

PENSION FUND COMMITTEE

MINUTES OF MEETING HELD ON TUESDAY 8 SEPTEMBER 2026

Present: Cllr Andy Canning (Chair), Cllr Andy Todd (Vice-Chair), Cllr John Beesley, Cllr David Brown, Cllr Simon Christopher, Cllr Simon Clifford, Adrian Felgate, Cllr Val Potheary and Cllr Felicity Rice

Apologies: None.

Also present: Steve Tyson (Independent Investment Adviser, Apex Group), Chris Crozier (Senior Relationship Manager, Local Pension Partnership Investments) and Duncan Higgs (Head of Client Portfolio Management, Local Pension Partnership Investments)

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

Sean Cremer (Director - Resources (Section 151 Officer)), Karen Gibson (Service Manager for Pensions) and David Wilkes (Service Manager for Treasury and Investments)

13. Minutes

The minutes of the meeting held on 2 June 2026 were confirmed and signed.

14. Declarations of Interest

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

15. Public Participation

There were no questions from members of the public.

16. Questions From Councillors

There were no questions from councillors.

17. Urgent items

There were no urgent items.

18. PENSIONS ADMINISTRATION

Administration performance remained strong, although recurring data issues persist with a small number of employers, particularly those using outsourced payroll providers.

Retrospective rectification for McCloud remains outstanding because of software limitations. The software supplier will be challenged through the Local Pension Board on outstanding functionality and delivery timescales.

Annual Benefit Illustrations were issued on time without McCloud underpin information, affecting potentially fewer than 300 active members. Two regulatory breaches are to be reported to The Pension Regulator and affected members will receive updated information once calculations are validated.

The draft Artificial Intelligence (AI) policy was discussed, with members asking for greater recognition of the opportunities from AI alongside the risks.

19. LGPS 'FIT FOR THE FUTURE' REFORMS

The government's LGPS 'Fit for the future' reforms were intended to strengthen governance arrangements, improve investment outcomes and deliver efficiencies through greater scale and consistency across the LGPS, and to unlock investment potential for UK growth.

The Pensions Schemes Bill received Royal Assent on 29 April 2026 and was now enacted as the Pension Schemes Act 2026. Supporting secondary legislation (regulations) and guidance specific to the LGPS had come into force on 30 June 2026.

The regulations mandate full participation in Financial Conduct Authority (FCA) authorised asset pool companies.

The regulations require each administering authority to appoint an "LGPS Senior Officer" with responsibility across all pension functions including investment, funding, administration and governance and an "independent person" to provide support to the administering authority in the discharge of its LGPS duties. Both appointments are required by the end of December 2026. Recruitment/procurement is progressing.

Committee member knowledge and training arrangements will need to become more formal, including training-needs assessments.

A new draft Investment Strategy Statement (ISS) will come to the Committee in December, followed by consultation and final approval in March 2027.

20. SCHEME ADVISORY BOARD UPDATE

Cllr John Beesley, a member of the LGPS Scheme Advisory Board (SAB), updated the Committee on governance matters relating to investment pooling.

Much of SAB's recent activity had focused on implementation of the 'Fit for the Future' reforms.

Cllr Beesley had been appointed Chair of SAB's investment committee, whose remit includes responsible investment, transparency and investment pooling.

Particular attention was being given to fiduciary duty guidance, with the aim of ensuring that emerging national guidance properly reflects LGPS circumstances and avoids divergent interpretations.

A Brunel close-down statement/report was requested following final wind down of the company, so that the Committee could understand the financial and governance consequences of the transition to LPPI.

21. DRAFT PENSION FUND ANNUAL REPORT 2025-26

The report remains draft pending completion of external audit work and will return for final approval in December. Members were invited to submit corrections or comments to officers before then. Members identified some amendments regarding governance and training wording.

22. PENSION FUND INVESTMENTS

The pension fund's assets at 30 June 2026 were valued at just under £4.9bn, an increase of c. £335m since the beginning of the financial year.

The total return from the pension fund's investments over the quarter to 30 June 2026 was 7.6%, compared to the combined benchmark return of 9.2% and the average Local Government Pension Scheme (LGPS) return of 6.9%. The total return for the 12 months to 30 June 2026 was 16.4% compared to the benchmark return of 21.1% and average LGPS return of 13.8%.

Over the longer term, annualised returns for the three years to 30 June were 11.5% compared to the benchmark return of 14.4% and average LGPS return of 9.6%, and for five years were 6.9% compared to the benchmark of 9.4% and average LGPS return of 6.9%.

The independent investment adviser emphasised that although returns were below benchmark, absolute returns remained above the actuarial discount rate (which is important for the funding position and therefore employer contributions) and compared favourably with LGPS peers over recent years.

Discussion focused on whether benchmark comparisons adequately reflect, for example, Dorset's deliberately more defensive equity positioning. Further work with LPPI will look at better distinguishing the impact of client fund strategic decisions from pool company implementation decisions and reporting.

Concerns remained that an Artificial Intelligence bubble was developing in US technology stocks and that sufficient returns to justify valuations would not materialise from the billions being invested. The independent adviser highlighted risks around high US/technology valuations and a potential AI-related investment bubble, supporting a cautious approach.

23. DATES OF FUTURE MEETINGS

1.30 pm Tuesday 1 December 2026 - County Hall, Dorchester

1.30 pm Tuesday 2 March 2027 - County Hall, Dorchester

All meetings to be preceded by training for committee members 10am to 12.30pm.

24. **Exempt Business**

There was no exempt business.

Duration of meeting: 1.30 - 3.25 pm

Chairman

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