024 Q4	2025 Q2	2025 Q3	2025 Q2	2025 Q3
Passive Developed	182	165	2.92	2.94	7.49	7.44

*Benchmark. ¹ Extractive revenue exposure as share (%) of total revenue. ² Value of holdings (VOH) - companies who derive revenues from extractives. Source: S&P. Changes between periods may reflect improved data quality and coverage.

Regional exposure



Sector exposure



Passive UK Equities

Launch date

11 July 2018

Investment strategy & key drivers

Passive UK equity exposure

Liquidity

High

Benchmark

FTSE All Share

Outperformance target

Match

Total fund value

£259m

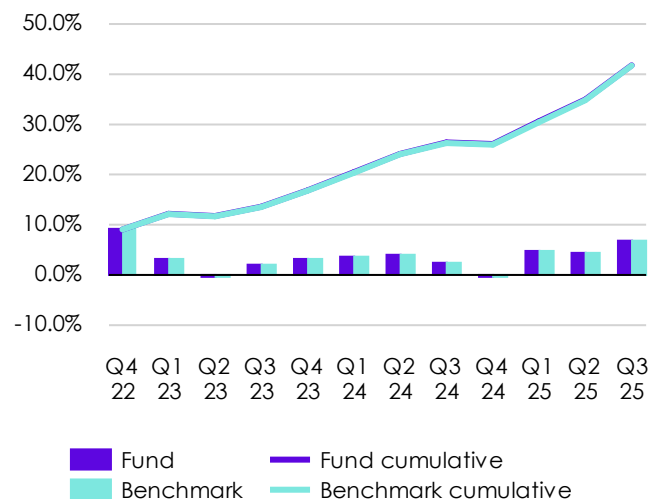
Risk profile

High

Dorset's Holding:

GBP489m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	6.9	16.2	14.5	6.4
FTSE All Share	6.9	16.2	14.5	6.3
Excess	-0.0	0.0	0.0	0.1

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Passive UK Equities returned 6.9% in the third quarter and 16.2% over the 12 months to quarter-end. The product tracked the FTSE-All Share Index in line with expectations.

During the quarter, the Bank of England noted that inflation remained elevated, although wage growth expectations and jobs growth receded, perhaps signalling a pathway for lower inflation. The UK stock market performed well, though lagged global indices owing to a lower level of exposure to global Technology companies, which performed very well over the period.

The UK market benefited from exposure to the Basic Materials and Industrials sectors, both of which performed well. The Technology and Real Estate sectors were the weakest-

performing in the UK, but account for a small portion of the index.

Anglo American was the best-performing stock in the index, as it evidenced progress in divesting from non-core businesses to focus on metals such as iron ore and copper - for which future demand is expected to be strong. Rolls Royce was also a strong performer, as it continued to benefit from increased defence budgets and an increase in civil aerospace flying hours for large engines. WPP was the index's worst-performing stock, cutting revenue forecasts in the face of structural headwinds.

Passive UK Equities

Top 5 holdings

	Weight %	Client value (GBP)*
HSBC HOLDINGS PLC	6.96	34,004,953
ASTRAZENECA PLC	6.39	31,238,526
SHELL PLC	5.95	29,086,768
UNILEVER PLC	4.06	19,835,196
ROLLS-ROYCE HOLDINGS PLC	3.85	18,820,378

*Estimated client value

Largest contributors to ESG risk

	ESG risk score*	
	Q2 2025	Q3 2025
SHELL PLC	36.06	31.11
ASTRAZENECA PLC	23.13	18.27
ROLLS-ROYCE HOLDINGS PLC	27.11	25.78
HSBC HOLDINGS PLC	17.74	13.50
BP PLC	33.39	30.44

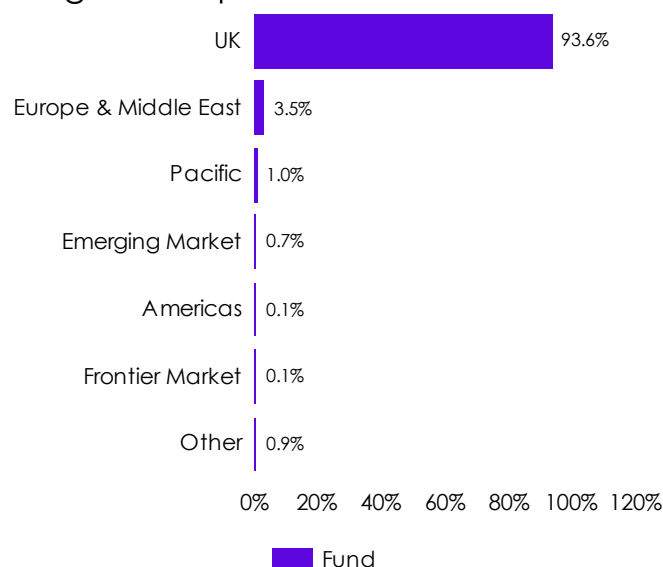
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Carbon metrics

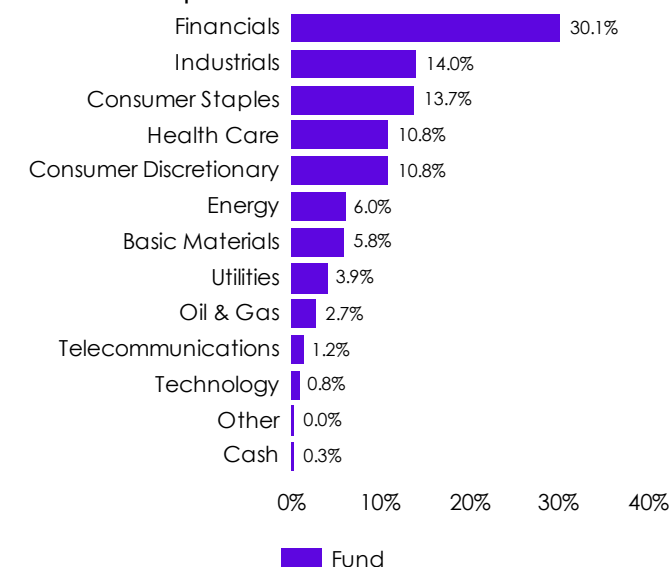
Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q4	2024 Q4	2025 Q2	2025 Q3	2025 Q2	2025 Q3
Passive UK Equities	184	156	5.95	5.90	15.01	15.35

*Benchmark. ¹ Extractive revenue exposure as share (%) of total revenue. ² Value of holdings (VOH) - companies who derive revenues from extractives. Source: S&P. Changes between periods may reflect improved data quality and coverage.

Regional exposure



Sector exposure



Passive Smart Beta

Launch date

18 July 2018

Investment strategy & key drivers

Passive equity exposure utilising alternative smart beta indices

Liquidity

Reasonable

Benchmark

SciBeta Multifactor Composite

Outperformance target

+0.5-1%

Total fund value

\$1.4m

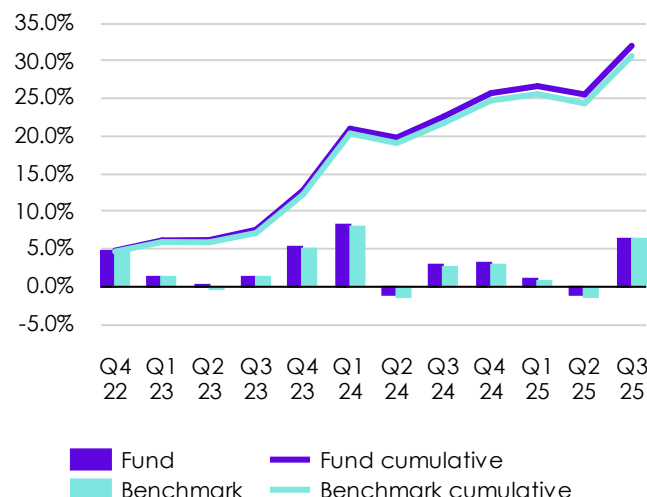
Risk profile

High

Dorset's Holding:

GBP194m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	6.4	9.6	10.9	9.0
SciBeta Multifactor Composite	6.3	9.0	10.5	8.6
Excess	0.1	0.5	0.5	0.3

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

In the third quarter of 2025, Passive Smart Beta Equities returned 6.4%, underperforming the MSCI World index, which returned 9.3%. The portfolio tracked the Scientific Beta index in line with expectations. Over the 12 months to quarter-end, the product returned 9.6%. For the same period, the MSCI World Index returned 17.3%.

The third quarter of 2025 saw investors embrace risk assets amid a supportive monetary policy environment and improving geopolitical dynamics. US equities performed well, aided by a US interest rate cut and robust corporate earnings. The Japanese market also performed well, as a US-Japan trade agreement lowered tariffs on Japanese exports to the US. European markets delivered respectable returns but

lagged the US and Japan, as fiscal concerns weighed on markets.

The Value signal performed well, contributing to positive relative performance. However, the relative underperformance of the Low Volatility and Quality signals overwhelmed the positive contribution from Value, and the product underperformed the MSCI World Index.

The product's diversification scheme aims to avoid concentration in single positions, which further contributed to relative underperformance, as 'mega cap' US stocks delivered robust returns. Though it is disappointing to underperform the market cap benchmark, the product is differentiated from others that have high exposure to US tech

companies. While there is exposure to these companies, they are held at much lower weights than in the market cap index.

Highlighting this point, Alphabet was one of the largest contributors to the product's returns. The Department of Justice found that Artificial Intelligence developments have left the search engine market open to disruption, negating the need to break up Alphabet - its stock rose 40.5% over the period for GBP investors.

Passive Smart Beta

Top 5 holdings

	Weight %	Client value (GBP)*
JOHNSON & JOHNSON	0.85	1,638,808
TJX COS INC/THE	0.79	1,529,396
ALPHABET INC	0.78	1,510,533
CORNING INC	0.73	1,411,185
CHEVRON CORP	0.70	1,360,457

*Estimated client value

Largest contributors to ESG risk

	ESG risk score*	
	Q2 2025	Q3 2025
CHEVRON CORP	36.96	41.26
EXXON MOBIL CORP	42.89	39.97
JOHNSON & JOHNSON	22.45	18.80
ALPHABET INC-CL A	24.89	20.10
SOUTHERN CO/THE	28.24	25.77

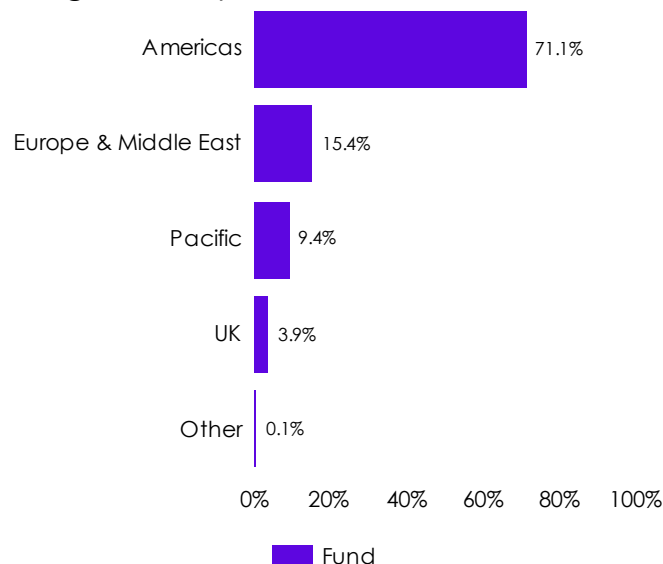
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

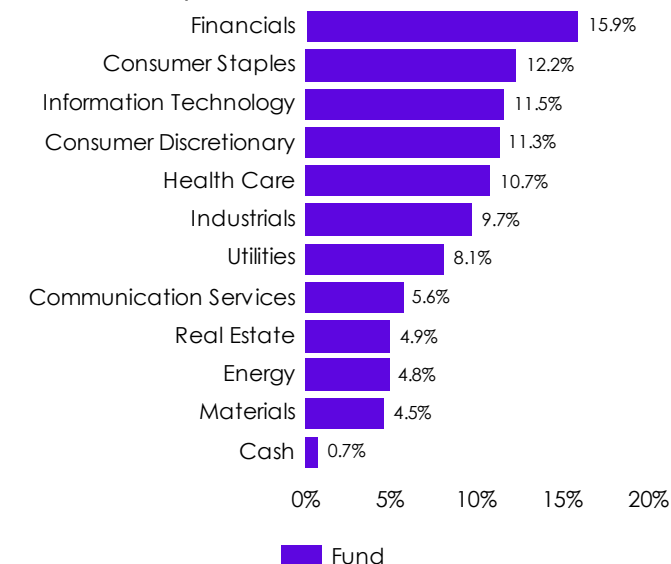
Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2023 Q4	2024 Q4	2025 Q2	2025 Q3	2025 Q2	2025 Q3
Passive Smart Beta	316	316	2.94	2.92	12.08	12.12

*Benchmark. ¹ Extractive revenue exposure as share (%) of total revenue. ² Value of holdings (VOH) - companies who derive revenues from extractives. Source: S&P. Changes between periods may reflect improved data quality and coverage.

Regional exposure



Sector exposure



Passive Smart Beta (Hedged)

Launch date

25 July 2018

Investment strategy & key drivers

Passive equity exposure utilising alternative smart beta indices - hedged

Liquidity

Reasonable

Benchmark

SciBeta Multifactor Hedged Composite

Outperformance target

+0.5-1%

Total fund value

£225m

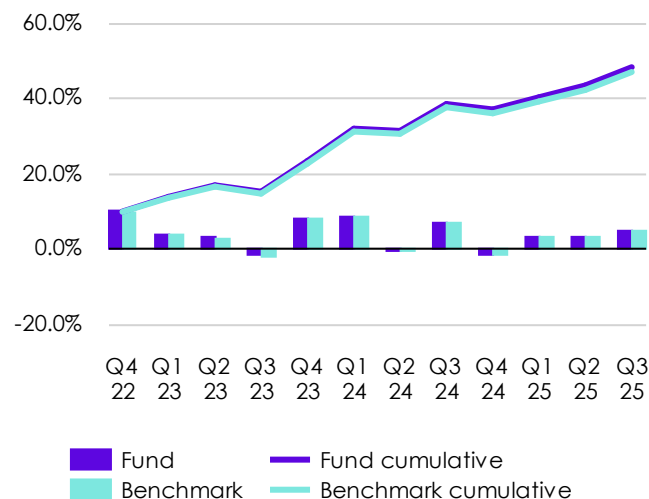
Risk profile

High

Dorset's Holding:

GBP205m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	4.9	10.0	16.8	9.1
SciBeta Multifactor Hedged Composite	4.8	9.6	16.3	8.8
Excess	0.1	0.4	0.5	0.3

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

In the third quarter of 2025, Passive Smart Beta Equities GBP Hedged returned 4.9%, underperforming the unhedged Smart Beta product, with the US dollar stronger than sterling over the period.

The product tracked the Scientific Beta index in line with expectations but underperformed the market cap-based Passive Developed Equities GBP-hedged product, which returned 7.8%. Over the prior 12 months, the Smart Beta product returned 10.0%. Over the same period, the Passive Developed Equities GBP Hedged product returned 18.1%.

The third quarter of 2025 saw investors embrace risk assets amid a supportive monetary policy environment and improving geopolitical dynamics. US equities performed well, aided by a US interest rate cut and robust corporate earnings.

The Japanese market also performed well, as a US-Japan trade agreement lowered tariffs on Japanese exports to the US. European markets delivered respectable returns but lagged the US and Japan with fiscal concerns weighing on markets.

The Value signal performed well, contributing to positive relative performance. However, the relative underperformance of the Low Volatility and Quality signals overwhelmed the positive contribution from Value, and the product underperformed the MSCI World Index.

The product's diversification scheme aims to avoid concentration in single positions, which further contributed to relative underperformance, as 'mega cap' US stocks delivered robust returns. Though it is disappointing to

underperform the market cap benchmark, the product is differentiated from others that have high exposure to US tech companies. While there is exposure to these companies, they are held at much lower weights than in the market cap index.

Highlighting this point, Alphabet was one of the largest contributors to the product's returns. The Department of Justice found that Artificial Intelligence developments have left the search engine market open to disruption, negating the need to break up Alphabet; its stock rose 38.1% over the period for GBP investors.

Passive Smart Beta (Hedged)

Top 5 holdings

	Weight %	Client value (GBP)*
JOHNSON & JOHNSON	0.85	1,736,278
TJX COS INC/THE	0.79	1,620,358
ALPHABET INC	0.78	1,600,373
CORNING INC	0.73	1,495,117
CHEVRON CORP	0.70	1,441,371

*Estimated client value

Largest contributors to ESG risk

	ESG risk score*	
	Q2 2025	Q3 2025
CHEVRON CORP	36.96	41.26
EXXON MOBIL CORP	42.89	39.97
JOHNSON & JOHNSON	22.45	18.80
ALPHABET INC-CL A	24.89	20.10
SOUTHERN CO/THE	28.24	25.77

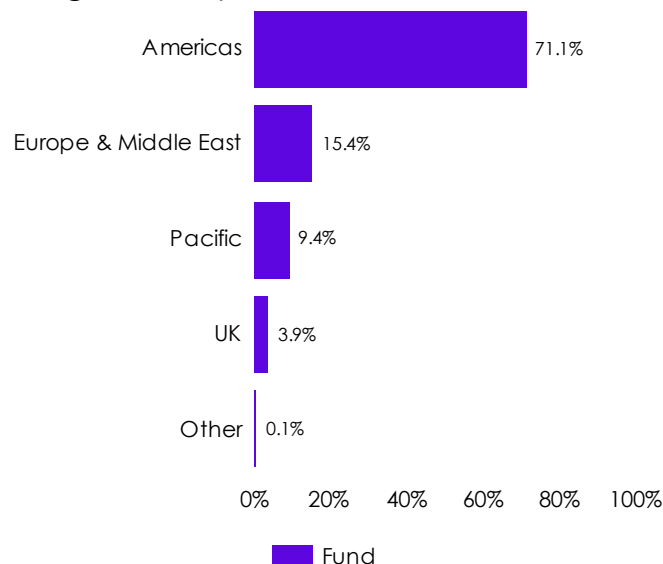
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Carbon metrics

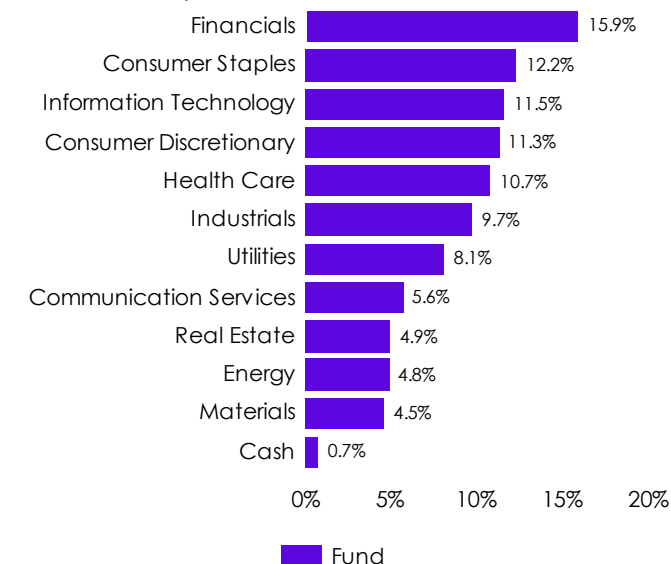
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Regional exposure



Sector exposure



Summary

Overview of assets

Performance attribution

Responsible investment

Risk and return

Portfolio overview

CIO commentary

Portfolios

Glossary

Disclaimer

Private Equity Cycle 1

Investment objective

Global portfolio of private equity investments

Benchmark

MSCI ACWI

Outperformance target

+3%

Launch date

1 October 2018

Commitment to portfolio

£60.00m

The fund is denominated in GBP

Commitment to Investment

£61.56m

Amount Called

£50.03m

% called to date

81.28

Number of underlying funds

7

Dorset's Holding:

GBP62.99m

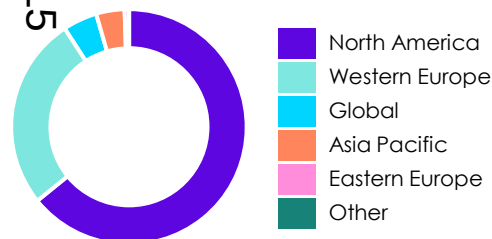
Performance commentary

Portfolio development stood at ~81% invested and is fully committed across three primary funds, two secondaries funds, one co-investment fund and an impact fund of funds (60% coinvest, 40% primaries) as at the end of Q3 2025. Portfolio performance is expected to remain largely flat vs the previous quarter, but trending positively in terms of TVPI and DPI from the end of Q1 2025, showing positive performance relative to the target.

During the quarter, distributions were received from Alpinvest and Capital Dynamics, driven by underlying portfolio company exits. DPI increased by 5% and 3% respectively over the quarter for the secondary funds. NB PEIF also increased its DPI to 0.11x from 0.08x due to a portfolio exit. Vespa also completed a partial redemption of the preference shares held in DT Advisory Group, DPI increased from 0.14x to 0.21x in the quarter. Vespa also saw a significant uptick in fund valuation as per the Q2 confirmed NAV, which now stands at a gross 1.9x. The outlook for the fund is strong.

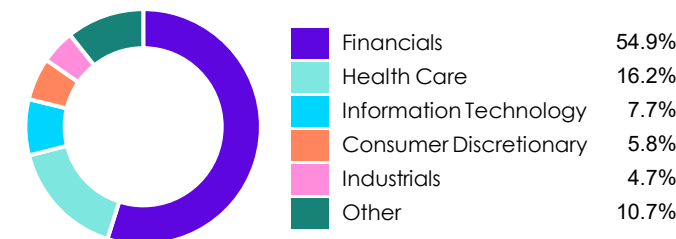
Global deal activity has accelerated sharply this year. M&A volumes have surged to nearly \$3.1 trillion year-to-date, a 35% increase on the same period last year, setting 2025 on course to be the strongest year since 2021. While private equity's share of deal flow has moderated, the prospect of stabilising interest rates is expected to reinvigorate sponsored transactions in the coming quarters. Earlier in the year, private equity activity was briefly held back by uncertainty surrounding Liberation Day, but investor confidence has since returned, and deal activity has resumed. Much of the increase in aggregate value reflects a handful of large technology-driven transactions, with megadeals (>\$10bn) accounting for a significant share of total value but only a

Country Invested in underlying investments



Source: Asset Metrix
Country data is lagged by one quarter

Sector GICs level 1



Source: Asset Metrix
Sector data is lagged by one quarter

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows latest quarter	Outflows latest quarter	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
63.0	13.5%	12.0%	223,877	1,294,056	-1,070,179	4,476,990	1.47	0.2%	0.0%

*Money weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Classification: Public

Private Equity Cycle 1

small fraction of deal count. Mid-sized deals remain the backbone of activity.

The secondary market remains a critical liquidity outlet. Transaction volumes are on track to exceed \$200bn in 2025, setting a new record. The momentum is driven by LPs seeking liquidity and the growing influence of evergreen funds and private-wealth vehicles, which are prioritising rapid deployment.

Currency movements added another layer of complexity. A significant portion of the portfolios are exposed to USD-denominated assets (Cycle 1 is approximately 65% committed to USD Funds), and thus the recent weakening of the dollar has eroded sterling-based returns, even when underlying valuations remain stable. From year-end 2024 to end-Q3 2025, the USD depreciated by around 7% against GBP, negatively impacting the NAVs of US-denominated funds. This pressure is likely to persist in the short to medium term while the dollar remains weak. At the asset level, the impact is greatest on capital deployed into USD assets during periods of dollar strength.

Pipeline

The Cycle 1 portfolio is now fully committed, so no new investments are required.

Private Equity Cycle 3

Investment objective

Global portfolio of private equity investments

Benchmark

MSCI ACWI

Outperformance target

+3%

Launch date

1 April 2022

Commitment to portfolio

£70.00m

The fund is denominated in GBP

Commitment to Investment

£70.00m

Amount Called

£17.19m

% called to date

24.56

Number of underlying funds

1

Dorset's Holding:

GBP16.45m

Performance commentary

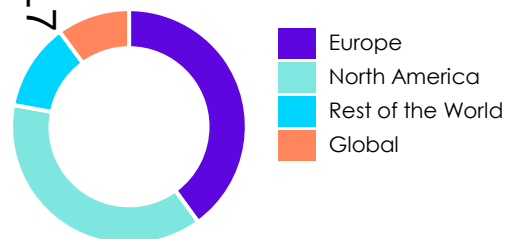
The portfolio was approximately 30% invested (including the NB credit line) as at end-Q3 2025. Performance will become more meaningful over time and the portfolio is showing early signs of coming out of the J-curve period. The portfolio ended fully committed across 13 primary funds, one secondary fund, one co-investment fund (NB CIP 5), and one impact fund of funds (70%+ coinvest, 30% primary funds – NB PE Impact Fund 2).

Q3 2025 was an active quarter for underlying managers, with approximately 20% capital calls from Bregal, Castik, and EQT Future, and around 10% from EMK and New Mountain. These calls were primarily driven by managers paying down credit facilities and funding new investments. We are encouraged by the pace of deployment at the underlying manager level for Cycle 3.

The NB Funds continued to progress well: NB SOF Sidecar V and NB PEIF 02 are both over 50% committed, while NB SCIP V has made a strong start since its first investment in May 2024. SCIP V is now 28% committed across 11 transactions, predominantly in proactively sourced mid-life (54%) and pre-syndicated (34%) co-investments, where NB can provide flexible, value-added capital solutions.

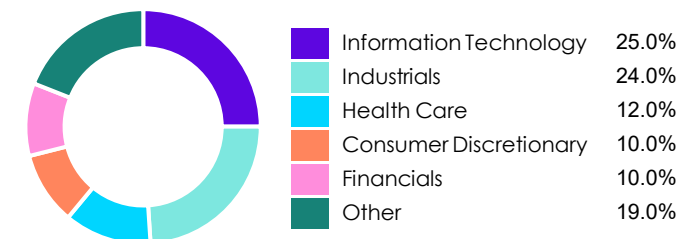
Global deal activity accelerated sharply this year. M&A volumes surged to nearly \$3.1 trillion across the first three quarters, a 35% increase on the same period last year, setting 2025 on course to be the strongest year since 2021. While private equity's share of deal flow has moderated, the prospect of stabilising interest rates is expected to reinvigorate sponsor-led transactions in the coming quarters. Earlier in the year, private equity activity was briefly held back

Country Invested in underlying investments



Source: Neuberger Berman
Country data is lagged by two quarters

Sector GICs level 1



Source: Neuberger Berman
Sector data is lagged by two quarters

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows latest quarter	Outflows latest quarter	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
16.5	0.4%	-0.7%	3,634,185	234,337	3,399,848	-152,325	0.99	0.0%	-0.0%

*Money weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Classification: Public

Private Equity Cycle 3

by uncertainty surrounding Liberation Day, but investor confidence then returned, and deal activity resumed. Much of the increase in aggregate value reflects a handful of large technology-driven transactions, with megadeals (>\$10bn) accounting for a significant share of total value but only a small fraction of deal count. Mid-sized deals remain the backbone of activity.

The secondary market remains a critical liquidity outlet. Transaction volumes are on track to exceed \$200bn in 2025, setting a new record. This momentum is driven by LPs seeking liquidity and the growing influence of evergreen funds and private-wealth vehicles, which are prioritising rapid deployment.

Currency movements added another layer of complexity. With a significant portion of the portfolios exposed to USD-denominated assets (Cycle 3 is approximately 60% committed to USD Funds), the recent weakening of the dollar has eroded sterling-based returns, even when underlying valuations remain stable. From year-end 2024 to Q3 2025, the USD depreciated by about 7% against GBP, negatively impacting the NAVs of US-denominated funds. This pressure is likely to persist in the short to medium term while the dollar remains weak. At the asset level, the impact is greatest on capital deployed into USD assets during periods of dollar strength.

Pipeline

The Cycle 3 PE portfolio is now fully committed, so no new investments are required.

Private Equity Cycle 4

Investment objective

Global portfolio of private equity investments

Benchmark

MSCI ACWI

Outperformance target

+3%

Launch date

1 April 2024

Commitment to portfolio

£30.00m

The fund is denominated in GBP

Commitment to Investment

£30.00m

Amount Called

£4.03m

% called to date

13.43

Number of underlying funds

1

Dorset's Holding:

GBP4.34m

Performance commentary

Between NB Clifton IV's inception in April 2024 and end-Q3 2025, seven primary commitments were made: (i) three European funds; (ii) two North American funds; (iii) one pan-Asian fund; and (iv) one global large-cap fund. Additional approved commitments include a global impact fund of funds (70% co-investments, 30% primaries), a global GP-led secondaries fund, and a global secondaries fund focused on selective LP-led and GP-led transactions. As of quarter-end, the portfolio was approximately 75% committed and around 20% invested (including amounts on the NB credit line).

Alongside these primary commitments, Cycle IV includes a co-investment sleeve where NB selectively sources and executes co-investments on Brunel's behalf. Deployment is progressing well, with nine investments closed by end-Q3 (one pending regulatory approval, which is expected in Q4 2025). Of these, three are UK-headquartered, including a recent co-investment alongside TPG into Aurora Energy Research, a leading provider of long-term price forecasting with a strong focus on renewables.

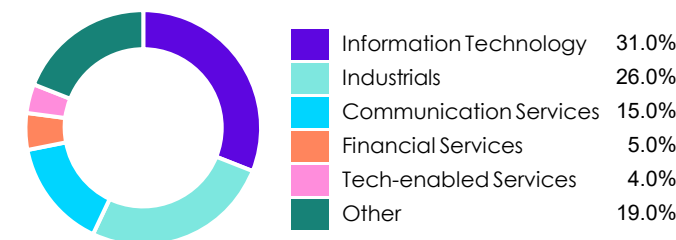
Global deal activity has accelerated sharply this year. M&A volumes surged to nearly \$3.1 trillion over the first three quarters, a 35% increase on the same period last year, setting 2025 on course to be the strongest year since 2021. While private equity's share of deal flow moderated, the prospect of stabilising interest rates is expected to reinvigorate sponsored transactions in the coming quarters. Earlier in the year, private equity activity was briefly held back by uncertainty surrounding Liberation Day, but investor confidence then returned, and deal activity resumed. Much of the increase in aggregate value reflects a handful of large technology-driven transactions, with megadeals (>\$10bn) accounting for

Country Invested in underlying investments



Source: Neuberger Berman
Country data is lagged by two quarters

Sector GICs level 1



Source: Neuberger Berman
Sector data is lagged by two quarters

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows latest quarter	Outflows latest quarter	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
4.3	21.8%	-	1,392,857	0	1,392,857	202,361	1.08	0.0%	0.0%

*Money weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Classification: Public

Private Equity Cycle 4

a significant share of total value but only a small fraction of deal count. Mid-sized deals remain the backbone of activity.

The secondary market remains a critical liquidity outlet. Transaction volumes are on track to exceed \$200bn in 2025, setting a new record. The momentum is driven by LPs seeking liquidity and the growing influence of evergreen funds and private-wealth vehicles, which are prioritising rapid deployment.

Pipeline

NB and Brunel continue to review the market for investment opportunities as we look to allocate the remaining 25% of Cycle 4. The team are in active discussions over a potential UK small/mid cap allocation as well as focusing on potential options in Asia, where we expect to make an additional two commitments to complement the existing large cap exposure through EQT BPEA IX. Over the medium-term, market mapping will focus on Venture/Growth allocations as well as a European mid-market ticket to finalise the portfolio. In total we expect to underwrite ~6 more commitments.

Infrastructure Cycle 3

Investment objective

Global portfolio of infrastructure assets, mainly focussed on climate solutions, energy transition and efficiency

Benchmark

n/a - absolute return target

Outperformance target

net 8% IRR

Launch date

1 April 2022

Commitment to portfolio

£80.00m

The fund is denominated in GBP

Commitment to Investment

£80.00m

Amount Called

£39.02m

% called to date

48.77

Number of underlying funds

1

Dorset's Holding:

GBP37.28m

Performance commentary

Cycle 3 is ~80% committed and ~49% invested across ten primary funds, one secondary fund, eight tactical coinvests and a tactical, mini-secondaries portfolio of six investments. During the quarter, we approved two tactical investments, which leaves us with two co-investments to be sourced to complete the commitment of Cycle 3 Infrastructure. We have agreed with Stepstone to extend the investment period by one year to complete the cycle, and work is actively underway reviewing the pipeline.

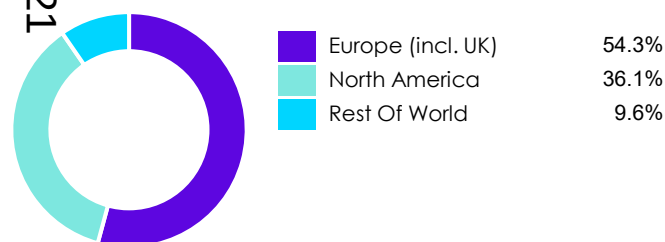
The first new tactical investment approved, Project Peregrine, is a stake in a familiar name, Pattern Energy. This was a successful exit from our cycle 1 portfolio and we have conviction in the next stage of growth as the company continues to build out its pipeline.

A second new tactical investment bid coded Project Hermes was approved into rolling stock assets in the UK. The outcome of our joint bid with Stepstone is yet to be received, but we believe this is an attractive opportunity to achieve strong, core-plus returns, with a defensive, core-like risk profile.

Q3 2025 saw continued uncertainty across both policy and the broader macroeconomic environment. The One Big Beautiful Bill Act was signed into law, easing some ambiguity. However, US policy - particularly around renewables - remains challenging and unpredictable. During the quarter, Revolution Wind, an offshore wind project off the coast of New York that was 80% complete, received a stop-work order. This followed a similar case in April involving Empire Wind. Both projects have since restarted, but these disruptions highlight the significant execution and policy risks

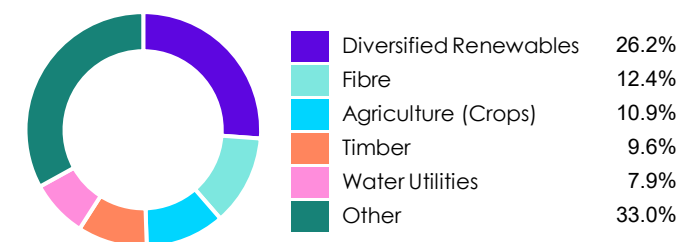
Country

Commitment in underlying investments



Source: Stepstone
Country data is lagged by one quarter

Sector



Source: Stepstone.
Sector data is lagged by one quarter

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows latest quarter	Outflows latest quarter	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
37.3	7.0%	4.6%	639,636	1,760,389	-1,120,753	-194,484	1.08	0.1%	0.0%

*Money weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Classification: Public

Infrastructure Cycle 3

currently facing the sector and infrastructure in a more general sense in the US.

As various production and investment credits begin to phase out for renewable projects, we may see a surge of activity ahead of the 2027 deadline. Battery storage, however, continues to benefit from more favourable treatment, with eligibility under the IRA extending through 2033. These projects are becoming increasingly prominent, as rising power demand and intermittent renewable generation places additional strain on grid reliability.

In Europe, the drive for regional security and energy independence remains a key catalyst for infrastructure deployment. Germany's €1 trillion defence and infrastructure stimulus package exemplifies this shift in priorities.

Fundraising activity rebounded strongly, with \$134 billion raised in H1 2025 - nearly matching the high-water mark set in H1 2022. This momentum was underpinned by surging power demand, particularly from large technology companies accelerating AI-related investment. As a result, opportunities broadened, and while most money accrued to mega funds, mid-market infrastructure strategies are regaining interest as investors seek differentiated exposures. While M&A activity moderated, greenfield development gained focus as valuations for core, operating assets continued to adjust to higher discount rates.

Digital infrastructure remains one of the fastest-growing segments. Data centre construction is accelerating at an unprecedented rate, driven by AI demand. In their latest earnings releases, major technology firms - including Meta, Alphabet, Microsoft, and Amazon - each raised capital

expenditure guidance by more than 30% year-on-year. For fibre however, it is a more challenging environment, depending on the region.

While still in its early stages, we are happy with the diversified nature of the portfolio across sponsors, geographies, technologies and risk profiles.

Pipeline

Work continues to review new tactical opportunities that are currently in the pipeline. Two additional tactical coinvests are now required to complete cycle 3 deployment.

Secured Income Cycle 1

Investment objective

Portfolio of long-dated income streams, a majority of which are UK inflation-linked

Benchmark

CPI

Outperformance target

+2%

Launch date

1 October 2018

Commitment to portfolio

£60.00m

The fund is denominated in GBP

Commitment to Investment

£60.00m

Amount Called

£59.90m

% called to date

99.83

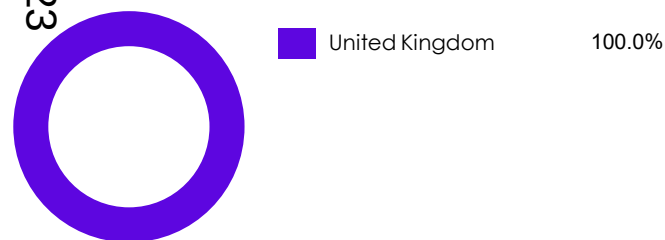
Number of underlying funds

3

Dorset's Holding:

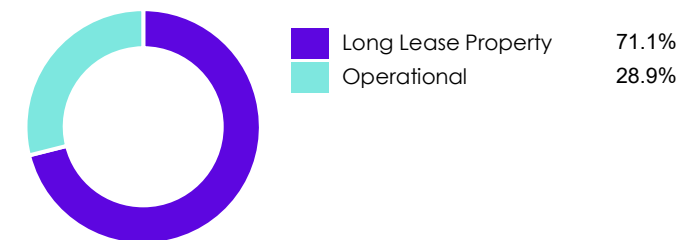
GBP53.90m

Country Invested in underlying investments



Source: Asset Metrix
Country data is lagged by one quarter

Strategy



Source: Asset Metrix
Strategy data is lagged by one quarter

Performance commentary

Performance continues to be driven by income, although capital values may be helped by the recent cut in the base rate. M&G Secured Property Income Fund (SPIF) is forecasting returns of 7-9% per annum gross, primarily resting on forecast income returns. Capital appreciation would be a bonus.

The long lease property redemption queues have stabilised, and the managers are clearing these. Aberdeen Long Lease Property (LLP) anticipates its queue will clear by year end. M&G SPIF has seen strong inflows over 2025 and hopes to re-enter the market in 2026 to deploy new capital. Both funds achieved ahead-of-peer returns over the 12 months to end-June, a marked improvement for Aberdeen LLP.

2025's GRESB scores were released in October. M&G SPIF continues to score well, improving on its 2024 score by 2 points to reach 90/100. Aberdeen also improved, reaching 77.

On infrastructure, Schroders Greencoat UK (GRI) had called 96% of total investor commitments (end-Q2 2025). Over Q2, most called capital was deployed into a new investment, Project Emerald. This is a stake in an offshore wind farm located in the Irish Sea. GRI invested alongside other Schroders vehicles, Ørsted and Scottish Power. The project meets the Technical Screening Criteria of the EU Taxonomy. The team are forecasting a gross IRR of 9.1%. Other calls funded a top-up into both Solar II and Stokeford Solar, in Dorset. The income from GRI remains strong, with the annualised cash yield (end-Q2) at 6.6%. H1 generation was a mixed bag; solar assets benefited from high levels of sun, resulting in strong generation, while wind resource was low.

There is no fund pipeline, with the portfolio fully committed and invested.

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows latest quarter	Outflows latest quarter	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
53.9	3.4%	0.2%	259,843	545,823	-285,980	354,999	1.02	0.1%	-0.0%

*Money weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Classification: Public

Secured Income Cycle 1

Following the implementation of Asset-Metrix's NAV allocation model, since inception performance figures now reflect revised cycle-level performance for M&G SPIF within the Secured Income Portfolio. Further details were provided at ISG on 23/07/2025.

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Secured Income Cycle 3

Investment objective

Portfolio of long-dated income streams, a majority of which are UK inflation-linked

Benchmark

CPI

Outperformance target

+2%

Launch date

1 April 2022

Commitment to portfolio

£30.00m

The fund is denominated in GBP

Commitment to Investment

£30.00m

Amount Called

£29.64m

% called to date

98.81

Number of underlying funds

3

Dorset's Holding:

GBP30.54m

Performance commentary

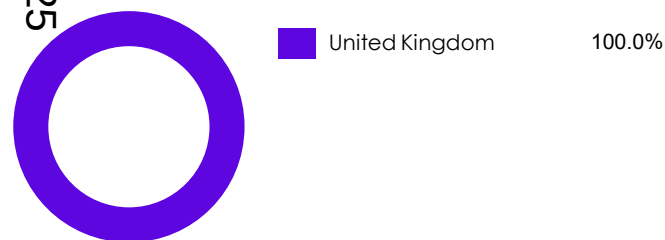
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The long lease property redemption queues have stabilised, and the managers are clearing these. Aberdeen Long Lease Property (LLP) anticipates its queue will clear by year end. M&G SPIF has seen strong inflows over 2025 and hopes to re-enter the market in 2026 to deploy new capital. Both funds achieved ahead-of-peer returns over the 12 months to end-June, a marked improvement for Aberdeen LLP.

2025's GRESB scores were released in October. M&G SPIF continues to score well, improving on its 2024 score by 2 points to reach 90/100. Aberdeen also improved, reaching 77.

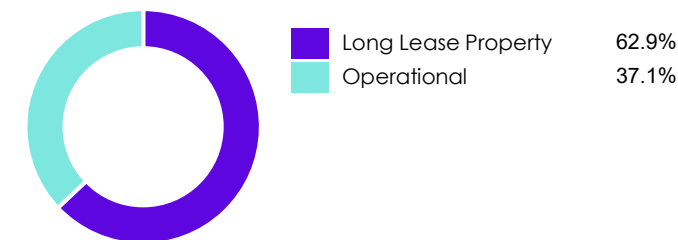
On infrastructure, Schroders Greencoat UK (GRI) had called 96% of total investor commitments (end-Q2 2025). Over Q2, most called capital was deployed into a new investment, Project Emerald. This is a stake in an offshore wind farm located in the Irish Sea. GRI invested alongside other Schroders vehicles, Ørsted and Scottish Power. The project meets the Technical Screening Criteria of the EU Taxonomy. The team are forecasting a gross IRR of 9.1%. Other calls funded a top-up into both Solar II and Stokeford Solar, in Dorset. The income from GRI remains strong, with the annualised cash yield (end-Q2) at 6.6%. H1 generation was a mixed bag; solar assets benefited from high levels of sun, resulting in strong generation, while wind resource was low. There is no fund pipeline, with the portfolio fully committed and invested.

Country Invested in underlying investments



Source: Asset Metrix
Country data is lagged by one quarter

Strategy



Source: Asset Metrix
Strategy data is lagged by one quarter

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows latest quarter	Outflows latest quarter	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
30.5	2.1%	-	129,694	357,118	-227,424	-166,571	1.08	0.0%	0.0%

*Money weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Classification: Public

Secured Income Cycle 3

Following the implementation of Asset-Metrix's NAV allocation model, since inception performance figures now reflect revised cycle-level performance for M&G SPIF within the Secured Income Portfolio. Further details were provided at ISG on 23/07/2025.

Glossary

Term	Comment
absolute risk	Overall assessment of the volatility that an investment will have
ACS	Authorised Contractual Scheme - a collective investment arrangement that holds and manages assets on behalf of a number of investors
active risk/weight	A measure of the percentage of a holding that differs from the benchmark index; can relate to an equity, a sector or a country/region
amount called	In private investments, this reflects the actual investment amount that has been drawn down
amount committed	In private investments, this is the amount that a client has committed to an investment - it will be drawn down (called) during the investment period
annualised return	Returns are quoted on an annualised basis, net of fees
asset allocation	Performance driven by selecting specific country, sector positions or asset classes as applicable
basis points (BP)	A basis point is 0.01% - so 100bps is 1.0%. Often used for fund performance and management fees
CTB	Climate Transition Benchmark - targets 30% lower carbon exposure from 2020 and then a 7% annual reduction
DLUHC	Department for Levelling Up, Housing & Communities; the government body with oversight of pooling
DPI	Distributed to Paid In; ratio of money distributed to Limited Partners by the Fund, relative to contributions. Used for private markets investments
duration	A measure of bond price sensitivity to changes in interest rates. A high duration suggests a bond's price will fall by relatively more if interest rates increase than a bond with a low duration

Term	Comment
EBITDA margin	An EBITDA margin is a profitability ratio that measures how much in Earnings a company is generating Before Interest, Taxes, Depreciation, and Amortization, as a percentage of revenue.
ESG	ESG is an umbrella term to capture the various environmental, social and governance risks investors factor into their assessment of a company's sustainability profile. Brunel views assessing ESG factors as a central part of our fiduciary duty
ESG Score	The Morningstar Sustainalytics ESG Risk Ratings are based on an assessment of a company's exposure to risk and how well it manages those risks, resulting in a single score that indicates the company's overall ESG risk level. The rating is comprised of three central building blocks: corporate governance, Material ESG Issues (MEIs), and idiosyncratic issues. The scores are categorized across five risk levels: negligible, low, medium, high, and severe.
extractive exposures VOH	Value of Holdings of invested companies which derive revenues from extractive industries
GP or general partner	In Private Equity, the GP is usually the firm that manages the fund
gross performance	Performance before deduction of fees
Growth	Growth stocks typically exhibit faster long term growth prospects and are often valued at higher price multiples
IRR	Internal Rate of Return - a return that takes account of actual money invested
legacy assets	Client assets not managed via the Brunel Pension Partnership
Low Volatility	Low Volatility is a strategy that attempts to minimise the return volatility.
LP or limited partner	In private equity, an LP is usually a third party investor in the fund

Glossary

Term	Comment
LP or limited partner	In private equity, an LP is usually a third party investor in the fund
M&A	Mergers and acquisitions
Momentum	An investment strategy that aims to capitalize on the continuance of existing trends in the market
Money-weighted return	A performance measure that takes into account the timing and size of cash flows, including contributions and withdrawals.
MWR	Money weighted return - similar to an IRR - it reflects the actual investment return taking into account cashflows
NAV	Net asset value
net performance	Performance after deduction of all fees
PAB	Paris-Aligned Benchmark - targets a 50% lower carbon exposure from 2020 and then a 7% annual reduction
Quality	Quality stocks typically have a high Return on Equity, a very consistent profit outcome and exhibit higher and stable margins
relative risk	Relative volatility when compared with a benchmark
sector/stock selection	Performance driven by the selection of individual investments within a country or sector
since inception	Period since the portfolio was formed
since initial investment	Period since the client made its first investment in the fund
SONIA	Sterling Overnight Index Average - Overnight interbank interest rate - replacement for LIBOR
source of performance data	Source of performance data is provided net of fees by State Street Global Services unless otherwise indicated

Term	Comment
standard deviation	Standard deviation is a measure of volatility for an investment using historical data. Volatility is used as a measure of investment risk. A higher number may indicate a more volatile (or riskier) investment but should be taken in context with other measures of risk
time-weighted return	A performance measure that eliminates the impact of cash flows, focussing solely on the investment's rate of return over a specific time period. It does not account for the timing and size of contributions and withdrawals.
total extractive exposure	Revenue derived from extractive operations as a % of total corporate revenue
total return (TR)	Total Return - including price change and accumulated dividends
tracking error	A measure of relative volatility around a benchmark. A fund which differs greatly from the benchmark is likely to have a high tracking error
transitioned assets	Client assets that have been transferred to the Brunel Pension Partnership
TVPI	Total Value to Paid In; ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid in
Value	Value stocks typically have a low valuation when measured on a Price to Book or Price to earnings ratio
WACI	WACI should read Weighted Average Carbon Intensity = Weight of Portfolio * (Carbon Emissions / Revenue)
yield to worst	Lowest possible yield on a bond portfolio assuming no defaults

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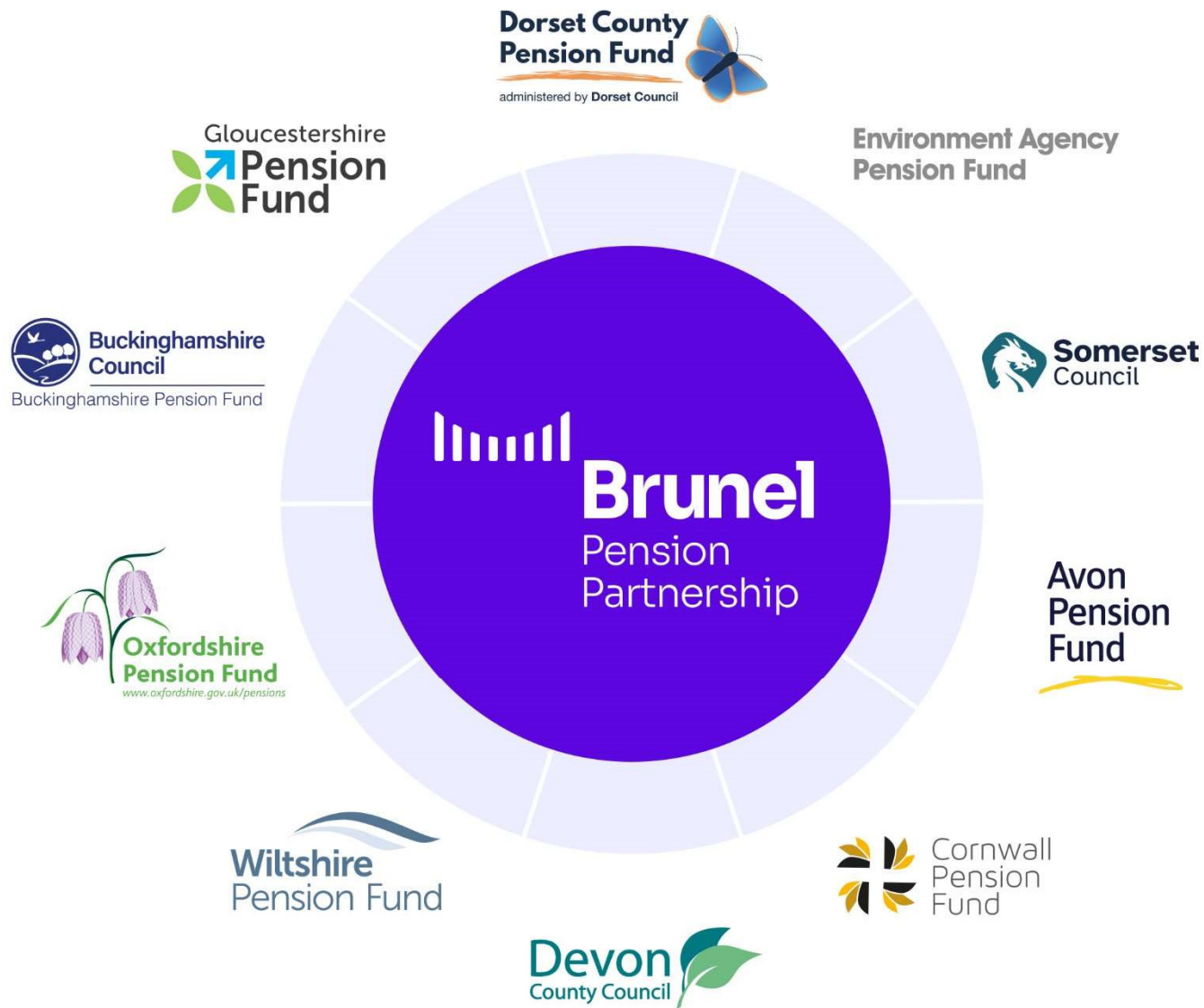
Investments in private markets are not as transparent as publicly-traded securities, and valuing private assets can be complex. Unlike publicly-traded stocks with daily market prices, private assets rely on periodic appraisals. Investment performance in this report is calculated using cash-adjusted market values provided on business day 8 after month end and may, therefore, not reflect current market sentiment.

Nothing in this report should be interpreted to state or imply that past performance is an indicator of future performance. References to benchmark or indices are provided for information only and do not imply that your portfolio will achieve similar results.

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Units C1-C4, Woolborough Lane IE, Crawley

Q3 Report

Dorset County Pension Fund

2025

Executive summary

Dorset County Pension Fund (“DCPF”) provides diversified exposure to good quality real estate located throughout the UK, across a range of sectors including offices, industrial, retail, and other. The allocation to property reflects 5.9% of DCPF’s total assets,¹ which currently represents approximately £228.4m.

OVERVIEW

£228.4m		27
Capital value (Combined DCPF portfolio)		Assets
	Conventional	SLI
Mandate	Commenced 1993	Commenced 2017
Performance objective	MSCI Quarterly Universe over five years	LPI +2.0% per annum
Capital Value (Q3 2025)	£186.1m (81%)	£42.3m (19%)
Number of assets	17	10
Purchases during quarter	-	-
Value of sales during quarter	£0.1m	-
Direct net initial yield (p.a.)	5.1%	5.4%
Average unexpired lease term (to break)	9.9 years (8.4 years)	59.6 years (16.8 years)
Combined Valuation ²		
Direct Property (Q3 2025)		£214.5m
Indirect Assets (Q3 2025) ³		£13.9m
TOTAL PORTFOLIO VALUATION		£228.4m

CONVENTIONAL PORTFOLIO PERFORMANCE

	Q3 2025	12 months (%) p.a.	3 years (%) p.a.	5 years (%) p.a.	7 years (%) p.a.	10 years (%) p.a.
Capital return	0.9	1.6	-4.9	-0.3	-1.2	-0.1
Income return	1.3	4.5	4.2	3.8	3.9	4.2
Total return	2.1	6.1	-0.9	3.5	2.6	4.1
MSCI Quarterly Property Index	1.4	6.3	-1.5	3.0	2.1	3.6
Relative	0.8	-0.2	0.6	0.4	0.6	0.4

¹ Based on Dorset County Pension Fund’s total asset value as at the end of March 2024 (£3.9bn).

² See Appendix 2 for full property list and performance over the quarter by asset.

³ See Appendix 1 for more information on the indirect holdings.

SLI PORTFOLIO PERFORMANCE

	Q3 2025	12 months (%) p.a.	3 years (%) p.a.	5 years (%) p.a.	7 years (%) p.a.
Capital return	0.2	-0.2	-5.9	-3.2	-1.8
Income return	1.5	5.8	5.3	4.9	4.7
Total return	1.6	5.6	-0.9	1.6	2.8
Target (LPI + 2.0% p.a.)	0.9	6.5	6.1	6.4	5.7
Relative	0.7	-0.9	-7.0	-4.8	-2.9

Economic and property update

- The UK is on track to be the second fastest growing economy amongst the G7, the unemployment rate remains below 5.0% and real wage growth has been robust for two years. However, on the other hand, global macro headwinds are feeding into fading UK economic momentum in 2025, a loosening labour market, and sticky inflation.
- Bond markets are currently taking a dim view of UK public finances, which raises the stakes for the upcoming November budget where the Chancellor is expected to raise £18–28bn as policy reversals, higher gilt yields, and weaker migration and productivity forecasts erode fiscal headroom. With spending cuts politically constrained and markets wary of borrowing, most of the adjustment will likely come from higher household taxes.
- Capital value growth saw a slight increase in Q3 according to the latest monthly MSCI index. All-Property capital values rose 0.2% for the quarter, driven by gains in industrial (0.7% q/q), residential (0.6% q/q), and retail (0.6% q/q), offsetting an ongoing decline in offices (-0.6% q/q; -0.2% m/m). Office capital values are now 33.0% below their July 2022 peak versus 23.0% at the All-Property level. Yields remain steady (NIY 5.2%; EY 7.0%) though market liquidity is thin, especially outside prime assets. Global uncertainty continues to weigh on transactional activity. The occupier market is holding up, with rents rising 0.4% m/m in September and 0.9% over the quarter, particularly in residential (1.7% q/q) and industrial (1.0% q/q), while office rental growth eased to 0.6% q/q.
- Despite a challenging macroeconomic backdrop, UK total return is forecast to average 7.5% p.a. over the next five years, driven primarily by rent growth rather than yield compression. Occupier demand remains strong amid low vacancy and limited speculative development, with residential (especially single-family housing), logistics, and prime City offices expected to outperform.
- Although inflation is anticipated to remain sticky in the short term, we expect property to resume outperforming on a real basis. Our latest forecasts of total returns of 9.8% in 2025 are comfortably ahead of our macro-economic forecast average CPI and RPI of 2.7% and 3.8% respectively at year-end. The headwinds that have faced portfolios with inflation-based objectives may therefore begin to lessen before long.

Conventional portfolio

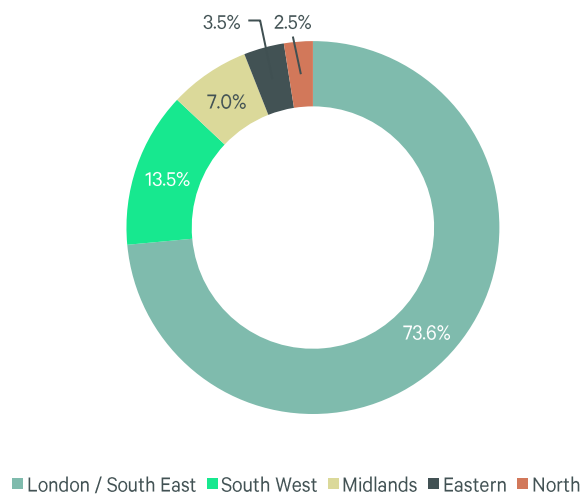
Portfolio information

KEY STATISTICS

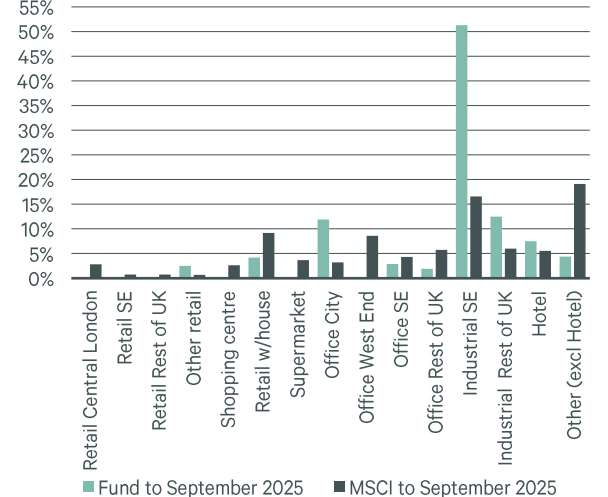
£172.2m Direct market value	£13.9m Indirect market value	£186.1m Total Conventional portfolio market value
16 (£11.6m) No. of direct assets (avg. value)	69 (£2.5m) No. of direct lettable units (avg. value)	1 No. of indirect holdings
3.4% (9.3%) Vacancy rate (MSCI Quarterly Universe)	9.9 yrs (8.4 yrs) Avg. unexpired direct lease term (to break)	5.1% / 6.5% Direct net initial yield / reversionary yield (p.a.)
5.7% % of income direct RPI / index linked	22.2% Rent with +10 years remaining (% of direct rent)	10.3% Rent with +15 years remaining (% of direct rent)

GEOGRAPHICAL AND SECTOR EXPOSURE

Geographical breakdown



Sector breakdown



Secure long income portfolio (SLI)

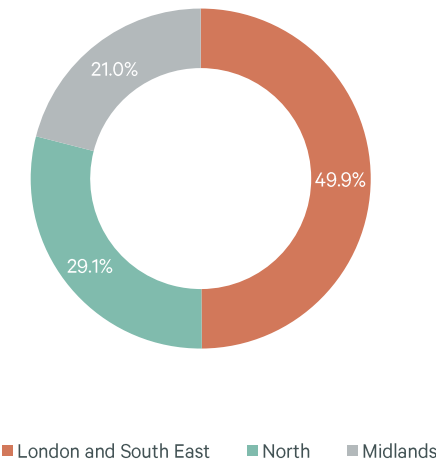
Portfolio information

KEY STATISTICS

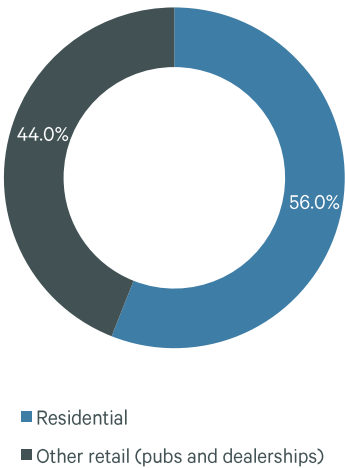
£42.3m Direct market value	£0.0m Indirect market value	£42.3m Total SLI portfolio market value
10 (£4.2m) No. of assets (avg. value)	14 (£3.0m) No. of lettable units (avg. value)*	0% Vacancy rate (% ERV)
59.6 yrs (16.8 yrs) Avg. unexpired lease term (to break)	5.4% / 5.7% Direct net initial yield / reversionary yield (p.a.)	81.3% % of income index linked
46.1% Rent with >15 years remaining (% of contracted rent)		

GEOGRAPHICAL AND SECTOR EXPOSURE

Geographical breakdown (% of total value)



Sector breakdown (% of total value)



Environmental, social, governance

DCPF's ESG performance

Sustainability is fundamental to CBRE Investment Management's (the "Firm") value proposition where we seek to deliver sustainable investment solutions across real asset investing so that our clients, people and communities thrive.

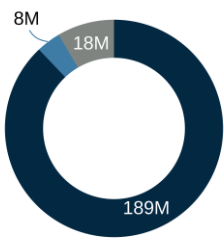
Key actions completed in Q3 2025

Action	Outcome	Climate	People	Influence
GRESB	The portfolio's 2025 GRESB submission has been completed. The portfolio scored 81/100, Three Star in the Standing Investments Assessment.	x	x	x
GRESB 2026 Improvement Plan	The portfolio has developed an Improvement Plan for GRESB 2026 following the detailed analysis of the 2025 final results, which includes specific recommendations for future score improvement.	x	x	x
BREEAM In Use 2025 Assessments	The portfolio is currently undertaking one BREEAM In-Use assessment, which commenced in Q3 2025.	x	x	
EPCs	The portfolio has completed two EPC assessments in the last quarter.	x		

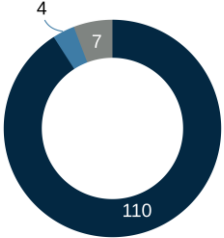
1 COMPLIANCE

A key part of the ESG strategy is the Energy Performance Risk Mitigation Program, where we seek to improve the sustainability performance of assets through improving the Energy Performance Certificate ratings. Units are included in the "High Risk" category if the "F" or "G" rating is draft, expired or lodged. The status of the EPC is explained in part five of this ESG update. We will further update the definitions to respond to the EPC B MEES policy in England & Wales following the final government consultation which is expected in the second half of 2025.

EPC risk by value (M)



EPC risk by unit



MEES Risk Rating	Key	Criteria
High		F or G rated valid EPC
Medium		E rated valid EPC
Low		A+ to D rated valid EPC
Exempt		MEES regulation exempt
Unknown		Inaccurate or missing EPC

Action	Medium risk	High risk
High Quality or Modelled EPC	2	0
Action at Lease End	2	0
Refurbishment	0	0
Planned Redevelopment or Considering sale	0	0
Review Tenant Fitout	0	0

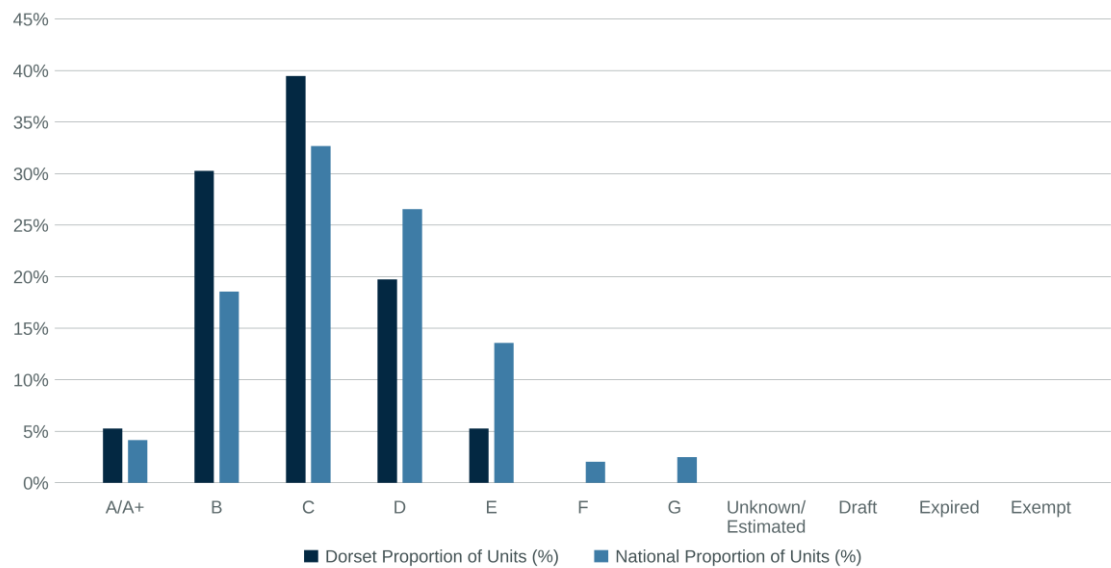
EPC Profiles

The charts below display the portfolios current EPC rating profile in comparison with the National EPC rating profile over the past decade. This shows the relative benefits of the portfolio's EPC risk management over the preceding years, and contextualises the action required to achieve the EPC “B” target rating for non-domestic properties. The National EPC rating profile consists of assets located in England and Wales only, as Scottish EPC profile data is currently unavailable, and is therefore excluded from the datasets displayed below.

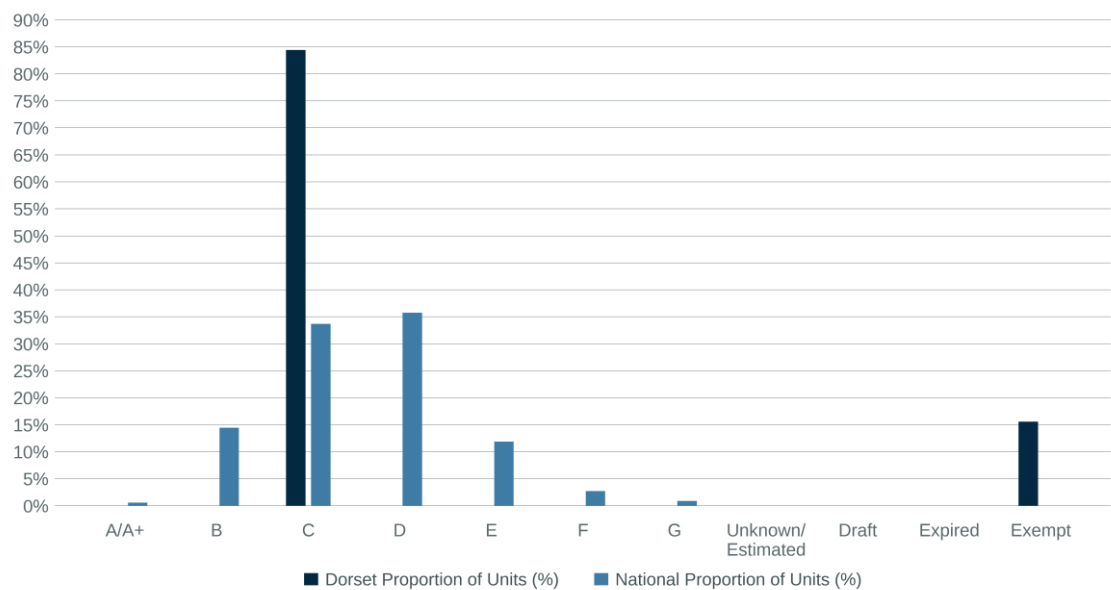
Compared to the National EPC profile, the portfolio contains a lower proportion of ‘high risk’ non-domestic rated units, and a higher proportion of A/A+ rated non-domestic units. In comparison, the domestic segment of the portfolio shows a lower proportion of both ‘high risk’ rated units and A/A+ rated units relative to the national profile.

Dorset Q3 2025 EPC Rating Profile vs National EPC Rating Profile

Q3 Non-Domestic Performance



Q3 Domestic Performance

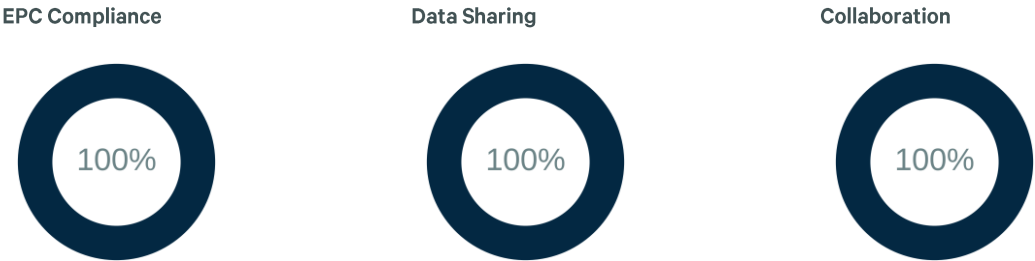


Green leases

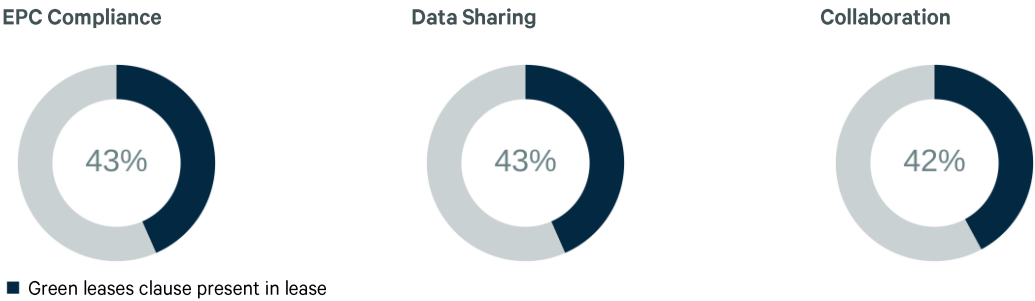
Green leases support us in protecting the portfolio from future environmental risks, reflecting market practice and improving the sustainability credentials of the portfolios. We group our green lease clauses into three categories:

- **EPC compliance:** clauses which support our compliance pillar, particularly regarding EPCs.
- **Data sharing:** clauses which support the sharing of ESG data for reporting and facilitate performance improvement.
- **Collaboration:** clauses in which we agree with the tenant to collaborate to improve a building's ESG performance.

% of leases completed since January 2019 incorporating green lease clauses



% of all portfolio leases which incorporate green lease clauses



Green lease tracking	
% of portfolio with a green lease tracker (excluding vacant units)	99%
Number of leases with green lease trackers since Q1 2019	31
New trackers received in Q3 2025	1

2 TRANSPARENCY

Building certification strategy

CBRE Investment Management aim to acquire or forward-fund buildings with certifications. Green Building Certifications are important for the portfolios GRESB performance in the short term and achievement of its ESG vision in the long term. Specifically, Green Building Certifications account for 10.5% of the GRESB Standing Investment score and by instructing new or renewing certifications, the portfolio aims to outperform the peer group in this category. The 'In progress & submitted certifications' table below includes any certifications that are currently ongoing and/or awaiting receipt of a final completion certificate. The 'Completed certifications' table below covers any certifications completed in the previous reporting year (2024) and in the current reporting year (2025).

In progress & submitted certifications

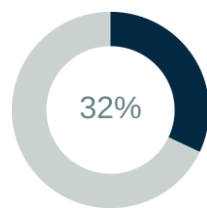
Property	Certification type	Rating	Status
Euroway Industrial Estate, Swindon - (Units 6-8)	BREEAM In Use: Part 1	TBC	In Progress
Astra House - (Whole Site)	BREEAM In Use: Part 2	TBC	In Progress

Completed certifications

Property	Certification type	Rating	Status	Year Awarded
Oldfield Lane, London - (Unit 1)	BREEAM In Use: Part 1	Pass	Complete	2024

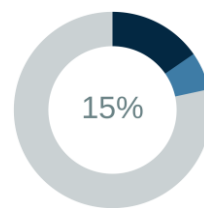
% Portfolio with a building certification (by value)

2024 Performance



■ Completed certifications

2025 Performance



■ In progress certifications

3 REFURBISHMENTS

The Investment Committee process and Zero Emission Buildings roadmap informs CBRE Investment Management's approach to assessing each asset held in EMEA. Assets are redeveloped to improve their operational performance, meet portfolio and house level targets, and improve GRESB reporting potential. The 'Ongoing Refurbishments' and 'Completed Refurbishments' tables below cover any refurbishments completed in the previous reporting year (2024) and in the current reporting year (2025), alongside any that remain ongoing.

Ongoing Refurbishments

Asset	Certification Target	Estimated completion date	Project Notes
75-81 Summer Road, Croydon – (Unit 2 & 4)	EPC B	TBC	EPC Improvement works targeting a B rating to be completed.
Euroway Industrial Estate – (Unit 9)	EPC B	TBC	EPC Improvement works targeting a B rating to be completed with potential for adding Solar PV to the asset.

Completed Refurbishments

Asset	Certification Target	Date of Practical Completion	Project Notes
South Bristol Trade Park – (Unit 4)	EPC B	Mar 2025	Refurbishment complete

4 CARBON

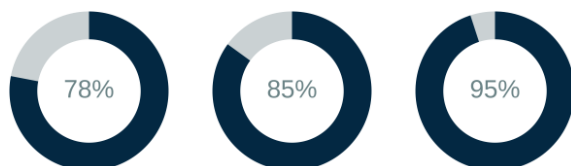
2024 calendar year data collection via NLC (formerly CRM) data requests and enhanced Proptech enabled data collection methods has been completed. Landlord energy data has been reviewed and inputted into the funds data management system (Measurabl). This data has been assured and submitted as part of the annual GRESB submission in June 2025 as per normal practice. 2024 calendar year performance data displayed below is classified as final, following the final GRESB results released 1st October 2025.

The 2024 utility data uploaded to the Measurabl platform has undergone a comprehensive audit to ensure data quality. Each assigned utility meter is error-free, and all outliers investigated and addressed. Where applicable, issues were raised directly with the utility provider and data platform manager. The resolution of each issue has been documented for full transparency. Furthermore, the audit of the Measurabl platform includes the portfolio's Projects, Audits, Ratings and Certifications (PARC) data, as well as valuations data and property-type assignment.

N.B. – performance and target data below is displayed for the calendar year. For the GRESB 2025 submission, 2024 calendar year data is used and for the GRESB 2024 submission, 2023 calendar year data is used.

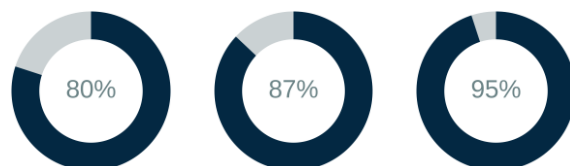
% of floor area for which energy data has been collected

2023 performance 2024 performance 2024 target



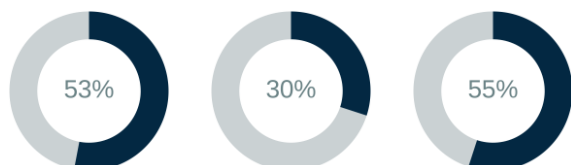
% of floor area for which GHG data has been collected

2023 performance 2024 performance 2024 target



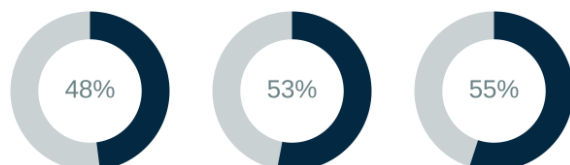
% of floor area for which water data has been collected

2023 performance 2024 performance 2024 target



% of floor area for which waste data has been collected

2023 performance 2024 performance 2024 target



5 EPC RATINGS BY BAND

If a unit does not hold any EPC information it will be counted as “Unknown/Estimated”. If a unit holds a more recent draft EPC than lodged EPC, it will be counted as “Draft”. If a unit holds an expired EPC, it will be counted as “Expired”. All expired EPCs are reviewed by the CBRE Investment Management team with support from their ESG Consultants and replacement EPCs are instructed prior to lease events. If a unit is MEES regulation exempt, it will be counted as “Exempt”. Exemptions can be applied in the event of a lease length being 99 years or more, as per UK government non-domestic private rented property regulations.

England, Wales and Northern Ireland

EPC ratings	A/A+	B	C	D	E	F	G	Unknown/ Estimated	Draft	Expired	Exemption Applied
No of units	4	23	68	15	4	0	0	0	0	0	7
Proportion of units %	3.3%	19.0%	56.2%	12.4%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	5.8%

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