

PENSION FUND COMMITTEE

MINUTES OF MEETING HELD ON TUESDAY 17 SEPTEMBER 2024

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

Present remotely: Cllr Felicity Rice

Apologies: Cllrs Will Chakawhata and Gary Suttle

Also present: Ian Howse (Audit Partner, Deloitte LLP), David Vickers (Brunel Pension Partnership Ltd), Tim Dickson (Brunel Pension Partnership Ltd) and Steve Tyson (Independent Investment Advisor, Apex Group)

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

Aidan Dunn (Executive Director - Corporate Development S151), Karen Gibson (Service Manager for Pensions), Sean Cremer (Corporate Director for Finance and Commercial) and David Wilkes (Service Manager for Treasury and Investments)

283. Minutes

The minutes of the meeting held on 25 June 2024 were confirmed and signed.

284. Declarations of Interest

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

285. Public Participation

No questions or statements from members of the public were made at the meeting

286. Questions From Councillors

No questions or statements from Councillors were made at the meeting.

287. Urgent items

There were no urgent items.

288. Brunel Chief Executive's Update

This item was deferred until the March 2025 committee meeting, as Laura Chappell, Brunel's Chief Executive, had to attend a meeting with the pensions minister.

289. Brunel Governance and Scheme Advisory Board Update

Cllr John Beesley, the pension fund's representative on the Brunel Oversight Board (BOB), and also a member of the Local Government Pension Scheme (LGPS) Scheme Advisory Board (SAB), updated the Committee on governance matters relating to investment pooling.

Assets under Brunel Pension Partnership's management were £35 billion, 86% of the total assets of all ten client pension funds, which included approximately 84% of Dorset's pension fund assets as at 30 June 2024.

A 'call for evidence' was published by the government 4 September 2024 inviting responses by 25 September 2024 from interested parties to inform the first phase of its Pensions Investment Review. The aim of this first phase was to "boost investment, increase pension pots and tackle waste in the pensions system". Officers would draft a response in consultation with Brunel and the nine other client funds with the key message that further consolidation of pools and/or funds within the LGPS would be a costly and time-consuming distraction from the government's goal of seeing more investment in the UK.

Brunel's Chief Executive and Chief Investment Officer had attended meetings with government ministers and officials to provide input into the review. SAB's chair had also met with the new Minister of State at MHCLG and was expected to shortly with the new Pensions Minister.

290. Pension Fund Investments

The value of the pension fund's assets at 30 June 2024 was £3.9 billion. The total return from the pension fund's investments over the quarter to 30 June 2024 was 1.1%, compared to the combined benchmark return of 2.1%. The total return for the year to 30 June 2024 was 11.0% compared to the benchmark return of 13.2%.

The performance of the so-called 'magnificent seven' mega-cap stocks (Apple, Amazon, Alphabet, Meta, Nvidia, Microsoft and Tesla) continued to dominate equity markets which represented a significant concentration risk. David Vickers highlighted that the relative performance of Brunel's portfolios, and active managers more generally, had been largely determined by their exposure to these stocks relative to benchmark.

The next triennial valuation of the pension fund was at 31 March 2025. Barnett Waddingham, the pension fund's actuary, would attend the next training session for Committee members in November to explain the valuation process and timetable in more detail.

291. Pensions Administration

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

The problems and delays with the software delivery required for the implementation of the McCloud remedy continued with meetings held with Civica, the software provider. Despite concerns raised by Dorset and other LGPS pension funds, Civica were unable to bring forward delivery times for the remaining developments. Key software is expected to be delivered into the test environment in October 2024 and January 2025. Due to an anticipated surge of testing work, timescales for the payroll implementation project may need to be postponed.

Annual benefit illustrations for active and deferred members had been issued.

The Data Quality Report for 2024 had been issued showing slight improvements on the scores for both common and scheme specific data compared to the previous year.

292. Independent Auditor's Report 2021/22

The independent auditor's draft final report for the 2021/22 pension fund accounts was received on 16 September 2024.

Ian Howse, Audit Partner, Deloitte LLP, had completed his review, but there were still a few small areas awaiting further specialist review from within Deloitte. The draft financial statements were materially correct, and he intended to issue an unqualified opinion.

The government had put in place proposals to clear the backlog of local authority audits across the country. Audits not completed by 13 December 2024 would be 'disclaimed' with no audit opinion given. This will apply to the council and pension fund accounts for 2022/23. It was noted that greater capacity in the audit sector must be created to avoid a reoccurrence of the backlog in the future.

293. Dates of Future Meetings

1.30 pm Tuesday 26 November 2024 - County Hall, Dorchester.

1.30 pm Tuesday 18 March 2025 - County Hall, Dorchester.

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

294. Exempt Business

There was no exempt business.

Duration of meeting: 1.30 - 3.20 pm

Chairman

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