Brunel Pension Partnership



Brunel Oversight Board Meeting Minutes

Purpose: To review Brunel/Client progress agree next steps

Date and time: Tuesday 30 April 2019, 10:30 – 12:30

Location: Brunel Offices, 101 Victoria Street, Bristol, BS1 6PU **Dial-in details:** Dial In: 0330 336 1949 | Participant Pin: 429632

Pension Committee Represe David Veale		
	Avon	Apologies
John Chilver	Buckinghamshire	Phone
Derek Holley	Cornwall	
Ray Bloxham	Devon	
John Beesley	Dorset	Apologies
Hywel Tudor	EAPF	
Ray Theodoulou	Gloucestershire	Chair
Kevin Bulmer	Oxfordshire	Vice-Chair
Mark Simmonds (MSim)	Somerset	
Tony Deane	Wiltshire	
Member representative obs	ervers	
Andy Bowman	Scheme member rep.	Apologies
Ian Brindley	Scheme member rep.	
Fund Officers and Represent	tatives	
Tony Bartlett	Avon	
Julie Edwards	Buckinghamshire	
Sean Johns	Cornwall	Apologies
Mark Gayler	Devon	
David Wilkes	Dorset	Phone
Marion Maloney (MMa)	EAPF CPO	
Mark Spilsbury	Gloucestershire	
Sean Collins	Oxfordshire	
Jenny Devine	Wiltshire	
Nick Buckland	JLT - Client Side Executive	
Sophie McClenaghan	JLT - Minutes	
Rebecca Roberts	JLT - Minutes	
Brunel Pension Partnership Lt	td	
Denise Le Gal	Brunel, Chair	
Steve Tyson	Brunel Shareholder NED	
Matthew Trebilcock	Brunel, CRD	
Dawn Turner	Brunel, CEO	
Mark Mansley (MM)	Brunel, CIO	
Joe Webster	Brunel, COO	
Laura Chappell	Brunel, CCRO	
Chris Crozier	Brunel, CRM	
Alice Spikings	Brunel, CRA	

David Anthony	Brunel, HoF & CS	
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Item	Agenda	Paper provided	Owner
1	Confirm agenda	Agenda	Chair
	Requests for Urgent or items for		
	Information only		
	Any new declarations of conflicts of	C of Interests	
	interest		
	David Vacla is no langur a mambar of the	Avan Dansian Campuittas	
	David Veale is no longer a member of the Avon Pension Committee.		
	Conflicts of Interest		
	Apologies from JLT for sending an old copy of the Conflicts of Interest		
	register		
	There are currently no Conflicts of Ir	nterest.	
	No new conflicts were raised.		
2	Review 31 January BOB minutes	Minutes	Chair
	The January minutes were agreed and cor	nfirmed as final.	
	Matters arising:		
	 Item 3 - MT confirmed that the Q4 F 	Performance Report was circulated	
		·	
	 in February and has been included in the meeting packs for today as an Appendix to the Brunel update report. Brunel continues to work with the Operations sub group on the length and format of the report. Item 3 - The status of the business case review was queried, following 		
	the issue raised at the last meeting regarding market conditions. CG		
	officers and Brunel are reviewing th		
	advised they expect to table the ne	· ·	
	the September meeting, to then pro	oduce the final business plan for	
	the November meeting.	unal baing 20 Contambar and the	
	 RT questioned if the year end for Bruunderlying funds being 31 March ca 	-	
	current set up has been reviewed a		
	 DH queried if the money that was h 	-	
	earning interest has been addresse		
	receiving interest.		
	 Item 7 – DT spoke with other LGPS p 	ools about the appointment of the	
	Shareholder NED and the issues rais	ed regarding conflicts of interest.	
	The Governance Review will specifi	3	
	Shareholder NED if the current appo		
	role, including who cannot hold the		Brunel
	a job description for the Shareholde		
	 RT asked over what period the origing The calculations were based on est 	_	
	20 years in accordance with the go		
	 Investment process slowed as a rest 		
	because it increased the level of di	_	
	perform.	3	
Page	2 of 7		

	Brunel's glossary of terms to be attached to all documents circulated to the BOB and included with all meeting packs.		Brunel/ JLT
3	Brunel Update Report	Update report	MT/CC
	This is the usual standing item update repor	t.	
	It was requested that all items be combine the number of documents that need to be the documents to be combined and comp	open. JLT & Brunel to arrange for	Brunel/ JLT
	Key points of the report include an overview organisational chart showing the recruitment the data breach with Colmore the PM operand the issue has now been resolved.	ent progress, and the outcome of	
	 DH queried the advantages of strat providers, JW explained that it is very where they learn from each other to the provider of the information in the reservation of the information in the servation of the information in the servation of the information in the servation of the information in the reservation of the information in the reservation of the information in the reservation of the information in the informat	ry much a two way relationship to the benefit of both parties. Export regarding State Street as the vice and notes that the ed that whilst this appears feedback to State Street on the prove the service and Statestreet	
	CEO Update		
	RT requested an update on the fee errors in the original data provided the passive asset fees were provide advised that this is an on-going task has received the correct data for W requesting information from all fund	by Wiltshire and Oxfordshire where d as TER rather than AMC. DT for the Finance sub group. Brunel wiltshire and Oxfordshire and is to ensure the base figures are	
	correct. Funds to feedback by 30 A at its call on 8 May. DT confirmed the result, but this was not a significant is comparison, it has been agreed that basis to ensure consistency with the supplied by the Funds. Going forwal have agreed that we cannot recre	ne fee savings have reduced as a mpact. For the business case at this will be made on the AMC original data available and rd, focus will be on TER, but funds	Funds/ FSG
	 to recalculate the business case on RT queried the information provided transition costs, stating it is not clear figure. Brunel will amend the report confirmed that currently the transition 	a TER basis. d in paragraph 4 regarding the how this relates to the overall to clarify in the future. DT	Brunel
	case predicted.Brunel explained that the rebate from	om LGIM included in the report was	

- a result of negotiations with LGIM when appointing the manager. The rebate effectively nullifies the management fee for the first year. Brunel reassured the Group that this is a legitimate business practice and not something the FCA would query.
- JC queried if any of the transaction cost savings were a result of timings, Brunel planned the transitions to minimise any timing risk be it positive or negative.
- MS asked if the figures could be recalculated following the implementation of each portfolio to show what costs are still to be incurred. Discussion followed about the availability of Brunel resources to complete this task, with MT proposing that Brunel work with the CG to achieve the right level of transparency, but that the overall forecast remains the one given on the business case.

COO report

• No comments or questions

Business Plan Budget Forecast Report

 The format of the report provided in the meeting pack will be used going forward and has been approved by the Financial sub group ("FSG"). MS confirmed the FSG are aware that some figures may change and these will be reviewed by the FSG and fed back to the Client Group.

CIO update

- KB requested an RI update. Brunel advised that the 31 March investment report will see the inclusion of ESG data, with the report due on May 2nd 2019. KB queried how Brunel is engaging with the fund managers and asked if targets are being set. Brunel advised that they are producing a Climate Change Statement followed by a Climate Change Policy and welcome feedback and suggestions. Brunel confirmed the policy is being written by Faith Ward and will be reviewed by the RI sub group.
- DLG has been invited to join the Prince of Wales Sustainable investing group. This group is looking to engage with companies that have a large impact on the environment, but are targeting shipping companies and similar, rather than the obvious targets such as BP and Shell.
- Brunel will be producing a voting report, expected in late summer.
- The Unison report was discussed, with KB commenting that the funds across Brunel varied significantly and it would be preferred that they become aligned.
- MM, the new Chair for the RI sub group confirmed monthly meetings will commence on 9th May and asked funds who were not represented to put members forward.
- Brunel advised that ESG policies should not detract from returns and in the long term would be expected to have a positive effect as part of a de-risking process, and that they would be interrogating managers

to ensure standards continued to be met.	Brunel
RT requested a formatting change to ensure it is legible. Brunel to action for next meeting pack MM advised that an independent transition manager will be appointed as soon as possible, with a focus on project management skills. DH queried why a transition manager wasn't used for the UK Equities transition; MM advised the timescale of the transition didn't allow and Invesco (one of the managers) are a strong transition manager. Media Coverage Update	
 No comments or questions Governance Review Indicative Timetable Further update in July BOB meeting. 	Brunel
 Q4 2018 performance report Included within the CIO report Q1 report to be circulated by Brunel outside of the meeting as per the previous quarter. Future BOB meeting dates for 2020 are to be aligned to the publication of the report to allow discussion at the meeting. 	Brunel
 Discussed the next steps of the process, with MT confirming they were waiting for a response to the challenge over the legality. There was some criticism on the consultation process. Compliance and Risk Update CC summarised the report, noting the Chief Compliance and Risk Officer report. It was confirmed that the colour ratings used by Brunel are in line with Deloitte, though there is a different statement to describe Amber. Brunel requested that they be invited to all fund committee meetings to enable them to improve the relationship and offered meetings with any new members. Brunel confirmed that they aren't requesting to attend the whole meeting and are happy to attend for part only. DLG requested that the client risk paragraph in the compliance update specifically mentions DGF as a risk due to the potential complexity of the portfolio. Brunel continues to work with CG and advisors on this matter after the workshop held the previous day. 	Brunel
4 SRM / RM's 4x Papers	MT/SC

	 SRM 11 - Budget phasing RM 12 - Amendment to the Terms of 	
	reference of RemCo	
	 RM 13 - LGPS framework RM 14 - Statestreet access policy 	
	KW 14 - Statestreet access poincy	
	MT provided an overview of the SRM/ RMs that have previously been discussed with CG. An SRM requires 100% approval; an RM requires 80% approval.	
	Special Reserve Matters	
	 SRM 11 - previously rejected by 3 shareholders. Brunel has engaged with these 3 funds and the FSG to redraft the proposal. All present (including those that dialled into the meeting) approved that this should now go to the shareholder reps. 	
	 Reserve Matters RM 12 – Terms of reference to state the Chair of RemCo should not be the Brunel Chair of the Board, and that the Shareholder NED should 	
	always be a member of RemCo. ST stated that it could state the Shareholder NED should always be the Chair of RemCo but this is dependent on the Shareholder NED's experience and skillset.	
	 Support was given for RM 12 to go to the shareholder reps. RM 13 & 14 -these allow Brunel to sign indemnities with unlimited liabilities. It was requested that the wording is clarified to make it clear 	
	 that access is only being given to Brunel staff. Support was given for RM 13 & 14 to go to shareholder reps. 	Brunel
5	Shareholder NED update Paper	ST
	ST provided a summary of the circulated report, providing assurance to Brunel and BOB that everything is on track. ST emphasised that the upcoming Governance Review is an important event as the pace of the launch of portfolios is speeding up. ST noted that the DGF workshop held the day before went well and SIC should be pleased with the outcome. This has provided ST with assurance on the matter. ST also advised that the RemCo brief is being widened.	
	ST requested feedback on the client investment reports to allow for continual improvement.	
	DH requested that Brunel give its definitive opinion of DGFs ahead of its August committee meeting. MM confirmed the information will be available by this date.	
6	UK Equity Transition Paper	JD/MM a
	JD presented the ISG's report on the conclusion of the UK Equity transition. CG	

	concluded this was acceptable, but as discussed, an independent transition manager should be appointed to ensure transparency for future transitions.	
	TD asked if there was an update on Stamp Duty payments as a result of pooling. RT advised it has been made clear that there will be no refund from the Treasury and it is a cost that the Funds must bear.	
	RT queried the AXA pooled fund transfer. MM explained that it wasn't preferable after investigation to do an in-specie transition for Dorset, who was in the fund, and instead a cash redemption was received. This resulted in some cost differences, but was the cleaner way to complete the transition.	
7	Any other Urgent or items for Information only.	Chair/ MT
	Future meeting dates	
	• 25th July	
	26th September	
	5th November	
	 No urgent items were declared at the start of the meeting. It was noted that next PLSA conference is in May. RT requested suggestions of additional items that would help to reassure committees. MSim queried when BOB will receive assurance from ARC. Brunel 	
	 confirmed a report is provided twice a year to BOB. JLT / Mercer confirmed email change following Mercer takeover, and introduced Rebecca Roberts. 	