Minutes

Meeting: Local Pension Board for the Dorset County Pension Fund

Time: **2.00 pm**

Date: **Thursday 24 September 2020**

Venue: Microsoft Teams

Present:

Paul Kent	Chairman - Member Representative
Adam Richens	Vice Chairman - Employer Representative
Julie Strange	Employer Representative
Cllr David Shortell	Employer Representative
Jeff Morley	Member Representative
James Stevens	Member Representative

Officer Attendance:

Karen Gibson	Service Manager for Pensions
Jim McManus	Corporate Director Finance & Commercial
Vince Elliott	Employer Relationship Manager
David Wilkes	Service Manager for Treasury and Investments

Managers, Advisors and Others Attendance:

Cllr Andy Canning	Chairman of the Pension Fund Committee

1. Apologies for Absence and Introductions

1.1. Advance apologies for absence were received from:

- Mary O'Sullivan - Employer Representative

2. Declarations of interest

2.1. None

3. Minutes from previous meeting

3.1. The minutes from the July meeting were read and agreed.

3.2. Employer Bond Review (point 7.2). Barnett Waddingham (Fund Actuary) have conducted a review of employer bonds to establish whether the current levels of bonds were sufficient to cover the employers' liabilities. Barnett Waddingham have now provided the results of the review. The review only included those admitted body employers that either already had bonds in place, or whose liabilities were not covered by a transferring employer guarantee. In total this included 20 employers.

An initial look at the results provided no real surprises. It is suggested that the level of a few employer's bonds may need to be raised slightly, while others could be reduced. Until recently, it was not a requirement of an admission agreement to have a bond or guarantor. Some long-standing fund employers do not appear to have either, so research into the employer's historical files needs to be carried out to identify the terms of their admission.

The Employer Relationship Manager will meet with the Pensions Manager to review the results and decide on a plan of action regarding the bonds and whether the Fund is able to insist that bonds are updated or put in place where they don't exist.

Action: Results to be reported to the Board at a future meeting.

4. Papers from the Pension Fund Committee

To review and consider items on the agenda of the Pension Fund Committee meeting held on 10 September 2020. Pension Fund Committee Papers

4.1. Investment Strategy Update.

The Chairman of the Pension Fund Committee gave an update on the Investment Strategy.

4.1.1. The process of developing a new Investment Strategy for the next three years was delayed because of COVID-19 as the June meeting, in which the policy would normally be set, had to be cancelled. This had the advantage of giving more time to work with our advisors, Mercers, to develop a strategy. This was then adopted fully by the Pension Fund Committee the meeting in September.

4.1.2. The direction of the strategy is being determined by the 5% discount rate set by Barnett Waddingham, which is the Fund's target for the long-term growth of investments. 5% a year is quite stiff target to meet with interest rates so low and volatile returns even in equities. This has driven a lot of the decisions that have been made.

4.1.3. Principally it was decided to;
- increase the exposure to equities, with the aim to maximise long-term growth; reduce exposure to corporate bonds, as interest rates on all are well below 5%;
- to make a significant switch out of the UK into global investments which is a trend that many pension funds across the UK have been following in recent years; and
- move more from passive funds to active funds because we need to make our investments work as much as possible for us. The best way to do that is to encourage the appointment of people who have got a long-term track record of success in outperforming the markets.

4.1.4. It was decided to allocate 20% of our equity funds into sustainable low carbon global funds. We are looking to develop environmentally attractive investments for the long-term growth of the fund, based on what Brunel are doing in developing relationships with global sustainable equity fund managers. That portion of our fund will see around a 2/3rd reduction in our carbon footprint compared to a conventional Global Equity Fund. We are taking an important step forward in promoting our environmental and green credentials, but at the same time diversifying our risk and trying to put a more attractive way of trying to achieve the long-term returns.

4.1.5. We recognise we shouldn't try to do everything in one go. Some of the switches may appear to be quite small, but they build on changes already made in previous rounds of asset allocation. It is expected that we would, assuming that the investments work, increase sustainable investments beyond what we've done this time, but that will be more a theme for the next three years, and also carry on switching out of the UK towards a more global investment strategy.

4.1.6. The Chairman asked whether the committee were mindful of the present COVID situation and the potential that might have for reductions in stock markets across the world and also in terms of future inflation, given that we've basically reduced our inflation protection and increased equity exposure.

The Chairman of the Committee said the inflation hedging strategy is really determined by the government making it very clear they intend to move away from investments linked to RPI towards investments linked to CPI, which has a major negative effect on our investments over the long term. We wanted to protect ourselves by reducing our exposure to that, but we do recognise that there is a potential for all the central bank quantitative easing taking place to feed through into some sort of inflation. It is more likely that this will be a problem long-term wise and not necessarily problem for the immediate few years.

4.1.7. An Employer Representative asked about the globalisation approach and the extent to which the committee considered the risk of that approach in their decision making Was the committee confident they had the advice and the expertise in those overseas markets to make sure that we weren't investing pension funds into areas where we were potentially more exposed to variation.

The Chairman of the Committee said it is important to recognise is that the risk is principally on the foreign exchange markets and there is currency risk involved with that. This is offset by hedging 50% of our exposure so that only part of the investments are exposed to currency risk and half are protected by a degree of currency hedging. So yes, we are looking at the risk versus return scenario. But what drove that decision more than anything else, is that the UK stock market is increasingly dominated by a handful of companies in a limited number of areas. One example is in technology stocks. There just aren't that many technology stocks available in the UK, whereas we've seen in recent global markets that technology companies do well compared to conventional companies. If we stick with the UK, we just don't have that ability to invest in them because they are overwhelmingly based in United States.

In respect of the advice and the expertise, it is important to recognise that we do our investment strategy through the Brunel Partnership, so we're not really involved in detailed discussions about which stocks to buy and sell. What we're doing is deciding on a strategy and it's up to Brunel to do the research to find the global managers who will have the knowledge to deliver the long-term performance.

The Investments Manager added that the pension fund has had exposure to global equities for many years, and there's been a long-standing trend to move away from UK specific markets into global, so this is not new territory for the pension fund, its advisors or its managers. This is just a continuation of a trend that's been happening for many years.

4.1.8. The Employer Representative said that when reviewing the investment strategy report, it was unclear as to what the financial implications of the decarbonisation policy were and asked if there were any requests through the Committee for those implications to be more explicit when making those decisions.

The Chairman of the Committee explained that the report is a summary of hours of discussion, but the fund managers that are being appointed by Brunel have significantly outperformed the broad stock markets in recent years because green investments and renewable energy investments have performed very well on a global basis. What we are actually doing is diversifying away from assets that are linked to carbon production in favour of long-term growth in in more environmentally sustainable companies. Over the last 5 to 10 years, these companies have significantly outperformed broad stock markets that we've been investing in in the conventional way, so we don't see it as a as risk to be doing this.

The Investments Manager added that the move towards decarbonisation is not at the expense of return. The overriding objective of the Fund and the Committee is to maximise the return for an appropriate level of risk for the benefit of having sufficient money in the fund to pay pensions. There is a lot of evidence to suggest that doing this will improve return, for example, fossil fuels are now worth about 5 - 6% of the overall market compared to around 30% thirty years ago.

4.2. **Investment Pooling Update**

4.2.1. Chief Executive Officer and Chief Stakeholder Officer of the Brunel Pension Partnership, the pension fund's investment pooling manager, gave a presentation to the Committee on partnership governance and other matters.

4.2.2. Brunel have been looking at the products that they offer to see whether they could be better aligned with Paris agreement on climate change, particularly around the passive investments.

4.2.3. They are very close to announcing the new Chief Investment Officer, replacing Mark Mansley who left in May.

4.2.4. There was some feedback from the committee and from the Independent Advisor about the reporting that comes out from Brunel. The comments were that they are perhaps too long, and some of the key messages get lost in the detail. There was also concern that there was a lack of visibility of the underlying manager performance in their portfolios. It is thought that this just the challenge of getting the right level of information to the right people in the right format.

4.3. **Independent Adviser's Report**
The quarterly report on the outlook for the Pension Fund's investments.

4.3.1. The report said that the recovery that we've seen to date in markets has been extraordinary, but it has been quite patchy across different sectors. A lot of that recovery is being driven by the technology sector and a handful of the really big companies, but in other sectors, such as retail and hospitality the recovery is more challenging.

He felt that we are in a time of where we're seeing a consolidation of that recovery, and we have seen, particularly in the US, people taking the opportunity to take some profits from the recovery to date and he cautions that we're entering a period of continued volatility.

4.4. **Pension Fund Administrators Report**

4.4.1. The estimated value of the Pension Fund's assets at 30 June 2020 was £2,997M compared to £2,696M at the start of the financial year. This was driven by rises across all listed markets after the falls in March 2020 in reaction to the impact of COVID 19. These gains were offset by falls in private markets where assets are typically valued on a 'lagged' basis.

4.4.2. The estimated funding position at 30 June 2020 is 85%. This compares to 92% calculated by the pension fund's actuary following their full assessment as at 31 March 2019 for the most recent triennial valuation.

4.4.3. The total return from the Pension Fund's investments over the financial year to 30 June 2020 was 11.1%, compared to the combined benchmark return of 10.6%. Over the last 12 months the Pension Fund's investments have returned -2.8%, below the Fund's combined benchmark return of -1.1% the actuarial discount rate of 5.0%.

4.4.4. The Investment Manager added that approximately 40% of the investment assets of the fund have now transferred across to Brunel's Management. We are already in conversation with Brunel about how we how we put the Investment Strategy into place. One of the advantages of having Brunel is there are some ready-made investment products that we can switch into, whereas before, once we've made the decision on the strategy front, we would then need to go out and find managers to implement that strategy for us. It is anticipated that most of the changes can be put into place pretty quickly, if not by the end of the calendar year, certainly by the end of the financial year.

4.4.5. The Committee discussed the challenge of some of our managers to meet or to exceed their benchmarks when the benchmark is linked to cash returns or cash plus. This is not a reflection of their skill, it's a reflection of the market conditions. As a result, the officers, in conjunction with the independent advisor, are to look at the benchmarks that we have for our investments and ensure that they are the most appropriate way of measuring performance.

4.4.6. The Chairman said that generally the report was fairly positive, but was struck by how quickly the funding levels can fall from 92% to 85% and asked if we should be concerned about this.

The Investment Manager said that there is a concern. We've seen some recovery in markets back to the levels that they were, but we need more than that. We're halfway through the period before the actuary do their next full valuation so there isn't a lot of time to recover that lost ground. We may need to have an early conversation with the actuary because if we don't regain that ground, then come the next valuation, there's two alternatives. One is that employer contributions are raised, which clearly given the financial position of our employers, is not something any of us want, or that we look at extending the deficit recovery period.

4.4.7. An Employer Representative asked whether there was still talk of a move to a to a four-yearly valuation cycle, rather than a three-year cycle. The Investment Manager said that it had been discussed, with the aim to line up with other public sector schemes. Actuaries feel that a four-year interval is too much, and therefore if we did move to that, it is likely might see a kind of two-year mini valuation. The Pension Manager said that the move was unpopular, so the Government has put this on hold. They will look at what data is like at the next round before making a decision.

5. LGPS Administration report

The Pensions Manager gave an update on pension administration.

5.1. Annual Benefit Statements

5.1.1. The annual end of year processes for the employers was completed this year by the end of June. It was quite a difficult process for employers because they had to get their data to us during a period of severe lockdowns, so there was a one-month extension to the normal time scales.

5.1.2. Although there were additional challenges this year, the quality of the data received was excellent. No penalties were charged for late submission, but charges as set out under our Pensions Administration Strategy (PAS) will be issued to employers for non-notification of scheme leavers and new starters. Three employers presented particular difficulties with data quality, and this is being addressed through the PAS.

5.1.3. Despite the difficulties of pension staff working from home, a total of 21,717 deferred Annual Benefit Illustrations (ABI) were issued in May this year, and all active member ABIs, in total 23,889, were issued by 12 August. The statutory deadline for the issuing of statements is 31 August.

5.1.4. A newsletter was sent out with the ABIs which included important information and reminders to members, such as making sure nomination details are kept up to date. This year it also included messages relating to the COVID-19 situation, assuring members that their pension wasn't affected by what was happening in the financial markets and to encourage members to use our online facility and contact us electronically.

5.2. Data Quality Report.

5.2.1. Each year, the quality of DCPF’s data is reviewed and measured. The serves two main purposes. Firstly, it feeds into the future year’s Data Improvement Plan, and secondly it provides the Data Quality scores for the Dorset County Pension Fund which must be reported to The Pensions Regulator each year and recorded in the Fund’s Annual Report.

5.2.2.

There are two sets of data to report on. Common Data, which is data applicable to all pension schemes and Scheme Specific Data (also known as ‘Conditional’ data) is the data specific to the LGPS.

The overall score of tests passed for common data held was 99.40%, The overall score for scheme specific data was 98.20%. Both are a slight improvement over the 2019 scores.

These excellent results illustrate the continued work of the Fund to ensure continued high-quality data, and the close working relationship with employers to support them in providing accurate data in such a complex pension scheme. These results give confidence that the right benefits are being paid to members

5.3. **Review of In-house AVC Provider**

5.3.1. The Dorset County Pension Fund (DCPF) appointed Hymans Robertson LLP to conduct a review of the fund's Additional Voluntary Contribution (AVC) arrangements.

The report covers matters such as our current arrangements, the existing investment options and whether Prudential was the best provider for us. They also had a look at the leading providers of LGPS AVCs and suggested further actions for us.

There were some definite further actions that we need to take, the main recommendation from the review concerns the current default investment option chosen by the DCPF. This is currently the With Profits Fund, and Hymans feel that this is no longer a suitable default option.

The report said that Prudential was probably the best provider on the market at the moment (Prudential are currently the main provider for local government AVCS) and did not suggest that we change to another provider. However, they did suggest that we keep an eye on the situation in the future.

5.3.2. The Chairman asked whether the removal of the With Profits Fund would remove a bit of flexibility for employees to take a bit more risk with the AVC. The Pensions Manager explained that would remain the same. The With Profits is currently the default option. So if a member pays into the AVCs but doesn't specify that they want to choose their own investment routes or go into the managed route, they will go into our chosen default route and it's that that we need to look at to change. But members will still have the option to make their own investment choices.

5.4. **MHCLG Consultation on McCloud**

5.4.1. On 16 July 2020 MHCLG published a consultation on changes to the LGPS to meet the requirements of the McCloud case. This is the proposed remedy to address the age discrimination inherent within the transitionary protections, via the underpin, when the LGPS moved to the CARE scheme in 2014.

5.4.2. In the LGPS we had what was called and underpin, and that applied only to people in the scheme that were age 55 or over in April 2012. So those people would have had a comparison with the benefits under the new scheme and those under the old scheme. And if the old scheme would have given them better benefits, they would have had those. This was considered to be age discrimination.

5.4.3. The remedy for the LGPS is to extend that underpin to any scheme member so that will be anybody that was an active member in April 2012 and who has CARE benefits under the new scheme as well.

5.4.4. In the Dorset County Pension Fund, we have over 22,000 members that we now need to have a look at with regard to the underpin. It means employers are going to have to provide us with hour changes and any breaks in service going back to April 2014 because those were the things that were relevant to the final salary scheme. We are aware that some employers just won't be able to provide it because they've changed payroll systems or payroll providers, and some employers no longer exist. What we understand is that where employers are unable to provide this data, we will have a formula in order to apply to that record. We are awaiting further details on this.

5.4.5. We're also going to have to go back and recalculate thousands of benefits that have already been processed. There is some hope that the software providers will be able to provide partial solutions, but due to the complexity of the scheme and the commonality of multiple contracts in the LGPS, it is likely there will have to be a lot of manual work by experienced staff in order to achieve this. It is going to cost pension fund administrators a lot of money and a lot of resource over the next few years.

5.4.6. The consultation deadline is the 8 October. A response is being prepared and will be circulated the Board.

Update: This was circulated to Board and Committee on 5 October 2020

5.4.7. An Employer Representative asked whether there is a time limit on having to do all this because that clearly influences the amount of resources required.

The Pension Manager said the consultation hasn't ended yet and we are going to need changes in legislation. Unlike the exit cap, there will be more time for this, and we will be letting employers know when the first step, which is getting the data in from employers, will be. We hope to have some idea of what we're aiming for in terms of the information from employers by the October PLOG meeting. It may well be that were asking for that information by the end of March next year, but we will get those timescales out as soon as we know.

5.5. **Risk Register**

5.5.1. The DCPF Risk Register has been reviewed in response to the COVID-19 pandemic. The main risks highlighted presented by the pandemic were;

- Admitted body employers becoming financially unviable
- Employers being unable to pay their contributions
- Impacts to the service as a result of staff absence or loss of Council facilities
- Failure to issue Annual Benefit Statements within statutory deadlines
- Failure of Employers to submit data by required deadlines
- Potential failure of Pension Fund Committee and Local Pension Board to meet and fulfil its governance duties

5.5.2. To date the fund has not experienced any of the above concerns to any notable degree. However, the full impact on employers is not yet known, and may not be known for some while. Contributions are monitored monthly and to date no major concerns have arisen. We are separately in the process of conducting a bond review with our actuary to ensure the value of any bonds in place cover anticipated liabilities.

5.6. **LGPS (Amendment (No2) regulations 2000**

5.6.1. On 26 August the government published its response to the proposals on employer contributions and flexibility on exit payments. The original consultation ended on 31 July 2019, and since this time administering authorities and employers have faced a new potential risk as a result of the global pandemic, and have as a result sought the early implementation of these proposals in order to assist management and mitigation of these risks.

5.6.2. Flexibility on Exit Payments - this is to do with the management of an exiting employer. An employer leaves the scheme when their last active member leaves, and at that stage an actuarial review is done of their assets and liabilities. If there is a cessation debt, the regulations stated the employer basically had to pay that amount immediately. The difficulty is that it could lead to the employer going bankrupt if the amount of money was quite large.

The proposal provides the following new options in managing exiting employers:

- Agreement of a re-payment schedule
- Agreement of a Deferred Debt Agreement (DDA), allowing the employer to continue paying deficit contributions after their last active member has left.

5.6.3. Review of Employer Contributions - the regulations have been amended to grant administering authorities and employers the flexibility to review contribution rates of an employer where there has been significant change to the liabilities or employer's covenant, or upon the request of an employer. The administering authority will be required to state their policy on such reviews in their Funding Strategy Statement and obtain advice from their actuary.

5.6.4. An Employer Representative asked whether the employers right to request to review is enforced at this moment in time, or something that will be implemented. There are a number of local authorities and other employers that were facing financial difficulties as a result of COVID-19 and considering having conversations with the pension fund administrator about, potentially extending deficit recoveries over a longer period of times to a more affordable level.

The Pension Manager said regulations came into effect on 23 September 2020, but we will need to have a policy on this and it will be something we would have to work on together and with our actuary. It won't be a case that the employer can just request to reduce the contributions. There would have to be a set of circumstances set out for when this would be appropriate and there will be costs associated with this.

The Investments Manager added that this flexibility isn't just for the employers, it's for the administering authority as well. We would need a policy, but it is likely that this is something that would only be used in exceptional circumstances.

5.7. **LGPS National Knowledge Assessment**

5.7.1. On 18 August 2020 Hymans Robertson published the results of their LGPS National Knowledge Assessment report. This looked at the knowledge of key decision makers in both Pension Committees and Local Pension Boards, both individually and collectively. About 225 members across 20 administering authorities participated.

The highest scoring sections were Financial Markets and product knowledge. The lowest scoring sections were Actuarial Methods, Standards and Processes, followed by Pensions Administration.

The report also includes an analysis of how the assessment compares with the 2018 National Confidence Assessment and includes a helpful list of training topics identified by participants.

5.8. **Software Procurement and Loss of LPP Supported Systems.**

5.8.1. In 2021, the contract with our main pensions software provider ends, and as a result we entered a procurement process which will either replace or extend our current pensions software. This process is coming to an end and we hope to have awarded a new contract by the end of September 2020.

5.8.2. Since 2014, the DCPF has been running additional software, provided by the London Pensions Partnership (LPP), which has enabled us to make huge improvements in our processes and employer support. This has provided us with an excellent Case Management System, and an Employer Portal, and these systems have become intrinsic to our service. The LPP has recently informed us that they do not intend to continue to support this system and have served notice on its withdrawal. This has been a huge disappointment to the administration team.

5.8.3. The LPP also provided DCPF's website and support for that has been withdrawn from the end of September 2020. These have now been replaced by two websites, one for employers which was created in-house and one for members which is provided by Hymans Robertson.

The website addresses are:
Employer website: www.dcpfemployers.org
Member website: www.dorsetpensionfund.org

Both go live on 1 October 2020.

5.9. **Weymouth Port Health Authority**

5.9.1. It has come to our attention that the Weymouth & Portland Health Authority should have been included as an additional employer in the Local Government Reorganisation as of April 2019. This employer had been omitted from the formal discussions, LGR papers and Orders at that time, but had in fact been included within the reorganisation with staff transferring from Weymouth & Portland BC to Dorset Council.

5.9.2. Dorset Council's legal services have been informed, as have the actuaries who will arrange for assets to be included in with those of Dorset Council including deferred and pensioner members. This is not a large employer, and any impact will be minimal.

5.10. **Key Performance Indicators**

5.10.1. The Key Performance Indicators (KPI) for the period 1 February 2020 to 31 July 2020 were presented to Board Members.

5.10.2. The period includes lockdown period, where homeworking for all staff commenced on 23 March 2020. This has presented a challenge to the team in the critical areas; the payment of pensions, death benefits and in connection to transfers. Despite the best efforts of the team, there has been an impact, but not as severe as first expected, and some areas are unaffected by home working. The areas more affected are those where there is a need for post going in and out, but overall they are working well.

5.10.3. Because of the COVID-19 situation, DCPF didn't take part in the CIPFA benchmarking exercise this year, but we did still work out the cost per member as a benchmarking figure because we need to record that in our annual report.

5.10.4. In 2018/19, the administration service cost per member was £21.81. The cost per member for 2019/20 has gone down to £19.32 which is below the average for the UK. However, due to the procurement for new software systems, where the first year of implementation is usually very expensive, it is likely that costs will go up next year.

5.10.5. The Chairman noted that some areas on the KPI report have gone from amber to red and presumes this is due to the COVID-19 issues and the difficulties of working from home.

5.10.6. The Pensions Manager said that yes, this has had an impact on certain areas and she would have liked to have been able to have more staff return to the office, because it's not easy for us working remotely, however, it could have been a lot worse and the percentage of cases meeting targets is still very high. We continue to receive really good feedback on our staff who are doing well in quite difficult circumstances.

5.10.7. The Chairman, on behalf of the board expressed his thanks to all the staff for making such a great effort during this difficult period.

6. **Consultation on Public Sector Exit Payments**
The Pensions Manager gave an update on the Public Sector Exit Payments consultation.

6.1. Government published its response to consultation. This confirms the level of the cap is to remain at £95k, which we were expecting, but also includes further wider reforms.

6.2. The consequences are that more people will be impacted by these reforms, including those with strain costs under £95k. The cap will predominantly affect local authorities, but the wider reforms will affect far more employers and far more members. In effect members who have any strain cost associated with their redundancy, which is usually where the strain costs will arise, will have some form of curtailment of their benefit, even if they're under £95k.

6.3. The consultation has raised a lot of questions. It was fairly short and there's quite a lot of detail missing. We are talking to MHCLG and LGA as they're trying to provide us with further details and confirmation on the consultation for us. Particularly, we are waiting for clarity on how it affects higher and further education establishments because there is some discussion over this.

Members are going to be faced with quite a lot of choice over their retirement benefits that they didn't have before, so it's become a very complex picture for members and for employers.

6.4. We have stopped providing redundancy estimates for employers until we are able to provide those estimates accurately. We need to wait for GAD to provide us with new factors to enable us to calculate this properly. We are also going to be faced with quite a long period of time of doing quite complex manual calculations.

An Employer Representative said that having looked at the exit cap, they were concerned that in a few years we may be in the same kind of position we were with McCloud, with people bringing age discrimination cases forward. They added that the cap also excludes state owned banks. Perhaps any response should ask how the bankers can, whose actions led to austerity, get away with not having this enforced, yet the people whose actions didn't lead to that position are the ones that are penalised again.

6.5. The Pensions Manager said that she suspected that the arrangements were already a 'done deal'. It was very disappointing to put lot of work into the consultation and for the government to basically admit quite openly that they had ignored the overwhelming responses to this consultation. For example, the majority of responses said the £95K figure itself is out of date, it needs indexing, and they admitted that they were just Ignoring that, they also acknowledged that there was an impact on not just higher earners, but also those on moderate incomes and are unconcerned about that.

6.6. The Pensions Manager is currently preparing a consultation response for McCloud, but once that is done, and we have more details, she will be looking at a response for this and will share a draft copy with the Board. She would encourage that employers also respond as it is important that their voice is heard.

7. **Breaches Policy**

7.1. Dorset County Pension Fund has drawn up a draft policy for reporting breaches of the law. The policy document sets out the procedures to be followed in identifying, managing and where necessary reporting breaches of the law as covered in the Pensions Regulator's Code of Practice no 14: Governance and administration of public service pension schemes.

7.2. Ahead of the meeting, Board Members were provided with a copy of the policy. Because they had only been in possession of the document for a short time, they were given the opportunity to ask any questions and requested to review the policy and feedback any comments in the following weeks. The aim being to have the policy approved at the next board meeting in December.

7.3. **Action:** Board members to review policy and feedback any suggestions, comments or required changes.

7.4. An Employer Representative noted that the policy sets out everybody's responsibilities for notifying breaches of the law and asked about the level of personal responsibility if Board Members fail to ensure breaches are reported. Is there a need for some kind of Indemnity for Board Members?

7.5. The Pensions Manager said that the matter of insurance had been discussed in the past, to establish whether the Board is covered under the Council's insurance. She was not sure of the outcome, so will investigate this matter and report back.

7.6. **Action**: Pensions Manager to investigate insurance for Board Members.

7.7. It was asked if the requirement to provide an annual report of breaches to the board could be included in the policy. It was agreed that this should be included. However, any significant breaches should be reported to the Board as and when they occur.

8. **Vacancy – Member Representative**

8.1. There is currently a vacancy for a Member Representative on the Board.

8.2. An advertisement is being prepared and will be posted on the new member website. A copy will also be distributed to employers and to Board Members to pass on to possible candidates.

9. **Board Member Training / Training Logs**

9.1. Board members were reminded to complete their training logs up to date and to send a copy to the Employer Relations Manager so a record of training can be held for the whole board.

9.2. **Action:** Board members to complete and return their training logs

10. **Any other Business**

10.1. The Brunel Oversight Board includes two scheme member representatives drawn from across the funds from the Local Pension Boards and from the Pension Fund Committees. They will shortly be launching an election process as the tenure of the current member representatives comes to an end. Pension Board Member Representatives will shortly get an email explaining what the process is in terms of either putting themselves forward for the role or how you can vote for some of the other candidates.

11. **Meeting closed at 15.25**

12. **Date of next meeting – 2.00 pm 10 December 2020**