

BRUNEL PENSION PARTNERSHIP – PROGRESS REPORT

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

- Recommendations:**
- (1) That the Committee notes the progress with establishing the Brunel Pension Partnership Limited company.**
 - (2) That the draft response to the consultation on the Cross Pool Information Forum attached at Appendix 2 be agreed.**

1. Introduction

- 1.1. Following approval of the full business case for the setting up of a Financial Conduct Authority (FCA) regulated company to be named Brunel Pension Partnership Limited (BPP Ltd.) by the ten participating LGPS administering authorities, the company has now been established.
- 1.2. This report outlines the progress that has been made since the last meeting of the Committee, and the current issues that need to be addressed.

2. Formal Establishment of the Brunel Pension Partnership Ltd Company

- 2.1 The Brunel Pension Partnership Ltd company was formally created at the Oversight Board meeting in Bristol on 18 July following the signing of the Shareholders agreement by each of the ten participating authorities. Each of the ten authorities has provided £300,000 of working capital to the company.
- 2.2 As reported at the last meeting of the Committee the non-executive board members have been appointed as follows:
 - Chair - Denise Le Gal
 - Non-Executive Directors - Steve Tyson (Shareholder NED), Frederique Pierre-Pierre, Mike Clark.
- 2.3 In addition the Executive Board roles have also been appointed to as follows:
 - Chief Executive Officer - Dawn Turner (ex Environment Agency);
 - Chief Compliance and Risk Officer - Laura Chappell (external appointment);
 - Chief Investment Officer - Mark Mansley (ex Environment Agency);
 - Chief Operations Officer - Joe Webster (external appointment).

Biographies of the eight members of the Board of Directors are attached as Appendix 1 to this report.

- 2.4 Below Board level, there are a further 27 posts to be filled by the company. During July, staff from within the investment teams at the ten administering authorities were asked if they wished to express an interest in any of these roles. Eight staff from the ten funds (none from Devon) expressed an interest and were interviewed during August. Appointments resulting from this process have yet to be announced. Once this process is concluded, the remaining posts will be advertised externally.
- 2.5 One of the first actions of the Company was to award a contract for Third Party Administrator services to State Street Global Services. This followed an extensive procurement exercise. The appointment of State Street will mean that there is an expectation that the Devon Fund will need to transfer our assets across from our current custodian Northern Trust to State Street at some point. Discussions are taking place on the arrangements for the transition and the timing of the transfer has yet to be determined. A further report will be brought to the Committee at a future meeting.
- 2.6 The Brunel Company has secured office accommodation, and will be based at 101, Victoria Street, Bristol. It is anticipated that the Company will move into the new accommodation in October.
- 2.7 A series of engagement/update events are planned for November. They include an event in Exeter on Tuesday 14 November. Similar events will be held in Bristol, at the Brunel company office, and in Oxford, if members are unable to make the Exeter date. The events will provide an opportunity for the Committees and Pension Boards of the ten authorities to meet with the appointed directors of the company and receive an update on the governance structures and the work in progress on putting together the investment portfolios that Brunel will provide.

3. Cross Pool Information Forum

- 3.1 At the meeting of the LGPS Scheme Advisory Board on 26th June it was agreed in principle that an elected member led Cross Pool Information Forum should be established to share and disseminate information on the pooling of LGPS assets. It was also agreed that the chairs of LGPS pension committees should be consulted on the remit, membership and frequency of the proposed forum.
- 3.2 This proposal stems from concerns expressed months ago that elected members were not being kept abreast of progress on pooling, a view shared by the minister (Marcus Jones). However, while such a forum may have been useful a year ago, this proposal appears to have been put forward rather late in the day and it is unclear how the objective of a new cross pool forum will be useful at this stage.
- 3.3 The Brunel Oversight Board have expressed concerns that this will add to the workload of the councillors involved in the forum, and could also undermine the work and authority of the Scheme Advisory Board.

However, given that the decision to establish the forum seems to have been made, we will need to participate and seek to influence the way the forum will operate.

- 3.4 A draft response to the consultation is attached at Appendix 2 to this report.

4. Conclusion

- 4.1 Now that the Brunel Company has been formally established and an administrator has been appointed, the next phase of work will concentrate on securing the regulatory approvals required from the Financial Conduct Authority and then planning and agreeing the portfolios that will be required for the participating funds to invest in. The project remains on track to meet the target date of April 2018 for the Company to begin transitioning assets from the participating funds.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers – Nil

Contact for Enquiries: Mark Gayler

Tel No: (01392) 383621 Room G97



About the South West Pension Funds:

The 10 Pension Funds manage £27.5bn of pension savings on behalf of more than half a million scheme members and representing around 2,000 different organisations across the south west, including local authorities, police and fire authorities and schools which have become academies.

About Denise (Independent Chair):

Denise who hails from Canada has a background that straddles both the financial sector and local government. This included being Vice President of Chase Manhattan Bank, North America 1988 to 1993. Denise has been a leading councillor at Surrey County Council for eight years and for that period has been the Chair of the Surrey Pension Fund – a £3.9 billion Fund. During this period Denise has been a Cabinet Member for Business Services and Resident Experience at the County Council and previously had the Property, Planning and Human Resources Portfolios at Waverley Borough Council. Denise did not seek re-election this May and will be focusing on this and other board roles.

Denise has extensive experience of leading boards and committees, including being a Trustee Director of JP Morgan Chase UK Retirement Plan. Denise also holds several national Pension roles, including:

- **Chair of the Local Government Pension Committee (LGPC)** – The Committee established by the Local Government Association (LGA) to represent employers interests to central government and other bodies on pensions policy, as well as providing technical advice and full training programmes on the Local Government Pension Scheme (LGPS) to councillors, officers and anyone with an interest of working within the LGPS.
- **Vice-Chair of the Local Authority Pension Fund Forum (LAPFF)** – LAPFF is the UK's leading shareholder engagement group bringing together 73 LGPS funds from across the country with combined assets of over £175 billion to provide a unique opportunity for those funds to discuss and set out the highest standards around corporate governance and responsibility, long term investment interests and shareholder engagement.
- **LGPS Scheme Advisory Board (SAB) Member** – Denise, as the representative of County Councils has been a key member of SAB at DCLG since it was established, providing advice to the Secretary of State on structural reform of the LGPS.

About Mike (Non-Executive Director):

Mike Clark has four decades of finance sector experience including 21 years at Russell Investments where he relished engaging with the complexity of the investment system and its multiple stakeholders. Mike has contributed to public policy over many years: Myners Review, Kay Review, UN Principles for Responsible Investing and the FSB Task Force on Climate-related Financial Disclosure. He also has extensive sustainable and responsible investment

experience. He is a Fellow of the Institute and Faculty of Actuaries (FIA) and has an MA in Mathematics and Computer Science.

About Frédérique (Non-Executive Director):

Frédérique Pierre-Pierre has over 25 years' experience in the banking industry across a broad sphere of business development and tailored financial solutions. An established Trustee and NED, her last Executive function was as COO and CIO office in Asset Management at Deutsche Bank. She also was Head of Strategic Solutions in Asset Management and Private Banking at Credit Suisse. Frédérique has a Law Degree from the University of Sorbonne and LLM from Kings College London. She also has an extensive background in derivatives.

About Steve (Shareholder Non-Executive Director):

Steve Tyson has extensive experience as a trustee, director and adviser for public and private sector pension schemes and is a Senior Adviser at Allenbridge. A former CEO and CIO at Manulife Asset Management Europe, Steve brings extensive experience in operating in a regulated environment and working within multi-stakeholder public bodies including the LGPS. He is currently an independent adviser to two of the Brunel funds – Devon and Gloucestershire - and as such, has a good understanding of the Brunel ethos and culture. Steve has a strong connection with Bristol as he graduated from Bristol University with BSc (Hons) Mathematical Science.

About Dawn (CEO):

Dawn was the Interim Managing Director for Brunel Pension Partnership, she has led BPP since August 2015 and is part of the Local Government Pension Scheme Cross Pool Collaboration Group looking at matters that will impact all the pools and leads the Responsible Investment Sub group.

Dawn has been at the helm of the Environment Agency Pension Fund for four years which is a global leader in Responsible Investment (RI) and she is passionate about the role of pension funds in moving to a more sustainable business world. Highlighting the need for robust governance, valuing human resources and the effective management of climate and water related risks to protect investment returns. Dawn is a member of the Institute and Faculty of Actuaries (IFOA) ESG Investment Working Group and the Pensions Life Saving Association (PLSA) Local Authority Committee. Dawn is also deputy chair of the Gwent Police Joint Audit Committee.

In addition, Dawn draws insights from a wealth of experience as a finance professional for over 30 years, including floatation of a major clothing company, managing the implications of mergers and monopolies commission review of the brewing industry and managing the financial separation of Environment Agency Wales from the Environment Agency as EA Wales became part of Natural Resources Wales.

About Laura (CCRO):

Laura has over 20 years' experience in Risk and Compliance within asset management, the majority of which has been within the institutional fund management area, most notably Barclays Global Investors (now BlackRock) and Schroders. She was most recently Head of Risk for a large wealth manager in London. A West Country girl at heart, living locally, she is now looking forward to working locally too. Laura graduated from Exeter University with a degree in Biology with Chemistry and is currently finishing her MSc in Coaching and Behavioural Change at Henley Business School.

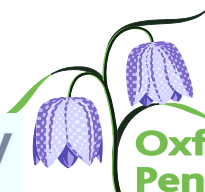
About Mark (CIO):

Mark has over 30 years investment experience. As CIO of the EAPF, he has developed their investment strategy to include allocations to real assets, smart beta and private debt. He has been actively involved in the ongoing development of infrastructure investing. He has helped shape the EAPF's award winning responsible investment strategy over the last decade - most recently on the Policy to Address the Impacts of Climate Change. Previously, Mark has managed responsible investments for charities, developed impact investment opportunities for clients, and advised fund managers and asset owners, including Universities Superannuation Scheme and Aviva, on improving their investment processes and integrating sustainability considerations. He has a mathematics degree from Cambridge and is a Chartered Fellow of the Chartered Institute for Securities and Investment.

About Joe (COO):

Joe has over a decade of experience working in the Banking Industry, in both COO and Finance positions. Joining from Deutsche Bank where he recently was the Global Finance Director for Equity Trading, with front to back control responsibility for a large high volume business. In addition he has been leading a transformational change project to resolve portfolio reference data challenges. Joe is a qualified Management Accountant and has a degree in Mathematics from the University of Sheffield.

For more information contact: BPP.project@brunelpp.org



**Environment Agency
Pension Fund**

**Oxfordshire
Pension Fund**
www.oxfordshire.gov.uk/pensions

**WILTSHIRE
PENSION FUND**



BPP Ltd leadership team (from left to right):

Mike Clark (Non-Executive Director), Mark Mansley (Chief Investment Officer), Dawn Turner (Chief Executive Officer), Denise Le Gal (Independent Chair), Steve Tyson (Shareholder Non-Executive Director), Laura Chappell (Chief Compliance and Risk Officer)



County Treasurer

Bob Holloway, Pension Secretary
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15 September 2017

Dear Bob,

Cross Pool Information Forum

Thank you for the opportunity to respond to the consultation document on the proposed Cross Pool Information Forum

We understand that the proposal stems from concerns expressed several months ago that elected members were not being kept abreast of progress on pooling, a view shared by the minister (Marcus Jones). However, while such a forum may have been useful a year ago, this proposal appears to have been put forward rather late in the day and it is unclear how the objective of a new cross pool forum will be useful at this stage.

We also have concerns that this will add to the workload of the councillors involved in the forum, and could also undermine the work and authority of the Scheme Advisory Board. While there is a need for liaison between the pools, we believe that the work done by the officer Cross Pool Collaboration Group is sufficient to undertake this task. Therefore we are not generally supportive of the proposal to set up the elected member forum.

Nevertheless, on the basis that the Forum is likely to go ahead, we have answered the questions raised in the consultation document, and attach our response. Please note that this response was agreed by the Devon Investment and Pension Fund Committee at its meeting on 15th September 2017.

Yours Sincerely

Mary Davis
County Treasurer

Consultation

Introduction

- 1.1 At the meeting of the Scheme Advisory Board on the 26th June, it was agreed in principle that an elected member led Cross Pool Information Forum should be established to share and disseminate information on the pooling of LGPS assets. It was also agreed that the Chairs of LGPS pension committees should be consulted on the remit, membership and frequency of the proposed forum.
- 1.2 The same consultation should also seek views on whether a one off open session on progress towards pooling should be organised with an invitation going to all chairs of pension committees and local pension boards.
- 1.3 **The closing date for responses is 29th September 2017.**

Part 1 - Cross Pool Information Forum (CPF)

- 1.4 It is **not** proposed that the CPF be a decision making body nor would its content be technical in nature. It is proposed that its remit would be to receive, share and disseminate information across the pools as well as providing a platform to exchange best practice and items of cross pool interest.
- 1.5 Do you agree that the remit of the CPF should be limited to receiving, sharing and disseminating information as described above?
Yes **[Please select your response]**

- 1.6 **If you answer “no”, please describe below what you think the remit of the CPF should be.**

[Click here to enter text.](#)

- 1.7 It is proposed that membership of the CPF would be open to a maximum of three nominations from the member administering authorities of each pool. The nominations may all be elected members or include a mixture of elected members and others.
- 1.8 In line with the SAB’s previously published statement on pool representation the determination of nominees should include the consideration of the provision of direct representation for scheme members.
- 1.9 Do you agree that membership should be as set out above?
Yes

If you answer “no”, please describe below how you think membership should be structured.

The Devon Fund has been strongly supportive of scheme member representatives being on the Oversight Board for the Brunel Pension Partnership, and would be equally supportive of scheme member representation on this body.

- 1.10 It is proposed that the CPF should meet at least quarterly.

1.11 Do you agree that meetings should be held at least quarterly?

No

If you answer “no”, please explain below how often you think the CPF should meet.

Given that we have doubts about the value of the forum and the additional work it would generate, half yearly would seem reasonable.

1.12 It is proposed that the Chair of the CPF should be selected from amongst the forum’s membership. Do you agree?

Yes

If you answer “no”, please explain below how you think the Chair should be selected.

[Click here to enter text.](#)

1.13 Given the proposed remit of the CPF as a non-decision making body, it is not proposed to include in its remit any arrangements with respect to voting.

1.14 Do you agree that voting arrangements should not be included in the remit?

Yes

If you answer “no”, please explain below why you think voting arrangements should be included.

[Click here to enter text.](#)

1.15 It is further proposed that the Scheme Advisory Board’s Secretariat should support the administration of the CPF in terms of arranging meetings, venues, etc.

1.16 Do you agree that the Secretariat should support the CPF in this way?

Yes

If you answer “no”, please explain below how you think administration of the CPF should be supported.

[Click here to enter text.](#)

Part 2 - Open Session

1.17 In order to better enable the open and wide dissemination of information, it is proposed that a session for all chairs of pension committees and local pension boards on the progress towards pooling should be organised.

1.18 Do you agree that an open session of this type would be helpful?
Yes

Please use the space below if you wish to expand on your response.

We would support this as a one-off event.

1.19 If no, please explain that you would change or add and why.

[Click here to enter text.](#)

Part 3 – Respondent details

1.20 Please complete the table below with administrating authority and contact details.

Administering Authority:	Devon County Council
Contact name:	Mark Gayler
Email address:	Mark.gayler@devon.gov.uk