



Pension Fund Committee

Date: Tuesday, 8 September 2026
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, Simon Christopher, Simon Clifford, Adrian Felgate, Val Potheary and Felicity Rice

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 02 June 2026.

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 03 September.

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 on Thursday 03 September.

[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 - 42

To consider the quarterly report on pension fund administration.

8. LGPS 'FIT FOR THE FUTURE' REFORMS

43 - 78

To provide an update on the government's LGPS 'fit for the future' reforms.

9. 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).

10. DRAFT PENSION FUND ANNUAL REPORT 2025-26

79 - 204

To consider the draft pension fund annual report budget for 2025-26.

11. PENSION FUND INVESTMENTS

205 - 284

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

12. DATES OF FUTURE MEETINGS

To confirm the dates for the meetings of the Committee in 2026/27:

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 12.45pm.

13. EXEMPT BUSINESS

To move the exclusion of the press and the public for the following item 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.

There is no exempt business scheduled for this meeting.



PENSION FUND COMMITTEE

MINUTES OF MEETING HELD ON TUESDAY 2 JUNE 2026

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

Present remotely: Cllrs Val Potheary and Felicity Rice

Apologies: None

Also present: Steve Tyson (Independent Investment Adviser, Apex Group), Chris Crozier (Senior Relationship Manager, Local Pension Partnership Investments) and Richard Tomlinson (Chief Investment Officer, Local Pension Partnership Investments)

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

Karen Gibson (Service Manager for Pensions) and David Wilkes (Service Manager for Treasury and Investments)

1. **Minutes**

The minutes of the meeting held on 17 March 2026 were confirmed and signed.

2. **Declarations of Interest**

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

3. **Public Participation**

There were no questions from members of the public.

4. **Questions From Councillors**

There were no questions from councillors.

5. **Urgent items**

There were no urgent items.

6. **PENSIONS ADMINISTRATION**

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

The Local Government Pension Scheme (Miscellaneous Amendments) (Member Benefits) Regulations 2026 came into force on 1 April 2026. The Regulations had implemented the first phase of the Access and Fairness proposals. The key

changes included a retrospective lift of the seventy-five-year age gap cap for death grants for pensioner members, equalisation of survivor benefits and changes in unpaid leave. Software updates were required for the Regulation changes.

Good progress had been made with end of year processes.

Some of the required software for the McCloud remedy work had been delivered in March 2026. Bulk calculations for deferred and pensioner members to identify members entitled to underpins had been completed. The remaining outstanding software was expected to be delivered by September 2026.

Increases of 3.8% have been applied to pensions in payment and deferred pensions from 6 April 2026.

7. 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 been drafted and final regulations were planned to 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.

8. 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.

The last meeting of the SAB was held on 23 March 2026 and the next meeting was scheduled for 25 July 2026.

Structural changes of the SAB had been discussed and the relationship between the six LGPS pools and the SAB had been explored. Representation by the six LGPS pools on the SAB was the preferred way forward.

Cllr John Beesley attended the Local Government Chronicle (LGC) Investment Seminar in March 2026.

9. PENSION FUND BUDGET 2026-27

In their audit findings report for the year ended 31 March 2025, Dorset Council's independent auditor, Grant Thornton, recommended that a budget for pension fund account items was developed and reported against throughout the year.

Decision

That the pension fund account budget for 2026-27 was approved.

10. PENSION FUND INVESTMENTS

The value of the pension fund's assets at 31 March 2026 was just over £4.5 billion, an increase of £466m since the start of the financial year. The total return from the pension fund's investments over the quarter to 31 March 2026 was 0.5%, compared to the combined benchmark return of 1.2%. The total return for the year to 31 March 2026 was 12.1% compared to the benchmark return of 15.0%.

Markets in the quarter were highly volatile driven by the conflict in the Middle East and the resulting disruption to global energy supplies. This was likely to feed through into higher inflation. Previous expectations that central banks would continue to reduce interest rates were now likely to remain on hold until inflationary pressures became clearer.

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.

11. DATES OF FUTURE MEETINGS

1.30 pm Tuesday 8 September 2026 - County Hall, Dorchester.

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.

12. Exempt Business

There was no exempt business.

Duration of meeting: 1.30 - 2.55 pm

Chairman

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Pensions Fund Committee

8 September 2026

Pensions Administration

For Review and Consultation

Local Councillor(s): All

Executive Director: Sean 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
- End of Year Processes 2026
- McCloud Update
- AI Impacts and TPR Plan
- TPR Breaches 2026
- Annual Benefit Illustrations 2026
- National Dashboard Programme

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 are attached at Appendix 1. These are for the period 01/05/2026 - 31/07/2026. The previous quarter is included for reference. Performance continues to be steady and of a high standard.

3 End of Year Processes 2026

- 3.1 Key statistics for the overall project are detailed below. The provision of this data to the fund is not always easy for employers. We provide excellent support and training to employers. We have good engagement with the majority of employers, and the data received is generally of an excellent standard. Our system and processes enable us to communicate with employers reliably as we go back and forth with queries and validation checks. However, a small number of employers struggle to provide the data required and respond to queries to enable error and validation checks, which may lead to financial penalties being imposed in accordance with our Pensions Administration Strategy (PAS).
- 3.2 In some cases, financial penalties are additionally levied under [Regulation 70](#) of the LGPS Regulations 2013. This might be where there have been exceptional issues. This year, four employers have been subject to these additional charges. One employer still has queries to be resolved, and a final penalty charge will be assessed once all processes are complete.

	2024	2025	2026
Total Number of Returns due to be Processed	165	163	160*
Total Number of Queries	5,868	4,956	4,795
Number of Late Returns	8	11	9
Number of employers with financial penalties	50	34	27
Total financial penalties	£43,750.00	£96,980.00	£59,480
Total CARE Pay posted	£546,889,670.80	£573,362,363.97	£600,485,212.20

Gender	Average CARE Pay Posted
Female	£18,038.21
Male	£27,021.67
Total Members Left During Year	5,526

Total number of returns due at EOY	160*
Returns with missing joiners	9
Returns with missing leavers	23
Returns with members missing on EOY queries	21
Returns with all three above errors	4
Returns with NO missing joiners/leavers/missing on EOY queries	128

* includes 4 returns still to be received and processed.

4 McCloud Update

- 4.1 There has been a further delay of the delivery of McCloud software. This was expected originally in June but has only recently been delivered into the Live system.
- 4.2 This delay directly impacts our ability to include the McCloud remedy data in the Annual Benefit Illustrations (ABIs) for 2026, which is a statutory requirement. We have made the decision to issue the statements on time, but without this additional data. This decision was made to avoid a delay and will impact approximately 5% of the 5,823 members in scope for McCloud.
- 4.3 The requirement is to include an underpin where one applies. The underpin is the difference between the final salary and CARE benefits due in the remedy period. Where the final salary benefits would have been higher, an underpin, equivalent to this amount, is due. The underpin amount for active members will change each year and can only be confirmed once the member retires. It was therefore considered that issuing statements with pre McCloud data, all other data is correct and up to date, was of more benefit to members.
- 4.4 However, this does constitute a reportable breach, see item 6.
- 4.5 This also impacts our ability to meet the deadline of 31 August for all retrospective remedy calculations, which is also a reportable breach.
- 4.6 We are in constant discussions with the software supplier to address these issues, and senior officers from Civica will be attending our next meeting of the Local Pensions Board in October. We are also in discussions with other impacted clients regarding actions that we may be able to take to resolve these issues as quickly as possible.

5 Member Data Quality Assessment 2026

- 5.1 Each year, the quality of our data is reviewed and measured in accordance with guidance set out by The Pensions Regulator (TPR). This serves two main purposes. Firstly, it feeds into the future year's data improvement plan, and secondly it provides the data quality scores for the Dorset County Pension Fund which must be reported to TPR each year and recorded in the Fund's Annual Report.
- 5.2 The scores below have been calculated using reports supplied by Civica. However, there are several issues with these reports, some of which we have been able to address. Additionally, we are aware that these reports may not fully meet the requirements for TPR as set out in the [PASA guidance](#) which was updated in November 2024. Civica are aware of the need to update these reports but have failed to do so. It is our intention to develop our own reports for next year.
 - 5.2.1 **Common Data** – this is the reporting of items applicable to all pension schemes, for example a correct address, date commenced, name, national insurance number etc. The overall score of tests passed for common data held was 99.70%, the score for the previous year was 99.67%.
 - 5.2.2 **Scheme Specific Data**, (also known as 'Conditional' data) is the data specific to the LGPS. This includes items such as the presence of CARE data, member benefits and GMP data where it applies. The overall score for scheme specific data was 99.34%, an increase on the previous year's score of 95.89%.
- 5.3 This illustrates the excellent standard of data for the fund and reflects the continued hard work of the team to ensure records are accurate and current.

- 5.4 We have in the last year completed a considerable amount of data cleansing for the National Dashboard and Guaranteed Minimum Pensions (GMPs). We rely on employers providing regular and accurate data, and we put a significant resource into supporting employers and ensuring accuracy of monthly and annual data submissions.
- 5.5 We are now currently writing the Data Quality Report for 2026 which sets out our working plan for the year ahead to ensure that we have a continual plan for improvement and consistently high standards of data accuracy.

6 AI Impacts and TPR's AI Plan

- 6.1 There is an increasing focus on AI in the world of pensions, its potential to transform and the role it plays in financial planning. For us, it is important to understand how increasing use of AI impacts our members and the pensions administration service.
- 6.2 The Pensions regulator (TPR) has published a new [AI Plan](#), which sets out a clear and pragmatic direction for responsible AI adoption across pensions. This will assist LGPS funds in understanding how they can move forward confidently, keeping accountability and transparency whilst also prioritising member outcomes.
- 6.3 The use of AI is widespread and innovation accelerating, it is therefore important to anticipate and mitigate any potential harms before they occur. The Pensions Regulator notes the significant emerging risks in pensions which include;
- Technology adoption outpacing the implementation of robust governance.
 - Members using AI for financial planning and advice.
 - Increased and more sophisticated cyber-attacks.
 - AI generated scams and fraud.
 - Bias that could widen existing inequalities.
- 6.4 As a first step, we have drawn up an AI Governance and Usage Policy for the Administration Service, the draft is attached at Appendix 2, to be approved. In addition, staff awareness training has been delivered to the team. Human oversight and accountability are fundamental wherever AI is used. As a service, we are primarily subject to the policies in place by Dorset Council for AI usage, this policy is aimed at AI use within the service.
- 6.5 The administration service is already seeing AI impacts for concern. Most notably is the use by members for information and financial planning. There is additionally concern over the provision of financial advice to members, this is not a new issue, but the challenges are increasing. These two issues arise mainly due to the lack of understanding of the differences between defined benefit and defined contribution schemes. General searches for information on pensions defaults to defined contribution, pensions is already a challenging area to understand, and the wealth of information available can easily lead to confusion or misunderstanding.
- 6.6 In addition to ensuring staff are aware, information for active scheme members on AI and financial advice has been included in this year's newsletter. Please see Appendix 3. Reminders will be added to standard presentations for members to aid awareness and understanding.

7 Reportable Breaches 2026

- 7.1 As pension administrators, we have the responsibility to report certain breaches of the law to the Pensions Regulator (TPR). Any report must be in writing and must be made as soon as reasonably practicable. A breach must be reported where we have reasonable cause to believe that:
- A legal duty relevant to the administration of the scheme has not been, or is not being, complied with.
 - The failure to comply is likely to be of material significance to the regulator.
- 7.2 Two clear breaches connected to the delayed software delivery for the McCloud remedy have occurred and will be reported. Firstly, non-compliance with the requirement for rectification by 31 August, and secondly the non-inclusion of McCloud data in the Annual Benefit Illustration (ABI) for 2026. Please see item 4 in this report for more detail.
- 7.3 The required report will be drawn up and submitted by 30 September 2026, and the Local Pension Board will be consulted. Both breaches are as a direct result of software delays, and all authorities impacted will be submitting breach reports.
- 7.4 In addition, a further breach has occurred with 21 members who will not be issued with an ABI by 31 August 2026, please see items 3 and 8 in this report. Because the numbers are small, and depending on how soon we can issue the statements, this may not be a reportable breach. The LPB will be consulted to establish if a breach report should be submitted once we know when the statements can be produced.

8 Annual Benefit Illustrations 2026

- 8.1 I am pleased to confirm that the active Annual Benefit Illustrations (ABI) for 2026 have been issued. These have been available on the member Portal since 11 August, and a booklet and newsletter will be sent to all active members by 31 August. In total 22,727 have been issued.
- 8.2 21 members have not been issued with a statement this year due to outstanding data issues with their employer, see item 3.2 above. These will be issued once we are satisfied that we hold the correct data. Both the employer and employees have been informed.
- 8.3 Presentations on 'Understanding your Annual Benefit Illustration' have been scheduled for members, these were popular last year, and we are already seeing spaces booked this year. These are in addition to our standard member presentations which run throughout the year.
- 8.4 A copy of this year's ABI template is attached at Appendix 4.

9 National Dashboard Programme

- 9.1 The Dorset Fund has volunteered to be part of a working group for the Pensions Dashboard Programme being initiated by the Money and Pensions Service (MaPS). We are one of several Directly Connected Organisations (DCOs) who will be taking part in targeted testing, validation checks and identification of defects.
- 9.2 Early testing of the Dashboard has started, and we have already had successful connections to our data via the dashboard. This is part of an early testing programme, for which members of the public can sign up. The Dashboard is not

- yet live to the public. It's good to see these early test connections are working well.
- 9.3 DCPF active members have been invited to join the Dashboard testing party. This invitation was issued in the annual newsletter sent with the Annual Benefit Illustration (Appendix 3).
- 10 [Financial](#) Implications**
N/A
- 11 [Climate](#) Implications**
None
- 12 [Well-being](#) and Health Implications**
None
- 13 Other Implications**
N/A
- 14 Risk Assessment**
14.1 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 May 2026 to 31 July 2026)
Appendix 2 – Draft DCPF AI Governance and usage Policy
Appendix 3 - LGPS ABI 2026 Newsletter
Appendix 4 - LGPS Annual Benefit Illustration 2026
- 18. Background Papers**

[LGPS Regulations 2013](#)
[AI plan](#)
[Homepage | UK Pensions Dashboards Programme](#)



	Period:	May 2026 - July 2026				
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	933	100.00%	30	933	933	1.04
Interfund in Quote	113	98.23%	30	111	499	3.89
Interfund In Actual	83	98.80%	30	82	142	10.89
Interfund Out Quote	89	100.00%	30	89	159	2.77
Interfund Out Actual	63	98.41%	30	62	104	10.84
Transfers in Quote	48	100.00%	15	48	174	4.09
Transfers In Actual	36	94.44%	15	34	37	3.25
Transfer Out Actual	17	100.00%	15	17	51	8.90
Transfer Out Quote	60	100.00%	15	60	78	2.61
Estimates	238	98.74%	15	235	286	4.53
Retirements	460	98.04%	10	451	519	3.01
Retirements Quote	543	100.00%	10	543	1271	3.59
Deferred Benefits	575	97.57%	40	561	850	9.15
Refunds	177	100.00%	15	177	411	1.11
Refunds Quote	274	95.99%	15	263	713	4.11
Deaths (Initial Stage)	88	95.45%	5	84	243	3.27
Correspondence	1587	99.75%	15	1583	1665	2.13
Total	5384	99.05%		5333	7322	

Total Processes for month completed	20658
Total Processes worked on in month	23534
Total Phone Calls taken through Pensions Helpline	1745
McCloud Processes Completed	435

	Period:	February 2026 - April 2026				
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	1508	100.00%	30	1508	1508	1.02
Interfund in Quote	119	99.16%	30	118	513	3.78
Interfund In Actual	78	97.44%	30	76	129	9.00
Interfund Out Quote	231	100.00%	30	231	307	2.25
Interfund Out Actual	54	100.00%	30	54	89	10.26
Transfers in Quote	50	98.00%	15	49	159	3.44
Transfers In Actual	24	100.00%	15	24	27	2.91
Transfer Out Actual	28	92.86%	15	26	69	4.40
Transfer Out Quote	103	99.03%	15	102	122	2.40
Estimates	208	99.52%	15	207	261	4.39
Retirements	437	98.40%	10	430	525	3.47
Retirements Quote	563	98.58%	10	555	1163	3.99
Deferred Benefits	990	89.70%	40	888	1130	14.38
Refunds	137	100.00%	15	137	588	1.03
Refunds Quote	252	99.21%	15	250	670	4.92
Deaths (Initial Stage)	110	97.27%	5	107	205	2.53
Correspondence	1242	99.68%	15	1238	1197	3.91
Total	6134	97.82%		6000	8662	

Total Processes for month completed	23187
Total Processes worked on in month	20188
Total Phone Calls taken through Pensions Help	1721
McCloud Processes Completed	7945

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Dorset County Pension Fund

Artificial Intelligence (AI) Governance and Usage Policy for Pensions Administration

Policy Owner: Service Manager for Pensions, Karen Gibson

Approved By: [Insert Governance Board / Senior Responsible Officer]

Version: 1.0

Effective Date: [07/10/2026]

Review Date: [October 2027]

1. Purpose

This policy sets out the governance arrangements, acceptable use standards, controls, and responsibilities for the use of Artificial Intelligence (AI) within the Pensions Administration Service. It applies to all staff within the DCPF Administration Team and supplements Dorset Council's AI policies and guidance. Staff must comply with Dorset Council's policies and guidance as the primary governance framework, with this policy providing additional requirements specific to the Pensions Administration Service.

The policy aims to:

- Enable the safe and responsible use of AI technologies.
 - Protect members, and pension scheme member data and confidential information.
 - Ensure compliance with UK GDPR, Data Protection Act 2018, LGPS regulations, TPR expectations and Dorset Council's information governance requirements.
 - Enhance service delivery while maintaining professional accountability and decision-making.
 - Manage risks relating to accuracy, bias, transparency, and security.
-

2. Scope

This policy applies to:

- All employees working within Pensions Administration.
- All AI systems, tools, applications, and services used for pensions-related work.
- Any AI capability embedded within software platforms used by staff and members of the LGPS in Dorset.

- Council-approved AI platforms only (no others permissible)

3. Policy Statement

AI may be used to support pensions administration activities where it:

- Improves efficiency, productivity, quality, or accessibility.
- Complies with legal, regulatory, and information governance requirements (DCPF and Dorset Council's AI policies).
- Operates under appropriate human oversight.
- Does not replace professional judgement or statutory decision-making.
- Is an AI platform approved and provided by Dorset Council

All users remain personally accountable for work produced using AI.

AI-generated outputs must always be reviewed, checked, and validated before being relied upon or shared.

4. Governance Principles

The Pensions Administration Service will use AI in accordance with the following principles:

4.1 Human Accountability

AI can assist staff in their day-to-day duties but does not make decisions on behalf of the administering authority.

A suitably qualified employee must:

- Review AI outputs.
 - Apply professional judgement.
 - Approve final communications, calculations, recommendations, or decisions.
-

4.2 Accuracy

AI-generated content may contain errors, omissions, or fabricated information ("hallucinations").

Staff must:

- Verify information against authoritative sources.
- Confirm references to legislation and guidance.

4.3 Transparency

Where AI has materially assisted in producing reports, communications, or analysis, this should be recorded where appropriate.

The service will remain transparent regarding:

- How AI is used.
- The role of human oversight.

4.4 Security and Confidentiality

The security of pension scheme data remains paramount.

No member data shall be entered into any AI system.

4.5 Fairness and Non-Discrimination

AI must not be used in ways that:

- Introduce bias.
- Cause unfair treatment.

5. Approved Uses of AI

Subject to compliance with this policy, AI may be used for:

Administrative Support

- Drafting correspondence.
- Producing meeting notes and minutes.
- Preparing reports.
- Summarising documents.
- Drafting policies and procedures.

Research and Analysis

- Summarising legislation.
- Reviewing consultation papers.

Knowledge Management

- Creating FAQs.
 - Drafting guidance documents.
 - Supporting staff learning and development.
-

6. Prohibited Uses

The following activities are prohibited unless specifically authorised through a formal governance process:

Personal Data Input

Users must not input:

- Pension member names.
- National Insurance numbers.
- Dates of birth.
- Addresses.
- Bank details.
- Medical information.
- Any information classified as personal or special category data.

into any AI platforms.

Automated Decision-Making

AI must not be used to:

- Determine benefit entitlement or amounts.
 - Make discretionary decisions.
 - Decide complaints or appeals.
-

Legal Interpretations

AI-generated legal interpretations must not be relied upon without review by appropriately qualified officers or legal advisers.

High-Risk Processing

AI must not be used for:

- Monitoring employee performance.
 - Profiling individuals.
 - Predicting member behaviour.
 - Processing special category data
-

7. Pensions-Specific Controls

Because pensions administration involves statutory responsibilities and sensitive personal data, the following controls apply.

Benefit Calculations

AI may assist in:

- Explaining calculation methods.
- Drafting calculation notes.

AI must not be used for:

- Any pension benefit calculations.
- Transfer value calculations.
- Retirement benefit calculations.
- Death grant calculations.

All calculations must be verified through approved pensions administration systems and appropriately trained staff.

Complaints and IDRP

AI should not be used in dealing with complaints, IDRPs or any sensitive communication with members and/or dependants.

Regulatory Compliance

Legislative references produced by AI must be checked against:

- LGPS Regulations and Guidance.
 - HMRC, MHCLG, GAD and SAB guidance.
 - Internal procedures.
-

Member Communications

AI may assist with drafting.

Before issue, staff must verify:

- Accuracy.
- Tone.
- Legislative references.
- Member-specific details.

A human reviewer must approve all member communications.

8. Data Protection Requirements

All AI use must comply with:

- UK GDPR.
- Data Protection Act 2018.
- Council Information Governance Policies.
- Records Management Policies.
- Cyber Security Policies.

Users must:

- Report suspected breaches immediately.
-

9. Risk Assessment and Approval

The current position is that no AI tools are to be used in the Service. Should this position change, the Service will review this policy, staff training and complete the following:

- Information Governance review.
- Data Protection Impact Assessment (where required).
- Legal compliance review.

Approval must be obtained from:

- ICT Security.
 - Relevant Service Management.
 - Data Protection Officer.
-

10. Monitoring and Audit

The Pensions Administration Service reserves the right to:

- Monitor AI usage.
- Review outputs.
- Audit compliance with this policy.
- Investigate suspected misuse.

Records of AI-assisted activity may be retained for audit and governance purposes.

11. Roles and Responsibilities

Service Manager – Pensions Administration

Responsible for:

- Policy ownership.
- Service compliance.
- Risk management.
- Oversight of AI use.

Team Managers

Responsible for:

- Ensuring staff compliance.
- Monitoring appropriate use.
- Escalating concerns.

Employees

Responsible for:

- Following this policy.
- Protecting data.
- Verifying AI outputs.
- Reporting risks and incidents.

ICT Team at Dorset Council

Responsible for:

- Technical security assessments.

- Approval of AI technologies.
 - Monitoring security risks.
-

12. Training Requirements

Staff using AI tools will be trained as appropriate to grade and role, training opportunities will include:

- Information Governance training.
- Data Protection training. Compulsory training module for all staff.
- Cyber Security awareness training. All staff must complete Boxphish training, provided by Dorset Council monthly.
- AI awareness and responsible use training. Provided in-house to all staff.

Refresher training will be completed annually or when significant changes occur.

13. Incident Reporting

Any employee who becomes aware of:

- Inaccurate AI outputs being used,
- Suspected data breaches,
- Unauthorised AI usage,
- Security concerns, or
- Compliance failures,

must report the matter immediately through the Council's incident management process.

14. Policy Compliance

Failure to comply with this policy may result in:

- Removal of AI access.
 - Management action.
 - Disciplinary proceedings.
 - Referral to regulatory authorities where required.
-

15. Acceptable Use Quick Guide

DO

- ✓ Use approved AI tools only
- ✓ Check all outputs for accuracy
- ✓ Apply professional judgement
- ✓ Protect member data
- ✓ Record significant reliance on AI where appropriate
- ✓ Escalate concerns promptly

DON'T

- ✗ Upload member personal data to any AI tools
- ✗ Assume AI outputs are correct
- ✗ Allow AI to make pension decisions
- ✗ Use AI in place of legislation or policy
- ✗ Share confidential information with public AI platforms
- ✗ Circumvent governance or security controls

16. Scheme Members and Stakeholders

The Service will:

- Review all websites for which we are responsible are up to date, accurate, and contain suitable warnings for AI use.
- Review member communications and explain AI has potential issues, including incorrect information where appropriate.
- Ensure members are warned about the potential dangers of using AI for retirement planning and pension related decisions.
- Be vigilant against the potential of fraud and scams that may impact members

17. Plan for year ahead – identified actions

Below are listed identified intended actions following completion of this policy. As a fast-developing area, actions may change or be added.

Action	Timescale
Review Member and Employer Websites	Within 12 months + ongoing
Member Awareness – Annual Newsletter	Within 12 months + ongoing
Staff awareness training	Initially within 12 months + ongoing
AI Governance & Usage Policy written and approved	Initially 12 months, plus annual review

PFC & Local pension Board awareness and information	Initially 12 months
Review TPR expectations for responsible use of AI in workplace pensions	Initially 12 months, plus ongoing, detailed guidance expected

Policy Approval

Version	Date	Author	Approval Status
1.0	18/08/2026	Service Manager for Pensions	Draft

Next Review Date: October 2027

This document contains content generated by Artificial Intelligence (AI). This content has been reviewed by the author for accuracy and edited or revised where necessary. The author takes responsibility for this content.

Dorset County Pension Fund Newsletter 2026



Included in this newsletter

- ✓ Changes to authorised unpaid leave
- ✓ Using AI for pension information
- ✓ Retirements with AVCs
- ✓ Changes to Inheritance Tax from April 2027
- ✓ Financial Advisors
- ✓ Join the Pensions Dashboard Research Panel
- ✓ ABI and general presentations

Welcome to your 2026 LGPS newsletter

Welcome to the 2026 newsletter for members who are actively contributing into the Local Government Pension Scheme (LGPS) with the Dorset County Pension Fund (DCPF).

This newsletter provides you with important information about your pension. If you have a query regarding any of the topics in this newsletter, please do not hesitate to contact a member of the DCPF team by email at pensionshelpline@dorsetcouncil.gov.uk

Changes to authorised unpaid leave

Authorised unpaid leave in the LGPS has changed from 1 April 2026. You should have received a letter from us with full details of the changes.

- ✓ **Authorised unpaid leave of less than 15 days** is now automatically pensionable, so you will not lose any pension growth.
- ✓ **Authorised unpaid leave of 15 days or more** will affect your pension. Your employer will write to you and ask whether you would like to buy back the lost pension. They will provide information about how much you need to pay and the payment options available.
- ✓ **Maternity, paternity and adoption leave** is pensionable for up to 52 weeks. This means that if you are on maternity, paternity or adoption leave from 1 April 2026, your pension will not be affected. For the first 52 weeks your pension benefits will continue to build up as though you were at work.

Further information can be found here: www.lgpsmember.org/your-pension/paying-in/if-you-are-away-from-work/

Feedback form

DCPF would welcome feedback on your Annual Benefit Illustration. This will help the fund plan for the future.

Please visit:

<https://www.surveymonkey.com/r/XCKQWGM>

Early Retirement reductions

The government have changed the early retirement factors from 1 August 2026. These are applied to your pension if you start taking it before your Normal Pension Age. The early retirement factors can be found here:

www.lgpsmember.org/your-pension/planning/taking-your-pension/

Please contact us:

Email:

Online Pension Portal:

Dorset County Pension Fund, County Hall, Dorchester, Dorset. DT1 1XJ

pensionshelpline@dorsetcouncil.gov.uk

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

Using AI for pension information

Using AI for LGPS Information

Using AI tools to obtain information about the Local Government Pension Scheme (LGPS) can produce mixed results. AI-generated responses are not always accurate, as they can confuse different pension schemes, miss important details, or rely on outdated information and resources.

For this reason, you should not rely on AI-generated information when making decisions about your pension benefits. Instead, please refer to the official sources below:

- The national LGPS member website:
www.lgpsmember.org
- Dorset County Pension Fund website:
<https://dorsetpensionfund.org>
- Contact DCPF if you require further assistance.

Protecting Your Personal Information

To help protect yourself from fraud and identity theft, do not upload or paste personal information into AI tools, such as ChatGPT, Gemini, or similar services. Information entered into these tools may be stored, processed, or used in ways that you do not control. This includes information such as your date of birth, National Insurance number, payslips, email address and annual benefit illustration.

Need Help Understanding Your Benefits?

If you would like help understanding your pension benefits, please use the information available on our website or through your online pension account. If you cannot find the information you need, please contact the Pension Fund directly and we will be happy to help.

When AI Goes Wrong!

An AI powered chatbot created by New York City, called MyCity, was discovered providing advice that contradicts local policies and advising companies to violate the law. For example, according to the chatbot, restaurants could serve cheese eaten by a rodent, and it is important to “inform customers about the situation.”

In a New York federal court filing, one of the lawyers was caught citing non-existent legal cases. The attorney had used ChatGPT to conduct legal research, and the AI tool provided fake case references, which the lawyer included in his filing.

Retirements with AVCs

If you are planning to retire and are paying into an Additional Voluntary Contribution (AVC) arrangement, please be aware that there may be a delay in the payment of your pension benefits. This is often due to the final AVC contribution. Your employer's payroll team has until the 19th of the month following your retirement to send the final AVC payment to the AVC provider. Until this payment has been received, the provider cannot close your AVC account or confirm your final fund value.

DCPF cannot issue your retirement options or final retirement paperwork until the AVC provider has supplied the final fund value. As a result, this may delay the payment of your pension benefits. If you are contributing to an AVC and are planning to retire in the near future, please contact DCPF for further information and guidance.

Changes to Inheritance Tax from April 2027

Currently, any Death Grant paid by the LGPS is not in scope for inheritance tax. However, from 6 April 2027, any death grant paid to a Deferred or Pensioner member will be included in the member's estate for inheritance tax purposes. This change does not impact death grants paid to members who die in service as an active member of the scheme.

As an LGPS member, it is now even more crucial to ensure you keep your Expression of Wish (death grant nomination) up to date. A death grant may be payable after retirement for up to 10 years. This change also adds to the importance of writing, and keeping up to date, a Will.

Please remember that the Administering Authority has ultimate discretion over who to pay a death grant to. Your Expression of Wish, and your Will, are key documents in assisting with the decision.

Financial Advisors

For most people, their pension will be one of the largest financial assets they ever own, often second only to their home. Making the right decisions about your pension can have a significant impact on your financial security in later life. If you are using a financial adviser, it is essential to choose one with the right expertise to help guide those decisions. While financial advisers are regulated and qualified to provide advice, not all have the same depth of experience across different types of pension schemes.



There are two types of pension schemes, defined benefit or defined contribution. The LGPS is a defined benefit pension scheme. A brief overview of the key difference in these two types of pension scheme.

Key Difference	Defined Benefit (DB) Pension	Defined Contribution (DC) Pension
Retirement Benefit	Guaranteed income for life.	Pension value depends on the size of the fund.
How Benefits Are Calculated	Based on salary and service history.	Based on contributions and investment returns.
Investment Risk	Carried by the employer/scheme.	Carried by the member.
Income Certainty	Known and predictable.	Variable and dependent on market performance.
Advice Complexity	Requires specialist DB pension expertise due to guarantees and scheme specific benefits.	Generally less complex and focused on investments and retirement income planning.

Advisers who primarily work with Defined Contribution arrangements may not always have extensive experience dealing with Defined Benefit pension schemes in general and specifically the LGPS. This can potentially lead to misunderstandings about the true value of Deferred Benefits pensions or recommendations that do not fully work within the LGPS.

DCPF has email and telephone helplines to assist you with any queries regarding the LGPS.

LGPS pension contributions bands from 1 April 2026

The amount of pension contributions a member pays into the LGPS is adjusted each year in line with cost of living.

The amount of contributions you pay is based on the pay band your employer decides is correct for you. If you have more than one job, your employer will set your contribution rate separately for each job. If your pay changes in the year, your employer may decide to review your contribution rate.

You can find the pay bands and contributions rates that apply from April 2026 at www.lgpsmember.org/your-pension/the-essentials/your-contributions/

Join the MoneyHelper Pensions Dashboard Research Panel

Millions of people in the UK find it hard to keep track of their pensions, making it difficult to plan for retirement. The new MoneyHelper Pensions Dashboard will bring information about them together in one secure place – including the State Pension and any that you may have lost touch with. It will show you the value of your pensions today and at retirement, so you can get a clearer picture of your future finances.

You have been invited to join the testing panel and can earn vouchers for your time, from quick surveys to guided sessions. Sign up now at the link below and help improve the dashboard.

<https://portal.participantkit.com/e2a317b8-e94d-4293-94d08c8a4f84>

Annual Benefit Illustration presentations

Do you understand your Annual Benefit Illustration?

Dorset County Pension fund is holding presentations to help members understand their illustration. These 30 minute presentations will explain what your illustration contains and highlight the information you need to check.

Please use the Eventbrite links below to register to attend one of the two sessions being offered on Microsoft Teams online.

- Friday 11 September at 12:30

Booking link: <https://DCPFannualbenefitillustration110926.eventbrite.co.uk>

- Wednesday 16 September at 17:00

Booking link: <https://DCPFannualbenefitillustration160926.eventbrite.co.uk>



LGPS member presentations

During the year, there are several general LGPS member presentations available for people who are active members of the Dorset County Pension Fund.

The presentation will cover the following points



- ☒ Understanding your LGPS pension and how it builds up
- ☒ Paying more or less into your pension
- ☒ Types of LGPS retirements
- ☒ Survivor benefits

The one hour LGPS member presentations are held on Microsoft Teams online and can be booked using the Eventbrite links below.

- Thursday 24 September at 12:30

Booking link: <https://DCPFmemberpresentationseptember.eventbrite.co.uk>

- Tuesday 10 November at 17:00

Booking link: <https://DCPFmemberpresentationnovember.eventbrite.co.uk>

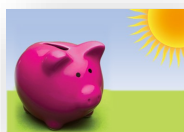
- Friday 15 January at 12:30

Booking link: <https://DCPFmemberpresentationjanuary.eventbrite.co.uk>

- Wednesday 12 May at 12:30

Booking link: <https://DCPFmemberpresentationmay.eventbrite.co.uk>

Please remember:



- ! Check the pay used in your Annual Benefit Illustration leaflet.
- ! Let us know about any change of address.
- ! Ensure your death grant nomination (expression of wish) is up to date.

Disclaimer

Information in this leaflet is correct at the time of printing and is provided for information purposes only. We cannot cover personal circumstances and any advice given does not affect your statutory rights or over-ride existing legislation.



Welcome to your Dorset County Pension Fund Annual Benefit Illustration 2026

Page 31

**Dorset County
Pension Fund**

administered by Dorset Council



lgps

Local Government
Pension Scheme

Dear

Welcome to your 2026 Annual Benefit Illustration from the Dorset County Pension Fund (DCPF).

This Illustration includes:

- The value of your pension to 31 March 2026, including cost of living increases.
- An estimate of what your pension may be when you reach your Normal Pension Age.
- Helpful explanations to make the information easier to understand.
- Information on your McCloud Underpin

Please read this booklet carefully and keep it somewhere safe for future reference. Check that your personal and membership details are correct and let us know if anything needs updating.

The pay figures used in this illustration have been provided by your employer. If you believe they are incorrect, please contact your employer directly. They will investigate your query and, if any of the pay figures are found to be incorrect, they will notify us so that the records can be updated.

To help you understand your illustration, we are holding a series of presentations explaining the information provided. Further details can be found in the accompanying newsletter.

If you have any questions or need to update your details, please contact us in writing, by post or by email. Our contact details can be found at the end of this illustration.

Kind regards,

Dorset County Pension Fund

Personal details

Please check this section carefully and notify us of any incorrect personal information. If we do not hold your partnership details or they are incorrect, please notify us in writing, enclosing photocopies of your:

- marriage / civil partnership certificate / decree absolute
- spouse / partner's birth certificate

A partner's pension will only be shown on this illustration if we hold your marital status as married, civil partnership or cohabiting partner, as shown below. Regardless of the status currently held on our records, a partner's pension would be paid if applicable.

Full name:

Date of birth:

Partnership status:

Employer at 31/03/2026:

Date joined Scheme:

Post ref number:

Section of Scheme at 31/03/2026:

Actual Pensionable Pay:

Full Time Equivalent Pensionable Pay:

If you have more than one active post each will have a separate pension record and illustration. Statements are only issued for employments that commenced before 1 April 2026.

You require two years' Scheme membership to qualify for a pension in the Local Government Pension Scheme (LGPS), unless you have transferred in previous pension entitlements. If you leave with less than two years' membership you may not qualify for the benefits in this illustration.

Present value of scheme benefits at 31 March 2026

Total pension at 31 March 2026:	(paid each year)
Partner's pension:	(paid each year)
Automatic lump sum:	(for pre 2008 membership only)

The above figures show the current value of your LGPS benefits accrued up to 31 March 2026, assuming you retire on or after your State Pension Age, which is the Normal Retirement Date (NRD) for Post 1 April 2014 LGPS scheme benefits. Your provisional McCloud remedy underpin is not included, further details on page 6.

A partner's pension will only show if your held partnership status is married, civil partnership or cohabiting.

Projection to Normal Retirement Date

Normal Retirement Date (NRD):	
Projected Total Pension at NRD:	(paid each year)
Projected Partner's Pension at NRD:	(paid each year)
Automatic lump sum:	(for pre 2008 membership only)

The above figures have been calculated, based on a projection of your accrued pre April 2014 Final Salary benefits, if applicable, plus your CARE benefits up to your Normal Retirement Date (NRD). If taken earlier than your NRD, reductions will apply for early access. Your provisional McCloud remedy underpin is not included.

Pension Debit amounts resulting from Pension Sharing Order(s)

Current value of Pension Debit:	(each year)
Current value of Lump Sum Debit:	(for pre 2008 membership only)
Current value of Spouse's Pension Debit:	(each year)

Any debits shown above are deducted from the figures in this statement. However, the actual amount of your deductions will be calculated when your benefits are drawn.

Information on your pensionable pay

Your pension entitlement is calculated using the pay provided by your employer.

Actual Pensionable Pay:

Full Time Equivalent Pensionable Pay:

Please check the pay figures above carefully as if these figures are incorrect, it will affect your pension when you retire. Any queries regarding these pay figures must be sent to your employer.

Your Actual Pensionable Pay (CARE Pay) is:

- ✓ the actual pensionable pay received this financial year,
- ✓ provided by your employer, and
- ✓ includes any additional amounts due to lost pay from sickness or paid maternity, paternity or adoption.

This pay figure is used to calculate the amount of pension earned in a year.

Your Full Time Equivalent Pensionable Pay (Final Pay) is:

- ✓ provided by your employer,
- ✓ the amount you earn if you worked full time over the 12 months up to 31 March 2026,
- ✓ if you work part time, this figure is your pensionable pay adjusted to the amount you would receive if you worked full time.

This pay figure is used to calculate the pension you built up before 1 April 2014 and any automatic lump sum relating to membership before 1 April 2008.

If you are eligible for a McCloud underpin, this figure will be used to calculate any additional pension due.

Reductions to pay

In cases of sickness, injury or contractual parental leave your Actual Pensionable Pay (CARE pay) includes amounts added by your employer to ensure you don't lose out on pension for this year. In cases of authorised unpaid leave (including unpaid parental leave) your CARE pay will be lower. Your employer should have informed you how you could make up this shortfall.

Additions and debits from your pension

If you have purchased Additional Pension Contributions (APCs), Additional Regular Contributions (ARCs) or Added Years, the amount purchased will be included in your Total Pension.

Additional Voluntary Contributions (AVCs) are not included in this illustration, but you should receive an annual illustration directly from your AVC Provider.

Any Pension Sharing Order debits or Scheme Pays Offsets for Annual Allowance tax charges are included in the figures shown throughout this statement.

Taking a tax-free lump sum at retirement

Page 36 When you retire, you can choose to take some of your pension benefits as a tax-free cash lump sum. To do this, you give up part of your annual pension. For every £1 of annual pension you give up, you will receive £12 as a tax-free lump sum.

Current tax rules generally allow you to take a lump sum of up to 25% of the total value of your pension benefits. When you retire full details showing the maximum amount available to you and the different options you can choose from will be sent to you.

If you have pension membership before 1 April 2008, you may also be entitled to an automatic tax-free lump sum. This is calculated using your membership before 1 April 2008 and Full Time Equivalent Pay (Final Pay).

Online Access to your Pension

My Pension is an online member self serve portal which allows you to view your pension information, estimate how much your pension could be when you retire, check your service history, update your personal circumstances and make or change your death grant nomination status.

Visit mypension.dorsetcouncil.gov.uk to log in or register for My Pension.

McCloud Underpin information

The McCloud underpin provides protection for eligible members by comparing the pension benefits built up in the remedy period between 1 April 2014 and 31 March 2022 under both the CARE scheme (from 1 April 2024) and the final salary scheme (membership before 1 April 2014). At retirement, you will receive the higher of the two benefits for this period.

As your pension benefits may change before retirement, any underpin currently applicable is only an estimate and may increase, decrease, or change before your final benefits are calculated. Your final entitlement will be confirmed when you retire.

Any McCloud underpin calculation is based on the pension records we hold, including your service history and contractual weekly hours during the remedy period. You can check these details at any time through My Pension (see page 5 for details) and should ensure they are accurate.

If you are entitled to a provisional McCloud underpin, **this has not been included in this illustration** due to delays in the delivery of the required software. We expect to be able to include this in future illustrations.

If your benefits are affected by the McCloud remedy, we will issue you with a revised illustration once the software is available, which we anticipate will be in the autumn. We expect this to affect approximately 5% of the members who are in scope. Therefore, even if you are in scope for the McCloud remedy, it is likely that your benefits will not be affected, and you will not receive a revised illustration.

For most members, the benefits provided by the LGPS CARE scheme introduced in 2014 are more valuable than those that would have been built up under the previous final salary scheme. This is why only a relatively small proportion of members are expected to receive a McCloud underpin at retirement.

Life cover and family protection

If you die while still working and paying into the LGPS, your family is supported. The LGPS provides:

- a lump sum death grant of three times your actual pay, regardless of your length of membership
- an ongoing pension for your spouse, civil partner or eligible cohabiting partner.
- a pension may be payable for a child, for as long as they remain eligible.

Lump Sum death grant: £
Partner's pension: £ each year

Deferred and some pensioner members are also entitled to a lump sum death grant. But you may be only entitled to one death grant where multiple, separate entitlements exist.

The current nominee(s) to receive a death grant upon your death is shown in the table.

If you would like to nominate or change your existing nomination details, you can amend your details on My Pension, our member portal, details on page 5.

Alternatively, please complete and return an 'Expression of Wish' form. Details of where to find this form are on the back page.

The DCPF Administrator has absolute discretion over who receives any lump sum death grant.

Beneficiary	Percentage of benefits payable

How benefits accrued before 1 April 2014 are calculated

Pension benefits accrued before 1 April 2014 are based on the length of time you were a member of the pension scheme (total membership) and your Full Time Equivalent Pay (Final Pay) at leaving. Membership prior to 1 April 2008 is based on 1/80th of your Final Pay, plus 3/80th as a tax-free lump sum. Between 1 April 2008 and 31 March 2014, for each year of membership or part thereof, you will receive 1/60th of your Final Pay.

Pensionable Service used in your Pre 1 April 2014 pension calculation

Pre 1 April 2008 Membership:

Membership from 1 April 2008 to 31 March 2014:

Membership For Final Salary pension calculations, your membership is the number of years and days before 1 April 2014 that you were a member of the LGPS. This will include the following: - pension rights transferred in from a previous scheme or employer - any additional membership purchased - any additional membership awarded by your employer. If you have worked part time during any period of your membership prior to 1 April 2014, the part time period has been adjusted to reflect the part time hours that were worked. If you worked term time, your hours have been adjusted and reduced pro-rata based on the full amount of weeks per year.	Full Time Equivalent Pensionable Pay (Final Pay) This is usually the pensionable pay earned during your final year of scheme membership, or one of the previous 2 years if this is higher. The Final Pay used in this illustration has been provided by your employer and is based on your pensionable earnings in the year up to 31 March 2026. For part-time employees the Final Pay used will be the full time equivalent for your employment. Some protection may be available to you at retirement if your pensionable pay has been reduced or restricted. More detailed information on this can be obtained from your employer.
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How benefits accrued from 1 April 2014 are calculated

From 1 April 2014 your LGPS pension changed from a Final Salary scheme to a Career Average Revalued Earnings (CARE) scheme. In a CARE pension scheme your benefits build up each year in your pension account. Each year your pensionable pay is divided by the accrual rate of 1/49 to give the amount of annual pension gained in that year. This amount is added to your pension account.

Example:

**CARE pensionable pay of
£22,000 X 1/ 49 = £448.98
added to pension account**

Each year the amount in your pension account is revalued in line with the Consumer Prices Index (CPI). Although last year's 1.7 % cost of living adjustment is shown on the illustration, the 3.8% increase due for this year is not shown. This is because the cost of living adjustment is applied each year in April, after the date of this illustration.

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In this example a member whose pensionable pay in the year 1 April to 31 March was £22,000 accrued an annual pension of £456.61, this annual income will be paid monthly throughout retirement.

Example:

**£448.98 added to pension
account
plus cost of living adjustment
£448.98 x 1.7% = £ 456.61
(includes £7.63 CPI)**

Every subsequent year a further amount of annual pension would then be added to the pension account, this amount would be paid annually in retirement, once you have 2 years or more membership of the LGPS.

50 / 50 section

The 50 / 50 section of the scheme is designed to help members who are unable to afford the full contribution rate. If you have elected to be a member of the 50 / 50 section of the scheme you pay in half the amount of your normal contributions and receive half the amount of pension accrual during that time. However, you would still have full ill health and death benefits while a member of the 50 / 50 section.

Pensions Tax

The Annual Allowance (AA)

Your annual allowance is the amount by which the value of your pension benefits may increase in any one year without having to apply a tax charge. Any pension growth over the 2025/2026 AA of £60,000 may be subject to tax at your highest tax rate.

Promotions and high pay increases may cause a breach of your AA. If you have breached the £60,000 limit or are close to breaching it, we will check your pay figures carefully and write to you individually by October 2026.

Please be aware that you are responsible for your own tax liabilities, DCPF are only able to inform you of the amount of annual allowance you have used within the DCPF fund. If you have contributed to another pension scheme in the year, you will need to assess the combined annual allowance of all pensions.

Lump Sum Tax restrictions

HM Revenue and Customs limits the amount of tax-free lump sum you can take when your pension is paid to you.

From 6 April 2024, the maximum lump sum is the lowest of:

- 25% of the capital value of your benefits
- £268,275
- £268,275 less the total lump sums you have already taken.

The Lifetime Allowance was removed from 6 April 2024. However, if you hold a valid Lifetime Allowance protection, you may be able to take a lump sum that is larger than £268,275.

Pensions Tax and Additional Pension Payments

If you are paying additional amounts into your pension account using Additional Voluntary Contributions (AVCs) or Additional Pension Contributions (APCs), you should be aware that this may cause a large increase to your pension input amount in the year. This could cause you to breach the £60,000 Annual Allowance limit.

Further information and disclaimer

Please do not use this illustration for retirement purposes. If you are thinking of retiring, please obtain an estimate from Dorset County Pension Fund.

In the event of any dispute over your pension benefits the appropriate legislation will prevail. These calculations are based on the information available at the time and every care has been taken to ensure their accuracy. If you have any reason to believe that the calculations made or the information we have used is wrong (either to your benefit or detriment) you must notify us immediately.

The Dorset County Pension Fund reserves the right to adjust the calculations if they are found to be incorrect or if circumstances change, and to change payments accordingly. This notice of your benefits does not confer any legal or contractual obligation on either you or the Dorset County Pension Fund and is provided on that basis.

The Dorset County Pension Fund will only be liable to pay those benefits to which you are lawfully entitled.

Contact us

If you have any queries concerning your annual benefit illustration, which are not pay related, please contact us **in writing**, quoting Annual Benefit Illustration 2026:

Email:

pensionshelpline@dorsetcouncil.gov.uk

Post:

Dorset County Pension Fund, County Hall,
Dorchester. DT1 1XJ

Online:

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

For **any pay queries** please contact your employer directly, who will be able to check your details and notify us of any amendments that need to be made to your pension record.

Along with some useful information there are a variety of forms available on our website:

www.dorsetpensionfund.org

More information can be found on the LGPS members website at: www.lgpsmember.org

Pension Fund Committee

8 September 2026

LGPS ‘Fit for the Future’ Reforms

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 government’s Local Government Pension Scheme (LGPS) ‘Fit for the Future’ reforms are 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 29 April 2026 and is now enacted as the Pension Schemes Act 2026. Supporting secondary legislation (regulations) and guidance specific to the LGPS also came into force 30 June 2026. This report provides an overview of the new LGPS regulations and associated guidance.

There are two sets of new LGPS regulations:

- 1 the LGPS (Amendment) Regulations 2026 (Appendix 1) and;
- 2 the LGPS (Pooling, Management and Investment of Funds) Regulations 2026 (Appendix 2).

The Amendment Regulations focus on strengthening governance through the requirements for a LGPS Senior Officer role, an independent person, enhanced knowledge requirements and periodic independent governance reviews.

The Pooling and Investments Regulations mandate full participation in Financial Conduct Authority (FCA) authorised asset pool companies and transfer responsibility for investment management to those pool companies. Administering authorities retain responsibility for strategic direction, principally through the Investment Strategy Statement (ISS), with operational delivery undertaken by the pool company.

In addition, the Ministry of Housing, Communities and Local Government (MHCLG) has published statutory guidance covering:

1. LGPS Fund Governance
2. Preparing and maintaining an LGPS Investment Strategy Statement
3. LGPS Asset Pooling

The guidance reiterates that an LGPS administering authority's primary obligation is to act in the best financial interests of their pension fund. When setting their investment strategy all factors, including Environmental, Social and Governance (ESG) factors, that are financially material to the performance of the pension fund's investments should be considered. Non-financial considerations may also be taken into account where this would not involve risk of significant financial detriment and there is good reason to think this would be supported by scheme members.

Recommendation(s):

That the Committee notes the key points in the LGPS reforms and the implications for the future governance and investment management of the Dorset County Pension Fund.

Reason for the recommendation(s):

To ensure the Committee understands the key points in the LGPS reforms and is able to oversee appropriate implementation and compliance to the governance arrangements and investment management of the Dorset County Pension Fund.

1. Governance Changes (LGPS Amendment Regulations 2026)

1.1 LGPS Senior Officer

The regulations require administering authorities (AA) to appoint a single officer with responsibility across all pension functions including investment, funding, administration and governance.

The associated guidance clarifies that the LGPS Senior Officer will be responsible for ensuring strategies are prepared, implemented and compliant, ensuring adequate resourcing, managing risk and supporting both the Pension Committee and Local Pension Board.

1.2 Independent Person

The regulations require AAs to appoint a person who is independent of both the Secretary of State and the AA (“Independent Person”) to support the LGPS Senior Officer and the pension fund committee in respect of investment strategy, governance and administration matters.

The associated guidance clarifies that the Independent Person should provide expert scrutiny, challenge advice, contribute to strategy development and remain independent of the administering authority. AAs can either appoint an individual or they can procure the service from a firm such as a professional trustee firm. If the latter route is followed, there should be a named individual, but they may be supported by other experts at the firm (similar to Dorset’s current arrangements for independent investment advice). Independent persons are not required to be authorised by the Financial Conduct Authority (FCA) to provide advice or to hold liabilities insurance.

1.3 Knowledge and training

The regulations require AAs to maintain a training strategy and ensure relevant individuals (committee members, local pension board members and officers) have appropriate knowledge and understanding.

The associated guidance requires formal training needs analysis, individual training plans, monitoring of attendance and reporting through governance processes.

1.4 Independent governance reviews

The regulations require AAs to commission periodic independent governance reviews, with the first by March 2028.

The associated guidance requires such reviews to assess compliance, governance effectiveness, publish findings and produce an action plan for improvement.

2. Investment Management Changes (Pooling and Investments Regulations 2026)

2.1 Participation in an investment pool

The regulations require AAs to participate in a single FCA-authorised asset pool company and that all LGPS pension fund assets must be managed by this pool company.

The associated guidance requires AAs to undertake due diligence on FCA authorisation, governance and ongoing monitoring of pool performance. It confirms that pool companies are responsible for all implementation decisions including manager selection, tactical asset allocation and investment stewardship, and that AAs must not manage investments directly.

2.2 Division of responsibilities between AAs and pool companies

The regulations require AAs to formulate an investment strategy, after taking advice from their pool company, and pool companies to “take all reasonable steps” to implement this strategy.

The associated guidance makes clear that authorities should not select investment managers, individual investments or undertake tactical asset allocation, as these are the responsibility of the pool.

2.3 Investment advice

The regulations require AAs to take their principal investment advice from their pool company.

The associated guidance states that use of external advisers should be limited to exceptional circumstances only.

2.4 Investment Strategy Statement (ISS)

The regulations require AAs to prepare and maintain an ISS setting out objectives for return, risk, cashflow, local investment and responsible investment.

The associated guidance requires the ISS to align with the Funding Strategy Statement, be developed with pool company advice, include strategic asset allocation and be reviewed following each actuarial valuation cycle.

The guidance reiterates that an AA's "primary obligation is to act in the best financial interests of the fund" and "in setting their investment strategy AAs should consider all factors, including Environmental, Social and Governance (ESG) factors, that are financially material to the performance of their investments. AAs may also take non-financial considerations into account provided that doing so would not involve risk of significant financial detriment to the fund and that they have good reason to think that scheme members would support their decision."

3. Implementation of changes

- 3.1 Officers are in the process of developing plans to meet the required changes to governance arrangements including the appointment of a Senior LGPS Officer role and an independent person and enhancing training arrangements. The government has confirmed that AAs must appoint an LGPS Senior Officer and Independent Person within six months of the regulations coming into force, 31 December 2026.
- 3.2 The requirement to ensure all assets are managed by a single FCA regulated pool company has been met with the transition from Brunel Pension Partnership to LPPI. Officers are working with LPPI to formulate a draft ISS in accordance with the requirements of the regulations and guidance for consideration by the Committee. The government has confirmed that the publication of the first ISS under the new regulations will be required by 31 March 2027.
- 3.3 All existing pension fund strategies and policies will need to be reviewed, then amended and approved where necessary, to ensure that they are compliant and consistent with the new regulations and associated guidance.

4. Legal considerations

- 4.1 The new regulations will introduce statutory duties on administering authorities, including requirements relating to governance, pooling and investment strategy, with which the Council must comply.

5. Financial implications

- 5.1 Implementation of the regulations may result in additional governance and oversight costs. However, the pooling framework is expected to deliver longer-term efficiencies and improved value for money through economies of scale.

6. Natural environment, climate & ecology implications

- 6.1 The regulations will require administering authorities to set responsible investment objectives, including Environmental, Social and Governance (ESG) considerations, within their Investment Strategy Statement (ISS).
- 7. Well-being and health implications**
- 7.1 None identified.
- 8. Other implications**
- 8.1 None identified.
- 9. Risk implications**
- 9.1 Failure to comply with the regulations or associated statutory guidance may result in increased scrutiny from regulators and potential intervention by the Secretary of State.
- 10. Equalities**
- 10.1 There are no direct equalities implications arising from this report.
- 11. Appendices**
- Appendix 1: The LGPS (Amendment) Regulations 2026
[The Local Government Pension Scheme \(Amendment\) \(Governance\) Regulations 2026](#)
- Appendix 2: The LGPS (Pooling, Management and Investment of Funds) Regulations 2026
[The Local Government Pension Scheme \(Pooling, Management and Investment of Funds\) Regulations 2026](#)
- 12. Background papers**
- [Pension Schemes Act 2026](#)
 - [Local Government Pension Scheme: fund governance - GOV.UK](#)
 - [Local Government Pension Scheme: preparing and maintaining an Investment Strategy Statement - GOV.UK](#)
 - [Local Government Pension Scheme: asset pooling - GOV.UK](#)

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STATUTORY INSTRUMENTS

2026 No. 545

**PUBLIC SERVICE PENSIONS,
ENGLAND AND WALES**

**The Local Government Pension Scheme
(Amendment) (Governance) Regulations 2026**

<i>Made</i>	- - - -	<i>19th May 2026</i>
<i>Laid before Parliament</i>		<i>21st May 2026</i>
<i>Coming into force</i>	- -	<i>30th June 2026</i>

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 1(1) and 3(1) to (3) of, and Schedule 3 to, the Public Service Pensions Act 2013 (“PSPA 2013”)(1) and section 5 of the Pension Schemes Act 2026(2).

In accordance with section 21(1) and (5) of the PSPA 2013(3), the Secretary of State has consulted such persons and the representatives of such persons as appeared to the Secretary of State to be likely to be affected by these Regulations.

In accordance with section 3(5) of the PSPA 2013, these Regulations are made with the consent of the Treasury.

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Local Government Pension Scheme (Amendment) (Governance) Regulations 2026.

(2) These Regulations come into force on 30th June 2026.

(3) These Regulations extend to England and Wales.

(1) [2013 c. 25](#). Section 3 was amended by section 94 of the Public Service Pensions and Judicial Offices Act [2022 \(c. 7\)](#) and section 7 of the Pension Schemes Act [2026 \(c. 22\)](#). Schedule 3 was amended by section 100 of the Public Service Pensions and Judicial Offices Act 2022. See section 2 of and Schedule 2 to the Public Service Pensions Act 2013 as to how the power is exercisable by the Secretary of State.

(2) [2026 c. 22](#).

(3) Section 21(5), as inserted by section 7(3) of the Pension Schemes Act [2026 \(c. 22\)](#), provides that any consultation on the provision made under Chapter 1 of Part 1 of the Pension Schemes Act 2026 can be satisfied by consultation carried out before that Act came into force.

Amendment of the Local Government Pension Scheme Regulations 2013

2. The Local Government Pension Scheme Regulations 2013(4) are amended in accordance with regulations 3 to 11.

Insertion of new regulation 53A

3. After regulation 53 (scheme managers)(5) insert—

“Appointments that must be made by administering authorities

53A.—(1) Every administering authority must appoint an officer (“the LGPS senior officer”) who has senior responsibility across all pension functions of the authority, in accordance with guidance issued by the Secretary of State from time to time—

- (a) in the case of the first appointment, within six months beginning with the day on which this regulation comes into force, and
- (b) in the case of any subsequent appointment, within six months beginning with the day on which the previous LGPS senior officer’s appointment ended.

(2) The LGPS senior officer must ensure that each pension fund maintained by the administering authority is appropriately managed and resourced in respect of all matters relating to the Scheme (including administration, investment and governance), in accordance with guidance issued by the Secretary of State from time to time.

(3) Where an administering authority is a local authority, the LGPS senior officer must not be any person who is at the same time—

- (a) an officer with responsibility for the proper administration of an authority’s financial affairs under [section 151 of the Local Government Act 1972](#) (financial administration)(6), [section 73 of the Local Government Act 1985](#) (financial administration)(7), or [section 6 of the Local Government and Housing Act 1989](#) (officer responsible for financial administration of certain authorities)(8);
- (b) a head of paid service, including—
 - (i) in relation to an administering authority in England, a person designated under [section 4\(1\)\(a\) of the Local Government and Housing Act 1989](#) (designation and reports of head of paid service), or
 - (ii) in relation to a Welsh principal council, the chief executive designated under [section 54 of the Local Government and Elections \(Wales\) Act 2021](#) (head of paid service)(9);
- (c) a monitoring officer under [section 5\(1\)\(a\) of the Local Government and Housing Act 1989](#) (designation and reports of monitoring officer)(10).

(4) Where an administering authority is not a local authority but is established under the Local Government Act 1985 or for the purpose of discharging functions relating to the administration of the Scheme (a “single purpose pension authority”), the LGPS senior

(4) [S.I. 2013/2356](#), amended by [S.I. 2015/57](#), [2015/755](#), [2016/946](#) and [2023/522](#); there are other amendments not relevant to these Regulations.

(5) Regulation 53 was amended by [S.I. 2015/57](#).

(6) [1972 c. 70](#). Section 151 was renumbered by regulation 5(2) of [S.I. 2021/1349 \(W. 348\)](#) and amended by regulation 5(3) of [S.I. 2021/1349 \(W. 348\)](#).

(7) [1985 c. 51](#). Section 73 was amended by paragraph 61(2) and (3) of Schedule 6 to the [Local Democracy, Economic Development and Construction Act 2009 \(c. 20\)](#), paragraph 8 of Schedule 5 to the [Cities and Local Government Devolution Act 2016 \(c. 1\)](#) and paragraph 77 of Schedule 4 to the [Levelling-up and Regeneration Act 2023 \(c. 55\)](#).

(8) [1989 c. 42](#), to which there are amendments not relevant to these Regulations.

(9) [2021 asc 1](#).

(10) [1989 c. 42](#), to which there are amendments not relevant to these Regulations.

officer must, where the head of paid service is an employee of that authority, be the head of paid service.

(5) Where an administering authority delegates its functions, or part of its functions, under these Regulations or section 101(1)(a) of the Local Government Act 1972 (arrangements for discharge of functions by local authorities) to a committee, sub-committee or an officer, it must appoint a person who is independent of both the Secretary of State and the administering authority (“an independent person”) to support the discharge of those functions in relation to the Scheme, including in respect of investment strategy, governance and administration.

(6) Where an administering authority is required to appoint an independent person under [paragraph \(5\)](#), it must—

- (a) make the appointment within the time limit set out in [paragraph \(9\)](#), and
- (b) do so in accordance with guidance issued by the Secretary of State from time to time.

(7) Where an administering authority is a single purpose pension authority, the independent person appointed under [paragraph \(5\)](#) may be appointed as a voting or non-voting member of a committee or sub-committee to which Scheme functions are delegated.

(8) An administering authority must ensure that an independent person appointed under [paragraph \(5\)](#) carries out their role in accordance with guidance issued by the Secretary of State from time to time.

(9) The time limit for appointing an independent person under [paragraph \(6\)](#) is—

- (a) where the requirement to appoint an independent person arises on the coming into force of this regulation, six months beginning with the day on which this regulation comes into force;
- (b) where the requirement to appoint an independent person first arises after that date, six months beginning with the day on which that requirement first arises;
- (c) in respect of any subsequent appointment, six months beginning with the day on which the previous independent person’s appointment ended.

(10) Nothing in this regulation affects the responsibilities of an authority’s officer under section 151 of the Local Government Act 1972, section 73 of the Local Government Act 1985 or section 6 of the Local Government and Housing Act 1989.”.

Revocation of regulation 55

- 4. Omit regulation 55 (administering authorities: governance compliance statement)(11).

Insertion of new regulations 55A and 55B

- 5. Before regulation 56 (accounts and audit) insert—

“Administering authorities: governance strategy, training strategy and conflicts of interest policy

55A.—(1) An administering authority must prepare—

- (a) a governance strategy,
- (b) a training strategy, and
- (c) a conflicts of interest policy.

(11) Regulation 55 was amended by [S.I. 2015/57](#).

- (2) A governance strategy is a document setting out—
- (a) whether the authority delegates its functions, or part of its functions, under these Regulations to a committee, a sub-committee or the LGPS senior officer of the authority,
 - (b) if the administering authority does so—
 - (i) the terms, structure, and operational procedures of the delegation, including the basis on which substitutes may be permitted to attend or act,
 - (ii) the frequency of any committee or sub-committee meetings,
 - (iii) whether such a committee or sub-committee includes representatives of Scheme employers or members and—
 - (aa) if so, whether those representatives have voting rights, or
 - (bb) if there are no such representatives, or if any representatives do not have voting rights, how the authority will ensure that the views of Scheme employers and members are represented in the governance of the fund, and
 - (iv) how the authority will ensure that it has appointed an independent person in accordance with [regulation 53A\(5\)](#) (appointments that must be made by administering authorities),
 - (c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying,
 - (d) an explanation of how the governance structure and any delegation arrangements adopted by the administering authority are designed to secure the effective and efficient administration, governance and investment of the Scheme for Scheme employers, members and other stakeholders, and
 - (e) details of the terms, structure, and operational procedures relating to the local pension board established under regulation 106 (local pension boards: establishment)(12).
- (3) A training strategy is a document setting out how the authority will ensure that any persons to whom [regulation 55B\(1\)](#) or (2) (administering authorities: knowledge and understanding requirement for relevant persons) applies will meet the knowledge and understanding requirement in [paragraph \(3\)](#) of that regulation.
- (4) A conflicts of interest policy is a document setting out the authority's approach to identifying, monitoring and managing actual, potential and perceived conflicts of interest in relation to the Scheme.
- (5) For the purposes of [paragraph \(4\)](#), conflicts of interest include—
- (a) individual conflicts relating to—
 - (i) members of a committee or sub-committee,
 - (ii) an officer with responsibility for the proper administration of the authority's financial affairs, including an officer under section 151 of the Local Government Act 1972 (financial administration),
 - (iii) the LGPS senior officer, and
 - (iv) any independent person appointed under [regulation 53A](#),

(12) Regulation 106 was inserted by [S.I. 2015/57](#).

- (b) conflicts between the authority's role as administering authority and its role in any other capacity, and
- (c) conflicts relating to—
 - (i) the authority's, or any other administering authority's, participation in the relevant asset pool company,
 - (ii) members of the local pension board, or board members of the administering authority or of the relevant asset pool company,
 - (iii) any person who holds a position of authority within the administering authority or the relevant strategic authority, or
 - (iv) any person employed by the administering authority or by the relevant asset pool company.
- (6) An administering authority may publish any two or more of the documents under [paragraph \(1\)](#) combined in a single document or publish them separately.
- (7) An administering authority must review and, if appropriate, update its governance strategy, training strategy, and conflicts of interest policy—
 - (a) at least once in each valuation period, and
 - (b) without delay after any significant change to any of the matters specified in [paragraphs \(2\) to \(5\)](#).
- (8) Before preparing or updating a governance strategy, training strategy, or conflicts of interest policy, an administering authority must consult such persons as it considers appropriate.
- (9) An administering authority must publish updated versions of its governance strategy, training strategy, and conflicts of interest policy, where updates are made to any of them.
- (10) In preparing, reviewing, updating and publishing any document under this regulation, an administering authority must act in accordance with guidance issued by the Secretary of State from time to time.
- (11) In this regulation—
 - “publish” includes publish on the internet;
 - “the relevant asset pool company” and “the relevant strategic authority” have the same meaning as in regulation 2(1) of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 (interpretation)(13).

Administering authorities: knowledge and understanding requirement for relevant persons

55B.—(1) This paragraph applies to any person who is—

- (a) a member of a committee,
- (b) a member of a sub-committee, or
- (c) an officer

to whom an administering authority has delegated its functions, or part of its functions, under these Regulations.

(2) This paragraph applies to any person who is an LGPS senior officer.

(3) A person to whom [paragraph \(1\)](#) or [\(2\)](#) applies must within a reasonable period after being appointed—

- (a) be conversant with—
 - (i) the rules of the Scheme, and
 - (ii) any document recording policy relating to the administration of the Scheme which is for the time being adopted in relation to the Scheme;
- (b) have knowledge and understanding of the law relating to pensions.

(4) The degree of knowledge and understanding required by [paragraph \(3\)](#) is that appropriate to the proper exercise of the functions delegated to the person by the administering authority, in accordance with guidance issued by the Secretary of State from time to time.”.

Amendments to regulation 57

- 6. In regulation 57 (pension fund annual report)—
 - (a) in paragraph (1)—
 - (i) in the opening words, for “contains” substitute “includes the text of or a link to”;
 - (ii) in sub-paragraph (e), for “the statement under regulation 55 (governance compliance statement)” substitute “the documents prepared in accordance with [regulation 55A](#) (governance strategy, training strategy and conflicts of interest policy)”;
 - (b) in paragraph (3), for “given by the Secretary of State” substitute “issued by the Secretary of State from time to time”.

Amendment to regulation 58

- 7. In regulation 58(4) (funding strategy statement)([14](#)), for sub-paragraph (a) substitute—
 - “(a) guidance issued by the Secretary of State from time to time, and”.

Amendments to regulation 59

- 8. In regulation 59 (pension administration strategy)—
 - (a) in paragraph (1)—
 - (i) for “may” substitute “must”;
 - (ii) omit “such of”;
 - (iii) omit “as it considers appropriate”;
 - (iv) omit the words from “and” to the end;
 - (b) omit paragraph (2)(f);
 - (c) for paragraph (3) substitute—
 - “(3) An administering authority must review and, if appropriate, revise its pension administration strategy—
 - (a) at least once in each valuation period, and
 - (b) as soon as reasonably practical after any material change in its policies in relation to any of the matters contained in the strategy.”;
 - (d) in paragraph (6), omit “and to the Secretary of State”;
 - (e) after paragraph (6) insert—

(14) Regulation 58(4) was amended by [S.I. 2015/755](#) and [2016/946](#).

“(6A) In preparing, revising and publishing its pension administration strategy, an administering authority must act in accordance with guidance issued by the Secretary of State from time to time.”.

Amendment to regulation 70

9. In regulation 70(2)(c) (additional costs arising from Scheme employer's level of performance), for “has prepared” substitute “is required to prepare”.

Insertion of new regulation 116A

10. After regulation 116 (scheme advisory board: additional functions)(15) insert—

“Independent Governance Reviews

116A.—(1) An administering authority must arrange for governance reviews to be carried out by a suitable person in accordance with this regulation.

(2) The Secretary of State may, by written direction, require an administering authority to carry out an ad hoc governance review at the authority’s expense.

(3) The period of review in respect of a governance review under [paragraph \(2\)](#) is the period specified by the Secretary of State in the written direction.

(4) Where an administering authority is not required to ensure that an ad hoc governance review is carried out before then, it must ensure that a first periodic governance review is carried out and completed by 31st March 2028 at the authority’s expense.

(5) The period of review in respect of a governance review under [paragraph \(4\)](#) is the period between—

- (a) 1st April in the year preceding the date on which that first periodic governance review is completed, and
- (b) the date on which that review is completed.

(6) An administering authority must ensure that a further periodic governance review is carried out and completed by the date specified in [paragraph \(7\)](#) at the authority’s expense.

(7) The date in this paragraph is the end of the valuation period following the valuation period in which the most recent governance review was completed under—

- (a) [paragraph \(2\)](#),
- (b) [paragraph \(4\)](#), or
- (c) [paragraph \(6\)](#).

(8) The period of review in respect of a governance review under [paragraph \(6\)](#) is the period between—

- (a) the date on which the most recent governance review was completed under [paragraph \(2\)](#), [paragraph \(4\)](#) or [paragraph \(6\)](#), and
- (b) the date on which that further periodic governance review is completed.

(9) The cost of arranging a governance review under [paragraph \(2\)](#), [paragraph \(4\)](#) or [paragraph \(6\)](#) must be treated by the authority as an expense incurred in administering the pension fund for the purpose of regulation 4(5) of the Local Government Pension

Scheme (Pooling, Management and Investment of Funds) Regulations 2026 (management of a pension fund)(16).

(10) A suitable person carrying out a governance review under [paragraph \(2\)](#), [paragraph \(4\)](#) or [paragraph \(6\)](#) must—

- (a) carry out the review in accordance with guidance issued by the Secretary of State from time to time about the carrying out of such reviews, and
- (b) as soon as practicable after completing the review—
 - (i) prepare a report on the review, and
 - (ii) send a copy of the report to the Secretary of State and to the administering authority.

(11) An administering authority must, as soon as practicable and in any event no later than the date by which the governance review is required to be completed, publish the report prepared under [paragraph \(10\)\(b\)\(i\)](#).

(12) In arranging and publishing the report of a governance review under this regulation, an administering authority must act in accordance with guidance issued by the Secretary of State from time to time.

(13) For the purposes of [paragraph \(1\)](#) and [paragraph \(10\)](#), a “suitable person” is any person who—

- (a) is independent of both the Secretary of State and the administering authority, and
- (b) in the reasonable opinion of the administering authority has sufficient knowledge and understanding of the rules of the Scheme to enable them to properly conduct the review.

(14) In this regulation “governance review”, “period of review”, “ad hoc governance review”, and “periodic governance review” have the same meaning as in section 5(2) of the Pension Schemes Act 2026 (scheme manager governance reviews).”.

Amendments to Schedule 1

11. In Schedule 1 (interpretation)—

- (a) after the definition of “joint liability amount” insert—

““LGPS senior officer” has the meaning given in [regulation 53A\(1\)](#)”;
- (b) at the end insert—

““valuation period” means the period between each valuation date under regulation 62.”.

We consent to the making of these Regulations

18th May 2026

Gen Kitchen
Christian Wakeford
 Two of the Lords Commissioners of His
 Majesty’s Treasury

Signed by authority of the Secretary of State for Housing, Communities and Local Government

19th May 2026

Alison McGovern
Minister of State
Ministry of Housing, Communities and Local
Government

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Local Government Pension Scheme Regulations 2013 ([S.I. 2013/2356](#)) (“the 2013 Regulations”), which establish the Local Government Pension Scheme for England and Wales (“the Scheme”) and require certain local authorities to maintain pension funds as administering authorities. The Regulations make provision to strengthen and update governance arrangements applying to administering authorities.

Regulation 3 inserts a new regulation 53A into the 2013 Regulations. This requires administering authorities to appoint a senior officer with overall responsibility for the administration, governance and investment of the Scheme, and sets out restrictions on who may be appointed to that role. The regulation also requires administering authorities that delegate Scheme functions to appoint an independent person to support the discharge of those functions.

Regulation 4 revokes regulation 55 of the 2013 Regulations, which required administering authorities to prepare a governance compliance statement. Regulation 5 inserts a new regulation 55A into the 2013 Regulations, replacing that requirement with obligations to prepare and maintain a governance strategy, a training strategy, and a conflicts of interest policy.

Regulation 5 also inserts a new [regulation 55B](#), which sets out a new requirement for persons to whom functions have been delegated under the regulations, and the named officer appointed under [regulation 53A](#), to meet a “knowledge and understanding” requirement similar to the one that applies to members of a local pension board under section 248A of the Pensions Act 2004 ([c. 35](#)).

Regulation 6 amends regulation 57 of the 2013 Regulations to allow administering authorities to include links to governance documents in their pension fund annual report, rather than the full text, and to reflect the replacement of the governance compliance statement with the new governance documents. Regulation 6 also amends regulation 57(3) so that references to guidance issued by the Secretary of State from time to time are consistent across all relevant provisions.

Regulation 7 amends regulation 58 of the 2013 Regulations to clarify that administering authorities must prepare their funding strategy statement in accordance with guidance issued by the Secretary of State from time to time.

Regulation 8 amends regulation 59 of the 2013 Regulations to require administering authorities to prepare a pension administration strategy, to review and update it at least once in each valuation period or following material changes, and to act in accordance with guidance, issued by the Secretary of State from time to time, when preparing, revising and publishing the strategy.

Regulation 10 inserts a new regulation 116A into the 2013 Regulations. This requires administering authorities to arrange for periodic governance reviews to be carried out by a suitable independent person and enables the Secretary of State to direct that ad hoc governance reviews be undertaken. A governance review is a review of the governance of the Scheme so far as administered by the administering authority, and of the performance and effectiveness of the administering authority as scheme manager, over a defined period. The regulation makes provision about the timing, conduct, reporting and publication of such reviews.

Regulation 11 amends Schedule 1 to the 2013 Regulations to insert new definitions used by these Regulations.

No impact assessment has been produced for this instrument as no, or no significant, impact on the private or voluntary sectors is foreseen.

Status: *This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

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STATUTORY INSTRUMENTS

2026 No. 544

**PUBLIC SERVICE PENSIONS,
ENGLAND AND WALES**

**The Local Government Pension Scheme (Pooling,
Management and Investment of Funds) Regulations 2026**

<i>Made</i>	- - - -	<i>19th May 2026</i>
<i>Laid before Parliament</i>		<i>21st May 2026</i>
<i>Coming into force</i>	- -	<i>30th June 2026</i>

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 1(1) and 3(1) to (3) of, and paragraphs 11, 12 and 13 of Schedule 3 to, the Public Service Pensions Act 2013 (“the 2013 Act”)(**1**), and sections 1 and 2 of the Pension Schemes Act 2026(**2**).

In accordance with section 21(1) and (5) of the 2013 Act(**3**), the Secretary of State has consulted such persons (or the representatives of such persons) as appeared to the Secretary of State to be likely to be affected by these Regulations.

In accordance with section 3(5) of the 2013 Act, these Regulations are made with the consent of the Treasury.

Part 1

Introductory

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026.

(2) These Regulations come into force on 30th June 2026.

(1) [2013 c. 25](#) (“the 2013 Act”). See section 2 of, and Schedule 2 to, the 2013 Act as to how the power is exercisable by the Secretary of State. Section 3(1) of the 2013 Act was amended by section 94(2) of the Public Service Pensions and Judicial Offices Act [2022 \(c. 7\)](#) (“the 2022 Act”) and section 7(2) of the Pension Schemes Act [2026 \(c. 22\)](#) (“the 2026 Act”). Section 3(2) of the 2013 Act was amended by section 94(3) of the 2022 Act and section 7(2) of the 2026 Act. Paragraph 12 of Schedule 3 to the 2013 Act was amended by section 100 of the 2022 Act.

(2) [2026 c. 22](#).

(3) Section 21(5) was inserted by section 7(3) of the 2026 Act.

(3) These Regulations extend to England and Wales.

Interpretation

2.—(1) In these Regulations—

“the 2000 Act” means the Financial Services and Markets Act 2000⁽⁴⁾;

“the 2013 Regulations” means the Local Government Pension Scheme Regulations 2013⁽⁵⁾;

“the 2014 Regulations” means the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014⁽⁶⁾;

“the 2026 Act” means the Pension Schemes Act 2026;

“authority” means an administering authority listed in Part 1 of Schedule 3 to the 2013 Regulations (pension funds)⁽⁷⁾;

“fund money” means money that is or should be in a pension fund maintained by an authority;

“member of the scheme” has the same meaning as in the 2013 Regulations;

“the relevant asset pool company” means, in relation to an authority, the asset pool company in which that authority is participating, in accordance with [regulation 7\(1\)](#) or a direction made under [regulation 9\(1\)\(a\)](#);

“the relevant strategic authority” means, in relation to an authority, the strategic authority for that authority set out in guidance published by the Secretary of State from time to time;

“the Scheme” means the scheme established by the 2013 Regulations;

“Scheme employer” has the same meaning as in the 2013 Regulations;

“strategic authority” includes, for the purposes of paragraph (d) of the definition of “strategic authorities” in section 2(5) of the 2026 Act, a unitary district council or a county council designated by the Secretary of State from time to time as a single foundation strategic authority under section 3(1) of the English Devolution and Community Empowerment Act 2026 (single foundation strategic authorities)⁽⁸⁾.

(2) Any restrictions imposed by these Regulations apply to authorities which have the power within section 1 of the Localism Act 2011 (local authority’s general power of competence)⁽⁹⁾ or section 5A(1) of the Fire and Rescue Services Act 2004 (powers of certain fire and rescue authorities)⁽¹⁰⁾ in the exercise of those powers.

(3) Any authority which does not have the powers mentioned in [paragraph \(2\)](#) has, by virtue of these Regulations, the power to do anything authorised or required by these Regulations.

(4) [2000 c. 8](#) (“the 2000 Act”).

(5) [S.I. 2013/2356](#).

(6) [S.I. 2014/525](#).

(7) Part 1 of Schedule 3 has been amended by [S.I. 2015/755](#), [2016/653](#), [2019/615](#), [2019/1351](#), [2020/123](#), [2021/272](#), [2023/187](#).

(8) [2026 c. 23](#).

(9) [2011 c. 20](#).

(10) [2004 c. 21](#); section 5A was inserted by section 9(1) of the Localism Act 2011. It was moved under a new heading by paragraph 6 of Part 1 of Schedule 1 to the Policing and Crime Act 2017 ([c. 3](#)), and amended by paragraph 7 of Part 1 of Schedule 1, and paragraph 112 of Part 2 of Schedule 2, of that Act.

Part 2

Investments, Funds and Borrowing

Investments

3.—(1) In these Regulations, “investment” includes—

- (a) a contract entered into in the course of dealing in financial futures, traded options or derivatives;
- (b) a contribution to a limited partnership in an unquoted securities investment partnership;
- (c) a contract of insurance if it is a contract of a relevant class, and is entered into with a person within paragraph (2) for whom entering into the contract constitutes the carrying on of a regulated activity within the meaning of section 22 of the 2000 Act (regulated activities)(11).

(2) A person within [this paragraph](#), for the purposes of [paragraph \(1\)\(c\)](#), is a person who has permission under Part 4A of the 2000 Act (permission to carry on regulated activities)(12) to effect or carry out contracts of insurance of a relevant class.

(3) A contract of insurance is a contract of a relevant class for the purposes of [paragraphs \(1\)\(c\)](#) and [\(2\)](#) if it is—

- (a) a contract of insurance on human life or a contract to pay an annuity on human life where the benefits are wholly or partly to be determined by reference to the value of, or income from, property of any description (whether or not specified in the contract) or by reference to fluctuations in, or an index of, the value of property of any description (whether or not so specified), or
- (b) a contract to manage the investments of pension funds, whether or not combined with a contract of insurance covering either conservation of capital or payment of minimum interest.

(4) For the purposes of this regulation—

“limited partnership” has the meaning given by section 3(1) of the Limited Partnerships Act 1907 (interpretation of terms)(13);

“recognised stock exchange” has the same meaning as in section 1005 of the Income Tax Act 2007 (meaning of “recognised stock exchange” etc)(14);

“traded option” means an option quoted on a recognised stock exchange;

“unquoted securities investment partnership” means a partnership for investing in securities which are not quoted on a recognised stock exchange when the partnership buys them.

Management of a pension fund

4.—(1) In addition to any sum otherwise required to be credited by virtue of the 2013 Regulations or the 2014 Regulations, an authority must credit to its pension fund(15)—

(11) Section 22 was amended by [section 7\(1\)](#) of the [Financial Services Act 2012](#) (c. 21), [section 27\(4\)](#) of the [Financial Guidance and Claims Act 2018](#) (c. 10), [section 69\(3\)](#) of the [Financial Services and Markets Act 2023](#) (c. 29), and by [S.I. 2018/135](#).

(12) Part 4A of the 2000 Act was substituted for Part IV by [section 11\(2\)](#) of the [Financial Services Act 2012](#).

(13) >1907 c. 24; the definition of “limited partnership” was inserted by [section 109\(2\)](#) of the [Economic Crime and Corporate Transparency Act 2023](#) (c. 56).

(14) 2007 c. 3; section 1005 was substituted by [paragraph 1](#) of [Schedule 26](#) to the [Finance Act 2007](#) (c. 11), and amended by [paragraph 55](#) of [Part 3](#) of [Schedule 2](#) to the [Taxation \(International and Other Provisions\) Act 2010](#) (c. 8).

(15) An administering authority is required to maintain a pension fund by regulation 53(1) of, and paragraph 1 of Schedule 3 to, the 2013 Regulations.

- (a) the amounts payable by it or payable to it under regulations 15(3)(b), 67 and 68 of the 2013 Regulations (employer's contributions and further payments)(16),
- (b) all amounts received under regulation 69(1)(a) of the 2013 Regulations (payment by Scheme employers to administering authorities: member contributions),
- (c) all amounts received under regulation 69(1)(e) of the 2013 Regulations (payment by Scheme employers to administering authorities: members on reserve forces service leave)(17),
- (d) all income arising from investment of the fund, and
- (e) all capital money deriving from such investment.

(2) In the case of an authority which maintains more than one pension fund, as respects sums which relate to specific members, the references in this regulation to the authority's pension fund are to be read as references to the fund which is the appropriate fund(18) for the member in question in accordance with the 2013 Regulations.

(3) Interest under regulation 71 of the 2013 Regulations (interest on late payments by Scheme employers) must be credited to the pension fund to which the overdue payment is due.

(4) An authority must pay from its pension fund—

- (a) any benefits to which any person is entitled by virtue of the 2013 Regulations or the 2014 Regulations, and
- (b) any interest to which any person is entitled by virtue of regulation 14 of the Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023 (interest on payments under the statutory underpin)(19).

(5) Any costs, charges and expenses incurred in administering a pension fund may be paid from the fund, except for charges prescribed by regulations made under sections 23 (supply of pension information in connection with divorce etc), 24 (charges by pension arrangements in relation to earmarking orders) or 41 (charges in relation to pension sharing costs) of the Welfare Reform and Pensions Act 1999(20).

Restriction on power to borrow

5.—(1) Except as provided in this regulation, an authority must not borrow money where the borrowing is liable to be repaid out of its pension fund.

(2) Subject to paragraph (3), an authority may borrow, by way of temporary loan or overdraft which is liable to be repaid out of its pension fund, any sums which it may require for the purpose of—

- (a) paying benefits due under the Scheme, or
- (b) meeting investment commitments arising from the implementation of a decision, which is required by its investment strategy(21), to change the balance between different types of investment.

(16) Regulation 15(3)(b) was amended by [S.I. 2015/755](#). Regulation 67 was amended by [S.I. 2026/226](#). Regulation 68 was amended by [S.I. 2018/493](#).

(17) Paragraph (1)(e) of regulation 69 was inserted by [S.I. 2015/755](#).

(18) See regulation 53(2) and (3) of, and Part 2 of Schedule 3 to, the 2013 Regulations for provisions as to how an administering authority becomes the "appropriate administering authority" in relation to a person. There are no amendments to regulation 53(2) or (3). Part 2 of Schedule 3 was amended by [S.I. 2014/1012](#), [2014/1146](#), [2015/755](#), [2016/449](#), [2016/653](#), [2017/126](#), [2017/251](#), [2018/103](#), [2018/269](#), [2018/493](#), [2018/1133](#), [2019/615](#), [2020/123](#), [2021/272](#), [2023/187](#), [2023/402](#), [2024/232](#), [2024/402](#), [2025/113](#), [2025/115](#), [2025/117](#), [2025/118](#), [2026/158](#), [2026/159](#) and [2026/362](#).

(19) [S.I. 2023/972](#), which was relevantly amended by [S.I. 2026/226](#).

(20) 1999 c. 30.

(21) For these purposes, "investment strategy" is defined by section 2(5) of the 2026 Act.

(3) An authority may only borrow money under [paragraph \(2\)](#) if, at the time of the borrowing, the authority reasonably believes that the sum borrowed, and interest charged in respect of that sum, can be repaid out of its pension fund within 90 days of the borrowing.

Separate bank account

6.—(1) An authority must hold all fund money that is not otherwise invested or held by the asset pool company in a separate account kept by it with a deposit-taker.

(2) An authority must secure that the deposit-taker may not exercise a right of set-off in relation to the account referred to in [paragraph \(1\)](#) in respect of any other account held by the authority or any party connected to the authority.

(3) In this regulation, “deposit-taker” means—

- (a) a person who has permission under Part 4A of the 2000 Act (permission to carry on regulated activities) to carry on the activities specified by Article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (accepting deposits)([22](#));
- (b) the Bank of England;
- (c) the National Savings Bank.

Part 3

Asset pool companies

Participation in an asset pool company

7.—(1) On and after the day on which these Regulations come into force, an authority must participate([23](#)) in an asset pool company([24](#)) with a view to that company managing the funds or other assets of the Scheme for which that authority is responsible.

(2) Subject to regulation 23, an authority may only participate in one asset pool company at any time.

Authorisation by the Financial Conduct Authority

8.—(1) Subject to paragraph (2), before managing any funds or other assets of the Scheme for which an authority is responsible, any relevant asset pool company must be authorised as—

- (a) a full-scope UK AIFM, or
- (b) an investment firm with its head office in the United Kingdom (or, if the firm has a registered office, with its registered office in the United Kingdom).

(2) On and after 30th September 2027, any relevant asset pool company must be authorised as a full-scope UK AIFM.

(3) In this regulation—

“full-scope UK AIFM” has the same meaning as in section 417(1) of the 2000 Act (definitions)([25](#));

(22) [S.I. 2001/544](#), amended by [S.I. 2002/682](#) and [2026/102](#); there are other amending instruments but none is relevant.

(23) For these purposes, “participate” and related expressions in relation to an asset pool company must be construed in accordance with section 1(9)(b) of the 2026 Act.

(24) For these purposes, “asset pool company” is defined by section 1(9)(a) of the 2026 Act.

(25) Section 417(1) was relevantly amended by [S.I. 2013/1773](#).

“investment firm” has the same meaning as in section 424A(1) of the 2000 Act (investment firm)(26).

Directions by the Secretary of State - participation

9.—(1) Subject to paragraphs (2) and (3), the Secretary of State(27) may make a direction requiring—

- (a) that an authority specified in the direction must participate in an asset pool company specified in the direction;
- (b) that an authority specified in the direction must stop participating in an asset pool company specified in the direction;
- (c) that an asset pool company specified in the direction (and any authority already participating in that asset pool company) must take the steps specified in the direction to enable another authority to comply with a direction made under sub-paragraph (a) or (b).

(2) A direction may only be made under this regulation where the Secretary of State considers that the direction which is to be made is in the best interests of—

- (a) any Scheme employer, or member of the Scheme, in respect of which the authority is the appropriate administering authority under Part 2 of Schedule 3 to the 2013 Regulations (pension funds)(28),
- (b) any other authorities participating in the asset pool company which that authority is to be directed to leave or join,
- (c) any Scheme employer, or member of the Scheme, in respect of which an authority specified in sub-paragraph (b) is the appropriate administering authority, or
- (d) the Scheme as a whole.

(3) Before making a decision whether to make a direction under this regulation, the Secretary of State must consult—

- (a) any asset pool company or authority that the Secretary of State intends to specify in the direction,
- (b) any authority participating in an asset pool company falling within sub-paragraph (a), and
- (c) any other person whom the Secretary of State considers that it would be appropriate to consult.

(4) Where the Secretary of State considers that additional information is required in order to decide whether to make a direction under this regulation, or what the direction should require, the Secretary of State may carry out such enquiries as the Secretary of State considers appropriate to obtain that information.

(5) An authority or asset pool company must comply with any request from the Secretary of State intended to facilitate the obtaining of information under paragraph (4).

(26) Section 424A was inserted by [S.I. 2006/2975](#), and amended by paragraph 16 of Schedule 2 to the Financial Services Act 2021 ([c. 22](#)), and by [S.I. 2019/632](#).

(27) Section 1(2)(c) of the 2026 Act allows provision to be made under section 1(1) of that Act including provision enabling the responsible authority, in prescribed circumstances, to give certain directions. For these purposes, “the responsible authority” is defined by section 8(1) of the 2026 Act, and means, in relation to a scheme for local government workers in England and Wales, the Secretary of State.

(28) See regulation 53(2) and (3) of, and Part 2 of Schedule 3 to, the 2013 Regulations for provisions as to how an administering authority becomes the “appropriate administering authority” in relation to a person.

Part 4

Investment strategy

Formulation of investment strategy

10.—(1) The relevant asset pool company must provide an authority with proper advice (whether directly or indirectly) about its investment strategy.

(2) After considering the advice referred to in [paragraph \(1\)](#), an authority must formulate an investment strategy in accordance with the requirements set out in—

(a) [regulation 11](#), and

(b) guidance issued from time to time by the Secretary of State.

(3) Where exceptional circumstances apply (as specified in guidance issued from time to time by the Secretary of State), an authority may also take proper advice about its investment strategy from an independent person who is not connected with the relevant asset pool company.

(4) In this regulation, “proper advice” means—

(a) in a case where the giving of advice constitutes the carrying on of a regulated activity in the United Kingdom, advice given by a person who may give it without contravening the prohibition imposed by section 19 of the 2000 Act (prohibition on carrying on regulated activities unless authorised or exempt), or

(b) in any other case, the advice of a person whom the authority reasonably believes to—

(i) be qualified by their ability in, and practical experience of, financial matters, and

(ii) have appropriate knowledge and experience of the management of the investments of pension schemes.

Contents of investment strategy

11.—(1) An investment strategy must include—

(a) a requirement to invest fund money in a wide variety of investments,

(b) the authority’s high-level financial objectives,

(c) the authority’s approach to risk, including the ways in which risks are to be assessed and managed,

(d) the authority’s priorities and preferences regarding responsible investment, including how social, environmental and corporate governance considerations are to be taken into account in the selection, non-selection, retention and realisation of investments,

(e) the authority’s policy on the exercise of the rights (including voting rights) attaching to investments,

(f) subject to [paragraph \(5\)](#), a high-level objective on local investments(**29**), including a target range for those investments as a proportion of the total value of the pension fund, and

(g) a high-level strategic asset allocation.

(2) For the purposes of paragraph (1)(b), the authority’s high-level financial objectives must have regard to—

(a) that authority’s funding strategy statement, and

(29) For these purposes, “local investments” is defined by section 2(5) of the 2026 Act.

- (b) the matters specified in regulation 62(6)(d) of the 2013 Regulations (actuarial valuations of pension funds: requirement to secure the solvency of the pension fund and the long term cost efficiency of the Scheme, so far as relating to the pension fund).
- (3) Subject to paragraph (4), in setting the high-level objective specified in [paragraph \(1\)\(f\)](#), an authority must have regard to the local economic priorities of the relevant strategic authority (including any local growth plan, if applicable).
- (4) Paragraph (3) does not apply in a case where the local economic priorities have not been published, or made available, by the relevant strategic authority.
- (5) [Paragraph \(1\)\(f\)](#) does not apply to an investment strategy formulated by the Environment Agency⁽³⁰⁾.
- (6) Formulation of the high-level strategic asset allocation referred to in [paragraph \(1\)\(g\)](#) may be delegated by the authority to the relevant asset pool company.
- (7) An investment strategy may not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority, within the meaning of section 212 of the Local Government and Public Health Involvement in Health Act 2007 (entities controlled etc by local authorities)⁽³¹⁾.
- (8) In this regulation—
- “combined authority” means an authority established under section 103(1) of the Local Democracy, Economic Development and Construction Act 2009 (“the 2009 Act”) (combined authorities and their areas)⁽³²⁾;
- “combined county authority” means an authority established under section 9(1) of the Levelling-up and Regeneration Act 2023 (“the 2023 Act”) (combined county authorities and their areas)⁽³³⁾;
- “funding strategy statement” means the statement required by regulation 58 of the 2013 Regulations (funding strategy statement)⁽³⁴⁾;
- “local growth plan” means—
- (a) in respect of a combined authority, a local growth plan under section 107L of the 2009 Act (Local Growth Plans)⁽³⁵⁾;
- (b) in respect of a combined county authority, a local growth plan under section 32A of the 2023 Act (Local Growth Plans)⁽³⁶⁾.

Consultation on proposed investment strategy

- 12.—(1) An authority must consult with the persons specified in [paragraph \(2\)](#) on the proposed contents of any strategy formulated in accordance with regulation 10(2).
- (2) The persons specified for the purposes of [paragraph \(1\)](#) are—
- (a) any Scheme employer, or member of the Scheme, in respect of which the authority is the appropriate administering authority under Part 2 of Schedule 3 to the 2013 Regulations (pension funds),

⁽³⁰⁾ The Environment Agency refers to the body corporate established under [section 1](#) of the [Environment Act 1995](#) (c. 25).

⁽³¹⁾ [2007 c. 28](#); section 212 was amended by paragraph 369 of Part 3 of Schedule 16 to the Police Reform and Social Responsibility Act [2011](#) (c. 13) and paragraph 82 of Schedule 12 to the Local Audit and Accountability Act [2014](#) (c. 2), and by [S.I. 2022/372](#).

⁽³²⁾ [2009 c. 20](#). Section 103 was amended by sections 12(2) and 14(2) of the Cities and Local Government Devolution Act [2016](#) (c. 1) and paragraph 189 of Schedule 4 to the Levelling-up and Regeneration Act [2023](#) (c. 55).

⁽³³⁾ [2023 c. 55](#).

⁽³⁴⁾ Regulation 58 was amended by [S.I. 2015/755](#) and [2016/946](#).

⁽³⁵⁾ Section 107L was inserted by paragraph 1(1) of Schedule 22 to the English Devolution and Community Empowerment Act 2026.

⁽³⁶⁾ Section 32A was inserted by paragraph 1(3) of Schedule 22 to the English Devolution and Community Empowerment Act 2026.

- (b) the relevant strategic authority,
 - (c) any person specified in guidance issued by the Secretary of State from time to time, and
 - (d) any person that the authority considers that it ought to consult as to the proposed contents of its investment strategy.
- (3) [Paragraph \(1\)](#) may be satisfied—
- (a) in relation to any Scheme employer or member of the Scheme, by consultation with a representative for that employer or member;
 - (b) by consultation before, as well as after, the coming into force of these Regulations.

Publication of investment strategy

13.—(1) After consulting in accordance with [regulation 12](#), an authority must publish a statement of its investment strategy formulated under [regulation 10\(2\)](#) (“an investment strategy statement”) in accordance with the requirements set out in guidance issued by the Secretary of State from time to time.

(2) An authority must publish the first investment strategy statement under [paragraph \(1\)](#) on or before 31st March 2027.

(3) For the purposes of [paragraph \(2\)](#), an investment strategy formulated under [regulation 7\(1\)](#) of the [Local Government Pension Scheme \(Management and Investment of Funds\) Regulations 2016](#) (investment strategy statement)(**37**) (“a 2016 strategy”) may be treated as an investment strategy formulated under [regulation 10\(2\)](#), provided that the 2016 strategy—

- (a) was formulated on or after 1st October 2025, and
- (b) complies with the requirements set out in—
 - (i) [regulation 11](#), and
 - (ii) any guidance issued under [regulation 10\(2\)\(b\)](#).

Implementation of investment strategy

14.—(1) The relevant asset pool company must take all reasonable steps to implement an authority’s investment strategy.

(2) In implementing the authority’s high-level objective specified in [regulation 11\(1\)\(f\)](#), the relevant asset pool company must give proper consideration to local investment opportunities and projects, including those identified and developed in accordance with [regulation 18\(1\)](#).

Review of investment strategy

15.—(1) From time to time, and in any case within 18 months of each valuation date, an authority must—

- (a) carry out a review of its investment strategy,
- (b) if necessary, revise its investment strategy,
- (c) subject to paragraph (2), consult with the persons specified in [regulation 12\(2\)](#) on any proposed revisions to its investment strategy, and
- (d) after consultation, publish a statement of its investment strategy as so revised.

(2) Where an authority carries out a review of, and revises, its investment strategy pursuant to a direction given under [regulation 16\(2\)\(b\)](#)—

(37) [S.I. 2016/946](#).

- (a) paragraph (1)(c) does not apply, and
 - (b) the authority must consult with the persons specified in regulation 12(2) only in relation to any matters specified in that direction in accordance with regulation 16(4)(b).
- (3) In this regulation, “valuation date” means the date in respect of which an actuarial valuation of the assets and liabilities of each of the authority’s pension funds is obtained in accordance with regulation 62(1)(a) of the 2013 Regulations (actuarial valuations of pension funds)(38).

Directions by the Secretary of State - investment strategy

16.—(1) Paragraph (2) applies where the Secretary of State is satisfied that an authority has failed to comply with guidance issued under [regulation 10\(2\)\(b\)](#) in formulating its investment strategy.

(2) Where this paragraph applies, the Secretary of State may make a direction—

- (a) requiring that authority to make such specified changes to its investment strategy as the Secretary of State considers appropriate, within the time period specified in the direction, or
- (b) requiring that authority to carry out a review of its investment strategy and, if necessary, to revise the strategy—
 - (i) in relation to the matters specified in the direction, and
 - (ii) within the time period specified in the direction.

(3) Where the Secretary of State makes a direction under paragraph (2), the direction must specify the date of issue, and the contents, of the guidance with which the authority is required to comply.

(4) Where the Secretary of State makes a direction under paragraph (2)(b), the direction must also specify—

- (a) whether the authority is required to consult on any proposed revisions to the strategy, and
- (b) if applicable, the matters in the investment strategy in respect of which the authority must consult.

(5) Before making a decision whether to make a direction under this regulation, and as to the contents of any direction, the Secretary of State must consult the authority that the Secretary of State intends to specify in the direction.

(6) Where the Secretary of State considers that additional information is required in order to decide whether to make a direction under this regulation, or what the direction should require, the Secretary of State may carry out such enquiries as the Secretary of State considers appropriate to obtain that information.

(7) An authority must comply with any request from the Secretary of State intended to facilitate the obtaining of information under paragraph (6).

Part 5

Asset management

Management of funds or other assets by the relevant asset pool company

17. Subject to regulation 24, within the period of three months from the date on which it first participates in an asset pool company under [regulation 7\(1\)](#), an authority must ensure that the funds

(38) Regulation 62(1)(a) requires an authority to obtain an actuarial valuation of the assets and liabilities of each of its pension funds as at 31st March 2016 and on 31st March in every third year afterwards. The first valuation date after these Regulations come into force will be 31st March 2028.

or other assets of the Scheme for which that authority is responsible (other than money needed for making payments under the Scheme from the pension fund maintained by the authority) are—

- (a) held on behalf of the authority by the relevant asset pool company, and
- (b) properly managed⁽³⁹⁾ by that company with a view to implementing the authority's investment strategy.

Part 6

Local Investments

Co-operation with the relevant strategic authority

18.—(1) Subject to [paragraph \(2\)](#), an authority must co-operate with the relevant strategic authority to identify and develop appropriate local investment opportunities.

(2) The requirement in [paragraph \(1\)](#)—

- (a) may be delegated by the authority to the relevant asset pool company, and
- (b) does not apply to the Environment Agency.

Part 7

Guidance and directions

Guidance

19. The Secretary of State may issue guidance in relation to the following matters from time to time—

- (a) participation by an authority in an asset pool company;
- (b) asset management;
- (c) an authority's role in formulating and maintaining an investment strategy;
- (d) provision of proper advice to an authority on an investment strategy by an asset pool company;
- (e) implementation of an investment strategy by an asset pool company;
- (f) governance of an asset pool company, including managing performance;
- (g) transparency and reporting requirements;
- (h) local investment;
- (i) powers for the Secretary of State to make directions under regulations 9, 16 and 20;
- (j) collaboration between asset pool companies.

Directions by the Secretary of State - asset management

20.—(1) [Paragraph \(2\)](#) applies where the Secretary of State is satisfied that an asset pool company, without good reason, is failing, or has failed, to comply with any guidance issued under [regulation 19](#).

⁽³⁹⁾ For these purposes, “management” and related expressions, in relation to the funds and assets of a scheme for local government workers, must be construed in accordance with section 8(1) of the 2026 Act.

(2) Where this paragraph applies, the Secretary of State may make a direction to that asset pool company under this paragraph requiring it to comply with that guidance.

(3) Any direction made under paragraph (2) must specify—

- (a) the date of issue, and the contents, of the guidance with which the asset pool company is required to comply, and
- (b) the grounds upon which, and the evidence in relation to which, the Secretary of State is satisfied of the matters specified in paragraph (1).

(4) Where paragraph (5) applies to an asset pool company, the Secretary of State may make a direction to that company under this paragraph, requiring it to carry out any investment management activities⁽⁴⁰⁾ specified in the direction in the manner specified in the direction.

(5) This paragraph applies where the Secretary of State is satisfied that an asset pool company is managing funds or assets of the Scheme for which an authority is responsible in a manner that is detrimental to—

- (a) any authority already participating in that asset pool company, or
- (b) the Scheme as a whole.

(6) Before making any direction under this regulation, the Secretary of State must consult—

- (a) any asset pool company that the Secretary of State intends to specify in the direction,
- (b) any authority participating in an asset pool company falling within sub-paragraph (a),
- (c) the Financial Conduct Authority⁽⁴¹⁾, and
- (d) any other person whom the Secretary of State considers that it would be appropriate to consult.

(7) Where the Secretary of State considers that additional information is required in order to decide whether to make a direction under this regulation, or what the direction should require, the Secretary of State may carry out such enquiries as the Secretary of State considers appropriate to obtain that information.

(8) An asset pool company must comply with any request from the Secretary of State intended to facilitate the obtaining of information under paragraph (7).

Part 8

Consequential amendments, revocation and transitional provisions

Consequential amendments

21.—(1) The 2013 Regulations are amended as follows.

(2) In regulation 57 (pension fund annual report)—

(a) in paragraph (1), for sub-paragraph (i)⁽⁴²⁾ substitute—

“(i) the current version of the investment strategy statement published under regulation 13 (publication of investment strategy), or the revised investment strategy statement published under regulation 15 (review of investment strategy),

⁽⁴⁰⁾ For these purposes, “investment management activities” is defined in section 1(3) of the 2026 Act.

⁽⁴¹⁾ The Financial Conduct Authority refers to the body corporate established by section 1 of the 2000 Act (the Financial Services Authority), and subsequently re-named as the Financial Conduct Authority. Section 1 of the 2000 Act was substituted by section 6(1) of the Financial Services Act 2012 (c. 21).

⁽⁴²⁾ Regulation 57(1)(i) was substituted by S.I. 2016/946.

of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026;

(ia) a report explaining the authority's progress during the year against the high-level objective on local investments included in the investment strategy pursuant to regulation 11(1)(f) (contents of investment strategy) of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026;";

(b) after paragraph (1) insert—

“(1A) Paragraph (1)(ia) does not apply to the Environment Agency.”.

(3) In regulation 58(4) (funding strategy statement), for sub-paragraph (b)(43) substitute—

“(b) the current version of the investment strategy statement published under regulation 13 (publication of investment strategy), or the revised investment strategy statement published under regulation 15 (review of investment strategy), of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026.”.

(4) In regulation 69(2) (payment by scheme employers to administering authorities), in sub-paragraph (b)(44), for “The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016” substitute “The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026”.

(5) The amendments made by paragraph (2) apply in relation to a scheme year beginning on or after 1st April 2026.

(6) In this regulation, “scheme year” has the same meaning as in the 2013 Regulations.

Revocations and transitional provisions

22.—(1) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 are revoked.

(2) For the period starting at the time that these Regulations come into force and ending on the earliest of—

(a) the date that an authority publishes the first investment strategy statement under [regulation 13\(1\)](#), or

(b) 30th March 2027,

[Part 4](#) of these Regulations only applies to an authority to the extent necessary to enable that authority to formulate and publish the first investment strategy statement under [regulation 13\(2\)](#).

Transitional provisions - participation in an asset pool company

23.—(1) Where, on and after the day on which these Regulations come into force—

(a) an authority participates in an asset pool company (“Company A”) (whether under [regulation 7\(1\)](#) or otherwise), and

(b) that authority participates in another asset pool company (“Company B”) either—

(i) under [regulation 7\(1\)](#), or

(ii) in accordance with a direction made under [regulation 9\(1\)\(a\)](#),

[regulation 7\(2\)](#) does not apply to that authority during the period of three months beginning with the date on which the authority first participates in Company B.

(43) Regulation 58(4)(b) was substituted by [S.I. 2016/946](#).

(44) Regulation 69(2)(b) was substituted by [S.I. 2016/946](#).

(2) [Regulation 7\(2\)](#) does not apply to an authority to the extent that the authority is participating in an additional asset pool company solely for the purposes of winding up that company.

(3) In [this regulation](#), “winding up” has the same meaning as in the [Insolvency Act 1986](#)⁽⁴⁵⁾.

Transitional provisions - management of funds or other assets by the relevant asset pool company

24.—(1) Paragraph (2) applies to any funds or other assets of the Scheme, for which an authority is responsible, and which the relevant asset pool company has determined would not be reasonably practicable to transfer to that company within the period specified in regulation 17.

(2) Where this paragraph applies to a fund or other asset, the relevant asset pool company may determine that that fund or other asset must be transferred to that company to be held on behalf of the authority in accordance with such transitional arrangements as that company may determine.

We consent to the making of these Regulations.

18th May 2026

Gen Kitchen
Christian Wakeford
Two of the Lords Commissioners of His
Majesty’s Treasury

Signed by authority of the Secretary of State for Housing, Communities and Local Government

19th May 2026

Alison McGovern
Minister of State
Ministry of Housing, Communities and Local
Government

(45) [1986 c. 45](#).

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision in relation to the management and investment of pension funds by asset pool companies on behalf of administering authorities which are required to maintain such funds by the Local Government Pension Scheme Regulations 2013 ([S.I. 2013/2356](#)) (“the 2013 Regulations”). They revoke and replace the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ([S.I. 2016/946](#)) (“the 2016 Regulations”).

Part 1 of the Regulations makes introductory provision.

Regulation 1 deals with citation, commencement and extent. These Regulations extend to England and Wales. Regulation 2 defines certain key terms used in the Regulations.

Part 2 of the Regulations makes provision about investments, funds and borrowing.

Regulation 3 defines what is meant by an “investment” for the purposes of these Regulations. Regulations 4, 5 and 6 set out which payments must be made into and out of the pension fund, restrict powers of borrowing, and require pension fund money to be held in a separate account.

Part 3 of the Regulations makes provision about asset pool companies.

Regulation 7 requires administering authorities to participate in an asset pool company, in order for that company to manage the investments of the pension fund. In general, an administering authority must only participate in one asset pool company at any time (but see regulation 23).

Regulation 8 makes provision about the Financial Conduct Authority authorisation which asset pool companies are required to hold.

Regulation 9 allows the Secretary of State to make a direction about certain matters related to participation in an asset pool company. It also makes provision about who should be consulted before such a direction is made, and provides that the Secretary of State may carry out appropriate enquiries to obtain any additional information required to decide whether or not to issue such a direction.

Part 4 makes provision about the investment strategy which must be formulated by administering authorities.

Regulation 10 requires an asset pool company to provide proper advice to an administering authority about its investment strategy (whether directly or indirectly). Regulation 10(4) specifies what is meant by “proper advice” for these purposes. Once that advice has been provided, regulation 10 requires administering authorities to formulate an investment strategy. Regulation 10(2)(b) confers a power on the Secretary of State to issue guidance from time to time about the required contents of an investment strategy. Regulation 10(3) permits administering authorities to take further advice about its investment strategy from a suitably qualified independent person in exceptional circumstances which will be specified in guidance issued by the Secretary of State.

Regulation 11 contains requirements as to the contents of an investment strategy.

Regulation 12 provides that, after an administering authority has formulated its investment strategy, it must consult on the proposed contents of its investment strategy with the persons specified in regulation 12(2). Regulation 12(3) makes further provision as to how this consultation requirement may be satisfied in particular cases.

Regulation 13 requires each administering authority to publish its investment strategy after consulting the persons specified in regulation 12(2). It requires that the first such strategy must be published on or before 31 March 2027. Regulation 13(3) makes provision as to how an authority may

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

meet this requirement by publishing an investment strategy formulated under the 2016 Regulations, provided that the strategy was formulated on or after 1 October 2025, and complies with the requirements contained in regulation 11 and in any guidance issued under regulation 10(2)(b).

Regulation 14 provides that asset pool companies must take all reasonable steps to implement the investment strategy of an authority participating in that pool company. Regulation 14(2) provides that an asset pool company must give proper consideration to local investment opportunities in implementing an authority's high-level objective on local investments.

Regulation 15 requires each administering authority to carry out a review of its investment strategy from time to time, and in any case within 18 months of the date in respect of which an actuarial valuation of the assets and liabilities of each of its pension funds is obtained under regulation 62(1) (a) of the 2013 Regulations. Regulation 15(1)(c) provides that administering authorities must consult with the persons specified in regulation 12(2) in relation to the contents of the proposed revised investment strategy. Regulation 15(2) makes specific provision about a limited consultation procedure where an administering authority carries out a review of, and revises, its investment strategy as a result of a direction given by the Secretary of State under regulation 16(2)(b).

Regulation 16 confers a power on the Secretary of State to make a direction to an authority to make specified changes to its investment strategy in circumstances where the Secretary of State is satisfied that the authority has failed to comply with guidance issued under regulation 10(2)(b) as to the required contents of an investment strategy. Regulation 16(2)(a) provides that such a direction may require the administering authority to make such specified changes to the investment strategy as the Secretary of State considers appropriate, within a specified time period. Regulation 16(2)(b) provides that such a direction may require the administering authority to carry out a review of and, if necessary, revise its investment strategy in relation to specified matters, within a specified time period. Regulation 16 also makes provision about who should be consulted before such a direction is made, and provides that the Secretary of State may carry out appropriate enquiries to obtain any additional information required to decide whether or not to issue such a direction.

Part 5 makes provision about asset management.

Regulation 17 requires that each administering authority must ensure that, subject to transitional arrangements provided for under regulation 24, pension funds are held on its behalf by the relevant asset pool company within three months of first participating in that pool company, and are properly managed by the pool company with a view to implementing the authority's investment strategy.

Part 6 makes provision about local investments.

Regulation 18 requires administering authorities to co-operate with the relevant strategic authority to identify and develop appropriate investment opportunities. This requirement does not apply to the Environment Agency, and may be delegated to the asset pool company in which the authority is participating.

Part 7 makes provision about guidance and directions.

Regulation 19 confers a power on the Secretary of State to issue guidance to authorities and asset pool companies about various matters connected to these Regulations.

Regulation 20(2) confers a power on the Secretary of State to make a direction to an asset pool company which is failing, or has failed, without good reason, to comply with guidance issued under regulation 19, requiring the asset pool company to comply with that guidance. Regulation 20(4) confers a power on the Secretary of State to make a direction to a specified asset pool company to carry out specified investment management activities in a specified manner, where the criteria in paragraph (5) are satisfied. Regulation 20 also makes provision about who should be consulted before a direction is made under paragraph (2) or paragraph (4), and provides that the Secretary of State may carry out appropriate enquiries to obtain any additional information required to decide whether or not to make such a direction.

Part 8 makes one revocation, and contains consequential and transitional provisions.

Regulation 21 makes consequential amendments to the 2013 Regulations to insert references in appropriate places to the investment strategy required by regulation 10, and makes other consequential amendments.

Regulation 22 revokes the 2016 Regulations, and makes transitional provision that will apply until an administering authority has published its first investment strategy under these Regulations.

Regulation 23(1) makes transitional provision about participation in an asset pool company, which disapplies regulation 7(2) for a specified period of time in circumstances where an administering authority participates in an alternative asset pool company. Regulation 23(2) disapplies regulation 7(2) in relation to any administering authority which is participating in an asset pool company solely for the purposes of winding up that company.

Regulation 24 makes provision for transitional arrangements in relation to the transfer of funds or other assets to an asset pool company to be held on behalf of an administering authority in specific circumstances.

An impact assessment in relation to the Pension Schemes Act 2026 was updated and re-published on 5th December 2025 and can be found here: <https://bills.parliament.uk/bills/3982/publications>. A hard copy of the impact assessment is available on request from the Ministry of Housing, Communities and Local Government, 2 Marsham Street, London SW1P 4DF. That document remains an accurate assessment of the impacts of this instrument.

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Pension Fund Committee

8 September 2026

Draft Pension Fund Annual Report 2025/26 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 is currently in 'draft' format. In December the Committee will be asked to approve the final version of the annual report for publication.

Recommendation(s):

That the Committee note and comment on the draft Pension Fund Annual Report 2025/26.

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 jointly produced by LGPS

Scheme Advisory Board (SAB), the Chartered Institute of Public Finance and Accountancy (CIPFA) and the then Department for Levelling Up, Housing and Communities (DLUHC) (see link in background papers below).

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 Pension Fund Annual Report 2025/26

9. Background papers

[Preparing the Pension Fund Annual Report - Guidance for Local Government Pension Scheme Funds \(APRIL 2024\)](#)

**Dorset County
Pension Fund**

administered by Dorset Council



Annual Report 2025-2026



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Sandbanks Poole

Abbotsbury

Christchurch Priory

Portland

Bournemouth Pier

River Cerne

Introduction and Overview

Chair's Statement 2025-26



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 £4.1bn at the end of March 2025 to £4.5bn by the end of March 2026. The return on investments for the year was 12.1% compared to the combined benchmark return of 15.0%. Over the three years to 31 March 2026, the annualised return on investments was 9.4% compared to the combined benchmark return of 11.6%, and over five years the annualised return was 6.5% compared to the benchmark return of 8.5%.

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 2026, 86% 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 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 selected Local Pension Partnership Investments (LPPI) as its preferred new investment pooling partner alongside five of the other Brunel partner funds plus three existing LPPI partner funds and in March 2026, the Committee resolved to become a shareholder and client of LPPI.

LPPI 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. All Dorset's pension fund investment assets are now

under LPPI's management and the process for winding up Brunel has begun.

My thanks to all at Brunel for their hard work and dedication since the company's establishment in 2017, and for their continued professional approach during what I am sure has been a very difficult and uncertain year for many of them.

Actuarial Valuation

It is a statutory requirement for a valuation of all LGPS funds to be carried out every three years. The results of the latest valuation are that as at 31 March 2025 the pension fund had a funding level of 98% - assets were estimated to be 98% of the present value needed to pay the expected benefits accrued to that date compared to 96% at the last valuation as at 31 March 2022. Consequently, the fund actuary has been able to certify reductions in the contribution rates payable by our scheme employers over the next three years, which I know will be very welcome.

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 what was Brunel's global sustainable equities fund and all other actively managed funds were 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 large changes to the Fund's assets during the year. In June 2025, the full proceeds of the sale of the Brunel UK Active Fund of £235.1M were reinvested in the LGIM UK Passive Fund. In March 2026, the full proceeds of the sale of the Brunel Emerging Markets Equity Fund were reinvested into funds managed by Ninety One and Robecco, as part of preparation for the transition to LPPI.

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
Chair

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 153 active Employers, and over 82,000 Members. A breakdown of the scheme membership can be found on page 45.

The Scheme

The 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 be offered access to the LGPS for 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 LGPS 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, Bournemouth, Christchurch and Poole 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 14.5% to 29.9% of pensionable pay for the financial year ending 31 March 2026.

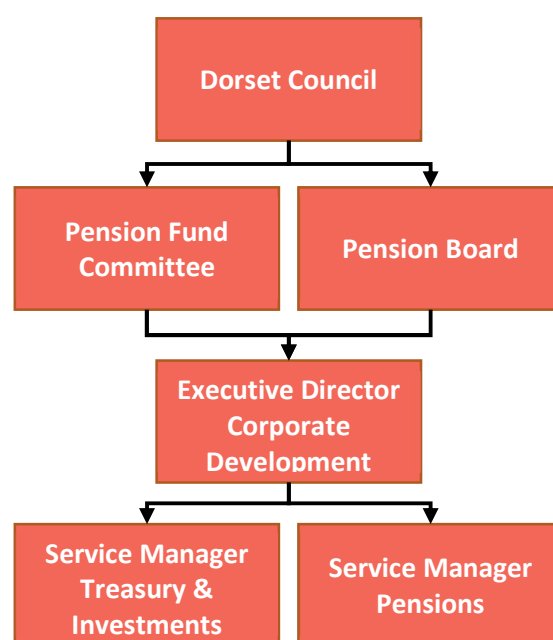
Who runs the Dorset County Pension Fund?

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 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 Director of Resources (Corporate Development S151) of the Council and is responsible for implementing the decisions made by the Committee. This delegation includes managing the Council's functions as administering authority, and the power to seek advice and to devolve day-to-day handling of the Fund's investments to professional advisers within the scope of the Local Government Pension Fund Regulations.

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 Local 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 to March 2026

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.

Pooling Update

In April 2025, the administering authorities of two of the eight LGPS investment pools (Brunel and ACCESS) were instructed by Government to join one of the six other pools. In September 2025, the Committee resolved that the Local Pension Partnership Investments (LPPI) was the preferred pool Dorset wished to work with, alongside five of the other Brunel partner funds plus three existing

LPPI partner funds and in March 2026, the Committee resolved to become a shareholder and client of LPPI. From 1 April 2026, all pension fund investment assets are now under the management of LPPI and the process for winding Brunel has begun.

LPPI has now expanded its partnership with LGPS funds to include nine partner funds, the total assets under management to over £54 billion. The new partner funds are Avon, Cornwall, Devon, Dorset, the Environment Agency and Somerset pension funds, joining the existing three partner funds of Lancashire County Pension Fund, the London Pension Fund Authority, and the Royal County of Berkshire Pension Fund. This expansion is part of the UK government’s “Fit for the Future” process, aiming to enhance the benefits of pooling for members, employers and taxpayers.

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 2026 was £4.5 billion which rose by £464.3 million (11.4%) over the year, compared to the previous year of £4.1 billion. Over the last five years the pension fund's assets have increased by £0.8 billion (22.8%) from £3.7 billion as at 31 March 2022 to £4.5 billion as at 31 March 2026.
- As at 31 March 2026, approximately 86% of the pension fund's assets were under the management of Brunel Pension Partnership. The Dorset assets (14%) 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 2025-26 financial year of 12.1%, 2.9% below the benchmark return of 15.0%.
- The Fund underperformed its benchmark over three years with a performance return of 9.4% against its benchmark of 11.6%. Over five years the performance return was 6.5% against a benchmark of 8.5%.
- The funding position 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 funding position as at 31 March 2025 has been received from Barnett Waddingham and has increased to a funding level of 98% with an improved deficit of £100M. The discount rate is calculated at 5.1%.

- The total number of members in the Fund as at 31 March 2026 was 82,156, which was a decrease of 623 members from the previous year.
- Income from contributions has been increasing over the past five years from £139.8M as at 31 March 2022 to £175.0M as at 31 March 2026, a rise of £35.2M (25.2%). The pension benefit

payments have also been steadily rising over the same period from £133.8M as at 31 March 2022 to £189.5M as at 31 March 2026, a rise of £55.7M (41.6%). These figures show that more pension benefits are being paid out than income from contributions putting a strain on cashflow.

Developments in the Fund in 2025-26



There were some changes to the assets held by the fund during 2025-26.

- In June 2025, the full proceeds of the sale of the Brunel UK Active Fund of £235.1M was transferred to the Brunel UK Passive Fund.
- In March 2026, the sale of the Brunel Emerging Markets Equity Fund of £204,730,649.09 was transitioned. The full proceeds of the sale of the Brunel Emerging Markets Equity Fund of £204.7M was reinvested into Ninety One Funds Series IV Emerging Markets £136.5M (2/3 of net value realised) and Robecco Capital Growth Funds Emerging Markets £68.2M (1/3 of net value realised).
- Throughout 2025-26, there were five separate capital calls relating to the infrastructure manager Stepstone B III. The total amount of all capital calls for the year for Stepstone totalled £13.0M.
- No properties were purchased by Dorset County Pension Fund in 2025-26.
- In May 2025, the abrdn UK Shopping Centre Trust was sold with proceeds of £5,603,940.16 being received.

The report provides further information on these issues, activities and management of the Pension Fund during the year.

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 2025-26 the Fund has five legacy portfolios with external fund managers and had twenty-six investments managed by the Brunel Pension Partnership of which the details are provided below.



Fund Managers	Asset Class	Address
CBRE Investment Management	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	New Clarendon House, 114-116 George Street, Edinburgh EH2 4LH

Brunel Pension Partnership Investment Managers	Asset Class
Capital Dynamics Global Secondary Fund V	Private Equity
Neuberger Berman Private Equity Impact Fund	
Neuberger Berman SCIOF IV	
Neuberger Berman Clifton Fund III	
Ardian LBO Fund	
Vespa Capital III	
Summit Eur Growth EQ III SCSP LP	
Alpinvest Secondaries Fund VII Limited Partnership	
Neuberger Berman Clifton Private Equity IV	
Royal London Mutual Insurance Mutual Fund	
LGIM UK Equity Index (passive)	UK Equities
LGIM Smart Beta Fund	Global Equities
LGIM World Developed Equities Index Fund	
Brunel Global High Alpha Equities	
Brunel Global Sustainable Equities	
Brunel Smaller Companies Equities	
Brunel Low Volatility	
Ninety One Funds Series IV E (Emerging Markets)	
Robeco Capital Growth Funds RO (Emerging Markets)	
CQS Global Funds Mutual Fund	Multi Asset Credit
Oaktree (LUX) III SA SICAV Mutual Fund	
Neuberger Berman Investment Mutual Fund	
M&G Secured Income Property Fund	Property Funds
Brunel Diversifying Returns Fund	Diversified Returns Funds
Greencoats Renewable Income Infrastructure Fund	Infrastructure
STEPSTONE B III	

Other Organisations/Individuals

Service	Name	Address
Actuary	Barnett Waddingham LLP	163 West George Street, Glasgow G2 2JJ
Auditors	Deloitte LLP	2 Glass Wharf, Bristol, BS2 0EL
AVC Providers	Prudential Plc	PO Box 2711, Reading RG1 3UL
Bankers	NatWest - Main Bankers State Street - Banker	76 St Thomas Street, Weymouth, Dorset DT4 8HU 20 Churchill Place, Canary Wharf, London E14 5HJ
Custodian	State Street Global Services	Quartermile 3, 10 Nightingale Way, Edinburgh EH3 9EG
Fund Legal Advisers	Osborne Clarke	Halo Counterslip, Bristol BS1 6AJ
Independent Adviser	Apex Investment Advisers	8 Old Jewry, London EC2R 8DN
Local Government	Brunel Pension Partnership Limited	101 Victoria Street, Bristol BS1 6PU

The Fund Actuary



The Council appointed Fund Actuary is Barnett Waddingham LLP. Each employer who participates in the LGPS is subject to several different actuarial valuations of their pension obligations to ensure benefits under the Scheme are appropriately funded. Employee contributions are fixed by Central Government. 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.

- Development of investment policy and practices.
- 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.

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.

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. The responsibilities include:

- 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.

Treasury Cash Management



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.

There is general treasury management risk for the Fund and its Administering Authority of being

defrauded as a result of employees or counterparties falsifying records to gain access to investment monies. This risk is mitigated through due diligence on investment counterparties prior to setting up on the Fund and the Administering Authority's systems with clear segregation of duties between setting up counterparties and bank details. The Council operates dual authorisation for release of funds to counterparties and separate staff are set up as dealers and authorisers and cannot perform both tasks. There is regular management

review/oversight of activity with documented procedures and training for relevant staff.

Membership Bodies



The Fund is a member of the following bodies:

- CIPFA Pensions Network
- LAPFF
- Local Authority Performance Analytics.

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

Director - Resources

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 2025-26 there were no employers who regularly paid their contributions late.

Cleverchefs Ltd, who had two admitted body contracts in the scheme, entered administration in November 2025. Outstanding contributions relating to both contracts totalled £34,862.88. Discussions with the Administrators and transferring employers were ongoing for the recovery of the unpaid contributions.

Analysis of Pension Overpayments

There was a total of £142,854.11 pension overpayments in 2025-26. As at 31 March 2026, £19,898.72 of this had been recovered and £122,955.39 remained outstanding.

No amounts had been written off during the year.

Key Financial Variables

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

		2021-22	2022-23	2023-24	2024-25	2025-26
		£'M	£'M	£'M	£'M	£'M
Contributions and Benefits	Contributions & Transfers In	162.3	147.2	172.7	197.6	193.5
	Contributions receivable	139.8	141.5	156.9	174.6	175.0
	Transfer in from other pension funds	22.5	5.7	15.9	23.0	18.5
	Benefits paid and Transfers out	-139.3	-148.0	-172.2	-209.5	-208.8
	Benefits payable	-133.7	-141.3	-159.3	-181.8	-189.5
	Payment to and on account of leavers	-5.6	-6.7	-12.9	-27.6	-19.3
	Management Expenses	-15.5	-17.9	-21.0	-22.2	-26.8
	Net additions (withdrawals) including Fund management expenses	7.5	-18.7	-20.4	-34.1	-42.1
Return on Investments	Net return on investments	345.4	-163.1	418.1	199.7	506.5
	Investment income	16.2	19.5	18.5	21.9	23.2
	Profit (loss) on disposal investments and changes in the value of investments	329.2	-182.6	399.6	177.8	483.3
	Net return on investments	345.4	-163.1	418.1	199.7	506.5
Net increase (decrease) in assets available for benefits during the year		352.8	-181.8	397.7	165.7	464.4

Pension Fund Budget

In their audit findings report for the year ended 31 March 2025, Dorset Council's independent auditor, Grant Thornton recommended that a budget for fund account items is developed and reported against throughout the year.

The budget for 2026-27 is summarised below for approval. In future years budgets will come

forward for approval in the last quarterly meeting of the preceding year - for example, approval for the budget for 2027-28 will be sought at the meeting of the Committee in March 2027.

Forecast outturn against the budget will be reported at subsequent meetings.

FUND ACCOUNT	2024/25 Actual £000s	2025/26 Forecast £000s	2026/27 Budget £000s	2026/27 Forecast £000s
Dealings with members, employers and others directly involved in the Fund				
1 Employer contributions	138,248	136,925	139,000	139,000
2 Member contributions	36,372	38,106	40,000	40,000
Total contributions	174,620	175,031	179,000	179,000
3 Transfers in from other pension funds	22,951	18,485	20,000	20,000
Total additions from dealing with members etc	197,571	193,516	199,000	199,000
4 Pensions	-147,340	-155,195	-161,000	-161,000
3 Commutation and lump sum retirement benefits	-31,218	-29,550	-30,000	-30,000
3 Lump sum death benefits	-3,272	-4,774	-5,000	-5,000
Total benefits	-181,830	-189,519	-196,000	-196,000
3 Refunds of contributions	-508	-620	-1,000	-1,000
3 Transfers to other pension funds	-27,123	-18,693	-20,000	-20,000
Total payments to and on account of leavers	-27,631	-19,313	-21,000	-21,000
Net additions/(withdrawals) from dealings with members and others	-11,890	-15,316	-18,000	-18,000
5 Management expenses	-22,204	-26,785	-28,000	-28,000
5 Investment income	21,937	23,153	24,000	24,000
Net additions/(withdrawals) from the Fund	-12,157	-18,948	-22,000	-22,000

Key assumptions from 2025 actuarial valuation

a Salary increases p.a.	3.7%
b Employer contribution rate increase/(decrease) p.a.	-1.9%
c Discount rate (expected return on investments) p.a.	5.1%

Explanatory Notes

- 1 Increased by expected salary increases (a) and reduced by contribution rate reductions (b).
- 2 Increased by expected salary increases (a).
- 3 Assumed to be broadly unchanged from previous years.
- 4 Increased by expected salary increases (a).
- 5 Increased by discount rate (c) as expected to increase in line with asset values.

Risk Management

The risk appetite shows how much risk Dorset Pension Fund are willing to accept to achieve the outcomes. Good risk management ensures well informed decisions and understands those associated risks. By ensuring that response to risks is best placed to achieve the priorities as set out in the Council Plan.

Effective risk management considers not just threats but also opportunities. Directorates are encouraged to manage their risks, and the consideration on options that seek to achieve a balance between caution and innovation.

The risk appetite reflects the approach to the encouragement of managed risk for minor to moderate level risks. The approach to risk will change over time depending on priorities and the environment in which the pension fund works.

Beyond the risk appetite is risk tolerance. This sets the level of risk that is unacceptable, whatever opportunities might follow. In such instances the aim will be to reduce the risk to a level that is within appetite. The risk appetite and tolerance are illustrated in the risk ranking matrix. Efforts have been made to make the approach clear, understandable, and flexible to change to 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 risks are monitored. 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	17/06/2026	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	17/06/2026	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	17/06/2026	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	17/06/2026	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)	17/06/2026	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)	17/06/2026	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	17/06/2026	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	17/06/2026	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	17/06/2026	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.	17/06/2026	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.	17/06/2026	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.	17/06/2026	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 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	Administration	Failure to meet Service Standards.	17/06/2026	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	17/06/2026	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.	17/06/2026	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.	17/06/2026	1	2	2	Low	Reviewed. No change in risk or procedures. Comment updated	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. 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. Update 24/09/24: ISP provider is Heywood. The Fund has successfully onboarded to the Live Eco System and registered with the PDP. We will be compliant with the 31.10.2025 deadline.	Pensions Manager	No Change
ad12	Administration	McCloud - not ready to deal with resulting work from remedy.	17/06/2026	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

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
Ad13	Administration	Death Grant Payment	17/06/2026	2	3	6	Medium	Reviewed. No change in risk.	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
Ad14	Administration	Payroll Migration	17/06/2026	3	2	6	Medium	Reviewed. No change in risk.	The functionality of CIVICA's Payroll System is inadequate for the Fund currently. The fund has approached Dorset Council to continue with the delivery of Pensions Payroll function. Dorset Council's ERP system will be unsupported in January 2027 resulting in procurement to tender for an ERP System. This has been carried out, and Dorset Council have awarded the ERP contract to Oracle. The Fund is waiting for Dorset Council to confirm if they will offer a pensions payroll to the Fund. If Dorset Council are unable to provide the pensions payroll, the Fund will need to reconsider migrating to CIVICA's payroll module with agreed development requirements.	Pensions Manager	No Change
Wf1	Workforce	Health and safety of staff	17/06/2026	1	2	2	Low	Reviewed. No change in risk or procedures.	Workstation 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.	17/06/2026	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

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
Wf3	Workforce	Failure to maintain the balance between workload and staff capacity	17/06/2026	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	17/06/2026	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	17/06/2026	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
Ot3	Other	Secure management and handling of confidential and/or personal information	17/06/2026	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	17/06/2026	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 pension's knowledge within each employer. New employers fail to understand their responsibilities within the Fund and LGPS in general	17/06/2026	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

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
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.	17/06/2026	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 factsheets, leaflets and booklets enclosed with pension documentation. Dedicated helpline and website providing further information.	Communications & Employer Relations Manager	No Change
Co3	Communications	Pension Fund does not reach the target audience and full exposure of information is not achieved.	17/06/2026	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.	17/06/2026	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.	17/06/2026	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

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
Fu1	Funding	Inability or refusal of an employer to pay cessation valuation.	17/06/2026	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 debt 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 and/or board members, or insufficient knowledge of regulations, guidance and best practice to make good decisions.	17/06/2026	1	2	2	Low	Reviewed. No change in risk or procedures.	Mandatory board member training plan in place. Training available for committee members, but not mandatory. Training policy has been produced. Monitoring of board member attendance in place to ensure regular attendance. Regular external training events publicised.	Fund Administrator	No Change
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.	17/06/2026	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 and Board members have undisclosed conflicts of interest.	17/06/2026	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.	Fund Administrator	No Change
Go4	Governance	Decisions are not implemented properly.	17/06/2026	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

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
Go5	Governance	Lack of mechanisms and policies for communicating with Scheme members and employers means that decisions are not available for scrutiny.	17/06/2026	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
It1	IT Systems	Pension Administration system is not adequate to deliver complex historical pension calculations or implement new scheme changes.	17/06/2026	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.	17/06/2026	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.	17/06/2026	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.	17/06/2026	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.	17/06/2026	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

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
Le3	Legislation	Lack of resource and/or skills to effectively communicate Scheme changes with members and employers.	17/06/2026	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
Se1	Security	Non-Compliance with GDPR	17/06/2026	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.	17/06/2026	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	17/06/2026	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.	17/06/2026	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

Ref	Risk Area	Risk Title	Last Reviewed	Impact	Likelihood	Risk Score	Risk Rating	Management Update	List of Existing Controls	Risk Owner	Status
Se5	Security	Fraud by staff.	17/06/2026	2	2	4	Low	Reviewed. No change in risk, but update to controls.	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. June 2026: Bank verification has been introduced which checks the sort code, bank account number, and account name to confirm the bank details are correct. Currently used for refunds but will be extended to other payment processes once Single Payment is introduced.	Pensions Manager	Change to existing controls

Investment Performance

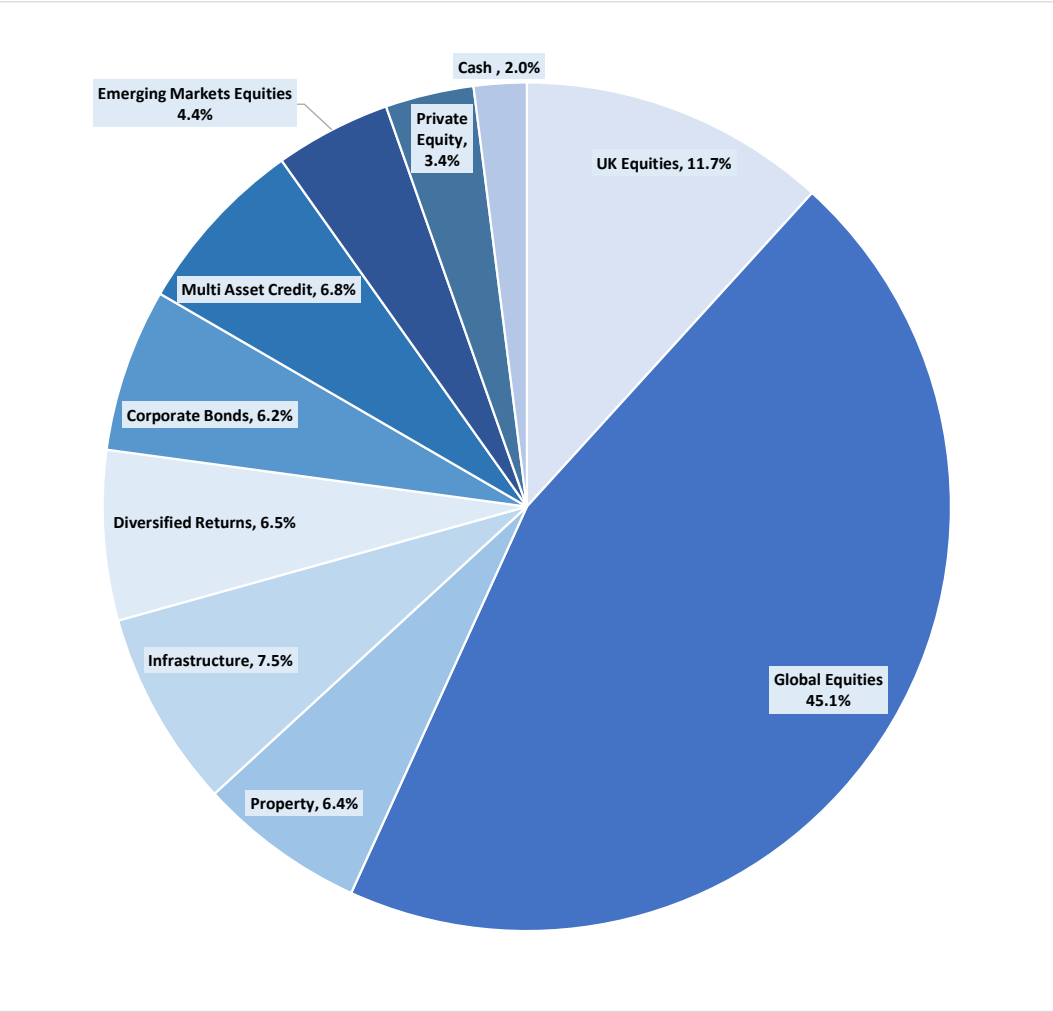
Fund Information



£464.3M	£4.5Bn	11.4%	12.1%	2.9%
Total Investments Assets Increase	Total Investment Assets	Investment Assets Increase	Total Annual Return	Underperformed Annual Benchmark

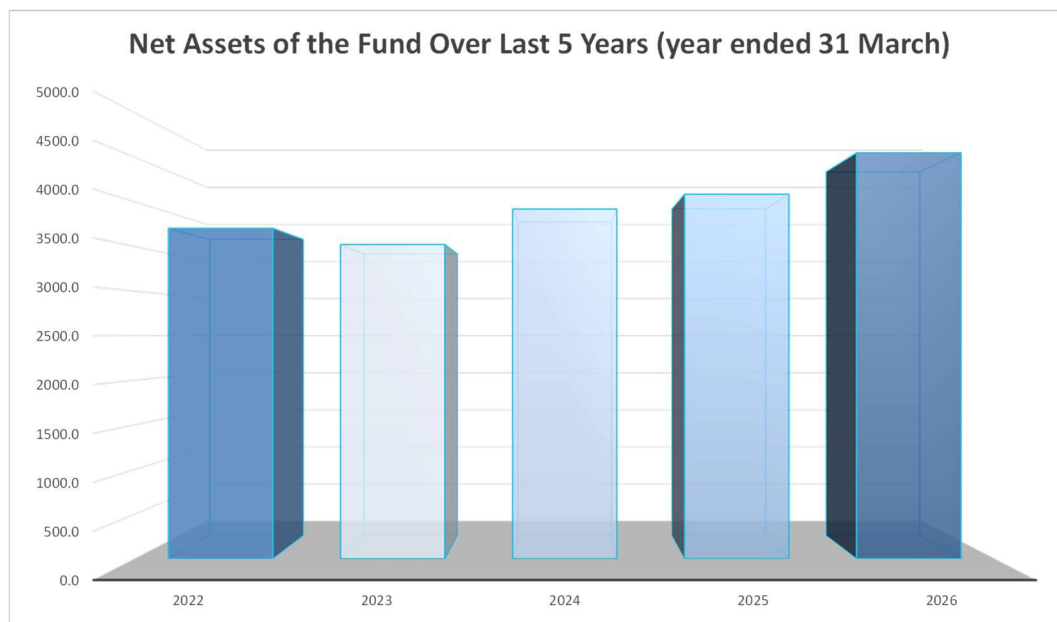
Total Asset Distribution at 31 March 2026

The total asset distribution of the Dorset County Pension Fund at 31 March 2026 is shown in the chart below. These allocations are within the agreed targets.



Net Assets of the Fund (year ended 31 March)

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



Asset Allocation

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

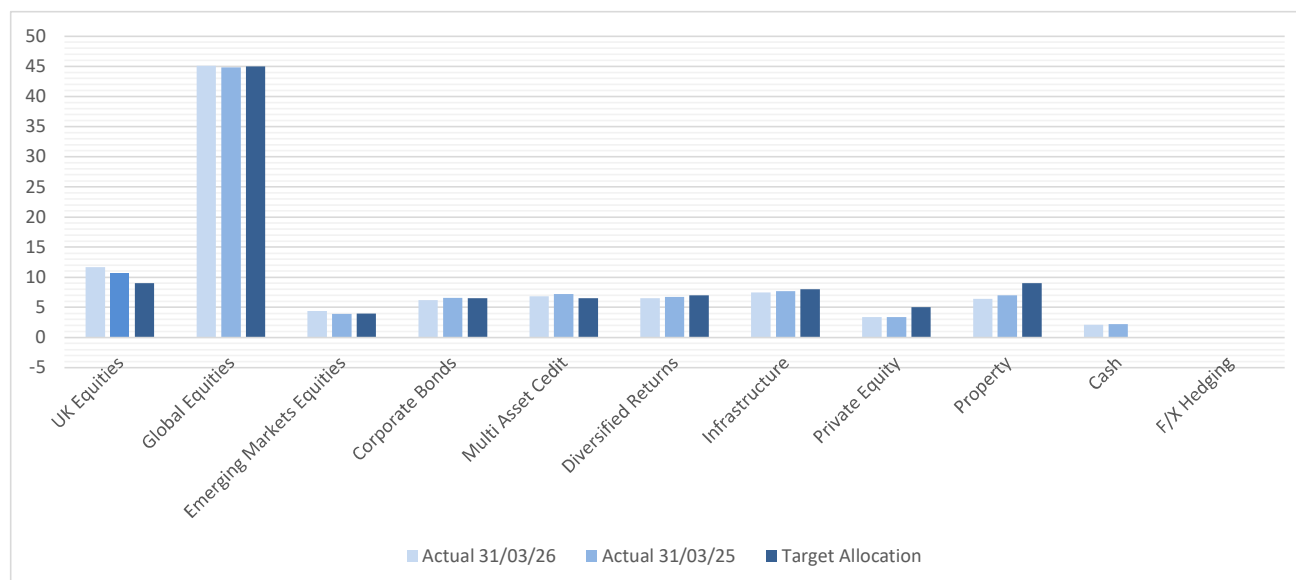
The main requirement in managing the Fund is to ensure adequate diversification of its assets over different asset classes. The correct balance must

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-25		31-Mar-26		Target Allocation	
	£M	%	£M	%	£M	%
UK Equities	436.1	10.7	532.6	11.7	408.3	9.0
Global Equities	1,822.6	44.8	2,044.0	45.1	2,041.5	45.0
Emerging Markets Equities	157.2	3.9	200.7	4.4	181.5	4.0
Total Listed Equities	2,415.9	59.3	2,777.3	61.2	2,631.3	58.0
Corporate Bonds	267.1	6.6	282.3	6.2	294.9	6.5
Multi Asset Credit	292.4	7.2	309.4	6.8	294.9	6.5
Diversified Returns	270.7	6.7	293.8	6.5	317.6	7.0
Infrastructure	312.7	7.7	340.6	7.5	362.9	8.0
Private Equity	137.2	3.4	153.1	3.4	226.8	5.0
Property	285.0	7.0	289.2	6.4	408.3	9.0
Cash	88.8	2.2	95.6	2.1	0.0	0.0
F/X Hedging	0.8	0.0	-4.6	-0.1	0.0	0.0
Total Asset Valuation	4,070.6	100.0	4,536.7	100.0	4,536.7	100.0

The Asset Valuation by Asset Class of the portfolio is shown in the diagram below at 31 March 2026

and 31 March 2025 alongside the Target Allocation.



There was no target allocation for Cash as at 31 March 2026.

F/X Hedging was -0.1% on 31 March 2026. There was no target allocation for F/X Hedging as 31 March 2026.

Investment Managers

The investment managers and their appointed portfolios are shown below, with the figures showing the percentage of the Fund's Investment

Assets that each manager is responsible for based on market values at 31 March 2026.

Manager	Asset Class	£M	%
Brunel	Global Equities	2,244.7	49.5
Brunel	UK Equities	532.7	11.7
Brunel	Multi Asset Credit	309.4	6.8
Brunel	Diversifying Returns Fund	293.8	6.5
Brunel	Corporate Bonds	282.3	6.2
CBRE Investment Management	Property/Property Funds	258.2	5.7
IFM	Infrastructure	191.0	4.2
Brunel	Private Equity	97.5	2.1
Cash & Cash Equivalents	Cash & Cash Equivalents/Interest Receivables	95.6	2.1
Federated Hermes	Infrastructure	77.4	1.7
Brunel	Infrastructure	72.1	1.6
HarbourVest	Private Equity	52.8	1.2
Brunel	Property Funds	31.1	0.7
Patria	Private Equity	2.8	0.1
Derivatives	Derivatives	-4.6	-0.1
Total Assets		4,536.7	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.

The table below 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.

	Dorset 1 year %	Benchmark %	Dorset 3 year %	Benchmark %	Dorset 5 year %	Benchmark %
UK Equities						
Brunel Passive UK Equities	21.5	21.5	13.3	13.3	11.2	11.1
Global Equities						
Brunel Global High Alpha Equity	7.3	16.9	9.2	14.8	7.3	11.8
Brunel Global Sustainable Equities	7.6	18.0	5.8	14.6	4.9	11.0
Brunel Low Volatility Global Equity	15.4	18.0	N/A	N/A	N/A	N/A
Brunel Passive Developed Equities	17.8	18.0	14.8	15.0	11.5	11.7
Brunel Passive Developed Equities Hedged	19.9	20.2	17.6	17.9	11.1	11.3
Brunel Passive Smart Beta	12.9	12.3	11.3	10.8	10.0	9.5
Brunel Passive Smart Beta Hedged	14.8	14.2	14.0	13.5	9.6	9.1
Brunel Smaller Companies Equities	11.9	24.1	5.3	11.5	3.0	7.0
Corporate Bonds						
Brunel Sterling Corporate Bonds	5.7	4.4	6.2	4.3	N/A	N/A
Multi Asset Credit						
Brunel Multi Asset Credit	5.8	8.3	8.6	8.9	N/A	N/A
Private Equity						
Brunel Private Equity - Cycle 1	11.9	18.0	8.9	14.6	17.9	11.0
Brunel Private Equity - Cycle 3	11.1	18.0	N/A	N/A	N/A	N/A
Brunel Private Equity - Cycle 4	19.3	18.0	N/A	N/A	N/A	N/A
HarbourVest	12.5	21.5	4.0	13.3	14.4	11.1
Patria	-11.4	21.5	-4.3	13.3	4.8	11.1
Property						
CBRE Investment Management	6.3	5.4	4.4	3.4	3.6	2.9
Property Funds						
Brunel Secured Income - Cycle 1	4.5	3.3	1.7	3.0	0.8	5.2
Brunel Secured Income - Cycle 3	4.1	3.3	N/A	N/A	N/A	N/A
Infrastructure						
Brunel Infrastructure - Cycle 3	9.7	3.3	5.6	3.0	N/A	N/A
Federated Hermes Fund	6.5	10.0	-1.3	10.0	2.7	10.0
IFM Fund	11.6	10.0	7.4	10.0	12.2	10.0
Diversified Returns Fund						
Brunel Diversifying Returns Fund	8.5	7.2	7.5	7.8	5.3	6.4
Overall Fund Return	12.1	15.0	9.4	11.6	6.5	8.5

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

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

The overall performance of the Pension Fund's investments to 31 March 2026 is summarised below (returns for three and five years are annualised figures). Performance of the Pension Fund's investments to 31 March 2026 is summarised below (returns for three and five years are annualised figures).

Rates of Return - One Year Summary

During the year, the Fund underperformed its bespoke benchmark with a return of 12.1% compared to a benchmark of 15.0%. Positives to performance have been attributable to the Brunel Infrastructure Cycle 3 Fund (+6.4%), the Brunel Sterling Corporate Bonds and the Brunel Private Equity Cycle 4 Fund (both +1.3%).

The detractors to performance were the Private Equity manager Patria (-32.9%), the Brunel Smaller Companies Equities whose return was 11.9%, (12.2% below their benchmark of 24.1%), the Brunel Global Sustainable Equity Fund 10.4% below their benchmark and the Brunel Global High Alpha Fund 9.6% below their benchmark.

Rates of Return - Three-Year Summary

Over the three-year period, the Fund returned 9.4% against its bespoke benchmark of 11.6%. Positives to performance have been attributable to the Brunel Infrastructure Cycle 3 Fund (+2.6%),

performance of each manager measured against their benchmark and target. Information on returns is currently provided by State Street.

the Brunel Sterling Corporate Bonds (+1.9%) and the Property manager CBRE (+1.0%).

The main detractors to performance were the Private Equity manager Patria (-17.6%), the Infrastructure manager Federated Hermes (-11.3%), Private Equity manager HarbourVest (-9.3%), the Brunel Global Sustainable Equity Fund (-8.8%) and the Brunel Smaller Companies Equities Fund (-6.2%).

Rates of Return - Five-Year Summary

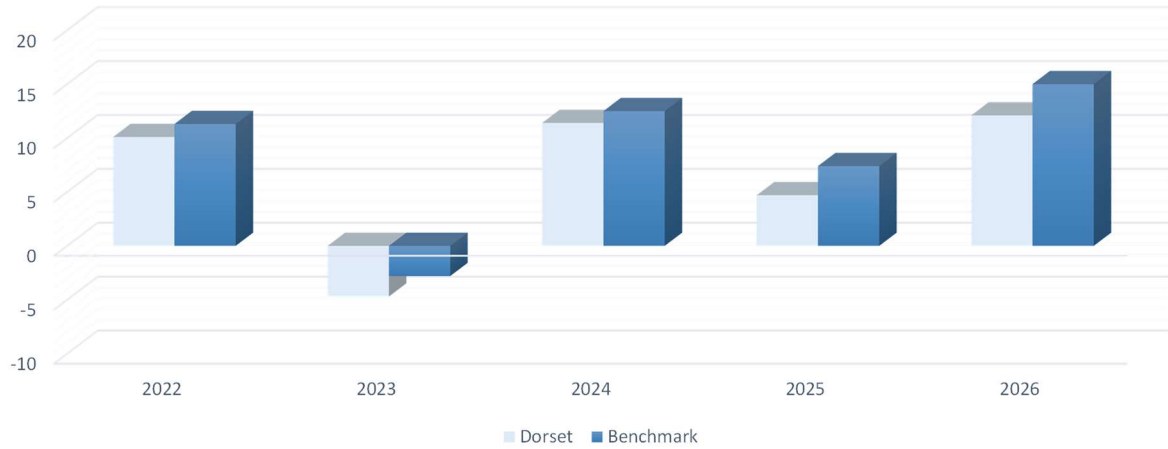
Over the five-year period, the Fund underperformed its benchmark with a return of 6.5% compared to a benchmark of 8.5%. Positives to performance were the Brunel Private Equity Cycle 1 Fund (+6.9), HarbourVest (+3.3%) and Infrastructure manager IFM (+2.2%).

The detractors to performance were Federated Hermes who underperformed their benchmark by 7.3%, Patria who underperformed their benchmark by 6.3% and the Brunel Global Sustainable Equity Fund (-6.1%).

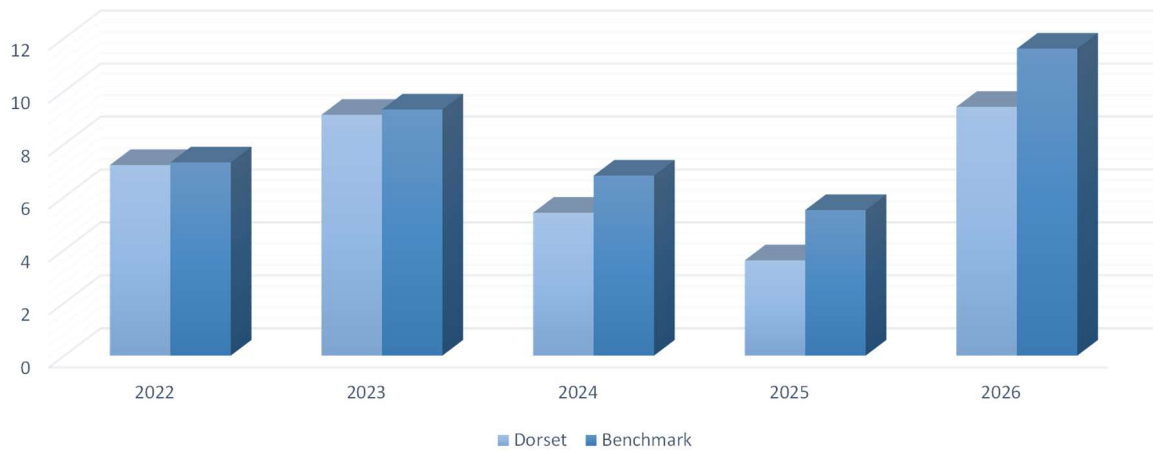
Total Returns Achieved for Annual, Three and Five Years

The charts on page 35 show the total annual, three and five year returns of the Fund compared with its benchmark for each of the last five years at 31 March.

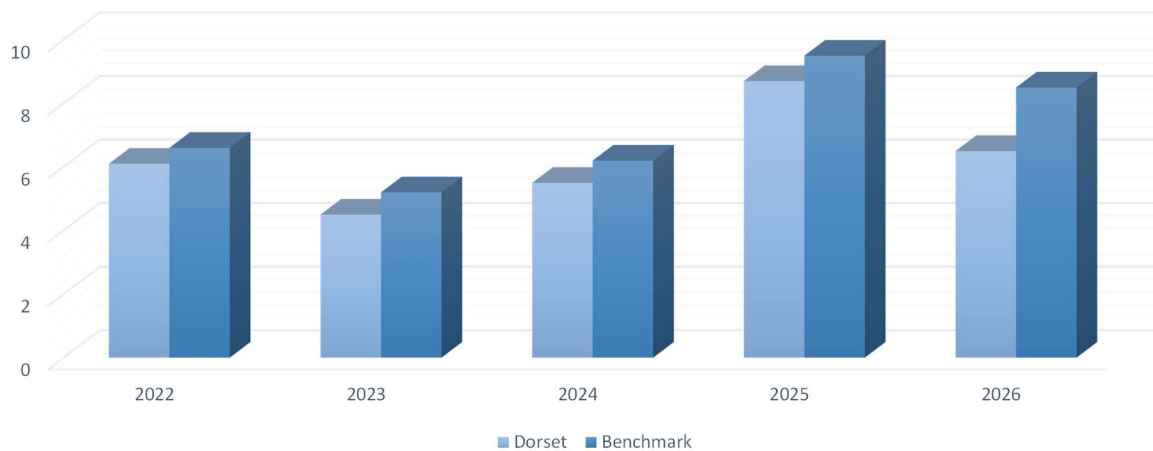
Total Annual Returns % (Year Ending 31 March)



Total Three Year Returns % (Year Ending 31 March)



Total Five Year Returns % (Year Ending 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, their mandate, their respective benchmarks and their date of inception.

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	2022
		Overall Total Return Index	
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	Diversifying Returns Fund	SONIA	2020
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 - Ninety One & Rebeco	Emerging Markets	MSCI EM TR Gross	2026
Brunel - Tutman	Low Volatility Global Equity	MSCI AC World Index	2024
CBRE	Property	MSCI Quarterly Universe	2000
Federated Hermes	Infrastructure	10% Absolute Return	2014
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 31 March 2026.

Security Name	Market Value £	% of Pension Fund
Ninety One	132,640,927.05	2.92
Robeco	68,059,686.05	1.50
AstraZeneca Plc	48,348,937.23	1.07
Nvidia Corporation	45,007,707.44	0.99
Shell Plc	43,910,164.78	0.97
HSBC Holdings Plc	43,234,677.14	0.95
Alphabet Inc.	37,922,853.57	0.84
Microsoft Corporation	36,229,805.50	0.80
Apple Inc.	30,439,841.13	0.67
Unilever Plc	22,230,406.51	0.49

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

Stewardship and Climate Metrics

Weighted Average Carbon Intensity (WACI) is a metric that quantifies the carbon emissions of companies within an investment portfolio relative to their revenue, weighted by the proportion of the portfolio invested in each company. It

provides investors with a standardized way to assess how exposed their portfolio is to carbon-intensive companies and to track progress toward decarbonization goals.

Portfolio	WACI		Total Extractive Exposure		Extractive Industries (VOH) ²	
	2024 Q4	2025 Q4	2025 Q4	2026 Q1	2025 Q4	2026 Q1
Global High Alpha Equities	91	160	1.1	1.3	1.6	3.9
MSCI World*	161	164	3.0	2.9	7.1	8.8
Global Sustainable equities	200	238	1.3	1.4	6.1	7.9
MSCI ACWI*	190	193	3.0	3.0	7.1	8.6
Emerging Markets Equity	164	163	0.1	0.1	2.7	2.5
MSCI Emerging Markets*	459	425	5.2	4.3	6.4	7.0
Global Small Cap Equities	154	150	0.9	0.9	1.1	1.4
MSCI Small Cap World*	239	271	3.0	2.9	5.3	6.5
Low Volatility Globl Equities	107	107	0.5	0.8	2.8	3.4
MSCI ACWI*	190	193	3.0	3.0	7.1	8.6
PAB Passive Global Equities	115	117	0.7	0.7	3.7	4.4
FTSE Dev World TR UKPD*	165	168	3.0	3.0	7.4	8.9
PAB Passive Global Equities (Hedged)	115	117	0.7	0.7	3.7	4.4
CTB Passive Global Equities	141	140	1.1	1.1	5.1	5.9
CTB Passive Global Equities (Hedged)	141	140	1.1	1.1	5.1	5.9
FTSE Dev World TR UKPD*	165	168	3.0	3.0	7.4	8.9
Passive Developed Equities	165	168	2.8	2.7	7.3	8.9
Passive Developed Equities (Hedged)	165	168	2.8	2.7	7.3	8.9
Passive UK Equities	156	156	5.1	4.9	15.5	18.7
Passive Smart Beta	316	341	3.0	2.9	11.9	14.1
Passive Smart Beta (Hedged)	316	341	3.0	2.9	11.9	14.1

*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.

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, as at 31 March 2025, over 6.8 million members, assets of £402bn, over 18,000 employers participating in the scheme and 15,704 active employers.

The Scheme is regulated by statute through the Department for Ministry of Housing, Communities and Local Government. 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.

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 and 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 Dorset County Pension Fund (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 is payable.
- 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 £9,054 or they can pay into an Additional Voluntary Contribution (AVC) plan.
- Employers can grant extra pension of up to £9,054.
- Trivial pensions may be commuted into a single lump sum payment in accordance with HMRC rules.

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. The DCPF provides an employer specific website to provide support to employers <https://dcpfemployers.org>.

Employer meetings, (Pension Liaison Officers Group – PLOG), are held 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. The vision is to administer the DCPF successfully, in a cost-effective way, whilst meeting member expectations, and ensuring all 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.

To ensure the effectiveness of the Pension Fund the administration service is monitored and reviewed through external and internal audits. The Pension Fund continues to invest in new technology and staff training to ensure a high-quality service is provided to scheme employers and their scheme members.

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 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.



Key Performance Indicators

Key Performance Indicators (KPIs) are annual measures that enable tracking of performance of prioritised activities, and adjust as necessary, within any given year. KPIs are an important part of the annual reporting procedure.

the legal timescales, the number of tasks completed in each work area, plus the percentage completed within the target time. This represents a section of work only; it does not cover all work areas.

The table below shows a summary of the main tasks, the local target for completion, (Fund KPIs),

Process	Fund KPI's	Number of Cases Completed On Time or Early	Performance %
Deaths - Calculate and notify amount of dependent's benefit	15 Days	363	96.14
Estimates - Letter notifying estimate of retirement benefits	15 Days	1,062	99.44
Retirements - Process and pay lump sum retirement grant (including all retirement types)	10 Days	1,908	98.32
Deferment - Calculate and notify deferred benefits	40 Days	4,144	86.49
Transfers in - Letter detailing transfer in quote	15 Days	105	99.05
Refund - Process and pay a refund	15 Days	616	100.00
Joiners - Send notification of joining the LGPS to scheme member	30 Days	5,350	99.96
Divorce - estimates for divorce purposes processed	15 Days	207	100.00
General Correspondence	15 Days	5,461	97.55
Total		19,216	96.10

Communications and Member Engagement

In 2018, the DCPF has an online member self-service portal, which enables active, deferred and pensioner members the option to change basic details, such as address, run through benefit calculations, upload documents and also receive communications.

Active and deferred members, can perform their own benefit calculations from the data held on the member's pension record, enabling members to actively plan for retirement. Members can view and update personal details, which includes changing death grant expression of wish.

Members can register on 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.

Triennial Valuation

The current rates payable were set at the 2022 valuation and are effective from 1 April 2023 to 31 March 2026; rates for each employer for the three years can be found in the 2022 Valuation document.

Employer contribution rates are individual to each employer and are certified by the Fund Actuary Barnett Waddingham LLP after agreeing assumptions with Dorset County Pension Fund. The rates are reviewed at each triennial valuation, although inter-valuation contribution reviews can be requested by both employers and the administering authority.

Every three years the Fund commissions a formal valuation from 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.

The results of the latest triennial valuation, as at 31 March 2025, of the pension fund's assets and liabilities has been published. This estimated that at 31 March 2025 the fund had assets sufficient to cover 98% of its accrued liabilities, an improvement from 96% at the 31 March 2022 valuation.

Scheme Membership

Membership

The Fund was established in 1974 to cover the future pension entitlement of all eligible employees of the County Council and former District Councils. The Fund excludes provision for teachers, police officers and fire-fighters, for whom separate arrangements exist. A number of other bodies also participate in the Scheme. These include Parish and Town Councils, Further and Higher Education Establishments, Academies and Schools, Police and Fire Authorities (non-uniformed staff only) and Admitted Bodies. Admission Bodies are those which are able to apply for membership of the Scheme under the Regulations, or in some circumstances have an automatic right to participate in the Scheme provided they meet certain criteria under the

Regulations. If the Pension Fund Committee agrees to the application, or the organisation meets the criteria giving them the automatic right to participate in the Scheme, an Admission Agreement is drawn up admitting the body into the Scheme.

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 2025-26 are set out in the table on page 44.

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 46-51.

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.

Timeliness of contributions

The LGPS regulations specify that contributions must be received by the fund by the 22nd of the following month. All employer contributions due

for 2025-26 have been received. The last contribution payment was received on 28 April 2026 from an Admitted Body with a small active membership. A total of £21,030.64 was paid late in 2025-26 which was 0.02% of the total employer contributions received. Receipt of contributions is reviewed monthly to determine if any action is required. The Fund Administrator and the Service Managers for Treasury and Investments and Pensions are notified of any non-payments. There were twenty instances of late payments, but no late payment interest was charged due to the amounts being insignificant.

Employees Contributions

Employee contributions are set at a national level and are adjusted on 1 April each year in line with any increase to the CPI. An individual's contribution rate is determined by their pensionable pay. Since 1 April 2014 pensionable pay includes all actual pay, including contractual and non-contractual overtime, and any other emoluments deemed as pensionable. The total pensionable pay will fall into one of nine bands and corresponding contribution rates. Scheme employers are responsible for determining the band for each employee. Employers must review contribution rates when any material change to a member's pay occurs, and at least once a year. Contributions are deducted directly from an employee's salary before tax is deducted and therefore benefit from tax relief.

Employees' contributions in the LGPS are payable based on a banded system of rates linked to pensionable pay. The 2025-2026 employee contribution bandings within the main and 50/50 sections of the LGPS have been confirmed and are detailed below; these are determined by the Government and not within the control of the DCPF or its employers.

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 2025 until 31 March 2026 (inclusive).

LGPS Contribution Bands 2025-26			
Band	Pay Bands: Actual Pensionable Pay	Contribution Rate Main Scheme %	Contribution rate 50/50 Scheme %
1	Up to £17,800	5.50	2.75
2	£17,801 to £28,000	5.80	2.90
3	£28,001 to £45,600	6.50	3.25
4	£45,601 to £57,700	6.80	3.40
5	£57,701 to £81,000	8.50	4.25
6	£81,001 to £114,800	9.90	4.95
7	£114,801 to £135,300	10.50	5.25
8	£135,301 to £203,000	11.40	5.70
9	£203,001 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 below shows the rate of increases that have applied for the last ten years.

Year Beginning April	Rate of Increase %	Index
2026	3.8	CPI
2025	1.7	CPI
2024	6.7	CPI
2023	10.1	CPI
2022	3.1	CPI
2021	0.7	CPI
2020	1.7	CPI
2019	2.4	CPI
2018	3.0	CPI
2017	1.0	CPI

Participating Employers of the Fund

At 31 March 2026 there were 361 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 2026

there were 30 Admitted Bodies with active members participating in the Scheme.

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 the website, regular training is provided to assist employers in understanding their role and responsibilities, and in completing the data returns required. All employers are all required to use the employer portal, which enables notifications and data to be exchanged securely. This system links directly to the pension administration system.

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 .

Employer Contribution Information – Year Ended 31 March 2026

The tables below show the Scheduled Bodies, Resolution Bodies and Admitted Bodies information as at 31 March 2026.

The following tables show the employers participating in the Dorset County Pension Fund as at 31 March 2026. The contribution rates shown are the percentage of its employees' pensionable pay that each employer paid into the fund during 2025-26 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 their employees during the year are also shown.

Scheduled Bodies	Number of Active Members	Number of Pensioners or Beneficiary	Number of Deferred Members	Employer Contribution Rate Paid %	Employer Contributions £	Employee Contribution Rate Paid %	Employee Contributions £
Principal Councils							
BCP Council	5,092	8,011	6,276	19.0	35,456,934.12	6.4	10,551,779.87
Dorset Council	6,184	12,606	9,618	19.1	40,341,515.12	6.5	11,169,148.70

Scheduled Bodies	Number of Active Members	Number of Pensioners or Beneficiary	Number of Deferred Members	Employer Contribution Rate Paid %	Employer Contributions £	Employee Contribution Rate Paid %	Employee Contributions £
Further and Higher Education Establishments							
Bournemouth University	907	829	1,413	21.0	8,482,412.36	6.8	9,628.81
Arts University Bournemouth	286	124	286	17.0	1,987,639.04	6.4	618,181.46
Bournemouth And Poole College	201	537	629	24.0	1,388,488.14	6.4	2,484,846.25
Coastland College	386	483	674	15.9	1,555,973.27	6.0	442,415.91

Scheduled Bodies	Number of Active Members	Number of Pensioners or Beneficiary	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	10,444.30	6.2	2,928.62
Bere Regis Parish Council	1	0	0	22.0	3,180.70	5.5	795.14
Blandford Town Council	15	16	9	22.0	92,479.94	6.3	26,354.62
Bothenhampston & 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	29	12	13	22.0	137,409.00	6.2	38,094.13
Broadwindsor Group Parish Council (1)	0	0	1	N/A	2,267.80	5.5	566.96
Charminster Parish Council	3	0	0	22.0	4,970.79	5.5	1,235.05
Chesil Bank Parish Council	1	0	0	22.0	2,745.33	5.5	686.36
Chickerell Town Council	7	0	0	22.0	37,179.51	6.3	6,235.43
Christchurch Town Council	11	2	0	22.0	66,737.41	7.0	21,219.69
Colehill Town Council	2	2	2	22.0	13,780.43	6.4	3,987.25
Corfe Mullen Town Council	9	7	2	22.0	52,407.28	6.3	14,950.52
Crossways Parish Council	1	0	1	22.0	5,234.52	5.8	1,380.00
Dorchester Town Council	25	26	10	22.0	154,336.06	6.4	45,023.42
East Stoke Parish Council	1	0	0	22.0	841.77	5.5	210.44
Ferndown Town Council	15	9	1	22.0	88,037.09	6.4	26,105.38
Frome Valley Parish Council (2)	0	0	0	22.0	670.06	5.5	157.55
Gillingham Town Council	16	8	10	22.0	105,572.02	6.3	30,177.03
Highcliffe & Walkford Parish Council	3	0	0	22.0	5,151.47	5.7	1,338.36
Knightsford Parish Council	1	0	0	22.0	2,945.88	5.5	736.44
Lower Winterborne Parish Council	1	0	0	22.0	1,813.53	5.5	453.41
Lyme Regis Town Council	20	22	12	22.0	152,999.88	6.1	43,035.77
Lytchett Matravers Parish Council	1	1	0	22.0	6,085.80	5.8	1,604.57
Lytchett Minster And Upton Town Council	7	5	0	22.0	44,611.22	6.4	13,042.67
Maiden Newton & Frome Vauchurch Parish Council	1	0	0	22.0	2,593.53	5.5	648.41
Milborne St Andrews Parish Council	0	1	0	N/A	0.00	N/A	0.00
Orchards And Margaret Marsh Parish Council	1	0	0	22.0	131.19	5.5	32.79
Portland Town Council	9	6	3	22.0	47,340.11	6.2	13,348.77
Puddletown Area Parish Council	0	1	1	N/A	0.00	N/A	0.00
Shaftesbury Town Council	9	8	13	22.0	47,370.98	6.1	13,235.88
Sherborne Town Council	20	20	8	22.0	115,217.52	6.4	33,403.17
St Leonards Parish Council	2	1	0	22.0	8,731.61	6.2	2,472.24
Stalbridge Town Council	1	0	0	22.0	4,642.33	5.8	1,223.87
Sturminster Marshall Parish Council	1	0	0	22.0	3,769.90	5.5	942.50
Sturminster Newton Parish Council	0	2	0	N/A	0.00	N/A	0.00
Swanage Town Council	37	73	34	22.0	218,391.47	5.8	57,512.96
Toller Porcorum Parish Council	1	0	0	22.0	622.85	5.5	155.71
Verwood Town Council	5	2	1	22.0	31,121.63	7.1	10,049.51
Wareham St Martin Parish Council	0	1	0	N/A	0.00	N/A	0.00
Wareham Town Council	7	13	6	22.0	55,586.13	6.9	17,414.58
West Moors Town Council	2	1	2	22.0	17,003.32	6.6	5,134.06
West Parley Parish Council	1	1	0	22.0	7,325.64	6.5	2,164.44
Weymouth Town Council	49	15	16	22.0	349,220.82	6.7	106,475.20
Wimborne Minster Town Council	8	4	5	22.0	60,503.23	6.4	17,682.37
Wool Parish Council	1	2	1	22.0	5,524.11	5.8	1,456.32

Scheduled Bodies	Number of Active Members	Number of Pensioners or Beneficiary	Number of Deferred Members	Employer Contribution Rate Paid %	Employer Contributions £	Employee Contribution Rate Paid %	Employee Contributions £
Academies and Schools							
Atlantic Academy	63	63	68	23.6	262,983.48	6.1	67,533.14
Authentic Education	647	241	510	23.6	3,025,053.76	6.2	732,869.59
Avonbourne Academy	141	99	133	23.6	658,609.74	6.1	170,826.28
Beaucroft School	141	25	30	23.5	518,427.31	5.7	126,552.02
Bournemouth School Academy	60	43	42	23.6	256,896.61	6.2	67,681.51
Bournemouth School For Girls Academy	64	50	44	23.6	285,083.29	6.4	77,576.26
Bovington Academy	28	2	19	23.6	541,696.48	5.8	19,980.44
Budmouth Academy	85	108	108	23.6	329,261.57	6.0	83,986.09
Burton Primary School	38	3	6	22.2	102,578.03	5.7	26,130.36
Coastal Learning Partnership	887	141	319	23.6	2,190,046.72	5.7	531,656.01
Cornerstone Academy	72	23	48	23.6	263,078.47	5.9	65,737.31
Corpus Christi School	67	7	4	22.2	166,417.12	5.7	42,768.23
Diocese Of Salisbury Academy Trust	546	98	192	23.6	1,098,365.44	5.6	261,260.31
Dorset Studio School	37	7	14	23.6	159,927.18	5.7	38,320.14
First Federation Trust	116	26	55	23.6	284,963.33	5.6	68,339.15
Glenmoor School	7	10	9	23.6	51,904.92	6.3	13,926.09
Hamwic Education Trust	677	189	418	23.6	1,891,026.40	5.8	463,119.15
Heath Academy Trust	122	31	102	23.6	353,737.53	5.7	83,942.84
Highcliffe Academy (HISP)	83	53	70	23.6	343,306.28	5.9	83,103.03
Highcliffe St Mark Primary School	81	29	50	22.2	238,111.14	5.7	61,224.43
Hill View Primary Academy	40	18	20	23.6	129,961.37	5.7	31,274.69
Initio Learning Trust	586	324	429	23.6	2,041,651.00	5.9	514,234.18
Jewell Academy	25	2	26	23.6	113,174.24	5.7	27,362.19
Kingsleigh Primary School	64	23	38	23.6	293,832.18	6.0	74,323.95
Linwood School	317	18	48	22.2	1,175,816.37	5.8	306,250.52
Livingstone Academy Bournemouth	57	0	4	23.6	174,950.63	5.8	43,129.95
Lytchett Minster School	120	43	64	23.6	482,201.44	5.9	121,097.38
Magna Academy	61	18	43	23.6	229,966.13	6.1	59,006.60
Malmesbury Park Primary School	65	33	38	23.6	190,004.05	5.7	46,544.64
Montacute School	89	47	103	23.6	347,087.41	5.7	83,662.18
Moordown St John's CE Primary School	38	21	24	23.6	125,885.51	5.7	30,405.05
Mudeford Infants School	33	7	19	22.2	66,582.16	5.6	16,893.10
Mudeford Junior School	24	4	15	22.2	68,729.44	5.7	17,684.09
Muscliff Primary	71	21	36	23.6	220,372.90	5.8	61,329.47
Ocean Academy	26	3	8	23.6	103,033.92	5.8	25,341.33
Parkfield School	0	8	32	23.6	44,349.43	6.1	1,788.98
Parkstone Grammar School	75	53	65	23.6	297,499.25	6.0	75,566.15
Pickwick Academy Trust	148	6	24	23.6	333,976.38	5.6	78,948.00
Plymouth CAST	316	106	186	23.6	728,439.41	5.8	175,446.71
Pokesdown Coomunity Primary School	84	30	36	23.6	164,296.02	5.7	39,722.16
Poole Grammar Academy	72	66	81	23.6	283,205.60	5.9	70,888.78
Sherborne Area Schools' Trust	469	202	363	23.6	1,618,872.09	6.1	421,877.37
Somerford Primary School	35	10	11	22.2	104,847.99	5.8	27,279.62
Southern Education Trust	562	85	238	23.6	1,487,477.95	6.0	481,057.56
St Edward's School	72	9	27	22.2	285,583.99	6.0	76,796.19
St James' Church of England Primary	46	10	27	23.6	156,968.54	5.7	38,815.54
St Josephs School	43	4	11	22.2	78,963.58	5.6	19,914.76
St Katharine's C of E School	61	1	11	22.2	157,931.31	5.8	41,275.36
St Mark's Primary School	68	14	31	23.6	161,372.58	5.7	38,772.86
St Michael's CE Primary School	64	13	38	23.6	246,554.94	5.7	60,072.87
St Walburga's Catholic Primary School	78	16	7	22.2	130,756.91	5.6	33,224.68
St. Peter's Catholic School	139	98	103	23.6	524,980.92	5.8	130,131.12
Stanley Green Infant Academy	39	6	19	23.6	87,456.33	5.6	20,851.53
Teach Poole	207	46	90	23.6	617,500.63	5.8	150,942.02
The Bishop Of Winchester Academy	58	29	64	23.6	288,955.03	6.2	76,274.31
The Bourne Academy	64	19	59	23.6	332,585.58	6.4	90,299.01
The Epiphany Academy	41	28	20	23.6	124,162.72	5.8	30,398.43
The Priory Primary School	24	6	14	22.2	63,732.28	5.7	16,275.10
The Swanage School	39	5	25	23.6	151,752.22	6.2	39,964.00
The Woodroffe School	53	67	58	23.5	287,996.17	6.1	74,872.63
Twynham Learning	474	141	292	23.6	1,706,616.76	5.9	428,295.05
Wessex Multi Academy Trust	532	187	379	23.6	1,927,275.70	6.0	479,711.91
Westfield Arts College	127	75	104	23.5	487,032.68	5.9	121,276.69
Winchelsea School	118	3	14	23.6	444,168.72	5.8	116,221.48
Winton Academy	69	17	37	23.6	351,254.31	6.1	91,082.02

Scheduled Bodies	Number of Active Members	Number of Pensioners or Beneficiary	Number of Deferred Members	Employer Contribution Rate Paid %	Employer Contributions £	Employee Contribution Rate Paid %	Employee Contributions £
Other Employers							
Aspens Services Ltd (SAST)	9	0	4	22.6	53,603.09	5.6	13,356.53
Aspens Services Ltd (Twynham)	8	0	1	21.8	46,777.59	5.6	12,075.05
Barnardo's	0	2	5	N/A	0.00	N/A	0.00
Bournemouth Airport	0	36	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	161	4	N/A	0.00	N/A	0.00
Chartwells Compass	2	0	0	20.4	4,742.35	5.5	1,278.45
Christchurch Learning Centre	5	0	2	22.2	31,011.05	6.1	8,575.76
Churchill (Ambitions)	7	1	1	22.6	10,806.49	5.5	2,629.98
Churchill (Bourne Academy)	2	0	1	24.6	5,620.76	5.5	1,120.06
Churchill (Harbourside)	3	0	0	18.5	3,618.97	5.5	1,075.91
Churchill (Poole)	0	1	1	N/A	0.00	N/A	0.00
Churchill (St Joseph's)	0	1	0	N/A	0.00	N/A	0.00
Churchill Contract Services	0	1	0	N/A	0.00	N/A	0.00
Churchill Purbeck School	0	0	1	N/A	0.00	N/A	0.00
Cleverchefs (Castleman) (3)	7	0	0	N/A	0.00	N/A	0.00
Cleverchefs (Pickwick) (3)	3	0	0	19.3	0.00	N/A	0.00
Dorchester Joint Burial Committee	0	1	1	N/A	0.00	N/A	0.00
Dorset Magistrates' Court	0	88	17	N/A	0.00	N/A	0.00
East Boro Housing Trust	0	16	12	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	1	N/A	0.00	N/A	0.00
Harrison Catering Services Ltd	0	0	2	N/A	0.00	N/A	0.00
Health Sciences University	26	42	31	23.0	312,313.30	7.0	56,185.85
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	0	1	2	N/A	0.00	N/A	0.00
Millbrook Healthcare	5	4	1	26.1	45,987.85	6.4	11,291.03
Police & Crime Commissioner for Dorset	1,397	1,196	879	18.7	8,930,204.52	7.1	3,199,066.05
Rapid Commercial Cleaning Services Limited (4)	3	1	0	22.6	5,113.20	5.5	1,015.82
Taylor Shaw Limited (5)	13	0	0	23.6	0.00	0.0	0.00
The Colliton Club	1	1	1	28.0	5,018.16	5.5	985.80
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
Wimborne Cemetery	0	1	0	N/A	0.00	N/A	0.00

Admitted Bodies	Number of Active Members	Number of Pensioners or Beneficiary	Number of Deferred Members	Employer Contribution Rate Paid %	Employer Contributions £	Employee Contribution Rate Paid %	Employee Contributions £
Admitted Bodies							
1610	0	6	13	N/A	0.00	N/A	0.00
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
Age Concern Bournemouth	1	5	0	24.5	2,261.02	5.5	507.63
Ansbury	0	112	107	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
BH Live	45	90	120	21.5	282,970.30	6.7	87,561.03
Bloom Cleaning (6)	1	0	0	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	222	109	53	22.4	1,076,299.68	5.9	289,471.29
Care Quality Commission	0	0	1	N/A	0.00	N/A	0.00
Care South	0	389	245	N/A	0.00	N/A	0.00
Care Uk Plc	0	51	27	N/A	0.00	N/A	0.00
Caterlink Limited	0	2	4	N/A	0.00	N/A	0.00
Caterlink Limited (St Peter's School)	0	2	0	N/A	2,527.71	5.5	524.61
Caterlink Limited (Wimborne)	1	0	3	21.3	4,795.81	5.8	1,305.90
Churchill (Avonbourne)	6	0	2	18.8	8,470.68	5.5	2,478.13
Churchill (Bearwood)	0	2	1	N/A	0.00	N/A	0.00

Admitted Bodies	Number of Active Members	Number of Pensioners or Beneficiary	Number of Deferred Members	Employer Contribution Rate Paid %	Employer Contributions £	Employee Contribution Rate Paid %	Employee Contributions £
Admitted Bodies							
Churchill Cleaning Dorset Police	0	2	0	N/A	0.00	N/A	0.00
Citizens Advice Bournemouth Christchurch and Poole	0	8	0	N/A	0.00	N/A	0.00
Compass Contract Services Limited	0	4	1	N/A	0.00	N/A	0.00
Convex Leisure Limited	0	3	2	N/A	0.00	N/A	0.00
CSCI	0	17	2	N/A	0.00	N/A	0.00
Cucina Restaurants Limited	6	1	6	26.7	28,585.68	5.6	6,006.72
Cucina Restaurants Limited (Livingstone)	2	0	0	14.5	6,150.05	N/A	1,496.43
DC Leisure Management Limited	0	10	18	N/A	0.00	N/A	0.00
Dorset Association of Town & Parish Councils	1	8	0	26.0	16,362.32	5.8	3,609.08
Dorset Community Action	0	35	4	N/A	0.00	N/A	0.00
Dorset County Museum	3	18	8	24.5	16,811.76	5.7	3,928.44
Dorset Lighting	0	2	0	N/A	0.00	N/A	0.00
East Dorset Housing Association	0	45	19	N/A	0.00	N/A	0.00
Enigma CCTV Ltd	0	2	0	N/A	1,868.22	5.5	373.64
Family Action	2	1	0	23.5	10,024.04	5.8	2,474.01
Gamegrid	0	0	1	N/A	0.00	N/A	0.00
Glen Cleaning	1	0	0	25.4	2,439.12	5.5	528.15
Golf For All	0	0	1	N/A	0.00	N/A	0.00
Hayward Services Limited	15	2	7	20.6	40,294.22	5.5	10,363.25
Healthy Living Wessex	0	2	2	N/A	0.00	N/A	0.00
Horizon Home Care (Southern) Limited	2	1	0	24.2	4,930.26	5.5	1,117.16
HPS Services FM Ltd (Atlantic & Budmouth)	12	7	3	29.9	36,806.56	5.5	23,244.12
HPS Services FM Ltd (Bovington)	1	0	1	26.3	2,021.57	5.5	422.83
KGB Cleaning South West (Hamwic)	1	0	0	23.6	3,122.29	5.5	751.13
KGB Cleaning South West Ltd	0	1	0	N/A	0.00	N/A	0.00
Links4Learning	0	1	1	N/A	0.00	N/A	0.00
Lyme Arts Community Trust	0	1	0	N/A	0.00	N/A	0.00
Mack Trading	0	4	3	N/A	0.00	N/A	0.00
Magna Housing Association Limited	29	264	110	29.0	320,200.29	6.7	74,142.84
Magna Housing Group	4	39	12	22.7	125,668.48	6.6	11,632.99
Mouchel Ltd	0	78	54	N/A	0.00	N/A	0.00
Municipal Hire Services Ltd	0	0	1	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
Places For People	3	6	4	23.0	16,516.62	6.5	4,576.42
Poole Harbour Commissioners	0	2	1	N/A	0.00	N/A	0.00
Port Health	0	14	0	N/A	0.00	N/A	0.00
Portland Museum Trust	0	0	1	N/A	0.00	N/A	0.00
Purbeck Housing Trust	0	17	5	N/A	0.00	N/A	0.00
Restorative Solutions	1	0	0	29.4	5,904.12	5.8	1,164.84
Sansum Solutions Group Limited (7)	1	0	0	17.8	676.75	5.5	209.10
Schools Plus Limited	0	0	1	N/A	0.00	N/A	0.00
Sequal Solutions Limited	0	2	5	N/A	0.00	N/A	0.00
Sherborne Youth Resource	0	1	0	N/A	0.00	N/A	0.00
Signpost Housing Association Limited	0	54	14	N/A	0.00	N/A	0.00
SLM (Weymouth) Community & Leisure	3	4	7	22.3	18,424.62	6.3	5,223.46
SLM (Weymouth) Fit And Health	0	0	1	N/A	0.00	N/A	0.00
SLM Community & Leisure Blandford	7	5	11	18.0	32,040.33	6.5	11,646.55
SLM Community Leisure Charitable Trust	0	10	28	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
South Dorset Community Sports Trust	0	3	1	N/A	0.00	N/A	0.00
Sovereign Housing Group	1	56	13	17.6	217,879.92	12.5	34,978.60
Specialist Fleet Services	0	0	2	N/A	0.00	N/A	0.00
Spectrum Housing Group	7	22	8	17.6	411,251.93	7.7	29,957.82
Stonewater Limited	1	33	11	18.0	138,277.68	10.5	12,412.02
Synergy Housing Group (8)	0	61	47	N/A	110,630.00	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	135	594	412	22.5	851,955.62	6.2	233,358.84
Tricuro Start Team	3	1	4	22.4	19,287.63	5.7	4,890.92
Wessex Museums Trust	0	1	1	N/A	0.00	N/A	0.00
Wessex Water Authority	0	5	0	N/A	0.00	N/A	0.00
Weyco Services Limited	3	3	9	15.9	13,694.58	5.8	4,172.60
Weymouth & Portland Housing Association	0	57	14	N/A	0.00	N/A	0.00
Overall Total	25,148	29,909	27,099		136,925,216.97		38,105,974.02

- 1 Broadwindsor Group Parish Council - Last member left the Scheme on 16 November 2025.
- 2 Frome Valley Parish Council - Last member left the Scheme in March 2026.
- 3 Cleverchefs Oickwick- They went into administration on 10 November 2025 and their staff transferred to Cleverchefs Catering (Pickwick).
- 4 Rapid Commercial Cleaning Services Limited - The three employees left employment and tured to a new employer.
- 5 Taylor Shaw Limited - Joined the Scheme on 3 November 2025. Backdated payments received in 2026-27.
- 6 Bloom Cleaning- Backdated contributions expected in 2026-27.
- 7 Sansum Solutions Group Limited - Last member left the Scheme in August 2025.
- 8 Synergy Housing Group - Cessation Instalments.

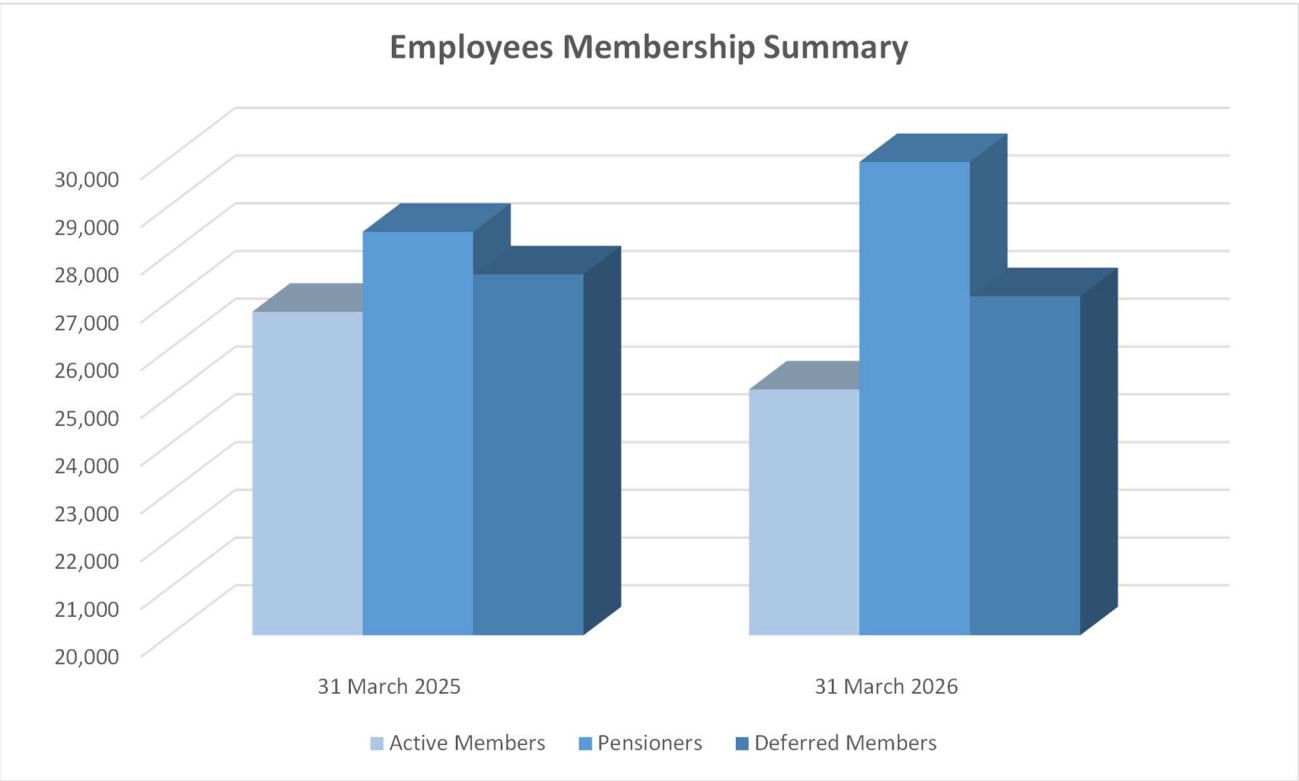
Other Scheme Administration Information

Scheme Membership

On 31 March 2026 there were 25,148 active members, 29,909 pensioners or beneficiaries and 27,099 deferred members, a total of 82,156 scheme members.

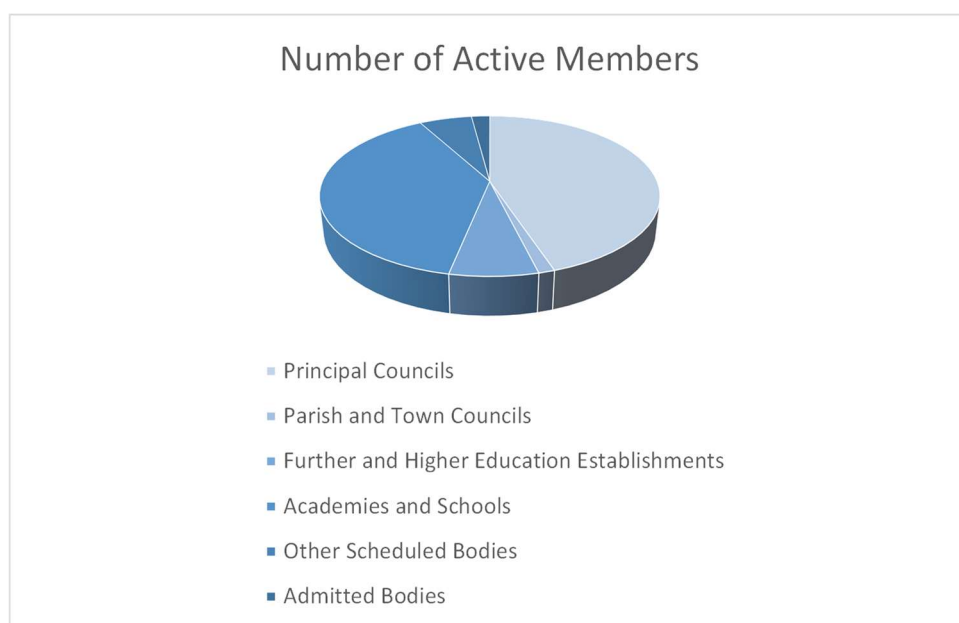
The tables and charts below show the Membership in the Fund over the last two financial years.

Membership Summary	31 March 2025	31 March 2026	Change	Change %
Total Employers	346	361	15	4.3
Employees				
Active Members	26,774	25,148	-1,626	-6.1
Pensioners	28,448	29,909	1,461	5.1
Deferred Members	27,557	27,099	-458	-1.7
Total	82,779	82,156	-623	



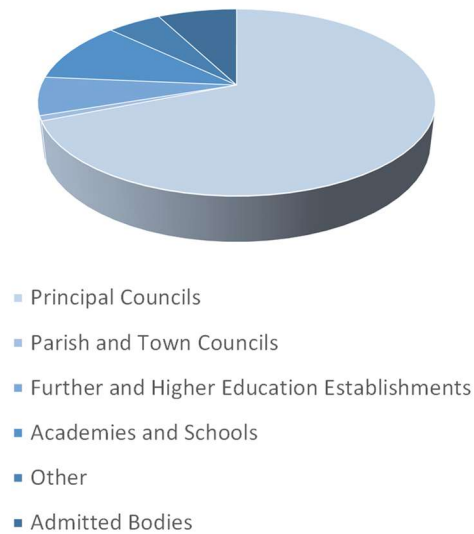
The tables and the charts below show the split of Active members and Pensioners at 31 March 2026.

Active Members 31 March 2026	Number of Active Members	%
Principal Councils	11,276	44.8
Parish and Town Councils	326	1.3
Further and Higher Education Establishments	1,780	7.1
Academies and Schools	9,755	38.8
Other Scheduled Bodies	1,491	5.9
Admitted Bodies	520	2.1
Total	25,148	100.0



Pensioners 31 March 2026	Number of Pensioners/ Beneficiaries	%
Principal Councils	20,617	68.9
Parish and Town Councils	264	0.9
Further and Higher Education Establishments	1,973	6.6
Academies and Schools	3,190	10.7
Other	1,569	5.2
Admitted Bodies	2,296	7.7
Total	29,909	100.0

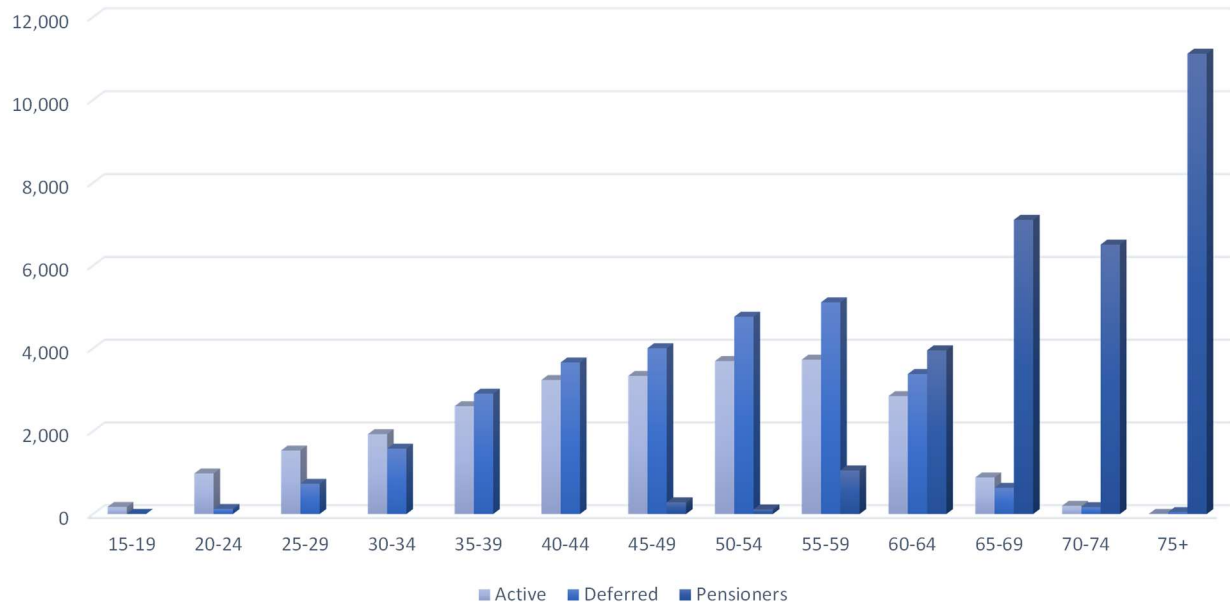
Number of Pensioners or Beneficiaries



Age Profile of Membership at 31 March 2026

The chart below shows the Fund Age Profile at 31 March 2026.

Fund Age Distribution at 31 March 2026



Starters and Leavers During 2025-26

During 2025-26 there were 4,427 new starters in the Pension Fund and 4,074 that have left the scheme.

Contributions and Benefits

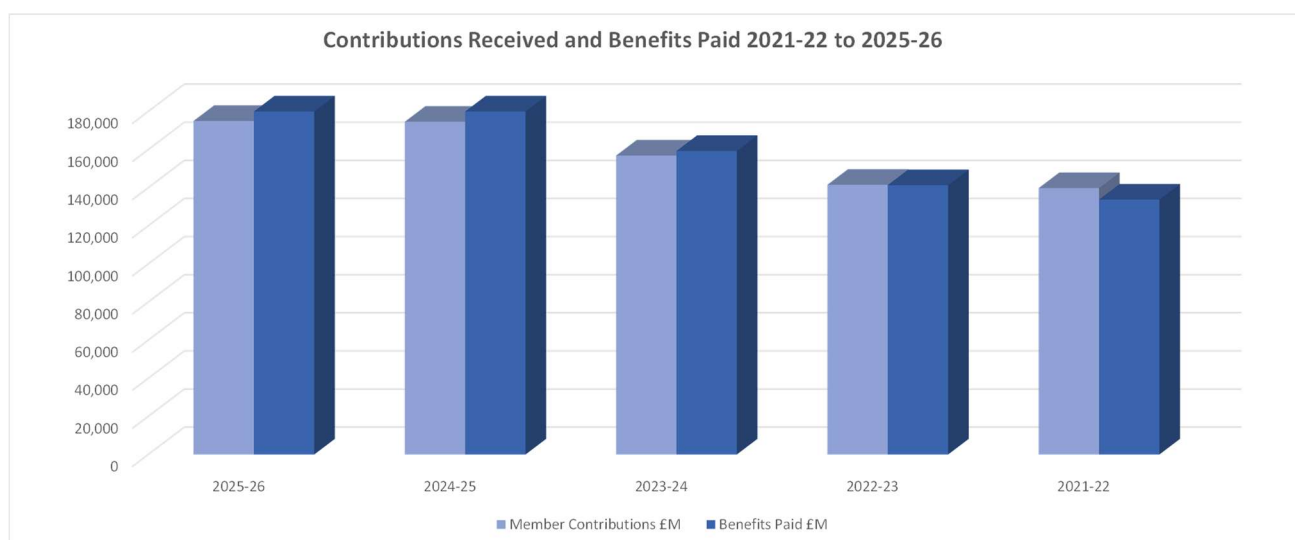
The table and chart below show the history of contributions received and benefits paid over the last five financial years.

Cash Flow Management

Contributions and pensions paid have increased since 2022-23 reflecting a decrease in the number of active scheme members contributing into the scheme and an increase in pensioners receiving payment of their pension. As detailed on this page, total contributions received by the Fund in 2025-26, including transfers into the Fund, were £175.0m and total pensions paid during the year, including transfers out of the Fund, were £189.5m. This means that the Fund paid out £12.5m more in pensions than it received from contributions in the year. To account for this cash flow requirement, the Fund's investment strategy

includes a range of income generating assets to fund the balance between pensions paid and contributions received as well as the general operating costs of the Fund. The cash inflows and outflows of the Fund are monitored and managed by officers to ensure there is sufficient cash available to fulfil day to day requirements.

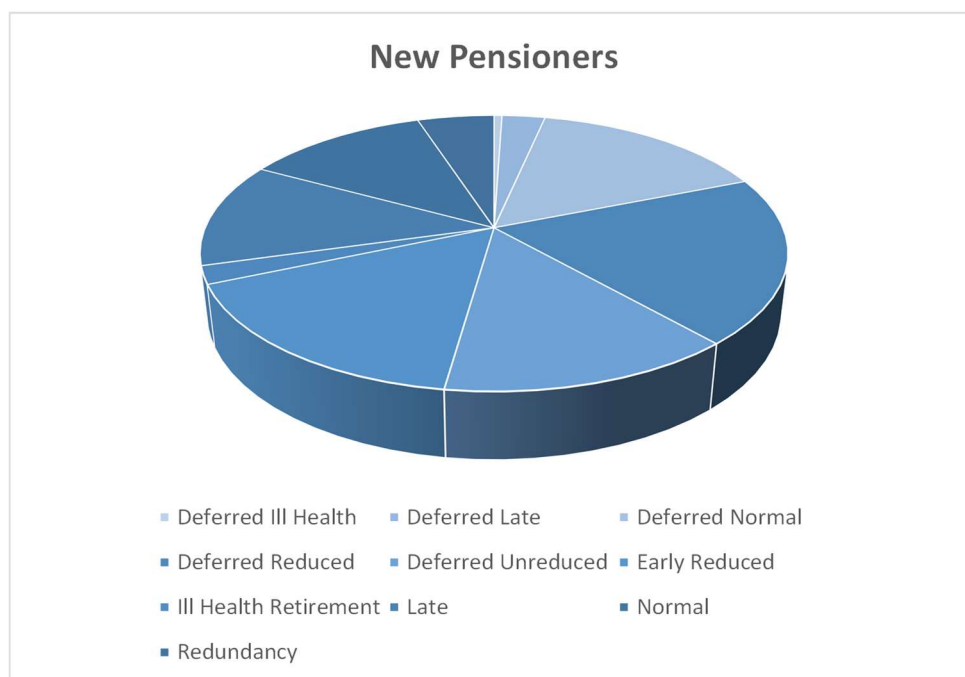
Year	Member Contributions £'000	Benefits Paid £'000
2025-26	175,031	189,519
2024-25	174,620	181,830
2023-24	156,866	159,280
2022-23	141,527	141,306
2021-22	139,798	133,759



New Pensioners

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

New Pensioners	
Type of Retirement	Total
Deferred III Health	10
Deferred Late	54
Deferred Normal	298
Deferred Reduced	373
Deferred Unreduced	263
Early Reduced	311
III Health Retirement	40
Late	235
Normal	230
Redundancy	96
Total	1,910



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.

that the Pension Scheme remains solvent and is administered effectively, adhering to the LGPS Regulations in order to meet any current and future liabilities.

Financial Services staff assist the Fund Administrator in their statutory duty to ensure

Staffing

Over recent years, several experienced team members have left the administration team to pursue other work opportunities. Recruitment and retention of staff is a key issue for LGPS Pension Funds nationally. Externally there is a small pool of individuals who have the relevant qualification and experience to be able to step into roles where it is essential to have previous experience in the administration of the LGPS. In the last twelve months DCPF have been successful in recruiting to vacancies and are training new members of staff for them to be able to fulfil their roles.

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 and Operations Team, which includes the pensions payroll. 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.
- Performance monitoring, including provision of Key Performance Indicators reports.
- Promotion and facilitation of relationships and working arrangements between the Fund and its Employers.
- Responsible for the design, procurement and issuing of fact sheets, newsletters, information and guidance to scheme members and employers.
- Liaison with the Actuary to provide information for the triennial valuation, annual accountancy disclosures and ad hoc work for employer movements within the fund for employers and prospective employers.
- Preparation of Pensions Fund Committee reports relating to all administration functions.
- Supporting the Local Pensions Board and overseeing policies relating to governance, including the Risk Register.
- The calculation of Annual Allowance tax charges.
- The deduction and payment to HMRC of pensions tax.
- The provision of member support services, including email and telephone helplines, plus a member website and online portal.
- Provision and maintenance of the pensions software system, including member and employer portals.
- Maintenance and monitoring of good quality data.
- Completion of statistical and financial returns and reports for the Actuary, Government and other bodies, including Government Actuary's Department (GAD) and The Pensions regulator.
- Provision of a pension payroll service.
- Liaison with external and internal audit.
- Collection, validation and allocation of members CARE pay through end of year processes.

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 360 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.

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

Website



The DCPF has its own website, with information for all member types, and for employees. The website contains sections dedicated to the following:

- About the Scheme.
- Your Pension.
- Forms and Publications.
- Help & Support.
- New and Events.
- Member Self-Service.
- Employers Guide.
- New and Ceasing Employers.
- End of Year Returns.
- Monthly Returns
- Contacts.

The website addresses are:

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 the information required from the late member's

employer and 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 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 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.

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 the member will be written to 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 a member's 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. If this table does not show a name, no nomination for a recipient of the LGPS death grant has been made.

LGPS members can 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.orf/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, members or their representatives 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.

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.

Members 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 members will have to meet are your own (and/or your representative's) time, stationery and postage.

At any stage during the formal complaint procedure, members can contact Money Helper for information and advice.

Member complaints are always addressed informally initially and are usually resolved satisfactorily before the need to proceed to the formal IDRP process.

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 their 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 the member 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.

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

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 LGPS 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. Further information can be found at:
<https://www.thepensionsregulator.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/>

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 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 members 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 .

Pension Scams Pledge

The DCPF 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.

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.

Gender Pensions Gap

New legislation, the [LGPS \(Miscellaneous Amendments\) \(Member Benefits\) Regulations 2026](#), for the Local Government Pensions Scheme (LGPS) mandates gender gap reporting from the 2025 valuation cycle. This requirement aims to improve equity in retirement outcomes for LGPS members, particularly women. The reporting approach, including derivation of statistics, is

consistent with the guidance '[2025' Fund Valuations: Guidance for Gender Pensions Gap reporting, dated 2 February 2026](#).

The figures below are based on the 2025 actuarial valuation.

The Gender Pensions Gap (GPG) is calculated as:

$$GPG = \frac{\text{Mean pension value for males} - \text{Mean pension value for females}}{\text{Mean pension value for males}}$$

The GPG is expressed as a percentage. For example, a GPG of 10% indicates that, on average within the population analysed, for every £1 of pension accrued by males, females will have accrued £0.90.

Active members

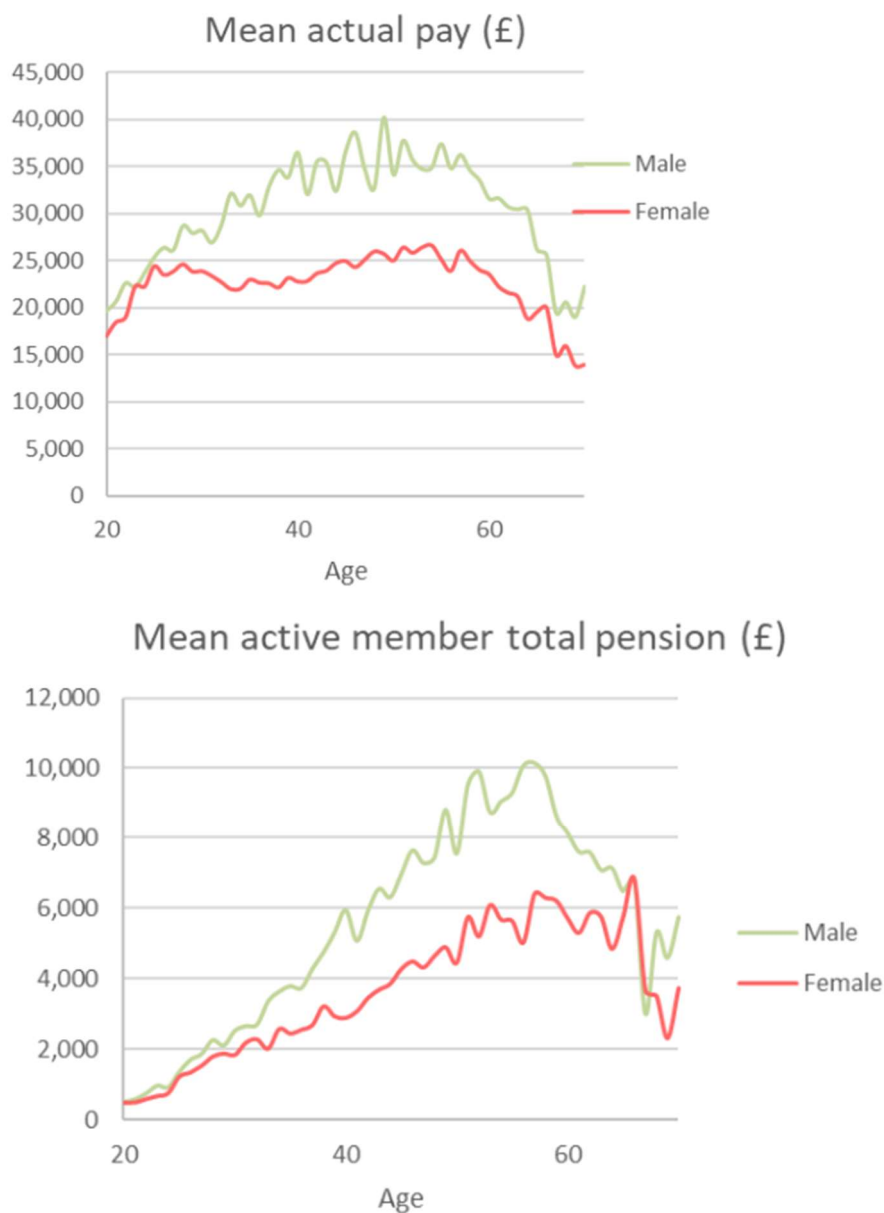
The results in this section set out the analysis for members who were active at 31 March 2025. Please note that the number of active members in the table below will differ from the total number of active records set out above, as in the Gender pension gap (GPG) analysis we have treated members with multiple records as a single member.

Fund Level Analysis

At overall fund level, the gender pensions gap (GPG) for active members of the Fund is 35%. Further detail is set out in the table below.

Gender Pension Gap for Active Member	Number of members	Percentage of Overall Membership	Mean Age	Mean FTS Pay (£)	Mean Actual Pay (£)	Mean CARE Pension (£)	Mean Final Salary Pension (£)	Mean Combined Pension (£)
Females	15,683	73%	47	34,634	23,707	3,075	3,600	4,139
Males	5,718	27%	47	39,746	32,005	4,495	6,055	6,327
Gender Gap				13%	26%	32%	41%	35%

A chart of mean pensionable pay and a chart of mean total pension for males and females by age is shown below.



Employer Category Analysis

In line with the Guidance, analysis at employer category level is set out below. All local authority-maintained schools have been aggregated with

their corresponding local authority for the purposes of this analysis.

Local Authorities and Connected Bodies (SF3 Number 1)

GPG for Local Authorities and Connected Bodies	Number of Members	Percentage of Overall Membership	Mean Age	Mean FTE Pay (£)	Mean Actual Pay (£)	Mean CARE Pension (£)	Mean Final Salary Pension (£)	Mean Combined Pension (£)
Females	8,699	68%	47	37,326	27,520	3,663	4,434	5,084
Males	4,143	32%	48	40,398	33,769	4,802	6,551	6,918
Gender Gap				8%	19%	24%	32%	27%

Centrally Funded Public Sector Bodies Excluding Academies (SF3 Number 2, Local Authority Indicator 1)

GPG for Centrally Funded Public Sector Bodies (Exc. Academies)	Number of Members	Percentage of Overall Membership	Mean Age	Mean FTE Pay (£)	Mean Actual Pay (£)	Mean CARE Pension (£)	Mean Final Salary Pension (£)	Mean Combined Pension (£)
Females	1,143	65%	45	38,075	27,935	3,634	4,053	4,644
Males	612	35%	45	42,419	33,924	4,948	5,149	6,327
Gender Gap				10%	18%	27%	21%	27%

Academies (SF3 Number 2, Local Authority Indicator 2)

GPG for Academies	Number of Members	Percentage of Overall Membership	Mean Age	Mean FTE Pay (£)	Mean Actual Pay (£)	Mean CARE Pension (£)	Mean Final Salary Pension (£)	Mean Combined Pension (£)
Females	5301	0.86	47	28573	16747	1866	1704	2256
Males	831	0.14	45	33012	22073	2344	2732	2768
Gender Gap				0.13	0.24	0.2	0.38	0.18

Other Public Sector Bodies (SF3 Number 3)

No employers in the Fund are classified as SF Number 3.

Private/Voluntary/Other Bodies (SF3 Number 4)

GPG for Other Private/Voluntary/Other Bodies	Number of Members	Percentage of Overall Membership	Mean Age	Mean FTE Pay (£)	Mean Actual Pay (£)	Mean CARE Pension (£)	Mean Final Salary Pension (£)	Mean Combined Pension (£)
Females	540	80%	55	31,384	21,664	4,288	3,148	6,316
Males	132	20%	52	35,276	30,256	6,281	5,184	10,170
Gender Gap				11%	28%	32%	39%	38%

Pensioner Members

The GPG for pensioner members of the Fund is 56%. Further detail is set out in the table below.

Gender Pension Gap for Pensioner Members	Number of Members	Percentage of Overall Membership	Mean Age	Mean Pension (£)
Females	15,978	68%	71	4,233
Males	7,618	32%	73	9,664
Gender Gap				56%

A chart of mean total pension for males and females by age is shown below.





BARNETT
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Dorset County Pension Fund

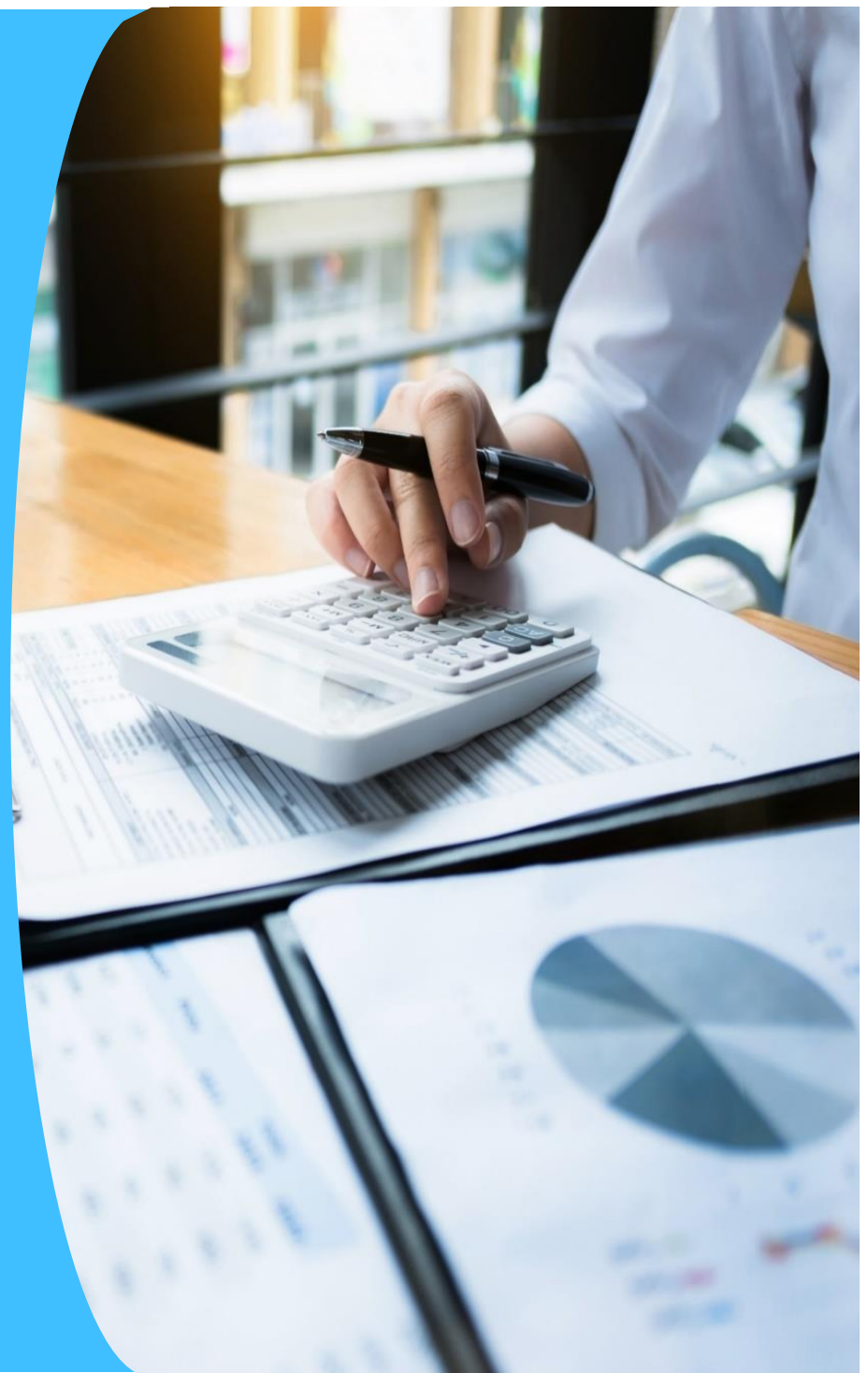
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Dorset County Pension Fund

IAS26 as at 31 March 2026

v1

11 June 2026



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 2026. 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 2026.](#)

In this report, we have allowed for the results of the 2025 actuarial valuation of the Dorset County Pension Fund. Where assumptions have differed from actual experience, this will lead to changes to the balance sheet position. There is a positive experience item in the reconciliation of the liabilities, which means that experience has been worse than assumed.

Experience has been observed due to changes in the underlying member data and because observed CPI inflation over the accounting period has differed from the assumption made. Experience has also been observed in relation to the impact of changing the financial assumptions - there was a very significant change to discount rates following the UK mini budget event in September 2022 which led to significant changes to the balance sheet position, and the estimated impact of the change in assumptions was larger than implied when re-calibrating at the full actuarial valuation as at 31 March 2025.

We would be pleased to answer any questions arising from this report.



Roisin McGuire FFA
Principal

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 2025
Results of the previous IAS26 report as at	31 March 2025
Fund asset statement as at	31 March 2026
Fund income and expenditure items to	31 March 2026
Details of any new unreduced early retirement payments out to	31 March 2026

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 2025.

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Member data summary	Number	Salaries/Pensions £000s	Average age
Actives	23,562	558,146	47
Deferred pensioners	37,198	65,649	51
Pensioners	28,472	154,769	73

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 2026
£596,369,000

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 2026.

We have been notified of 88 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 £869,300.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2026 is calculated to be 11.82% 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 2026		31 Mar 2025	
	£000s	%	£000s	%
Equities	2,931,272	64%	2,553,773	63%
Cash	107,720	2%	102,835	3%
Other Bonds	282,327	6%	267,053	7%
Diversified Growth Fund	288,930	6%	271,487	7%
Property	289,294	6%	285,006	7%
Infrastructure	340,555	7%	312,725	8%
Multi Asset Credit	309,397	7%	292,438	7%
Total	4,549,495	100%	4,085,317	100%

Financial Assumptions

Details of the actuarial methods and derivation of the assumptions used can be found in the 31 March 2026 briefing note issued alongside this report unless noted otherwise below. The key assumptions used are set out below.

Financial assumptions	31 Mar 2026	31 Mar 2025	31 Mar 2024
	p.a.	p.a.	p.a.
Discount rate	6.10%	5.85%	4.90%
Pension increases (CPI)	2.90%	2.90%	2.90%
RPI inflation	3.30%	3.20%	3.20%
Salary increases	3.90%	3.90%	3.90%

Projected unit method is used in our calculations.

In addition, we have allowed for actual ONS CPI inflation observed between March 2025 and March 2026. This is reflected in the Experience loss/(gain) on defined benefit obligation figure in the results.

Fund duration

The estimated Macaulay duration of the Employer's liabilities as at the accounting date using the assumptions set out above is 15 years.

Demographic Assumptions

Post retirement mortality	31 Mar 2026	31 Mar 2025
Base table	S4PA	S3PA
Multiplier (M/F)	95% / 115%	95% / 100%
Future improvements model	CMI_2025	CMI_2023
Long-term rate of improvement	1.50%	1.25%
Smoothing parameter	7.0	7.0
Initial addition parameter	0.0% p.a.	0.00 p.a.
2020 weight parameter	n/a	0%
2021 weight parameter	n/a	0%
2022 weight parameter	n/a	15%
2023 weight parameter	n/a	15%
Half life parameter	1.0	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 2026	31 Mar 2025
Retiring today	Males	22.3	21.8
	Females	23.2	24.0
Retiring in 20 years	Males	23.9	23.1
	Females	24.9	25.4

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 2025, except for an update of the CMI projection model. Details of the post retirement mortality assumption are set out above; 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.

Results

Balance sheet	As at	As at	As at
Net pension asset in the statement of financial position	31 Mar 2026	31 Mar 2025	31 Mar 2024
	£000s	£000s	£000s
Present value of the defined benefit obligation	3,978,587	3,723,670	4,227,493
Fair value of Fund assets (bid value)	4,549,495	4,085,317	3,919,664
Net liability in balance sheet	(570,908)	(361,647)	307,829

The present value of the defined benefit obligation consists of both vested and non-vested benefits, where members have not reached their vesting period. Non-vested benefits have been assumed to have a negligible value.

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to 31 Mar 2026 £000s	Year to 31 Mar 2025 £000s
Opening defined benefit obligation	3,723,670	4,227,493
Current service cost	84,150	93,459
Interest cost	213,613	203,612
Change in financial assumptions	(146,722)	(632,328)
Change in demographic assumptions	(27,621)	(10,473)
Experience loss/(gain) on defined benefit obligation	278,610	(10,006)
Liabilities assumed / (extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(190,105)	(185,416)
Past service costs, including curtailments	4,886	3,848
Contributions by Scheme participants	38,106	33,481
Closing defined benefit obligation	3,978,587	3,723,670

Reconciliation of opening & closing balances of the fair value of Fund assets	Year to 31 Mar 2026 £000s	Year to 31 Mar 2025 £000s
Opening fair value of Fund assets	4,085,317	3,919,664
Interest on assets	238,556	191,276
Return on assets less interest	243,605	9,821
Other actuarial gains/(losses)	-	-
Administration expenses	(2,909)	(2,909)
Contributions by employers	136,925	119,400
Contributions by Scheme participants	38,106	33,481
Estimated benefits paid net of transfers in	(190,105)	(185,416)
Settlement prices received / (paid)	-	-
Closing Fair value of Fund assets	4,549,495	4,085,317

Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	3,922,310	3,978,587	4,036,221
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	3,981,123	3,978,587	3,976,065
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	4,037,183	3,978,587	3,933,386
Adjustment to life expectancy assumptions	+1 Year	None	- 1 Year
Present value of total obligation	4,117,615	3,978,587	3,844,843

Governance

The 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 at 31 March 2026 were as follows.

Dorset County Pension Fund Committee	
Committee Member	Representing
Councillor Andy Canning (Chair)	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 Steve Murcer	Dorset Council
Councillor Joe Salmon	BCP Council
Councillor Amdy Skeats	Dorset Council

Pension Fund Committee Changes

During the 2025-26 financial year there have been changes of Committee members with Councillor John Beesley and Councillor Joe

Salmon rejoining/joining the Committee. Councillors Felicity Rice and Patrick Canavan left the Pension Fund Committee during 2025-26.



Councillor Andy Canning
Dorset Council
(Chairman)



Councillor Andy Todd
Dorset Council
(Vice-Chair)



Councillor John Beesley
BCP Council



Councillor David Brown
BCP Council



Councillor Will Chakawhata
Dorset Council



Mr Adrian Felgate
Scheme Member
Representative



Councillor Steve Murcer
Dorset Council



Councillor Joe Salmon
BCP Council



Councillor Andy Skeats
Dorset Council

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	24 Jun 2025	9 Sep 2025	2 Dec 2025	17 Mar 2026	Total	Voting rights
Councillor Andy Canning (Chair)	✓	✓	✓	✓	4/4	✓
Councillor Andy Todd (Vice-Chair)	✓	✓	✓	✓	4/4	✓
Councillor John Beesley	N/A	N/A	✓	✓	2/2	✓
Councillor David Brown	✓	✓	✓	✓	4/4	✓
Councillor Patrick Canavan	✓	✓	N/A	N/A	2/2	✓
Councillor Will Chakawhata	✓	✓	✓	X	3/4	✓
Mr Adrian Felgate	✓	✓	✓	✓	4/4	✓
Councillor Steve Murcer	✓	✓	✓	✓	4/4	✓
Councillor Felicity Rice	✓	✓	✓	N/A	3/3	✓
Councillor Joe Salmon	N/A	N/A	N/A	✓	1/1	✓
Councillor Andy Skeats	✓	✓	✓	X	3/4	✓

key and Notes

- ✓ 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 Chair and Vice-Chair.
- Admitting organisations into the Pension Scheme after consulting the Chair and Vice-Chair.

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 2025-26 the following items were discussed by the Committee.

Standing items at each board meeting:

- Pension Fund Investments.
- Scheme Advisory Board Update.
- Pensions Administration report.

In addition, other subjects included in the agendas were:

- To consider the draft pension fund accounts and the independent auditor's audit plan for 2024-25.

- To approve the draft Funding Strategy Statement for consultation.
- To approve the Pension Fund Annual Report 2023-24 for publication.
- To approve the Funding Strategy Statement.
- To approve the pension fund's Treasury Management Strategy for 2026-27.
- To approve the Pension Fund Annual Report 2024-25 for publication.

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 fund recognises the potential that actual or perceived conflicts of interest may arise from time to time. For example, Dorset Council is the administering authority but is also a participating employer in the fund as well as key service provider. Individuals involved in managing, overseeing or advising the fund may also have professional or personal obligations outside the fund, which could give rise to a perceived or actual conflict of interest requiring management. The fund has therefore adopted a conflicts of interest policy. The conflicts of interest policy sets out how the administering authority will identify, manage and mitigate potential conflicts of interest.

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.

2026-27 Pension Fund Committee Meetings

Pension Fund Committee Meetings have been scheduled for the following dates in 2026-27.

- Tuesday 2 June 2026.
- Tuesday 8 September 2026.
- Tuesday 1 December 2026.
- Tuesday 2 March 2027.

The Local Pension Board



Introduction

With effect from 1 April 2015 Dorset County Pension Fund created a Local Pension Board. The role of the Local Pension 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 Membership of the Local Pension Board

The Local 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 at 31 March 2026 was as follows.

The Local Pension Board Membership	
Board Member	Representative
Richard Bates (Chair)	Independent
Adam Richens (Vice-Chair)	Scheme Member Representative
Jon Bird	Scheme Member Representative (Union Nominated)
Neal Butterworth	Employer Representative (Dorset Police)
Liz Bishopp	Employer Representative (Ferndown Town Council)
Lisa Musleh	Scheme Member Representative
Jonathan Stiby	Scheme Member Representative
Councillor David Taylor	Employer Representative (Dorset Council)
Vacancy	Employer Representative (BCP Council)

The Local Pension Board Attendance

The table below summarises the meetings which have taken place including attendance by members of the Local Pension Board.

The Local Pension Board met three times during the 2025-26 scheme year.

Board Member	23 Jul 2025	1 Oct 2025	7 Jan 2026	Total
Richard Bates (Chair)	✓	✓	✓	3/3
Adam Richens (Vice Chair)	✓	x	✓	2/3
Jon Bird	x	✓	✓	2/3
Liz Bishopp	x	✓	✓	2/3
Neal Butterworth	✓	x	✓	2/3
Lisa Musleh	N/A	N/A	✓	1/1
Mary O' Sullivan	x	✓	N/A	1/2
James Stevens	x	✓	N/A	1/2
Jonathan Stiby	✓	✓	✓	3/3
Councillor David Taylor	✓	✓	✓	3/3

Local Pension Board Membership Changes during 2025-26

- Adam Richens changed from being an Employer Representative in October 2025 to become a Member Representative.
- Mary O'Sullivan resigned as an Employer Representative in October 2025.
- James Stevens resigned as a Member Representative in October 2025.
- Lisa Musleh became a Member Representative in January 2026.

The Function of the Local Pension Board

The function of the Local Pension 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.

The Role of the Local Pension Board

The Local 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 Local 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 Local Pension Board

During 2025-26 the following items were discussed by the Local Pension Board.

Standing items at each Local Pension Board meeting:

- LGPS Administration report, which includes Key Performance Indicators.
- Papers from the Pension Fund Committee.
- Investment Update.
- Risk Register.

In addition, other subjects included:

- Fund Valuation 2025.
- Overseas Pensioner Mortality Screening.
- LGPS Access for Elected Members.
- McCloud Judgement.
- Pensions Dashboard.
- LGPS 'Access and Protections' Consultation.
- LGPS Miscellaneous Amendments (Access & Fairness) Regulations.
- End of Year Processes 2025.
- Annual Benefit Statements 2025.

- Fit for the Future – Governance Requirements.
- Business Continuity Plan
- Data Quality Results 2025 and Data Quality Report.
- Changes to Independent Disputes Resolution Procedure (IDRP) Policy.

Agendas and Minutes

The Local 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 2025-26 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://www.dorsetpensionfund.org/>

The Pensions Regulator Public Service Toolkit

All Local Pension 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 following:

<https://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)

Local Pension Board members are also given access to Hymans Robertson's online platform, LOLA. This is designed to support the training needs of Pension Committees, Local Pension Boards and Fund Officers. The learning plan consists of a series of short video presentations with additional learning materials and quizzes.

2026-27 Local Pension Board Meetings

Local Pension Board Meetings have been scheduled for the following dates.

- Wednesday 22 April 2026.
- Wednesday 24 June 2026.
- Wednesday 7 October 2026.

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 Local Pension Board member training, along with bespoke sessions arranged for Board meetings.

APPENDIX C: PENSION FUND ACCOUNTS 2025-26

FUND ACCOUNT				
2024/25			2025/26	
£'000	£'000	Note	£'000	£'000
Dealings with members, employers and others directly involved in the Fund:				
	174,620	Contributions	8	175,031
138,248		Employer contributions		136,925
36,372		Member contributions		38,106
	22,951	Transfers in from other pension funds	9	18,485
	197,571	Total additions from dealing with members etc.		193,516
	(181,830)	Benefits	10	(189,519)
(147,340)		Pensions		(155,195)
(31,218)		Commutation and lump sum retirement benefits		(29,550)
(3,272)		Lump sum death benefits		(4,774)
	(27,631)	Payments to and on account of leavers	11	(19,313)
(508)		Refunds of contributions		(620)
(27,123)		Transfers to other pension funds		(18,693)
	(11,890)	Net additions/(withdrawals) from dealings with members and others		(15,316)
	(22,204)	Management expenses	12	(26,785)
	(34,094)	Net additions/(withdrawals) including Fund management expenses		(42,101)
Returns on investments:				
	21,937	Investment Income	13	23,153
	177,810	Profit/(loss) on disposal of investments and changes in the value of investments		483,298
	199,747	Net return on investments		506,451
	165,653	Net increase/(decrease) in assets available for benefits during the year		464,350
	3,919,664	Opening net assets of the Fund		4,085,317
	4,085,317	Closing net assets of the Fund		4,549,667

NET ASSETS STATEMENT				
31 March 2025			31 March 2026	
£'000	£'000	Note	£'000	£'000
	750	Long term investments		786
750		Brunel Pension Partnership Ltd	786	
	4,003,758	Investment assets		4,468,149
60		Equities	125	
3,631,761		Pooled investment vehicles	4,077,540	
137,149		Private equity	153,095	
211,980		Property	215,065	
21,444		Cash & cash equivalents	21,766	
782		Derivative contracts	17	-
582		Other investment assets		558
	-	Investment liabilities		(4,836)
-		Derivative contracts	17	(4,836)
-		Other investment liabilities		-
	4,004,508	Total net investments		4,464,099
	89,004	Current assets		92,959
17,925		Contributions due from employers	13,014	
66,795		Cash & cash equivalents (not forming part of investment assets)	72,870	
4,284		Other current assets	7,075	
	(8,195)	Current liabilities		(7,391)
(470)		Unpaid benefits	(750)	
(7,725)		Other current liabilities	(6,641)	
	4,085,317	Net assets available to fund benefits		4,549,667

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 2025		31 March 2026
346	Total Employers	361
	Employees	
6,523	Administering Authority	6,184
19,587	Other Scheduled Bodies	18,419
664	Admitted Bodies	545
26,774	Total Employees	25,148
	Pensioners	
10,199	Administering Authority	10,639
15,995	Other Scheduled Bodies	16,915
2,254	Admitted Bodies	2,355
28,448	Total Pensioners	29,909
	Deferred Pensioners	
9,070	Administering Authority	8,698
16,910	Other Scheduled Bodies	16,905
1,577	Admitted Bodies	1,496
27,557	Total Deferred Pensioners	27,099
82,779	Total Members	82,156

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 2026. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2025. 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 2025/26 financial year and its financial position at 31 March 2026. The accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ("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 2026/27 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 9).

- 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 18). 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 18 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 classed as amortised cost are carried in the net asset statement at the value of outstanding principal receivable at the year-end date plus accrued interest.

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 23.

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 25).

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. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Prior period adjustments are accounted for by restating the comparative figures for each prior period presented in the financial statements and notes and by adjusting the opening balances for the current period for the cumulative effect.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting Financial Statements.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the pension fund's financial position. Where a change is made, if the new pronouncement does not include specific transition provisions, then the change in accounting policy is applied retrospectively. Retrospective application means adjusting the opening balance of each affected component for the earliest prior period presented, along with other comparative amounts disclosed for each prior period presented, and restating them as if the new accounting policy had always been applied.

NOTE 6. 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:

Private equity investments (Note 18)

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 £153m 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 £23m.

Freehold and leasehold property (Note 18)

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 £215m.

Level 2 and 3 investments (Note 18)

The Fund's remaining level 2 and 3 investments (excluding private equity investments and freehold and leasehold property mentioned above) are valued at £3,684m and £415m respectively, £4,099m in total. Uncertainty will exist when investments are not valued using quoted prices in active markets, or by reference to markets which are not considered to be active and are valued based on alternative pricing sources supported by observable inputs. Level 3 investments will have significant unobservable inputs.

For every 1% increase in the value of level 2 and 3 investments, the value of the Fund will increase by £41m with a decrease having the opposite effect.

Actuarial present value of promised retirement benefits (Note 22)

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. £170m
- a 0.5% p.a. increase in earnings inflation would increase future pension benefits by c. £120m
- a 0.1% p.a. increase in long-term rate of mortality improvement would increase future pension benefits by c. £190m.

NOTE 7. 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)

Up to 31 March 2026 the Fund's assets, together with the assets of nine other LGPS pension funds, were managed by Brunel Pension Partnership Ltd ("Brunel"), an LGPS investment pooling company owned wholly in equal shares by the ten administering authorities. From 1 April 2026, in response to the government's 'fit for future' pensions reforms, the Fund's assets are managed by Local Pension Partnership Investments Ltd (LPPI).

No other events after the reporting date have been identified.

NOTE 8. CONTRIBUTIONS RECEIVABLE

By category:

2024/25		2025/26
£'000	Employer contributions	£'000
108,094	Contributions re future service costs	112,591
18,676	Contributions re past service costs (deficit recovery)	20,042
-	Voluntary additional contributions	-
5,908	Augmentation cost of early retirements	4,181
5,570	Exit payments from employers	111
-	Exit credits to employers	-
138,248	Total employer contributions	136,925
36,372	Member contributions	38,106
174,620	Total contributions receivable	175,031

By type of employer:

2024/25		2025/26
£'000		£'000
51,567	Administering authority	54,451
113,540	Other scheduled bodies	116,853
9,513	Admitted bodies	3,727
174,620	Total contributions receivable	175,031

NOTE 9. TRANSFERS IN FROM OTHER PENSION FUNDS

2024/25		2025/26
£'000		£'000
22,896	Individual transfers from other pension funds	18,223
55	AVC to purchase scheme benefits	262
22,951		18,485

NOTE 10. BENEFITS PAYABLE

By category:

2024/25		2025/26
£'000		£'000
147,340	Pensions	155,195
31,218	Commutation and lump sum retirement benefits	29,550
3,272	Lump sum death benefits	4,774
181,830	Total benefits payable	189,519

By type of employer:

2024/25		2025/26
£'000		£'000
59,473	Administering authority	63,900
108,371	Other scheduled bodies	112,875
13,986	Admitted bodies	12,744
181,830	Total benefits payable	189,519

NOTE 11. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2024/25		2025/26
£'000		£'000
508	Refunds to members leaving service	620
8,431	Group transfers to other pension funds	-
18,692	Individual transfers to other pension funds	18,693
27,631		19,313

NOTE 12. MANAGEMENT EXPENSES

The table below shows a breakdown of the management expenses incurred during the year.

2024/25		2025/26
£'000		£'000
2,726	Administrative expenses	2,798
610	Oversight and governance costs	791
18,868	Investment management expenses	23,196
22,204	Total management expenses	26,785

The scale fee for the 2025/26 external audit is £100,886 and is included in oversight and governance costs above. Additional fees for the audit relating to 2025/26 are estimated to be £15,000. This includes £5,000 for 2025 triennial valuation data testing and £10,000 for direct properties valuation work. The total fee for the 2025/26 external audit is estimated to be £115,886.

There is a non-audit service fee of £1,100 for 2025/26 in relation to the provision of an IAS19 assurance letter to United Learning Trust, a scheduled body of the pension fund.

Investment management expenses consisted of:

2024/25		2025/26
£'000		£'000
15,699	Investment management fees	18,457
32	Performance related fees	759
21	Custody fees	24
1,758	Transaction costs	1,994
1,358	Other fees and costs	1,962
18,868	Total investment management expenses	23,196

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:

2024/25		2025/26
£'000		£'000
15,294	Pooled investments	18,816
2,873	Private Equity	3,589
516	Property	626
164	Derivatives (FX contracts)	141
21	Custody Costs	24
18,868	Total investment management expenses	23,196

NOTE 13. INVESTMENT INCOME

2024/25		2025/26
£'000		£'000
6	Equities	256
3,433	Pooled Investments	3,198
2,427	Pooled Property Investments	3,225
11,824	Direct Property	11,965
214	Private Equity	202
3,413	Interest from Cash and Short Term Deposits	3,986
620	Fee Rebate Income	321
21,937	Total Investment Income	23,153

NOTE 14. LONG TERM INVESTMENTS

In response to the requirements of the investment regulations for LGPS funds to pool investment assets, Brunel Pension Partnership Ltd (Brunel) was 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 owned 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 £786k (£750k at 31 March 2025).

NOTE 15. INVESTMENT ASSETS

31 March 2025			31 March 2026		
Market Value		Description / Investment Manager	Market Value		
%	£'000		£'000	%	
0.0%	60	Equities	125	0.0%	
0.0%	60	Investec	125	0.0%	
3.4%	137,149	Private Equity	153,095	3.4%	
1.4%	56,205	HarbourVest	52,837	1.2%	
0.2%	8,029	Patria	2,793	0.1%	
0.3%	11,365	Capital Dynamics Global Secondary Fund V	10,475	0.2%	
0.4%	14,002	Neuberger Berman Private Equity Impact Fund	13,160	0.3%	
0.4%	16,603	Neuberger Berman SCIOP IV	16,897	0.4%	
0.3%	11,039	Neuberger Berman Clifton Fund III	25,516	0.5%	
0.1%	5,394	Ardian LBO Fund	6,545	0.1%	
0.1%	5,519	Vespa Capital III	8,950	0.2%	
0.1%	2,760	Summit Eur Growth EQ III SCSP LP	3,378	0.1%	
0.1%	4,886	Alpinvest Secondaries Fund VII Limited Partnership	4,786	0.1%	
0.0%	1,345	Neuberger Berman Clifton Private Equity IV	7,758	0.2%	
5.3%	211,980	Property (directly owned)	215,065	4.8%	
5.3%	211,980	CBRE Global Investors	215,065	4.8%	
Pooled Investment Vehicles:					
6.7%	267,053	Bonds	282,327	6.3%	
6.7%	267,053	Royal London Mutual Insurance Mutual Fund	282,327	6.3%	
10.9%	436,080	UK Equities - Quoted	532,564	11.9%	
5.3%	212,237	LGIM UK Equity Index (passive)	532,564	11.9%	
5.6%	223,843	Brunel UK Equities	-	0.0%	
49.4%	1,979,734	Global Equities - Quoted	2,244,701	50.2%	
9.3%	373,355	LGIM Smart Beta Fund	424,865	9.5%	
5.7%	229,038	LGIM World Developed Equities Index Fund	272,269	6.1%	
6.8%	270,952	Brunel Global High Alpha Equities	290,598	6.5%	
3.9%	157,228	Brunel Emerging Markets Equities	-	0.0%	
9.6%	383,022	Brunel Global Sustainable Equities	412,307	9.2%	
6.5%	262,841	Brunel Smaller Companies Equities	294,100	6.6%	
7.6%	303,298	Brunel Low Volatility	349,861	7.8%	
0.0%	-	Ninety One Funds Series IV E (Emerging Markets)	132,641	3.0%	
0.0%	-	Robeco Capital Growth Funds RO (Emerging Markets)	68,060	1.5%	
7.3%	292,439	Multi Asset Credit (MAC)	309,397	6.9%	
1.5%	61,883	CQS Global Funds Mutual Fund	65,686	1.5%	
1.5%	60,013	Oaktree (LUX) III SA SICAV Mutual Fund	63,308	1.4%	
4.3%	170,543	Neuberger Berman Investment Mutual Fund	180,403	4.0%	
1.8%	73,026	Property Funds	74,229	1.7%	
0.1%	2,290	Standard Life UK Shopping Centre Trust	-	0.0%	
0.3%	13,912	CBRE UK Long Income Property Fund	13,255	0.3%	
0.7%	28,030	Aberdeen Standard Long Lease Property Fund	29,892	0.7%	
0.7%	28,794	M&G Secured Income Property Fund	31,082	0.7%	
6.8%	270,705	Diversified Returns Funds	293,766	6.6%	
6.8%	270,705	Brunel Diversifying Returns Fund	293,766	6.6%	
7.8%	312,725	Infrastructure	340,555	7.6%	
1.9%	77,642	Hermes GPE Infrastructure Funds	77,432	1.7%	
4.3%	171,151	IFM Global Infrastructure Fund	191,032	4.2%	
0.7%	27,435	Greencoats Renewable Income Infrastructure Fund	24,906	0.6%	
0.9%	36,497	STEPSTONE B III	47,186	1.1%	
90.7%	3,631,761	Total - Pooled Investments	4,077,540	91.2%	

31 March 2025			31 March 2026		
Market Value		Description / Investment Manager	Market Value		
0.5%	21,444	Cash & Cash Equivalents	21,766	0.5%	
0.0%	782	Derivatives	-	0.0%	
0.0%	582	Investment Receivables	558	0.0%	
100.0%	4,003,758	Total Investment Assets	4,468,149	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 2025			31 March 2026		
Market Value		Description / Investment Manager	Market Value		
%	£'000		£'000	%	
85.9%	3,439,680	Investments managed by the Brunel Pension Partnersh	3,692,586	82.6%	
0.7%	28,030	Aberdeen Standard Investments	29,892	0.7%	
0.1%	4,886	Alpinvest Partners	4,786	0.1%	
0.1%	5,394	Ardian	6,545	0.1%	
46.8%	1,871,889	Brunel Pension Partnership Ltd	1,640,633	36.7%	
0.3%	11,365	Capital Dynamics	10,475	0.2%	
1.5%	61,883	CQS	65,686	1.5%	
0.7%	27,435	Greencoat Capital	24,906	0.6%	
20.3%	814,629	LGIM	1,229,698	27.5%	
0.7%	28,794	M&G Investments	31,082	0.7%	
5.3%	213,533	Neuberger Berman	243,734	5.5%	
1.5%	60,013	Oaktree	63,308	1.4%	
6.7%	267,053	Royal London	282,327	6.3%	
0.9%	36,497	StepStone Infrastructure and Real Assets	47,186	1.1%	
0.1%	2,760	Summit Partners	3,378	0.1%	
0.1%	5,519	Vespa Capital	8,950	0.2%	
13.5%	541,269	Investments managed outside the Brunel Pension Part	753,239	16.9%	
5.7%	228,182	CBRE Investment Management	228,320	5.1%	
1.9%	77,642	Federated Hermes	77,432	1.7%	
1.4%	56,205	HarbourVest	52,837	1.2%	
4.3%	171,151	IFM Investors	191,032	4.3%	
0.0%	60	Investec	125	0.0%	
0.2%	8,029	Patria	2,793	0.1%	
0.0%	-	Ninety One	132,641	3.0%	
0.0%	-	Robeco	68,060	1.5%	
0.5%	22,808	Cash, derivatives and investment receivables:	22,324	0.5%	
0.5%	21,444	Cash	21,766	0.5%	
0.0%	782	Derivatives	-	0.0%	
0.0%	582	Investment Receivables	558	0.0%	
100.0%	4,003,758	Total Investment Assets	4,468,149	100.0%	

NOTE 15B. 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 2025		31 March 2026	
£'000		£'000	
235,645	Opening balance	211,980	
716	Purchases	55	
(23,966)	Disposals	-	
(415)	Change in market value	3,030	
211,980	Closing balance	215,065	

The future minimum lease payments receivable are as follows:

31 March 2025		31 March 2026
£'000		£'000
9,498	Within one year	10,437
20,667	Between one and five years	23,041
37,360	Later than five years	28,928
67,524	Total future lease payments due under existing contracts	62,405

NOTE 16. 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.

2025-26	Value 1 April 2025 £'000	Purch's & Derivative payments £'000	Sales & Derivative receipts £'000	Change in market value £'000	Value 31 March 2026 £'000
Long Term Investments	750	-	-	36	786
Equities	60	315,052	(317,616)	2,629	125
Pooled Investment Vehicles	3,631,761	508,701	(516,360)	453,438	4,077,540
Private Equity	137,149	20,577	(19,087)	14,456	153,095
Property	211,980	55	0	3,030	215,065
Total Securities	3,981,700	844,385	(853,063)	473,589	4,446,611
Forward Foreign Exchange	782	-	-	(5,618)	(4,836)
Total Securities and Derivatives	3,982,482	844,385	(853,063)	467,971	4,441,775
Other Investment Balances:					
Cash & cash equivalents*	21,444			15,304	21,766
Other investment assets	582			23	558
Other investment liabilities	-			-	-
Total Net Investments	4,004,508			483,298	4,464,099

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	-	0	(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*	27,895			5,448	21,444
Other investment assets	729			(6)	582
Other investment liabilities	-			-	-
Total Net Investments	3,864,802			177,810	4,004,508

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 17. 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	41,654	EUR	47,835	0	(298)
2-6 months	GBP	42,500	JPY	8,897,939	0	(198)
2-6 months	GBP	340,199	USD	454,229	0	(4,340)
Open Forward Currency Contracts at 31 March 2026					-	4,836
Net Forward Currency Contracts at 31 March 2026						4,836

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

NOTE 18. 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 2026 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 2026.

	Valuation range % (+/-)	Value at 31 March 2026 £'000	Value on Increase £'000	Value on Decrease £'000
Pooled Investment Vehicles	15.00%	414,784	477,001	352,566
Private Equity	15.00%	153,095	176,059	130,131
Property	15.00%	215,065	247,325	182,805
Total		782,944	900,385	665,502

	Valuation range % (+/-)	Value at 31 March 2025 £'000	Value on Increase £'000	Value on Decrease £'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

The following tables provides an analysis of the Fund's assets and liabilities by fair value hierarchy.

31 March 2026	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss				
Equities	125	-	-	125
Pooled investments	-	3,662,756	340,555	4,003,311
Pooled property investments	-	-	74,229	74,229
Private equity	-	-	153,095	153,095
Derivative contracts	-	-	-	-
Cash and cash equivalents	586	21,180	-	21,766
Sub-total	711	3,683,936	567,879	4,252,526

Non financial assets at fair value through profit and loss				
Property	-	-	215,065	215,065
Financial liabilities at fair value through profit and loss				
Derivative contracts	-	(4,836)	-	(4,836)
Total	711	3,679,100	782,944	4,462,755

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	264	21,180	-	21,444
Sub-total	324	3,269,318	521,554	3,791,196

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	324	3,269,318	733,534	4,003,176

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 2025	384,405	137,149	211,980	733,534
Purchases and derivative payments	47,754	20,577	55	68,386
Sales and derivative receipts	(43,747)	(19,087)	-	(62,834)
Unrealised gains and losses	28,157	4,393	3,030	35,580
Realised gains and losses	(1,785)	10,063	-	8,278
Closing value at 31 March 2026	414,784	153,095	215,065	782,944

	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

NOTE 19. CLASSIFICATION OF FINANCIAL INSTRUMENTS

As at 31 March 2026	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	786	-		
Equities	125	-		
Pooled investments	4,003,311	-		
Pooled property investments	74,229	-		
Private equity	153,095	-		
Derivative contracts	-	-		
Cash and cash equivalents	94,073	563		
Other investment balances	-	558		
Debtors	-	7,075		
Total	4,325,619	8,196		
Financial liabilities				
Derivative contracts			4,836	
Other investment balances				-
Sundry creditors				7,391
Total			4,836	7,391

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

NOTE 19A. 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.

2024/25		2025/26
£'000		£'000
Financial assets		
172,783	Fair value through profit and loss	464,769
Financial liabilities		
	Fair value through profit and loss	
172,783	Total	464,769

NOTE 20. 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 2026	Value £'000	Change %	Increase £'000	Decrease £'000
Equities	125	15.00%	19	(19)
Pooled Investment Vehicles	4,077,540	15.00%	611,631	(611,631)
Private Equity	153,095	15.00%	22,964	(22,964)
Derivatives	-	15.00%	-	-
Total	4,230,760		634,614	(634,614)

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)
Derivatives	782	15.00%	117	(117)
Total	3,769,752		565,462	(565,462)

(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 2026 and 2025 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 2026	Market Value £'000	Impact of 1% Rate	
		Decrease £'000	Increase £'000
Cash & cash equivalents	94,636	-	-
Assets held in pooled investment vehicles:			
Bonds	282,327	16,108	(16,108)
Multi Asset Credit (MAC)	309,397	7,410	(7,410)
Total	686,360	23,518	(23,518)

As at 31 March 2025	Market Value £'000	Impact of 1% Rate Decrease £'000	Rate 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

(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 2026	Total Exposure £'000	Unhedged Exposure £'000	Potential Movement £'000
Equities	125	63	9
Pooled Investment Vehicles	3,038,896	2,016,896	302,534
Private Equity	153,095	153,095	22,964
Total	3,192,116	2,170,054	325,508

As at 31 March 2025	Total Exposure £'000	Unhedged Exposure £'000	Potential Movement £'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

(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 2026 and 31 March 2025.

	31 March 2026	31 March 2025
Investment	£'000	£'000
Cash and Cash Equivalents	94,636	88,239
Assets held in pooled investment vehicles:		
Bonds	282,327	267,053
Multi Asset Credit (MAC)	309,397	292,439
Total	686,360	647,731

(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 2026, liquid assets were £3,685m representing 81% of total net assets (£3,270m at 31 March 2025 representing 80% of total net assets at that date).

NOTE 21. 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 2025, setting employer contribution rates for the period 1 April 2026 to 31 March 2029.

The next valuation is taking place as at 31 March 2028 and will set employer contribution rates for the period 1 April 2029 to 31 March 2032.

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 2026 were set at the valuation calculated as at 31 March 2022. The common contribution rates set at the 2025 valuation for the three-year period ending 31 March 2029 are as follows.

	2026/27	2027/28	2028/29
Primary rate (future service contributions)	16.30%	16.30%	16.30%
Secondary rate (deficit recovery contributions)	4.50%	3.90%	3.60%
Total employer contributions	20.80%	20.20%	19.90%

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 2025 actuarial valuation, the Fund was assessed as 98% funded (96% at the 2022 valuation) with a deficit recovery period of no more than 13 years (16 years at the 2022 valuation). The key assumptions applied by the actuary for the 2025 and 2022 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 2022	Valuation 2025
Annual rate of return on investments (discount rate)	4.90%	5.10%
Annual rate of increases in pay (long term)	4.00%	3.70%
Annual rate of inflation (CPI)	3.00%	2.70%

NOTE 22. 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 2026 is set out in Appendix D to these financial statements.

NOTE 23. 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 £2,084k in 2025/26 (£1,714k in 2024/25).

The market value of the separately invested additional voluntary contributions as at 31 March 2026 was £11,217k (£9,551k as at 1 April 2025).

NOTE 24. 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 Ltd ("Brunel"), company number 10429110. Brunel 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 Brunel. Transactions with Brunel were £2.9m for 2025/26 and £1.5m for 2024/25. The 2025/26 amount includes a payment of £1.3m towards the expected costs of winding up the company.

The Council remits monthly contributions to the Fund in arrears, and total contributions for the year were £50m. £3.7m of this related to March 2026 contributions and was accrued as at 31 March 2026. Management and administration costs of £3.0m were incurred by the Council and recharged to the Fund in 2025/26. 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 24A. KEY MANAGEMENT PERSONNEL

Senior officers of the Council are members of the Fund as employee contributors. As at 31 March 2026, 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 and the Council's Chief Financial Officer (who is the Fund Administrator). The £3.0m recharge from the Council includes a charge of £24k for the Chief Financial Officer's time spent working for the Fund. The £24k charge is categorised as a short-term employee benefit.

NOTE 25. 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 2026 do not reflect any potential recovery of tax.

Commitments to private markets' portfolios

Outstanding capital commitments (investments) at 31 March 2026 were approximately £110m (£135m at 31 March 2025). 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

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.

In September 2025, the government published proposed amendments to the Pension Schemes Bill that would allow retrospective actuarial validation to confirm whether historic changes to contracted-out benefits complied with statutory requirements. The legislation set out that for the LGPS (England and Wales), the scheme manager role was to be carried out by the Ministry of Housing, Communities and Local Government (MHCLG) as the responsible authority for the scheme.

In January 2026, The Pensions Regulator and the Financial Reporting Council issued guidance for scheme managers and scheme actuaries responsible for giving retrospective confirmation. The Government Actuary's Department have been working with MHCLG to consider whether any action was required in respect of the LGPS (England and Wales). The Government was confident that public sector pension schemes, including the LGPS, would not have failed the Reference Scheme Test at all relevant times during the period in question. No changes to the scheme were therefore expected to arise as a result of this legal case.

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).

LGPS pool companies are responsible for implementing the strategic asset allocations of

their participating funds by investing their assets within defined outcome focused investment portfolios. In particular, they research and select 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 company is monitored to ensure that it 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 the pool company by the client/shareholder administering authorities. The set up and transition costs incurred to date are set out in the following table.

Table 2: Investment Pool Set Up Costs

	2025/26		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 2026 approximately 86% 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-26 £'000	Price Variance £'000	Quantity Variance £'000	Total Saving / (Cost) £'000
UK Passive Equities	365,654	532,564	-96	0	-96
UK Active Equities	218,539	0	5,548	17,744	23,292
Global Passive Equities	0	272,269	275	-554	-279
Global Climate Transition Equities	0	0	35	-64	-29
Global Paris Aligned Equities	0	0	94	-179	-85
Smart Beta Passive Equities	0	424,865	584	-1,916	-1,332
Low Volatility Equities	227,083	349,861	249	7,988	8,238
Emerging Markets Equities	65,186	198,870	1,507	1,207	2,714
High Alpha Global Equities	0	290,598	5,249	-10,838	-5,589
Global Smaller Companies Equities	0	294,100	2,252	-8,169	-5,917
Global Sustainable Equities	0	412,307	5,750	-11,778	-6,028
Core Global Equities	333,306	0	0	21,607	21,607
Diversifying Returns Fund	107,588	293,766	2,951	2,538	5,489
Multi Asset Credit	0	309,401	704	-3,733	-3,029
Sterling Corporate Bonds	286,117	282,327	1,444	14,229	15,673
Sub-Total Listed Markets	1,603,473	3,660,930	26,546	28,082	54,629
Private Markets			4,304	-7,038	-2,734
Total			30,850	21,044	51,895

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

	2024/25				2025/26			
	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	747	4,631	1,331	7,062	772	5,403	1,515	8,577
Client Savings	(149)	(959)	(133)	(919)	(154)	(1,113)	(133)	(1,052)
Transition costs	0	3,301	0	4,332	0	3,301	0	4,332
Fee savings*	(4,232)	(18,742)	(6,820)	(24,572)	(4,527)	(23,269)	(6,278)	(30,850)
Net costs/(savings)	(3,634)	(10,586)	(5,622)	(13,025)	(3,909)	(14,495)	(4,896)	(17,921)

**Price variance only.*

In April 2025 the administering authorities of two of the eight LGPS investment pools in England and Wales (Brunel and ACCESS) were instructed by government to join one of the six other pools. In September 2025, the Pension Fund Committee resolved that Local Pension Partnership Investments (LPPI) was the preferred pool Dorset wished to work with, alongside five of the other

Brunel partner funds plus three existing LPPI partner funds and in March 2026, the Committee resolved to become a shareholder and client of LPPI. All pension fund investment assets are now under the management of LPPI and the process for winding up Brunel has begun.

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



As an administering authority of the LGPS, Dorset Council recognises the importance of ensuring that all officers and Pension Fund Committee and Local Board members charged with financial management and decision making for the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

It therefore seeks to appoint individuals who are both capable and experienced and will provide and arrange training for relevant officers and members. This training is designed to enable officers and members to acquire and maintain an appropriate level of expertise, knowledge, and skills. A formal training plan is prepared each year to identify and meet the training needs of the

Pension Fund Committee and Local Pension Board, both as a group and as individuals, and is based upon the recommendations of the CIPFA Pensions Finance Knowledge and Skills Framework.

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 2025-26 for members and officers are shown in the table below.

Date	Training	By Whom
24/06/2025	Investment Training	Steve Tyson, Apex, Independent Investment Adviser
24/06/2025	Pension Fund Investment	David Wilkes, Service Manager
09/09/2025	LGPS Investment Policy	David Wilkes, Service Manager
02/12/2025	Funding Strategy Statement	Roisin McGuire & Hagen Eichel - Barnett Waddingham
02/12/2025	LPPI Introduction Meeting	Chris Rule & Matthew Graham - LPPI
17/03/2026	UK Government Bonds ("Gilts")	David Wilkes, Service Manager

Pension Fund Documents



The precis and the links below relate to important documents of 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; 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.

This statement replaces the previous version of the Investment Strategy Statement (ISS) first published September 2024 and has been amended to reflect the results of the strategic allocation review agreed by the Committee 17 March 2026.

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 by Dorset Council in our capacity as Administering Authority of the Fund.

This statement has been prepared:

- 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).

Employers and other relevant parties have been consulted during the development of this FSS.

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.

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>

Voting Guidelines



Brunel Pension Partnership

Brunel Pension Partnership set out a range of principles on key topics, which express expectations of companies and their boards and management. Failure to meet any of these will be factored into the assessment of whether to support a relevant resolution proposed by management or by shareholders at a company's annual or extraordinary general meeting, or otherwise in writing.

The Responsible Investment priorities, which are used to focus the engagement programme, are detailed on Brunel's website. Brunel's Climate Change Policy provides further detail on their engagement programme. Some engagement themes do not have a directly-related voteable action – for these areas, it can be more effective to communicate views via engagement with companies. Brunel have included the engagement outcomes below, to demonstrate how engagement and voting is linked, and to indicate how they will engage and/or vote on each principle. Where Brunel feel that companies are consistently unreceptive to engagement, Brunel will consider voting to oppose relevant board members or resolutions. Omission of an issue in the voting policy does not preclude a vote against a particular resolution.

Brunel Voting Principles

What companies can expect from Brunel

- **Voting:** Brunel will always seek to exercise their rights as shareholders through voting.
- **Consistency:** Brunel aim to vote consistently on issues, in line with their Voting Policy, applying due care and diligence, allowing for case-by-case assessment of companies and market-specific factors. Brunel will consider engagement with companies when voting.
- **No abstention:** Brunel aim to always vote either in favour or against a resolution and only to

abstain in exceptional circumstances or for technical reasons, such as where their vote is conflicted, a resolution is to be withdrawn, or there is insufficient information upon which to base a decision.

- **Supportive:** Brunel aim to be knowledgeable about companies with whom they engage and to always be constructive. Brunel aim to support boards and management where their actions are consistent with protecting long-term shareholder value.
- **Long-term:** Brunel seek to protect and optimise long-term value for shareholders, stakeholders and society.
- **Engagement:** Brunel support aligning their voting decisions with company engagement. Brunel will escalate the vote if concerns have been raised and not addressed in the prior year.
- **Transparency:** Brunel will be transparent and publish their voting activity no less than twice per year.

What Brunel expects of companies

- **Accountability:** The directors of a company must be accountable to its shareholders and make themselves available for dialogue with shareholders.
- **Transparency:** Brunel expect companies to be transparent and to disclose, in a timely and comprehensible manner, information to enable well-informed investment decisions. This includes environmental and social issues that could have a material impact on the company's long-term performance.
- **One Share, One Vote:** Brunel support one share, one vote. Where a company issues shares with

differing rights, they must define these rights transparently and clearly explain why rights are not equal.

- *Informed votes*: Brunel expect companies to make complete materials for general meetings available to shareholders and, where possible, to do so in advance of the legal timeframes for the meeting.
- *Development*: Brunel encourage companies to explore technology to improve the voting process and confirmation, such as blockchain, virtual meetings, electronic voting, and split voting (ownership proportion).

Voting Guidelines

Brunel have set out their voting guidelines in the sequence that reflects the level of individual direct control that the company has in managing the topic. For example, climate change is a risk that a company, despite its individual action, in and of itself has no direct control over – it can, however, control its response to that risk. In contrast, appointments to the board, remuneration policy and systems of internal control are wholly within an organisation's sphere of influence. Brunel believe that taxation and the availability and use of human and natural capital sit between these two extremes. By structuring guidelines in this order, we are highlighting the need for companies to respond to high level global risks; these are often not a focus of attention but failure to manage them can have significant financial consequences. The ordering of the voting principles does not indicate their level of importance.

The principle and Outcome/Voting Guidance can be found at:

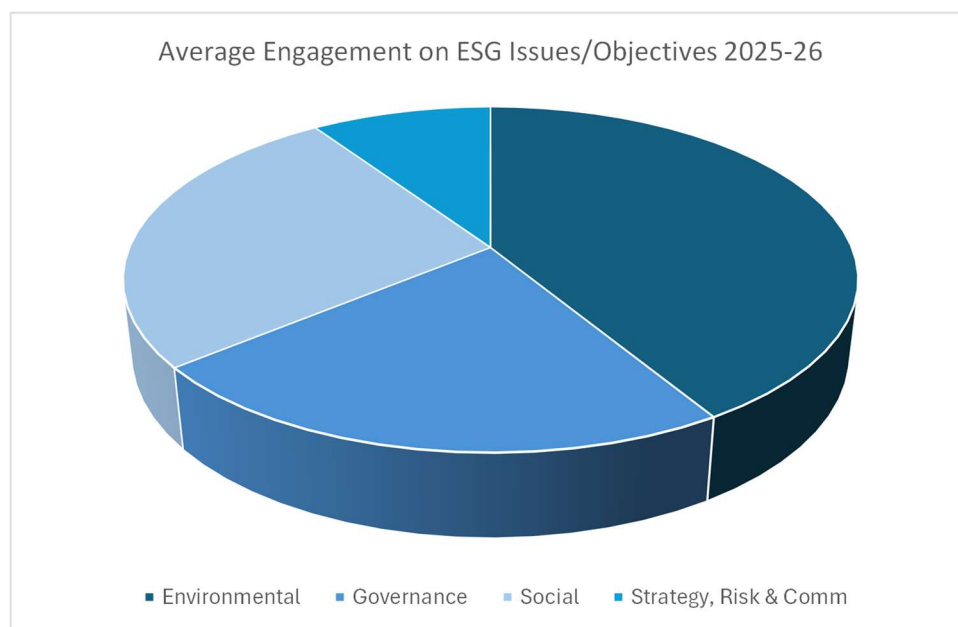
<https://www.brunelpensionpartnership.org/wp-content/uploads/2024/05/Brunel-Voting-Guidelines-2024.pdf>

Voting – Engagement by Region

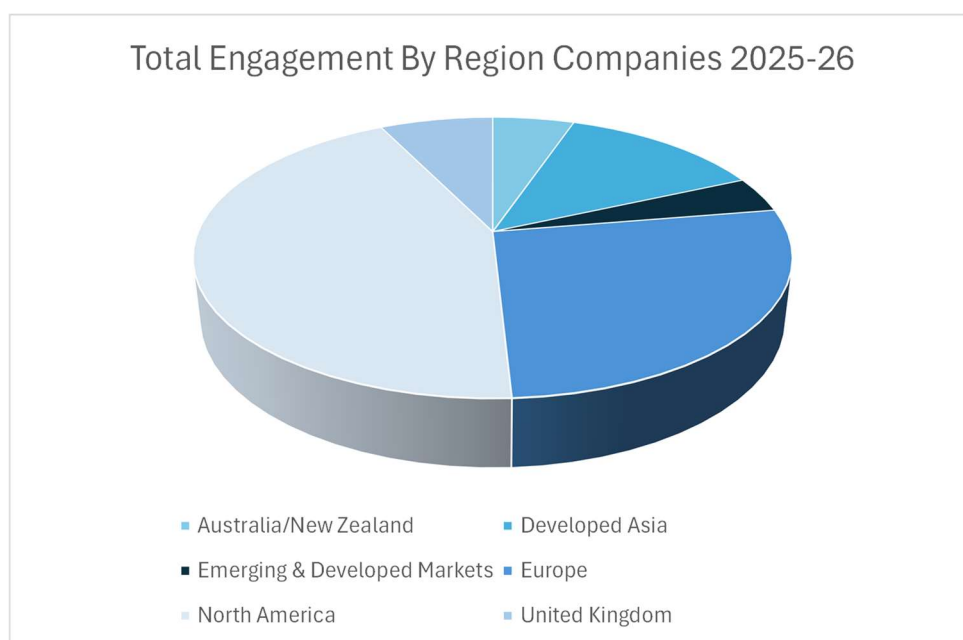
Throughout 2025-26 Brunel Pension Partnership/Federated Hermes engaged with a total of 1,125 global companies held in the Dorset County Pension Fund portfolio on a range of 3,854 environmental, social and governance issues and

objectives. The charts and tables below show the Engagement on environmental, social and governance issues and objectives and the Engagement with companies by region. A sample of voting analysis are shown below.

Engagement On ESG Issues Objectives				
	30 June 2025	30 September 2025	31 December 2025	31 March 2026
	%	%	%	%
Environmental	33.5	49.9	42.2	39.6
Governance	35.1	15.6	17.5	22.7
Social	22.2	23.6	32.1	28.2
Strategy, Risk & Comm	9.2	10.9	8.2	9.5



Engagement By Region - Companies - Quarter Ending					
	30 June 2025	30 September 2025	31 December 2025	31 March 2026	Total
Australia/New Zealand	11	16	20	12	59
Developed Asia	51	28	45	23	147
Emerging & Developed Markets	13	19	9	5	46
Europe	96	72	74	59	301
North America	155	108	140	87	490
United Kingdom	26	22	19	15	82
Total	352	265	307	201	1,125



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) to 31.03.2026

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.

Local Pensions Partnership Investments (LPPI)

The new LGPS pension fund's investment pooling manager from 1 April 2026.

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.

Pension Fund Committee

8 September 2026

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 June 2026 was £4,872m compared to £4,537m at the start of the financial year, an increase of £335m.

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%.

Equity markets recovered sharply from the volatility of the previous quarter, driven largely by the large technology and semi-conductor companies but concerns remain that an Artificial Intelligence (AI) 'bubble' is developing. The quarter also benefited from a de-escalation of tensions in the Middle East. Talks have subsequently broken down and the conflict continues to disrupt global energy supplies with adverse implications for inflation and interest rate expectations.

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.

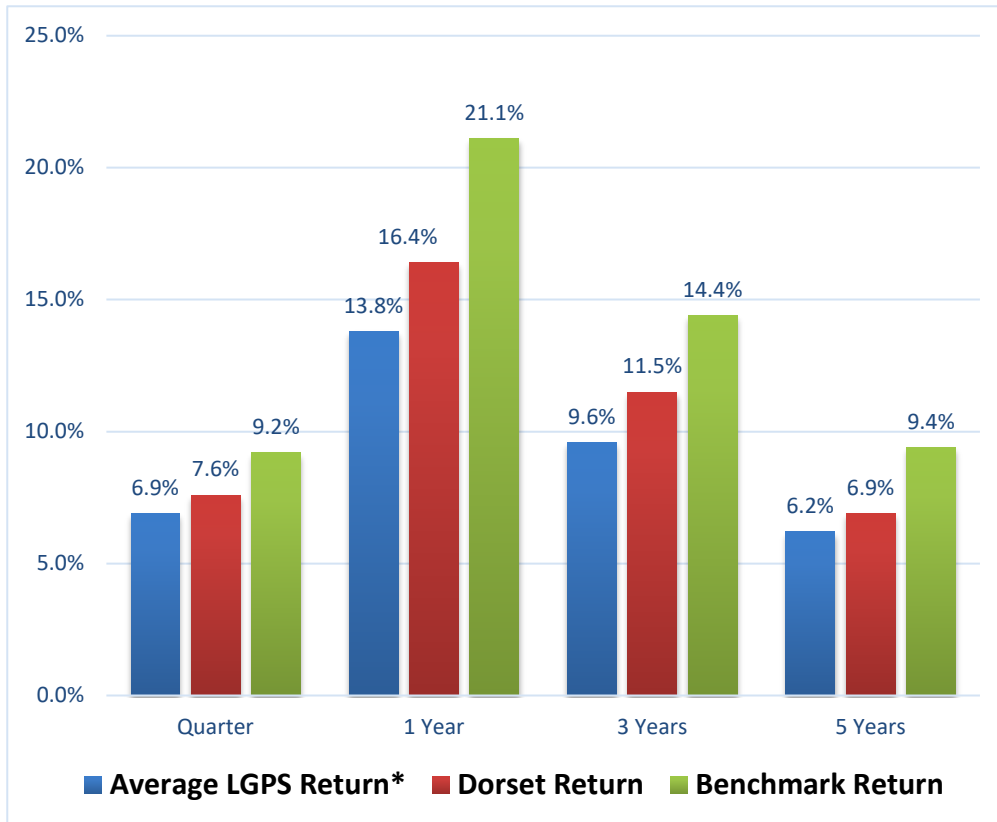
1. Asset Valuation Summary

- 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 June 2026, compared with the target asset allocation agreed by the Committee March 2026. (Target asset allocations will be reviewed be as part of the overall review of the pension fund's investment strategy due to conclude March 2027.)

Asset Class	31-Mar-26		30-Jun-26		Target		Tolerance
	£M	%	£M	%	£M	%	%
Listed Equity	2,777.4	61.2%	2,865.7	58.8%	2,679.8	55.0%	45-65%
Listed Credit	591.7	13.0%	598.6	12.3%	633.4	13.0%	9-17%
Private Equity	153.1	3.4%	154.3	3.2%	243.6	5.0%	2-8%
Private Credit	-	-	-	-	-	-	-
Property / Real Estate	289.2	6.4%	289.8	5.9%	438.5	9.0%	4-14%
Infrastructure	340.6	7.5%	331.1	6.8%	389.8	8.0%	4-12%
UK Government Bonds	-	0.0%	451.8	9.3%	438.5	9.0%	0-12%
Other Alternatives (DRF)	293.8	6.5%	-	0.0%	-	0.0%	0-10%
Cash	91.0	2.0%	181.1	3.7%	48.7	1.0%	0-5%
Total	4,536.8	100.0%	4,872.4	100.0%	4,872.4	100.0%	

2. Investment Performance Summary

- 2.1 The overall performance of the pension fund's investments to 30 June 2026 is summarised below (returns for three and five years are annualised figures).



*The average LGPS return is estimated by Pensions & Investment Research Consultants (PIRC) based on 63 participating LGPS funds with a combined asset value of approximately £300bn.

2.2 Appendix 1 summarises by investment manager and investment vehicle the value of Assets Under Management (AUM) as at 30 June 2026 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 In the quarter to the end of June 20226, equity markets recovered sharply from the volatility of the previous quarter, driven largely by the large technology and semi-conductor companies. Concerns remain that an Artificial Intelligence (AI) 'bubble' is developing in US technology stocks and that sufficient returns to justify valuations may not materialise from the billions being invested.

3.2 The quarter also benefited from a significant de-escalation of tensions in the Middle East. Talks between the US and Iran have subsequently broken down, and the conflict continues to disrupt global energy supplies which is likely to feed through into higher inflation, although the duration

and magnitude of the impact remain uncertain. The consequences are therefore also being felt in monetary policy expectations as central banks hold off from continuing to reduce interest rates until inflationary pressures become clearer.

- 3.3 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 LPPI's quarterly report (Appendix 3).

4. Investment Pooling

- 4.1 In accordance with the requirements of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026, Dorset participates with eight other LGPS funds to pool investment assets through Local Pensions Partnership Investments (LPPI). LPPI is wholly owned in equal shares by the nine administering authorities that participate in the pool and is authorised by the Financial Conduct Authority (FCA).
- 4.2 LPPI's performance report for the quarter ending 30 June 2026 is included as Appendix 3 to this report. This report includes market summaries from LPPI's investment officers and an overall performance summary for the pension fund, together with more detailed information in relation to Dorset's assets under LPPI's management.

5. Pension Fund Budget 2026/27

- 5.1 Forecast outturn against the Pension Fund Budget 2026/27 approved by the Committee is summarised below:

FUND ACCOUNT	2024/25 Actual £000s	2025/26 Actual £000s	2026/27 Budget £000s	2026/27 Forecast £000s
Dealings with members, employers and others directly involved in the Fund				
Employer contributions	138,248	136,925	139,000	139,000
Member contributions	36,372	38,106	40,000	40,000
Total contributions	174,620	175,031	179,000	179,000
Transfers in from other pension funds	22,951	18,485	20,000	20,000
Total additions from dealing with members etc	197,571	193,516	199,000	199,000
Pensions	-147,340	-155,195	-161,000	-161,000
Commutation and lump sum retirement benefits	-31,218	-29,550	-30,000	-30,000
Lump sum death benefits	-3,272	-4,774	-5,000	-5,000
Total benefits	-181,830	-189,519	-196,000	-196,000
Refunds of contributions	-508	-620	-1,000	-1,000
Transfers to other pension funds	-27,123	-18,693	-20,000	-20,000
Total payments to and on account of leavers	-27,631	-19,313	-21,000	-21,000
Net additions/(withdrawals) from dealings with members and others	-11,890	-15,316	-18,000	-18,000
Management expenses*	-22,204	-26,785	-28,000	-29,000
Investment income	21,937	23,153	24,000	24,000
Net additions/(withdrawals) from the Fund	-12,157	-18,948	-22,000	-23,000

- 5.2 *Management expenses are expected to increase broadly in line with asset values and the forecast outturn is based on returns to date, which have exceeded budget assumptions. The outturn for all other income and expenditure is currently expected to be broadly in line with budget.

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 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 (and now

LPPI). Approximately 10% of the pension fund's assets are invested in a global sustainable equities fund, with all other actively managed former Brunel funds 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: LPPI's quarterly report

14. Background papers

[Funding Strategy Statement | Dorset Pension Fund](#)
[Investment Strategy Statement | Dorset Pension Fund](#)
[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 June 2026 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.

Local Pensions Partnership Investments

Investment	AUM £m	Qtr %	1 Yr %	3 Yr %	5 Yr %	SII %
Global Equities:						
LPPI Global Equities Fund II	463.6	11.3	-	-	-	11.3
MSCI AC World GBP Index		13.5	-	-	-	13.5
Excess		-2.2	-	-	-	-2.2
LPPI Global High Alpha Equity	323.9	10.4	-	-	-	10.4
MSCI World TR Index		12.7	-	-	-	12.7
Excess		-2.3	-	-	-	-2.3
LPPI Smaller Companies Equities	339.9	13.7	-	-	-	13.7
MSCI World Small Cap		13.7	-	-	-	13.7
Excess		0.0	-	-	-	0.0
LGIM Passive Developed Equities	150.0	14.5	28.1	18.5	12.9	13.5
FTSE World Developed		14.5	28.2	18.7	13.1	13.6
Excess		0.0	-0.1	-0.2	-0.2	-0.1
LGIM Passive Dev. Equities (Hedged)	163.0	15.5	26.1	20.6	12.7	14.2
FTSE World Developed Hedged		15.5	26.5	20.9	12.9	14.4
Excess		0.0	-0.4	-0.3	-0.2	-0.2
LPPI Low Volatility Global Equity	378.1	7.5	-	-	-	7.5
MSCI AC World Index		13.5	-	-	-	13.5
Excess		-6.0	-	-	-	-6.0

Investment	AUM £m	Qtr %	1 Yr %	3 Yr %	5 Yr %	SII %
LGIM Passive Smart Beta	222.6	7.3	22.4	13.9	10.4	10.1
SciBeta Multifactor Composite		7.1	21.8	13.4	9.8	9.6
Excess		0.2	0.6	0.5	0.6	0.5
LGIM Passive Smart Beta (Hedged)	235.3	8.3	20.4	15.9	10.1	10.2
SciBeta Multifactor Hedged Composite		8.1	19.8	15.3	9.6	9.8
Excess		0.2	0.6	0.6	0.5	0.4
UK Equities:						
LGIM Passive UK Equities	333.9	4.7	21.9	15.3	11.0	7.5
FTSE All Share		4.7	21.9	15.3	10.9	7.4
Excess		0.0	0.0	0.0	0.1	0.1
Fixed Income:						
Brunel Multi Asset Credit	317.0	2.4	5.6	8.8	4.5	4.5
SONIA + 4%		1.9	8.1	8.8	7.6	7.6
Excess		0.5	-2.5	0.0	-3.1	-3.1
Brunel Sterling Corporate Bonds	290.6	2.9	5.9	8.2	-	6.3
iBoxx Sterling Non Gilts Overall Return		2.6	4.3	6.4	-	4.7
Excess		0.3	1.6	1.8	-	1.6
Other:						
Private Markets:						
Brunel Private Equity Cycle 1	62.8	2.8	16.7	9.1	16.0	17.4
MSCI AC World Index		14.3	28.2	18.5	12.4	13.9
Excess		-11.5	-11.5	-9.4	3.6	3.5
Brunel Private Equity Cycle 3	29.2	4.5	9.2	9.5	-	9.3
MSCI AC World Index		14.3	28.2	18.5	-	18.7
Excess		-9.8	-19.0	-9.0	-	-9.4
Brunel Private Equity Cycle 4	9.3	4.4	12.4	-	-	14.9
MSCI AC World Index		14.3	28.2	-	-	18.4
Excess		-9.9	-15.8	-	-	-3.5
Greencoat GRI - All Cycles	24.4	0.0	-2.0	-1.3	3.8	3.7
CPI		1.1	2.6	2.7	5.1	4.1
Excess		-1.1	-4.6	-4.0	-1.3	-0.4
Brunel Infrastructure Cycle 3	50.6	7.3	11.1	8.6	-	6.5
CPI		1.1	2.6	2.7	-	3.9
Excess		6.2	8.5	5.9	-	2.6
M & G Secured - All Cycles	31.9	2.5	8.6	5.7	0.4	1.0
CPI		1.1	2.6	2.7	5.1	5.0
Excess		1.4	6.0	3.0	-4.7	-4.0
Aberdeen Life Long Lease - All Cycles	29.8	-0.2	5.0	0.8	-1.8	0.5
CPI		1.1	2.6	2.7	5.1	3.9
Excess		-1.3	2.4	-1.9	-6.9	-3.4

Other Managers

Manager / Investment	AUM £m	Qtr %	1 Yr %	3 Yr %	5 Yr %	SII %
CBRE / Property	228.1	1.3	6.3	4.3	3.2	6.5
MSCI UK All Properties (Quarterly)		1.3	5.4	3.5	2.9	6.2
Excess		0.0	0.9	0.8	0.3	0.3
HarbourVest / Private Equity	50.3	-0.6	14.6	4.4	6.8	12.1
FTSE All Share		4.7	21.9	15.3	10.9	6.8
Excess		-5.3	-7.3	-10.9	-4.1	5.3
Patria / Private Equity	2.8	-0.7	2.0	-6.0	4.0	3.7
FTSE All Share		4.7	21.9	15.3	10.9	7.1
Excess		-5.4	-19.9	-21.3	-6.9	-3.4
Federated Hermes / Infrastructure	66.3	-3.2	2.1	-2.0	1.9	4.5
10% Absolute Return		2.3	10.0	10.0	10.0	10.0
Excess		-5.5	-7.9	-12.0	-8.1	-5.5
IFM / Infrastructure	189.8	-0.6	10.8	6.9	10.5	11.7
10% Absolute Return		2.3	10.0	10.0	10.0	10.0
Excess		-2.9	0.8	-3.1	0.5	1.7

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Market Review

Quarterly Report

Q2 2026

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Executive Summary

• LPPI Transition and Reporting Overview

- Q2 marks the first quarter under our new pooling arrangements with LPPI. The Committee will recall that our main priority for the transition from Brunel to LPPI was ensuring the safe and smooth transfer of assets from one regime to the next.
- For the time being, quarterly reporting by LPPI continues in the old “Brunel” format until a new reporting system can be implemented. There were some performance reporting issues during the transition at the beginning of April which we should ask LPPI to explain. The portfolio pages of the quarterly report note that there are performance reporting gaps spanning a few days. While it is difficult to determine how material this is, we should ask LPPI for formal reassurances.
- My independent view of the reporting is that although certain details are unsatisfactory and made comparisons difficult, the overall fund performance figures are consistent with State Street’s reporting and are therefore likely correct. Performance reporting should stabilize over time as LPPI gains more quarterly experience and introduces its own reporting system, rather than continuing to rely on the legacy Brunel framework.

• Key Insights from the LPPI Performance Report

Strong Absolute Returns: Total fund returns across **all periods are 9% or higher**. This represents a highly satisfactory absolute return that significantly exceeds our discount rate.

Benchmark Lag: The total fund is **lagging the benchmark across all periods**, crucially including the recent past.

- **Interpreting the Performance Lag**
- What does this lagging performance mean, and should we be dissatisfied? I believe not. It is vital that the Committee accepts this as a satisfactory outcome and refrains from applying undue pressure on the new Pool to chase benchmark performance.
- Understanding why this is happening requires looking at the underlying market drivers. Committee members will recall that I have been increasingly concerned about a developing bubble within US markets. As a bubble evolves, its leadership and narrative shift, but the systemic risk remains high. While it may persist a while longer—and timing is notoriously difficult to

predict—Dorset does not wish to be exposed to major market downside. Minor corrections are acceptable.

- Consequently, a satisfactory outcome for Dorset, and indeed the vast majority of mature Defined Benefit (DB) pension plans, involves accepting the sacrifice of some non-essential "excess" upside in exchange for essential, robust downside protection. The Committee has attended several training sessions on the core objectives of the Dorset Fund, so I trust this strategic trade-off is well understood.

• Economic and Market Commentary

- Turning to global economic and market activity:
- **US Macro Environment:** The US economy continues to avoid a slowdown, and stock markets have shown resilience moving into Q3. However, structural pressures are building. US government debt has expanded significantly this century, and the cost of servicing this debt remains high. Concurrently, US consumers are facing 6.7% mortgage rates and \$5 diesel.
- **Credit Risks:** We have not experienced a true credit cycle downturn since the 2008–2010 period, and anxieties within the private credit industry are mounting. As a result, the risk of a market downturn emerging in the next few years remains elevated.
- **Equities & Technology:** In equity markets, the recent semiconductor bubble—fueled by heavy AI infrastructure investment—initially boosted Emerging Markets like South Korea and Taiwan. That bubble has now deflated.
- **Monetary Policy & Geopolitics:** Both the Federal Reserve and the Bank of England continue to hold interest rates steady. However, inflation is not yet completely subdued, and the Straits of Hormuz remain a critical geopolitical flashpoint as we approach the colder seasons. On a positive note, bond yields are edging steadily higher, which is improving their underlying value.
- **UK Outlook:** Since the end of Q2, the UK has seen a change in government leadership. Markets are currently tightly focused on the upcoming Autumn Budget in November. As is widely recognized, the Government faces exceptionally difficult fiscal choices.

Steve Tyson

25th August 2026

• Further Market Commentary

- Global markets staged a strong recovery in Q2 2026 as geopolitical and energy-security concerns eased and investor attention shifted towards resilient corporate earnings and the accelerating artificial-intelligence investment cycle. Brent crude retreated sharply as tensions between the US and Iran moderated and concerns over prolonged supply disruption through the Strait of Hormuz diminished.
- Global equities responded strongly to improving risk sentiment. The MSCI World gained +13.8%, while the S&P 500 returned +15.2%, reversing their Q1 declines. Performance was led by technology, semiconductors and companies exposed to AI infrastructure and data-centre investment, supported by continued capital-expenditure commitments from major technology companies.
- Market leadership remained concentrated, with growth stocks materially outperforming value. Emerging-market equities gained +24.1%, driven predominantly by South Korea and Taiwan, where semiconductor and memory-chip companies benefited from sustained AI demand. Japanese equities also performed strongly, while China and several commodity-producing markets lagged.
- Sector dispersion was pronounced and represented a reversal of the Q1 pattern. The NASDAQ-100 Technology sector gained +55.1%, while industrials rose +14.5% and consumer discretionary returned +9.1%. In contrast, energy declined -14.0% as oil prices fell, while consumer staples and utilities were broadly flat to slightly negative.
- Commodities reversed much of their Q1 strength as the geopolitical risk premium unwound. Brent crude declined -38.4%, while the S&P GSCI fell -16.9%. Gold also weakened, although copper gained +10.3%, supported by continued investment in AI infrastructure, data centres and electricity networks.
- Fixed-income markets delivered modestly positive but uneven returns. Broad all-maturity UK gilts gained +2.0%, broad euro government bonds +1.9%, and broad US Treasuries +0.3%. Credit generally outperformed as spreads tightened and corporate fundamentals remained resilient, with emerging-market debt returning approximately +4.2% to +4.6%. Japan had the worst performing major bond market year-to-date, as yields rose from abnormally low levels and took account of the prime minister's ambitious spending plans. Emerging market debt was the best performing fixed income asset in Q2 at +4.0%.
- Real assets benefited from the broader improvement in sentiment, with global listed real estate returning +7.8% and infrastructure gaining +1.6%. The VIX declined -34.9% during the quarter, although it remained +10.0% higher year to date, indicating that the Q1 volatility shock had not been fully reversed.
- Economic conditions remained resilient but increasingly divergent. Business activity strengthened in the US and Japan, while momentum softened in the UK and

eurozone. Inflation remained above central-bank targets following the earlier energy shock, resulting in continued caution and greater policy divergence between the major central banks.

- Currency movements were moderate relative to other asset classes. The Dollar Index rose +1.2%, while the yen weakened 2.4% against the US dollar. Sterling gained 1.4% against the euro and 0.3% against the dollar, reflecting differing expectations for economic growth and monetary policy. Overall, Q2 represented a sharp reversal from the inflation-driven risk-off environment experienced in Q1. Falling oil prices, resilient earnings and renewed confidence in AI-related investment supported equities and credit. However, performance remained concentrated around technology and semiconductor beneficiaries, leaving markets vulnerable to changes in earnings expectations, geopolitical developments and monetary policy.

Key Indicators at a Glance

Index (Local Currency)		Q2	YTD
Equities		Total Return	
UK Large-Cap Equities	FTSE 100	4.0%	7.6%
UK All-Cap Equities	FTSE All-Share	4.7%	7.2%
US Equities	S&P 500	15.2%	10.2%
European Equities	EURO STOXX 50 Price EUR	15.2%	11.1%
Japanese Equities	Nikkei 225	37.4%	40.3%
EM Equities	MSCI Emerging Markets	24.1%	23.8%
Global Equities	MSCI World	13.8%	9.7%
Government Bonds			
UK Gilts	FTSE Actuaries UK Gilts TR All Stocks	2.0%	0.1%
UK Gilts Over 15 Years	FTSE Actuaries UK Gilts Over 15 Yr	2.3%	-1.9%
UK Index-Linked Gilts	FTSE Actuaries UK Index-Linked Gilts TR All Stocks	-1.1%	0.2%
UK Index-Linked Gilts Over 15 Years	FTSE Actuaries UK Index-Linked Gilts TR Over 15 Yr	-2.1%	-2.4%
Euro Gov Bonds	Bloomberg EU Govt All Bonds TR	1.9%	1.2%
US Gov Bonds	Bloomberg US Treasuries TR Unhedged	0.3%	0.3%
EM Gov Bonds (Local)	J.P. Morgan Government Bond Index Emerging Markets Core Index	4.2%	1.8%
EM Gov Bonds (Hard/USD)	J.P. Morgan Emerging Markets Global Diversified Index	4.6%	3.3%
Bond Indices			
IBOXX Sterling Corporates	IBOXX Sterling Corporates Overall Total Return Index	2.9%	1.0%
European Corporate Investment Grade	Bloomberg Pan-European Aggregate Corporate TR Unhedged	2.6%	1.4%
European Corporate High Yield	Bloomberg Pan-European HY TR Unhedged	3.4%	1.9%
US Corporate Investment Grade	Bloomberg US Corporate Investment Grade TR Unhedged	1.4%	0.9%
US Corporate High Yield	Bloomberg US Corporate HY TR Unhedged	2.5%	2.0%
Currencies			
GBP/EUR	GBPEUR Exchange Rate	1.4%	1.2%
GBP/USD	GBPUSD Exchange Rate	0.3%	-1.6%
EUR/USD	EURUSD Exchange Rate	-1.1%	-2.8%
USD/JPY	USDJPY Exchange Rate	2.4%	3.7%
Dollar Index	Dollar Index Spot	1.2%	2.9%
USD/CNY	USDCNY Exchange Rate	-1.6%	-2.9%
Alternatives			
Infrastructure	S&P Global Infrastructure Index	1.6%	10.0%
Private Equity	S&P Listed Private Equity Index	2.3%	-14.7%
Global Real Estate	FTSE EPRA Nareit Global Index TR GBP	7.8%	10.8%
Volatility		Change in Volatility	
VIX	Chicago Board Options Exchange SPX Volatility Index	-34.9%	10.0%
Commodities			
Brent Crude Oil	Generic 1st Crude Oil, Brent, USD/bbl	-38.4%	19.8%
Natural Gas (US)	Generic 1st Natural Gas, USD/MMBtu	13.6%	-11.2%
Gold	Generic 1st Gold, USD/toz	-13.1%	-7.0%
Copper	Generic 1st Copper, USD/lb	10.3%	9.0%
Gold	Spot gold price quoted in USD per troy ounce	-14.1%	-7.2%
S&P GSCI	Broad, production-weighted S&P GSCI commodity benchmark	-16.9%	12.9%
Sugar Futures	Front-month ICE Sugar #11 raw-sugar futures contract	-7.6%	-4.5%
Arabica Coffee	Front-month ICE Coffee "C" Arabica futures contract	4.3%	-10.8%
Sector Indices			
S&P 500 Consumer Discretionary	S&P 500 Consumer Discretionary sector	9.1%	-1.1%
S&P 500 Consumer Staples	S&P 500 Consumer Staples sector	-0.3%	6.7%
NASDAQ-100 Technology	Equal-weighted NASDAQ-100 Technology Sector	55.1%	45.6%
S&P 500 Health Care	S&P 500 Health Care sector	8.3%	2.6%
S&P 500 Financials	S&P 500 Financials sector	8.6%	-2.1%
S&P 500 Energy	S&P 500 Energy sector	-14.0%	18.0%
S&P 500 Industrials	S&P 500 Industrials sector	14.5%	19.5%
S&P 500 Utilities	S&P 500 Utilities sector	-1.2%	6.2%
S&P 500 Communication Services	S&P 500 Communication Services sector	8.1%	0.4%
S&P 500 Real Estate	S&P 500 Real Estate sector	7.6%	9.7%

Source: Bloomberg. All return figures quoted are total return, calculated with gross dividends/income reinvested

Data Charts

Economic Indicators

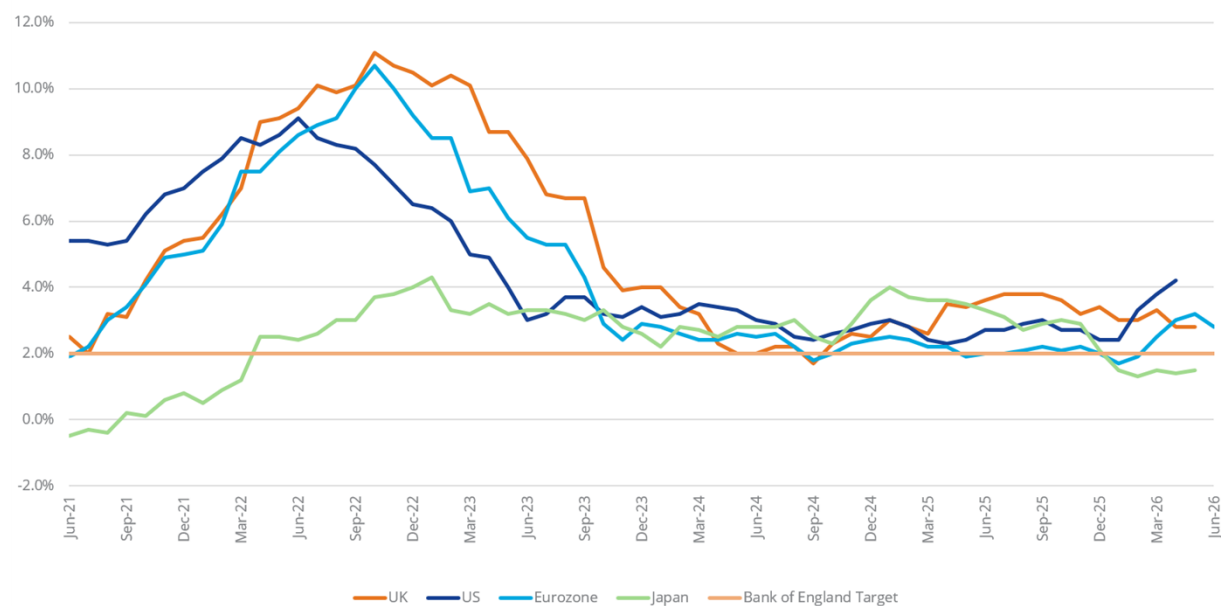
Table 1: Quarterly Real GDP Growth and Monthly CPI

%	GDP		CPI		
	Q1 2026	Q2 2026	Apr	May	Jun
UK	0.6	-	2.8	2.8	-
US	0.5	-	4.2	0	-
Eurozone	-0.2	-	3.0	3.2	2.8
Japan	0.	-	1.4	1.5	-

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 CQQQ Index) de-annualised, Eurozone Real GDP (Ticker: EUGNEMUQ Index), Japan Real GDP (Ticker: JGDPQGDP)

Chart 1: CPI – Annual rate of Inflation - Five Years to Jun 2026

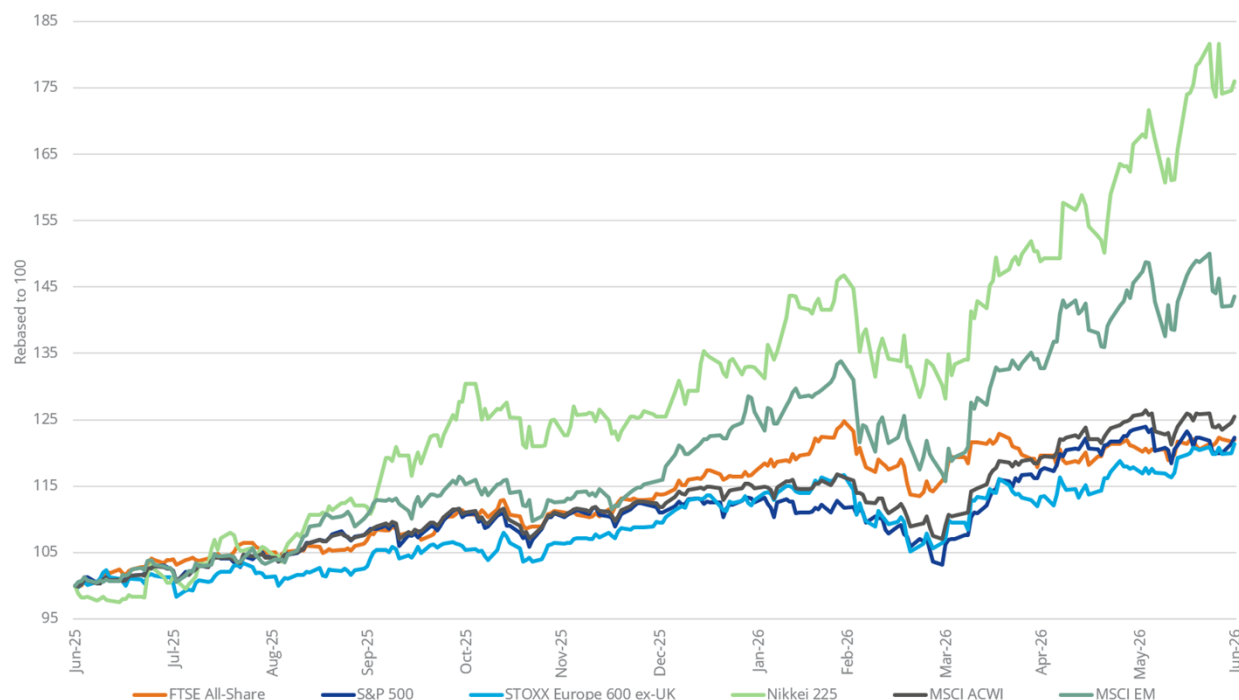


Source: Bloomberg

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	Q1 2026(%)	Q2 2026 (%)
US	62.3	63.7
UK	3.5	3.6
Europe (ex-UK)	11.4	12.1
Japan	5.2	5.1
Developed Asia-Pacific	2.4	2.5
Emerging Markets	11.8	10.1
Other	3.4	3.0

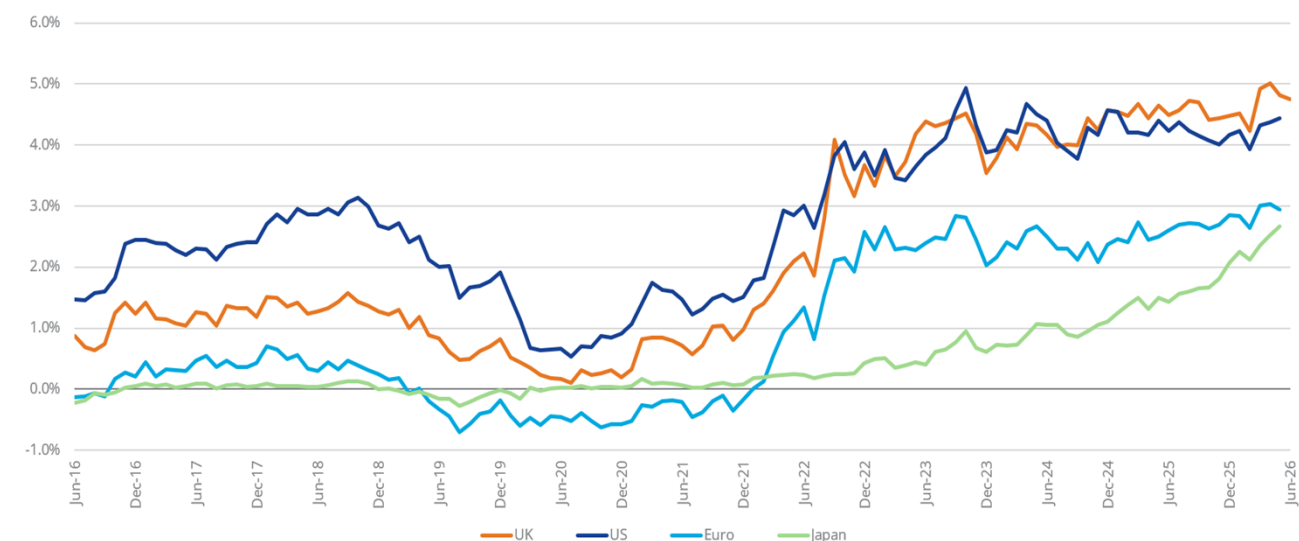
Source: iShares MSCI ACWI ETF

Fixed Income

Chart 4: US Corporate Bond Spreads

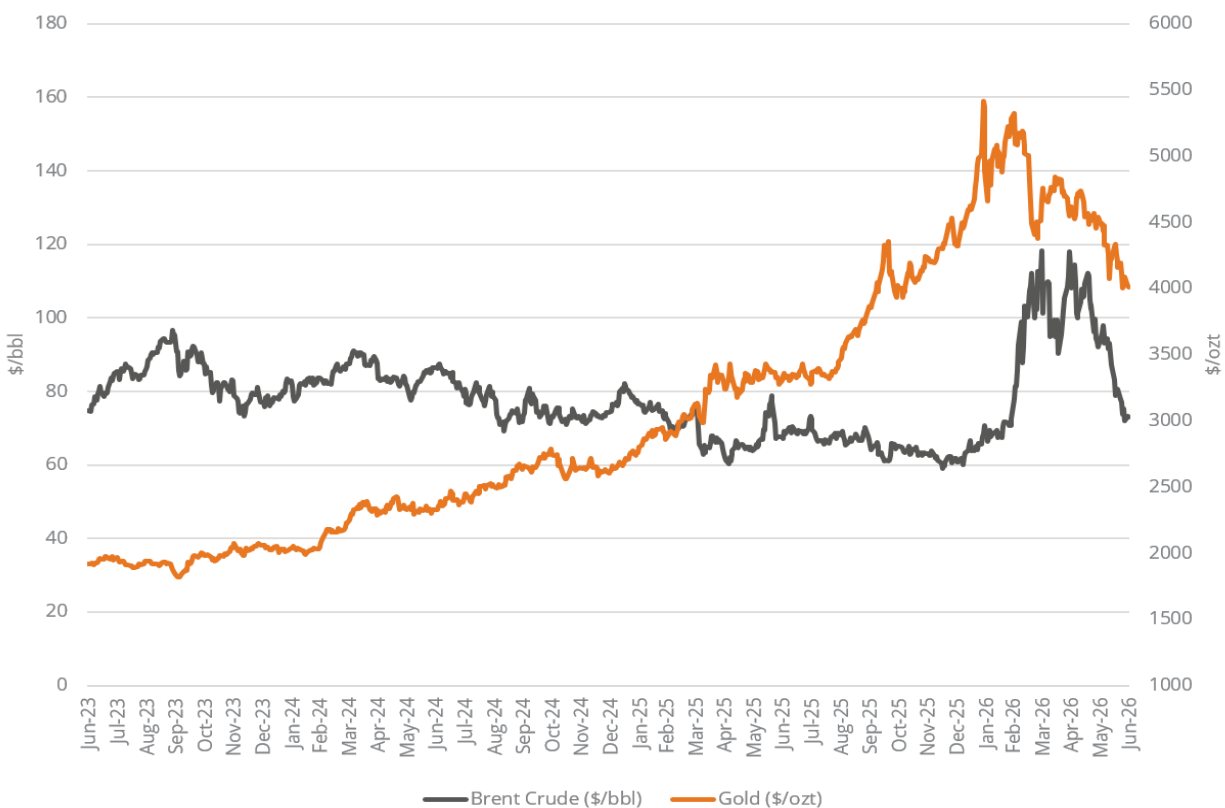


Chart 5: Government Bond Yields



Commodities

Chart 6: Gold and Brent Crude Oil Prices

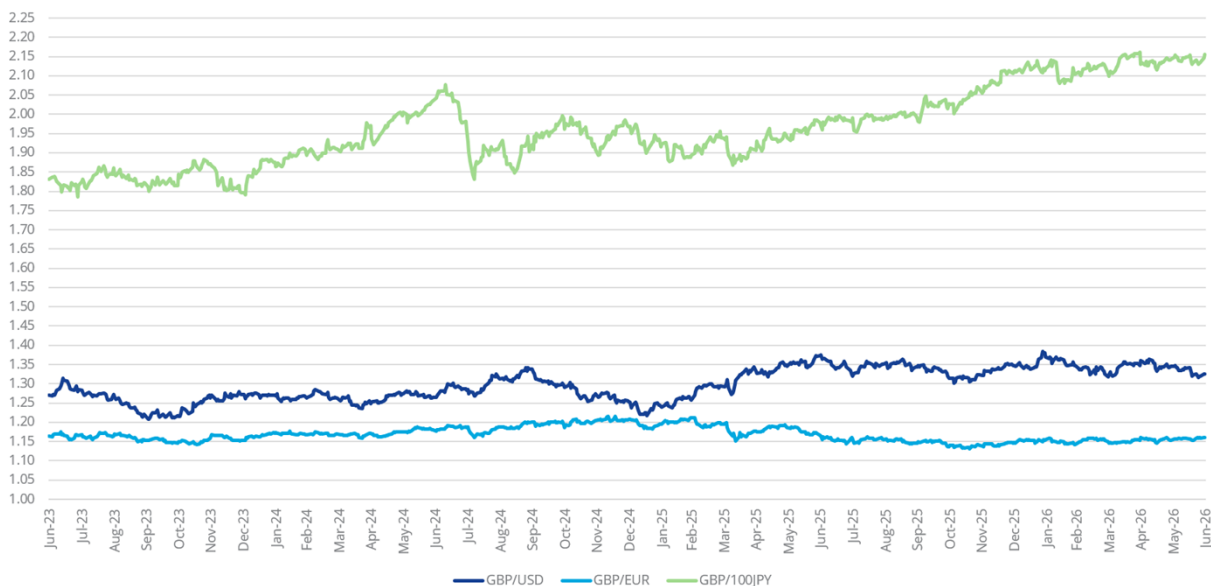


Source: Bloomberg

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 2026

Pair	Q1 Value	% Change Over Quarter
GBP/EUR	1.16	1.41%
GBP/USD	1.33	0.26%
EUR/USD	1.14	-1.13%
USD/JPY	162.55	2.41%

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)

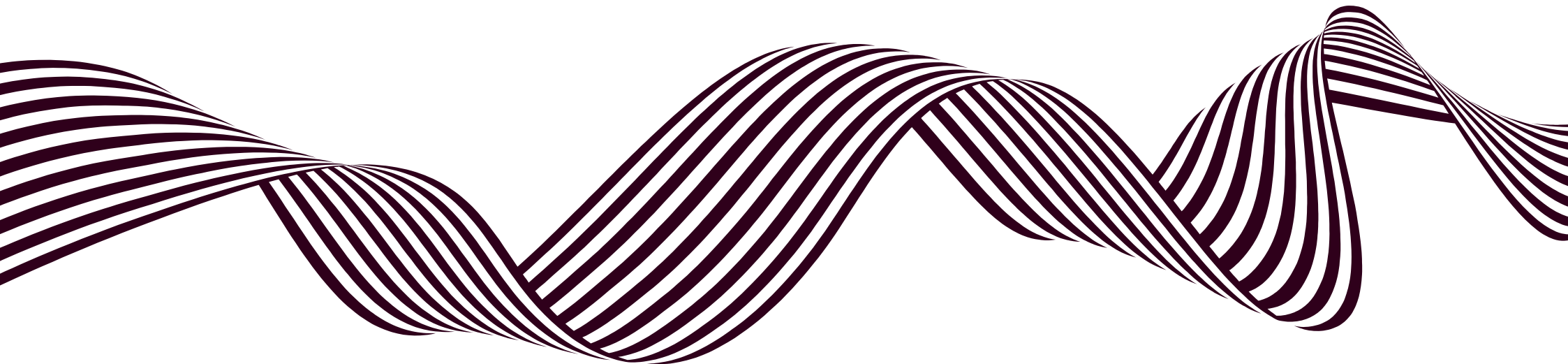
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Dorset County Pension Fund

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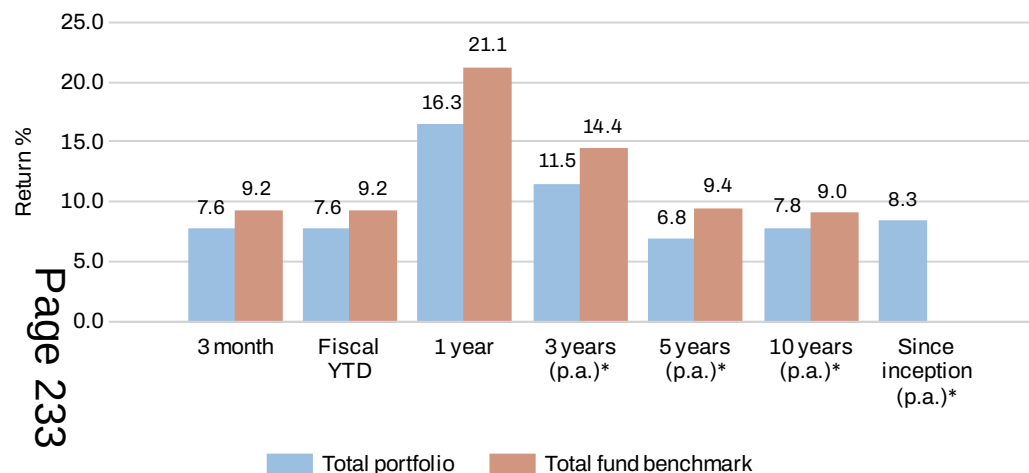


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Pension Fund performance

Performance (annualised)

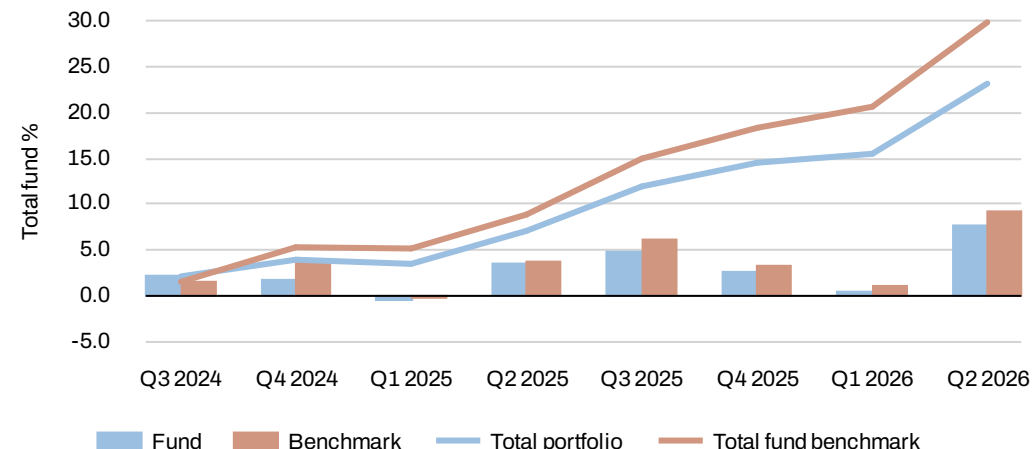


Source: State Street Global Services
*per annum. Net of all fees.

Key events

Risk assets staged a powerful recovery during the second quarter of 2026, driven by an interim ceasefire framework between the US and Iran and intensifying investment in artificial intelligence (AI). The diplomatic breakthrough allowed the Strait of Hormuz to fully reopen, triggering a sharp reversal in crude oil prices back toward \$70 per barrel. Fears of a prolonged inflationary shock partially unwound, supporting a widespread return of investor risk appetite, which saw commodities fall out of favour while technology-heavy and export-driven equity markets emerged as the primary beneficiaries.

Quarterly performance

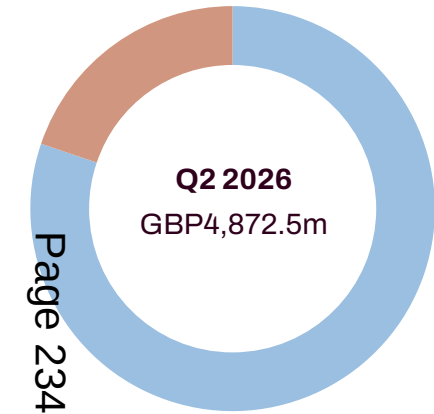


Source: State Street Global Services. Net of all fees.
Performance is cumulative

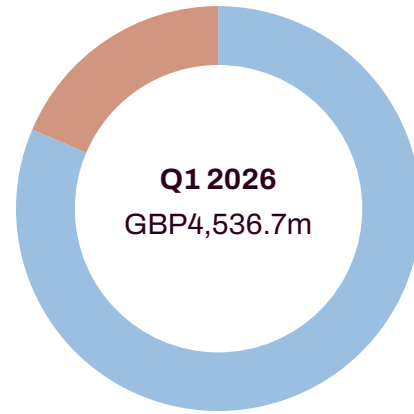
Regionally, the USA saw the S&P 500 Index surge by 14.5%—marking one of its strongest quarterly advances in recent years—supercharged by a semiconductor-led infrastructure rally. The FTSE Europe ex-UK Index posted a substantial return of 12.5%, while UK equities rose, with the FTSE All-Share up 4.7% for the quarter. In Japan, the Topix Index gained 11.3% over the quarter, further supported by the Nikkei 225 surging over 32.5% in sterling terms. In government bond markets, yields remained elevated through April and May before retracing in June as energy markets stabilised, while the US FOMC kept interest rates firmly on hold.

Asset summary

Assets transitioned



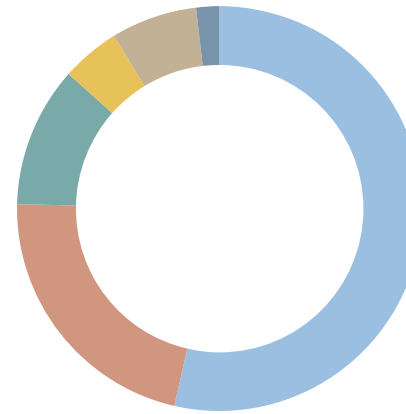
Transitioned	80.20%
Non-pooled assets	19.80%



Transitioned	81.39%
Non-pooled assets	18.61%

Source: State Street Global Services. Net of all fees.

Asset allocation breakdown



Key:

Equities	53.59%
Fixed income	21.75%
Private markets	11.24%
Property	4.68%
Other	6.88%
Cash	1.86%

Source: State Street Global Services. Net of all fees.
Data includes non-pooled assets

Overview of assets

Detailed asset allocation

Equities	£2,610.94m	53.59%
LPPI Global Equities Fund II	£463.56m	9.51%
LPPI Low Volatility Global Equities	£378.06m	7.76%
LPPI Smaller Companies Equities	£339.89m	6.98%
Passive UK Equities	£333.92m	6.85%
LPPI High Alpha Global Equities	£323.94m	6.65%
Passive Smart Beta (Hedged)	£235.25m	4.83%
Passive Smart Beta	£222.65m	4.57%
Passive Developed Equities (Hedged)	£163.04m	3.35%
Passive Developed Equities	£150.03m	3.08%
Non-pooled Assets	£0.60m	0.01%
Fixed income	£1,059.43m	21.75%
Multi-Asset Credit	£316.97m	6.51%
Sterling Corporate Bonds	£290.62m	5.96%
LGIM All Stocks Gilts Index Fund (LGIM UK Gilts)	£227.84m	4.68%
LGIM All Stocks Index Linked Gilts Index Fund (LGIM Index)	£224.00m	4.60%

Private markets (incl. property)	£775.21m	15.92%
Secured Income - All Cycles	£86.08m	1.77%
Private Equity - Cycle 1	£62.83m	1.29%
Infrastructure - Cycle 3	£50.65m	1.04%
Private Equity - Cycle 3	£29.17m	0.60%
Private Equity - Cycle 4	£9.28m	0.19%
Non-pooled Assets	£537.20m	11.03%
Other	£255.38m	5.24%
Non-pooled Assets	£255.38m	5.24%

Cash not included

Source: State Street Global Services. Net of all fees.
Data includes non-pooled assets

Overview of assets

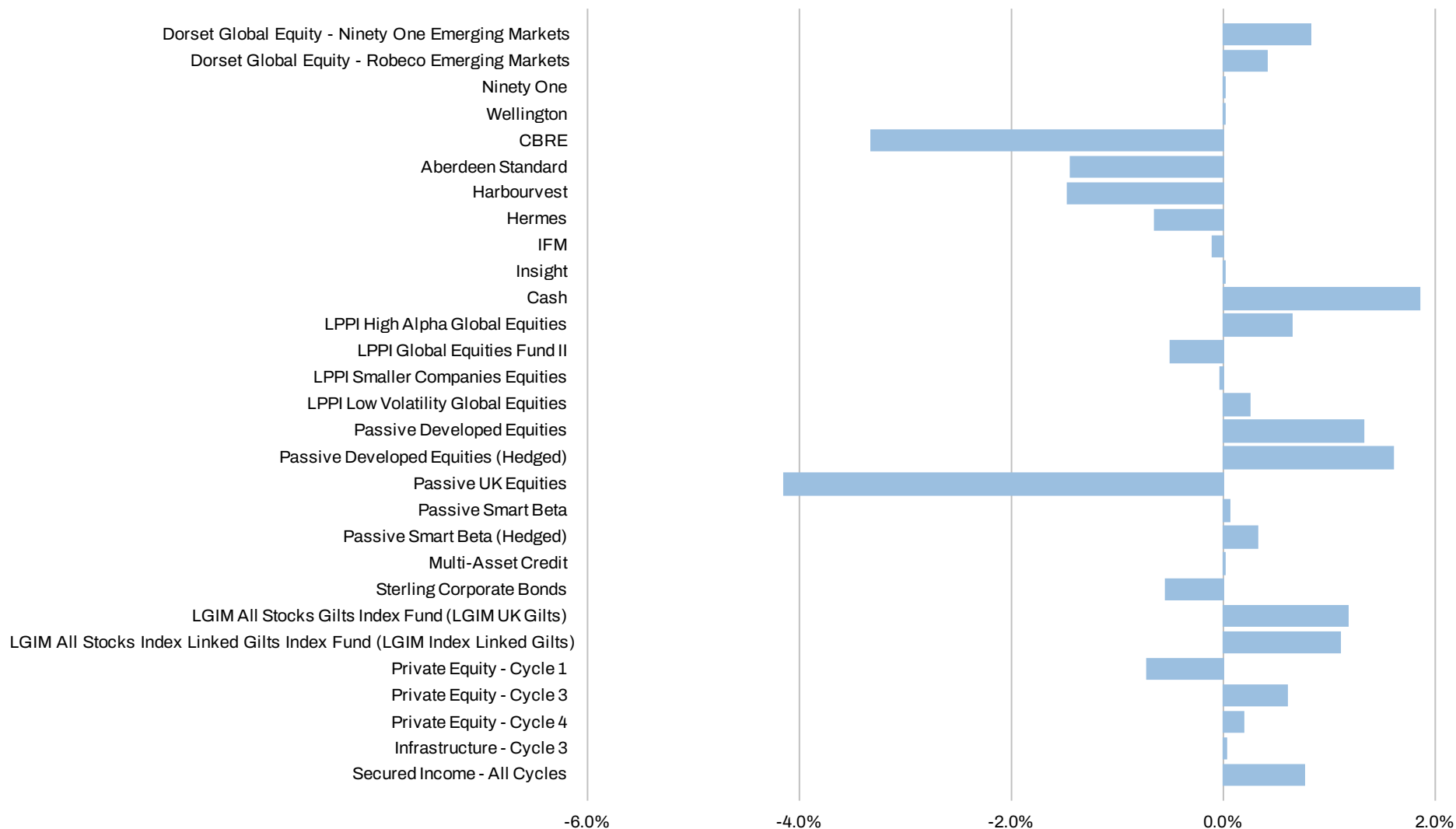
Top 10 Equity Holdings at Pension Fund

ISIN	Security Name	Sector	Sub-sector	Country	Market Value (£)	% of Pension fund	ESG Score
US67066G1040	NVIDIA CORP	Information Technology	Semiconductors	UNITED STATES	47,983,783.44	1.00%	6.16
US02079K3059	ALPHABET INC-CL A	Communication Services	Interactive Media & Services	UNITED STATES	41,678,321.97	0.87%	3.14
US5949181045	MICROSOFT CORP	Information Technology	Systems Software	UNITED STATES	37,104,906.23	0.77%	5.86
US0378331005	APPLE INC	Information Technology	Technology Hardware Storage	UNITED STATES	36,220,470.25	0.76%	4.37
GB0005405286	HSBC HOLDINGS PLC	Financials	Diversified Banks	UNITED KINGDOM	31,889,461.73	0.67%	5.66
GB0009895292	ASTRAZENECA PLC	Health Care	Pharmaceuticals	UNITED KINGDOM	30,453,234.47	0.64%	4.98
NL0010273215	ASML HOLDING NV	Information Technology	Semiconductor Materials &	NETHERLANDS	23,892,858.94	0.50%	7.91
LU0875838053	ROBECO QI EMER CON EQ-IGBP			LUXEMBOURG	23,411,831.17	0.49%	
US0231351067	AMAZON.COM INC	Consumer Discretionary	Broadline Retail	UNITED STATES	23,261,903.05	0.49%	4.59
GB00BP6MXD84	SHELL PLC	Energy	Integrated Oil & Gas	UNITED KINGDOM	22,876,743.75	0.48%	5.90

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

Source: State Street Global Services.

Strategic asset allocation



Source: State Street Global Services.

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Performance attribution

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	2,774	0.1%	1.50%	-1.4%	-0.7%	-0.0%
CBRE	228,082	4.7%	8.00%	-3.3%	1.3%	0.1%
Cash	90,397	1.9%	0.00%	1.9%	0.1%	0.0%
Dorset Global Equity - Ninety One Emerging Markets	170,452	3.5%	2.67%	0.8%	28.5%	0.8%
Dorset Global Equity - Robeco Emerging Markets	84,763	1.7%	1.33%	0.4%	24.5%	0.4%
Harbourvest	50,262	1.0%	2.50%	-1.5%	-0.6%	-0.0%
Hermes	66,279	1.4%	2.00%	-0.6%	-3.4%	-0.0%
IFM	189,801	3.9%	4.00%	-0.1%	-0.6%	-0.0%
Infrastructure - Cycle 3	50,648	1.0%	1.00%	0.0%	N/M	N/M
Insight	169	0.0%	0.00%	-	0.1%	0.0%
LGIM All Stocks Gilts Index Fund (LGIM UK Gilts)	227,837	4.7%	3.50%	1.2%	-	-
LGIM All Stocks Index Linked Gilts Index Fund (LGIM Index	223,999	4.6%	3.50%	1.1%	-	-
LPPI Global Equities Fund II	463,563	9.5%	10.00%	-0.5%	11.3%	-
LPPI High Alpha Global Equities	323,936	6.7%	6.00%	0.7%	10.4%	-
LPPI Low Volatility Global Equities	378,064	7.8%	7.50%	0.3%	7.5%	-

Source: State Street Global Services. Net of all fees.
Data includes non-pooled assets

Performance attribution

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
LPPI Smaller Companies Equities	339,887	7.0%	7.00%	-0.0%	13.7%	-
Multi-Asset Credit	316,972	6.5%	6.50%	0.0%	2.4%	0.2%
Ninety One	408	0.0%	0.00%	0.0%	-4.5%	0.0%
Passive Developed Equities	150,032	3.1%	1.75%	1.3%	14.5%	0.4%
Passive Developed Equities (Hedged)	163,035	3.4%	1.75%	1.6%	15.4%	0.5%
Passive Smart Beta	222,649	4.6%	4.50%	0.1%	7.3%	0.3%
Passive Smart Beta (Hedged)	235,250	4.8%	4.50%	0.3%	8.3%	0.4%
Passive UK Equities	333,918	6.9%	11.00%	-4.2%	4.7%	0.5%
Private Equity - Cycle 1	62,828	1.3%	2.00%	-0.7%	N/M	N/M
Private Equity - Cycle 3	29,172	0.6%	0.00%	0.6%	N/M	N/M
Private Equity - Cycle 4	9,283	0.2%	0.00%	0.2%	N/M	N/M
Secured Income - All Cycles	86,079	1.8%	1.00%	0.8%	N/M	N/M
Sterling Corporate Bonds	290,619	6.0%	6.50%	-0.5%	2.9%	0.2%
Wellington	195	0.0%	0.00%	-	-1.2%	0.0%

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.

Source: State Street Global Services. Net of all fees.
Data includes non-pooled assets

Stewardship and climate metrics

Portfolio	WACI ¹		Total Extractive Exposure ²		Extractive Industries (VOH) ³	
	2026 Q1	2026 Q2	2026 Q1	2026 Q2	2026 Q1	2026 Q2
LPPI High Alpha Global Equities	-	72	-	3.5	-	7.5
MSCI World*	-	128	-	11.1	-	12.6
LPPI Global Equities Fund II	-	148	-	0.7	-	11.9
MSCI ACWI*	-	161	-	10.8	-	12.0
LPPI Smaller Companies Equities	-	72	-	3.1	-	8.4
MSCI Small Cap World*	-	183	-	9.0	-	11.8
LPPI Low Volatility Global Equities	-	57	-	12.7	-	10.2
MSCI ACWI*	-	161	-	10.8	-	12.0
PAB Passive Global Equities	85	81	1.7	1.8	5.2	5.3
CTB Passive Global Equities	110	101	3.2	3.1	9.6	9.3
Passive Developed Equities	139	128	10.7	10.4	14.1	12.7
Passive UK Equities	118	107	17.1	18.4	21.9	18.8
Passive Smart Beta	304	285	11.4	11.8	21.8	20.0

*Benchmark. ¹ WACI - Includes scope 1 & 2 only; Scope 3 reporting has been excluded due to differences in MSCI and S&P categorisation methodologies. ² Extractive fossil fuel revenue exposure as share (%) of total revenue. ³ Value of holdings (VOH) - companies who derive revenues from extractive fossil fuels. Source: MSCI. Changes between periods may reflect improved data quality and coverage.

Engagement

www.lppi.co.uk/responsible-investment/engagement/

Voting records

www.lppi.co.uk/responsible-investment/shareholder-voting/shareholder-voting-policy-and-reports/

LPPI Active Equity portfolios launched on 1 April 2026, with performance measurement beginning on 2 April 2026. Q1 data is not available for these portfolios and therefore not reported on this summary page, or on subsequent portfolio specific pages.

Data only includes LPPI Active Equity and passive portfolios.

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LPPI portfolio performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Equities				
Passive Developed Equities	18.5%	11.1%	18.7%	11.1%
Passive Developed Equities (Hedged)	20.6%	11.7%	20.9%	11.6%
Passive UK Equities	15.3%	9.6%	15.3%	9.6%
Passive Smart Beta	13.9%	9.1%	13.4%	9.1%
Passive Smart Beta (Hedged)	15.8%	9.6%	15.3%	9.6%
Fixed income				
Multi-Asset Credit	8.8%	3.0%	8.8%	0.2%
Sterling Corporate Bonds	8.2%	4.6%	6.4%	4.7%
Private markets (incl. property)				
Private Equity - Cycle 1	7.5%	6.8%	18.5%	11.0%
Private Equity - Cycle 3	-3.7%	39.7%	18.5%	11.0%
Infrastructure - Cycle 3	6.8%	5.9%	2.7%	1.3%
Secured Income - All Cycles	1.7%	2.1%	2.7%	1.3%

Source: State Street Global Services. Net of all fees.

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Risk and return summary

Non-pooled manager performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark (standard deviation)
Aberdeen Standard	-6.0%	10.7%	15.3%	9.6%
Cash	1.1%	-	-	-
CBF	4.3%	7.5%	3.5%	2.3%
Headourvest	4.4%	8.7%	15.3%	9.6%
Headles	-2.7%	3.9%	10.0%	0.1%
IFM	6.9%	5.8%	10.0%	0.1%
Insight	79.2%	271.5%	79.2%	271.5%
Dorset County Pension Fund	11.5%	6.7%	14.4%	6.6%

Source: State Street Global Services. Net of all fees.
Data includes non-pooled assets

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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 (54.48%)			2,610.33									
LPPI High Alpha Global Equities	MSCI World	+2-3%	323.94	-	-	-	-	-	-	10.4%	-2.3%	01 Apr 2026
LPPI Global Equities Fund II	MSCI ACWI	+2%	463.56	-	-	-	-	-	-	11.3%	-2.3%	01 Apr 2026
LPPI Smaller Companies Equities	MSCI Small Cap World	+2%	339.89	-	-	-	-	-	-	13.7%	0.1%	01 Apr 2026
LPPI Low Volatility Global Equities	MSCI ACWI	> Benchmark	378.06	-	-	-	-	-	-	7.5%	-6.1%	01 Apr 2026
Passive Developed Equities	FTSE Developed	Match	150.03	14.5%	-	28.0%	-0.2%	18.5%	-0.3%	13.4%	-0.2%	24 Jan 2020
Passive Developed Equities (Hedged)	FTSE Developed	Match	163.03	15.4%	-0.1%	26.1%	-0.4%	20.6%	-0.4%	14.2%	-0.2%	31 Jan 2020
Passive UK Equities	FTSE All Share	Match	333.92	4.7%	-	21.9%	-	15.3%	-	7.5%	0.1%	11 Jul 2018
Passive Smart Beta	SciBeta Multifactor	+0.5-1%	222.65	7.3%	0.2%	22.4%	0.6%	13.9%	0.5%	10.0%	0.4%	25 Jul 2018
Passive Smart Beta (Hedged)	SciBeta Multifactor	+0.5-1%	235.25	8.3%	0.1%	20.3%	0.5%	15.8%	0.4%	10.1%	0.3%	25 Jul 2018
Fixed income (22.11%)			1,059.43									
Multi-Asset Credit	SONIA +4%	0% to +1.0%	316.97	2.4%	0.6%	5.6%	-2.5%	8.8%	-	4.5%	-3.1%	01 Jun 2021
Sterling Corporate Bonds	iBoxx Sterling Non Gilt x	+1%	290.62	2.9%	0.3%	5.9%	1.6%	8.2%	1.8%	6.3%	1.6%	14 Dec 2022
LGIM All Stocks Gilts Index Fund (LGIM	FTSE Actuaries UK	Match	227.84	-	-	-	-	-	-	1.6%	-	22 Apr 2026
LGIM All Stocks Index Linked Gilts	FTSE Actuaries UK	Match	224.00	-	-	-	-	-	-	0.1%	-0.5%	22 Apr 2026
Private markets (incl. property) (4.97%)			238.01									
Private Equity - Cycle 1	MSCI ACWI	+3%	62.83	N/M	N/M	15.7%	-12.5%	7.5%	-11.0%	15.1%	1.2%	26 Mar 2019
Private Equity - Cycle 3	MSCI ACWI	+3%	29.17	N/M	N/M	7.0%	-21.2%	-3.7%	-22.2%	-10.0%	-28.7%	28 Apr 2023
Private Equity - Cycle 4	MSCI ACWI	+3%	9.28	N/M	N/M	8.5%	-19.7%	-	-	-18.1%	-36.5%	30 May 2024

Source: State Street Global Services. Net of all fees.

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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
Private markets (incl. property) (4.97%)			238.01									
Infrastructure - Cycle 3	n/a - absolute return	net 8% IRR	50.65	N/M	N/M	10.4%	7.8%	6.8%	4.0%	4.0%	0.1%	13 Oct 2022
Secured Income - All Cycles	CPI	+2%	86.08	N/M	N/M	4.1%	1.5%	1.7%	-1.0%	1.5%	-2.4%	15 Jan 2019
Total LPPI assets (excl. cash) (81.56%)			3,907.77									

* 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.

Source: State Street Global Services. Net of all fees.

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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) (11.21%)		537.20								
CBRE	228.08	1.3%	0.1%	6.3%	0.9%	4.3%	0.8%	6.4%	0.2%	01 Jan 2000
Aberdeen Standard	2.77	-0.7%	-5.4%	2.0%	-19.9%	-6.0%	-21.3%	3.7%	-3.4%	01 Jun 2006
Harbourvest	50.26	-0.6%	-5.3%	14.5%	-7.4%	4.4%	-10.9%	12.1%	5.3%	01 May 2006
Hermes	66.28	-3.4%	-5.8%	0.3%	-9.8%	-2.7%	-12.7%	3.9%	-6.1%	01 Feb 2015
IFG	189.80	-0.6%	-3.0%	10.8%	0.7%	6.9%	-3.1%	11.7%	1.7%	01 Apr 2016
Other (5.33%)		255.38								
Dorset Global Equity - Ninety One Emerging Markets	170.45	28.5%	5.2%	-	-	-	-	24.9%	1.6%	24 Mar 2026
Dorset Global Equity - Robeco Emerging Markets	84.76	24.5%	1.2%	-	-	-	-	24.1%	0.8%	24 Mar 2026
Insight	0.17	0.1%	-	0.4%	-	79.2%	-	16.1%	0.4%	01 Jul 2012
Total non-pooled assets (ex. cash) (16.54%)		792.58								

*Since initial investment

* Excess to benchmark, may not include outperformance

Source: State Street Global Services. Net of all fees.
Data includes non-pooled assets

Together, let's do more

Classification: Public

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Chief Investment Officer commentary

Global Markets Summary: Q2 2026

Risk assets staged a powerful recovery during the second quarter of 2026, driven by a significant de-escalation of geopolitical tensions in the Middle East and continued investment in artificial intelligence (AI). After the turbulence of Q1, global equity indices pushed upward as the US and Iran agreed to an interim ceasefire framework. This diplomatic breakthrough allowed the Strait of Hormuz to reopen, triggering a reversal in crude oil prices back towards pre-conflict levels near \$70 per barrel. Fears of a prolonged inflationary shock partially unwound, supporting a widespread return of investor risk appetite. In contrast to Q1, commodities fell out of favour, while technology-heavy and export-driven equity markets emerged as the quarter's primary beneficiaries.

United States

US stock markets delivered strong performance, rebounding from their volatile start to the year. Over the three months ending June 30, the benchmark S&P 500 Index surged by 14.5% in GBP-terms, marking one of its strongest quarterly advances in recent years. This was supported by continued demand for AI-related infrastructure and favourable earnings outcomes from a number of technology companies. Towards the end of the quarter, sentiment rotated from large-cap technology stocks towards smaller-cap and value-oriented segments of the markets. At the sector level, the previous quarter's winners – energy and basic materials – lagged, while technology and businesses linked to AI investment trends drove broader indices forward.

Developed European bourses experienced a highly constructive quarter, with the FTSE Europe ex-UK Index posting a return of 12.5%. Sentiment was supported by lower energy prices, which alleviated structural concerns around industrial inputs and consumer spending. Despite the positive market trajectory, monetary authorities remained highly vigilant. Although Eurozone inflation fell back to 2.8% in June, lingering energy-related pressures prompted the European Central Bank to raise its policy rate to 2.25% while revising its long-term inflation forecasts upward.

UK equities moved higher during the second quarter but lagged global peers. The FTSE All-Share Index registered a Q2 return of 4.7%, bringing its year-to-date performance to 7.2%. The UK market's relatively high exposure to defensive sectors and commodity-exposed businesses limited participation in the broader global equity rally. However, the domestic market saw a notable shift in leadership. While mega-cap energy producers retreated as the Middle East conflict cooled, domestically focused small-cap and mid-cap equities (such as the FTSE 250) staged a meaningful recovery, outperforming their larger-cap counterparts. The Bank of England kept the base rate steady at 3.75% at its June meeting, warning on the persistence of domestic services inflation.

Japanese equities recorded exceptional performance, supported by both structural tailwinds and monetary policy outcomes. The Topix Index rose by 11.5% over the quarter, while the tech-heavy Nikkei 225 surged by over 33.8% in sterling terms. Easing Middle East tensions combined with a weak yen – which touched multi-decade lows against the US dollar – provided a tailwind for Japan's export-sensitive industrial base and technology sectors. In June, the Bank of Japan advanced its policy normalisation, raising its key benchmark rate by 25 basis points to 1.0%.

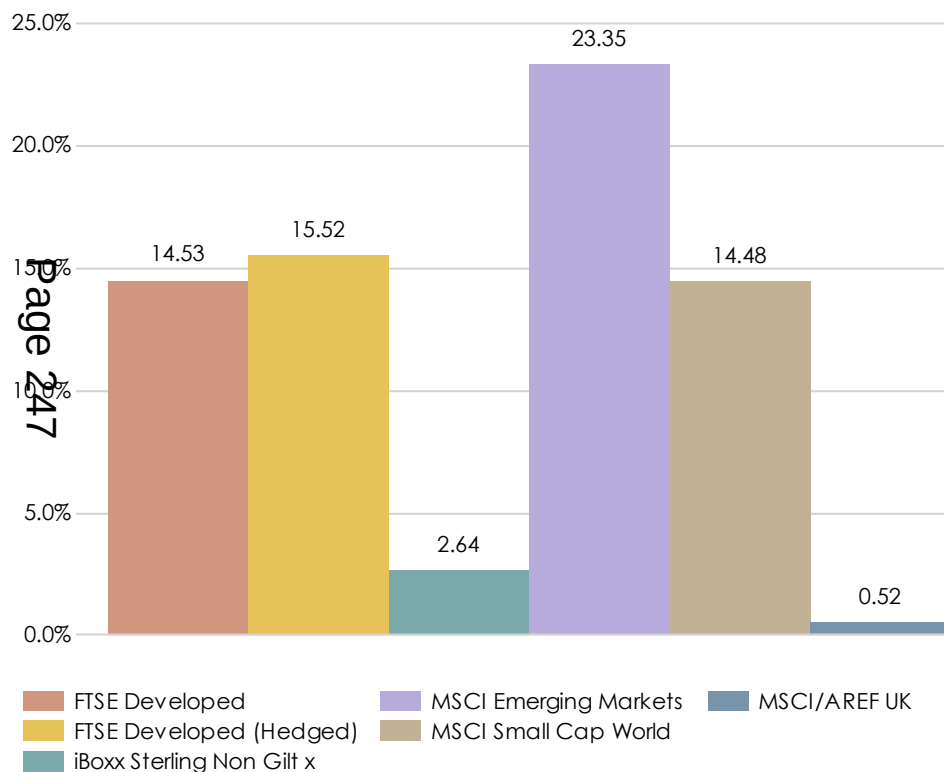
Emerging markets materially outperformed developed markets during Q2, the MSCI Emerging Markets Index posted a return of 23.3% (in GBP), the highest quarterly return since 2009. This rally was concentrated in East Asian technology hubs, Taiwan and South Korea, where index heavyweights (TSMC, SK Hynix, Samsung etc) continue to be bolstered by global AI capital expenditure. By the close of June, massive valuation gains in semiconductor giants propelled the stock market capitalisations of Taiwan and South Korea to the 5th and 7th largest in the world.

Fixed Income & Government Bonds

Global sovereign debt markets experienced a volatile but ultimately stabilising quarter. Yields remained elevated through April and May, as budget deficits and above-target inflation exerted upward pressure on yields. However, bond yields retraced much of these upward moves in June as the US-Iran ceasefire took hold and energy markets stabilised. In the US, monetary policy took a hawkish turn; under newly appointed Fed Chair Kevin Warsh, the Federal Open Market Commission signalled an uncompromising stance on achieving its 2% inflation target, keeping interest rates firmly on hold. UK yields were impacted by global inflation concerns and an uncertain political backdrop, with the 10-year government bond yield reaching its highest level since 2008 in April; yields later retraced and ended the quarter lower. Corporate bonds outperformed government bonds, as spreads narrowed in line with improving risk sentiment. Despite a backdrop of heavy corporate borrowing to finance AI-driven capital expenditure, credit markets remained well supported; the limited impact on spreads suggests investors were willing to provide capital to issuers without materially tightening financing conditions.

Chief Investment Officer commentary

Index Performance Q2 2026



Source: State Street

LPPI High Alpha Global Equities

Launch date

1 April 2026

Investment strategy & key drivers

High conviction, unconstrained global equity portfolio

Liquidity

High

Benchmark

MSCI World

Outperformance target

+2.0%

LPPI Holding Total Market Value

£60.65m

Risk profile

High

Dorset's Holding:

GBP324m

Insufficient data to show rolling performance chart

Performance to quarter end

Performance (%)	3 month	1 year	3 year*	Since inception*
Fund	-	-	-	10.4
MSCI World	-	-	-	12.6
Excess	-	-	-	-2.2

Fund launched at close of business on 1st April 2026, performance measured from open on 2nd April 2026

Performance commentary

LPPI High Alpha Global Equities Fund launched on the 01/04/26 and has returned +10.4% net of fees to 30/06/26, underperforming the MSCI World index, which returned +12.6%. Given the recent transition of assets and the trade freeze placed on managers, we are only able to accurately measure quarterly performance attribution from 10/04/26 to 30/06/26, where the fund returned +7.8% against MSCI World return of +9.8%.

As discussed previously in the report, the market recovered sharply from a late March sell-off, with Technology and Semiconductor companies initially leading the recovery and the rally eventually broadening out to other sectors in the latter parts of the quarter. Over the 10/04/26 period, the Technology sector drove overall index returns, delivering

+26.7%. Given the sector's weight in MSCI World of c.30%, it contributed significantly to index returns. At an Industry Group level, Semiconductors returned +37.4% and Technology Hardware & Equipment returned +22.7%.

With a weight of c.27%, the portfolio exhibits an underweight Technology. This extends to Semiconductors albeit to a lesser extent. At the company level, zero exposure to Micron Technology, a company that provides memory and storage solutions to hyperscalers, detracted significantly. The company returned +178.4% over the period, detracting c.-1% to relative performance.

Elsewhere in the portfolio, the Materials and Communication Services sectors contributed to both absolute and relative returns, whilst Financials detracted. Energy was the worst

performing sector, but an underweight to this helped relative performance.

In terms of individual manager performance, from 10/04-30/06, Royal London (RLAM) outperformed the MSCI World. Pinebridge incurred the most underperformance. At the company level, active positions in TSMC and ASML contributed positively to performance. Zero exposure to Micron and AMD detracted.

Source: State Street Global Services
*per annum. Net of all fees.

Summary

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LPPI High Alpha Global Equities

Top 5 holdings

	Weight %	B'mark weight	Client value (GBP)*
ALPHABET INC	5.70	4.17	18,459,384
TAIWAN SEMICONDUCTOR	4.81	-	15,590,895
NVIDIA CORP	4.04	5.18	13,088,940
MICROSOFT CORP	3.36	2.95	10,883,938
AMAZON.COM INC	2.83	2.59	9,151,623

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
TAIWAN SEMICONDUCTOR	4.81	-
MOODY'S CORP	2.19	0.08
ASML HOLDING NV	2.77	0.86
ALPHABET INC	5.70	4.17
KEYENCE CORP	1.52	0.11

Top 5 active underweights

	Weight %	Benchmark weight %
APPLE INC	1.45	4.77
MICRON TECHNOLOGY INC	-	1.46
TESLA INC	-	1.33
NVIDIA CORP	4.04	5.18
ADVANCED MICRO DEVICES INC	-	1.06

Largest contributors to ESG risk

	ESG risk score*	
	Q1 2026	Q2 2026
ALPHABET INC-CLA	-	5.15
AMAZON.COM INC	-	4.66
NVIDIA CORP	-	7.46
TAIWAN SEMICONDUCTOR-SP	-	7.89
MICROSOFT CORP	-	7.64

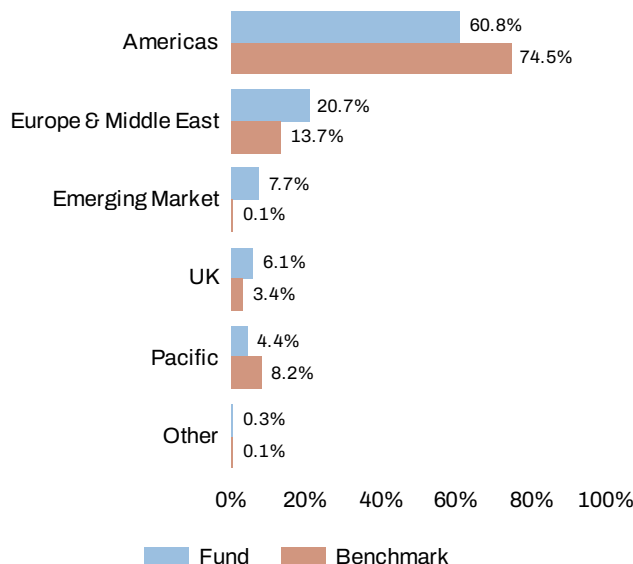
*Source: MSCI. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-2.85 is Laggard, 2.85-7.14 is Average, 7.14-10.0 is Leader.

Carbon metrics

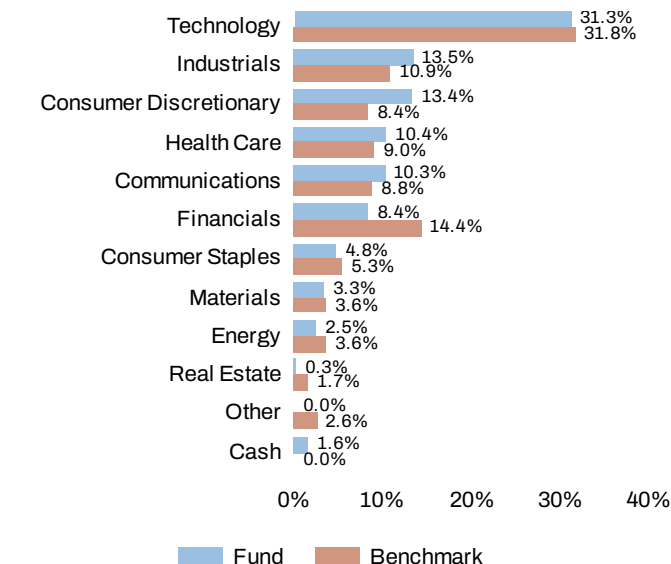
Portfolio	WACI ¹		Total Extractive Exposure ²		Extractive Industries (VOH) ³	
	2026 Q1	2026 Q2	2026 Q1	2026 Q2	2026 Q1	2026 Q2
Fund	-	72	-	3.49	-	7.52
MSCI World*	-	128	-	11.12	-	12.65

*Benchmark. ¹ WACI - Includes scope 1 & 2 only; Scope 3 reporting has been excluded due to differences in MSCI and S&P categorisation methodologies. ² Extractive revenue exposure as share (%) of total revenue. ³ Value of holdings (VOH) - companies who derive revenues from extractives. Source: MSCI. Changes between periods may reflect improved data quality and coverage.

Regional exposure



Sector exposure



LPPI Global Equities Fund II

Launch date

1 April 2026

Investment strategy & key drivers

Global equity exposure concentrating on ESG factors

Liquidity

High

Benchmark

MSCI ACWI

Outperformance target

+2%

LPPI Holding Total Market Value

£2342m

Risk profile

High

Dorset's Holding:

GBP464m

Insufficient data to show rolling performance chart

Performance to quarter end

Performance (%)	3 month	1 year	3 year*	Since inception*
Fund	-	-	-	11.3
MSCI ACWI	-	-	-	13.4
Excess	-	-	-	-2.1

Fund launched at close of business on 1st April 2026, performance measured from open on 2nd April 2026

Performance commentary

The GEF II portfolio launched on the 01/04/26 and has returned 11.3% net of fees to 30/06/26, underperforming the MSCI ACWI index, which returned 13.4%. Given the recent transition of assets and the trade freeze placed on managers, we are only able to accurately measure quarterly performance attribution from 10/04/26 to 30/06/26, where the fund returned 9% against the ACWI return of 10.2%.

As discussed previously in the report, the market recovered sharply from a late March sell-off, Technology and Semiconductor companies initially led the recovery and the rally eventually broadened out to other sectors in the latter parts of the quarter. To put the Technology rally into context, the MSCI ACWI returned 10.2% from 10/04-30/06 with the Technology sector contributing 8% to that return. The sector

returned 30% on an absolute basis with the Semiconductors sub-sector returning 40%.

The portfolio does have a significant 29% allocation to the Technology sector, and this contributed >6.5% to portfolio's 9.4% return for the measurable period. Despite the significant exposure to this sector, we can also attribute the majority of the portfolio's relative underperformance to the ~3% underweight positioning and the selection within the Technology sector. The fund has a neutral exposure to Semiconductors sub-sector, however, having no exposure to Micron and Intel cost the portfolio >1% of relative performance.

Elsewhere in the portfolio, the Materials sector contributed to both absolute and relative returns, notably through the

Chemicals sub-sector where Quality Defensive companies such as DSM-Firmenich & Symrise performed well through the month of June.

In terms of individual manager performance, from 10/04-30/06, both Nordea and Baillie Gifford Positive Change (BG) fund outperformed the ACWI. BG exhibiting significant relative outperformance of 4%.

Source: State Street Global Services
*per annum. Net of all fees.

LPPI Global Equities Fund II

Top 5 holdings

	Weight %	B'mark weight	Client value (GBP)*
TAIWAN SEMICONDUCTOR	3.41	1.63	15,809,080
NVIDIA CORP	2.35	4.05	10,888,821
ASML HOLDING NV	1.89	0.67	8,740,762
BROADCOM INC	1.83	1.49	8,467,399
WASTE MANAGEMENT INC	1.77	0.08	8,227,875

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
TAIWAN SEMICONDUCTOR	3.41	1.63
WASTE MANAGEMENT INC	1.77	0.08
AGILENT TECHNOLOGIES INC	1.48	0.03
ECOLAB INC	1.49	0.06
ASML HOLDING NV	1.89	0.67

Top 5 active underweights

	Weight %	Benchmark weight %
APPLE INC	1.22	3.73
ALPHABET INC	1.28	3.26
NVIDIA CORP	2.35	4.05
MICROSOFT CORP	1.16	2.31
META PLATFORMS INC	-	1.08

Largest contributors to ESG risk

	ESG risk score*	
	Q1 2026	Q2 2026
WASTE MANAGEMENT INC	-	3.04
ALPHABET INC-CL A	-	5.15
NVIDIA CORP	-	7.46
ELI LILLY & CO	-	5.99
APPLE INC	-	5.36

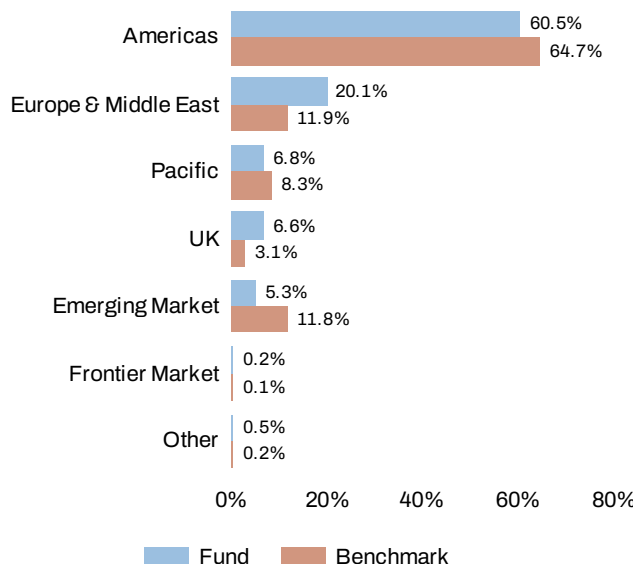
*Source: MSCI. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-2.85 is Laggard, 2.85-7.14 is Average, 7.14-10.0 is Leader.

Carbon metrics

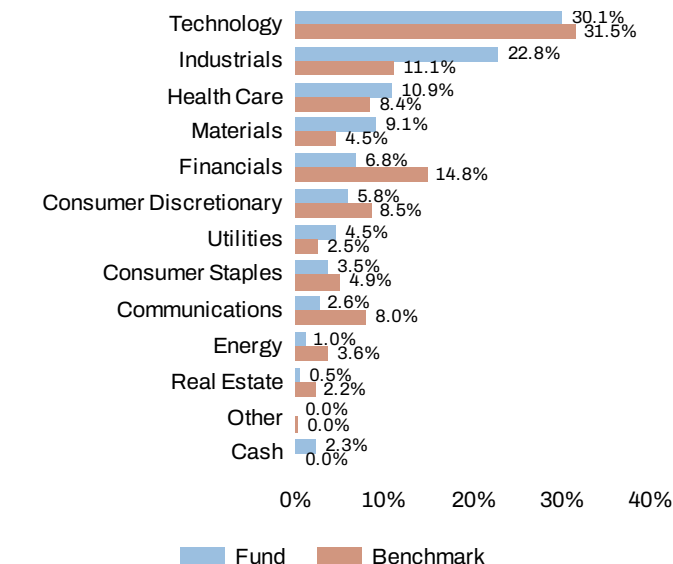
Portfolio	WACI ¹		Total Extractive Exposure ²		Extractive Industries (VOH) ³	
	2026 Q1	2026 Q2	2026 Q1	2026 Q2	2026 Q1	2026 Q2
Fund	-	148	-	0.74	-	11.90
MSCI ACWI*	-	161	-	10.78	-	12.00

*Benchmark. ¹ WACI - Includes scope 1 & 2 only; Scope 3 reporting has been excluded due to differences in MSCI and S&P categorisation methodologies. ² Extractive revenue exposure as share (%) of total revenue. ³ Value of holdings (VOH) - companies who derive revenues from extractives. Source: MSCI. Changes between periods may reflect improved data quality and coverage.

Regional exposure



Sector exposure



LPPI Smaller Companies Equities

Launch date

1 April 2026

Investment strategy & key drivers

Global equity exposure to smaller capitalisation companies

Liquidity

High

Benchmark

MSCI Small Cap World

Outperformance target

+2%

LPPI Holding Total Market Value

£990m

Risk profile

High

Dorset's Holding:

GBP340m

Insufficient data to show rolling performance chart

Performance to quarter end

Performance (%)	3 month	1 year	3 year*	Since inception*
Fund	-	-	-	13.7
MSCI Small Cap World	-	-	-	13.5
Excess	-	-	-	0.2

Fund launched at close of business on 1st April 2026, performance measured from open on 2nd April 2026

Performance commentary

LPPI Smaller Companies Equities Fund launched on the 01/04/26 and has returned +13.7% net of fees to 30/06/26, outperforming the MSCI World Small Cap index, which returned +13.5%. Given the recent transition of assets and the trade freeze placed on managers, we are only able to accurately measure quarterly performance attribution from 10/04/26 to 30/06/26, where the fund returned +10.1% against MSCI World Small Cap return of +10.4%.

Small Caps followed the same pattern as the larger cap indices discussed previously in the report, albeit with wider dispersion in performance at the sector level. Over the 10/04/26 period, the Technology sector drove overall returns, delivering +46.1% contributing c.50% of MSCI World Small Cap returns. At the Industry Group level, Technology Hardware &

Equipment returned +60.1% and Semiconductors returned +50.8%. At the opposite end, the Energy sector lagged, returning -5.8%.

Whilst the portfolio does have a significant allocation to Technology at c.20%, it is underweight relative to the index and an overall detractor to performance due to zero exposure to Sandisk. The company returned +170.1% during the period and with a market capitalisation of £246.5bn is an outlier. The next largest company in the Small Cap universe is MKS with a market capitalisation of £22.6bn.

Elsewhere in the portfolio, the Materials and Industrials contributed positively in both absolute and relative terms. In addition to Technology, positioning in the Healthcare sector detracted in relative terms.

In terms of individual manager performance, from 10/04-30/06, Van Lanschot Kempen outperformed MSCI World Small Cap. American Century incurred the most underperformance. At the company level, Vishay Intertechnology and SiTime contributed positively to performance. In addition to Sandisk, an active position in Fabrinet detracted.

Source: State Street Global Services
*per annum. Net of all fees.

LPPI Smaller Companies Equities

Top 5 holdings

	Weight %	B'mark weight	Client value (GBP)*
WINTRUST FINANCIAL CORP	1.58	0.10	5,372,450
JABIL INC	1.36	-	4,611,478
WESCO INTERNATIONAL INC	1.34	0.15	4,567,123
GAMES WORKSHOP GROUP PLC	1.28	0.09	4,356,835
RESONA HOLDINGS INC	1.25	-	4,243,177

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
WINTRUST FINANCIAL CORP	1.58	0.10
JABIL INC	1.36	-
RESONA HOLDINGS INC	1.25	-
QUEST DIAGNOSTICS INC	1.23	-
BAWAG GROUP AG	1.22	-

Top 5 active underweights

	Weight %	Benchmark weight %
SANDISK CORP	-	3.01
MKS INC	-	0.28
NVENT ELECTRIC PLC	-	0.25
WOODWARD INC	-	0.23
MODERNA INC	-	0.22

Largest contributors to ESG risk

	ESG risk score*	
	Q1 2026	Q2 2026
GAMES WORKSHOP GROUP PLC	-	3.50
SANKEN ELECTRIC CO LTD	-	3.87
WINTRUST FINANCIAL CORP	-	5.71
JABIL INC	-	5.32
NOVA LTD	-	4.66

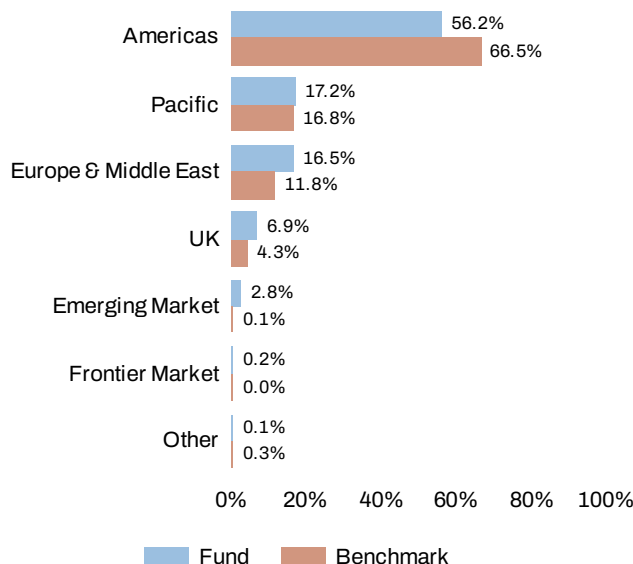
*Source: MSCI. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-2.85 is Laggard, 2.85-7.14 is Average, 7.14-10.0 is Leader.

Carbon metrics

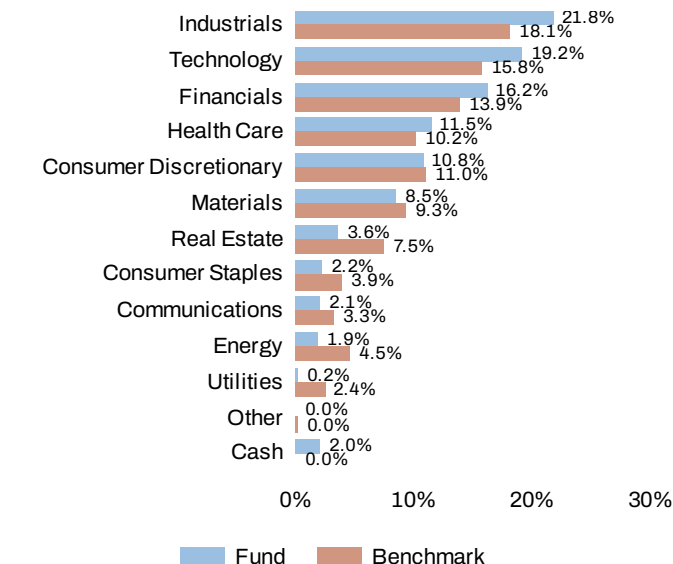
Portfolio	WACI ¹		Total Extractive Exposure ²		Extractive Industries (VOH) ³	
	2026 Q1	2026 Q2	2026 Q1	2026 Q2	2026 Q1	2026 Q2
Fund	-	72	-	3.05	-	8.43
MSCI Small Cap	-	183	-	9.03	-	11.84

*Benchmark. ¹ WACI - Includes scope 1 & 2 only; Scope 3 reporting has been excluded due to differences in MSCI and S&P categorisation methodologies. ² Extractive revenue exposure as share (%) of total revenue. ³ Value of holdings (VOH) - companies who derive revenues from extractives. Source: MSCI. Changes between periods may reflect improved data quality and coverage.

Regional exposure



Sector exposure



LPPI Low Volatility Global Equities

Launch date

1 April 2026

Investment strategy & key drivers

Active global equity exposure with reduced risk and return volatility

Liquidity

High

Benchmark

MSCI ACWI

Outperformance target

> Benchmark

LPPI Holding Total Market Value

£607m

Risk profile

High

Dorset's Holding:

GBP378m

Insufficient data to show rolling performance chart

Performance to quarter end

Performance (%)	3 month	1 year	3 year*	Since inception*
Fund	-	-	-	7.5
MSCI ACWI	-	-	-	13.4
Excess	-	-	-	-5.9

Fund launched at close of business on 1st April 2026, performance measured from open on 2nd April 2026

Performance commentary

The Low Volatility portfolio launched on the 01/04/26 and has returned 7.5% net of fees to 30/06/26, underperforming the MSCI ACWI index, which returned 13.4%. Given the recent transition of assets and the trade freeze placed on managers, we are only able to accurately measure quarterly performance attribution from 10/04/26 to 30/06/26, where the fund returned 5.9% against the ACWI return of 10.2%.

As discussed previously in the report, the market recovered sharply from a late March sell-off, with Technology and Semiconductor companies initially leading the recovery and the rally eventually broadening out to other sectors in the latter parts of the quarter. However, to put the Technology rally into context, the MSCI ACWI returned 10.2% from 10/04-30/06 with the Technology sector contributing 8% to that

return. The sector returned 30% on an absolute basis with the Semiconductors sub-sector returning 40%.

Given the defensive nature of the portfolio, it does have a significant underweight exposure to the Technology sector which is often characterised as being Growth and High Beta focussed. The 12% underweight exposure and selection within Technology contributed >3% to the 4% relative underperformance.

However, we did see a positive contribution to relative performance from other parts of the market. An underweight allocation to the Energy sector had a positive effect as the sector fell 7.6% in absolute terms. We also saw a positive absolute contribution from the emerging market defensive equity exposure, which returned 10.5% on an absolute basis.

The portfolio continues to exhibit defensive characteristics through our risk models. The ex-ante beta remains at 0.6, whilst the ex-ante volatility shows a 27% reduction relative to the MSCI ACWI. Whilst we have seen some participation in the recent rally, these risk characteristics should help protect capital when markets move in the opposite direction.

Source: State Street Global Services
*per annum. Net of all fees.

LPPI Low Volatility Global Equities

Top 5 holdings

	Weight %	B'mark weight	Client value (GBP)*
ROBECO CAPITAL GROWTH	6.19	-	23,411,815
QUONIAM FUNDS SELECTION	5.91	-	22,350,929
ALPHABET INC	2.91	3.26	10,989,079
APPLE INC	2.75	3.73	10,406,330
MICROSOFT CORP	2.55	2.31	9,656,176

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
ROBECO CAPITAL GROWTH FUNDS	6.19	-
QUONIAM FUNDS SELECTION	5.91	-
KAO CORP	1.36	0.02
JOHNSON & JOHNSON	1.71	0.54
CISCO SYSTEMS INC	1.44	0.41

Top 5 active underweights

	Weight %	Benchmark weight %
AMAZON.COM INC	0.12	2.02
NVIDIA CORP	2.30	4.05
TAIWAN SEMICONDUCTOR	-	1.63
BROADCOM INC	0.44	1.49
TESLA INC	-	1.04

Largest contributors to ESG risk

	ESG risk score* Q1 2026	Q2 2026
APPLE INC	-	5.36
ALPHABET INC-CLA	-	5.15
JOHNSON & JOHNSON	-	5.49
MICROSOFT CORP	-	7.64
COSTCO WHOLESALE CORP	-	5.42

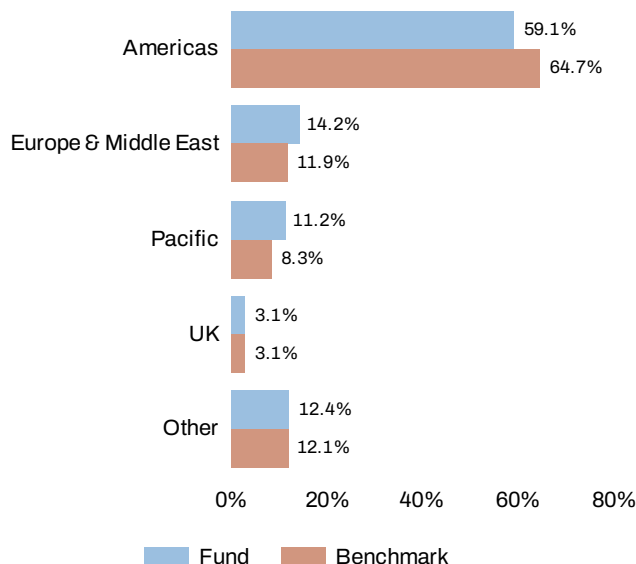
*Source: MSCI. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-2.85 is Laggard, 2.85-7.14 is Average, 7.14-10.0 is Leader.

Carbon metrics

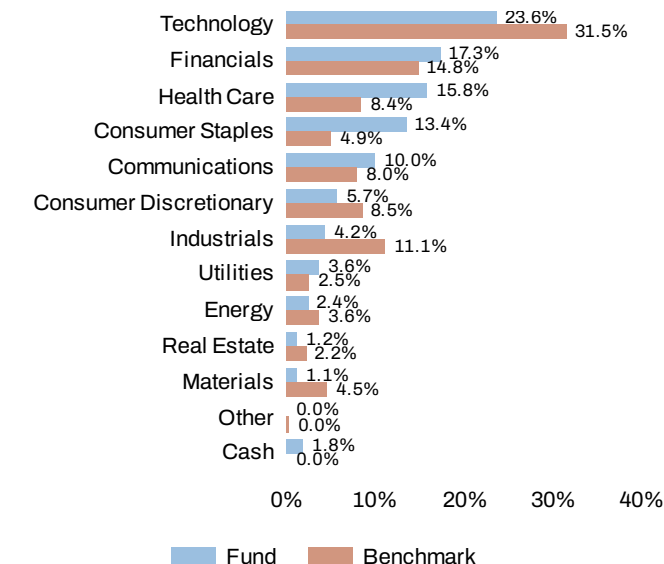
Portfolio	WACI ¹		Total Extractive Exposure ²		Extractive Industries (VOH) ³	
	2026 Q1	2026 Q2	2026 Q1	2026 Q2	2026 Q1	2026 Q2
Fund	-	57	-	12.71	-	10.25
MSCI ACWI*	-	161	-	10.78	-	12.00

*Benchmark. ¹ WACI - Includes scope 1 & 2 only; Scope 3 reporting has been excluded due to differences in MSCI and S&P categorisation methodologies. ² Extractive revenue exposure as share (%) of total revenue. ³ Value of holdings (VOH) - companies who derive revenues from extractives. Source: MSCI. Changes between periods may reflect improved data quality and coverage.

Regional exposure



Sector exposure



Passive Developed Equities

Launch date

11 July 2018

Investment strategy & key drivers

Passive global equity exposure

Liquidity

High

Benchmark

FTSE Developed

Outperformance target

Match

LPPI Holding Total Market Value

£100m

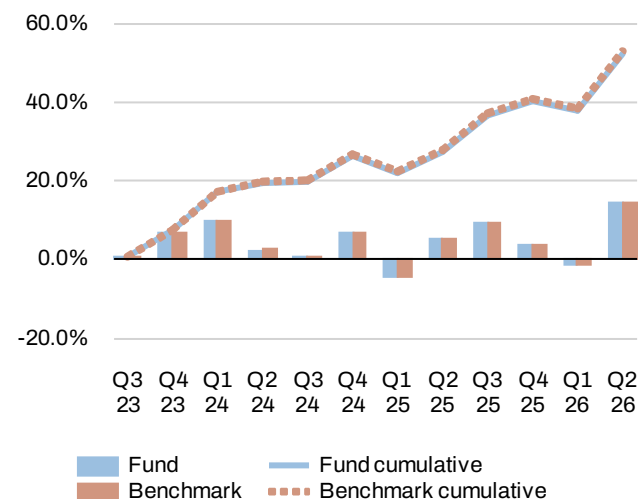
Risk profile

High

Dorset's Holding:

GBP150m

Rolling 3yr performance



Performance to quarter end

Performance (%)	3 month	1 year	3 year*	Since inception*
Fund	14.5	28.0	18.5	13.4
FTSE Developed	14.5	28.2	18.7	13.6
Excess	-0.0	-0.2	-0.3	-0.2

Performance commentary

Global equity markets recovered sharply from the late-March sell-off as progress towards de-escalation in the US-Iran conflict reduced concerns over a prolonged disruption to energy supplies. Technology and semiconductor companies initially led the recovery, supported by continued investment in artificial intelligence infrastructure, before gains broadened to other parts of the market later in the quarter.

The portfolio returned 14.5% net of fees over the quarter, in line with the FTSE Developed Index. It remains close to the benchmark over longer periods, trailing by 0.2 percentage points over one year and since inception, and by 0.3 percentage points a year over three years. These modest differences are consistent with the effects of fees, transaction

costs, index-tracking implementation and differences in tax treatments.

As the portfolio is weighted by market value, performance was driven mainly by the largest sectors in developed equity markets. Information Technology represented approximately 30% of the portfolio on average and contributed more than half of the quarter's return. Financials and Industrials also contributed positively, although to a much smaller extent, while Energy was the only material detractor.

The portfolio continued to perform its intended function by closely tracking the FTSE Developed Index and providing broad, diversified exposure to developed equity markets.

Source: State Street Global Services
*per annum. Net of all fees.

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Passive Developed Equities

Top 5 holdings

	Weight %	B'mark weight	Client value (GBP)*
NVIDIA CORP	4.89	-	7,332,945
APPLE INC	4.38	-	6,572,507
ALPHABET INC	3.94	-	5,910,760
MICROSOFT CORP	2.90	-	4,353,860
AMAZON.COM INC	2.42	-	3,632,355

*Estimated client value

Largest contributors to ESG risk

	ESG risk score*	
	Q1 2026	Q2 2026
APPLE INC	5.40	5.36
AMAZON.COM INC	4.70	4.66
NVIDIA CORP	7.50	7.46
ALPHABET INC-CLA	5.20	5.15
META PLATFORMS INC-CLASS A	2.40	2.45

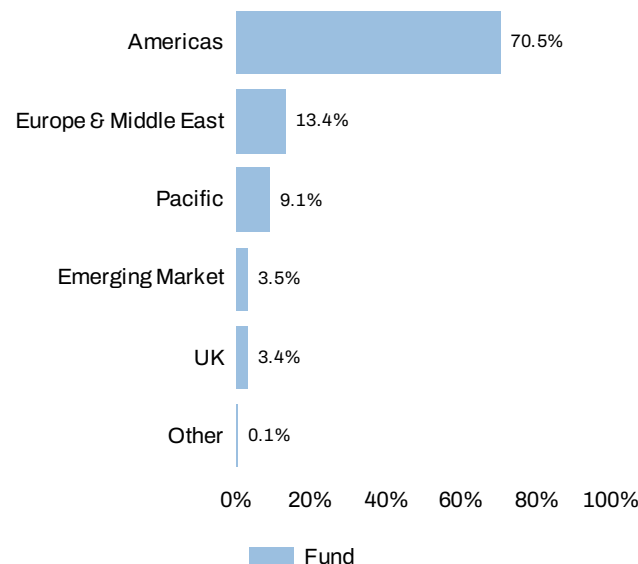
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Carbon metrics

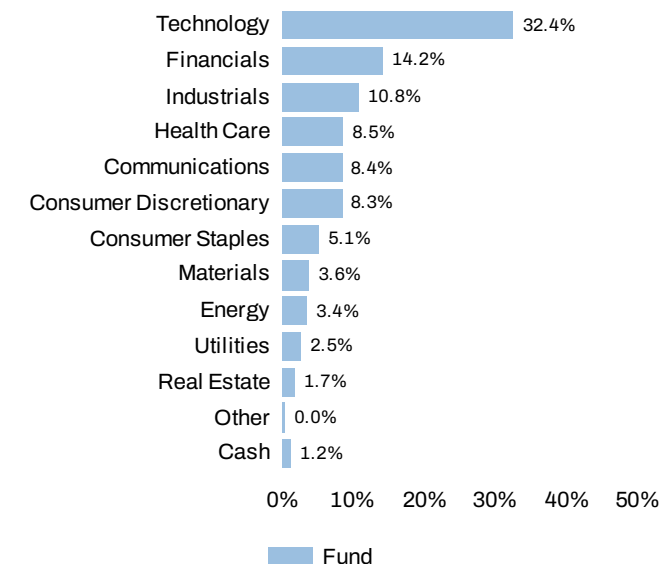
Portfolio	WACI ¹		Total Extractive Exposure ²		Extractive Industries (VOH) ³	
	2026 Q1	2026 Q2	2026 Q1	2026 Q2	2026 Q1	2026 Q2
Fund	139	128	10.65	10.45	14.06	12.67

*Benchmark. ¹ WACI - Includes scope 1 & 2 only; Scope 3 reporting has been excluded due to differences in MSCI and S&P categorisation methodologies. ² Extractive revenue exposure as share (%) of total revenue. ³ Value of holdings (VOH) - companies who derive revenues from extractives. Source: MSCI. 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

LPPI Holding Total Market Value

£103m

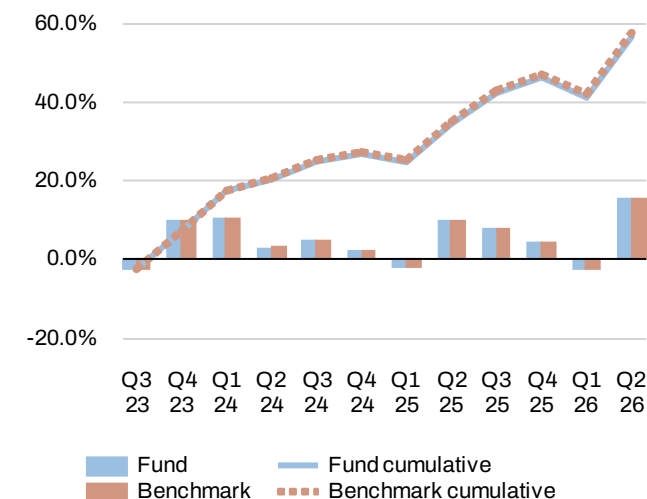
Risk profile

High

Dorset's Holding:

GBP163m

Rolling 3yr performance



Performance to quarter end

Performance (%)	3 month	1 year	3 year*	Since inception*
Fund	15.4	26.1	20.6	14.2
FTSE Developed	15.5	26.5	20.9	14.4
Excess	-0.1	-0.4	-0.4	-0.2

Performance commentary

Global equity markets recovered sharply from the late-March sell-off as progress towards de-escalation in the US-Iran conflict reduced concerns over a prolonged disruption to energy supplies. Technology and semiconductor companies initially led the recovery, supported by continued investment in artificial intelligence infrastructure, before gains broadened later in the quarter.

The portfolio returned 15.4% net of fees over the quarter, compared with 15.5% for the GBP-hedged FTSE Developed Index. It remains close to the benchmark over longer periods, trailing by 0.4 percentage points a year over one and three years, and by 0.2 percentage points a year since inception. These modest differences are consistent with fees,

transaction costs, index-tracking implementation and differences in tax treatments.

As the portfolio is weighted by market value, performance was driven mainly by the largest sectors in developed equity markets. Information Technology represented approximately 30% of the portfolio on average and contributed more than half of the quarter's return. Financials and Industrials also contributed positively, although to a much smaller extent, while Energy was the only material detractor.

The portfolio continued to closely track its GBP-hedged benchmark and returned around 0.9 percentage points more than the equivalent unhedged portfolio. Currency hedging was beneficial as sterling strengthened against several portfolio currencies, most notably the Japanese yen

Source: State Street Global Services
*per annum. Net of all fees.

Summary

Overview of assets

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Disclaimer

Passive Developed Equities (Hedged)

Top 5 holdings

	Weight %	B'mark weight	Client value (GBP)*
NVIDIA CORP	4.89	-	7,968,464
APPLE INC	4.38	-	7,142,121
ALPHABET INC	3.94	-	6,423,023
MICROSOFT CORP	2.90	-	4,731,193
AMAZON.COM INC	2.42	-	3,947,158

*Estimated client value

Largest contributors to ESG risk

	ESG risk score*	
	Q1 2026	Q2 2026
APPLE INC	5.40	5.36
AMAZON.COM INC	4.70	4.66
NVIDIA CORP	7.50	7.46
ALPHABET INC-CLA	5.20	5.15
META PLATFORMS INC-CLASS A	2.40	2.45

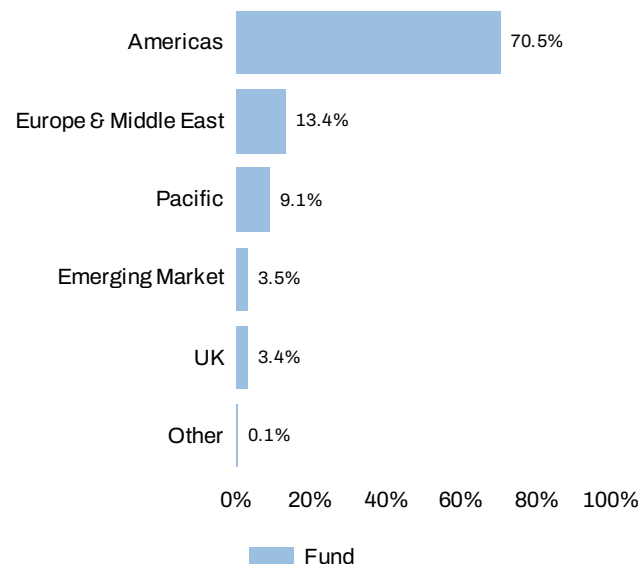
*Source: MSCI. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-2.85 is Laggard, 2.85-7.14 is Average, 7.14-10.0 is Leader.

Carbon metrics

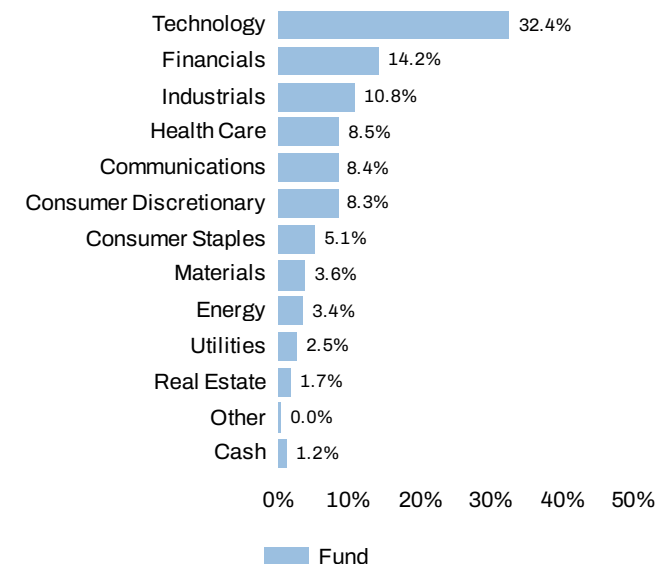
Portfolio	WACI ¹		Total Extractive Exposure ²		Extractive Industries (VOH) ³	
	2026 Q1	2026 Q2	2026 Q1	2026 Q2	2026 Q1	2026 Q2
Fund	139	128	10.65	10.45	14.06	12.67

*Benchmark. ¹ WACI - Includes scope 1 & 2 only; Scope 3 reporting has been excluded due to differences in MSCI and S&P categorisation methodologies. ² Extractive revenue exposure as share (%) of total revenue. ³ Value of holdings (VOH) - companies who derive revenues from extractives. Source: MSCI. 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

LPPI Holding Total Market Value

£604m

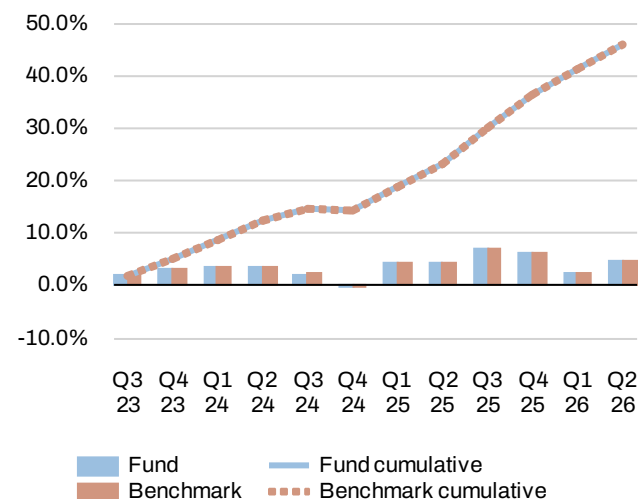
Risk profile

High

Dorset's Holding:

GBP334m

Rolling 3yr performance



Performance to quarter end

Performance (%)	3 month	1 year	3 year*	Since inception*
Fund	4.7	21.9	15.3	7.5
FTSE All Share	4.7	21.9	15.3	7.4
Excess	0.0	-0.0	0.0	0.1

Performance commentary

UK equities rose during the second quarter, although the market lagged global peers whose returns were supported by technology and artificial intelligence-related companies. The easing of the US-Iran conflict reduced concerns over a prolonged disruption to energy supplies and contributed to lower oil prices. Market leadership also shifted during the quarter, with domestically focused small- and mid-cap companies outperforming their larger-cap counterparts. Inflation and interest-rate expectations remained important, with the Bank of England holding its base rate at 3.75% in June and highlighting continued domestic services inflation.

The portfolio returned 4.7% net of fees over the quarter, in line with the FTSE All-Share Index. It also matched the benchmark

over one and three years and remained 0.1 percentage points a year ahead since inception. This performance is consistent with the effects of fees, transaction costs, index-tracking implementation and differences in tax treatments.

Performance was driven mainly by the portfolio's largest sector exposures. Financials represented around a quarter of the portfolio on average and contributed most of the quarter's return. Industrials, Consumer Staples and Consumer Discretionary also contributed positively. Energy was the largest detractor, reducing returns by nearly 2%, while Health Care and Utilities also detracted.

The portfolio continued to perform its intended function by closely tracking the FTSE All-Share Index and providing broad exposure to the UK equity market.

Source: State Street Global Services
*per annum. Net of all fees.

Passive UK Equities

Top 5 holdings

	Weight %	B'mark weight	Client value (GBP)*
HSBC HOLDINGS PLC	8.56	-	28,597,750
ASTRAZENECA PLC	7.38	-	24,632,945
SHELL PLC	5.74	-	19,179,868
ROLLS-ROYCE HOLDINGS PLC	4.23	-	14,114,603
UNILEVER PLC	3.35	-	11,174,724

*Estimated client value

Largest contributors to ESG risk

	ESG risk score*	
	Q1 2026	Q2 2026
ASTRAZENECA PLC	6.90	6.92
SHELL PLC	6.90	7.14
ROLLS-ROYCE HOLDINGS PLC	6.20	6.18
HSBC HOLDINGS PLC	8.30	8.32
RIO TINTO PLC	5.10	5.09

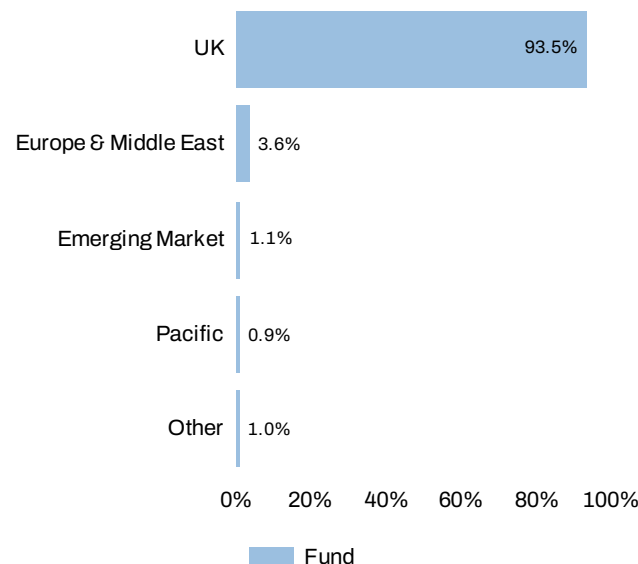
*Source: MSCI. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-2.85 is Laggard, 2.85-7.14 is Average, 7.14-10.0 is Leader.

Carbon metrics

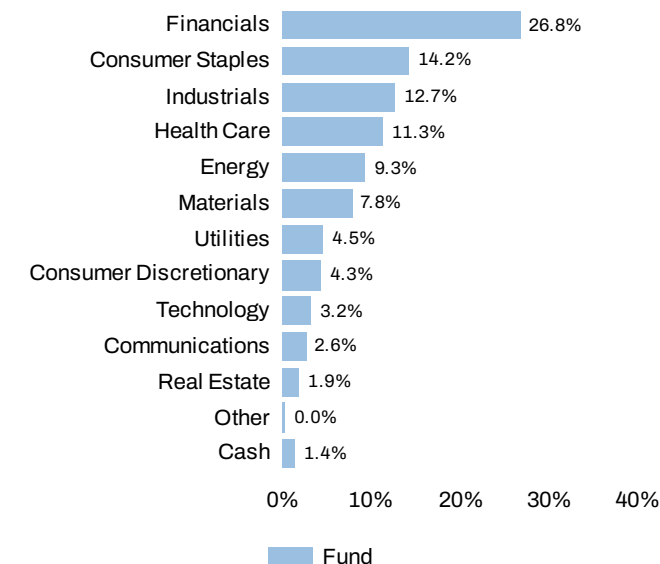
Portfolio	WACI ¹		Total Extractive Exposure ²		Extractive Industries (VOH) ³	
	2026 Q1	2026 Q2	2026 Q1	2026 Q2	2026 Q1	2026 Q2
Fund	118	107	17.13	18.43	21.89	18.85

*Benchmark. ¹ WACI - Includes scope 1 & 2 only; Scope 3 reporting has been excluded due to differences in MSCI and S&P categorisation methodologies. ² Extractive revenue exposure as share (%) of total revenue. ³ Value of holdings (VOH) - companies who derive revenues from extractives. Source: MSCI. 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

High

Benchmark

SciBeta Multifactor Composite

Outperformance target

+0.0-1%

LPPI Holding Total Market Value

£223m

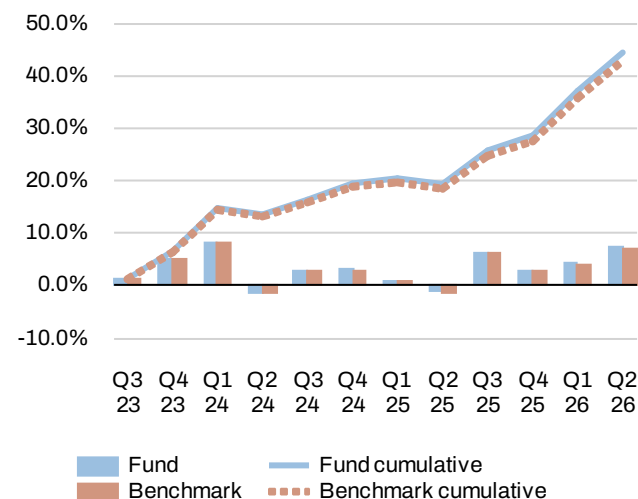
Risk profile

High

Dorset's Holding:

GBP223m

Rolling 3yr performance



Performance to quarter end

Performance (%)	3 month	1 year	3 year*	Since inception*
Fund	7.3	22.4	13.9	10.0
SciBeta Multifactor Composite	7.1	21.8	13.4	9.6
Excess	0.2	0.6	0.5	0.4

Performance commentary

Global equity markets recovered sharply from the late-March sell-off as progress towards de-escalation in the US-Iran conflict reduced concerns over a prolonged disruption to energy supplies. Technology and semiconductor companies initially led the recovery, supported by continued investment in artificial intelligence infrastructure, before gains broadened later in the quarter.

The portfolio returned 7.3% net of fees over the quarter, compared with 7.1% for the SciBeta Multifactor Composite. It has also remained modestly ahead of the benchmark over one year, three years and since inception. As a passive portfolio, this outperformance does not reflect active security selection. Differences in tax treatment between the portfolio

and its benchmark have historically allowed the portfolio to outperform despite fees and transaction costs.

The portfolio tracks a diversified multifactor index rather than a conventional market-value-weighted index. It combines exposure to Value, Momentum, Low Volatility, Profitability, Investment and smaller companies. This reduces the portfolio's reliance on the largest companies and gives it a different exposure and return profile from the broad equity market. The portfolio therefore participated in the market's rise, but its more diversified construction limited its exposure to the largest technology companies that led returns.

Information Technology contributed most to the portfolio's absolute return, followed by Financials and Industrials. Energy was the largest detractor, while Communication Services also

reduced returns. The portfolio continued to perform its intended function by closely tracking the SciBeta Multifactor Composite and providing diversified exposure to developed equity markets and long-term equity factors.

Source: State Street Global Services
*per annum. Net of all fees.

Passive Smart Beta

Top 5 holdings

	Weight %	B'mark weight	Client value (GBP)*
JOHNSON & JOHNSON	0.76	0.69	1,683,879
TJX COS INC/THE	0.75	0.19	1,670,640
CUMMINS INC	0.73	0.11	1,615,946
BERKSHIRE HATHAWAY INC	0.71	0.78	1,570,005
SOUTHERN CO/THE	0.69	0.12	1,531,179

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
CUMMINS INC	0.73	0.11
TRAVELERS COS INC/THE	0.66	0.08
COMCAST CORP	0.68	0.10
DUKE ENERGY CORP	0.69	0.11
SOUTHERN CO/THE	0.69	0.12

Top 5 active underweights

	Weight %	Benchmark weight %
NVIDIA CORP	-	5.18
APPLE INC	0.39	4.77
ALPHABET INC	0.49	4.17
MICROSOFT CORP	0.46	2.95
AMAZON.COM INC	0.28	2.59

Largest contributors to ESG risk

	ESG risk score*	
	Q1 2026	Q2 2026
BERKSHIRE HATHAWAY INC-CL B	2.90	2.92
TJX COMPANIES INC	5.00	4.98
AIRBNB INC-CLASS A	-	3.07
TAKE-TWO INTERACTIVE	-	2.15
CHEVRON CORP	3.50	3.46

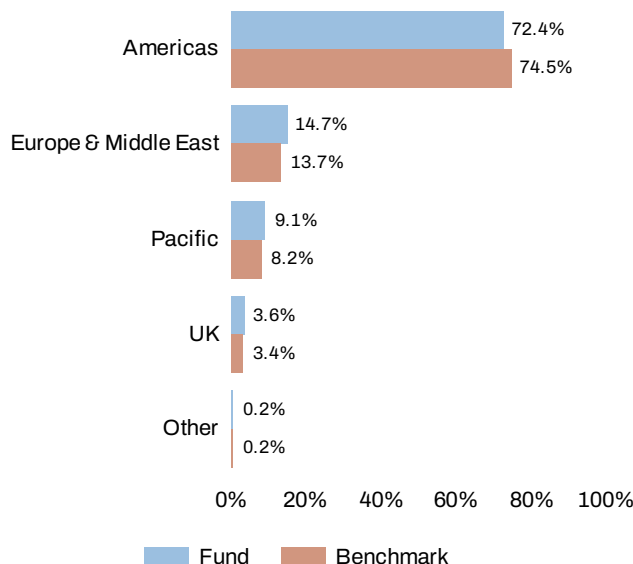
*Source: MSCI. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-2.85 is Laggard, 2.85-7.14 is Average, 7.14-10.0 is Leader.

Carbon metrics

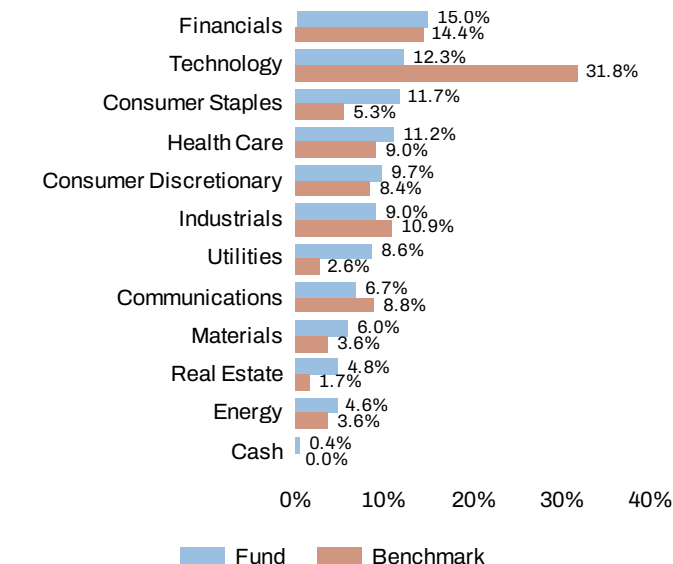
Portfolio	WACI ¹		Total Extractive Exposure ²		Extractive Industries (VOH) ³	
	2026 Q1	2026 Q2	2026 Q1	2026 Q2	2026 Q1	2026 Q2
Fund	304	285	11.41	11.77	21.80	19.96

*Benchmark. ¹ WACI - Includes scope 1 & 2 only; Scope 3 reporting has been excluded due to differences in MSCI and S&P categorisation methodologies. ² Extractive revenue exposure as share (%) of total revenue. ³ Value of holdings (VOH) - companies who derive revenues from extractives. Source: MSCI. 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

High

Benchmark

SciBeta Multifactor Hedged Composite

Outperformance target

+0.1-1%

LPPI Holding Total Market Value

£225m

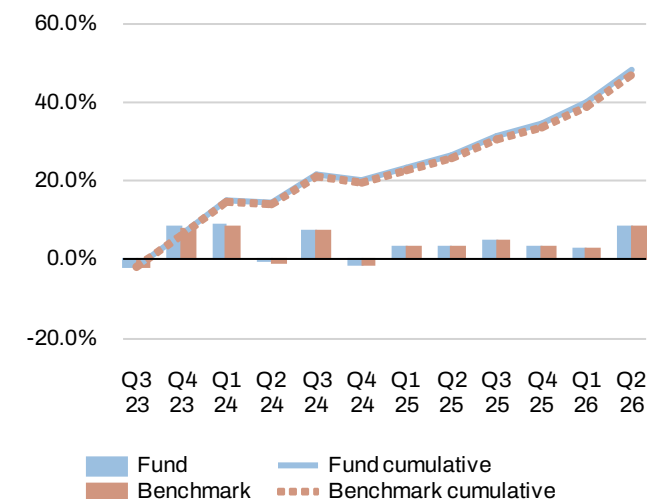
Risk profile

High

Dorset's Holding:

GBP235m

Rolling 3yr performance



Performance to quarter end

Performance (%)	3 month	1 year	3 year*	Since inception*
Fund	8.3	20.3	15.8	10.1
SciBeta Multifactor Hedged Composite	8.1	19.8	15.3	9.8
Excess	0.1	0.5	0.4	0.3

Performance commentary

Global equity markets recovered sharply from the late-March sell-off as progress towards de-escalation in the US-Iran conflict reduced concerns over a prolonged disruption to energy supplies. Technology and semiconductor companies initially led the recovery, supported by continued investment in artificial intelligence infrastructure, before gains broadened later in the quarter.

The portfolio returned 8.3% net of fees over the quarter, compared with 8.1% for the SciBeta Multifactor Hedged Composite. It has also remained modestly ahead of the benchmark over one year, three years and since inception. As a passive portfolio, this outperformance does not reflect active security selection. Differences in tax treatment between the portfolio and its benchmark have historically

allowed the portfolio to outperform despite fees and transaction costs.

The portfolio tracks a diversified multifactor index rather than a conventional market-value-weighted index. It combines exposure to Value, Momentum, Low Volatility, Profitability, Investment and smaller companies. This reduces the portfolio's reliance on the largest companies and gives it a different exposure and return profile from the broad equity market. The portfolio therefore participated in the market's rise, but its more diversified construction limited its exposure to the largest technology companies that led returns.

Information Technology contributed most to the underlying equity portfolio's absolute return, followed by Financials and Industrials. Energy was the largest detractor, while

Communication Services also reduced returns. Currency hedging increased the sterling return relative to the unhedged portfolio over the quarter, principally because it reduced the adverse effect of sterling's strength against currencies including the euro and Japanese yen.

The portfolio continued to perform its intended function by closely tracking the SciBeta Multifactor Hedged Composite and providing diversified exposure to developed equity markets and long-term equity factors while reducing the effect of currency movements.

Source: State Street Global Services
*per annum. Net of all fees.

Passive Smart Beta (Hedged)

Top 5 holdings

	Weight %	B'mark weight	Client value (GBP)*
JOHNSON & JOHNSON	0.76	0.69	1,779,181
TJX COS INC/THE	0.75	0.19	1,765,193
CUMMINS INC	0.73	0.11	1,707,404
BERKSHIRE HATHAWAY INC	0.71	0.78	1,658,862
SOUTHERN CO/THE	0.69	0.12	1,617,840

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
CUMMINS INC	0.73	0.11
TRAVELERS COS INC/THE	0.66	0.08
COMCAST CORP	0.68	0.10
DUKE ENERGY CORP	0.69	0.11
SOUTHERN CO/THE	0.69	0.12

Top 5 active underweights

	Weight %	Benchmark weight %
NVIDIA CORP	-	5.18
APPLE INC	0.39	4.77
ALPHABET INC	0.49	4.17
MICROSOFT CORP	0.46	2.95
AMAZON.COM INC	0.28	2.59

Largest contributors to ESG risk

	ESG risk score*	
	Q1 2026	Q2 2026
BERKSHIRE HATHAWAY INC-CL B	2.90	2.92
TJX COMPANIES INC	5.00	4.98
AIRBNB INC-CLASS A	-	3.07
TAKE-TWO INTERACTIVE	-	2.15
CHEVRON CORP	3.50	3.46

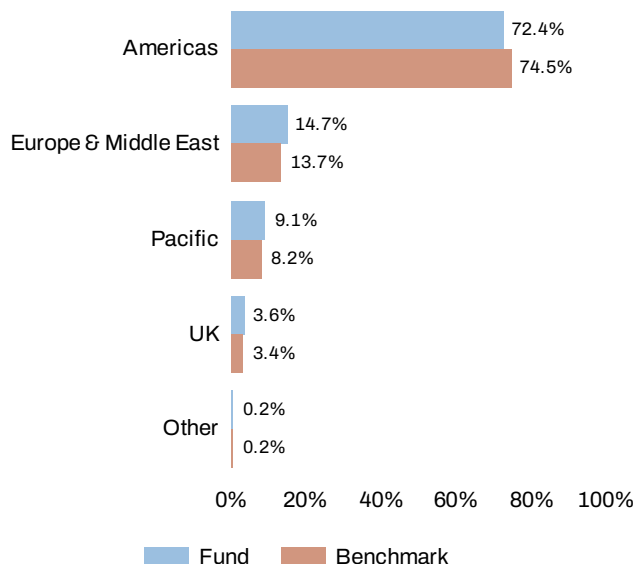
*Source: MSCI. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-2.85 is Laggard, 2.85-7.14 is Average, 7.14-10.0 is Leader.

Carbon metrics

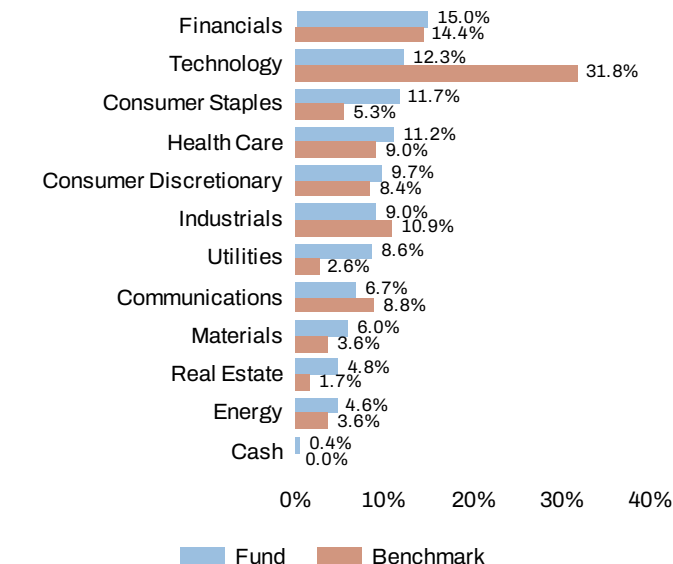
Portfolio	WACI ¹		Total Extractive Exposure ²		Extractive Industries (VOH) ³	
	2026 Q1	2026 Q2	2026 Q1	2026 Q2	2026 Q1	2026 Q2
Fund	304	285	11.41	11.77	21.80	19.96

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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

Moderate

Benchmark

SONIA +4%

Outperformance target

0% to +1.0%

LPPI Holding Total Market Value

£6574m

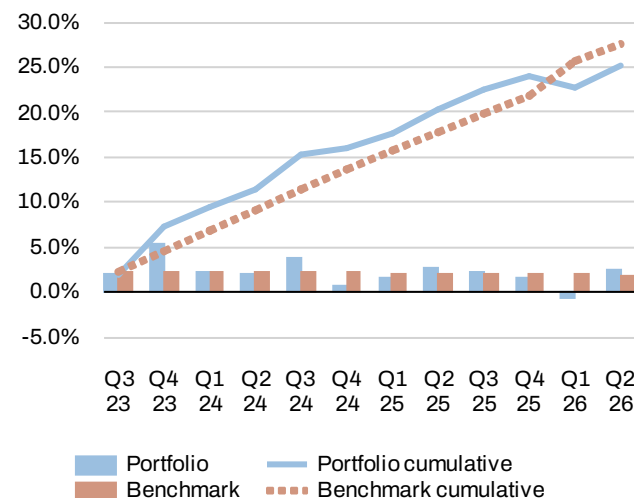
Risk profile

Moderate

Dorset's Holding:

GBP317m

Rolling 3yr performance



Performance to quarter end

Performance (%)	3 month	1 year	3 year*	Since inception*
Portfolio	2.5	5.6	8.9	4.5
SONIA +4%	1.9	8.1	8.8	7.6
Excess	0.6	-2.5	0.0	-3.1

Source: State Street Global Services

*per annum. Net of all fees.

Performance commentary

Credit markets experienced a strong rebound following robust first quarter earnings releases, and easing tensions between the US and Iran. Corporate credit fundamentals generally remain healthy with interest coverage improving across both high yield bonds and leveraged loans. Positive risk sentiment led to spread tightening across credit sectors led by CLO obligations and high yield bonds. Although supported by strong CLO issuance, loans spreads tightened but to a lesser extent compared to high yield as underlying concerns of software exposure prevailed.

The portfolio returned 2.5% over the second quarter, outperforming the portfolio's benchmark of SONIA +4%. Neuberger, Oaktree and CQS returned 1.9%, 2.9% and 3.8% respectively.

Recognising that leveraged finance spreads remain tight and the continued uncertainty in the geopolitical landscape, the managers remain somewhat cautious in the current environment. One example of this is that the portfolio's exposure to short-duration high income assets has increased.

Towards the end of the quarter, the multi-asset credit portfolio was rebalanced amongst the three existing managers to bring the portfolio characteristics more in line with the composite benchmark. The portfolio will be further rebalanced in Q3 2026.

Source: State Street Global Services
*per annum. Net of all fees.

Sterling Corporate Bonds

Launch date

2 July 2021

Investment strategy & key drivers

Managed credit selection to generate excess sterling yield returns

Liquidity

High

Benchmark

iBoxx Sterling Non Gilt x

Outperformance target

+1%

LPPI Holding Total Market Value

£1,649m

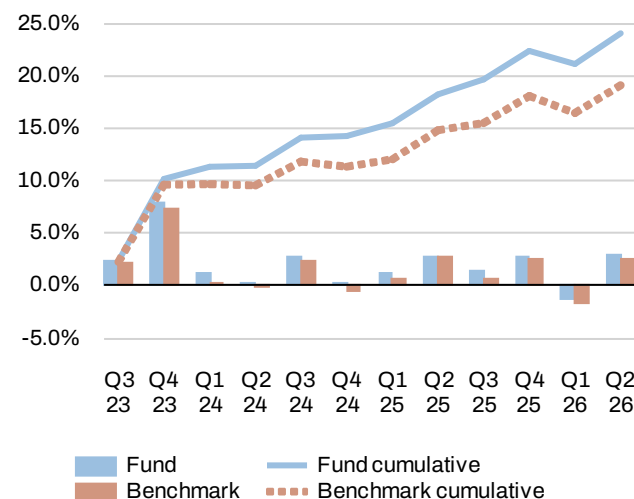
Risk profile

Moderate

Dorset's Holding:

GBP291m

Rolling 3yr performance



Performance to quarter end

Performance (%)	3 month	1 year	3 year*	Since inception*
Fund	2.9	5.9	8.2	0.7
iBoxx Sterling Non Gilt x	2.6	4.3	6.4	-0.5
Excess	0.3	1.6	1.8	1.2

Source: State Street Global Services

*per annum. Net of all fees.

Performance commentary

The second quarter of 2026 saw a robust recovery in fixed income markets following the sell-off towards the end of the first quarter driven by the conflict in the Middle East, which triggered concerns over energy supplies and near-term inflation risks from rising energy prices. A ceasefire in the Middle East was announced during Q2 which caused energy prices to ease, though they remained above pre-crisis levels.

Government bond markets remained somewhat volatile during Q2 as markets balanced inflation concerns, shifting expectations of central bank easing, and continuing geopolitical uncertainty. However, falling energy prices and reduced fears of a prolonged supply shock were supportive for duration, with UK nominal gilt yields falling across the curve. As it became clear Keir Starmer would stand down to

be replaced by Andrew Burnham, markets welcomed this certainty, which further supported UK government bonds. UK 10-year gilt yields fell from c. 4.92% to c. 4.76% over the quarter.

The sterling investment grade credit market returned 2.64% over the quarter, with spreads tightening to 0.76% from 0.85% at the end of Q1.

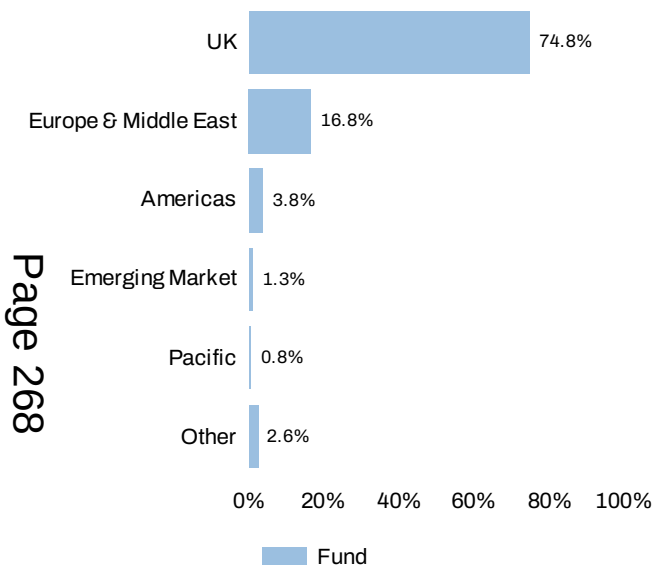
Sector returns were positive across the board, in particular Utilities, Real Estate, and Consumer Services, whilst sectors that performed well over Q1, namely Covered Bonds and Supranationals, underperformed.

The Sterling Corporate Bond portfolio returned 2.94% net of fees, outperforming the benchmark by 0.3%.

Stock and sector selection was positive over the quarter, with the portfolio's underweight to Supranationals the largest positive allocation effect, with an overweight to insurance also adding value. Security selection particularly added value within Insurance and Consumer Services sectors. Overall, duration and curve positioning were positive contributors to performance.

Sterling Corporate Bonds

Regional exposure



LGIM All Stocks Gilts Index Fund (LGIM UK Gilts)

Launch date

22 April 2026

Investment strategy & key drivers

Passive exposure to gilts

Liquidity

High

Benchmark

FTSE Actuaries UK Conventional Gilts All Stocks Index

Outperformance target

Match

LPPI Holding Total Market Value

£228m

Risk profile

Moderate

Dorset's Holding:

GBP228m

Insufficient data to show rolling performance chart

Performance to quarter end

Performance (%)	3 month	1 year	3 year*	Since inception*
Fund	-	-	-	1.6
FTSE Actuaries UK Conventional Gilts All Stocks Index	-	-	-	1.6
Excess	-	-	-	0.0

Source: State Street Global Services

*per annum. Net of all fees.

Performance commentary

The second quarter of 2026 saw a reduction of nominal gilt yields across the curve as market concerns eased, which resulted in positive absolute performance. This follows the increase in yields that occurred in the first quarter due to concerns over higher energy prices (given the geopolitical situation in the Middle East), sticky inflation and political uncertainty.

Inflation concerns were eased somewhat after the UK CPI print surprised to the downside at 2.80% in April and May 2026 (down from 3.30% in March 2026). Market inflation expectations were also down as the 10-year breakeven inflation rate fell significantly from c. 3.55% at the end of March to c. 3.12% at the end of June 2026. Front end gilt yields fell significantly (c. 25bps for the 2-year) over the quarter as

rate hikes seemed less likely given the fall in inflation expectations.

Political uncertainty was also reduced post the May local elections as it became clear that Keir Starmer would eventually stand down to make way for an Andrew Burnham government without calling a general election. The market welcomed this certainty. UK 10-year gilt yields fell from c. 4.92% to c. 4.76% and UK 30-year gilt yields fell from c. 5.52% to 5.47% over the quarter.

The portfolio performed in line with the FTSE Actuaries UK Conventional Gilts All Stocks Index, returning 1.6% from 22nd April through the end of the quarter.

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Disclaimer

LGIM All Stocks Index Linked Gilts Index Fund (LGIM Index

Launch date

22 April 2026

Investment strategy & key drivers

Passive exposure to index linked gilts

Liquidity

High

Benchmark

FTSE Actuaries UK Index-Linked Gilts All Stocks Index

Outperformance target

Match

LPPI Holding Total Market Value

£224m

Risk profile

Moderate

Dorset's Holding:

GBP224m

Insufficient data to show rolling performance chart

Performance to quarter end

Performance (%)	3 month	1 year	3 year*	Since inception*
Fund	-	-	-	0.1
FTSE Actuaries UK Index-Linked Gilts All Stocks Index	-	-	-	0.6
Excess	-	-	-	-0.5

Source: State Street Global Services

*per annum. Net of all fees.

Performance commentary

The second quarter of 2026 saw a reduction of nominal gilt yields across the curve as market concerns eased. This follows the increase that occurred in the first quarter due to concerns over higher energy prices (given the geopolitical situation in the Middle East), sticky inflation and political uncertainty. During the second quarter, UK real gilt yields increased across the curve as market inflation expectations fell. This increase in real gilt yield led to negative absolute performance over the full calendar quarter.

Inflation concerns were eased somewhat after the UK CPI print surprised to the downside at 2.80% in April and May 2026 (down from 3.30% in March 2026). Market inflation expectations were also down as the 10-year breakeven inflation rate fell significantly from c. 3.55% at the end of

March to c. 3.12% at the end of June 2026. Front end gilt yields fell significantly (c. 25bps for the 2-year) over the quarter as rate hikes seemed less likely given the fall in inflation expectations.

Political uncertainty was also reduced post the May local elections as it became clear that Keir Starmer would eventually stand down to make way for an Andrew Burnham government without calling a general election. The market welcomed this certainty. UK 10-year gilt yields fell from c. 4.92% to c. 4.76% and UK 30-year gilt yields fell from c. 5.52% to 5.47% over the quarter.

The portfolio performed in line with the FTSE Actuaries UK Index-Linked Gilts All Stocks Index benchmark, returning 0.1% from 22nd April through the end of the quarter.

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

£58.97m

Amount Called

£52.95m

% called to date

89.79

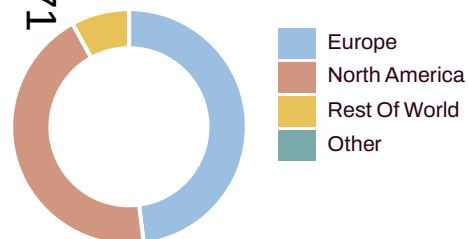
Number of underlying funds

7

Dorset's Holding:

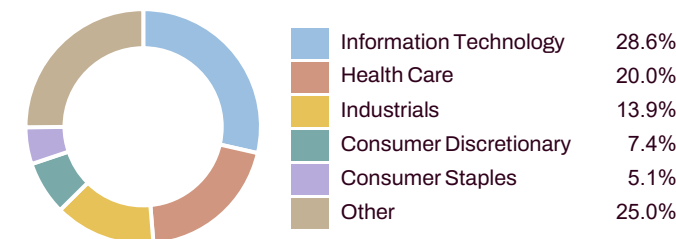
GBP62.83m

Country Invested in underlying investments



Source: State Street & LPPI
Country data is lagged

Sector GICs



Source: State Street & LPPI
Sector data is lagged

Performance commentary

Portfolio development stands at ~90% 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). Portfolio performance is expected to remain largely flat vs the prior quarter but continues to trend positively in terms of DPI. On a go-forward basis, we believe the portfolio has reached max net peak exposure, suggesting that distributions will outweigh contributions going forward. There still may be additional capital calls made for follow-on investments, but it is likely that these will be netted off by distributions made by managers.

Portfolio Level DPI continued to trend positively during Q2 2026, with overall DPI increasing from 0.26x to 0.34x. CD GSEC V made a significant distribution during the quarter, taking DPI from ~0.48x to ~0.65x at the fund level. This was driven by several investment exits and a refinancing at the fund level. In addition, Summit Europe 03 saw an increase in DPI from ~0.25 to ~0.40 driven by two exits: Doctrine and TradingHub, both at significant uplifts from prior quarter marks. Summit was marked at a 2.2x as of March 2026, an uplift from 1.7x in December 2025.

Further realisations occurred at NB SCIOF IV and NB PEIF 01. Alpinvest Secondaries 07 also expects to distribute 10% of NAV in the near term following recent realisation events.

Vespa remains a standout performer in the portfolio, which is now valued at 2.5x cost, up from 2.3x in December. Looking forward, Vespa have launched the sale process for Origo and Cognite which they hope to exit in 2026 and have appointed sell side advisers for Rocksteady and Origo. Despite no full

Portfolio summary

Market value (GBP m)	1 Year TWR*	Since Inception TWR*	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
62.8	15.7%	15.1%	239,668	3,234,385	-2,994,717	1,631,400	1.53	0.2%	0.0%

*Time weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 17. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

* Excess to benchmark, may not include outperformance

Aggregate performance is unavailable - figures shown are indicative of an individual client, and as such may differ between clients.

Together, let's do more

Classification: Public

Unless otherwise stated, Source: State Street Global Services and LPPI. Net of all fees.

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Private Equity - Cycle 1

exits, the Fund is at a 0.25x DPI driven by redemption in preferred shares of underlying portfolio companies.

Private equity market activity softened in Q2 2026 as heightened geopolitical uncertainty, financing market volatility and AI-driven disruption pressures reduced dealmaking, with global PE deal value (per Pitchbook) falling over 20% quarter-on-quarter and exit value declining 20%. Despite weaker transaction activity, fundraising remained resilient and increasingly concentrated among the largest managers, with capital raised pacing ahead of 2025 levels even as the number of funds closed continued to decline.

With AI software, managers generally remain constructive despite continued valuation pressure in public markets. Many believe AI will strengthen incumbents with strong data, embedded workflows and high switching costs, while customers increasingly favour AI-enabled software solutions over in-house alternatives. However, lower public market valuations may continue to weigh on private market marks given the reliance on public comparables.

While the market backdrop remains challenging, opportunities continue to emerge across private markets. High-quality businesses remain well supported, while weaker assets face greater valuation pressure. Continued constraints on exits have also supported secondaries, where investors can access more mature assets with shorter duration and earlier cashflow potential. In this environment, manager selection and disciplined underwriting remain key drivers of returns.

Private Equity - Cycle 3

Investment objective

Global portfolio of private equity investments

Benchmark

MSCI ACWI

Outperformance target

+3%

Launch date

1 May 2021

Commitment to portfolio

£70.00m

The fund is denominated in GBP

Commitment to Investment

£70.00m

Amount Called

£28.45m

% called to date

40.64

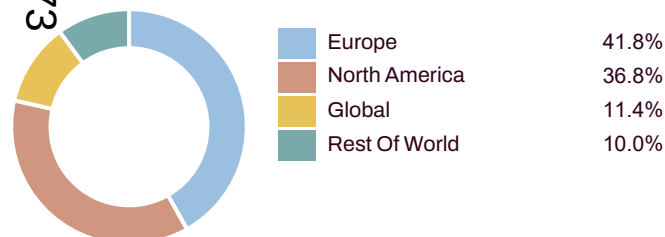
Number of underlying funds

1

Dorset's Holding:

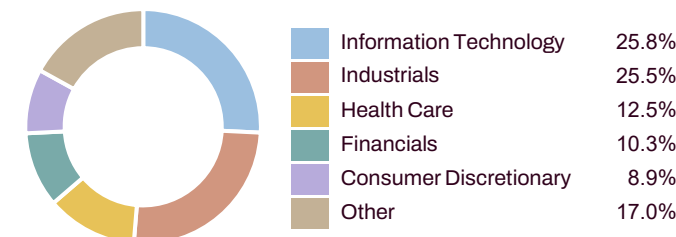
GBP29.17m

Country Invested in underlying investments



Source: State Street & LPPI
Country data is lagged

Sector GICs



Source: State Street & LPPI
Sector data is lagged

Performance commentary

The portfolio was approximately 48% invested (including the NB credit line) as at the end of Q2 2026, a steady increase from the prior quarter. Performance data will become more meaningful over time, and the portfolio is showing clear signs of emerging from the J-curve period. The portfolio is fully committed across 13 primary funds, one secondary fund, one co-investment fund (NB CIP 5), and one impact fund of funds (comprising 70%+ coinvest, 30% primary funds).

Despite the portfolio's relatively early stage of development, several of the more mature fund investments are starting to show success in their value creation plans, translating into marks above cost. The portfolio also benefits from limited exposure to software, particularly growth-orientated software investments, where multiple compression has had a more significant impact on valuations in recent years.

Several of the portfolio's earlier commitments, including CD&R, EQT Future, Bregal, EQT Mid-Market Asia and NB Secondary V, are expected to return to market during 2027. These managers have generally deployed capital at a measured pace since inception, supporting a more conservative portfolio construction profile.

The portfolio received £7.3 million in distributions during the quarter, primarily driven by NB Secondary V whose portfolio is approximately 79% invested in mid-market buyout transactions. Consistent with the fund structure, distributions will be used to offset future capital calls, helping to improve overall cashflow efficiency.

Private equity market activity softened in Q2 2026 as heightened geopolitical uncertainty, financing market

Portfolio summary

Market value (GBP m)	1 Year TWR*	Since Inception TWR*	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
29.2	7.0%	-10.0%	2,870,130	584,673	2,285,457	1,370,060	1.07	0.0%	0.0%

*Time weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 17. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

* Excess to benchmark, may not include outperformance

Aggregate performance is unavailable - figures shown are indicative of an individual client, and as such may differ between clients.

Together, let's do more

Classification: Public

Unless otherwise stated, Source: State Street Global Services and LPPI. Net of all fees.

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Private Equity - Cycle 3

volatility and AI-driven disruption pressures reduced dealmaking, with global PE deal value (per Pitchbook) falling over 20% quarter-on-quarter and exit value declining 20%. Despite weaker transaction activity, fundraising remained resilient and increasingly concentrated among the largest managers, with capital raised pacing ahead of 2025 levels even as the number of funds closed continued to decline.

Within software, managers generally remain constructive despite continued valuation pressure in public markets. Many believe AI will strengthen incumbents with strong data, embedded workflows and high switching costs, while customers increasingly favour AI-enabled software solutions over in-house alternatives. However, lower public market valuations may continue to weigh on private market marks given the reliance on public comparables.

While the market backdrop remains challenging, opportunities continue to emerge across private markets. High-quality businesses remain well supported, while weaker assets face greater valuation pressure. Continued constraints on exits have also supported secondaries, where investors can access more mature assets with shorter duration and earlier cashflow potential. In this environment, manager selection and disciplined underwriting remain key drivers of returns.

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

£8.46m

% called to date

28.19

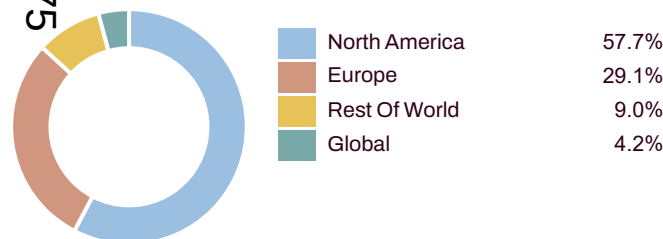
Number of underlying funds

1

Dorset's Holding:

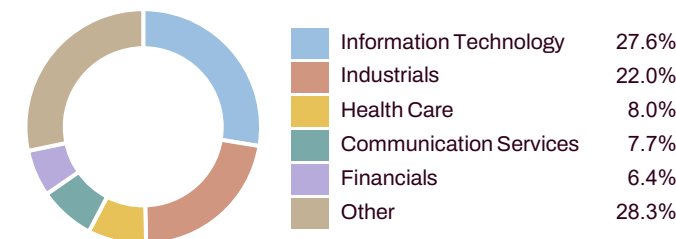
GBP9.28m

Country Invested in underlying investments



Source: State Street & LPPI
Country data is lagged

Sector GICs



Source: State Street & LPPI
Sector data is lagged

Performance commentary

At quarter-end, the portfolio was fully committed following the decision to pause new commitments. Of the new reduced commitment base of ~£229mn, ~44% has been invested (including amounts funded through the NB credit facility). We note it is too early to meaningfully comment on performance, since inception the portfolio is tracking to expectations having mitigated the early j-curve period.

Since NB Clifton IV's inception in April 2024, seven primary commitments have been 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. The portfolio also includes a dedicated co-investment allocation (~22% of the portfolio), allowing Neuberger to selectively invest directly in attractive opportunities as they arise.

Private equity market activity softened in Q2 2026 as heightened geopolitical uncertainty, financing market volatility and AI-driven disruption pressures reduced dealmaking, with global PE deal value (per Pitchbook) falling over 20% quarter-on-quarter and exit value declining 20%. Despite weaker transaction activity, fundraising remained resilient and increasingly concentrated among the largest managers, with capital raised pacing ahead of 2025 levels even as the number of funds closed continued to decline.

Within software, managers generally remain constructive despite continued valuation pressure in public markets. Many believe AI will strengthen incumbents with strong data,

Portfolio summary

Market value (GBP m)	1 Year TWR*	Since Inception TWR*	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
9.3	8.5%	-18.1%	1,017,857	0	1,017,857	507,091	1.10	0.0%	0.0%

*Time weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 17. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

* Excess to benchmark, may not include outperformance

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Together, let's do more

Classification: Public

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45

Private Equity - Cycle 4

embedded workflows and high switching costs, while customers increasingly favour AI-enabled software solutions over in-house alternatives. However, lower public market valuations may continue to weigh on private market marks given the reliance on public comparables.

While the market backdrop remains challenging, opportunities continue to emerge across private markets. High-quality businesses remain well supported, while weaker assets face greater valuation pressure. Continued constraints on exits have also supported secondaries, where investors can access more mature assets with shorter duration and earlier cashflow potential. In this environment, manager selection and disciplined underwriting remain key drivers of returns.

Pipeline

Due to LGPS reforms and client transitioning to new pools. The clients in Cycle 4 unanimously voted to halt future commitments. NB have agreed, and documents have been signed to release ~£51mn of commitments. The total Fund size will now be ~£229mn and no further underlying primary commitments will be made.

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

£54.56m

% called to date

68.19

Number of underlying funds

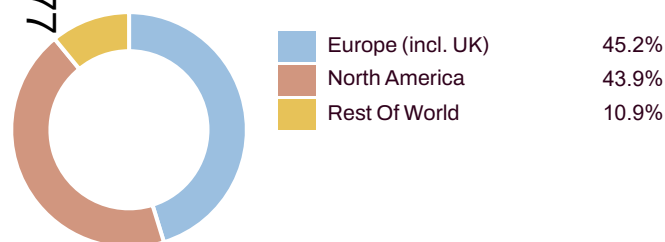
1

Dorset's Holding:

GBP50.65m

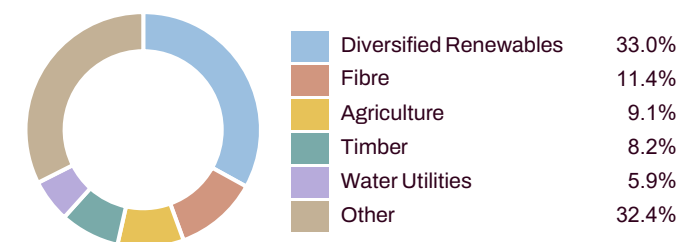
Country

Commitment in underlying investments



Source: State Street & LPPI
Country data is lagged

Sector



Source: State Street & LPPI
Sector data is lagged

Performance commentary

Stepstone Cycle III is largely deployed, and the underlying assets are largely performing in line with expectations. Returns to date have been in line with its target risk-return profile.

There are a further two or three co-investments expected to be completed. The team has a strong near-term pipeline and is currently progressing a follow-on investment in Project Hermes, a GP-led continuation vehicle alongside Aberdeen that will hold UK rolling stock assets. In addition, the team is pursuing a co-investment in Project Taurus alongside Goldman (West Street), a food logistics platform that provides reusable plastic containers and pallets to food retailers.

rPlus continues to perform well. During the quarter its 125MW PV project in Idaho reached COD two months ahead of schedule, making a key step in its evolution from a pure-play developer to an independent power producer.

Infrastructure assets globally continue to largely deliver resilient returns due to their essential nature of their services and their strong regulated and contracted revenue structure. Regulatory and political risk remains a watchpoint for the asset class, particularly in certain sectors such as renewable energy in the US. Fundraising for infrastructure has been strong, though higher risk-return infrastructure funds have been more successful at raising capital compared to lower risk-return core funds.

The market for infrastructure exits has been reasonably strong for small to mid-market assets, while larger assets are facing challenges over a limited buyer pool. Datacentres and energy continue to drive transaction and investment activity due to the strong greenfield growth pipelines in these sectors.

Portfolio summary

Market value (GBP m)	1 Year TWR*	Since Inception TWR*	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
50.6	10.4%	4.0%	0	0	0	3,461,930	1.15	0.1%	0.0%

*Time weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 17. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

* Excess to benchmark, may not include outperformance

Aggregate performance is unavailable - figures shown are indicative of an individual client, and as such may differ between clients.

Together, let's do more

Classification: Public

Unless otherwise stated, Source: State Street Global Services and LPPI. Net of all fees.

47

Secured Income - All Cycles

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

£90.00m

The fund is denominated in GBP

Commitment to Investment

£90.00m

Amount Called

£89.49m

% called to date

99.44

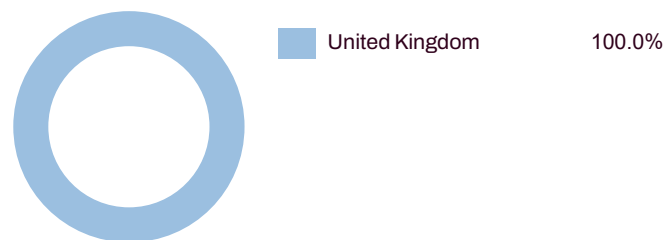
Number of underlying funds

3

Dorset's Holding:

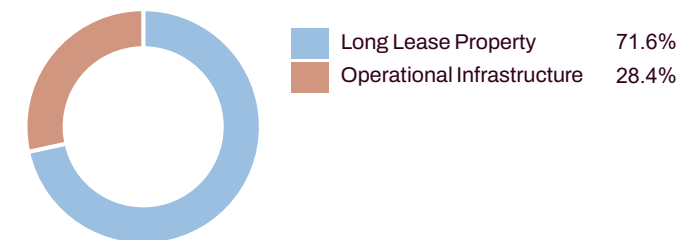
GBP86.08m

Country Invested in underlying investments



Source: State Street & LPPI
Country data is lagged

Sector GICs



Source: State Street & LPPI
Sector data is lagged

Performance commentary

The secured income portfolio is largely deployed across Infrastructure and Real Estate assets, and the underlying assets are performing slightly below expectations.

Performance across the UK long lease fund holdings continued to be driven primarily by income. M&G Secured Property Income Fund (SPIF) continued to outperform the MSCI UK Long Income Property Fund Index across all reported periods, while liquidity improved following the clearance of its redemption queue in late 2025. Aberdeen Long Lease Property (LLP) also reported improving liquidity and maintained a low vacancy rate of 0.34% at Q1 2026. Both managers also reported positive ESG developments, including SPIF retaining its 5-star GRESB rating and LLP maintaining its GRESB Green Star status.

Schroders Greencoat UK has underperformed its target on a since inception basis but the manager expects long term hold to life returns to recover. The fund is delivering a healthy Gross Yield of 6.8%. SG UK's NAV decreased marginally during the quarter due to the change in ROC and FIT inflation indexation across asset valuations that was slightly offset by higher power price and inflation forecasts for the portfolio.

In terms of operational performance, the portfolio generation was ~9% below budget and heat ~36% below budget, resulting in portfolio revenues ~5.7% below budget in Q1 2026.

In April, the UK government outlined an early proposal for a voluntary wholesale price CfD mechanism for existing low carbon generators to remove gas price impact on wholesale electricity priced, Schroders Greencoat are engaging with the consultation.

Portfolio summary

Market value (GBP m)	1 Year TWR*	Since Inception TWR*	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
86.1	4.1%	1.5%	31,550,960	32,051,623	-500,663	699,799	1.07	0.0%	0.0%

*Time weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 17. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

* Excess to benchmark, may not include outperformance

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Together, let's do more

Classification: Public

Unless otherwise stated, Source: State Street Global Services and LPPI. Net of all fees.

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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
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
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.

Term	Comment
ESG	ESG is an umbrella term to capture a broad range of environmental, social and governance risks and opportunities that have the potential for material financial influence on an investment in the short, medium and long term. LPPI believe the consideration of material ESG factors is relevant at every stage in the investment cycle and forms a core part of active stewardship.
ESG Score	The MSCI ESG Score measures how effectively a company manages financially material ESG risks and opportunities relative to its industry peers. The score is based on an assessment of the company's exposure to industry-specific ESG risks, the quality of its risk management practices, governance structures, performance, and relevant controversies. Scores range from 0 to 10, with higher scores indicating stronger management of ESG risks and opportunities relative to peers within the same industry.
Extractive exposures	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 LPPI
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
M&A	Mergers and acquisitions
MHCLG	Ministry of Housing, Communities & Local Government; the government body with oversight of pooling
Momentum	An investment strategy that aims to capitalize on the continuance of existing trends in the market

Glossary

Term	Comment
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	Source of performance data is provided net of fees by State Street Global Services unless otherwise indicated
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	Revenue derived from extractive operations as a % of total corporate revenue

Term	Comment
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 LPPI
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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- Unless otherwise stated:
 - data within the report is as at 30 June 2026 and either; investment book of record, accounting book of record, or a combination of the two
 - returns are net of fees and expenses.
 - returns for periods over one year are annualised.
 - relative return (“Rel. ret”) calculations use an arithmetic approach above benchmark.
 - any reference to a benchmark is referring to the respective comparator benchmark.
- Asset valuations include balance sheet items.
- Private Market allocations are subject to a “valuation lag”. Due to the valuation lag associated with private market assets, performance figures may not provide a true and accurate reflection of asset returns over the period.
- Total Fund Benchmark is a composite figure of underlying asset class and investment benchmarks as calculated by State Street.

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