

BRUNEL OVERSIGHT BOARD

Public Minutes

8th June 2023

10:30 am – 12:15 pm

Attendees

Pension Committee Representatives		
Paul Crossley	Avon	
Timothy Butcher	Buckinghamshire	
Jayne Kirkham	Cornwall	
James Morrish	Devon	Apologies
John Beesley	Dorset	
Robert Gould	EAPF	
Lynden Stowe	Gloucestershire	
Kevin Bulmer	Oxfordshire	
Sarah Payne	Somerset	
Richard Britton	Wiltshire	

Member Representative Observers		
Andy Bowman	Scheme Member rep.	
Alistair Bastin	Scheme Member rep.	

Fund Officers and Representatives		
Nick Dixon	Avon	
Julie Edwards	Buckinghamshire	
Sean Johns	Cornwall	
William Cresswell	Cornwall	Minutes
Mark Gayler	Devon	
Craig Martin	EAPF	
Matthew Trebilcock	Gloucestershire	
Sean Collins	Oxfordshire	

Brunel Pension Partnership		
Laura Chappell	Brunel, CEO	
Denise Le Gal	Brunel, Chair	
Liz Mckenzie	Brunel, SNED	
David Vickers	Brunel, CIO	
Joe Webster	Brunel, COO	
Tim Dickson	Brunel, HoCR	
Alice Spikings	Brunel, SO	

Minutes

No.	Item
1.	<p>Confirm agenda</p> <p>Requests for Urgent items for information</p> <p>Any new declaration of conflicts of interest</p>
	<p>RG welcomed everyone to the meeting. The agenda was confirmed and there were no new declarations of interest.</p>
2.	<p>Review minutes</p>
	<p>ABr noted his emailed objection to the minutes has been resolved. ABr requested the mailing lists are checked to ensure scheme members reps receive the same information as committee reps.</p> <p>The minutes were approved.</p>
3.	<p>SRM update</p>
	<p>LC noted a resolution was found and the SRMs have been approved. As a result, the REMCO have agreed new pay figures which are now in action. Brunel's projects will become 'unpaused' when current vacancies have been filled.</p> <p>LC noted shareholders have requested the Client Group review the governance structure following the SRMs discussion to future proof and add resilience.</p> <p>RG highlighted the role of the Brunel Oversight Boards is to oversee the investment performance of Brunel.</p>
4.	<p>Brunel CEO Report</p>
	<p>LC presented the CEO report and noted the optimism for the future of Brunel now the SRM is passed.</p> <p>LC brought out the following highlights from the report:</p> <ul style="list-style-type: none"> • No new information from DLUCH on the pooling consultation. Meeting planned with Rachel Reeves to discuss Labour's plans. • CEO of Central Mike Weston left purportedly due to disagreements on pooling.

	<ul style="list-style-type: none"> • Helen Price, Head of Brunel Stewardship leaving to join CofE Pension Fund. • Climate Policy and Climate Policy Stocktake Launched and available on Brunel's website. <p>JK agreed with LC on DLUCH and noted she is happy about the assets owners' group and asked if the fund managers are aligning to Brunel's RI policy.</p> <p>LC recommended the RI Outcomes Report which is available on the website for case studies.</p> <p>LC noted FTSE Russell have offered a small compensation for the index error. FTSE Russell view the compensation as a gesture of goodwill as they were not legally required to.</p> <p>LS asked if Brunel's absence days figures could be provided and changed to "working days lost" to allow comparison with public sector positions.</p> <p>LC noted the figures would not be meaningful as their terms of employment are different to the public sector. KB noted BOB was not the correct forum for this discussion.</p> <p>ABo thanked Brunel for discussing the FTSE error and asked if there was a timescale for regulators looking into index providers and also for independent data providers.</p> <p>DV noted they are not aware of a timeline for regulation but noted FW and DV's works involves engaging with data providers to encourage standardisation. It would require global accounting standard changes which will take a significant amount of time.</p> <p>JK asked if there was any additional information on the reputational risk and also on the change in policy on gifts and entertainment.</p> <p>LC noted the policy change was due after their compliance team reviewed the policy, and they are very strict on gifts and entertainment due to their position on responsible investing.</p> <p>JK asked if there is a timeframe for a new chair.</p> <p>LM noted a proposed schedule for a new chair was agreed but doesn't have a fixed end date. ABo, ABr and RG have agreed to help find a new chair and conversations will start soon, Brunel will start looking in the Autumn.</p>
<p>5.</p>	<p>Brunel CIO Update</p>
	<p>DV noted Brunel have signed a contract with a Private Equity partner who will provide support in the background and provide greater resilience to the private equity model.</p> <p>On performance, DV provided a macro-overview and noted every portfolio but one, outperformed their benchmarks. The positive tailwinds were the energy sector and the banking sector underperforming which the Brunel portfolios are underweight to.</p> <p>The headwinds were 70% of gain was driven by the 6 largest stocks: Apple, Amazon, Microsoft, Tesla, Alphabet, and Nvidia. This creates a weak market and makes maintaining both returns and diversification more difficult.</p> <p>DV gave an update on each of the portfolio's Q1 performance against their benchmarks.</p> <p>DV noted more detailed BIRC reports are available to client officers on the Brunel Portal. These reports provide peer comparisons to provide extra context.</p>

6.	Client assurance framework
	<p>SJ noted the Brunel assurance process is being reviewed by the Client Group and feedback is being sort from BOB members. SJ noted the following investment performance reports are currently provided by Brunel and are condensed into the BOB assurance report:</p> <ul style="list-style-type: none"> - Portfolio Deepdives Reviewing the current listed market portfolios to ensure agreed specifications are met. - Portfolio Monitoring Reports - Ad Hoc reports Event driven. E.g., Reports resulting from the invasion of Ukraine. <p>SJ noted the Client Group are considering making the assurance review a full day item.</p> <p>SJ noted the client survey will be published in the next couple of months to gather feedback from client officers and BOB members. SJ welcomed suggestions on the assurance process be provided.</p> <p>JK asked if engagement work such as work with the asset owners' group, and voting outcomes feed through to the assurance reports?</p> <p>DV noted the engagement work is included on the outcomes report.</p> <p>SJ presented the assurance dashboard.</p> <p>SJ provided the following updates from the appendix of the BOB report:</p> <ul style="list-style-type: none"> - ESG scores provider changed to Sustainalytics who provide additional context - Money weighted return added to the performance reports - Aggregated Position per Client Holding reports now available
7.	Brunel Chair/SNED Update
	<p>DLG provided an update from discussions with HM Treasury. Discussions were centred around mandatory consolidation and the difficulties of stimulating growth in the UK. DLG noted it was important the LGPS is not politicised.</p> <p>ABa thanked DLG for representing the members.</p> <p>JK highlighted the difficulties of local investing and the restrictions preventing the pension funds investing.</p> <p>ABo asked if Transport for London would come into the LGPS?</p> <p>DLG noted Transport for London won't be joining the LGPS anytime soon.</p> <p>JB thanked DLG for her discussions and noted Brunel need to continue expressing their views especially at the Scheme Advisory Board.</p> <p>LM noted discussions with Wiltshire, Dorset, Gloucestershire, and Avon are in the diary. LM thanked everyone for the support in the Shareholder Forum in getting the SRM passed.</p>

8.	Any other urgent or for information items
	<p>TB noted cyber-attacks have been in the press recently and asked if Brunel could provide any assurance?</p> <p>JW noted the audit risk committee have scrutinised their cyber policies especially after Russia's invasion of Ukraine which increased the perceived risk. Cyber security was also audited by Deloitte and came back positive.</p> <p>Brunel have no cyber-attacks to report.</p> <p>LC added that Brunel are exploring the use AI to ensure the limitations are understood.</p> <p>LM added that the Board receives training on AI and Cyber to ensure they have the competencies to provide oversight.</p> <p>RG added that EAPF have recently been impacted by a cyber-attack against Capita.</p> <p>KB asked if additional assurance could be provided on regards to third parties' cyber security.</p> <p>SJ noted the Ops Sub-Group are due to be discussing funds cyber security.</p> <p>It was agreed to add cyber security to a future BOB agenda.</p>

Next BOB Meeting:7th September 2023