

Brunel Oversight Board Meeting Minutes

Purpose: To review Brunel/Client progress agree next steps

Date and time: Thursday 3rd September 2020, 10:30 – 12:35

Location: Microsoft teams

Pension Committee Representatives		
Bruce Shearn	Avon	
Tim Butcher	Buckinghamshire	
Derek Holley	Cornwall	
Ray Bloxham	Devon	
John Beesley	Dorset	
Robert Gould	EAPF	
Ray Theodoulou	Gloucestershire	Chair
Kevin Bulmer	Oxfordshire	Vice Chair
Mark Simmonds	Somerset	
Tony Deane	Wiltshire	

Member representative observers		
Andy Bowman	Scheme member rep.	
Ian Brindley	Scheme member rep.	

Fund Officers and Representatives		
Tony Bartlett	Avon	
Sean Johns	Cornwall	
Mark Gayler	Devon	
Craig Martin	EAPF	
Graham Cook	EAPF	
Paul Blacker	Gloucestershire	
Sean Collins	Oxfordshire	
Jenny Devine	Wiltshire	
Nick Buckland	Mercer - Client Side Executive	
Daniel Wilson	Mercer – Client Side manager	Minutes

Brunel Pension Partnership Ltd		
Denise Le Gal	Brunel, Chair	
James Russell-Stracey	Brunel, CSO	
Faith Ward	Brunel, CRIO	
Matthew Trebilcock	Brunel, CRD	
Joe Webster	Brunel, COO	
Laura Chappell	Brunel, CEO	
David Cox	Brunel, HoLM	
David Anthony	Brunel, HoF & CS	
Alice Spikings	Brunel, CRA	
Catherine Dix	Brunel, CRM	

Item	Agenda	Paper provided	Action
1	<p>Confirm agenda</p> <p>Requests for Urgent or items for Information</p> <p>Any new declarations of conflicts of interest</p>	<p>Agenda</p> <p>Verbal</p> <p>C of Interest policy</p>	
	No urgent items or conflicts of interests were noted and no apologies were noted.		
2	Review of 25 June 2020 BOB minutes	Minutes	
	The minutes from the 25 th June were agreed and signed.		
3	Update from Chair of Client Group		
	<p>SC explained that there had been a lot of work over the past 3 months, the main focus of this work has been around the assurance and performance reporting.</p> <p>JB questioned whether there will be a summary note circulated following the Hermes discussions at the RI sub-group meeting. SC explained that a new RI newsletter had been shared which contains this information. JB explained he had not received this document. MT to share with BOB members.</p> <p>AB explained that the only documents that the BOB members see are the papers that come to BOB and that this could be considered as a serious oversight. LC explained that due to the transparency at Brunel, most documents are available on the website, she did note that members of the group should be receiving emails when documents are added to the website. She added that she wants the BOB members to see what they are producing as there is a lot of hard work that goes into producing the documents. CG to look into the sharing of documents to BOB members with support from JRS.</p>		<p>Brunel</p> <p>CG/Brunel</p>
4	Client Assurance Framework		

	<p>SJ noted that the Ops group have discussed and reviewed how Brunel and managers' report breaches and the processes in place for how client group and funds are informed. It was concluded by the Operations sub-group that these systems and processes are robust and the group are satisfied.</p> <p>RT questioned what the processes are in place if a Fund or Brunel were dissatisfied with a manager and how difficult it would be to remove one. DC explained that it is relatively easy to remove a manager as Brunel are not contractually tied into a timeframe with a manager. DC explained that it would be a relatively quick process but the time needs to be taken to review any steps.</p> <p><u>Client Assurance Survey</u></p> <p>SJ presented the client assurance survey, he explained that the client representative from each fund had provided feedback and noted that the scheme member representatives would also have the opportunity to be involved next year. He explained that overall the feedback was good and helped with the production of the work-plan in appendix 4.</p> <p>TD requested comments from the CEO in response to the survey. LC explained that the report is quite encouraging given the number of issues that everyone at Brunel and the partnership collectively are working together to improve. She noted there is still a lot of work to do and the work plan that has been produced has been designed to reflect this.</p> <p>RT asked for clarity on the main areas of dissatisfaction. SC noted the main area of concern was around communications with shareholders and the client portal, he added that this was in the work plan.</p>	
5	Budget Forecast	
	<p>MG presented the Budget forecast update. He explained that this has been through FSG and the group are happy with what has been proposed.</p> <p>DA noted that the overall budget was £11m and Brunel are forecasting a £115k under-spend. DA noted that the largest under-spend is made up from £367k Private Markets, this is due to the current rate of transitions, cost from investment advisers and due-diligence have been less than expected. DA noted that due to the current uncertainty around private markets, these savings may not be realised as of yet.</p> <p>DA explained that there is an overspend forecasted on Compliance and Risk (£173k) as a result of not budgeting for maternity leave and also increased fees for legal advice and material around the current COVID pandemic.</p>	

	<p>DA noted that the forecast movement in net pension accounting liability was from £1.4m to £5.4m based on June 2020 position. This is due in part to the impact of bond yields along with membership experience but this figure will likely change at year-end.</p> <p>The pension re-charge agreement is being implemented to manage this pension situation so it does not significantly impact on Brunel's revenue and balance sheet and lead to additional invoices needing to be raised. This approach has been discussed at CG where approval was given by the representatives of each fund.</p> <p>The final documents are in the process of being signed off by each Fund.</p>	
6	Brunel CEO Report	
	<p>LC noted that Brunel have continued as normal throughout lockdown as previously expressed. She explained that they have completed a huge amount of work over this time.</p> <p>LC explained that in the BOB papers in Q1 they re-confirmed the objectives for the year. She explained for good governance, the board should set the objectives which should then be reviewed by the shareholders. She asked the group for any objectives anybody feel may be missing.</p> <p>DH queried whether someone can prepare a document or some wording in the reporting around Brunel's aim to out-perform the benchmarks. LC confirmed that this can be incorporated in future.</p> <p>RB explained that his main concern was that as a leader in RI this should be emphasised more in Brunel's objectives. FW explained that climate change is the number 1 priority as shared by members of the Fund's committees. FW noted that they have been heavily involved in a number of coalitions around modern human slavery which has become ever more relevant during lockdown. FW also noted the Paris Aligned Portfolio and explained that Brunel are engaged in a number of consultations with investment managers to see what a Paris Aligned Portfolio looks like.</p> <p>LC noted that winning the sustainable investment award was a massive achievement for Brunel and the Funds as a partnership.</p> <p>RT explained that his Fund has received a communication from Extinction Rebellion. He explained that they are making a very big push for the Fund to remove all investments involved in oil and gas. He explained that there has been significant action from the Extinction Rebellion including interruptions to council meetings. Gloucestershire look to Brunel for support in response to these communications. FW commented that Brunel are very happy and able to support the Funds on this. FW noted that over the long</p>	Brunel

	<p>term there will be a piece of work produced by Brunel to support this. JB noted that he has every confidence that Brunel are doing everything they can do in this field. JB noted that any correspondence in the media needs to be in line with the message shared by all the other Funds.</p> <p>LC noted that one of the benefits to arise from the COVID environment has been the emphasis that climate change is a massive issue. The pressure has been applied to companies to make larger strides in improvements in this area. TD noted that (whilst remaining cognisant of the issues) the correct balance needs to be struck between RI integration and investment returns. FW explained that this is exactly what Brunel are trying to achieve and Brunel are trying to understand the appetite from the Funds</p> <p>LC provided an update on the CIO recruitment. She explained that there were 200 applications. SC and LW supported on the panel that interviewed candidates. She explained that they were able to select a candidate but cannot provide a name yet due to confidentiality. The group will be able to meet the new CIO in the near future.</p> <p>LC explained that Brunel are currently looking at new portfolios and increasing the product range. There will be a number of workshops over the next 18 months.</p> <p>KB noted that cyber security is a big concern given people are working from home. LC explained that given the business was built from scratch there has always been an element of working from home and this has not resulted in any issues to date at Brunel. LC noted that they have no immediate concerns over cyber security at Brunel but appreciated it was a wider issue to watch.</p> <p>DLG explained that cyber security is on their risk register and is discussed at meetings. DLG noted that as clients they have a lot of underlying data and with a lot of members being pensioners who are more vulnerable to cyber-attacks then this is a real risk and is monitored regularly by Brunel.</p> <p>RT asked about compliance in the new working from home environment and whether this needs to be reviewed. LC explained that this was something that they had looked at the beginning of lockdown and Brunel are happy with the processes in place.</p>	
7	Governance Review Update	
	<p>JRS provided thanks to the partnership who have supported on this in recent months. He explained that there has been a lot of progress in a short space of time. JRS explained that they are aiming to hit the December deadline to complete the bulk of the work. The three main areas they have been looking at is the appraisal of the chair, NED's and a shareholder consultation.</p>	

<p>JRS explained that every client or shareholder will be invited to share their views on the appraisal process. The document explains how this will happen.</p> <p>The process to remove a shareholder NED needs to be updated. JRS explained that the new process as agreed by the funds is that this will be a simple majority rather than an 80% vote in favour of removal as previously set out. JRS noted that this was an SRM to make this change.</p> <p>Consultations where sensitive issues and where the group need to work quickly is also explained in these papers. Everything will go through client group.</p> <p>BS queried how the senior team of NED's will work going forward with clients. JRS explained that in terms of time and resource, JRS and the new CIO will be working very closely. The time allocation for the NED will be around 40 days per annum which is larger than what is in place for the other NED's (30 days per annum).</p> <p>RT queried what the new NED will be doing. JRS explained that they are currently in the process of producing the job spec but will be classed as the Shareholder NED. JRS explained that Steve Tyson currently covers both the Shareholder and Investment NED responsibilities which is taking up to 70 days which is more than double what is allocated. TD added that he feels that the shareholder NED role had failed previously, he is happy with having 5 NED's but would like the opportunity to review the people in these roles.</p> <p>It was decided that the BOB meeting was not the place to discuss this and the discussion would be taken offline. This discussion to be taken offline by DLG and RT.</p> <p>DH queried 7B in the schedule of work. He has a concern that the group may end up with another level of governance. The Funds were happy with the structure that had been proposed for the NED's but expressed concern over the people in the positions. JRS explained that there will be a paper addressing these concerns and will explain that re-appointment/appointment process in more detail.</p> <p><u>Consultation Process</u></p> <p>JRS explained the consultation process and explained that the aim of this would be to make swift decisions.</p> <p>KB noted a word of caution was just because there is a shareholder forum doesn't mean that decisions will be made quickly and that most decisions will need to be taken away and discussed individually within each Fund. RT explained that his preference would be not to have a forum and for JRS to lead on this individually would be a better approach. MG noted that no</p>	<p>DLG/RT</p>
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	decisions need to be made today and that that the forum is next on the table for the S&G group.	
8	Any other Urgent items for information	
	<p>NB noted that the next meeting is on the 3rd December. He noted that scheme member reps will have come to an end by this point. The same democratic process as last time will happen again to agree the new appointments or re-appointments.</p> <p>The annual election of the chair and vice-chair of the group will be held at the next meeting. NB asked the Funds to inform him whether they would like to nominate someone.</p>	
9	Meeting Close – 12.35	