

Pension Fund Committee

14 March 2023

Brunel Pension Partnership Update For Decision

Local Councillor(s): All

Executive Director: A Dunn, Executive Director, Corporate Development

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Report Status: Public

Brief Summary:

In accordance with the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, Dorset participates with nine other LGPS funds to pool investment assets through the Brunel Pension Partnership (Brunel). Brunel is wholly owned in equal shares by the ten administering authorities that participate in the pool and is authorised by the Financial Conduct Authority (FCA). As at 31 December 2022, approximately 72% of the pension fund's assets were under the management of Brunel.

Brunel's performance report for the quarter ending 31 December 2022 (Appendix 1) includes market summaries from Brunel's investment officers and an overall performance summary for the pension fund, together with more detailed information in relation to Dorset's assets under Brunel's management.

Brunel has published an updated Climate Change Policy for 2023 to 2030 (Appendix 2) following the conclusion of the 'stocktake' of the previous policy.

[Brunel launches new Climate Change Policy 2023-30 - Brunel Pension Partnership](#)

Brunel's Annual General Meeting (AGM) is due to take place on Thursday 9th March and a verbal update will be provided at this meeting of the Pension Fund Committee.

Recommendation:

That the Committee review and comment upon the activity and overall performance of the Brunel Pension Partnership.

Reason for Recommendation:

To ensure that the pension fund has the appropriate management and monitoring arrangements in place.

1. Financial Implications

- 1.1 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.
- 1.2 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.
- 1.3 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.
- 1.4 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.

2. Climate Implications

- 2.1 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.
- 2.2 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.

- 2.3 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 31 March 2021, 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 £41M (1.2% of total investment assets).

3. **Well-being and Health Implications**

- 3.1 No wellbeing and health implications arising from this report have been identified.

4. **Other Implications**

- 4.1 No other implications arising from this report have been identified.

5. **Risk Assessment**

- 5.1 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.

6. **Equalities Impact Assessment**

- 6.1 There are no equalities implications arising from this report.

7. **Appendices**

Appendix 1: Brunel Quarterly Performance Report 31-Dec-2022

Appendix 2: Brunel Climate Change Policy 2023-2030

15. **Background Papers**

Investment Strategy Statement