

## Brunel Oversight Board Meeting Minutes

**Purpose:** To review Brunel/Client progress agree next steps

**Date and time:** Thursday 27<sup>th</sup> January 2022, 10:30 – 11.45

**Location:** Microsoft teams

<b>Pension Committee Representatives</b>		
Paul Crossley	Avon	
Tim Butcher	Buckinghamshire	
Jayne Kirkham	Cornwall	
James Morrish	Devon	
John Beesley	Dorset	
Robert Gould	EAPF	Chair and Shareholder Rep
Lynden Stowe	Gloucestershire	Shareholder Rep
Kevin Bulmer	Oxfordshire	Vice Chair
Sarah Payne	Somerset	Apologies
Richard Britton	Wiltshire	

<b>Member representative observers</b>		
Andy Bowman	Scheme member rep.	
Ian Brindley	Scheme member rep.	

<b>Fund Officers and Representatives</b>		
Liz Woodyard	Avon	
Tony Bartlett	Avon	
Julie Edwards	Buckinghamshire	
Sean Johns	Cornwall	
Mark Gayler	Devon	
David Wilkes	Dorset	
Graham Cook	EAPF	
Craig Martin	EAPF	
Matthew Trebilcock	Gloucestershire	
Sean Collins	Oxfordshire	
Anton Sweet	Somerset	
Jenny Devine	Wiltshire	
Nick Buckland	Mercer	
Bijal Patel	Mercer	
Rob Edwards	Mercer	Minutes

<b>Shareholder Representatives</b>		
Kevin Guy	Avon	Apologies

Mark Preston	Buckinghamshire	
Tracie Langley	Cornwall	Apologies
Russell Ashman	Cornwall	
Angie Sinclair	Devon	Apologies
Aidan Dunn	Dorset	Apologies
Lorna Baxter	Oxfordshire	
Jason Vaughn	Somerset	Apologies
Andy Brown	Wiltshire	Apologies

<b>Brunel Pension Partnership Ltd</b>		
Denise Le Gal	Brunel, Chair	
James Russell-Stracey	Brunel, CSO	
Joe Webster	Brunel, COO	
Laura Chappell	Brunel, CEO	
David Vickers	Brunel, CIO	
Tim Dickson	Brunel, HoCRM	
David Anthony	Brunel, HoF	
Chris Crozier	Brunel CRM	
Bethan Jones	Brunel, CRA/EA	

<b>Item</b>	<b>Agenda</b>	<b>Paper provided</b>	<b>Action</b>
<b>1</b>	<b>Confirm agenda</b> <b>Requests for Urgent or items for Information</b> <b>Any new declarations of conflicts of interest</b>	Agenda Verbal C of Interest policy	
	The agenda was confirmed and it was noted that there were no new declarations of conflicts of interest.		
<b>2</b>	<b>Review 2 December BOB minutes</b>	Minutes	
	The minutes of the previous meeting were agreed.		
<b>3</b>	<b>Brunel CEO Report</b>	Paper	
	<p>DV provided a current market update. The most notable stand outs being that inflation continues to rise as well as the potential for quick interest rate rises over the year. The inflationary rises results in upwards pressure on wages, which in turn results in higher liabilities for pension schemes. The interest rate rises, will decrease pension scheme liabilities. It was noted that speculative growth names such as Netflix and Peloton performances had been poor over the past several months, in contrast the banking and oil industries had performed well.</p> <p>LC noted that the CEO report was shorter than usual given the special reserve matters and the report was taken as read.</p>		

	<p>LC noted that a new vendor for client reporting had been selected.</p> <p>LC confirmed that the climate change stock take process has begun, which is a backward look at what has and hasn't worked well. Upon completion Brunel will issue a revised Climate Change policy, expected in early 2023.</p> <p>A new auditor, PKF Littlejohn LLP ("PKF"), had been selected. JW confirming that although the slight decrease in cost, the decision wasn't just driven by economics, rather the appointment is based on the full tender process. JW noted they felt the senior team put forward by PKF and their use of technology would be a better fit for Brunel and provide operational benefits.</p> <p>LC highlighted the awards in Climate Related Risk Management, Innovation and Portfolio Construction &amp; Diversification that Brunel won at the 2021 IPE awards,</p>		
<b>4</b>	<b>Business Plan and Budget Update</b>	Paper	
	<p>MG introduced the proposed budget for 2022/23, noting that after significant discussions the Client Group, Brunel have outlined a budget that will save costs where possible and improve their services. The budget sets out three new initiatives which are: Improved Reporting, Volume Growth and ESG Growth.</p> <p>It was also noted that the budget had increased from £10.7m to £11.4m, this is attributable to rising inflationary and costs pressures, as well as further enhanced client services. MG noted that the finance sub-group worked with Brunel to reduce the contingency from 5% to 3% of total budget, which has been used as an effective way to manage the total cost increase. MG confirmed that Client Group endorse the budget proposal.</p> <p>LS queried the increase in travel cost and LC explained that Brunel had aggressively reviewed manager meetings and noted the inflationary increases to travel and hotel costs.</p> <p>JD noted on behalf of Andy Brown who was unable to attend the meeting that Wiltshire narrowly voted to agree to the proposed budget. The debate was around the idea of organisation a vs. organisation b and noted that they would like to see more opportunities for shareholder involvement in the budget process going forward. JW confirmed that this slide had since been removed and work to review this concept going forward is expected.</p> <p>It was noted that Brunel have moved through the transition phase and discussions around the strategy going forward will take place through the strategy and governance sub-group. This will revert back to this group to give members the opportunity to feedback.</p>		

	<p>JW further noted that slide two of appendix will be a foundation of producing a balanced scorecard.</p> <p>JB noted that he was very happy with the work and progress Brunel have made and noted his support.</p> <p>It was discussed that moving forward a more stable cost base should be expected, although to date the contingency in place hasn't been used.</p> <p>The budget proposals set out were accepted and will go forward for approval through the special reserved matter process.</p>	
<b>5</b>	<b>Pricing and Cost Allocation Policy</b>	Paper
	<p>MG introduced the pricing and cost allocation policy, explaining that this is how budgeted costs are allocated to each client. The policy simplifies the process and provides a good balance of core overhead costs and the investment costs.</p> <p>JW noted that this is a look at price contingency and cost allocation. Slide five sets out the goals of the policy and it was noted that the life cycle of the policy is three years and therefore will be revisited in three years. It was further noted that Brunel wants stakeholders to retain control of setting the budget. It has been established that 45% of costs are overhead costs, with the remaining costs being attributable to the rate card that associates different costs for each asset class. It was noted that rate costs should decrease as Brunel's AUM increases. DV noted that returns should be looked at on a net basis as some asset classes such as private markets demand higher costs.</p> <p>The policy was accepted and along with the budget will go forward for approval through the special reserved matter process.</p> <p>JRS noted the next step is to issue an SRM which is planned for the 1<sup>st</sup> February 2022, which should be returned within 10 days.</p>	
<b>6</b>	<b>Brunel Chair update</b>	
	<p>RG noted that the annual appraisal process has now been completed, and the appraisal process is now embedded in the governance system for the whole organisation. RG noted that the appraisal questions would be reviewed and requested as much feedback as possible going forward.</p> <p>DLG noted that a skills assessment of the Board has been introduced and the result of this assessment was a very high score with no skill gaps being identified. DLG confirmed that the recommendation is to reappoint the NEDs at the next AGM.</p>	

	<p>DLG noted, subject to SRM, she was pleased to see an agreement on the budget and pricing policy and thanked all involved. She also noted she had received feedback requesting the strategy going forward is reviewed and as previously noted, the strategy and governance sub-group would begin work on this.</p> <p>DLG confirmed that an Investment Advisory Group has been launched to provide a forum for DV and his team to discuss market trends and movements.</p>	
<b>7</b>	<b>AOB</b>	
	<p>NB confirmed that he is leaving Mercer at the end of the week to become head of the Kent county council pension scheme. RG thanked NB on behalf of the group for his service and wished him every success.</p> <p>The following BOB meeting dates for 2022 were noted as follows:</p> <ul style="list-style-type: none"> <li>• 17 March 2022 (hybrid meeting to be considered)</li> <li>• 9 June 2022</li> <li>• 8 September 2022</li> <li>• 15 December 2022</li> </ul> <p>Meeting close: 11:45.</p>	