



Dorset County Pension Fund
administered by Dorset Council



Annual Report 2023-2024

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Front Cover Photos

Top, Left: West Bay Harbour.

Top, Right: Countryside near Charmouth.

Middle: Borough Gardens Clock, Dorchester Park.

Introduction and Overview

Chairman's Statement



Introduction

This is the annual report for the Dorset County Pension Fund ("the Fund"), a Local Government Pension Scheme (LGPS) fund administered by Dorset Council ("the Council").

Asset Valuation and Investment Performance

The value of the Fund's assets increased from £3.5bn at the end of March 2023 to £3.9bn by the end of March 2024. The return on investments for the year was 11.4% compared to the combined benchmark return of 12.5%. Over the three years to 31 March 2024, the annualised return on investments was 5.4% compared to the combined benchmark return of 6.8%, and over five years the annualised return was 5.5% compared to the benchmark return of 6.2%.

Actuarial Valuation

It is a statutory requirement for a valuation of all LGPS funds to be carried out every three years. In 2022-23, the results of the latest triennial valuation of the pension fund's assets and liabilities were received from our actuary, Barnett Waddingham. This estimated that at 31 March 2022 the fund had assets sufficient to cover 96% of its accrued liabilities, an improvement from 92% at the 31 March 2019 valuation.

Investment Pooling

In response to the government's requirement for Local Government Pension Scheme (LGPS) funds to pool investments to improve efficiency and to reduce costs, Dorset is one of ten LGPS funds which formed the Brunel Pension Partnership ("Brunel"), one of eight such pools across England and Wales. As at 31 March 2024 83% of the Fund's assets by value had transitioned to Brunel's management.

Decarbonisation

In September 2020, the Committee agreed to reduce investments in high carbon emitting companies based on evidence that such an approach would deliver significantly greater reductions in the 'carbon footprint' of the Fund's investments than blanket divestment from the fossil fuel sector, without negatively impacting investment returns. Since this approach was agreed, significant decarbonisation has been achieved through the transition of assets to the management of Brunel. Approximately 10% of the Fund's assets are now invested in Brunel's global sustainable equities fund and all other actively managed Brunel funds are committed to a target of a 7% year on year reduction in their carbon footprint, but without detriment to long term investment returns.

Thank you.

The success of the Fund depends upon the combined efforts of all those involved in its administration, and I would like to finish by thanking my fellow Committee members, Local Pension Board members and our external advisers. My thanks extend also to all the staff who support the Fund for their hard work and dedication throughout the year.

Yours sincerely,

A handwritten signature in blue ink that reads "Andy Canning". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Cllr Andy Canning
Chairman
Pension Fund Committee, Dorset Council

Introduction to the Dorset County Pension Fund Local Government Pension Scheme



The Dorset County Pension Fund is part of the Local Government Pension Scheme (LGPS) (the Scheme) and is administered by Dorset Council. The rules of the LGPS are set nationally under the Public Services Pensions Act 2013 by the Secretary of State for the Ministry of Housing, Communities and Local Government in the case of the LGPS in England and Wales, and the Scottish Government for LGPS Scotland.

The LGPS in Dorset is administered by Dorset Council, and prior to 1 April 2019 by Dorset County Council. The Dorset County Pension Fund (DCPF) administration service covers over 150 active employers, and over 80,000 members. A breakdown of the scheme membership can be found on page 35.

The Scheme

The Local Government Pension Scheme (LGPS) is a statutory public pension scheme with over six million members in England and Wales, established by an Act of Parliament and governed by the Public Services Pensions Act 2013 (PSPA 2013). The Fund is administered in accordance with the following secondary legislation:

i. The Local Government Pension Scheme Regulations 2013 (as amended).

ii. The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended); and

iii. The Local Government Pensions Scheme (Management and Investment of Funds) regulations 2016 (as amended).

The LGPS is a nationwide pension scheme for people working in local government or working for other types of employers participating in the scheme. The LGPS scheme regulations are determined nationally; however, the scheme itself is administered and managed locally by 86 Funds in England and Wales.

The Pension Fund provides pension entitlements under the Local Government Pension Scheme to all eligible employees of Dorset Council and other participating bodies. Membership of the LGPS is not mandatory and excludes teachers, police officers and fire fighters, for whom specific separate pension schemes are available. The LGPS is a statutory public service defined benefit pension scheme based on final salary for benefits accrued up to 31 March 2014 and career average revalued earnings ("CARE") for benefits accrued from 1 April 2014.

The LGPS is a defined benefit scheme. This means that benefits are determined by the regulations and are not affected by investment performance or market conditions. It provides for the payment of benefits to employees of Dorset Council and former employees of Dorset County Council and the admitted and scheduled bodies in the Fund.

Members include people who work in Local Authorities, including Dorset Council and Bournemouth, Christchurch and Poole Council, higher and further education establishments, schools and other public bodies and service providers.

Membership is generally available to employees of participating employers who have contracts of employment of three months or more, are under the age of 75 and who are not eligible for membership of other statutory pension schemes.

The LGPS is funded, which means that contributions are received from both the member and employer and are then invested by the Fund. The regulations also specify the member contribution rates as a percentage of pensionable pay, with employer contribution rates being set every three years by the Fund’s Actuary, Barnett Waddingham LLP. These contributions are supplemented by earnings on the Fund’s investments to pay retirement benefits.

A pension is usually payable from a member’s normal pension age which is linked to their State Pension age (with a minimum of 65). A member could choose to retire early and take a reduced pension (between age 55 and 75) or - if a member is made redundant or retired in the interests of business efficiency (after age 55) - they could receive immediate payment of their benefits, with adjustments provided the member has met the two years vesting period.

The Scheme includes a number of options for members including the ability to pay half normal contributions in return for half the normal pension amount (the 50/50 section), boosting a pension by paying more into the Fund and exchanging some pension for tax-free cash on retirement.

The rate of contributions a member will pay is set nationally and range from 5.5% to 12.5%, dependent on a members’ pay, the average contribution from employees is 6.5% nationally.

The employer contribution rates range from 16.2% to 29.9% of pensionable pay for the financial year ending 31 March 2024.

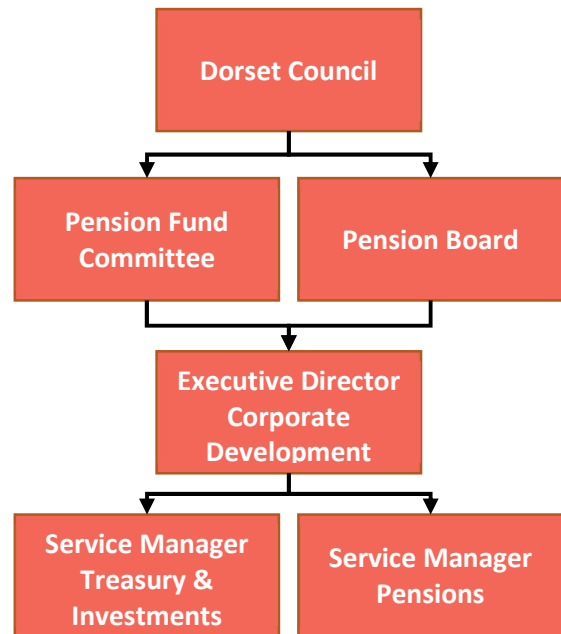
Who runs the Dorset County Pension Fund?

The Administering Authority

Dorset Council (DC, the Council) is the statutory administering authority for the Dorset County Pension Fund (DCPF, the Fund), which is responsible for the administration of the LGPS within the geographical area of Dorset and is part of the Local Government Pension Scheme (LGPS).

Council Structures

Dorset Council has delegated its decision making of the Pension Fund to the Pension Fund Committee. The diagram below sets out the governance structure in place for the Fund.



Pension Fund Committee

In this capacity, the Council delegates the management of the Fund to the Pension Fund Committee. The Committee are responsible for making investment policy, overseeing how the scheme is run and monitoring performance.

Local Pension Board

The Local Pension Board oversees the management of the Fund. The Board helps ensure that the Fund is managed and administered effectively and efficiently and complies with guidance issued by government, the Pensions Regulator and the LGPS Advisory Board.

The Fund Administrator

The day to day running of the Fund is delegated to the Fund Administrator who is the Executive Director (Corporate Development S151) of the Council and is responsible for implementing the decisions made by the Committee.

Supporting him are the Service Manager for Pensions, whose team administers all aspects of member records, pension benefits, employer

liaison, and member communications. and the Service Manager for Treasury and Investments, whose team looks after the accounting and management information requirements of the Fund. All aspects of the day-to-day management of investment funds are undertaken by external fund managers.

Governance

The Pension Fund Committee consists of five Dorset Council elected members, three Bournemouth, Christchurch and Poole Council (BCP) elected members, and one scheme member representative nominated by the trade unions.

The Pension Board consists of eight members and is constituted with four employer representatives and four scheme membership representatives.

These membership arrangements have been designed to allow all key stakeholders to have the opportunity to be represented on the Committee and Board. The Committee and Board meets quarterly.

The Pension Fund Committee is primarily responsible for all functions of the Council as the administering authority of the Dorset County Pension Fund, including making investment policy, overseeing how the scheme is run and monitoring performance.

The Committee and Board's task is to provide an efficient and effective pension scheme for all the employees and pensioners of all eligible employers in Dorset, in accordance with the requirements of the legislation for the LGPS.

The Pension Fund Annual Report

Publication of this report gives the Council the opportunity to demonstrate the high standard of governance and financial management applied to the Fund. It brings together a number of separate reporting strands into one comprehensive

Pooling

Brunel Pension Partnership is one of eight UK Local Government Pension Scheme Pools, having originally brought together more than £35 billion of investments of ten likeminded funds. Dorset County Pension Fund is a founding member of the Brunel Pension Partnership (BPP) along with nine other Pension Funds namely: -

- Avon Pension Fund
- Buckinghamshire Pension Fund
- Cornwall Pension Fund
- Devon Pension Fund
- Gloucestershire Pension Fund
- Oxfordshire Pension Fund
- Somerset Pension Fund
- The Environment Agency
- Wiltshire Pension Fund

Brunel is authorised and regulated by the Financial Conduct authority as a full-service MiFID firm.

Brunel's priority is to manage their fiduciary duties to its clients. The partnership has also made major commitments on Climate Change and Responsible Investment in line with their shared values. In this way, the aim is to help clients provide not only for their members' retirement, but for the world they retire into.

The Pensions Regulator

The Pensions Regulator regulates the governance and administration of pension schemes, and it has recently published its General Code of Practice. This applies to all UK pension schemes including the LGPS.

document that enables both the public and employees to see how the Fund is managed and how well it is performing.

It is in the interest of both employees and the public that the Fund is well managed and continues to provide high returns and excellent value for money.

The Local Government Pension Scheme Regulations 2013 require administering authorities to prepare a document known as “The Pension Fund Annual Report”. The authority must publish the Pension Fund Annual Report on or before 1st December following the year end. The Pension Fund Annual report compiles many of the reports and statements which the Fund produces into a single, annual document.

In March 2024 CIPFA created a “Guidance for Local Government Pension Scheme Funds” creating a checklist for preparing the annual report showing disclosures that “must”, “should” and “maybe” included in the annual report, which have been included under the headings shown below. Dorset County Pension Fund has disclosed all information that “must” be provided, and the majority of information that “should” or “maybe” disclosed.

- *Overall Fund Management* – The report must list the names and, where appropriate for external parties, include relevant contact details.
- *Governance and Training* - Funds should set out their governance structure and how the pension fund has complied with its Governance Compliance Statement.
- *Financial Performance* – The report must provide an overview of the fund’s financial performance, focused primarily on income, expenditure, and cash flows.
- *Fund Account, Net Assets Statements and Notes* – The report must include a fund account and a net assets statement with supporting notes and disclosures in accordance with proper accounting practices for each of its pension funds.
- *Investments and Funding* - This section of the annual report must demonstrate how the Investment Strategy Statement (ISS) has been put into practice during the year

and how this links to the Funding Strategy Statement (FSS). It must set out the fund’s investment management arrangements and the risks, returns and management costs associated with the investment portfolio.

- *Administration* - The administration section of the annual report must cover the following areas:
 - A summary of activities undertaken by the administration function during the year.
 - Report on performance against administration Key Performance Indicators (KPIs).
 - Report on member and employer numbers by category.
 - Report on actions taken to deliver the communications policy.
 - Report on value for money achieved by the administration function.
 - Report on complaints and dispute resolution.
- *Actuarial Reports on Funds* - Each administering authority is required to obtain an actuarial valuation of each of their pension funds on 31st March every three years.
- *External Audit Opinion* - The external auditor’s opinion on the pension fund’s statement of accounts must be included in the annual report.
- *Scheme Administration* – A report of the arrangements made during the year for the administration of the fund.
- *Governance* – Regulation 55 of the LGPS Regulations 2013 prescribes the content of the Governance Compliance Statement.
- *Asset Pools* – How asset pooling arrangements are progressing.
- *Pensions Administration Strategy Report.*
- *Funding Strategy Statement.*
- *Investment Strategy Statement*
- *Communications Policy Statement.*
- *Other Material* - any other material which the authority considers appropriate.

Responsible Investing

The Council has a paramount fiduciary duty to obtain the best possible financial return on Fund investments without exposing assets to unnecessary risk. The Council believes that following good practice in terms of social, environmental, and governance issues is generally likely to have a favourable effect on the long-term financial performance of a company and will improve investment returns to its shareholders.

The Fund investment managers, acting in the best financial interests of the Fund, are expected to consider, amongst other factors, the effects of social, environmental and ethical issues on the performance of a company when undertaking the acquisition, retention or realisation of investments for the Fund.

Key Information



- The value of the pension fund's assets at 31 March 2024 was £3.9 billion which rose by £404.1 million (11.5%) over the year, compared to the previous year of £3.5 billion. Over the last five years the value of the fund has increased by £1.2 billion (45.3%) from £2.7 billion as at 31 March 2020 to £3.9 billion as at 31 March 2024.
- As at 31 March 2024, approximately 83% of the pension fund's assets were under the management of Brunel Pension Partnership. The Dorset assets (17%) that are not pooled are technically difficult to pool at the moment, for example direct property, legacy private equity and infrastructure, some of which are "running off".
- The Fund achieved a return on investments for the 2023-24 financial year of 11.4%, 1.1% below the benchmark return of 12.5%.
- The Fund underperformed its benchmark over three years with a performance return of 5.4% against its benchmark of 6.8%. Over five years the performance return was 5.5% against a benchmark of 6.2%.
- The funding level as at 31 March 2022 was 96% as formally calculated by the Fund's actuary Barnett Waddingham LLP, an increase from 92% in 2019. The deficit improved from £255m as at 31 March 2019 to £141m as at 31 March 2022. The discount rate fell from 5.0% at the 2019 valuation to 4.9% at the 2022 valuation. Improvement has been driven by growth in asset valuations
- The total number of members in the Fund as at 31 March 2024 was 82,421, which was an increase of 1,541 from the previous year.
- Income from contributions has been gradually increasing over the past five years from £136.7M as at 31 March 2020 to £156.8M as at 31 March 2024, a rise of 14.7%. The pension benefit payments have been steadily rising over the same period from £127.9M as at 31 March 2020 to £159.2M as at 31 March 2024, a rise of 24.5%.

Developments in the Fund in 2023-24



- The full proceeds of £133.7M from the sale of the Climate Transition Benchmark (Hedged and Unhedged) were transferred to the Paris Aligned benchmark (Hedged and Unhedged) in March 2024.
- The full proceeds of the sale of the legacy holding in Bond manager Royal London asset Management of £170.9M was transferred in March 2024 to the Brunel Royal London Mutual Insurance Mutual Fund.
- One property was sold by the Dorset County Pension Fund in 2023-24. Proceeds of £6.1M was received for the sale of Cathedral Retail Park, Norwich NR2 4SZ in June 2023.
- No properties were purchased by the Dorset County Pension Fund in 2023-24.

Overall Fund Management



Administering Authority

Dorset Council, County Hall
Dorchester, Dorset DT1 1XJ

The Fund's Managers

The Fund has a diversified portfolio of investments. Different asset classes and types of investments perform differently at different times and are based on different impacts of certain

market conditions. This can help minimise overall portfolio losses. The Fund invests in Equities (UK and Overseas), Corporate Bonds, Private Equity, Property and Property Funds, Multi Asset Credit, Infrastructure, Diversified Return Funds and Cash and Cash Equivalents. In 2023-24 the Fund has six portfolios with external fund managers and has twenty-seven portfolios currently managed by the Brunel Pension Partnership of which the details are provided below.

| Fund Managers | Asset Class | Address |
|---|----------------|--|
| Royal London Asset Management (to March 2024) | Bonds | 80 Fenchurch Street, London EC3M 4BY |
| HarbourVest Partners, LLC | Private Equity | One Financial Center Boston, MA 02111 |
| Patria Investments (formerly Aberdeen Standard Investments) | Private Equity | 1 Lochrin Square, 92-94, Fountainbridge, Edinburgh EH3 9QA |
| CBRE Global Investors | Property | Third Floor, One New Change, London EC4M 9AF |
| Federated Hermes | Infrastructure | 150 Cheapside, London EC2V 6ET |
| IFM Investors | Infrastructure | 2 London Wall Place, London EC2Y 5AU |

| Brunel Pension Partnership Portfolios | Asset Class |
|---|--------------------------|
| Passive UK Equities | UK Equities |
| UK Active Equities | |
| Global High Alpha Equity | Overseas Equities |
| Emerging Market Equity Mutual Fund | |
| Paris Aligned Benchmark (Hedged & Unhedged) | |
| Passive Smart Beta | Global Equities |
| Global Sustainable Mutual Fund | |
| Smaller Companies Equities | |
| Global Developed Equity Passive | |
| Diversifying Returns Mutual Fund | Diversified Return Funds |
| CQS Global Funds Mutual Fund | Multi Asset Credit |
| Oaktree (LUX) III SA SICAV Mutual Fund | |
| Neuberger Berman Investment Mutual Fund | Property Funds |
| M&G Secured Property Fund | |
| Standard Life Long Lease Property Fund | |
| Neuberger Berman Private Equity Impact Fund | Private Equity |
| NB SCIOP IV | |
| Capital Dynamics Global Secondary Fund | |
| NB Clifton PE III/IV | |
| Ardian LBO Fund | |

| Brunel Pension Partnership Portfolios | Asset Class |
|---|----------------|
| Vespa Capital III Summit Eur Growth EQ III SCSP LP Alpinvest Secondaries Fund VII Limited | |
| Royal London Mutual Insurance Mutual Funds | Bonds |
| Stepstone B III Greencoat Renewable Income LP | Infrastructure |

Other Organisations/Individuals

| Service | Name | Address |
|------------------------------------|---|---|
| Actuary | Barnett Waddingham LLP | 163 West George Street, Glasgow G2 2JJ |
| Auditors | Grant Thornton UK LLP | 4 th Floor, Victoria House, 199 Avebury Boulevard, Milton Keynes MK9 1AU |
| AVC Providers | Prudential Plc | PO Box 2711, Reading RG1 3UL |
| Bankers | NatWest - Main Banker State Street Global Services | 49 South Street, Dorchester, Dorset DT1 1DW 20 Churchill Place, Canary Wharf, London E14 5HJ |
| Custodian | State Street Bank & Trust Company | Quartermile 3, 10 Nightingale Way, Edinburgh EH3 9EG |
| Fund Legal Advisers | Osborne Clarke | 2 Temple Back East, Temple Quay Bristol BS1 6EG |
| Independent Adviser | Mr Steve Tyson Apex Investment Advisers Limited | 125 London Wall, 6 th Floor, London EC2Y 5AS |
| Local Government Pension Fund Pool | Brunel Pension Partnership Limited | 101 Victoria Street, Redcliffe, Bristol BS1 6PU |

The Fund Actuary

Employee contributions are fixed by Central Government. However, the Actuary is required to set employer contribution rates to ensure benefits under the Scheme are properly funded. Although the Actuary is required to carry out a full valuation every three years, they are also required to calculate contributions rates for new employers, if membership figures change and if an employer leaves the Scheme. The Council appointed Fund Actuary is Barnett Waddingham LLP.

Independent Adviser

Independent Adviser

The Pension Fund Committee and Council Officers receive investment advice from the Investment adviser to the fund, Steve Tyson of Apex Group. The role of the adviser is to attend the quarterly and annual meetings of the Committee and to provide advice on the following:

1. Investment strategy.
2. Strategic asset allocation.
3. Development of investment policy and practices.
4. Corporate governance issues, including socially responsible investment and the Council's Investment Strategy Statement.
5. Pension fund related legislation 14.
6. Investment management performance monitoring.
7. Assistance in the selection of investment managers, custodians and actuaries.
8. Review of and advice on alternative benchmarks and setting of performance targets.
9. Other ad-hoc advice.

External Auditor

Grant Thornton have been appointed as external auditors for Dorset Council and the Dorset County

Pension Fund for five financial years from 2023-24 to 2027-28. The LGPS pension fund audits are the responsibility of three Statutory auditing bodies – the Public Sector audit Appointment Limited (PSAA), (the Audit Commission up to 31st March 2014 and National Audit Office for 80 LGPS funds based in England. They are required to give assurance (or otherwise) that the financial statements show a true and fair view of the fund's income and expenditure and of the amount and disposition of the fund assets and liabilities.

Custodian Services

The Fund employs State Street Bank & Trust as its global custodian, independent to the investment managers, to be responsible for the safekeeping of the Fund's assets. State Street Bank & Trust provides a wide variety of services that underpin the work of the officers of the Pension Fund and its investment managers in managing the Pension Fund's assets. The performance of the global custodian is reported to the Committee and Board on an annual basis.

The custody services provided by State Street Bank & Trust to the Fund include:

- safekeeping of the Pension Fund's assets in the various different investment managers.
- collection of income from dividends and interest.
- tax reclamation services.
- corporate action processing and proxy voting based on the instructions received by the Pension Fund's investment managers.

- filing of US-based class action lawsuits.
- foreign exchange settlement to enable the Pension Fund to buy and sell assets in foreign currencies.
- stock lending.
- reporting on the value of Pension Fund's assets and the investment performance of the Fund's investment managers.

Legal Adviser

The Pension Fund uses Osborne Clarke for advice covering conveyancing, investment, and employer issues. The appointment extends to all legal services for LGPS funds and employing authorities in England and Wales. This covers the full range of matters, including benefits and administration, outsourcing and admitted bodies, governance, disputes resolutions and investments.

Internally Managed Cash

The Pension Fund holds cash internally as working balances and operates its own treasury management policy, which is implemented by the Dorset's Treasury Management Team.

Working balances comprise funds required to pay pensions, to fund private equity, property investments and other managers, and to pay day-to-day expenses. Surplus balances will be invested in accordance with the Treasury Management Strategy.

Contact and Further Information



Further information regarding the Pension Fund or this report and accounts may be obtained from the following contacts:

Fund Administrator

Mr Aidan Dunn

Executive Director Corporate Development
Email: Aidan.dunn@dorsetcouncil.gov.uk

Accounts and Investments

Mr David Wilkes




Service Manager for Treasury and Investments
Telephone Number: (01305) 224119
Email: David.wilkes@dorsetcouncil.gov.uk

Benefits

Mrs Karen Gibson

Service Manager for Pensions
Telephone Number: (01305) 228524
Email: Karen.gibson@dorsetcouncil.gov.uk

A pension Fund helpline is manned by dedicated staff trained to assist in answering member queries, either by providing a direct and immediate response, or by setting up workflow for further investigation.

 (01305) 224845
 pensionshelpline@dorsetcouncil.gov.uk
 Dorset County Pension Fund
County Hall
Dorchester, Dorset
DT1 1XJ

Our website contains further information relating to the LGPS. The address is as follows:

www.yourpension.org.uk

Financial Performance

Late Contributions

In 2023-24 there was one employer who regularly paid their contributions late which was Jurassic Coast Trust.

£17,787.13 of this had been recovered and £87,297.32 remained outstanding.

No amounts had been written off during the year.

Analysis of Pension Overpayments

There was a total of £105,084.45 pension overpayments in 2023-24. As at 31 March 2024,

Key Financial Variables

The table below outlines the Fund's performance for key financial variables for the past five years.

| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------------------------------------|---------------|--------------|--------------|---------------|--------------|
| | | £'M | £'M | £'M | £'M | £'M |
| Contributions and Benefits | Contributions & Transfers In | 147.6 | 143.1 | 162.3 | 147.2 | 172.7 |
| | Contributions Receivable | 136.8 | 134.5 | 139.8 | 141.5 | 156.9 |
| | Individual Transfers | 10.8 | 8.6 | 22.5 | 5.7 | 15.9 |
| | Benefits paid and Transfers out | -163.1 | -139.1 | -139.3 | -148.0 | -172.2 |
| | Benefits payable | -127.9 | -131.4 | -133.7 | -141.3 | -159.3 |
| | Payment To and On Account of Leavers | -35.2 | -7.7 | -5.6 | -6.7 | -12.9 |
| | Management Expenses | -14.0 | -13.0 | -15.5 | -17.9 | -21.0 |
| Total Contributions and Benefits | | -29.5 | -9.0 | 7.5 | -18.7 | -20.4 |
| Return on Investments | Return on Investments | -286.7 | 646.5 | 345.4 | -163.1 | 418.1 |
| | Investment income | 24.6 | 17.4 | 16.2 | 19.5 | 18.5 |
| | Change in Market Value of Investments | -311.3 | 629.1 | 329.2 | -182.6 | 399.6 |
| | Total Return on Investments | -286.7 | 646.5 | 345.4 | -163.1 | 418.1 |
| Net Increase in the Fund During the Year | | -316.3 | 637.3 | 352.8 | -181.8 | 397.7 |

Risk Management

Our risk appetite shows how much risk we are willing to accept to achieve our outcomes. Good risk management ensures we make well informed decisions and understand those associated risks. By ensuring that we respond to risks we will be best placed to achieve our priorities as set out in the Council Plan.

We recognise that effective risk management considers not just threats but also opportunities. We have encouraged all directorates to manage their risks, and the consideration on options that seek to achieve a balance between caution and innovation.

Our risk appetite reflects our approach to the encouragement of managed risk for minor to moderate level risks. Our approach to risk will change over time depending on our priorities and the environment in which we work. Beyond our risk appetite is our risk tolerance. This sets the level of risk that is unacceptable, whatever opportunities might follow. In such instances we will aim to reduce the risk to a level that is within our appetite. We illustrate our risk appetite and tolerance in the risk ranking matrix. We have made efforts to make our approach clear, understandable, and flexible to change so that we can achieve improved focus and buy in from all at the council.

‘High risks will generally exceed the Council’s appetite for risk and measures should be taken to reduce the risk down to an acceptable level.’

The matrix below also illustrates how we monitor risks. The Council’s highest-level risks (those with a combined score of 15 and above) are reported to Senior Managers and Members consideration.

Risk Ranking Matrix identifies the level of risk

| Severity (Impact) | Description |
|--------------------------------|---|
| Catastrophic Score 5 | <ul style="list-style-type: none"> Multiple deaths of employees or those in the Council’s care Inability to function effectively, Council-wide Will lead to resignation of Chief Executive and/or Leader Corporate Manslaughter charges Service delivery must be taken over by Central Government Front page news story in National Press Financial loss over £10m |
| Major Score 4 | <ul style="list-style-type: none"> Suspicious death in Council’s care Major disruption to Council’s critical services for more than 48hrs Noticeable impact achieving strategic objectives Will lead to resignation of Senior Officers and/or Cabinet Member Adverse coverage in National press/Front page news locally Financial loss £5m-£10m |
| Moderate Score 3 | <ul style="list-style-type: none"> Serious Injury to employees or those in the Council’s care Disruption to one critical Council Service for more than 48hrs Will lead to resignation of Head of Service/Project Manager Adverse coverage in local press Financial loss £1m-£5m |
| Slight Score 2 | <ul style="list-style-type: none"> Minor Injury to employees or those in the Council’s care Manageable disruption to services Disciplinary action against employee Financial loss £100k-£1m |
| Limited Score 1 | <ul style="list-style-type: none"> Day-to-day operational problems Financial loss less than £100k |

| Likelihood (Probability) | Description |
|---------------------------------|--|
| Certain Score 5 | Reasonable to expect that the event WILL happen, recur, possibly or frequently |
| Likely Score 4 | Event is MORE THAN LIKELY to occur. Will Probably happen, recur, but is not a persisting issue. |
| Possible Score 3 | LITTLE LIKELIHOOD of event occurring. It might happen or recur occasionally. |
| Unlikely Score 2 | Event NOT EXPECTED . Do not expect it to happen or recur, but it is possible that it might do so. |
| Very Unlikely Score 1 | EXCEPTIONAL event. This will probably never happen or recur. |

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Dorset County Pension Fund Risk Register

| Ref | Column1 | Risk Title | Last Reviewed | Impact | Likelihood | Risk Score | Risk Rating | Management Update | List of Existing Controls | Risk Owner | Status |
|-----|----------------|--|---------------|--------|------------|------------|-------------|--|---|--------------------|-----------|
| Fi1 | Finance | Loss of funds through fraud or misappropriation | 18/03/2024 | 2 | 2 | 4 | Low | Reviewed. No change in risk or procedures | Internal and External Audit; Assurance that current systems provide appropriate level of internal control; reporting and monitoring; reporting to Audit & Scrutiny Committee; policies and procedures | Fund Administrator | No Change |
| Fi3 | Finance | An employer with a large surplus chooses to exit the fund | 18/03/2024 | 2 | 2 | 4 | Low | Reviewed. No change in risk or procedures. | Not able to control. However, employer can only exit once all members have left the scheme. | Fund Administrator | No Change |
| Fi2 | Finance | A company admitted to the Fund as an admission body may become financially unviable | 18/03/2024 | 2 | 2 | 4 | Low | Reviewed. No change in risk or procedures. | An Admission Body will only be admitted to the Fund if they have a Bond in place, or have a financial guarantor, for example the outsourcing authority. This covers any potential costs and losses. The value of this bond is set at the start of the contract and is reviewed periodically. A review of current bonds takes place periodically by the fund actuary to ensure that the bond level remains appropriate. | Fund Administrator | No Change |
| Ad1 | Administration | Failure to comply with TPRs General Code of Practice (Governance and administration of pension schemes) | 18/03/2024 | 1 | 2 | 2 | Low | Reviewed. No change in risk or procedures. | Ensure key staff and LPB members are trained and understand requirements. Ensure System and PAS address requirements. Ensure relevant policies are in place and regularly reviewed. Data Quality annual checks and Improvement Plan in place. | Pensions Manager | No Change |
| Ad2 | Administration | Failure to issue Annual Benefit Illustrations within statutory timescales | 18/03/2024 | 2 | 3 | 6 | Medium | Reviewed. No change in risk or procedures. | Weekly project meeting to monitor progress and address issues. Staff are trained and supported with additional resource available at peak times. Responsibility of meeting deadlines with Systems Manager. | Pensions Manager | No Change |
| Ad3 | Administration | Failure to meet other statutory deadlines including the Annual Return (TPR) and Annual Allowance processes | 18/03/2024 | 1 | 2 | 2 | Low | Reviewed. No change in risk or procedures. | Weekly meetings with management and key staff to ensure appropriate resources in place. Ad hoc meetings whenever required. | Pensions Manager | No Change |
| Ad4 | Administration | Failure to complete end of year processes within necessary timeframe | 18/03/2024 | 2 | 3 | 6 | Medium | Reviewed. No change in risk or procedures. | System Manager monitors progress against project plan and will report to PM at weekly management meetings to address issues as they arise. Ad-hoc meetings set up as required. | Pensions Manager | No Change |
| Ad5 | Administration | Insufficiently trained or inexperienced staff leading to gaps in knowledge. | 18/03/2024 | 2 | 3 | 6 | Medium | Reviewed. No change in risk or procedures. | Training programme in place to identify and address training requirements / shortfalls. Each employee has a personal training record. Regular meetings and appraisals mean that any specific needs can be identified and addressed. Jobs have been re-evaluated to a higher level. This allows the fund to be competitive in recruiting new staff. | Pensions Manager | No Change |

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|------|----------------|--|------------|---|---|---|--------|--|---|--------------------|-----------|
| Ad6 | Administration | Staff unable to get to work e.g. widespread flu pandemic or building off limits. | 18/03/2024 | 2 | 2 | 4 | Low | Reviewed. No change in risk or procedures. | All staff are able to work from home in the event of building closure where technology permits. Business Continuity Plan to be updated regarding widespread sickness. | Pensions Manager | No Change |
| Ad7 | Administration | Not dealing properly with complaints, leading to escalation that ultimately ends with the ombudsman. | 18/03/2024 | 1 | 2 | 2 | Low | Reviewed. No change in risk or procedures. | Well maintained structure in place for complaints, with expert advice sought in necessary cases to minimise further escalation. Regular reviews of IDRPs cases to keep within timescales. Quality of letters written checked by additional staff for accuracy to ensure best possible quality of communication. Complaints log. | Pensions Manager | No Change |
| Ad8 | Administration | Failure to meet Service Standards. | 18/03/2024 | 2 | 3 | 6 | Medium | Reviewed. No change in risk or procedures. | Pensions Administration Strategy in place and regular recording of Performance Indicators (KPIs) to identify strength and weakness areas, to maintain or make improvements. | Pensions Manager | No Change |
| Ad9 | Administration | Failure to complete GMP Reconciliation and Rectification | 18/03/2024 | 1 | 2 | 2 | Low | Reviewed. No change in risk or procedures. | GMP Reconciliation project in place. Team well-staffed and trained. Regular attendance of relevant regional and national meetings and forums. Weekly team meetings to discuss targets and problems. Reconciliation completed. Rectification paused as a result of McCloud remedy taking priority. | Pensions Manager | No Change |
| Ad10 | Administration | Loss of key staff / expertise. | 18/03/2024 | 2 | 3 | 6 | Medium | Reviewed. No change in risk or procedures. | Training program in place. Job Description/Person Specification available. New staff have been employed and are currently being trained. It is expected that once they have gained enough experience, that this risk will reduce. | Pensions Manager | No Change |
| ad11 | Administration | Pensions Dashboard Programme - Fund not ready to meet onboarding deadline. | 18/03/2024 | 1 | 2 | 2 | Low | Reviewed. No change in risk or procedures. | The fund has been working with software provider to ensure they can meet the required data, reporting and technical standards. The amount of additional staff resources required to manage the work involved is still unknown. However, the Government has now announced a delay to the proposed first connection date of 31 August 2023. Awaiting further details. | Pensions Manager | No Change |
| ad12 | Administration | McCloud - not ready to deal with resulting work from remedy. | 18/03/2024 | 1 | 2 | 2 | Low | Reviewed. No change in risk or procedures. | Most of Dorset County Pension Fund member data relating to the McCloud remedy has been received. McCloud legislation is due in 2023. Need to ensure Fund administrators and software ready, plus Fund resourced sufficiently to deal with the resulting work from remedy. Looking at changes to benefits coming into payment now and going forward, but also the retrospective recalculation of all benefits and transfers since 2014 | Pensions Manager | No Change |
| Ad13 | Administration | Death Grant | 18/03/2024 | 2 | 3 | 6 | Medium | Reviewed. No change in risk or procedures. | There is a risk that the Fund does not exercise its discretion over payment of a death grant properly. This could result in a claim from other potential beneficiaries of the deceased member. Fund has processes in place to identify potential beneficiaries and follow guidance. Fund takes advice from legal provider when required. | Pensions Manager | No Change |
| Ad14 | Administration | Payroll Migration | 18/03/2024 | 3 | 2 | | Medium | New Risk | Pensioner payroll is due to be migrated from Dorset Council to Dorset County Pension Fund. There is a risk of not paying 23,000+ pensioners if the project is not managed correctly. | Pensions Manager | New Risk |
| Wf1 | Workforce | Health and safety of staff | 18/03/2024 | 1 | 2 | 2 | Low | Reviewed. No change in risk or procedures. | Workstation assessments; PDR trigger interviews; absence management; DCC health & safety policies. DC have also invested in employee wellbeing with resources and information being made available on the DC intranet, along with individual advice and guidance. | Fund Administrator | No Change |

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|-----|----------------|--|------------|---|---|---|--------|--|---|---|-----------|
| Wf2 | Workforce | Failure to recruit, develop and retain suitably skilled staff. | 18/03/2024 | 2 | 3 | 6 | Medium | Reviewed. No change in risk or procedures. | Access to Management Development / Training; PDR; structure review. New staff have been employed and are currently being trained. It is expected that once they have gained enough experience, that this risk will reduce. The establishment of Brunel PP should ensure greater resilience against the loss of key staff re. investments. | Fund Administrator | No Change |
| Wf3 | Workforce | Failure to maintain the balance between workload and staff capacity | 18/03/2024 | 2 | 3 | 6 | Medium | Reviewed. No change in risk or procedures. | Service planning and PDR process; continual review of workloads within teams; additional posts can be funded from pension fund where particular capacity demands are identified, at the approval of the Pension Fund Administrator | Fund Administrator | No Change |
| Ot1 | Other | Inability to provide service, due to a loss of Council facilities (IT; building) or staff | 18/03/2024 | 2 | 2 | 4 | Low | Reviewed. No change in risk or procedures. | Business continuity plans maintained for critical services; Pensions Systems can be accessed from home/ remotely; contact numbers held for the team. Disaster recovery in place for Pensions Systems | Fund Administrator | No Change |
| Ot2 | Other | Poor services, or perception of poor service | 18/03/2024 | 1 | 3 | 3 | Low | Reviewed. No change in risk or procedures. | Service planning and PDR process; external audit; internal audit reviews; processes and procedures | Fund Administrator | No Change |
| Ot3 | Other | Secure management and handling of confidential and/or personal information | 18/03/2024 | 2 | 2 | 4 | Low | Reviewed. No change in risk or procedures. | Data awareness guidance promoted corporately; secure email; secure payments portal to actuary. Secure employer and member portals. New system now means that office is paperless so 'hard copy' files are no longer required. | Fund Administrator | No Change |
| Ot4 | Other | Unrestricted physical access to office and confidential and/or personal information | 18/03/2024 | 2 | 2 | 4 | Low | Reviewed. No change in risk or procedures. | The Pensions office has now moved and is not now a general walkthrough. There is no longer a meeting room within the office, so only pensions staff should access the office, therefore mitigating risk of data breaches. | Pensions Manager | No Change |
| Co1 | Communications | Growth in number of employers in the Fund leads to less pensions knowledge within each employer. New employers fail to understand their responsibilities within the Fund and LGPS in general | 18/03/2024 | 1 | 3 | 3 | Low | Reviewed. No change in risk or procedures. | Dedicated Communications Team to ensure all new employers are informed of their responsibilities within the Fund and the LGPS. Presentations and training provided to all necessary members of an employing authority. Feedback accounted for and review of internal procedures undertaken to ensure quality of training materials. New employer portal provides easier to use versions of forms with better guidance to be completed by employers. | Communications & Employer Relations Manager | No Change |
| Co2 | Communications | Members don't make an informed decision regarding their pension options, and employers cannot make an informed decision regarding their discretions policy, leading to possible complaints against the Fund. | 18/03/2024 | 1 | 3 | 3 | Low | Reviewed. No change in risk or procedures. | Communication strategy in place to ensure the best possible communication material is used. Discretions template and guidance provided to employers completing their discretions policy. Members provided with factsheets, leaflets and booklets enclosed with pension documentation. Dedicated helpline and website providing further information. | Communications & Employer Relations Manager | No Change |

| | | | | | | | | | | | |
|-----|----------------|---|------------|---|---|---|--------|--|--|---|-----------|
| Co3 | Communications | Pension Fund does not reach the target audience and full exposure of information is not achieved. | 18/03/2024 | 1 | 2 | 2 | Low | Reviewed. No change in risk or procedures. | Annual Benefit Illustrations in paper form to home address with annual newsletter, dedicated telephone and email helpline available for queries. Members and employers are given opportunities to provide feedback. Regular improvements made to communications as issues / changes to legislation identified. Member self-service site allows direct contact with members. Presentations for members on request or at times of substantial change. Employer training provided and Pension Officer Group meetings held three times a year. | Communications & Employer Relations Manager | No Change |
| Co4 | Communications | Communication is overcomplicated and technical leading to a lack of engagement and understanding by members and employers of the Fund. | 18/03/2024 | 1 | 2 | 2 | Low | Reviewed. No change in risk or procedures. | Factsheets and information written on letters is kept as jargon free as possible, and a dedicated helpline through telephone and email is available for both members and employers of the Fund. Presentations provided with simple examples and chance for questions and answer sessions after. New and improved on-line member portal allows members to view details relating to their pension. | Communications & Employer Relations Manager | No Change |
| Co5 | Communications | Employers don't meet their statutory requirements leading to possible reporting of breaches to the Pension Regulator. | 18/03/2024 | 2 | 3 | 6 | Medium | Reviewed. No change in risk or procedures. | Administration strategy in place to ensure all employers are aware of their responsibilities in the Fund. Training provided where needed. Dedicated Communications Team to ensure full compliance from employers. Penalty charges apply if employer is in breach of any of their responsibilities. New employer portal allows employers to submit monthly membership data, which in turn prompts them to submit lever forms, etc. | Communications & Employer Relations Manager | No Change |
| Fu1 | Funding | Inability or refusal of an employer to pay cessation valuation. | 18/03/2024 | 2 | 3 | 6 | Medium | Reviewed. No change in risk or procedures. | Action to be taken through the courts. Employers now have the possibility of entering into a deferred debt arrangement or a debts spreading arrangement, which avoids having to pay a cessation cost as a lump sum. | Fund Administrator | No Change |
| Go1 | Governance | Frequent and/or extensive turnover of committee members, or insufficient knowledge of regulations, guidance and best practice to make good decisions. | 18/03/2024 | 1 | 2 | 2 | Low | Reviewed. No change in risk or procedures. | Member training plan in place. Training policy has been produced. Monitoring of member attendance in place to ensure regular attendance. | Pensions Manager | No Change |
| Go2 | Governance | Officers lack the knowledge and skills required to effectively advise elected members and/or carry out administrative duties. There is also a requirement to ensure that Committee members and Board members are appropriately trained to undertake their duties effectively. | 18/03/2024 | 2 | 2 | 4 | Low | Reviewed. No change in risk or procedures. | Training programmes in place for all staff. Professional qualifications offered to staff and a requirement for senior roles. Senior staff members attending regional and national forums. Staff training needs identified through in house training and development and addressed through the appraisal process. Regular Training events and modules available for Board and Committee, along with a training policy for board members. | Pensions Manager | No Change |
| Go3 | Governance | Committee members have undisclosed conflicts of interest. | 18/03/2024 | 1 | 2 | 2 | Low | Reviewed. No change in risk or procedures. | Conflicts of Interest are a regular item on all committee agendas. A Conflict of Interests Policy was introduced in October 2019. A log of interests is now maintained, and board members have to complete a declaration of interests form. | Pensions Manager | No Change |

| | | | | | | | | | | | |
|-----|-------------|--|------------|---|---|---|--------|--|--|------------------|-----------|
| Go4 | Governance | Decisions are not implemented properly. | 18/03/2024 | 1 | 2 | 2 | Low | Reviewed. No change in risk or procedures. | Regular review of all decisions. Progress against all actions is reported to the committee. | Pensions Manager | No Change |
| Go5 | Governance | Lack of mechanisms and policies for communicating with Scheme members and employers means that decisions are not available for scrutiny. | 18/03/2024 | 1 | 2 | 2 | Low | Reviewed. No change in risk or procedures. | Summary of all PFC and LPB minutes to be published in a timely fashion. Annual report published each year. Pension Fund website means information is accessible. Annual Newsletter issued with ABIs. | Pensions Manager | No Change |
| It1 | IT Systems | Pension Administration system is not adequate to deliver complex historical pension calculations or implement new scheme changes. | 18/03/2024 | 2 | 2 | 4 | Low | Reviewed. No change in risk or procedures. | Staff trained to have the ability to manually perform calculations in occasions that systems fail or cannot process historical/recent scheme changes. Regular collaboration and sharing of expertise knowledge with other funds. | Pensions Manager | No Change |
| It2 | IT Systems | IT systems go down for a prolonged period leading to an inability to access data and run calculations. | 18/03/2024 | 2 | 2 | 4 | Low | Reviewed. No change in risk or procedures. | Business Continuity Plan, including disaster recovery plans to be updated. Staff trained in manual calculations and collaboration with other funds. | Systems Manager | No Change |
| Le1 | Legislation | Lack of access to appropriate legislation, best practice or guidance could lead to the Fund to act illegally. | 18/03/2024 | 2 | 1 | 2 | Low | Reviewed. No change in risk or procedures. | Access to LGA material, use of specialist advisors, membership of national and regional forums. Collaborative working with other funds. | Pensions Manager | No Change |
| Le2 | Legislation | Lack of understanding of key changes means the impact is not fully understood. | 18/03/2024 | 2 | 1 | 2 | Low | Reviewed. No change in risk or procedures. | Regular Technical Management meetings to consider impact. Use of special project teams. Expert advice and collaboration with other funds. | Pensions Manager | No Change |
| Le3 | Legislation | Lack of resource and/or skills to effectively communicate Scheme changes with members and employers. | 18/03/2024 | 1 | 2 | 2 | Low | Reviewed. No change in risk or procedures. | Communication & Employer Support team in place, regular training provided to ensure knowledge and skills of team members. Collaboration with other funds. | Pensions Manager | No Change |
| Se1 | Security | Non-Compliance with GDPR | 18/03/2024 | 2 | 3 | 6 | Medium | Reviewed. No change in risk or procedures. | All staff required to complete GDPR training, plus additional external training provided to senior staff. DCPF Internal data protection policy for Administering Authority in place. GDPR actions checklist established. Privacy Policy published on DCPF website. Revision of contracts with external suppliers to ensure GDPR compliance. | Systems Manager | No Change |
| Se2 | Security | Data Protection procedures non-existent or insufficient leading to poor security for member data. | 18/03/2024 | 2 | 2 | 4 | Low | Reviewed. No change in risk or procedures. | Staff must complete data protection and cyber security training. Secure portal for communication and submission of sensitive information between employers and the Fund. Shredder and Confidential Waste bin present in office. Multiple passwords required to access all software containing sensitive information. Systems are protected against viruses and other system threats. | Systems Manager | No Change |
| Se3 | Security | Cyber Security Breaches | 18/03/2024 | 3 | 3 | 9 | Medium | Reviewed. No change in risk or procedures. | All staff have to complete compulsory training provided by Dorset CC in both Data Protection and Cyber Security. The Pension Section's ICT is provided by DCC, and this includes Cyber Security protections. | Systems Manager | No Change |

| | | | | | | | | | | | |
|-----|----------|-------------------|------------|---|---|---|-----|--|--|------------------|-----------|
| Se4 | Security | Fraud by members. | 18/03/2024 | 2 | 2 | 4 | Low | Reviewed. No change in risk or procedures. | Compliant with audit recommendations. Form of identity check required before any benefits are payable i.e. passport or birth certificate. Mortality screening in UK and overseas performed regularly. | Pensions Manager | No Change |
| Se5 | Security | Fraud by staff. | 18/03/2024 | 2 | 2 | 4 | Low | Reviewed. No change in risk or procedures. | Compliant with audit recommendations. Robust accounting checks in place and adherence with best practice. Systems in use have built in controls and access levels. Processes in place to ensure staff leaving have access stopped immediately. All payments checked and authorised before being processed. | Pensions Manager | No Change |

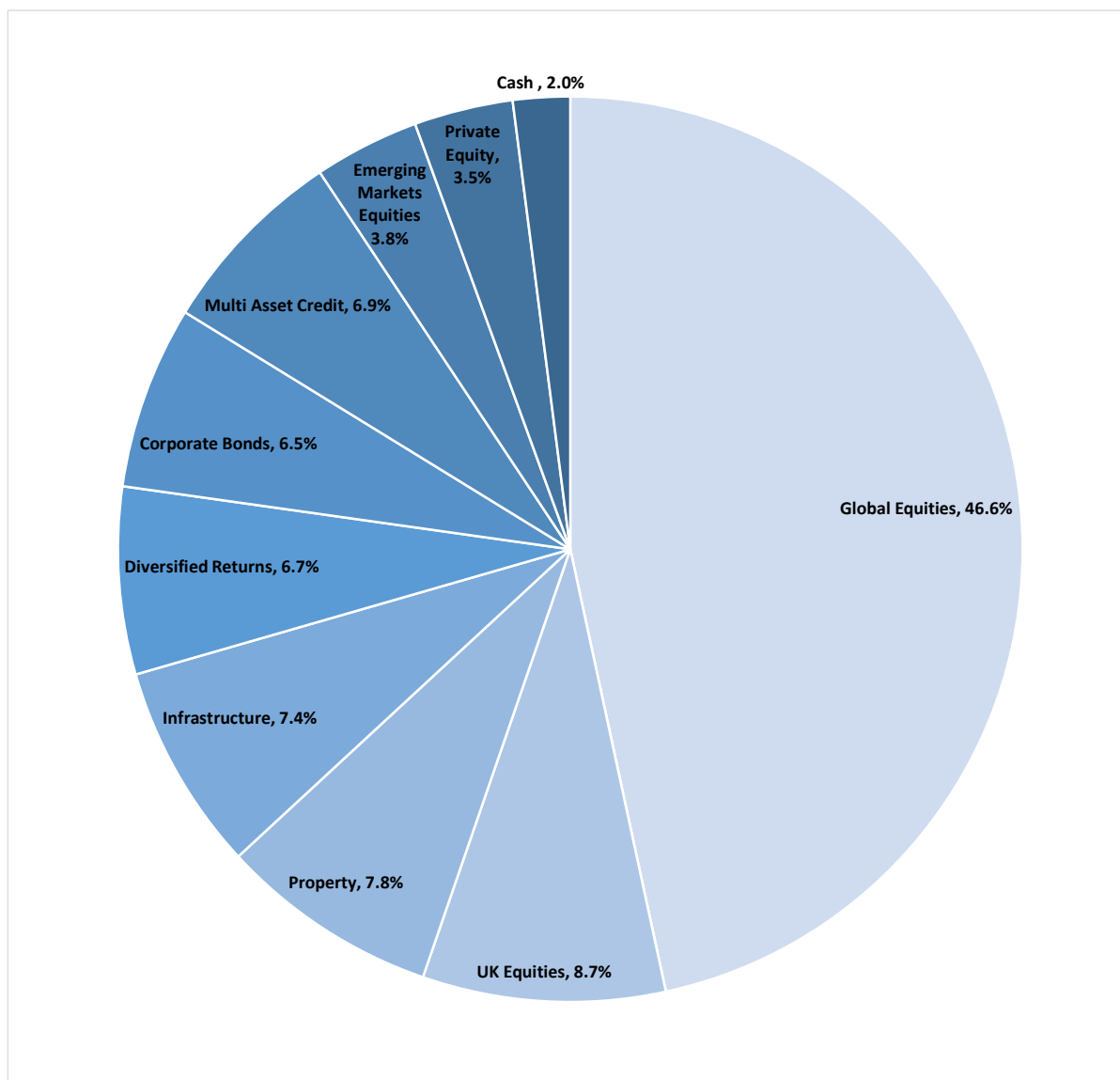
Investment Performance

Fund Information 2023-24

| | | | | |
|--------------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|--|
| £404.1 Fund Value Increase | £3.9bn Total Fund Value | 11.5% Fund Value Increase | 11.4% Total Annual Return | -1.1% Underperformed Benchmark |
|--------------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|--|

Total Asset Distribution as at 31 March 2024

The total asset distribution of the Dorset County Pension Fund as at 31 March 2024 is shown in the chart below. These allocations are within the agreed targets.



Fund valuation (year ended 31 March 2024)

The diagram below shows the change in value of the Fund over the last five years as at 31 March.



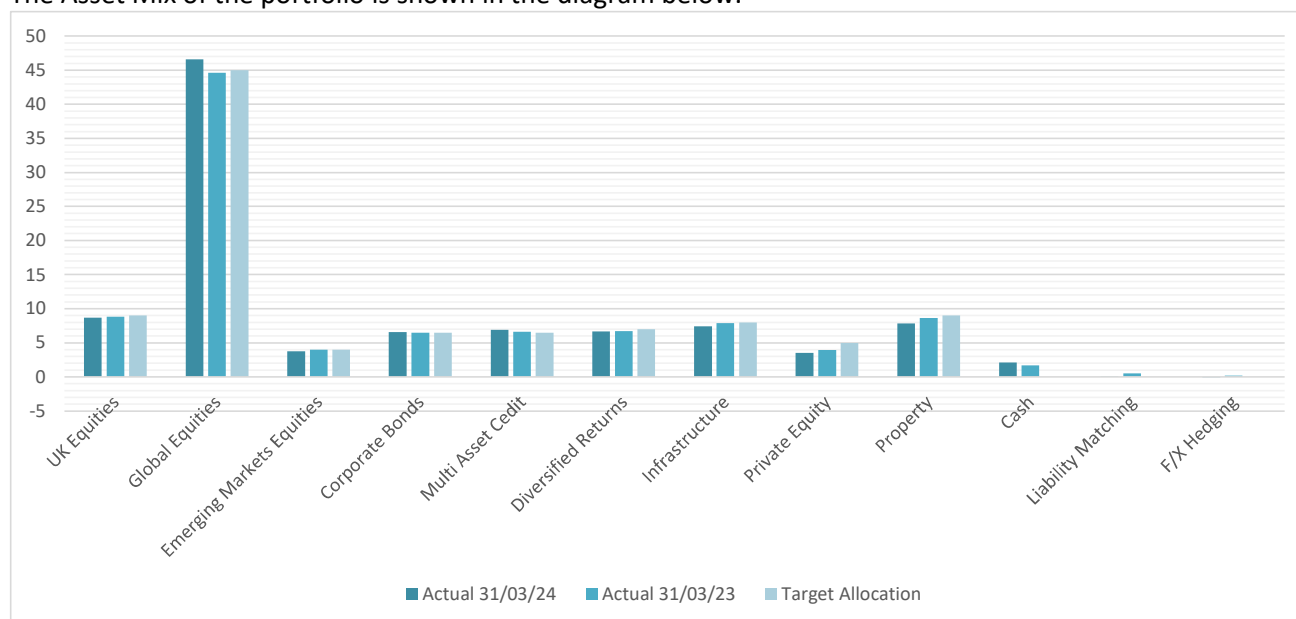
Asset allocation

The Dorset County Pension Fund Committee is responsible for deciding the asset allocation of the fund. The table below summarises the Fund's Asset Allocation.

The main requirement in managing the Fund is to ensure adequate diversification of its assets over different asset classes. The correct balance must be struck between the desire for enhanced returns and potential 'risk' of volatility in those returns i.e. the investment policy of the Fund is aimed at maximising returns within the acceptable limits of risk. The portfolio balance needs to be regularly monitored and adjusted in line with the economic, financial and market indicators.

| Asset Class | 31-Mar-23 | | 31-Mar-24 | | Target Allocation | |
|------------------------------------|----------------|--------------|----------------|--------------|-------------------|--------------|
| | £M | % | £M | % | £M | % |
| UK Equities | 310.0 | 8.8 | 339.9 | 8.7 | 352.6 | 9.0 |
| Global Equities | 1,567.5 | 44.6 | 1,826.2 | 46.6 | 1,763.1 | 45.0 |
| Emerging Markets Equities | 142.2 | 4.0 | 147.8 | 3.8 | 156.7 | 4.0 |
| Total Listed Equities | 2,019.7 | 57.4 | 2,313.9 | 59.1 | 2,272.4 | 58.0 |
| Corporate Bonds | 229.1 | 6.5 | 256.4 | 6.5 | 254.7 | 6.5 |
| Multi Asset Credit | 232.4 | 6.6 | 269.7 | 6.9 | 254.7 | 6.5 |
| Diversified Returns | 236.5 | 6.7 | 262.2 | 6.7 | 274.3 | 7.0 |
| Infrastructure | 276.2 | 7.9 | 290.4 | 7.4 | 313.5 | 8.0 |
| Private Equity | 135.8 | 3.9 | 138.4 | 3.5 | 195.9 | 5.0 |
| Property | 302.8 | 8.6 | 307.2 | 7.8 | 352.6 | 9.0 |
| Cash | 58.8 | 1.7 | 82.7 | 2.1 | - | 0.0 |
| F/X Hedging | 7.1 | 0.2 | -2.8 | -0.1 | - | 0.0 |
| Total Return Seeking Assets | 3,498.4 | 99.5 | 3,918.1 | 100.0 | 3,918.1 | 100.0 |
| Liability Matching Assets | 19.0 | 0.5 | - | 0.0 | - | 0.0 |
| Total Asset Valuation | 3,517.4 | 100.0 | 3,918.1 | 100.0 | 3,918.1 | 100.0 |

The Asset Mix of the portfolio is shown in the diagram below.



There was no target allocation for Cash as at 31 March 2024.

Liability Matching was 0.5% on 31 March 2023. There was no target allocation for Liability Matching as at 31 March 2024 as the portfolio is no longer held as at 31 March 2024.

F/X Hedging was -0.1% on 31 March 2024. There was no target allocation for F/X Hedging as at 31 March 2024.

Investment Managers

The investment managers and their appointed portfolios are shown below, with the figures showing the percentage of the Fund's assets that each manager is responsible for based on market values as at 31 March 2024.

| Manager | Asset Class | £M | % |
|-------------------------|--|----------------|--------------|
| Brunel | Global Equities | 1,233.0 | 31.5 |
| Brunel | Overseas Equities | 740.8 | 18.9 |
| Brunel | UK Equities | 340.0 | 8.7 |
| Brunel | Multi Asset Credit | 269.8 | 6.9 |
| Brunel | Diversifying Returns Fund | 262.2 | 6.7 |
| Brunel | Bonds | 256.4 | 6.5 |
| CBRE Global Investors | Property/Property Funds | 253.0 | 6.5 |
| IFM | Infrastructure | 161.4 | 4.1 |
| Federated Hermes | Infrastructure | 83.7 | 2.1 |
| Cash & Cash Equivalents | Cash & Cash Equivalents/Interest Receivables | 82.0 | 2.1 |
| HarbourVest | Private Equity | 63.1 | 1.6 |
| Brunel | Private Equity | 61.4 | 1.6 |
| Brunel | Property Funds | 54.2 | 1.4 |
| Brunel | Infrastructure | 45.4 | 1.2 |
| Aberdeen Standard | Private Equity | 13.9 | 0.4 |
| Investec | Overseas/UK Equities | 0.4 | 0.0 |
| Wellington | Overseas/UK Equities | 0.3 | 0.0 |
| Insight | Liability Driven Investment | 0.0 | 0.0 |
| Derivatives | Derivatives | -2.8 | -0.1 |
| Total Assets | | 3,918.2 | 100.0 |

Performance

Performance of the Fund is measured against an overall strategic benchmark. Performance of fund managers is reviewed quarterly by the Pension Fund Committee, which is supported by the Fund's independent adviser.

The overall performance of each manager is measured over rolling three and five-year periods, as inevitably there will be short-term fluctuations in performance.

Fund Returns Achieved Over One, Three and Five Years by Asset Class

The overall performance of the Pension Fund's investments to 31 March 2024 is summarised below (returns for three and five years are annualised figures).

The table overleaf sets out a more detailed analysis of the Fund's investment returns for one, three and five years, broken down by asset class and enables comparison against their specific benchmarks.

Rates of Return One Year Summary

During the year, the Fund underperformed its bespoke benchmark with a return of 11.4% compared to a benchmark of 12.5%. Positives to performance have been attributable to the Passive Developed Equities Hedged (26.4%), Passive Climate Transition Benchmark (25.0%), Passive Developed Equities Paris Aligned (Hedged) (24.7%) and Passive Developed Equities (22.6%). The Brunel Diversifying Return Fund performed well outperforming its benchmark by 2.8%.

The main detractors to performance were Federated Hermes (-7.7%), Brunel Secured Income Cycle 1 (-3.2%) and HarbourVest (-1.8%). Infrastructure manager Federated Hermes underperformed their benchmark by 17.6%, the Brunel Private Equity Cycle 1 manager underperformed by 14.0% and Private Equity Manager HarbourVest underperformed by 10.3%.

Rates of Return Three Year Summary

Over the three-year period, the Fund returned 5.4% against its bespoke benchmark of 6.8%. Positives to performance have been attributable to Private Equity Cycle 1 (23.6%), Private Equity manager HarbourVest (19.6%) and Infrastructure manager IFM (14.5%). Brunel Private Equity Cycle 1 portfolio outperformed its benchmark by 13.0% whilst HarbourVest outperformed its benchmark by 11.6%.

The main detractors to performance were Brunel Emerging Market Equity (-4.4%) and Royal London (-3.9%). Brunel Secured Income Cycle 1 underperformed its benchmark by 8.1% whilst Federated Hermes underperformed by 6.9%.

Rates of Return-Five Year Summary

Over the five-year period, the Fund underperformed its benchmark with a return of 5.5% compared to a benchmark of 6.2%. Positives to performance were Brunel Private Equity Cycle 1 portfolio (18.8%), HarbourVest (18.6%) and IFM (10.8%). HarbourVest outperformed its benchmark by 13.2% and Brunel Private Equity Cycle 1 portfolio outperformed its benchmark by 6.7%.

The main detractors to performance were Federated Hermes who underperformed their benchmark by 6.3%, whilst Brunel Secured Income portfolio underperformed by 4.0% over the five-year period.

Performance Monitoring

Investment manager performance is reviewed quarterly by the Pension Fund Committee. The Committee review comprehensive quarterly and longer period reports that includes the performance of each manager measured against their benchmark and target. Information on returns is currently provided by State Street.

| | Dorset Benchmark | | Dorset Benchmark | | Dorset Benchmark | |
|--|------------------|-------------|------------------|------------|------------------|------------|
| | 1 year | | 3 year | | 5 year | |
| | % | % | % | % | % | % |
| UK Equities | | | | | | |
| Brunel Passive UK Equities | 8.5 | 8.4 | 8.2 | 8.0 | 5.6 | 5.4 |
| Brunel UK Active Equity | 10.4 | 8.4 | 7.0 | 8.6 | 4.6 | 5.3 |
| Overseas Equities | | | | | | |
| Brunel Emerging Market Equity | 3.9 | 6.3 | -4.4 | -1.8 | N/A | N/A |
| Brunel Global High Alpha Equity | 20.5 | 23.1 | 9.6 | 12.4 | N/A | N/A |
| Brunel Passive Climate Transition Benchmark Hedged | 25.0 | 25.4 | N/A | N/A | N/A | N/A |
| Brunel Passive Climate Transition Benchmark Unhedged | 21.4 | 22.0 | N/A | N/A | N/A | N/A |
| Brunel Passive Paris Aligned Benchmark Hedged | 24.7 | 24.8 | N/A | N/A | N/A | N/A |
| Brunel Passive Paris Aligned Benchmark Unhedged | 21.3 | 21.3 | N/A | N/A | N/A | N/A |
| Brunel Passive Smart Beta | 15.6 | 15.0 | 10.6 | 10.0 | 10.3 | 9.8 |
| Brunel Passive Smart Beta Hedged | 19.1 | 18.5 | 8.3 | 7.8 | 9.5 | 9.0 |
| Global Equities | | | | | | |
| Brunel Global Sustainable Equities | 13.2 | 21.2 | 6.6 | 10.7 | N/A | N/A |
| Brunel Passive Developed Equities | 22.6 | 22.7 | 11.9 | 11.9 | N/A | N/A |
| Brunel Passive Developed Equities Hedged | 26.4 | 26.4 | 9.6 | 9.7 | N/A | N/A |
| Brunel Smaller Companies Equities | 9.8 | 14.0 | 2.9 | 4.8 | N/A | N/A |
| Bonds | | | | | | |
| Brunel Royal London Mutual Insurance Mutual Fund | 8.8 | 6.1 | N/A | N/A | N/A | N/A |
| Brunel Royal London Asset Management | 6.7 | 6.7 | -3.9 | -5.5 | 0.1 | -1.4 |
| Multi Asset Credit | | | | | | |
| Brunel Multi Asset Credit | 11.7 | 9.2 | N/A | N/A | N/A | N/A |
| Private Equity | | | | | | |
| Aberdeen Standard | 1.4 | 8.4 | 13.6 | 8.0 | 10.4 | 5.4 |
| Brunel Private Equity - Cycle 1 | 7.2 | 21.2 | 23.6 | 10.7 | 18.8 | 12.1 |
| HarbourVest | -1.8 | 8.4 | 19.6 | 8.0 | 18.6 | 5.4 |
| Property | | | | | | |
| CBRE Global Investors | 1.9 | -1.0 | 2.2 | 1.1 | 1.5 | 0.8 |
| Property Funds | | | | | | |
| Brunel Secured Income - Cycle 1 | -3.2 | 3.2 | -1.4 | 6.7 | 0.4 | 4.4 |
| Infrastructure | | | | | | |
| Brunel Infrastructure - Cycle 3 | -0.7 | 3.2 | N/A | N/A | N/A | N/A |
| Federated Hermes Fund | -7.7 | 10.0 | 3.1 | 10.0 | 3.7 | 10.0 |
| IFM Fund | 4.6 | 10.0 | 14.5 | 10.0 | 10.8 | 10.0 |
| Diversified Returns Fund | | | | | | |
| Brunel Diversifying Returns Fund | 10.9 | 8.1 | 5.0 | 5.5 | N/A | N/A |
| Overall Fund Return | 11.4 | 12.5 | 5.4 | 6.8 | 5.5 | 6.2 |

Total Annual Returns

The diagram below shows the total return of the Fund compared with its benchmark for each of the last five years as at 31 March.



Fund Benchmarks

The Fund utilises external investment managers to undertake the day-to-day management of the Fund's assets. Each manager has a specific benchmark and performance target against which their performance is regularly monitored.

The table below shows the Managers of the Fund and their respective benchmarks.

| Manager | Mandate | Benchmark Indices | Inception Date |
|-------------------------------|--|---|----------------|
| Aberdeen Standard | Private Equity | FTSE All Share | 2006 |
| Brunel | Global Sustainable Equities | MSCI World All Cap | 2020 |
| Brunel | Infrastructure Cycle 3 | Consumer Price Index | 2022 |
| Brunel | Multi Asset Credit | Sonia + 4% | 2021 |
| Brunel | PM Secured Income - Cycle 1 | Consumer Price Index | 2019 |
| Brunel | PM Secured Income - Cycle 3 | Consumer Price Index | 2023 |
| Brunel | Smaller Companies Equities | MSCI World Small Cap | 2021 |
| Brunel | Sterling Corporate Bonds | iBoxx Sterling Non-Gilts Overall Total Return Index | 2022 |
| Brunel | UK Active Equity | FTSE All Share | 2018 |
| Brunel - Colmore | Private Equity Cycle 3 | MSCI AC World Index | 2023 |
| Brunel - Colmore | Private Equity - Cycle 1 | MSCI ACWI | 2019 |
| Brunel - Fundrock | Diversifying Returns Fund | SONIA | 2020 |
| Brunel - Fundrock | Emerging Markets Equity | MSCI EM TR Gross | 2019 |
| Brunel - Fundrock | Global Equity High Alpha | MSCI World TR Gross | 2019 |
| Brunel - LGIM | Passive Developed Equity Climate Transition | FTSE Developed Climate Transition Index | 2022 |
| Brunel - LGIM | Passive Developed Equity Climate Transition Hedged | FTSE Developed Climate Transition Hedged to GBP Index | 2022 |
| Brunel - LGIM | Passive Developed Equities | FTSE World Developed | 2020 |
| Brunel - LGIM | Passive Developed Equities (Hedged) | FTSE World Developed GBP (Hedged) | 2020 |
| Brunel - LGIM | Passive Developed Equity Paris Aligned | FTSE Developed Paris-Aligned (PAB) | 2022 |
| Brunel - LGIM | Passive Developed Equity Paris Aligned Hedged | FTSE Developed Paris-Aligned (PAB) Hedged | 2022 |
| Brunel - LGIM | Passive Smart Beta | Passive Smart Beta Benchmark | 2018 |
| Brunel - LGIM | Passive Smart Beta (Hedged) | Passive Smart Beta (Hedged) Benchmark | 2018 |
| Brunel - LGIM | Passive UK Equities | Passive UK Equities Benchmark | 2018 |
| CBRE | Property | MSCI Quarterly Universe | 2000 |
| Federated Hermes | Infrastructure | 10% Absolute Return | 2015 |
| HarbourVest | Private Equity | FTSE All Share | 2006 |
| IFM | Infrastructure | 10% Absolute Return | 2016 |
| Royal London Asset Management | Corporate Bonds | iBoxx Sterling Non-Gilt over 5 Years | 2007 |

Scheme Administration

The Local Government Pension Scheme

The Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a statutory public service pension scheme with over six million members in England and Wales. The Scheme is regulated by statute through the Department for Ministry of Housing, Communities and Local Government. The Local Government Pension Scheme is a defined benefit scheme. This means that benefits are determined by the regulations and are not affected by investment performance or market conditions.

The Scheme is governed by the Public Services pension Act 2013. The fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended), describe how rights accrue and how benefits are calculated with effect from 1st April 2014. These regulations also contain the administrative provisions for the Scheme.
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended), set out how membership accrued prior to 1st April 2014 counts. These regulations also remove the ability of Councillors in England and Wales to continue their participation in the LGPS.
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended), provide the regulatory framework for the investment of pension fund assets.

Members include people who work in Local Authorities, including Dorset Council and Bournemouth, Christchurch and Poole Council,

education establishments, admitted, resolution and scheduled bodies within Dorset.

Membership is generally available to employees of participating employers who have contracts of employment of three months or more, are under the age of 75 and who are not eligible for membership of other statutory pension schemes.

Membership of the LGPS is therefore not open to teachers, police officers, firefighters and civil servants who have their own pension schemes.

With effect from 1 April 2014 the LGPS changed from a final salary scheme to a career average scheme. All benefits built up in the LGPS after 31 March 2014 will be calculated under the rules of the new career average scheme.

Our vision is to administer the DCPF successfully, in a cost-effective way, whilst meeting member expectations, and ensuring our statutory duties are met.

How the Scheme Currently Works

Scheme Benefits

The main provisions of the LGPS scheme are as follows:

- The scheme provides a guaranteed pension. From the 1st of April 2014 the Scheme became a Career Average Revalued Earnings (CARE) scheme with benefits building at a rate of 1/49th of pay plus an annual revaluation in line with increase in CPI. The Final Salary link was retained for all benefits prior to 31 March 2014 (1/60th of final pay for each year of membership in the scheme after 31 March 2008 and membership to 31 March 2008 calculated as 1/80th final pay pension plus 3/80ths lump sum).
- Up to 25% of the capital value of benefits can be taken as a lump sum by commutation using the 12:1 commutation rate, i.e. for every £1 of

pension given up the member gets £12 lump sum on retirement.

- Benefits prior to 31 March 2014 continue to be calculated on final pay, being the best one of the last three years' pay.
- Retirement age for future benefits is now State Pension Age, with protections for older members, but with the right to take pension from age 55 with a reduction for early payment.
- Flexible retirement with employer consent is permitted from age 55.
- Immediate payment of pension benefits following redundancy / efficiency retirement on or after age 55.
- A three-tier ill health benefits system.
- A death grant of three times pay for death in service; five times pension if a deferred beneficiary dies; and 10 times pension less pension already paid if a pensioner dies within ten years of retirement and before age 75.
- Spouses' and Civil Partners pensions are generally based on a 1/160th accrual rate. Co-habiting partners pension will also be based on a 1/160th accrual rate but on post 5 April 1988 membership only.
- Members can buy extra scheme pension up to a maximum of £7,352 or they can pay into an Additional Voluntary Contribution (AVC) plan.
- Employers can grant extra pension of up to £7,352.
- Trivial pensions may be commuted into a single lump sum payment in accordance with HMRC rules. Membership Employees must normally have a contract of employment for three months or more in order to be eligible for membership. Membership of the Scheme is then compulsory but eligible employees are free to choose whether to remain in the Scheme or make their own

Scheme Employers

Scheme employers are supported by a dedicated team, who are available to assist and support employers. In addition to the information, forms and fact sheets are available on our website, regular training is provided to assist employers in understanding their role and responsibilities, and in completing the data returns required. A new

personal pension arrangements outside the Scheme.

Contributions

Employees and employers contribute to the scheme. Employees: Members of the LGPS pay a contribution rate dependant on the salary band they fall in to. The contribution rate employees pay depends on their salary. The bands and contribution rates for 2023-24 are set out in the table on page 32.

If a member leaves with at least two years membership and is not entitled to immediate payment of benefits and does not choose to transfer out their accrued benefits, deferred benefits are awarded. Deferred benefits are those which remain in the Fund and are paid when the member reaches retirement age. Such benefits are subject to inflationary increases between the date of leaving and the date of payment.

Standard contributions for members vary from 5.5% to 12.50% depending on the members' level of pensionable pay. Employers meet the balance of the cost of the LGPS through variable employer contributions which are set by the DCPF's actuary every three years following a valuation. Employer contribution rates are shown on page 35.

Our employers are all required to use our employer portal, which enables notifications and data to be exchanged securely. This system links directly into our workflow system.

employer specific website went live in September 2019 to provide better support to employers <https://dcpfemployers.org>.

Employer meetings, (Pension Liaison Officers Group – PLOG), meet three times a year, and all employers are invited to attend.

Specific support is provided to employers outsourcing and new employers including a dedicated section on our website.

Full support and regular training is provided to assist employers in completing and maintaining

their LGPS discretions policy, including a section on the fund website containing a full list of discretions, policy guidance and a template document at www.dcpfemployers.org

Value for Money

The Dorset County Pension Fund (DCPF) is committed to ensuring that the administration functions represent value for money and ensuring the continued improvement of cost efficiency where possible. Our vision is to administer the DCPF successfully, in a cost-effective way, whilst meeting member expectations, and ensuring our statutory duties are met.

The scheme continues to offer value for money to employers and members, by making sure that both Pension Committee and Board have the right skill set and knowledge to ensure governance of the fund; whilst also making sure that the investment and administration teams are, appropriately and adequately resourced to meet the day-to-day challenge for running the Fund.

Data Quality

Retaining good quality data within the Fund is paramount to ensuring effective governance and administration of members' pension records.

Whilst the Fund has a high level of scheme member data which is considered to be present and accurate, it continually strives to improve its data quality.

The Pensions Regulator requires all pension schemes to report to them via the annual Scheme Return, the data quality scores, for both common and scheme specific data.

Since 2018, the DCPF has developed a Data Improvement Plan following annual reports commissioned to examine the quality of the data held. The annual report, and subsequent improvement plans, have led to the continued improvement of our data, and currently all scheme data is in excellent condition. This comes as a continued and joint effort of both the administration team and the DCPF employers who have committed to providing accurate and timely data. Where employers have not been able to meet these requirements, financial penalties as set out in the Pensions Administration Strategy have been imposed, together with an enhanced programme of training and support.



Performance Information

The table below shows a summary of the main task areas, our local target for completion, (Fund KPIs), the legal timescales, the number of tasks completed in each work area, plus the % completed within our target time.

This represents a section of our work only; it does not cover all work areas.

| Process | Fund KPIs | Legal Requirement | Number of cases completed in year | % completed within Benchmark |
|--|-----------|-------------------|-----------------------------------|------------------------------|
| Deaths - Calculate and notify amount of dependent's benefit | 15 days | 2 months | 306 | 93.14 |
| Estimates - Letter notifying estimate of retirement benefits | 15 days | 2 months | 1,063 | 97.46 |
| Retirements - Process and pay lump sum retirement grant (including all retirement types) | 10 Days | 2 months | 1,485 | 96.50 |
| Deferment - Calculate and notify deferred benefits | 40 Days | 2 months | 4,487 | 41.92 |
| Transfers in - Letter detailing transfer in quote | 15 Days | 2 months | 154 | 96.10 |
| Refund - Process and pay a refund | 15 Days | 2 months | 628 | 99.84 |
| Joiners - Send notification of joining the LGPS to scheme member | 30 Days | 2 months | 4,520 | 99.89 |
| Divorce - estimates for divorce purposes processed | 15 Days | 2 months | 185 | 91.89 |
| General Correspondence | 15 Days | | 5,348 | 99.68 |

Communications and Member Engagement

In 2018, the DCPF launched a Member Self-Service (MSS) facility, which enables active, deferred and pensioner members the option to change basic details, such as address, run through benefit calculations and also receive communications.

In August 2021, the member portal changed due to the change in pensions administrative

software. This change has also increased the ability for users to contact the Fund, with the ability to upload documents and certificates.

My Pension - Dorset County Pension Fund's On-line Member Self-Service Portal Active and Deferred Members

If you are an active or deferred member, you can perform your own benefit calculations from the

data held on your pension record, so that you can actively plan for your retirement. You are able to perform as many calculations as you wish and in future not have to wait for your annual benefit statement to arrive before finding out what you can expect to receive when you retire. You are also able to view and update your personal details, which includes changing your death grant expression of wish, if needed.

In Summary:

- View / update your personal details.
- View financial details.
- Perform benefit calculations.

Pensioner Members

You will be able to change your home address, as well as being able to calculate the level of survivor's benefits payable upon your death, making it easier to manage your affairs.

In Summary:

- View / update your basic details.
- View / update your death grant nomination.

To register go to the My Pension website:

<https://mypension.dorsetcouncil.gov.uk>

Annual Benefit Illustrations are issued each year to active and deferred members together with an annual newsletter detailing regulatory changes and key messages for members. Annual newsletters are also sent to pensioner members each year. These communications are very well received by members.

The Communication Policy Statement for the DCPF can be found on the website below.

<https://www.dorsetpensionfund.org/forms-and-publications/communications-policy/>

In-House AVC Provider

The In-House AVC provider is the Prudential. Additional Voluntary Contributions (AVCs) allow you to build up extra savings for retirement. If you choose to pay AVCs, they are invested separately from your Local Government Pension Scheme (LGPS) benefits and provide you with additional income upon your retirement.

The LGPS has a provision within its regulations to allow an employee to enter into an agreement in which the employer can decide to also contribute to their employee's AVC arrangement. This is known as a Shared Cost AVC (SCAVC). This could be done under a Salary Sacrifice arrangement. If an employee enters a SCAVC Salary Sacrifice arrangement with their employer, they would both stand to make savings.

For example, if an employee was earning £20,000, and agrees with their employer that they will give up £1,000 of their salary, which the employer will put directly into a AVC fund, then as long as the employee also puts in a minimum of £1, they will enter a Shared Cost AVC.

The employee will make savings on tax and National Insurance (NI) contributions, and the employer will save on NI contributions. This employee could well have made the same tax savings themselves, by simply paying the £1,001 in directly into the AVC pot, without involving their employer or Salary Sacrifice at all, but via Salary Sacrifice they would get the bonus on saving on their National Insurance contributions too.

Scheme Membership

Employees Contributions Table 2023-24

The 2023-2024 employee contribution bandings within the main and 50/50 sections of the LGPS have been confirmed and are detailed below.

There are nine salary bands with a different contribution percentage for each band. The contribution percentage a member pays is based on their actual annual pensionable salary from 1 April to 31 March each year.

| Contribution Table 2023-24 | | | |
|----------------------------|-----------------------------------|---------------------------------|----------------------------------|
| Band | Pay Bands: Actual Pensionable Pay | Contribution Rate Main Scheme % | Contribution Rate 50/50 Scheme % |
| 1 | Up to £16,500 | 5.50 | 2.75 |
| 2 | £16,501 to £25,900 | 5.80 | 2.90 |
| 3 | £25,901 to £42,100 | 6.50 | 3.25 |
| 4 | £42,101 to £53,300 | 6.80 | 3.40 |
| 5 | £53,301 to £74,700 | 8.50 | 4.25 |
| 6 | £74,701 to £105,900 | 9.90 | 4.95 |
| 7 | £105,901 to £124,800 | 10.50 | 5.25 |
| 8 | £124,801 to £187,200 | 11.40 | 5.70 |
| 9 | £187,201 or more | 12.50 | 6.25 |

Pension Increase

Deferred benefits and pensions in payment are increased each year determined by the increase in the Consumer Price Index (CPI). The pension increase is effective in the first full week of each financial year and is determined by the CPI in the twelve months to the previous September. The increases are payable by the Fund and future increases are estimated at each triennial valuation. This rate is formally announced in October each year and the CPI increase which came into force in April 2024 has been announced as 6.7%.

Pensioners must be over the age of fifty-five or have retired on ill-health grounds to receive the increase. Those in receipt of a widow's, widower's

or dependant's benefit receive the increase regardless of age.

The table below shows the rate of increases that have applied for the last ten years.

| Year Beginning April | Rate of Increase % | Index |
|----------------------|--------------------|-------|
| 2024 | 6.7 | CPI |
| 2023 | 10.1 | CPI |
| 2022 | 3.1 | CPI |
| 2021 | 0.7 | CPI |

| | | |
|------|-----|-----|
| 2020 | 1.7 | CPI |
| 2019 | 2.4 | CPI |
| 2018 | 3.0 | CPI |
| 2017 | 1.0 | CPI |
| 2016 | 0.0 | CPI |
| 2015 | 1.2 | CPI |

Triennial Valuation

Every three years the Fund commissions a formal valuation from the Fund's actuary which produces two key outputs.

Firstly, it quantifies the funding level, i.e., the level to which the Fund's pension liabilities for the accrued benefits of current employees, deferred pensioners and pensions in payment are matched by the market value of the Fund's assets. A funding level of less than 100% implies that there is a deficit between the Fund's assets and liabilities at that date.

Secondly, it also sets the rate at which employers should contribute to the Fund for the following three years along with any deficit recovery payments.

Employer contributions are split into a primary rate and secondary rate.

The primary rate is what is required to meet the future benefits earned by active members (that is, current employees). The primary rate is usually expressed as a percentage of pay.

This is then adjusted by the secondary rate to arrive at the overall rate the employer is required to pay. The secondary rate may be in respect of costs associated with the funding of active and inactive members' benefits earned up to the valuation date, although there can be other factors which affect this rate. The secondary rate may be expressed as a lump sum payment or as a percentage of payroll.

In 2022-23, the results of the latest triennial valuation of the pension fund's assets and liabilities were received from our actuary, Barnett Waddingham. This estimated that at 31 March 2022 the fund had assets sufficient to cover 96% of its accrued liabilities, an improvement from 92% at the 31 March 2019 valuation.

Participating Employers of the Fund

At 31 March 2024 there were 346 employers in the Pension Fund. Participating employers can be scheduled bodies, resolution bodies or admitted bodies, as defined below:

- **Scheduled Bodies.** Employers such as the unitary council (including maintained schools), further education establishments and Academies, whose employees are automatically entitled to be members of the Fund.

- **Resolution Bodies.** These are town and parish councils who can pass a resolution to allow all, or certain categories of employees, to join the LGPS.
- **Admitted Bodies.** These are voluntary, charitable and, in certain circumstances, private sector organisations carrying out scheduled bodies' contracts, where staff can become members of the Scheme by virtue of an Admission Agreement between the Pension Fund and the relevant body. At 31 March 2024 there were 46 Admitted Bodies participating in the Pension Fund.

The membership of the Scheme is analysed below over the three main categories of Active Members, Deferred Members and Pensioners.

- **Active Members:** Those in employment with the Council or one of the scheme employers making contributions to the Pension Fund.
- **Deferred Members:** Those who have left the Council or one of the Scheme employers but have not yet become entitled to receive their pension from the Scheme.
- **Pensioners:** Those who receive a pension from the Scheme (including spouses' and dependants' pension).

Scheme employers are supported by a dedicated team, who are available to assist and support employers. In addition to the information, forms and fact sheets available on our website, regular training is provided to assist employers in understanding their role and responsibilities, and in completing the data returns required.

Our employers are all required to use our employer portal, which enables notifications and data to be exchanged securely. This system links directly to the pension administration system.

Employer meetings (Pension Liaison Officers Group – PLOG), meet three times a year, and all employers are invited to attend.

Specific support is provided to employers outsourcing and new employers including a dedicated section on our website.

Full support and regular training are provided to assist employers in completing and maintaining their LGPS discretions policy, including a section on the fund website containing a full list of discretions, policy guidance and a template document at:

www.dcpfemployers.org

Employer Contribution Rates – Year Ended 31 March 2024

The tables below show the Scheduled Bodies, Resolution Bodies and Admitted Bodies information.

The following are the employers participating in the Dorset County Pension Fund as at 31 March 2024. The contribution rates shown are the percentage of its employees' pensionable pay that each employer paid into the fund during 2023-24. The contribution rates are set at a level so as to bring the fund to 100% funding over a period of sixteen years. The contributions received from both employers and employees during the year are also shown.

| Scheduled Bodies | Number of Active Members | Number of Pensioners | Employer Contribution Rate Paid % | Employer Contributions £ | Employee Contribution Rate Paid % | Employee Contributions £ |
|---------------------------|--------------------------|----------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| Principal Councils | | | | | | |
| Dorset Council | 6,547 | 11,635 | 19.1 | 35,583,021.63 | 6.4 | 10,021,144.73 |
| BCP Council | 4,846 | 7,572 | 19.0 | 31,309,865.06 | 6.4 | 9,164,708.87 |

| Scheduled Bodies | Number of Active Members | Number of Pensioners | Employer Contribution Rate Paid % | Employer Contributions £ | Employee Contribution Rate Paid % | Employee Contributions £ |
|---|--------------------------|----------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| Parish and Town Councils | | | | | | |
| Alderholt Parish Council | 3 | 1 | 22.0 | 8,295.86 | 5.6 | 2,139.69 |
| Bere Regis Parish Council | 1 | 0 | 22.0 | 2,833.60 | 5.5 | 708.40 |
| Blandford Town Council | 15 | 16 | 22.0 | 86,575.18 | 6.3 | 24,681.68 |
| Bothenhampton & Walditch Parish Council | 1 | 0 | 22.0 | 3,007.97 | 5.5 | 752.00 |
| Bridport Town Council | 21 | 9 | 22.0 | 123,372.28 | 6.1 | 33,923.77 |
| Broadwindsor Group Parish Council | 0 | 0 | 0.0 | 1,518.12 | 0.0 | 379.56 |
| Chickerell Town Council | 5 | 0 | 22.0 | 34,159.96 | 6.0 | 9,163.56 |
| Christchurch Town Council | 5 | 1 | 22.0 | 30,136.90 | 6.0 | 8,175.73 |
| Colehill Parish Council | 3 | 2 | 22.0 | 13,290.73 | 6.3 | 3,800.38 |
| Corfe Mullen Town Council | 9 | 6 | 22.0 | 36,087.60 | 6.2 | 10,131.83 |
| Crossways Parish Council | 1 | 0 | 22.0 | 4,681.20 | 5.8 | 1,234.20 |
| Dorchester Town Council | 26 | 26 | 22.0 | 139,385.31 | 6.3 | 40,301.08 |
| East Stoke Parish Council | 1 | 0 | 22.0 | 755.79 | 5.4 | 186.07 |
| Ferndown Town Council | 2 | 9 | 22.0 | 16,026.40 | 6.5 | 4,834.18 |
| Gillingham Town Council | 14 | 9 | 22.0 | 87,833.87 | 6.3 | 25,226.00 |
| Knightsford Parish Council | 1 | 0 | 22.0 | 2,310.00 | 5.5 | 577.44 |
| Lower Winterborne Parish Council | 1 | 0 | 22.0 | 1,634.64 | 5.5 | 408.72 |
| Lyme Regis Town Council | 24 | 19 | 22.0 | 122,594.95 | 6.2 | 34,664.30 |
| Lytchett Matravers Parish Council | 0 | 1 | 22.0 | 2,639.09 | 5.8 | 693.46 |
| Lytchett Minster And Upton Town Council | 5 | 5 | 22.0 | 36,836.12 | 6.5 | 11,022.04 |
| Milborne St Andrews Parish Council | 0 | 1 | 22.0 | 0.00 | N/A | 0.00 |
| Portland Town Council | 12 | 4 | 22.0 | 45,924.50 | 6.2 | 12,867.50 |

| Scheduled Bodies | Number of Active Members | Number of Pensioners | Employer Contribution Rate Paid % | Employer Contributions £ | Employee Contribution Rate Paid % | Employee Contributions £ |
|-------------------------------------|--------------------------|----------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| Puddletown Area Parish Council (2) | 2 | 1 | 22.0 | 0.00 | N/A | 0.00 |
| Shaftesbury Town Council | 9 | 7 | 22.0 | 46,292.33 | 6.2 | 13,150.12 |
| Sherborne Town Council | 19 | 20 | 22.0 | 106,356.33 | 6.3 | 30,336.31 |
| St Leonards Parish Council | 2 | 1 | 22.0 | 8,276.27 | 6.2 | 2,340.76 |
| Stalbridge Town Council | 1 | 0 | 22.0 | 4,331.61 | 5.8 | 1,149.09 |
| Sturminster Marshall Parish council | 1 | 0 | 22.0 | 3,520.68 | 5.5 | 880.20 |
| Sturminster Newton Parish Council | 0 | 2 | 22.0 | 0.00 | N/A | 0.00 |
| Swanage Town Council | 37 | 74 | 22.0 | 192,764.37 | 5.8 | 50,998.67 |
| Verwood Town Council | 5 | 2 | 22.0 | 29,769.94 | 7.1 | 9,550.76 |
| Wareham St Martin Parish Council | 0 | 1 | 22.0 | 0.00 | N/A | 0.00 |
| Wareham Town Council | 6 | 10 | 22.0 | 46,350.44 | 6.9 | 14,758.20 |
| West Moors Town Council | 2 | 1 | 22.0 | 16,000.25 | 6.5 | 4,727.35 |
| West Parley Parish Council | 1 | 1 | 22.0 | 5,800.46 | 5.9 | 1,543.36 |
| Weymouth Town Council | 55 | 10 | 22.0 | 361,828.19 | 6.6 | 103,693.77 |
| Wimborne Minster Town Council | 8 | 3 | 22.0 | 54,531.20 | 6.4 | 15,968.71 |
| Wool Parish Council | 1 | 2 | 22.0 | 5,041.92 | 5.8 | 1,329.24 |

| Scheduled Bodies | Number of Active Members | Number of Pensioners | Employer Contribution Rate Paid % | Employer Contributions £ | Employee Contribution Rate Paid % | Employee Contributions £ |
|--|--------------------------|----------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| Further and Higher Education Establishments | | | | | | |
| AECC University College | 28 | 38 | 23.0 | 355,116.85 | 6.5 | 40,819.76 |
| Arts University Bournemouth | 336 | 95 | 16.4 | 1,524,437.23 | 6.5 | 612,368.72 |
| Bournemouth and Poole College | 261 | 500 | 24.0 | 1,381,842.77 | 6.3 | 359,889.39 |
| Bournemouth University | 1,212 | 679 | 18.0 | 6,132,708.69 | 6.9 | 2,406,590.19 |
| Kingston Maurward College | 172 | 157 | 18.0 | 465,452.34 | 6.1 | 158,504.60 |
| Weymouth College | 255 | 272 | 17.9 | 848,339.00 | 6.1 | 237,600.41 |

| Scheduled Bodies | Number of Active Members | Number of Pensioners | Employer Contribution Rate Paid % | Employer Contributions £ | Employee Contribution Rate Paid % | Employee Contributions £ |
|------------------------------------|--------------------------|----------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| Academies and Schools | | | | | | |
| Acorn Academy Trust | 45 | 8 | 23.6 | 68,591.13 | 5.5 | 16,186.87 |
| Ambitions Academies Trust | 735 | 157 | 23.6 | 2,683,742.46 | 5.9 | 674,824.48 |
| Atlantic Academy Portland | 60 | 52 | 23.6 | 241,878.57 | 6.3 | 64,054.27 |
| Avonbourne Academy | 147 | 88 | 23.6 | 519,928.67 | 6.0 | 131,855.91 |
| Beaucroft School | 122 | 14 | 23.6 | 296,748.91 | 5.9 | 74,598.96 |
| The Bishop of Winchester Academy | 54 | 23 | 23.6 | 231,179.66 | 6.0 | 59,362.24 |
| Bournemouth School | 59 | 37 | 23.6 | 229,553.70 | 6.2 | 60,333.86 |
| Bournemouth School For Girls | 69 | 42 | 23.6 | 257,089.89 | 6.3 | 68,630.89 |
| Bovington Academy | 39 | 1 | 23.6 | 72,041.80 | 5.8 | 17,648.50 |
| Budmouth Academy | 101 | 97 | 23.6 | 307,173.36 | 6.1 | 79,439.96 |
| Burton Primary School | 37 | 2 | 23.6 | 90,981.33 | 5.7 | 23,202.94 |
| Castleman Academy Trust | 280 | 27 | 23.6 | 697,875.53 | 5.8 | 184,955.27 |
| Chickerell Academy | 63 | 13 | 23.6 | 157,244.23 | 5.7 | 37,846.82 |
| Christchurch Infant School | 48 | 3 | 23.6 | 97,631.08 | 5.6 | 24,672.57 |
| Coastal Learning Partnership | 813 | 107 | 23.6 | 1,815,869.63 | 5.7 | 435,194.96 |
| Corfe Hills School | 73 | 88 | 23.6 | 238,762.32 | 6.1 | 61,676.31 |
| Cornerstone Academy | 85 | 16 | 23.6 | 223,233.42 | 5.9 | 55,978.31 |
| Corpus Christi School | 80 | 1 | 23.6 | 142,322.09 | 5.7 | 34,215.28 |
| Delta Education Trust | 154 | 9 | 23.6 | 629,263.13 | 6.1 | 160,709.83 |
| Diocese Of Salisbury Academy Trust | 461 | 70 | 23.6 | 935,164.03 | 5.6 | 235,374.27 |
| Dorset Studio School | 31 | 3 | 23.6 | 132,239.51 | 5.5 | 30,863.85 |
| First Federation Trust | 24 | 1 | 23.6 | 36,560.12 | 5.6 | 8,753.92 |
| Glenmoor Academy | 8 | 9 | 23.6 | 48,165.98 | 6.2 | 12,666.44 |
| Hamwic Education Trust | 670 | 87 | 23.6 | 1,591,301.06 | 5.7 | 387,804.67 |
| Heath Academy Trust | 136 | 22 | 23.6 | 318,699.77 | 5.8 | 76,534.52 |
| Highcliffe Academy (HISP) | 89 | 50 | 23.6 | 305,713.02 | 6.0 | 77,708.55 |
| Highcliffe St Mark Primary School | 92 | 20 | 23.6 | 196,904.42 | 6.0 | 50,549.93 |
| Hill View Primary School | 50 | 14 | 23.6 | 118,113.03 | 5.6 | 27,804.00 |
| Initio Learning Trust | 648 | 160 | 23.6 | 1,750,646.41 | 5.8 | 432,764.31 |
| Jewell Academy | 36 | 2 | 23.6 | 109,346.43 | 5.7 | 26,391.88 |
| Kingsleigh Primary School | 78 | 18 | 23.6 | 304,844.46 | 5.9 | 76,722.90 |
| Linwood School | 269 | 5 | 22.2 | 946,093.25 | 5.8 | 257,045.62 |

| Scheduled Bodies | Number of Active Members | Number of Pensioners | Employer Contribution Rate Paid % | Employer Contributions £ | Employee Contribution Rate Paid % | Employee Contributions £ |
|---------------------------------------|--------------------------|----------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| Livingstone Academy Bournemouth | 38 | 0 | 23.6 | 102,226.60 | 5.8 | 25,057.50 |
| Lytchett Minster School | 118 | 31 | 23.6 | 430,297.77 | 5.9 | 108,177.51 |
| Magna Academy | 76 | 14 | 23.6 | 201,735.79 | 5.9 | 51,519.51 |
| Malmesbury Park Primary School | 89 | 19 | 23.6 | 183,520.71 | 5.6 | 43,665.28 |
| Montacute School | 94 | 47 | 23.6 | 316,311.53 | 5.7 | 77,245.39 |
| Moordown St John's CE Primary School | 61 | 17 | 23.6 | 147,579.26 | 5.6 | 35,288.58 |
| Mudford Infants School | 36 | 7 | 23.6 | 56,226.78 | 5.6 | 14,278.79 |
| Mudford Junior School | 24 | 4 | 23.6 | 64,545.87 | 5.7 | 16,577.92 |
| Muscliff Primary | 91 | 15 | 23.6 | 244,377.00 | 5.7 | 59,392.07 |
| Ocean Academy (Aspirations) | 31 | 3 | 23.6 | 93,874.40 | 5.7 | 23,086.04 |
| Parkfield School | 28 | 5 | 23.6 | 70,583.99 | 5.8 | 17,336.03 |
| Parkstone Grammar School | 77 | 45 | 23.6 | 265,663.32 | 6.0 | 67,692.10 |
| Pickwick Academy Trust | 110 | 5 | 23.6 | 157,950.77 | 5.6 | 37,252.05 |
| Plymouth Cast - Dorset | 305 | 81 | 23.6 | 695,244.62 | 5.9 | 165,186.85 |
| Pokesdown Community Primary School | 109 | 17 | 23.6 | 171,432.38 | 5.7 | 41,247.42 |
| Poole Grammar School | 83 | 57 | 23.6 | 274,336.07 | 6.0 | 69,857.05 |
| Poole High School | 124 | 53 | 23.6 | 420,209.80 | 5.9 | 111,801.14 |
| Sherborne Area Schools' Trust | 540 | 151 | 23.6 | 1,649,357.78 | 6.1 | 407,341.77 |
| Somerford Primary School | 38 | 9 | 23.6 | 88,940.83 | 5.8 | 23,171.18 |
| St Edward's School | 78 | 8 | 22.2 | 250,744.55 | 6.2 | 68,912.54 |
| St James' Academy | 76 | 7 | 23.6 | 137,336.07 | 5.8 | 35,608.74 |
| St Joseph's Catholic Primary School | 42 | 2 | 23.6 | 70,078.71 | 5.5 | 17,517.17 |
| St Katharine's C of E School | 63 | 0 | 23.6 | 132,453.97 | 5.6 | 31,764.66 |
| St Mark's C of E Primary | 66 | 14 | 23.6 | 150,462.59 | 5.6 | 36,025.05 |
| St Michael's CE VA Primary School | 68 | 9 | 23.6 | 221,495.11 | 5.7 | 53,489.11 |
| St Walburga's Catholic Primary School | 81 | 10 | 23.6 | 126,279.98 | 5.7 | 30,570.58 |
| St. Peter's School | 154 | 86 | 23.6 | 526,055.42 | 5.7 | 127,979.12 |
| Stanley Green Academy | 44 | 4 | 23.6 | 77,498.09 | 5.6 | 18,703.09 |
| Teach Trust | 186 | 39 | 23.6 | 508,721.03 | 5.8 | 124,580.05 |
| The Bourne Academy | 57 | 16 | 23.6 | 280,831.18 | 6.2 | 74,445.44 |
| The Epiphany Academy | 46 | 20 | 23.6 | 140,122.24 | 5.8 | 30,842.20 |

| Scheduled Bodies | Number of Active Members | Number of Pensioners | Employer Contribution Rate Paid % | Employer Contributions £ | Employee Contribution Rate Paid % | Employee Contributions £ |
|------------------------------|--------------------------|----------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| The Priory CE Primary School | 19 | 3 | 23.6 | 49,662.84 | 5.7 | 12,652.71 |
| The Swanage School | 48 | 1 | 23.6 | 127,536.43 | 5.9 | 32,070.91 |
| The Woodroffe School | 59 | 61 | 23.6 | 236,860.11 | 6.0 | 60,610.84 |
| Twynham Academy | 360 | 92 | 23.6 | 1,025,453.16 | 5.9 | 255,696.52 |
| Wessex Multi Academy Trust | 612 | 141 | 23.6 | 1,843,696.68 | 6.0 | 467,532.51 |
| Westfield School | 145 | 63 | 23.6 | 528,169.63 | 5.8 | 131,318.17 |
| Winchelsea School | 108 | 2 | 22.2 | 395,839.59 | 5.9 | 105,994.78 |
| Winton Academy | 83 | 19 | 23.6 | 312,594.11 | 5.9 | 78,858.10 |
| Wyvern Academy | 119 | 25 | 23.6 | 384,826.82 | 5.6 | 92,374.01 |

| Scheduled Bodies | Number of Active Members | Number of Pensioners | Employer Contribution Rate Paid % | Employer Contributions £ | Employee Contribution Rate Paid % | Employee Contributions £ |
|------------------------------------|--------------------------|----------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| Other | | | | | | |
| Addaction | 0 | 1 | N/A | 0.00 | N/A | 0.00 |
| Ansbury | 0 | 104 | N/A | 0.00 | N/A | 0.00 |
| AP Chant Plumbing & Heating | 0 | 3 | N/A | 0.00 | N/A | 0.00 |
| AQS Homecare | 0 | 12 | N/A | 0.00 | N/A | 0.00 |
| Barnardo's | 0 | 1 | N/A | 0.00 | N/A | 0.00 |
| Bournemouth Airport | 0 | 37 | N/A | 0.00 | N/A | 0.00 |
| Bournemouth Citizens Advice Bureau | 0 | 8 | N/A | 0.00 | N/A | 0.00 |
| Bournemouth Health | 0 | 1 | N/A | 0.00 | N/A | 0.00 |
| Bournemouth Transport | 0 | 176 | N/A | 0.00 | N/A | 0.00 |
| Bridport Museum Trust | 0 | 1 | N/A | 0.00 | N/A | 0.00 |
| Care South | 0 | 380 | N/A | 0.00 | N/A | 0.00 |
| Care Uk Plc | 0 | 48 | N/A | 0.00 | N/A | 0.00 |
| Caterlink Limited ⁽¹⁾ | 2 | 2 | 18.8 | 377.00 | 5.5 | 110.29 |
| Caterlink Ltd (St Peter's School) | 2 | 0 | 26.5 | 7,993.60 | 5.5 | 1,659.08 |
| Caterlink Ltd (Wimborne) | 2 | 0 | 21.3 | 5,729.54 | 5.7 | 1,531.64 |
| Churchill (Bearwood) | 0 | 2 | N/A | 0.00 | N/A | 0.00 |
| Churchill (Poole) | 0 | 1 | N/A | 0.00 | N/A | 0.00 |
| Churchill (St Joseph) | 0 | 1 | N/A | 0.00 | N/A | 0.00 |
| Churchill Cleaning | 0 | 2 | N/A | 0.00 | N/A | 0.00 |
| Dorset Police | 0 | 2 | N/A | 0.00 | N/A | 0.00 |
| Churchill Contract Services | 0 | 1 | N/A | 0.00 | N/A | 0.00 |

| Scheduled Bodies | Number of Active Members | Number of Pensioners | Employer Contribution Rate Paid % | Employer Contributions £ | Employee Contribution Rate Paid % | Employee Contributions £ |
|--|--------------------------|----------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| Compass Contract Services Ltd | 0 | 4 | N/A | 0.00 | N/A | 0.00 |
| Convex Leisure Ltd | 0 | 2 | N/A | 0.00 | N/A | 0.00 |
| CSCI | 0 | 17 | N/A | 0.00 | N/A | 0.00 |
| DC Leisure Management Ltd | 0 | 8 | N/A | 0.00 | N/A | 0.00 |
| Dorchester Joint Burial Committee | 0 | 1 | N/A | 0.00 | N/A | 0.00 |
| Dorset Community Action | 0 | 34 | N/A | 3,318.91 | 6.5 | 817.14 |
| Dorset Lighting | 0 | 2 | N/A | 0.00 | N/A | 0.00 |
| Dorset Magistrates' Court | 0 | 90 | N/A | 0.00 | N/A | 0.00 |
| East Boro Housing Trust | 0 | 10 | N/A | 0.00 | N/A | 0.00 |
| East Dorset Housing Association | 0 | 47 | N/A | 0.00 | N/A | 0.00 |
| Edwards & Ward Limited | 0 | 1 | N/A | 0.00 | N/A | 0.00 |
| Harewood College | 0 | 5 | N/A | 0.00 | N/A | 0.00 |
| Healthy Living Wessex | 0 | 2 | N/A | 0.00 | N/A | 0.00 |
| Interclean | 0 | 1 | N/A | 0.00 | N/A | 0.00 |
| Links4Learning | 0 | 1 | N/A | 0.00 | N/A | 0.00 |
| Lyme Arts Comm. Trust | 0 | 1 | N/A | 0.00 | N/A | 0.00 |
| Mack Trading | 0 | 4 | N/A | 0.00 | N/A | 0.00 |
| Mouchel Ltd | 0 | 73 | N/A | 0.00 | N/A | 0.00 |
| Police & Crime Commissioner for Dorset | 1,465 | 1,017 | 18.7 | 8,276,457.42 | 7.2 | 2,907,711.66 |
| Poole Harbour Commissioners | 0 | 5 | N/A | 0.00 | N/A | 0.00 |
| Purbeck Housing Trust | 0 | 16 | N/A | 0.00 | N/A | 0.00 |
| Sequal Solutions Ltd | 0 | 2 | N/A | 0.00 | N/A | 0.00 |
| Signpost Care Partnership | 0 | 2 | N/A | 0.00 | N/A | 0.00 |
| Signpost Housing Asn Ltd | 0 | 42 | N/A | 0.00 | N/A | 0.00 |
| Signpost Services Ltd | 0 | 11 | N/A | 0.00 | N/A | 0.00 |
| South Dorset Community Sports Trust ⁽³⁾ | 1 | 2 | 0.0 | 0.00 | N/A | 0.00 |
| Stour Valley & Poole Partnership | 0 | 53 | N/A | 0.00 | N/A | 0.00 |
| The Arts Development Company | 0 | 3 | N/A | 0.00 | N/A | 0.00 |

| Scheduled Bodies | Number of Active Members | Number of Pensioners | Employer Contribution Rate Paid % | Employer Contributions £ | Employee Contribution Rate Paid % | Employee Contributions £ |
|---|--------------------------|----------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| Wareham Burial Joint Committee | 0 | 2 | N/A | 0.00 | N/A | 0.00 |
| Wessex Education Shared Services | 0 | 9 | N/A | 0.00 | N/A | 0.00 |
| Wessex Water Authority | 0 | 5 | N/A | 0.00 | N/A | 0.00 |
| Weyco Services Ltd | 3 | 2 | 17.9 | 15,780.67 | 5.7 | 3,443.69 |
| Weymouth And Portland Housing Association | 0 | 58 | N/A | 0.00 | N/A | 0.00 |
| Weymouth Port Health | 0 | 14 | N/A | 0.00 | N/A | 0.00 |
| Wimborne Cemetery | 0 | 1 | N/A | 0.00 | N/A | 0.00 |

| | | | | | | |
|-------------------------------|---------------|---------------|--|--------------------|--|-------------------|
| Total Scheduled Bodies | 25,673 | 25,968 | | 116,547,241 | | 33,642,292 |
|-------------------------------|---------------|---------------|--|--------------------|--|-------------------|

| Admitted Bodies | Number of Active Members | Number of Pensioners | Employer Contribution Rate Paid % | Employer Contributions £ | Employee Contribution Rate Paid % | Employee Contributions £ |
|--|--------------------------|----------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| 1610 | 1 | 5 | 15.2 | 3,370.28 | 5.8 | 1,286.01 |
| Age Concern Bournemouth | 1 | 5 | 25.5 | 2,149.48 | 5.5 | 463.80 |
| BH Live | 57 | 83 | 19.5 | 269,446.63 | 6.6 | 91,696.41 |
| Bournemouth and Poole Adult Learning | 111 | 55 | 22.5 | 283,556.20 | 6.2 | 56,897.20 |
| Care Dorset Limited | 330 | 42 | 22.4 | 1,525,455.25 | 5.9 | 386,538.73 |
| Christchurch Learning Centre | 4 | 0 | 22.3 | 17,736.15 | 6.1 | 4,835.13 |
| Churchill (Ambitions) | 8 | 1 | 22.6 | 10,418.95 | 5.5 | 2,528.29 |
| Churchill (Avonbourne Academy) | 10 | 0 | 18.8 | 19,873.95 | 0.0 | 5,814.18 |
| Churchill (Harbourside) | 3 | 0 | 18.5 | 3,546.20 | 5.5 | 1,054.26 |
| Churchill (The Bourne Academy) | 3 | 0 | 24.6 | 6,360.50 | 5.5 | 1,283.17 |
| Cucina Restaurants Limited | 12 | 0 | 26.7 | 29,907.74 | 5.5 | 6,214.86 |
| Dorset Association of Town & Parish Councils | 3 | 7 | 26.0 | 21,672.24 | 6.2 | 5,180.04 |
| Dorset County Museum | 3 | 18 | 25.5 | 17,831.81 | 5.5 | 3,631.72 |
| Enigma CCTV Ltd | 2 | 0 | 27.5 | 5,256.92 | 5.6 | 1,061.00 |
| Expedite Complete Business Solutions Ltd | 2 | 0 | 22.0 | 2,761.45 | 5.5 | 684.90 |
| Family Action | 3 | 0 | 24.5 | 14,840.62 | 6.4 | 3,850.79 |
| Glen Cleaning | 1 | 0 | 25.4 | 2,813.16 | 5.5 | 609.16 |
| Harrison Catering Services Ltd | 2 | 0 | 24.7 | 6,732.12 | 5.5 | 1,499.05 |

| Admitted Bodies | Number of Active Members | Number of Pensioners | Employer Contribution Rate Paid % | Employer Contributions £ | Employee Contribution Rate Paid % | Employee Contributions £ |
|---|--------------------------|----------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| Hayward Services Ltd | 27 | 0 | 20.6 | 32,253.85 | 5.5 | 8,372.98 |
| Horizon Home Care (Southern) Limited | 2 | 1 | 26.2 | 8,902.26 | 5.5 | 1,556.03 |
| HPS Services FM Ltd (Atlantic & Budmouth) | 19 | 4 | 29.9 | 43,969.99 | 5.5 | 8,126.38 |
| HPS Services FM Ltd (Bovington) | 2 | 0 | 28.3 | 1,857.41 | 5.5 | 361.02 |
| Jurassic Coast Trust | 2 | 0 | 19.0 | 8,473.50 | 6.7 | 2,982.59 |
| KGB Cleaning South West Ltd | 2 | 0 | 28.9 | 3,378.10 | 5.5 | 671.47 |
| Magna Housing Association Ltd | 36 | 264 | 30.0 | 361,899.44 | 6.7 | 80,371.46 |
| Magna Housing Group | 5 | 36 | 22.7 | 120,509.10 | 6.5 | 11,823.85 |
| Millbrook Healthcare | 5 | 4 | 23.1 | 38,258.86 | 6.4 | 11,081.70 |
| Places For People | 4 | 5 | 21.0 | 16,734.22 | 6.3 | 5,017.86 |
| Rapid Commercial Cleaning Services Ltd | 4 | 1 | 22.6 | 7,008.07 | 5.5 | 1,705.61 |
| Restorative Solutions | 1 | 0 | 29.4 | 5,795.36 | 5.8 | 1,143.31 |
| Sansum Solutions Group Limited | 1 | 0 | 17.8 | 1,396.69 | 5.5 | 431.52 |
| Schools Plus Ltd | 1 | 0 | 23.6 | 5,967.15 | 5.5 | 1,358.94 |
| SLM (Weymouth) Charitable Trust | 4 | 4 | 18.0 | 21,140.87 | 6.3 | 7,368.94 |
| SLM Community & Leisure Blandford | 6 | 5 | 16.0 | 27,349.18 | 6.6 | 11,242.39 |
| SLM Community Leisure Charitable Trust | 19 | 6 | 21.0 | 93,780.09 | 6.1 | 20,227.53 |
| SLM Food And Beverage Poole | 0 | 1 | N/A | 0.00 | N/A | 0.00 |
| Sovereign Housing Group | 2 | 55 | 17.6 | 207,357.18 | 11.7 | 32,834.86 |
| Spectrum Housing Group | 10 | 18 | 17.6 | 411,769.75 | 6.8 | 37,920.39 |
| Stonewater Ltd | 1 | 33 | 18.0 | 127,481.00 | 10.5 | 11,363.90 |
| Synergy Housing Group | 27 | 49 | 24.0 | 402,381.37 | 6.9 | 76,286.28 |
| The Colliton Club | 1 | 1 | 26.5 | 4,318.44 | 5.5 | 896.28 |
| Tricuro | 211 | 532 | 22.5 | 1,203,174.54 | 6.1 | 327,814.94 |
| Tricuro Start Team | 4 | 1 | 22.4 | 27,095.73 | 5.8 | 7,034.92 |
| Tricuro Supported Living | 0 | 7 | N/A | 0.00 | N/A | 0.00 |
| Wessex Museums Trust | 1 | 0 | 19.4 | 5,829.73 | 6.5 | 1,992.37 |
| Total Admitted Bodies | 953 | 1,243 | | 5,431,812 | | 1,245,116 |
| Overall Total | 26,626 | 27,211 | | 121,979,052 | | 34,887,408 |

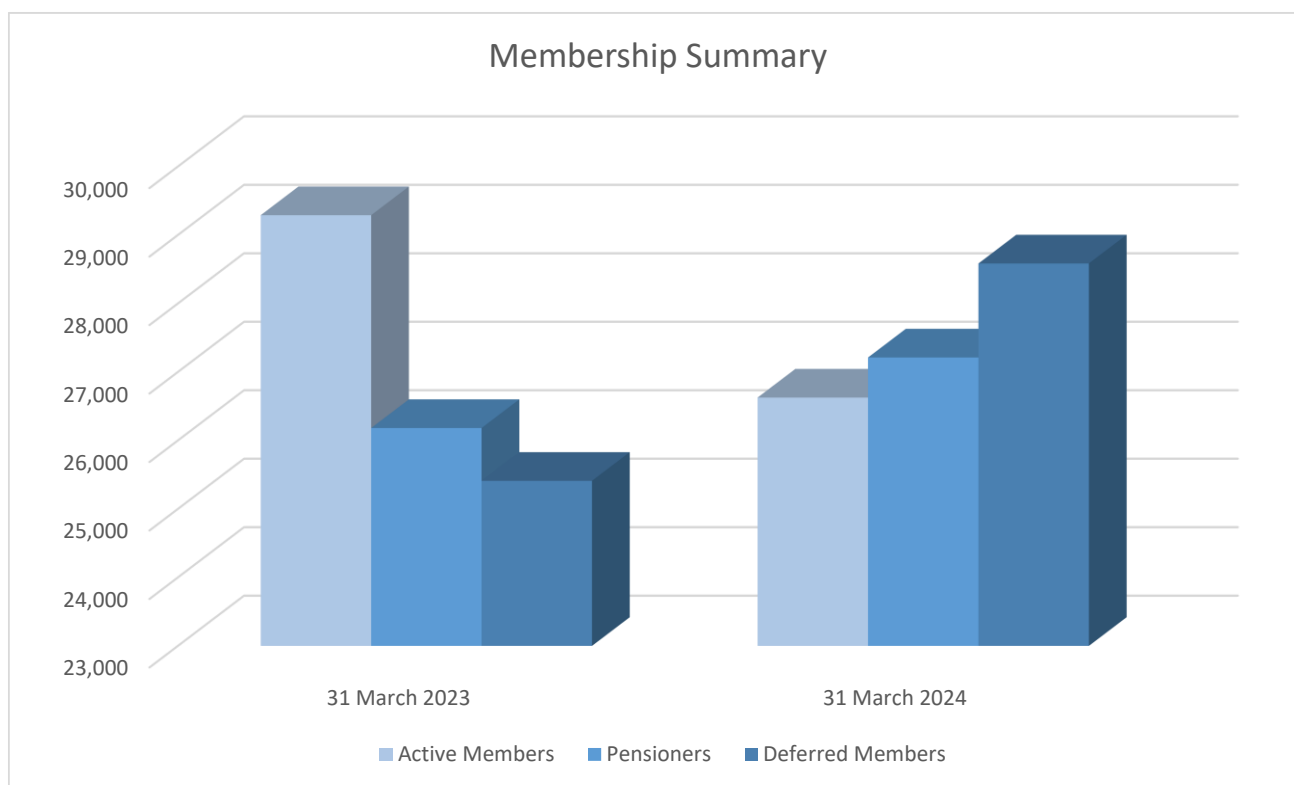
Other Scheme Administration Information

Scheme Membership

On 31 March 2024 there were 26,626 active members, pensioners, 27,211 pensioners and 28,584 deferred members, a total of 82,421 Scheme members.

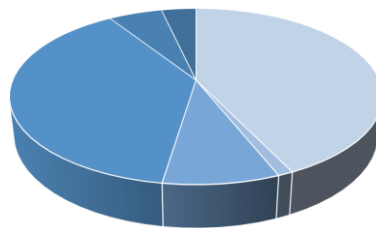
The tables and charts below show the Membership in the Fund over the last two financial years.

| Membership Summary | 31 March 2023 | 31 March 2024 | Change | Change % |
|--------------------|---------------|---------------|--------------|----------|
| Active Members | 29,289 | 26,626 | -2,663 | -9.1 |
| Pensioners | 26,181 | 27,211 | 1,030 | 3.9 |
| Deferred Members | 25,410 | 28,584 | 3,174 | 12.5 |
| Total | 80,880 | 82,421 | 1,541 | |



| Active Members 31 March 2024 | Number of Active Members | % |
|---|--------------------------|--------------|
| Principal Councils | 11,393 | 42.8 |
| Parish and Town Councils | 299 | 1.1 |
| Further and Higher Education Establishments | 2,264 | 8.5 |
| Academies and Schools | 10,242 | 38.5 |
| Other Scheduled Bodies | 1,475 | 5.5 |
| Admitted Bodies | 953 | 3.6 |
| Total | 26,626 | 100.0 |

Number of Active Members

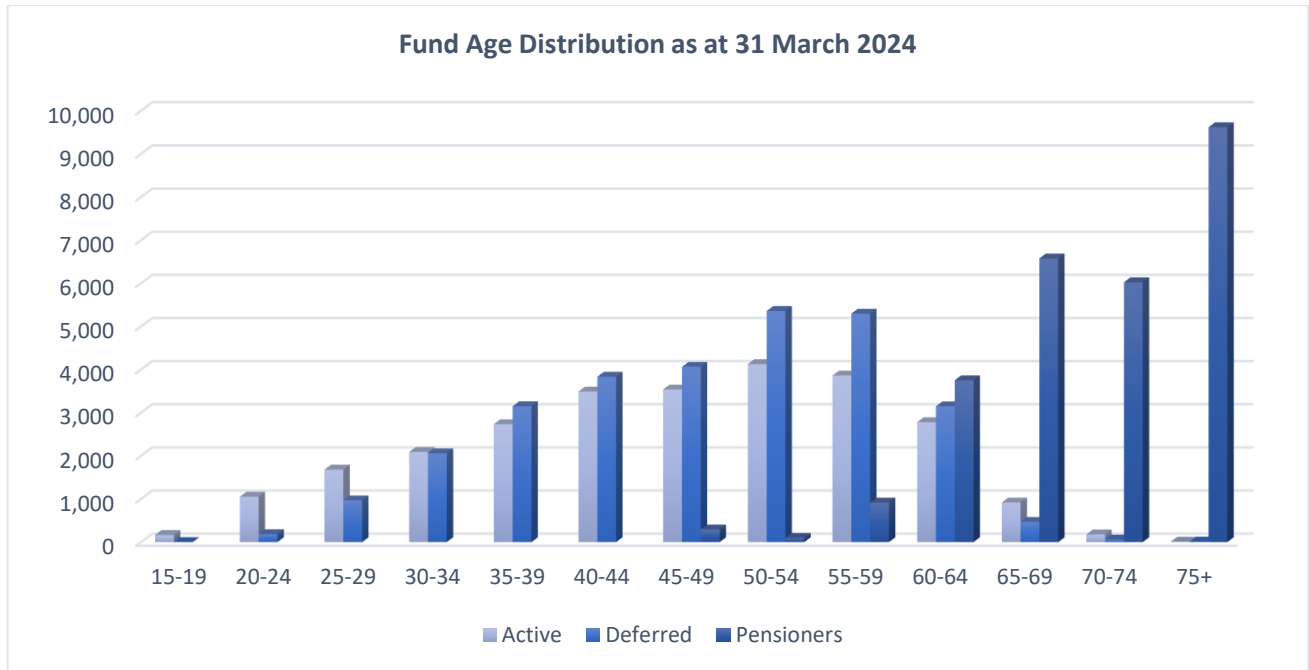


- Principal Councils
- Parish and Town Councils
- Further and Higher Education Establishments
- Academies and Schools
- Other
- Admitted Bodies

Age Profile of Membership as at 31 March 2024

The chart below shows the Fund Age Profile as at 31 March 2024. There were twenty-four

pensioners / dependents over 100 years old (20 females and 4 males), the oldest being 109 years old as at 31 March 2024.



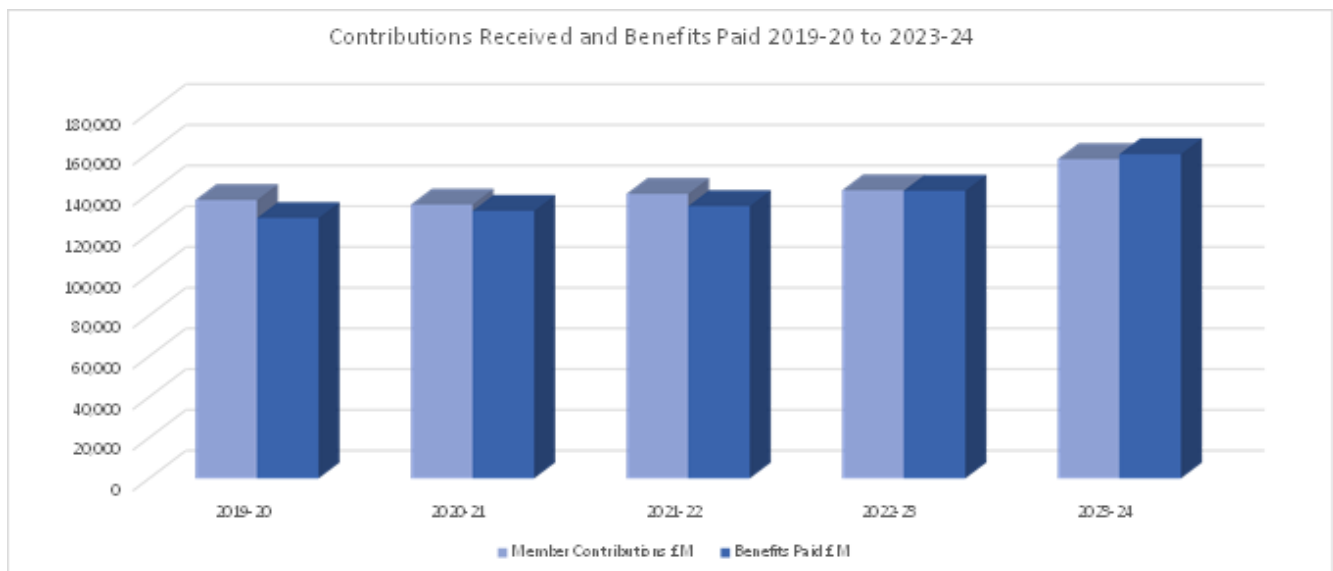
Starters and Leavers During 2023-24

During 2023-24 there were 4,455 new starters in the Pension Fund and 5,215 that have left the scheme.

| Year | Member Contributions £M | Benefits Paid £M |
|----------------|-------------------------|------------------|
| 2023-24 | 156,866 | 159,280 |
| 2022-23 | 141,527 | 141,306 |
| 2021-22 | 139,798 | 133,759 |
| 2020-21 | 134,548 | 131,431 |
| 2019-20 | 136,769 | 127,919 |

Contributions and Benefits

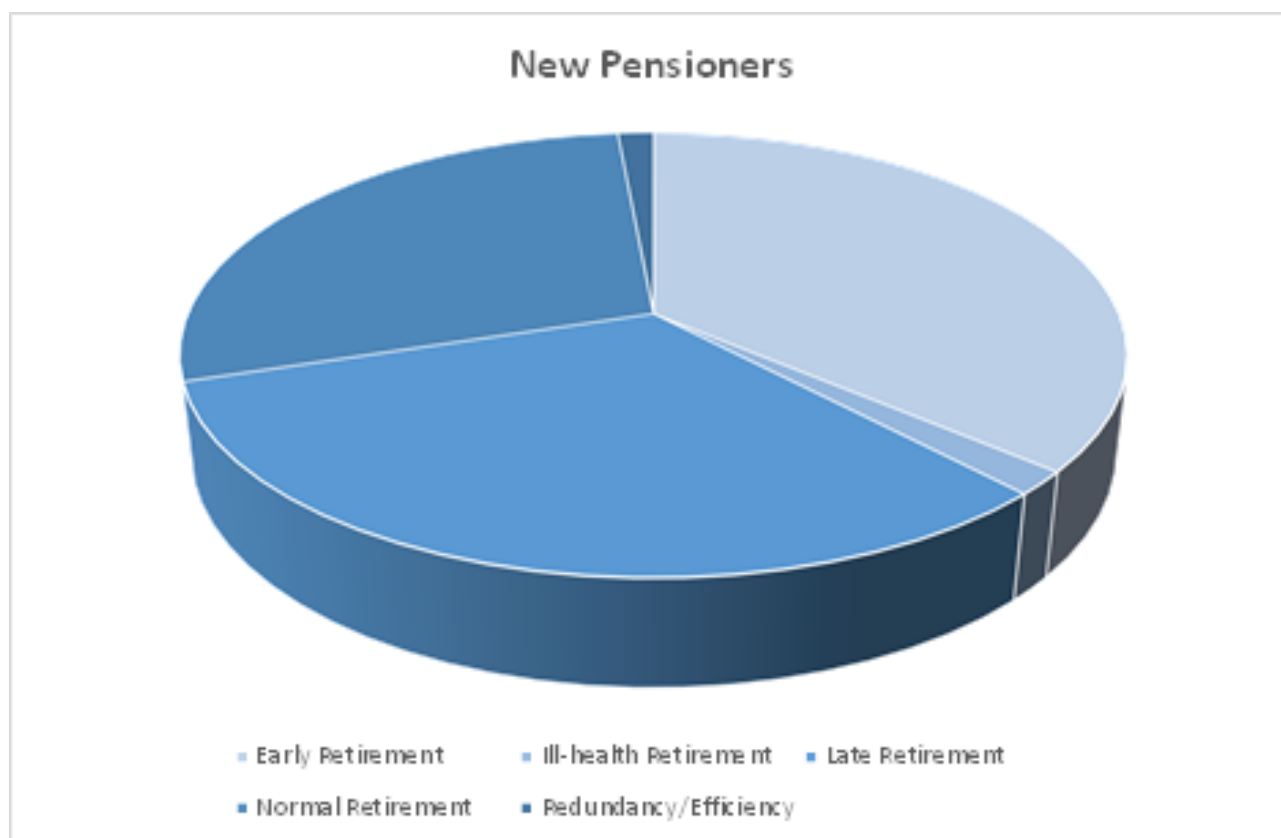
The table below shows the history of contributions received and benefits paid over the last five financial years.



New Pensioners Details

The table shows the details of new pensioners split between various categories.

| New Pensioners | |
|-----------------------|---------------|
| Type of Retirement | Total Members |
| Early Retirement | 573 |
| Ill-health Retirement | 27 |
| Late Retirement | 510 |
| Normal Retirement | 449 |
| Redundancy/Efficiency | 23 |
| Total | 1,582 |



Scheme Administration

Dorset Council is the administering authority for the Dorset County Pension Fund and the scheme administration is the responsibility of the Fund Administrator. The costs of administering the scheme are charged to the Pension Fund.

Financial Services staff assist the Fund Administrator in his statutory duty to ensure that the Pension Scheme remains solvent and is administered effectively, adhering to the Local Government Pension Scheme Regulations in order to meet any current and future liabilities.

Staffing

There are two separate teams within the Dorset County Pension Fund. There are three sections in Pensions Administration which administers the Local Government Pension Scheme - the Technical Administration Teams, the Employer Relationship and Communication Team and the Systems Team. The Treasury and Investment Team is responsible for the accounting of the Pension Fund.

The Pensions Administration team is accountable to the Pension Fund Committee, the Local Pensions Board, participating Employers and Scheme members. The team is fully committed to providing a quality service to meet the needs of the Fund's various stakeholders and to deliver excellent customer care.

The Pensions Administration Team provide a wide range of services including:

- Administration of the affairs of Dorset County Pension Fund.
- Administration of new starters in the Scheme.
- Calculation of pensions and lump sums for retiring members of the LGPS and provision of early retirement estimates.
- Calculation of service credit calculations, outgoing transfer value calculations and divorce estimates for the Local Government.
- Calculation of deferred pensions and refunds for early leavers.
- Calculation of widows and dependants benefits for retired and active members.
- Dealing with the administration of in-house AVCs and APCs.

- Maintenance of the database of pension scheme members and provision of annual benefit statements and deferred benefit statements.
- Undertaking the annual pension increase exercise.
- Key Performance Indicators report.
- Promotion and facilitation of relationships and working arrangements between Dorset Council and its Employers.
- Responsible for the design, procurement and issuing of fact sheets, newsletters and guidance to scheme members and employers.
- Liaison with the Actuary to provide information for the triennial valuation, annual accountancy disclosures and ad hoc costings for employers and prospective employers.
- Preparation of Pensions Fund Committee reports relating to benefits related issues.

A team of 5.6 full time equivalent staff in the Treasury and Investments Team provide support to the Fund Administrator in his statutory role in relation to accounting and investment related activities for the Pension Fund, including:

- Collection of employee and employer contributions to be invested into the LGPS.
- Day-to-day accounting for the pension Fund.
- Liaison with External and Internal audit.
- Preparation of the Pension Fund Accounts for inclusion in Dorset Council's Statement of Accounts.
- Preparation of the Annual Report and Accounts of the Pension Fund.
- Reconciliation of all Managers' purchases, sales and dividends received.
- Allocation of cash to Investment Managers.
- Appointment of Advisers and Actuary.
- Investment of the Fund's surplus cash balances.
- Liaison with Investment Managers, Advisers and Actuary.
- Monitoring and review of Investment Managers, Advisers and Actuary.
- Preparation of the Investment Strategy Statement and Funding Strategy Statement.
- Rebalancing of Investment Managers' portfolios to their target asset allocation.
- Completion of statistical and financial returns for Government and other bodies.

- Co-ordination of the production of FRS 102/IAS19 information for employers.
- Co-ordination of reports for Quarterly Pension Fund Committee meetings and the Pension Fund's Annual Meeting.
- Preparation of Pension Fund Committee reports relating to investments and accounting issues.

Communications

The Pension Fund is committed to establishing and maintaining effective communications with its members and other interested parties. The Fund has a Communications Policy statement formalising the processes by which this will be achieved. This policy statement is available on the Fund's website at:

<https://www.dorsetpensionfund.org/forms-and-publications/communications-policy/>

General Data Protection Regulations

Data protection law has changed from 25 May 2018, following the introduction of the General Data Protection Regulations (GDPR). The regulations change how organisations process and handle data; with the key aim of giving greater protection and rights to individuals.

The Local Government Pension Scheme (LGPS) administered by Dorset Council (*the Dorset County Pension Fund*) already has procedures in place which comply with similar data protection principles under the Data Protection Act 1998. The new regulations will reinforce these existing requirements. As a result, members are unlikely to notice any significant change in the way their membership is administered by the Dorset County Pension Fund on a day-to day basis.

Equality and Diversity

Dorset County Pension Fund has a workforce that reflects and is part of the community it serves. It is the policy of Dorset Council to ensure that all its employees are selected, trained and promoted on the basis of their ability, the requirements of the job and other similar non-discriminatory criteria. All employment decisions are based purely on relevant and objective criteria.

Dorset aim to deliver accessible, high-quality and value for money services to all our customers, without discrimination on grounds of group memberships; for example, sex, race, disability, sexual orientation, religion, belief or age.

Information Technology

Dorset County Pension Fund (DCPF) requires administration software to fulfil its function of providing an efficient compliant service for Local Government Pension Scheme (LGPS) members and pensioners across over 300 employers, covering a membership of over 80,000.

The LGPS regulations, The Pension Regulator, HMRC and the scheme actuaries requires the DCPF to manage the LGPS properly to ensure it has accurate, complete and up-to-date records in order to pay the correct level of benefits to its members with sufficient funding levels. In order to do this, there is the necessity to have administration software and associated software to maintain the controls and processes within the Pensions Administration Team to meet these standards.

The Pension Team's main administration system is Universal Pension Management (UPM), provided under licence by CIVICA, the contract was awarded in October 2020 with an initial contract license of 7 years with the option to extend by a further 3 years.

The Pension Administration System, UPM delivers fully integrated functions, Pensions Administration, Case Management, Information Management and Payroll.

UPM offers a fully integrated Employers and Members portal which allows Employers to submit starters, leavers and change in contracts for members via a secure electronic exchange. Members and Pensioners can register for the portal, whereby they can update personal details which automatically update their pension record in UPM, it has the ability for members to run pension benefit estimates and access an electronic version of the Annual Benefit Statement.

The Fund's financial data is collected from several different payroll providers and collated on the Council's SAP system. This system is maintained in-house by Dorset Council's ICT team and includes comprehensive contingency and business continuity provisions. The payment of pensions is managed in-house by the Pension Fund, using SAP ERM System.

Formal notification has been submitted to Dorset Council; the payroll service will be administered in house by the Fund with the data cleansing and migration Project commencing in June 2024.

All council staff involved in Pension Fund Administration and Investment activities have access to the internet and the council's intranet.

The Pension Fund maintains two websites which are managed by its own officers.

The web address for the member website is www.dorsetpensionfund.org

The web address for the employer website is www.dcpfemployers.org

Benefit Statements

The Pensions Administration Team is required each year to send annual benefits statements to its active and deferred members. The statement is intended to inform the scheme member of the value of their benefits and provide an overview of when they may become payable.

Performance Standards

The Pensions Team has a number of service standards that it seeks to meet in order to ensure that it is providing an efficient and timely service to members of the LGPS. The standards are:

New Active Members

Membership Certificate: Dorset aim to issue a Membership Certificate to a new member within one month of receiving a completed notification from the member's employer.

Transfers In: Dorset aim to acknowledge the member's request for transfer details and calculate the estimated benefits that a transfer value will buy and issue a quotation within 10

days of receiving details from the previous scheme and any additional essential information required from His Majesty's Revenue & Customs. Dorset aim to request payment of the transfer value within 5 days of receiving confirmation from the member that the transfer is to proceed. Dorset aim to confirm the actual benefits purchased by the transfer value within 10 days of receiving payment from the previous scheme.

Existing Active Members

Annual Benefit Statements: Provided pay details are received from employers promptly after the year end and all information is held, Dorset will make available each year an Annual Benefit Statement to each member showing the estimated current value of accrued benefits, the value of prospective benefits at normal retirement age, the estimated current value of death-in-service benefits and, for tax purposes the amount of Annual Allowance used by the change in benefit value since the previous year.

Paying Extra Contributions: Dorset aim to provide information within 10 days of receiving a request from a member wishing to pay extra contributions.

Retirements: Dorset aim to send details of the benefits payable and pay the member's tax-free cash lump sum within 10 days of receiving all of the information required from the member's employer and/or the member.

Deaths: Dorset aim to send details of the benefits payable within 10 days of receiving all of the information required from the late member's employer and we will pay the lump sum death grant within 10 days of receiving Grant of Probate (or other appropriate documentation) or authorisation from two delegated officers.

Early Leavers: Dorset aim to send details of the benefit options available within 30 days of receiving all of the information required from the employer.

Refunds: Dorset aim to pay a refund by the end of the month following receipt of the member's formal request for payment.

Transfers Out: Dorset aim to issue a quotation, guaranteed for 3 months, within 10 days of receiving the member's request and confirmation of the member's contracted-out rights from His Majesty's Revenue & Customs (where appropriate). Dorset aim to pay a transfer value within five days of receiving confirmation from the member that the transfer is to be made and all of the information required to make payment is received.

Deferred Members

Annual Benefit Statements: Dorset aim to make available to each deferred member a Benefit Statement by 31 August annually, showing the current value of the member's preserved benefits.

Website

The Dorset County Pension Fund has its own website, with information for all member types, and for employees. The site contains information, forms and fact sheets, as well as details covering investments and governance.

Annual Correspondence

Annual Benefit Illustrations are issued each year to active and deferred members together with an annual newsletter detailing regulatory changes and key messages for members. Annual newsletters are also sent to pensioner members each year. These communications are very well received by members.

Provided Dorset hold an address which has been confirmed we will write to the member setting out the benefit options available to them.

Lump Sum Death Grant nominations

The LGPS provides a lump sum tax free death grant for members who die while still working and contributing to the LGPS. The death grant is a tax free lump sum payment of three times your pay. If you are already in receipt of another LGPS pension or have a deferred pension benefit in the LGPS, different rules will apply to any potential death grant.

If you have nominated someone to receive grant, this is displayed in your Annual Benefit Illustration

2024 on page 6. If this table does not show a name, you have not let the fund know your wishes. It is essential to keep this updated, so please make sure you check this page.

If this page does not show a nomination, or you would like to change your nomination, please do this on My Pension, the member online pension portal, (details on page 3 on the newsletter) or by completing a form and returning to the Dorset County Pension Fund (DCPF). The form is available from the fund or online at:

www.dorsetpensionfund.org/forms-and-publications

Retirement

If you are thinking of retiring, it might be helpful to think about your pension benefits. You can visit the MY Pension member portal and work out what your pension will be, or if the date is within 6 months you can contact the pension fund and ask for a formal estimate.

When you retire from your job, your employer will need to send your pay information to the DCPF. They will not be able to do this until after your last payroll has closed. When the fund have all the pay information from your employer they will work out your pension benefits and write to you with your pre-retirement pack. You will need to make your decisions and return the paperwork. Then your pension and any tax-free lump sum can be paid.

The pension fund cannot pay your pension benefits before your retirement date, and it will more likely be up to a month after your date of retirement that you receive your first payment.

The McCloud Remedy

When public service pensions schemes changed from final salary to carer average schemes in 2014 and 2015, older members were protected from the changes.

In 2018, the Courts found that younger members had been discriminated against because the protection did not apply to them. Changes made to the LGPS from 1 October 2023 removes the discrimination found in the court case. These changes are called the McCloud Remedy.

Not all LGPS members are affected by the changes. You can find more information on the national LGS website, including a short video.

Please visit:

www.lgpsmember.org/mccloud-remedy/

If you are affected, you do not need to write into the pension fund or make any decisions. If you are contacted by a third-party organisation selling a service to help you claim additional pension, you should not engage with them.

As a member of the LGPS, you do not need to take any action to claim your protection under the McCloud Remedy. If you qualify, the DCPF will automatically apply the protection when you take your LGPS pension.

Help with Pension Problems

Internal Dispute Resolution Procedure

From the day a person starts a job with an employer, to the day when benefits or dependant's benefits are paid, the employer and the Pension Scheme administering authority have to make decisions under the Pension Scheme rules that affect the member (or their dependants). When the member (this includes dependants) is notified of a decision they should check, as far as they can, that it is based on the correct details and that they agree with the decision.

If they are not satisfied with any decision affecting them made in relation to the Scheme, they have the right to ask for it to be looked at again under the formal complaint procedure. They also have a right to use the procedure if a decision should have been made by their employer or administering authority, but it hasn't been. The complaint procedure's official name is the "Internal Dispute Resolution Procedure" (IDRP).

The following gives an overview of the IDRP process:

First stage:

If a member needs to make a formal complaint, they should make it:

- in writing, and
- normally within 6 months of the day when they were told of the decision they want to complain about.

The complaint will be considered carefully by a person nominated by the body that took the decision against which the member wishes to complain. This guide calls them the "nominated person". That person is required to give the member their decision in writing.

If the nominated person's decision is contrary to the decision the member complained about, the employer or administering authority that made that original decision will now have to deal with your case in accordance with the nominated person's decision.

If the decision the member complained about concerned the exercise of discretion by the employer or administering authority, and the nominated person decides that the employer or administering authority should reconsider how they exercised their discretion, they will be required to reconsider their original decision.

Second Stage:

The member can ask the pension scheme administering authority to take a fresh look at the complaint in any of the following circumstances:

- the member is not satisfied with the nominated person's first-stage decision;
- the member has not received a decision or an interim letter from the nominated person, and it is 3 months since the member lodged your complaint; and
- it is one month after the date by which the nominated person told the member (in an interim letter) that they would give them a decision, and they have still not received that decision.
- This review would be undertaken by a person not involved in the first stage decision.

The member will need to send the appropriate administering authority their complaint in writing.

The administering authority will consider the complaint and give you their decision in writing.

If the member is still unhappy following the administering authority's second stage decision, they can take the case to the Pensions Ombudsman provided they do so within 3 years from the date of the original decision (or lack of a decision) about which the member is complaining.

If a member is unhappy with the service received, they should contact staff in the Pensions Administration team in the first instance as many issues can be resolved without the need to resort to the lengthy process of IDR. It could simply be that there is a misunderstanding of the Regulations, and that the decision made is in fact correct and this can be explained to the member accordingly.

The Pensions Regulator (TPR)

The Pensions Regulator is the public body that protects workplace pensions in the UK. They work with employers and those running pensions so that people can save safely for their retirement. Their aim is to be a strong, visible regulator so that we build people's confidence in pensions.

The Pensions Regulator has responsibility for overseeing the Local Government Pension Scheme and is committed to ensuring that every fund reaches a basic level of compliance against the law and the Regulator's Code of Practice 14 for public sector schemes.

Pensions Ombudsman

In cases where a complaint or dispute has not been satisfactorily resolved through the IDR, an application can be made to the Pensions Ombudsman within three years of the event that gave rise to the complaint or dispute or, if later, within three years of when the individual first knew about it (or ought to have known about it). There is discretion in certain instances for the time limit to be extended.

The Ombudsman can investigate and determine any complaint or dispute involving

maladministration of the scheme or matters of fact or law and his or her decision is final and binding (unless the case is taken to the appropriate Court on a point of law). Matters where legal proceedings have already started cannot be investigated by the Pensions Ombudsman.

The Pensions Ombudsman's website can be found at:

www.pensions-ombudsman.org.uk

or they can be contacted on 0800 917 4487. The address is:

10 South Colonnade
Canary Wharf
London
E14 4PU

Money Helper

Money Helper is available at any time to assist members and beneficiaries of the scheme in connection with any pension query that they may have difficulty which they cannot resolve with the scheme administrator. Information can be found at the following:

www.moneyhelper.org.uk

Telephone No: 0800 011 3797.

How can I trace my pension rights?

The Pension Tracing Service holds details of pension schemes, including the LGPS, together with relevant contact addresses. It provides a tracing service for ex-members of schemes with pension entitlements (and their survivors), who have lost touch with previous schemes. All occupational and personal pension schemes must register if the pension scheme has current members contributing to the scheme or people expecting benefits from the scheme.

If you need to use this tracing service, please write to:

Address:

The Pension Tracing Service, 9 Mail Handling Site A, Wolverhampton, WV98 1LU.

Telephone: 0800 731 0193

Website: **www.gov.uk**

The Financial Conduct Authority (FCA)

The FCA regulates the conduct of financial service firms and financial markets in the UK. The website provides advice and information to consumers in the avoidance of pension scams and includes a register members can check to find a suitably qualified independent financial advisor.

In writing:

FCA Head Office, 12 Endeavor Square, London, E20 1JN

By telephone: 0800 111 6768

Website: <https://www.fca.org.uk/>

Pension Scams Pledge

The Dorset County Pension Fund have pledged to do what we can to protect scheme members and follow the principles of the Pension Scams Industry Group (PSIG) Code of Good Practice as it applies to LGPS Funds.

Pledging to combat pension scams confirms our intent to protect our LGPS members and

demonstrates that we are committed to stopping scammers in their tracks.

The Dorset County Pension Fund have committed to:

- Regularly warn members about pension scams.
- Encourage members asking for cash drawdown to get impartial guidance from The Pensions Advisory Service.
- Get to know the warning signs of a scam and best practice for transfers by key staff completing the scams module in the Trustee Toolkit; studying and using resources on the Financial Conduct Authority (FCA) ScamSmart website.
- Take appropriate due diligence measures by carrying out checks on pension transfers and documenting pension transfer procedures.
- Clearly warning members if they insist on high-risk transfers being paid.
- Report concerns about a scam to the authorities and communicate this to the scheme member

Actuarial Information

Statement of the Actuary IAS26 Report

Pension accounting disclosure as at 31 March 2024. Prepared in accordance with IAS26.

Introduction

We have been instructed by Dorset Council, the administering authority to the Dorset County Pension Fund (the Fund), to undertake pension expense calculations in respect of pension benefits provided by the Local Government Pension Scheme (the LGPS) to members of the Fund as at 31 March 2024. We have taken account of current LGPS Regulations, as amended, as at the date of this report.

This report is addressed to the administering authority and its advisers; in particular, this report is likely to be of relevance to the Fund's auditor.

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations and summarised on the LGPS website (www.lgpsregs.org/) and the Fund's membership booklet (www.lgpsmember.org/).

This report is prepared in accordance with our understanding of IAS26. This advice complies with Technical Actuarial Standard 100: General Actuarial Standards (TAS 100) as issued by the Financial Reporting Council (FRC). In calculating the disclosed numbers, we have adopted methods and assumptions that are consistent with IAS19.

This report should be read in conjunction with the post accounting date briefing note for disclosures as at 31 March 2024.

This report supersedes previous versions of this report and has been updated to reflect a revised net asset statement.

Data used

We have used the following items of data which we received from the administering authority:

- 31 March 2022 – results of the latest funding valuation.
- 31 March 2023 – results of the previous IAS26 report.
- 31 March 2024 – Fund asset statement.
- 31 March 2024 – Fund income and expenditure items.
- 31 March 2024 – Details of any new unreduced early retirement payments out.

The data has been checked for reasonableness, including consistency with previous valuation data where relevant, and we are happy that the data is sufficient for the purposes of our advice.

Although some estimation of the data to the accounting date may be required, we do not believe it is likely to be material to the results in this report.

We are not aware of any material changes or events since we received the data.

Employer membership statistics

The table below summarises the membership data at 31 March 2022.

| Member data summary | Number | Salaries/ Pensions £000s | Average age |
|---------------------|--------|--------------------------------|----------------|
| Actives | 23,160 | 455,060 | 47 |
| Deferred Pensioners | 35,046 | 49,563 | 50 |
| Pensioners | 25,296 | 121,447 | 72 |

Payroll

The total pensionable payroll for the employers in the Fund is set out below and is based on information provided to us by the administering authority.

Estimated payroll for the year to 31 March 2024
£495,960,000.

Unfunded benefits

We have excluded any unfunded benefits as these are liabilities of employers rather than the Fund.

Early retirements

We requested data on any early retirements in respect of the Fund from the administering authority for the year ending 31 March 2024.

We have been notified of 21 new early retirements during the year which were not allowed for at the previous accounting date. The total annual pension that came into payment was £251,600.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2024 is calculated to be 11.81% based on the Fund asset statements and Fund cashflows as set out in the Data section preceding this section.

The estimated asset allocation for the Fund is as follows (noting that due to rounding they may not total 100%):

| Asset breakdown | 31 Mar 2024 | | 31 Mar 2023 | |
|-------------------------|------------------|------------|------------------|------------|
| | £000s | % | £000s | % |
| Equities | 2,452,982 | 63 | 2,192,046 | 62 |
| Liability | 0 | 0 | 18,955 | 1 |
| Driven Investment | | | | |
| Cash | 80,134 | 2 | 58,803 | 2 |
| Other Bonds | 256,367 | 7 | 229,091 | 7 |
| Diversified Growth Fund | 262,731 | 7 | 236,496 | 7 |
| Property | 307,219 | 8 | 283,023 | 8 |
| Infrastructure | 290,476 | 7 | 266,492 | 8 |
| Multi Asset Credit | 269,755 | 7 | 232,448 | 7 |
| Total | 3,919,664 | 100 | 3,517,354 | 100 |

Actuarial methods and assumptions

Details of the actuarial methods and derivation of the assumptions used can be found in the 31 March 2024 briefing note issued alongside this report unless noted otherwise below. The key assumptions used are set out below.

| Post retirement mortality | 31 Mar 2024 | 31 Mar 2023 |
|------------------------------------|--------------|--------------|
| Base table | S3PA | S3PA |
| Multiplier (M/F) | 95% / 100% | 95% / 100% |
| Future improvements model | CMI_2022 | CMI_2021 |
| Long-term rate of improvement | 1.25% p.a. | 1.25% p.a. |
| Smoothing parameter | 7.0 | 7.0 |
| Initial addition parameter | 0.0% p.a. | 0.0% p.a. |
| 2020, 2021 & 2022 weight parameter | 0%. 0% & 25% | 5%, 5% & n/a |

Fund Duration

The estimated Macaulay duration of the fund as at the accounting date, using assumptions set out below is 17 years.

The assumed life expectancies, based on the assumptions set out above, are set out in the table below:

| Life expectancy from age 65 (years) | | 31 Mar 2024 | 31 Mar 2023 |
|-------------------------------------|---------|-------------|-------------|
| Retiring today | Males | 21.8 | 22.2 |
| | Females | 23.9 | 24.2 |
| Retiring in 20 years | Males | 23.1 | 23.5 |
| | Females | 25.4 | 25.6 |

Results

| Balance Sheet | As at 31 Mar 2024 | As at 31 Mar 2023 | As at 31 Mar 2022 |
|--|-------------------|-------------------|-------------------|
| Net pension asset in the statement of financial position | £000s | £000s | £000s |
| Present value of the defined benefit obligation | 4,227,493 | 4,138,310 | 6,267,323 |
| Fair value of Fund assets (bid value) | 3,919,664 | 3,517,354 | 3,703,800 |
| Net liability in balance sheet | 307,829 | 620,956 | 2,563,523 |

The present value of the defined benefit obligation consists of £4,179,754,000 in respect of vested obligation and £47,739,000 in respect of non-vested obligation.

| Financial assumptions | 31 Mar 2024 p.a. | 31 Mar 2023 p.a. | 31 Mar 2022 p.a. |
|-------------------------|------------------|------------------|------------------|
| Discount rate | 4.90% | 4.80% | 2.60% |
| Pension increases (CPI) | 2.90% | 2.85% | 3.20% |
| RPI Inflation | 3.20% | 3.20% | 3.50% |
| Salary increases | 3.90% | 3.85% | 4.20% |

Projected unit method is used in our calculations.

We have allowed for the actual pension increases up to and including the 2024 Pension Increase Order. This is reflected in the Experience loss/(gain) on defined benefit obligation figure in the results. We have also allowed for actual CPI inflation experienced from September 2023 to March 2024.

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2022, except for an update of the CMI projection model. Details of the post-retirement mortality assumption are shown below; further details of the demographic assumptions adopted can be found in the briefing note corresponding to this report, and the Fund's actuarial valuation report.

The assumed life expectancies, based on the assumptions set out above, are set out in the table above.

| Reconciliation of opening & closing balances of the present value of the defined benefit obligation | Year to 31 Mar 2024 £000s | Year to 31 Mar 2023 £000s |
|---|---------------------------------|---------------------------------|
| Opening defined benefit obligation | 4,138,310 | 6,267,323 |
| Current service cost | 92,282 | 206,845 |
| Interest cost | 195,770 | 161,534 |
| Change in financial assumptions | (38,056) | (2,752,417) |
| Change in demographic assumptions | (54,510) | - |
| Experience loss/(gain) on defined benefit obligation | 14,733 | 365,471 |
| Liabilities assumed / (extinguished) on settlements | - | - |
| Estimated benefits paid net of transfers in | (154,060) | (142,073) |
| Past service costs, including curtailments | 936 | 1,917 |
| Contributions by Scheme participants and other employers | 32,088 | 29,710 |
| Closing defined benefit obligation | 4,227,493 | 4,138,310 |

| Reconciliation of opening & closing balances of the fair value of Fund assets | Year to 31 Mar 2024 £000s | Year to 31 Mar 2023 £000s |
|---|---------------------------------|---------------------------------|
| Opening fair value of Fund assets | 3,517,354 | 3,703,800 |
| Interest on assets | 168,611 | 96,155 |
| Return on assets less interest | 245,944 | (268,800) |
| Other actuarial gains/(losses) | - | - |
| Administration expenses | (2,904) | (2,692) |
| Contributions by employer | 112,631 | 101,254 |
| Contributions by Scheme participants and other employers | 32,088 | 29,710 |
| Estimated benefits paid net of transfers in | (154,060) | (142,073) |
| Settlement prices received / (paid) | - | - |
| Closing fair value of Fund assets | 3,919,664 | 3,517,354 |

| Sensitivity analysis | £000s | £000s | £000s |
|---|-----------------|-------------|-----------------|
| Adjustment to discount rate | +0.1% | 0.0% | -0.1% |
| Present value of total obligation | 4,159,199 | 4,227,493 | 4,297,595 |
| Adjustment to long term salary increase | +0.1% | 0.0% | -0.1% |
| Present value of total obligation | 4,232,483 | 4,227,493 | 4,222,543 |
| Adjustment to pension increases and deferred revaluation | +0.1% | 0.0% | -0.1% |
| Present value of total obligation | 4,293,915 | 4,227,493 | 4,162,772 |
| Adjustment to life expectancy assumptions | + 1 Year | None | - 1 Year |
| Present value of total obligation | 4,387,038 | 4,227,493 | 4,074,307 |

Governance

Pension Fund Committee

Pension Fund Committee

The Pension Fund Committee oversees the management of the Dorset Pension Fund and act as trustees of the Fund.

The Pension Fund Committee is primarily responsible for all functions of the Council as the administering authority of the Dorset County Pension Fund, including making investment policy, overseeing how the scheme is run and monitoring performance.

The committee will consist of 9 Members comprising 5 Members appointed by Full Council (not more than 2 being also appointed to Cabinet); 3 persons nominated by the Bournemouth Christchurch and Poole Council and 1 person nominated by the unions who have membership that includes officers.

Councillor John Beesley is the Committee's representative on the Brunel Oversight Board and the Scheme Advisory Board. In this capacity, Councillor Beesley gives updates on governance relating to investment pooling at the quarterly Pension Fund Committees.

The Dorset County Pension Fund Committee Members as at 31 March 2024 were as follows.

| Dorset County Pension Fund Committee | |
|--------------------------------------|------------------------------|
| Committee Member | Representing |
| Councillor Andy Canning (Chairman) | Dorset Council |
| Councillor John Beesley | BCP Council |
| Councillor David Brown | BCP Council |
| Councillor Simon Christopher | Dorset Council |
| Mr Adrian Felgate | Scheme Member Representative |
| Councillor Howard Legg | Dorset Council |
| Councillor Felicity Rice | BCP Council |
| Councillor Mark Roberts | Dorset Council |
| Councillor Gary Suttle | Dorset Council |



Councillor Andy Canning

Dorset Council
(Chairman)



Councillor John Beesley

BCP



Councillor David Brown

BCP



Councillor Simon Christopher

Dorset Council



Mr Adrian Felgate

Scheme Member
Representative



Councillor Howard Legg

Dorset Council



Councillor Felicity Rice

BCP



Councillor Mark Roberts

Dorset Council



Councillor Gary Suttle

Dorset Council



Mr Aidan Dunn

Fund
Administrator

Committee Members Attendance

The table below summarises the meetings which have taken place including attendance by members of the Committee.

| Committee Member | 13 Jun 2023 | 19 Sep 2023 | 29 Nov 2023 | 5 Mar 2024* | 26 Mar 2024 | Total | Voting rights |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------|---------------|
| Councillor Andy Canning (Chairman) | ✓ | ✓ | ✓ | ✓ | ✓ | 5 | ✓ |
| Councillor John Beesley | ✓ | ✓ | ✓ | X | ✓ | 4 | ✓ |
| Councillor David Brown | ✓ | ✓ | ✓ | ✓ | ✓ | 5 | ✓ |
| Councillor Simon Christopher | ✓ | ✓ | ✓ | ✓ | ✓ | 5 | ✓ |
| Mr Adrian Felgate | ✓ | ✓ | ✓ | ✓ | ✓ | 5 | ✓ |
| Councillor Howard Legg | ✓ | ✓ | ✓ | ✓ | ✓ | 5 | ✓ |
| Councillor Felicity Rice | ✓ | ✓ | ✓ | ✓ | ✓ | 5 | ✓ |
| Councillor Mark Roberts | X | ✓ | ✓ | ✓ | ✓ | 4 | ✓ |
| Councillor Gary Suttle | X | X | X | X | ✓ | 1 | ✓ |
| Councillor Peter Wharf | X | N/A | N/A | N/A | N/A | 0 | ✓ |

Key and Notes

- ✓ In Person
- ✓ Online

The Committee meeting dated 5 March 2024 was a special meeting to discuss the results of the review of the pensions fund's allocations to equity portfolios.

Committee Structure

The Council delegates the management of the Fund to the Pension Committee. A Committee of elected members, five Dorset Councillors, three Councillors representing Bournemouth, Christchurch and Poole Council and one voting Scheme Member representative are responsible for making investment policy, overseeing how the scheme is run and monitoring performance. The Committee is supported by an investment management expert who is not involved in the management of the Fund's Assets. The Committee meets on a quarterly basis.

Committee Responsibilities Delegated to the Fund Administrator

The Committee delegates to the Fund Administrator the following responsibilities:

- Managing and monitoring the investment managers, consultants and custodian.
- Managing the Fund's cash assets directly held by the Administering Authority.
- Transferring assets between the Administering Authority, the investment managers and custodian.
- Accounting for all investment transactions.
- Within limits, authorising expenditure from the Fund.
- Paying the fees of the investment managers and the custodian.
- When necessary, exercising the Fund's voting rights after consulting the Chairman and Vice Chairman.
- Admitting organisations into the Pension Scheme after consulting the Chairman and Vice Chairman.

Committee Responsibilities

The Pension Fund Committee terms of reference are set out below and the Committee is responsible for monitoring all aspects relating to the investment of the assets of the Fund as follows:

- To undertake statutory functions on behalf of the Local Government Pension Scheme and ensure compliance with legislation and best practice.

- To determine policy for the investment, funding and administration of the pension fund.
- To consider issues arising and make decisions to secure efficient and effective performance and service delivery.
- To appoint and monitor all relevant external service providers:
 - *fund managers.*
 - *custodian.*
 - *corporate advisors.*
 - *independent advisers.*
 - *actuaries.*
 - *governance advisers.*
 - *all other professional services associated with the pension fund.*
- To monitor performance across all aspects of the service.
- To ensure that arrangements are in place for consultation with stakeholders as necessary.
- To consider and approve the annual statement of pension fund accounts.
- To consider and approve the Dorset County Pension Fund actuarial valuation and employer contributions.
- Approval of key policies and statement:
 - Investment Strategy Statement.
 - Funding Strategy Statement.
 - Governance Compliance Statement.
 - Communications Strategy Statement.

Accountability and Transparency

Pensions Committee meetings are open to members of the public.

Pensions Committee agendas and minutes are published on the Dorset Council website at: <https://moderngov.dorsetcouncil.gov.uk>

Code of Conduct

Councillors are required to comply with the requirements of the Localism Act 2011 regarding disclosable pecuniary interests which are to:

- Check if there is an item of business on this agenda in which you or a relevant person has a disclosable pecuniary interest.

- Inform the Secretary to the Committee in advance about your disclosable pecuniary interest and if necessary, take advice.
- Check that you have notified your interest to your own Council's Monitoring Officer (in writing) and that it has been entered in your Council's Register (if not this must be done within 28 days, and you are asked to use a notification form available from the clerk).
- Disclose the interest at the meeting and in the absence of a dispensation to speak and/or vote, withdraw from any consideration of the item.

Conflicts of Interest

The Pension Fund is governed by elected members acting as trustees and the code of conduct for elected members' sets out how any conflicts of interest should be addressed.

The code includes general provisions on ethics and standards of behaviour which require elected members to treat others with respect and not to bully, intimidate or do anything to compromise the impartiality of those who work for or on behalf of the Council.

The Code also contains rules about "disclosable pecuniary interests" and sets out the action an elected member must take when they have such an interest in Council business, for instance withdrawing from the room or chamber when the matter is discussed and decided in committee, unless dispensation has been obtained from the Council's Monitoring Officer.

The Local Pension Board for the Dorset County Pension Fund

Introduction

With effect from 1 April 2015 Dorset County Pension Fund created a Local Pension Board. The role of the board is to help the Dorset Pension Fund comply with all the legislative requirements to ensure the scheme is being effectively and efficiently governed and managed.

efficiently and complies with the code of practice on the governance and administration of local government pension schemes issued by the Pension Regulator and with due regard to guidance issued by government, The Pensions Regulator and the LGPS Advisory Board.

The Local Pension Board helps ensure that the Fund is managed and administered effectively and

The current membership of the Local Pension Board as at 31 March 2024

The Pension Board consists of nine members and is constituted as follows.

- 1 Independent.
- 4 employer representatives.
- 4 scheme membership representatives.

The Local Pension Board meets four times a year.

The Local Pension Board membership as at 31 March 2024 was as follows.

| The Local Pension Board Current Membership | |
|--|--|
| Richard Bates (Chairman) | Independent |
| Adam Richens (Vice Chairman) | Employer Representative (BCP Council) |
| Jon Bird | Scheme Member Representative (Union Nominated) |
| Neal Butterworth | Employer Representative (Dorset Police) |
| Councillor David shortell | Employer Representative (Dorset Council) |
| Mary O'Sullivan | Scheme Member Representative |
| James Stevens | Scheme Member Representative |
| Jonathan Stiby | Scheme Member Representative |
| Vacancy (*1) | Scheme Member Representative |

The Local Board Members Attendance

The table below summarises the meetings which have taken place including attendance by members of the Board.

The Board met three times during the 2023-24 scheme year.

| Pension Board Member | 21 Jun 2023 | 27 Sept 2023 | 06 Dec 2023 | Total |
|------------------------------|-------------|--------------|-------------|-------|
| Richard Bates | ✓ | ✓ | ✓ | 3 |
| Adam Richens (Vice Chairman) | ✓ | X | ✓ | 2 |
| Jon Bird | ✓ | ✓ | ✓ | 3 |
| Neal Butterworth | N/A | N/A | ✓ | 1 |
| John Jones | X | N/A | N/A | 0 |
| Mary O' Sullivan | ✓ | ✓ | ✓ | 3 |
| James Sheehy | N/A | X | ✓ | 1 |
| Councillor David Shortell | ✓ | ✓ | ✓ | 3 |
| James Stevens | ✓ | ✓ | ✓ | 3 |
| Jonathan Stiby | N/A | ✓ | ✓ | 2 |
| Julie Strange | ✓ | ✓ | N/A | 2 |

Pension Board Changes

Richard Bates' first meeting as the newly appointed Chair of the Local Pension Board was on 21 June 2023.

The Chair welcomed two new Membership Representatives, Jonathan Stiby and James Sheehy to the Board. The Chair also thanked John Jones for his service as a Membership Representative. John had recently left the Board due to work commitments.

The Chair welcomed a new Employer Representative, Neal Butterworth to the Board. Neal has replaced Julie Strange as Dorset Police's Employer Representative. The Chair also thanked Julie Strange for her service as an Employer Representative.

The Function of the Board

The function of the Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013 is to assist the Scheme Manager.

- To secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS.

- To secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator.
- To secure the effective and efficient governance and administration of the LGPS for the Dorset County Pension Fund; and
- To provide the Scheme Manager with such information as it requires to ensure that any member of the Local Pension Board or person to be appointed to the Local Pension Board does not have a conflict of interest.

Local Pension Boards are constituted entirely under the Public Service Pensions Act 2013 and are not local authority committees.

Role of the Pension Board

The Pension Board is responsible for:

- Scrutinising the progress of actions to meet the performance objectives of the Pension Fund.
- Reviewing and monitoring the training plan of the Pensions Board and elected members and officers with delegated responsibilities for the governance,

- management, and administration of the Pension Fund.
- Reviewing and monitoring the performance of external business partners, including the pensions administration service, the actuary, the custodian, and the investment consultant.
- Reviewing and monitoring the Risk Register and risk monitoring of scheme employers.
- Reviewing the implementation of revised policies and procedures, including the administering discretions.
- Reviewing the compliance of projects commissioned by the Pension Fund Committee, including the Triennial Valuation of the Pension Fund.
- Ensuring pension rules and regulations are being complied with when officers are making decisions on pension matters.
- Scrutinising data quality.
- Reviewing internal audit reports.
- Assisting in the development of improved customer services.
- Reviewing compliance of Investment Managers with Investment Management Agreements; and
- Reviewing progress of agreed actions to address finding from any review of the Pension Fund activities.

Matters discussed by the Board

During 2023-24 the following items were discussed by the Board.

Standing items at each board meeting:

- LGPS Administration report, which includes Key Performance Indicators.
- Papers from the Pension Fund Committee meetings.
- Investment Update.
- Risk Register.

In addition, other subjects included:

- Overseas existence checks on pensioners.
- Death grant policy changes.

- McCloud judgement (court ruling to remove age discrimination in public service pensions) and remedy.
- Performance Monitoring.
- Abolition of the Lifetime Allowance.
- Annual end of year processes and annual benefit statements.
- The Pension Regulator's General Code of Practice.
- Dorset County Pension Fund data quality report.
- Board member training.

Pension Board agendas, minutes and additional reports are published on the Dorset County Pension Fund website:

www.dorsetpensionfund.org/dorsetpensionfund/about-us/local-pensionboard/

Scheme Compliance/Breaches

During the 2023-24 scheme year no materially significant breaches of the law were identified that required reporting to The Pensions Regulator (TPR).

The TPR's guidance on reporting breaches of the law can be found here:

www.thepensionsregulator.gov.uk

Training

Dorset County Pension Fund is committed to providing training to those involved in the governance of the Fund and to ensure members have the necessary skills and knowledge to act effectively in line with their responsibilities.

The Local Pension Board Training Policy for Dorset County Pension Fund can be found on our website here:

<https://dorsetpensionfund.org/>

The Pensions Regulator Public Service Toolkit

All Board members are required to complete the Pensions Regulator's online Public Service toolkit. The programme is split into seven separate courses designed to cover the governance and administration of public service schemes, as described in the *public service code of practice*.

www.thepensionsregulator.gov.uk/

- Conflicts of interest.
- Managing risk and internal controls.
- Maintaining accurate member data.
- Maintaining member contributions.
- Providing information to members and others.
- Resolving internal disputes.
- Reporting breaches of the law.

LGPS Online Learning Academy (LOLA)

Board members are also given access to Hymans Robertson's online platform, LOLA. This is designed to support the training needs of Pension Committees, Pension Boards and Fund Officers. The learning plan consists of a series of short

video presentations with additional learning materials and quizzes.

Further details can be found here:
www.hymans.co.uk/services/lgps-online-learning-academy/

Training Sessions and Events

Various conferences and seminars organised by industry bodies such as the Local Government Association (LGA) and the Chartered Institute of Public Finance and Accountancy (CIPFA) take place during the year. Attendance at these events will count as Board member training, along with bespoke sessions arranged for board meetings.

2024-25 Local Pension Board Meetings

Local Pension Board Meetings have been scheduled for the following dates.

- 3 April 2024
- 10 July 2024
- 25 September 2024
- 6 December 2024
- 26 March 2025

Pension Fund Accounts

Independent auditor's statement to the members of Dorset Council on the pension fund financial statements of Dorset Pension Fund included within the Pension Fund annual report

Disclaimer of opinion

We were engaged to examine the pension fund financial statements of Dorset Pension Fund (the 'Pension Fund') for the year ended 31 March 2024 included within the Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement, and the notes to the financial statements, including the summary of significant accounting policies.

As a result of the disclaimer of opinion on the Pension Fund's financial statements for the year ended 31 March 2024 described in the basis for disclaimer of opinion section of our report, it is inappropriate to express an audit opinion on these financial statements.

We have not considered the effects of any events between 25 February 2025, being the date we signed our report on the financial statements of Dorset Council, and the date of this statement.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements, including for the Pension Fund, for the year ended 31 March 2024 by 28 February 2025 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements.

As a result of the limitations imposed by the backstop date, we have been unable to obtain sufficient appropriate audit evidence over the corresponding figures and opening balances reported in the Pension Fund financial statements for the year ended 31 March 2024 or whether there was any consequential effect on the Fund Account for the year ended 31 March 2024 for the same reason. Consequently, we have been unable to satisfy ourselves over the in-year movements reported in the Net Assets Statement.

We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement of the Regulations to publish the financial statements for the year ended 31 March 2024 by the backstop date.

Respective responsibilities of the Chief Financial Officer and the auditor

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of the pension fund's financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Our responsibility is to state to the members of Dorset Council our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the financial statements of Dorset Council.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the financial statements of Dorset Council describes the basis of our opinion on those financial statements.

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the pension fund annual report, other than the pension fund financial

statements and our auditor's statement thereon. As a result of the disclaimer of opinion on the financial statements of the Pension Fund for the year ended 31 March 2024 described in the basis for disclaimer of opinion section of our report, it is inappropriate to express an audit opinion whether based on the work undertaken in the course of the audit of the Pension Fund financial statements and whether the other information published together with the Pension Fund financial statements is consistent with the Pension Fund financial statements.

Use of this auditor's statement

This statement is made solely to the members of Dorset Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Dorset Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Dorset Council and the members of Dorset Council, as a body, for our work, for this statement, or for the opinions we have formed.

Jackson Murray

Jackson Murray, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

25 February 2025

APPENDIX C: PENSION FUND ACCOUNTS 2023-24

| FUND ACCOUNT | | | | | |
|---|------------------|---|-----------|-----------|------------------|
| 2022/23 | | | | 2023/24 | |
| £'000 | £'000 | | Note | £'000 | £'000 |
| Dealings with members, employers and others directly involved in the Fund: | | | | | |
| | 141,527 | Contributions | 7 | | 156,866 |
| 109,217 | | Employer contributions | | 121,979 | |
| 32,310 | | Member contributions | | 34,887 | |
| | 5,708 | Transfers in from other pension funds | 8 | | 15,871 |
| | 147,235 | Total additions from dealing with members etc. | | | 172,737 |
| | (141,306) | Benefits | 9 | | (159,280) |
| (120,256) | | Pensions | | (135,005) | |
| (17,446) | | Commutation and lump sum retirement benefits | | (19,660) | |
| (3,604) | | Lump sum death benefits | | (4,615) | |
| | (6,748) | Payments to and on account of leavers | 10 | | (12,922) |
| (406) | | Refunds of contributions | | (502) | |
| (6,342) | | Transfers to other pension funds | | (12,420) | |
| | (819) | Net additions/(withdrawals) from dealings with members and others | | | 535 |
| | (17,947) | Management expenses | 11 | | (20,955) |
| | (18,766) | Net additions/(withdrawals) including Fund management expenses | | | (20,420) |
| Returns on investments: | | | | | |
| | 19,535 | Investment Income | 12 | | 18,514 |
| | (182,574) | Profit/(loss) on disposal of investments and changes in the value of investments | | | 399,575 |
| | (163,039) | Net return on investments | | | 418,089 |
| | (181,805) | Net increase/(decrease) in assets available for benefits during the year | | | 397,669 |
| | 3,703,800 | Opening net assets of the Fund | | | 3,521,995 |
| | 3,521,995 | Closing net assets of the Fund | | | 3,919,664 |

| NET ASSETS STATEMENT | | | | |
|----------------------|------------------|--|---------------|------------------|
| 31 March 2023 | | | 31 March 2024 | |
| £'000 | £'000 | Note | £'000 | £'000 |
| | 707 | Long term investments | 13 | 722 |
| 707 | | Brunel Pension Partnership Ltd | 722 | |
| | 3,517,356 | Investment assets | 14 | 3,921,466 |
| 72 | | Equities | 77 | |
| 3,069,686 | | Pooled investment vehicles | 3,464,168 | |
| 135,849 | | Private equity | 138,390 | |
| 245,859 | | Property | 235,645 | |
| 58,035 | | Cash & cash equivalents | 81,929 | |
| 7,087 | | Derivative contracts | 528 | |
| 768 | | Other investment assets | 729 | |
| | (1) | Investment liabilities | | (3,352) |
| (1) | | Derivative contracts | (3,352) | |
| - | | Other investment liabilities | - | |
| | 3,518,062 | Total net investments | | 3,918,836 |
| | 10,770 | Current assets | | 12,925 |
| 10,032 | | Contributions due from employers | 11,584 | |
| 738 | | Other current assets | 1,341 | |
| | (6,837) | Current liabilities | | (12,097) |
| (560) | | Unpaid benefits | (1,259) | |
| (6,277) | | Other current liabilities | (10,838) | |
| | 3,521,995 | Net assets available to fund benefits | | 3,919,664 |

DISCLOSURE NOTES

NOTE 1. DESCRIPTION OF THE FUND

The Dorset County Pension Fund ("the Fund") is part of the Local Government Pension Scheme (LGPS) and is administered by Dorset Council ("the Council").

a) General

The scheme is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by the Council to provide pensions and other benefits for pensionable employees of the Council, other councils and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The Fund is overseen by the Pension Fund Committee ("the Committee"), which is a committee of the Council.

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

- **Scheduled bodies**, which are automatically entitled to be members of the Fund.
- **Admitted bodies**, which participate in the Fund under the terms of an admission agreement between the Fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Membership details are set out below:

| 31 March 2023 | | 31 March 2024 |
|----------------------|----------------------------------|----------------------|
| 339 | Total Employers | 346 |
| | Employees | |
| 7,270 | Administering Authority | 6,546 |
| 21,010 | Other Scheduled Bodies | 19,234 |
| 1,009 | Admitted Bodies | 846 |
| 29,289 | Total Employees | 26,626 |
| | Pensioners | |
| 9,723 | Administering Authority | 9,954 |
| 14,423 | Other Scheduled Bodies | 15,109 |
| 2,035 | Admitted Bodies | 2,148 |
| 26,181 | Total Pensioners | 27,211 |
| | Deferred Pensioners | |
| 8,917 | Administering Authority | 9,407 |
| 14,964 | Other Scheduled Bodies | 17,592 |
| 1,529 | Admitted Bodies | 1,585 |
| 25,410 | Total Deferred Pensioners | 28,584 |
| 80,880 | Total Members | 82,421 |

c) **Funding**

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. Currently, employer contribution rates range from 10.0% to 29.0% of pensionable pay.

d) **Benefits**

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index. A range of other benefits are also provided including early retirement, disability pensions and death benefits.

NOTE 2. BASIS OF PREPARATION

The statement of accounts summarise the Fund's transactions for the 2023/24 financial year and its financial position at 31 March 2024. The accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. IFRS 16, introduced on 1 January 2019, was originally due to be adopted by the Code for accounting periods commencing on or after 1 April 2022. However, an optional deferral to adopt IFRS 16 from either 1 April 2022, 1 April 2023 or 1 April 2024 has been announced following an emergency consultation for updating the Code. The new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. This will bring assets formerly off-Balance Sheet onto the Balance Sheet of lessees. Implementation of IFRS 16 is not expected to have a material impact on the Fund because it does not hold any assets as a lease.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Fund has opted to disclose this information by appending an actuarial report.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account:

Contribution income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes which rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the Fund actuary for the period to which they relate.
- Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body. Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts

not due until future years are classed as long term financial assets.

Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the Fund:

- Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (Note 8).
- Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

Investment income

- Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.
- Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Rental income is recognised on a straight-line basis over the term of the lease. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.
- Changes in the value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, providing that payment has been approved.

Taxation

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Management expenses

The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

Administrative expenses: All staff costs relating to the pensions administration team are charged direct to the fund. Council recharges for management, accommodation and other overhead costs are also accounted for as administrative expenses of the fund.

Oversight and Governance: All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the fund.

Investment management expenses: Investment fees are charged directly to the fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off returns by investment managers, these expenses are grossed up to increase the change in value of investments. Fees charged by external investment managers and custodians are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. The costs of the time spent by officers on investment management activity are also included.

Net Assets Statement:

Financial assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 17). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Freehold and leasehold properties

Properties are valued annually as at the year-end date by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' (RICS) Valuation Standards. See Note 17 for more details.

Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Loans and receivables

Financial assets classed as amortised cost are carried in the net asset statement at the value of outstanding principal receivable as at the year-end date plus accrued interest.

Financial liabilities

A financial liability is recognised in the net assets statement on the date the Fund becomes legally responsible for that liability. The Fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standard (IAS) 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of an actuarial report appended to the accounts.

Additional voluntary contributions

The Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed for information in Note 22.

Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise in circumstances where it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes (see Note 24).

NOTE 4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Directly held property

The Fund's investment portfolio includes a number of directly owned properties which are leased commercially to various tenants. The Fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by the Code, therefore the properties are retained on the net asset statement at fair value.

NOTE 5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However actual outcomes could be different from the assumptions and estimates made.

The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows:

Actuarial present value of promised retirement benefits (Note 21)

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on Fund assets. A firm of consulting actuaries, Barnett Waddingham LLP, is engaged to provide the Fund with expert advice about the assumptions to be applied.

If actual results differ from key assumptions:

- a 0.1% p.a. increase in the discount rate would reduce future pension liabilities by c. £200m
- a 0.5% p.a. increase in earnings inflation would increase future pension benefits by c. £180m
- a 0.25% p.a. increase in long-term rate of mortality improvement would increase future pension benefits by c. £170m.

Private equity investments (Note 17)

Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (December 2018). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Private equity investments are valued at £138m in the financial statements. There is a risk that this investment may be under- or overstated in the accounts by up to 15% i.e. an increase or decrease of £21m.

Freehold, leasehold property and pooled property funds (Note 17)

Valuation techniques are used to determine the carrying values of directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, otherwise the best available data is used.

Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by up to 15% i.e. an increase or decrease of £35m on carrying values of £236m.

NOTE 6. EVENTS AFTER THE REPORTING DATE

There are events, both favourable and unfavourable, that can occur between the end of the reporting period and the date when the financial statements are authorised for issue. There are events that provide additional information about conditions that existed at the end of the reporting period (adjusting events), and events that occur after the reporting period (non-adjusting events). No events after the reporting date have been identified.

NOTE 7. CONTRIBUTIONS RECEIVABLE

By category:

| 2022/23 | | 2023/24 |
|----------------|--|----------------|
| £'000 | Employer contributions | £'000 |
| 84,930 | Contributions re future service costs | 103,624 |
| 21,113 | Contributions re past service costs (deficit recovery) | 16,819 |
| 2,351 | Voluntary additional contributions | 261 |
| 823 | Augmentation cost of early retirements | 1,275 |
| 109,217 | Total employer contributions | 121,979 |
| 32,310 | Member contributions | 34,887 |
| 141,527 | Total contributions receivable | 156,866 |

By type of employer:

| 2022/23 | | 2023/24 |
|----------------|---------------------------------------|----------------|
| £'000 | | £'000 |
| 45,274 | Administering authority | 49,016 |
| 92,199 | Other scheduled bodies | 103,070 |
| 4,054 | Admitted bodies | 4,780 |
| 141,527 | Total contributions receivable | 156,866 |

NOTE 8. TRANSFERS IN FROM OTHER PENSION FUNDS

| 2022/23 | | 2023/24 |
|--------------|---|---------------|
| £'000 | | £'000 |
| 5,685 | Individual transfers from other pension funds | 15,587 |
| - | Group transfers from other pension funds | - |
| 24 | AVC to purchase scheme benefits | 284 |
| 5,708 | | 15,871 |

NOTE 9. BENEFITS PAYABLE

By type of employer:

| 2022/23 | | 2023/24 |
|----------------|-------------------------------|----------------|
| £'000 | | £'000 |
| 48,010 | Administering authority | 54,019 |
| 81,809 | Other scheduled bodies | 92,525 |
| 11,487 | Admitted bodies | 12,736 |
| 141,306 | Total benefits payable | 159,280 |

NOTE 10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

| 2022/23 | | 2023/24 |
|--------------|---|---------------|
| £'000 | | £'000 |
| 406 | Refunds to members leaving service | 502 |
| - | Group transfers to other pension funds | - |
| 6,342 | Individual transfers to other pension funds | 12,420 |
| 6,748 | | 12,922 |

NOTE 11. MANAGEMENT EXPENSES

The table below shows a breakdown of the management expenses incurred during the year.

| 2022/23 | | 2023/24 |
|---------------|----------------------------------|---------------|
| £'000 | | £'000 |
| 2,272 | Administrative expenses | 2,338 |
| 632 | Oversight and governance costs | 571 |
| 15,043 | Investment management expenses | 18,046 |
| 17,947 | Total management expenses | 20,955 |

The scale fee for the 2023/24 external audit is £83,061 and is included in oversight and governance costs above, and additional fees for the audit relating to 2023/24 are £56,457. The total fee for the 2023/24 external audit is £139,518. These additional fees are subject to Public Sector Audit Appointments (PSAA) approval.

Investment management expenses consisted of:

| 2022/23 | | 2023/24 |
|---------------|---|---------------|
| £'000 | | £'000 |
| 12,382 | Investment management fees | 15,335 |
| 320 | Performance related fees | 295 |
| 23 | Custody fees | 23 |
| 1,457 | Transaction costs | 1,698 |
| 861 | Other fees and costs | 695 |
| 15,043 | Total investment management expenses | 18,046 |

Transaction costs associated with pooled investment vehicles are taken into account in calculating the bid/offer spread of these investments and are therefore embedded within the purchase and sales costs and not separately identifiable. All other transaction costs have been charged to the fund account.

The following table summarises investment management expenses by asset class:

| 2022/23 | | 2023/24 | |
|---------------|---|---------------|--|
| £'000 | | £'000 | |
| 11,263 | Pooled investments | 13,517 | |
| 51 | Pooled property investments | 61 | |
| 3,121 | Private Equity | 3,744 | |
| 553 | Property | 663 | |
| 32 | Derivatives (FX contracts) | 38 | |
| 23 | Custody Costs | 23 | |
| 15,043 | Total investment management expenses | 18,046 | |

NOTE 12. INVESTMENT INCOME

| 2022/23 | | 2023/24 | |
|---------------|--------------------------------|---------------|--|
| £'000 | | £'000 | |
| 4 | Equities | 6 | |
| 5,196 | Pooled Investments | 1,617 | |
| 2,806 | Pooled Property Investments | 2,067 | |
| 10,748 | Direct Property | 11,406 | |
| 141 | Private Equity | 84 | |
| 381 | Interest from Cash Deposits | 3,065 | |
| 0 | Other Income | 1 | |
| - | Class Action Income | 1 | |
| 260 | Fee Rebate Income | 268 | |
| 19,535 | Total Investment Income | 18,514 | |

NOTE 13. LONG TERM INVESTMENTS

In response to the requirements of the investment regulations for LGPS funds to pool investment assets, Brunel Pension Partnership Ltd (Brunel) has been formed to oversee the investment assets for the Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire LGPS funds.

Each of the ten funds own an equal share of Brunel, with share capital invested by each fund at a cost of £840k. The value of each fund's shareholding based on Brunel's most recently audited accounts was £722k (£707k at 31 March 2023).

NOTE 14. INVESTMENT ASSETS

| 31 March 2023 | | | 31 March 2024 | |
|---------------|------------------|--|------------------|---------------|
| Market Value | | Description / Investment Manager | Market Value | |
| % | £'000 | | £'000 | % |
| 0.00% | 72 | Equities | 77 | 0.00% |
| | 72 | Investec | 77 | |
| 3.90% | 135,849 | Private Equity | 138,390 | 3.50% |
| | 69,954 | HarbourVest | 63,088 | |
| | 20,236 | Abrdn | 13,928 | |
| | 12,692 | Capital Dynamics Global Secondary Fund V | 12,569 | |
| | 9,686 | Neuberger Berman Private Equity Impact Fund | 12,217 | |
| | 10,085 | Neuberger Berman SCIOP IV | 14,528 | |
| | - | Neuberger Berman Clifton Fund III | 3,625 | |
| | 5,112 | Ardian LBO Fund | 5,993 | |
| | 3,634 | Vespa Capital III | 4,373 | |
| | 1,665 | Summit Eur Growth EQ III SCSP LP | 2,514 | |
| | 2,785 | Alpinvest Secondaries Fund VII Limited Partnership | 5,555 | |
| 7.00% | 245,859 | Property (directly owned) | 235,645 | 6.00% |
| | 245,859 | CBRE Global Investors | 235,645 | |
| | | Pooled Investment Vehicles: | | |
| 6.50% | 229,091 | Bonds | 256,367 | 6.50% |
| | 160,203 | RLAM Corporate Bond Fund | - | |
| | 68,888 | Royal London Mutual Insurance Mutual Fund | 256,367 | |
| 8.80% | 309,992 | UK Equities - Quoted | 339,906 | 8.70% |
| | 125,124 | LGIM UK Equity Index (passive) | 135,774 | |
| | 184,868 | Brunel UK Equities | 204,132 | |
| 48.60% | 1,709,621 | Global Equities - Quoted | 1,973,886 | 50.30% |
| | 307,261 | LGIM Smart Beta Fund | 348,876 | |
| | 199,868 | LGIM World Developed Equities Index Fund | 243,048 | |
| | 108,616 | LGIM Paris Aligned Benchmark Developed Equities | 267,710 | |
| | 108,572 | LGIM Climate Transition Benchmark Developed Equities | - | |
| | 269,882 | Brunel Global High Alpha Equities | 325,323 | |
| | 142,249 | Brunel Emerging Markets Equities | 147,803 | |
| | 347,678 | Brunel Global Sustainable Equities | 393,596 | |
| | 225,495 | Brunel Smaller Companies Equities | 247,530 | |
| 6.60% | 232,448 | Multi Asset Credit (MAC) | 269,755 | 6.90% |
| | 46,933 | CQS Global Funds Mutual Fund | 56,299 | |
| | 46,990 | Oaktree (LUX) III SA SICAV Mutual Fund | 55,083 | |
| | 138,526 | Neuberger Berman Investment Mutual Fund | 158,373 | |
| 1.60% | 56,895 | Property Funds | 71,574 | 1.80% |
| | 24 | Lend Lease Retail Partnership | 23 | |
| | 3,835 | Standard Life UK Shopping Centre Trust | 3,444 | |
| | 15,161 | CBRE UK Long Income Property Fund | 13,917 | |
| | 19,730 | Aberdeen Standard Long Lease Property Fund | 26,809 | |
| | 18,144 | M&G Secured Income Property Fund | 27,381 | |
| 6.70% | 236,496 | Diversified Returns Funds | 262,203 | 6.70% |
| | 236,496 | Brunel Diversifying Returns Fund | 262,203 | |
| 7.90% | 276,188 | Infrastructure | 290,476 | 7.40% |
| | 93,750 | Hermes GPE Infrastructure Funds | 83,652 | |
| | 154,272 | IFM Global Infrastructure Fund | 161,422 | |
| | 18,470 | Greencoats Renewable Income Infrastructure Fund | 24,479 | |
| | 9,696 | STEPSTONE B III | 20,923 | |
| 0.50% | 18,955 | Liability Driven Investment | - | 0.00% |
| | 18,955 | Insight LDI Fund | - | |
| 87.20% | 3,069,686 | Total - Pooled Investments | 3,464,168 | 88.30% |

| 31 March 2023 | | | 31 March 2024 | |
|----------------|----------------------------------|--------------------------------|------------------|----------------|
| Market Value | Description / Investment Manager | | Market Value | |
| 1.60% | 58,035 | Cash & Cash Equivalents | 81,929 | 2.10% |
| 0.20% | 7,087 | Derivatives | 528 | 0.00% |
| 0.00% | 768 | Investment Receivables | 729 | 0.00% |
| 100.00% | 3,517,356 | Total Investment Assets | 3,921,466 | 100.00% |

Any single investments exceeding 5% of total net assets are in pooled investment vehicles made up of underlying investments each of which represent substantially less than 5% of total net assets.

Investment assets under the management of Brunel Pension Partnership are valued at £3,263M at 31 March 2024 (£2,699M at 31 March 2023).

The pension fund's investment portfolio includes a number of directly owned properties that are leased commercially to various tenants. The future minimum lease payments receivable are as follows:

| 31 March 2023 | | 31 March 2024 | |
|---------------|---|----------------|--|
| £'000 | | £'000 | |
| 10,047 | Within one year | 11,139 | |
| 34,515 | Between one and five years | 44,554 | |
| 34,122 | Later than five years | 48,516 | |
| 78,684 | Total future lease payments due under existing contracts | 104,209 | |

NOTE 15. RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

The following tables summarise details of purchases, sales and changes in the market valuation of investments in the fund during the financial year and prior year.

| 2023-24 | Value 1 April 2023 £'000 | Purch's & Derivative payments £'000 | Sales & Derivative receipts £'000 | Change in market value £'000 | Value 31 March 2024 £'000 |
|---|-----------------------------------|--|--|---------------------------------------|------------------------------------|
| Long Term Investments | 707 | - | - | 15 | 722 |
| Equities | 72 | 267,479 | (267,460) | (14) | 77 |
| Pooled Investment Vehicles | 3,069,686 | 428,269 | (424,943) | 391,156 | 3,464,168 |
| Private Equity | 135,849 | 17,624 | (16,939) | 1,856 | 138,390 |
| Property | 245,859 | 2,281 | (6,131) | (6,364) | 235,645 |
| Total Securities | 3,452,173 | 715,653 | (715,473) | 386,649 | 3,839,002 |
| Forward Foreign Exchange | 7,086 | - | - | (9,910) | (2,824) |
| Total Securities and Derivatives | 3,459,259 | 715,653 | (715,473) | 376,739 | 3,836,178 |
| Other Investment Balances: | | | | | |
| Cash & cash equivalents* | 58,035 | | | 22,850 | 81,929 |
| Other investment assets | 768 | | | (14) | 729 |
| Other investment liabilities | - | | | - | - |
| Total Net Investments | 3,518,062 | | | 399,575 | 3,918,836 |

| 2022-23 | Value 1 April 2022 £'000 | Purch's & Derivative payments £'000 | Sales & Derivative receipts £'000 | Change in market value £'000 | Value 31 March 2023 £'000 |
|---|-----------------------------------|--|--|---------------------------------------|------------------------------------|
| Long Term Investments | 838 | - | - | (131) | 707 |
| Equities | 59 | - | - | 13 | 72 |
| Pooled Investment Vehicles | 3,210,018 | 438,590 | (448,439) | (130,483) | 3,069,686 |
| Private Equity | 132,224 | 15,894 | (17,749) | 5,480 | 135,849 |
| Property | 274,308 | 15,022 | (1,953) | (41,518) | 245,859 |
| Total Securities | 3,617,447 | 469,506 | (468,141) | (166,639) | 3,452,173 |
| Forward Foreign Exchange | 3,108 | - | - | 3,978 | 7,086 |
| Total Securities and Derivatives | 3,620,555 | 469,506 | (468,141) | (162,661) | 3,459,259 |
| Other Investment Balances: | | | | | |
| Cash & cash equivalents* | 72,664 | | | (19,942) | 58,035 |
| Other investment assets | 1,241 | | | 29 | 768 |
| Other investment liabilities | - | | | - | - |
| Total Net Investments | 3,694,460 | | | (182,574) | 3,518,062 |

The closing value of securities and derivatives equals the opening value plus purchases and derivative payments, less sales and derivative receipts, plus increases (or less decreases) in market value over the period. The value of other investment balances will change with cashflows over the year and therefore closing values do not 'cast' from opening values in the same way as for securities and derivatives.

*The change in market value shown for cash and cash equivalents is the net increase/(decrease) in cash balances resulting from the realised profits or losses on forward foreign currency contracts during the period.

NOTE 16. ANALYSIS OF DERIVATIVES

The Fund's holdings in derivatives are to hedge liabilities or hedge exposures to reduce risk. To maintain appropriate diversification a significant proportion of the Fund's equity portfolio is in overseas stock. To reduce the volatility associated with fluctuating currency rates, the Fund hedges 50% of the US Dollar, Euro and Japanese Yen exposure within its global equities investments. As at 31 March, the Fund held the following open forward currency contracts.

| Settlement | Currency Bought | Local Value 000s | Currency Sold | Local Value 000s | Asset Value £'000 | Liability Value £'000 |
|---|-----------------|---------------------|---------------|---------------------|----------------------|--------------------------|
| 2-6 months | GBP | 37,400 | EUR | 43,604 | 17 | - |
| 2-6 months | GBP | 35,447 | JPY | 6,601,821 | 510 | (1) |
| 2-6 months | GBP | 304,776 | USD | 389,409 | 0 | (3,351) |
| Open Forward Currency Contracts at 31 March 2024 | | | | | 527.7 | (3,351.9) |
| Net Forward Currency Contracts at 31 March 2024 | | | | | | (2,824.1) |

| Settlement | Currency Bought | Local Value 000s | Currency Sold | Local Value 000s | Asset Value £'000 | Liability Value £'000 |
|---|-----------------|---------------------|---------------|---------------------|----------------------|--------------------------|
| 1-6 months | GBP | 264,294 | USD | 319,724 | 6,116.6 | (0.4) |
| | GBP | 31,501 | JPY | 5,014,000 | 723.8 | (0.2) |
| | GBP | 37,402 | EUR | 42,163 | 246.2 | (0.3) |
| Open Forward Currency Contracts at 31 March 2023 | | | | | 7,086.6 | (0.9) |
| Net Forward Currency Contracts at 31 March 2023 | | | | | | 7,085.7 |

NOTE 17. FAIR VALUE OF INVESTMENT ASSETS

All investment assets have been valued using fair value techniques based on the characteristics of each asset class. Asset valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values, as follows:

- **Level 1:** where fair values are derived from unadjusted quoted prices in active markets for identical assets;
- **Level 2:** where quoted market prices are not available, for example, where an asset is traded in a market that is not considered to be active, but where valuation techniques are based significantly on observable market data;
- **Level 3:** where at least one input that could have a significant effect on the asset's valuation is not based on observable market data.

During the year ended 31 March 2024 there were no transfers between levels 1, 2 or 3 of the fair value hierarchy.

The basis of the valuation of each class of investment asset is summarised below.

| Description of Asset | Basis of Valuation | Key Inputs | Key Sensitivities |
|---------------------------------------|---|---|---|
| Level 1: | | | |
| Market quoted investments | Published bid market price ruling on the final day of the accounting period. | Not required. | Not required. |
| Exchange traded pooled investments | Published exchange prices at the reporting date. | Not required. | Not required. |
| Cash and cash equivalents | Carrying value is deemed to be fair value because of the short-term nature of these financial instruments. | Not required. | Not required. |
| Level 2: | | | |
| Pooled investments - unit trusts etc. | Closing bid price where bid and offer prices are published, or closing single price where single price only is published. | Net Asset Value (NAV) based pricing set on a forward pricing basis. | Not required. |
| Level 3: | | | |
| Freehold and leasehold properties | Valued at fair value at the reporting date by Peter Sudell FRICS of BNP Paribas Real Estate and Andrew Wells FRICS (the Derwent portfolio) of Allsop LLP, both acting as independent valuers and in accordance with current RICS Valuation Standards. | Existing lease terms and rentals, independent market research, nature of tenancies, covenant strength for existing tenants, assumed vacancy levels, estimated rental growth, discount rate. | Significant changes in rental growth, vacancy levels or the discount rate could affect valuations, as could more general changes to market prices. |
| Unquoted equity | Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018). | Earnings (EBITDA) and revenue multiples, discount for lack of marketability, control premium. | Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's reporting date, changes to expected cashflows, differences between audited and unaudited accounts. |

Level 3:

Property funds (where regular trading does not take place)

Underlying assets valued at fair value at the reporting date by each fund's valuers in accordance with current RICS Valuation Standards, taking account of other financial assets and liabilities within the fund structure.

Existing lease terms and rentals, independent market research, nature of tenancies, covenant strength for existing tenants, assumed vacancy levels, estimated rental growth, discount rate.

Significant changes in rental growth, vacancy levels or the discount rate could affect valuations, as could more general changes to market prices.

Sensitivity of assets valued at Level 3

The Fund has determined that the valuation methods described above are likely to be accurate within the following ranges, and has set out below the consequent potential impact on the closing values of investments held at 31 March 2024.

| | Valuation range % (+/-) | Value at 31 March 2024 £'000 | Value on Increase £'000 | Value on Decrease £'000 |
|----------------------------|-------------------------|---------------------------------|----------------------------|----------------------------|
| Pooled Investment Vehicles | 15.00% | 326,987 | 376,035 | 277,939 |
| Private Equity | 15.00% | 138,390 | 159,149 | 117,632 |
| Property | 15.00% | 235,645 | 270,992 | 200,298 |
| Total | | 701,022 | 806,176 | 595,869 |

| | Valuation range % (+/-) | Value at 31 March 2023 £'000 | Value on Increase £'000 | Value on Decrease £'000 |
|----------------------------|-------------------------|---------------------------------|----------------------------|----------------------------|
| Pooled Investment Vehicles | 15.00% | 333,082 | 383,045 | 283,120 |
| Private Equity | 15.00% | 135,849 | 156,226 | 115,472 |
| Property | 15.00% | 245,859 | 282,738 | 208,980 |
| Total | | 714,790 | 822,009 | 607,572 |

The following tables provides an analysis of the Fund's assets and liabilities by fair value hierarchy.

| 31 March 2024 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|--|------------------|------------------|------------------|------------------|
| Financial assets at fair value through profit and loss | | | | |
| Equities | 77 | - | - | 77 |
| Pooled investments | - | 3,137,181 | 255,413 | 3,392,594 |
| Pooled property investments | - | - | 71,574 | 71,574 |
| Private equity | - | - | 138,390 | 138,390 |
| Derivative contracts | - | 528 | - | 528 |
| Sub-total | 77 | 3,137,709 | 465,377 | 3,603,163 |
| Non financial assets at fair value through profit and loss | | | | |
| Property | - | - | 235,645 | 235,645 |
| Financial liabilities at fair value through profit and loss | | | | |
| Derivative contracts | - | (3,352) | - | (3,352) |
| Total | 77 | 3,134,357 | 701,022 | 3,835,456 |

| 31 March 2023 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|--|------------------|------------------|------------------|------------------|
| Financial assets at fair value through profit and loss | | | | |
| Equities | 72 | - | - | 72 |
| Pooled investments | - | 2,736,604 | 276,188 | 3,012,791 |
| Pooled property investments | - | - | 56,895 | 56,895 |
| Private equity | - | - | 135,849 | 135,849 |
| Derivative contracts | - | 7,087 | - | 7,087 |
| Sub-total | 72 | 2,743,690 | 468,931 | 3,212,694 |
| Non financial assets at fair value through profit and loss | | | | |
| Property | - | - | 245,859 | 245,859 |
| Financial liabilities at fair value through profit and loss | | | | |
| Derivative contracts | - | (1) | - | (1) |
| Total | 72 | 2,743,689 | 714,790 | 3,458,552 |

The following table provides a reconciliation of fair value measurements within Level 3.

| | Pooled Investment £'000 | Private Equity £'000 | Property £'000 | Total £'000 |
|---------------------------------------|-------------------------------|----------------------------|-------------------|----------------|
| Opening value at 1 April 2023 | 333,082 | 135,849 | 245,859 | 714,790 |
| Purchases and derivative payments | 67,927 | 17,624 | 2,281 | 87,832 |
| Sales and derivative receipts | (69,622) | (16,939) | (6,131) | (92,692) |
| Unrealised gains and losses | (3,176) | (8,289) | (6,364) | (17,829) |
| Realised gains and losses | (1,224) | 10,145 | - | 8,921 |
| Closing value at 31 March 2024 | 326,987 | 138,390 | 235,645 | 701,022 |
| | Pooled £'000 | Private £'000 | Property £'000 | Total £'000 |
| Opening value at 1 April 2022 | 323,589 | 132,224 | 274,308 | 730,121 |
| Purchases and derivative payments | 11,430 | 15,894 | 15,022 | 42,346 |
| Sales and derivative receipts | (14,588) | (17,749) | (1,953) | (34,290) |
| Unrealised gains and losses | 10,736 | (3,267) | (41,518) | (34,049) |
| Realised gains and losses | 1,915 | 8,747 | - | 10,662 |
| Closing value at 31 March 2023 | 333,082 | 135,849 | 245,859 | 714,790 |

NOTE 18. CLASSIFICATION OF FINANCIAL INSTRUMENTS

| As at 31 March 2024 | Fair value through profit and loss £'000 | Assets at amortised cost £'000 | Liabilities at fair value through profit & loss £'000 | Liabilities at amortised cost £'000 |
|------------------------------|--|---|---|--|
| Financial assets | | | | |
| Long term investments | 722 | | | |
| Equities | 77 | - | | |
| Pooled investments | 3,392,594 | - | | |
| Pooled property investments | 71,574 | - | | |
| Private equity | 138,390 | - | | |
| Derivative contracts | 528 | - | | |
| Cash and cash equivalents | - | 81,929 | | |
| Other investment balances | - | 729 | | |
| Debtors | - | 1,341 | | |
| Total | 3,603,885 | 83,999 | | |
| Financial liabilities | | | | |
| Derivative contracts | | | 3,352 | |
| Other investment balances | | | | - |
| Sundry creditors | | | | 12,097 |
| Total | | | 3,352 | 12,097 |
| | | | | |
| As at 31 March 2023 | Fair value through profit and loss £'000 | Assets at amortised cost £'000 | Liabilities at fair value through profit & loss £'000 | Liabilities at amortised cost £'000 |
| Financial assets | | | | |
| Long term investments | 707 | | | |
| Equities | 72 | - | | |
| Pooled investments | 3,012,791 | - | | |
| Pooled property investments | 56,895 | - | | |
| Private equity | 135,849 | - | | |
| Derivative contracts | 7,087 | - | | |
| Cash and cash equivalents | - | 58,035 | | |
| Other investment balances | - | 768 | | |
| Debtors | - | 738 | | |
| Total | 3,213,401 | 59,541 | | |
| Financial liabilities | | | | |
| Derivative contracts | | | 1 | |
| Other investment balances | | | | - |
| Sundry creditors | | | | 6,837 |
| Total | | | 1 | 6,837 |

NOTE 18A. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

All realised gains and losses arise from the sale or disposal of financial assets that have been derecognised in the financial statements. The fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

| 2022/23 | | 2023/24 |
|------------------|------------------------------------|----------------|
| £'000 | | £'000 |
| | Financial assets | |
| (121,143) | Fair value through profit and loss | 383,103 |
| | Financial liabilities | |
| | Fair value through profit and loss | |
| (121,143) | Total | 383,103 |

NOTE 19. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunities for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, interest rate risk and currency risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet its forecast cash flows.

Responsibility for the Fund's risk management strategy rests with the Committee. The Committee receives regular reports from all investment managers and from its Independent Investment Adviser on the nature of the investments made and their associated risks.

(a) Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of asset classes, geographical and industry sectors, and individual securities. Exposure to specific markets and asset classes is limited by applying strategic targets to asset allocation, which are agreed and monitored by the Committee.

(a) (i) Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or factors affecting all such instruments in the market. The Fund's investment managers mitigate this risk through diversification in line with their own investment strategies.

The following table demonstrates the change in the net assets available to pay benefits if the market price for each class of investment had increased or decreased by 15%, excluding cash and other investment assets.

| As at 31 March 2024 | Value £'000 | Change % | Increase £'000 | Decrease £'000 |
|----------------------------|------------------|---------------|-------------------|-------------------|
| Equities | 77 | 15.00% | 12 | (12) |
| Pooled Investment Vehicles | 3,464,168 | 15.00% | 519,625 | (519,625) |
| Private Equity | 138,390 | 15.00% | 20,759 | (20,759) |
| Property | 235,645 | 15.00% | 35,347 | (35,347) |
| Cash & cash equivalents | 81,929 | 0.00% | - | - |
| Derivatives | 528 | 15.00% | 79 | (79) |
| Other investment assets | 729 | 0.00% | - | - |
| Total | 3,921,466 | 14.68% | 575,822 | (575,822) |

| As at 31 March 2023 | Value £'000 | Change % | Increase £'000 | Decrease £'000 |
|----------------------------|------------------------|---------------------|---------------------------|---------------------------|
| Equities | 72 | 15.00% | 11 | (11) |
| Pooled Investment Vehicles | 3,069,686 | 15.00% | 460,453 | (460,453) |
| Private Equity | 135,849 | 15.00% | 20,377 | (20,377) |
| Property | 245,859 | 15.00% | 36,879 | (36,879) |
| Cash & cash equivalents | 58,035 | 0.00% | - | - |
| Derivatives | 7,087 | 15.00% | 1,063 | (1,063) |
| Other investment assets | 768 | 0.00% | - | - |
| Total | 3,517,356 | 14.75% | 518,783 | (518,783) |

(a) (ii) Interest Rate Risk

Interest rates can vary and can affect both income the Fund and the value of Fund assets, both of which affect the value of net assets available to pay benefits. The Fund's exposure to interest rate movements on those investments at 31 March 2024 and 2023 are provided below, based on underlying financial assets at fair value.

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of an increase or decrease of 1% (100 basis points) in interest rates.

The analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalents but they will affect the interest received on those balances.

| As at 31 March 2024 | Market Value £'000 | Impact of 1% Rate | |
|--|-----------------------------------|---------------------------|---------------------------|
| | | Decrease £'000 | Increase £'000 |
| Cash & cash equivalents | 81,929 | - | - |
| Assets held in pooled investment vehicles: | | | |
| Bonds | 256,367 | 14,833 | (14,833) |
| Multi Asset Credit (MAC) | 269,755 | 6,818 | (6,818) |
| Liability Driven Investment (LDI) | - | - | - |
| Total | 608,051 | 21,651 | (21,651) |

| As at 31 March 2023 | Market Value £'000 | Impact of 1% Rate | |
|--|-----------------------------------|---------------------------|---------------------------|
| | | Decrease £'000 | Increase £'000 |
| Cash & cash equivalents | 58,035 | - | - |
| Assets held in pooled investment vehicles: | | | |
| Bonds | 229,091 | 13,178 | (13,178) |
| Multi Asset Credit (MAC) | 232,448 | 4,862 | (4,862) |
| Liability Driven Investment (LDI) | 18,955 | 190 | (190) |
| Total | 538,530 | 18,230 | (18,230) |

(a) (iii) Currency Risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling (GBP).

To mitigate the effect of movements in foreign exchange rates against its overseas equities investments, the Fund has in place a 50% passive currency hedge against the three major currencies, the US Dollar, the Euro and the Japanese Yen, and 50% of its holdings in the LGIM Passive Developed Equities and Smart Beta funds are in hedged units.

Following analysis of historical data, the Fund considers the likely volatility associated with foreign exchange rate movements to be not more than +/- 15% in total. The following summarises the Fund's exposure to currency exchange rate movements on its investments net of these hedges.

| As at 31 March 2024 | Total Exposure | Unhedged Exposure | Potential Movement |
|----------------------------|-----------------------|--------------------------|---------------------------|
| | £'000 | £'000 | £'000 |
| Equities | 77 | 39 | 6 |
| Pooled Investment Vehicles | 2,667,267 | 1,754,225 | 263,134 |
| Private Equity | 138,390 | 138,390 | 20,759 |
| Total | 2,805,734 | 1,892,654 | 283,898 |

| As at 31 March 2023 | Total Exposure | Unhedged Exposure | Potential Movement |
|----------------------------|-----------------------|--------------------------|---------------------------|
| | £'000 | £'000 | £'000 |
| Equities | 72 | 36 | 5 |
| Pooled Investment Vehicles | 2,332,837 | 1,549,151 | 232,373 |
| Private Equity | 135,849 | 135,849 | 20,377 |
| Total | 2,468,758 | 1,685,036 | 252,755 |

(b) Credit Risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The selection of high quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Fund's credit criteria. The Fund also sets limits as to the maximum percentage of deposits placed with any one individual institution. In addition, the Fund invests in low volatility money market funds, all of which have a AAA rating from the leading credit rating agencies.

The table below summarises the Fund's exposure to credit risk at 31 March 2024 and 31 March 2023.

| | 31 March 2024 | 31 March 2023 |
|--|----------------------|----------------------|
| Investment | £'000 | £'000 |
| Cash and Cash Equivalents | 81,929 | 58,035 |
| Assets held in pooled investment vehicles: | | |
| Bonds | 256,367 | 229,091 |
| Multi Asset Credit (MAC) | 269,755 | 232,448 |
| Liability Driven Investment (LDI) | 0 | 18,955 |
| Total | 608,051 | 538,530 |

(c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. Such risks are mitigated by maintaining a detailed cashflow model and taking appropriate steps to ensure that there is adequate cash available to meet liabilities as they fall due.

The Fund has immediate access to its cash holdings and defines liquid assets as assets that can be converted to cash within three months' notice, subject to normal market conditions. As at 31 March 2024, liquid assets were £3,220M representing 82% of total net assets (£2,803m at 31 March 2023 representing 80% of total net assets at that date).

NOTE 20. FUNDING ARRANGEMENTS

In accordance with the LGPS Regulations, the Fund's actuary, Barnett Waddingham LLP, undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The most recent such valuation took place as at 31 March 2022, setting employer contribution rates for the period 1 April 2023 to 31 March 2026.

The next valuation is taking place as at 31 March 2025 and will set employer contribution rates for the period 1 April 2026 to 31 March 2029.

The key elements of the funding policy are:

- to ensure that the long-term solvency of the Fund i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment;
- to ensure that employer contribution rates are as stable as possible;
- to minimise the long term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return;
- to reflect the different characteristics of employing bodies in determining contribution rates where it is reasonable to do so; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its pension obligations.

Contribution rates for the year ending 31 March 2024 were set at the valuation calculated as at 31 March 2022. The common contribution rates set at the 2022 valuation for the three-year period ending 31 March 2026 are as follows.

| | 2023/24 | 2024/25 | 2025/26 |
|---|----------------|----------------|----------------|
| Primary rate (future service contributions) | 19.10% | 19.10% | 19.10% |
| Secondary rate (deficit recovery contributions) | 3.10% | 3.30% | 3.40% |
| Total employer contributions | 22.20% | 22.40% | 22.50% |

The contribution rates paid by each employer, in addition to those paid by members of the scheme, are set to be sufficient to meet the liabilities that build up each year within the Fund in respect of the benefits earned by each employer's active members of the Fund during the year plus an amount to reflect each participating employer's share of the value of the Fund's assets compared with the liabilities that have already accrued at the valuation date. Each employer pays an individual rate of contributions to reflect its own particular circumstances and funding position within the Fund. The contribution rates were calculated using the projected unit method taking account of market conditions at the valuation date.

At the 2022 actuarial valuation, the Fund was assessed as 96% funded (92% at the 2019 valuation) with a deficit recovery period of no more than 16 years (19 years at the 2019 valuation). The key assumptions applied by the actuary for the 2022 and 2019 valuations are summarised below. To be consistent with the market value of assets, the liabilities were valued allowing for expected future investment returns and increases to benefits as determined by market levels at the valuation date.

| | Valuation 2019 | Valuation 2022 |
|--|---------------------------|---------------------------|
| Annual rate of return on investments (discount rate) | 5.00% | 4.90% |
| Annual rate of increases in pay (long term) | 3.60% | 4.00% |
| Annual rate of inflation (CPI) | 2.60% | 3.00% |

NOTE 21. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation, the Fund's actuary, Barnett Waddingham LLP, also undertakes a valuation of the Fund's liabilities on an IAS 19 basis every year using the same base data as the funding valuation rolled forward to the current financial year but taking account of changes in membership numbers and updating assumptions to the current year. This annual valuation is not carried out on the same basis as that used for setting employer contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

This valuation as at 31 March 2024 is set out in Appendix D to these financial statements.

NOTE 22. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC)

The Council administers an in-house AVC Scheme with two designated providers, Prudential Plc and Utmost Life and Pensions Limited (formerly Equitable Life). The amounts contributed to AVC plans by employees who are members of the pension scheme do not form any part of, and are not included in, the Fund accounts.

Each employer in the Fund is responsible for collecting from their own employees and paying to the AVC provider those contributions due on AVC plans. Dorset Council, in its capacity as a scheme employer, deducted and paid to the AVC providers a total of £1,352k in 2023/24 (£929k in 2022/23).

The market value of the separately invested additional voluntary contributions as at 31 March 2024 was £8,855k (£8,104k as at 1 April 2023).

NOTE 23. RELATED PARTY TRANSACTIONS

Related party issues arise primarily from the fact that the Council is the administering authority for the Fund. The Council also has various operational, contractual and financial dealings with a number of scheduled and admitted bodies of the Fund, however, these activities do not relate to the Council's role as administering authority for the Fund.

The Council remits monthly contributions to the Fund in arrears, and total contributions for the year were £40.4m. £3.4m of this related to March 2024 contributions and was accrued as at 31 March 2024. Management and administration costs of £2.4m were incurred by the Council and recharged to the Fund in 2023/24. In addition, at any given time there may be amounts which have been paid or received by both the Council or the Fund where indebtedness arises between the two. These can arise due to operational necessity or where single transactions have elements relating to both the Council and the Fund and are settled on a regular basis.

Senior officers of the Council are members of the Fund as employee contributors. As at 31 March 2024, one member of the Committee was a contributing member of the Fund. The key management personnel of the Fund are the members of the Committee, the Council's Chief Financial Officer (who is the Fund Administrator) and the Deputy Chief Financial Officer. The £2.4m recharge from the Council includes a charge of £21k for the Deputy Chief Financial Officer's time spent working for the Fund. The £21k charge is categorised as a short-term employee benefit.

NOTE 24. CONTINGENT ASSETS, LIABILITIES AND CONTRACTUAL COMMITMENTS

Recovery of withholding tax

The Fund is continuing the process required to recover withholding tax from various EU investments following rulings requiring equal treatment for all EU investors. These claims will be retrospective and will cover a varying number of years depending on the domicile. Neither the amount nor the expected time of settlement are known so consequently the financial statements as at 31 March 2024 do not reflect any potential recovery of tax.

Commitments to private markets' portfolios

Outstanding capital commitments (investments) at 31 March 2024 were approximately £145m. These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the pension fund. The amounts 'called' by these funds are irregular in both size and timing over a number of years from the date of each original commitment.

Asset Pools

Asset Pools Background

In 2015 the Department of Communities and Local Government (as it then was) issued LGPS: Investment Reform Criteria and Guidance which set out how the government expected LGPS funds to establish asset pooling arrangements. The objective was to deliver:

- Benefits of scale;
- Strong governance and decision making;
- Reduced costs and excellent value for money; and
- An improved capacity and capability to invest in infrastructure.

To meet these requirements, the Fund joined with nine other LGPS administering authorities (Avon, Buckinghamshire, Cornwall, Devon, Gloucestershire, Oxfordshire, Somerset, Wiltshire and the Environment Agency) to form the Brunel Pension Partnership. The expected costs and savings for the Fund in the original business case approved in January 2017 and then submitted to Government, are set out in the following table.

Table 1: Expected Costs and Savings from Pooling (as per Business Case)

| | 2016 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|------------------------------|--------------|--------------|------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2036 | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Set up costs | 1,183 | - | - | - | - | - | - | - | - | 1,183 |
| Ongoing Brunel Costs | - | 487 | 637 | 657 | 679 | 701 | 724 | 747 | 10,019 | 14,650 |
| Dorset Fund Savings | - | (125) | (129) | (133) | (137) | (141) | (145) | (149) | (1,972) | (2,931) |
| Transition costs | - | 1,283 | 1,896 | 123 | - | - | - | - | - | 3,301 |
| Fee savings | - | (59) | (1,499) | (2,562) | (2,986) | (3,453) | (3,953) | (4,232) | (71,046) | (89,788) |
| Net costs / (savings) | 1,183 | 1,586 | 905 | (1,915) | (2,444) | (2,893) | (3,374) | (3,634) | (62,999) | (73,585) |

Following approval of the business case, Brunel Pension Partnership Ltd was established in July 2017 as a company wholly owned in equal shares by the ten administering authorities and authorised by the Financial Conduct Authority (FCA).

The company is responsible for implementing the strategic asset allocations of the participating funds by investing their assets within defined outcome focused investment portfolios. In particular, it researches and selects the external managers or pooled funds needed to meet the investment objective of each portfolio. However, responsibility for setting strategic asset allocations remains with the administering authorities.

The financial performance of the pool is monitored to ensure that Brunel is delivering on the key objectives of investment pooling. This includes reporting of the costs associated with the appointment and management of the pool company including set up costs, investment management expenses and the

oversight and monitoring of Brunel by the client funds. The set up and transition costs incurred to date are set out in the following table.

Table 2: Investment Pool Set Up Costs

| | 2023/24 | | Total | Cumulative to date |
|--|---------|----------|-------|-----------------------|
| | Direct | Indirect | | |
| | £'000 | £'000 | £'000 | £'000 |
| Set Up Costs | | | | |
| Recruitment | - | - | - | 18 |
| Legal | - | - | - | 133 |
| Consulting, Advisory & Procurement | - | - | - | 82 |
| Other support costs e.g. IT, accommodation | - | - | - | 0 |
| Share purchase / subscription costs | - | - | - | 840 |
| Total Set Up Costs | - | - | - | 1,072 |
| Transition Costs | | | | |
| Transition fees | - | - | - | 320 |
| Taxation | - | - | - | 552 |
| Other transition costs | - | - | - | 3,459 |
| Total Transition Costs | - | - | - | 4,331 |

The Fund transitioned its first assets to Brunel's management in July 2018 and by 31 March 2024 approximately 83% of assets had transitioned. The investment fee savings achieved to date are summarised in the following table.

Table 3: Investment Fee Savings from Pooling

| | Value OBC 31-Mar-16 | Value 31-Mar-24 | Price Variance | Quantity Variance | Total Saving / (Cost) |
|------------------------------------|------------------------|--------------------|-------------------|----------------------|--------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| UK Passive Equities | 365,654 | 135,774 | -62 | 0 | -62 |
| UK Active Equities | 218,539 | 204,132 | 4,355 | 19,574 | 23,929 |
| Global Passive Equities | 0 | 243,048 | 172 | -346 | -174 |
| Global Climate Transition Equities | 0 | 130,908 | 35 | -64 | -29 |
| Global Paris Aligned Equities | 0 | 267,710 | 50 | -94 | -45 |
| Smart Beta Passive Equities | 227,083 | 348,876 | 429 | 7,394 | 7,823 |
| Emerging Markets Equities | 65,186 | 147,803 | 808 | 3,207 | 4,015 |
| High Alpha Global Equities | 0 | 325,323 | 3,278 | -6,934 | -3,656 |
| Global Smaller Companies Equities | 0 | 247,530 | 1,117 | -4,311 | -3,194 |
| Global Sustainable Equities | 0 | 393,596 | 3,307 | -6,868 | -3,561 |
| Core Global Equities | 333,306 | 0 | 0 | 21,607 | 21,607 |
| Diversifying Returns Fund | 107,588 | 262,203 | 2,122 | 5,199 | 7,321 |
| Multi Asset Credit | 0 | 269,759 | 328 | -1,903 | -1,575 |
| Sub-Total Listed Markets | 1,317,356 | 2,976,663 | 15,938 | 36,461 | 52,399 |
| Private Markets | | | 1,814 | -2,025 | -211 |
| Total | | | 17,752 | 34,436 | 52,188 |

This analysis shows the fee savings achieved for the assets that have transitioned to Brunel portfolios against the fees charged at the time the business case for pooling was prepared in 2016. Where the Fund did not have an investment in an equivalent mandate an average of the fees paid by other client funds at that time is used as a proxy fee.

The price variance measures the extent to which changes in fee rates have generated savings or costs, and the quantity variance shows the difference in fees payable as a result of changes in asset value since the original business case.

A summary of the costs and savings to date compared to the original business case is provided in the following table.

Table 4: Expected vs Actual Costs and Savings to Date

| | 2022/23 | | | | 2023/24 | | | |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Budget | | Actual | | Budget | | Actual | |
| | In Year | To Date | In Year | To Date | In Year | To Date | In Year | To Date |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Set up costs | 0 | 1,183 | 0 | 1,072 | 0 | 1,183 | 0 | 1,072 |
| Ongoing Brunel Costs | 701 | 3,160 | 946 | 4,647 | 724 | 3,884 | 1,084 | 5,731 |
| Client Savings | (141) | (665) | (133) | (653) | (145) | (810) | (133) | (786) |
| Transition costs | 0 | 3,301 | 0 | 4,332 | 0 | 3,301 | 0 | 4,332 |
| Fee savings | (3,453) | (10,558) | (4,478) | (12,277) | (3,953) | (14,510) | (5,475) | (17,752) |
| Net costs/(savings) | (2,893) | (3,578) | (3,666) | (2,879) | (3,374) | (6,952) | (4,524) | (7,403) |

Other Material

Knowledge and Skills

There is a requirement for all those involved in the management and oversight of public sector pension funds (whether members or officers) to ensure they achieve the level of knowledge and skill necessary for performing their duties and responsibilities effectively.

Dorset County Pension Fund recognises the importance of ensuring that it has the necessary resources to discharge its pensions administration responsibilities and that all staff and members charged with the financial administration, governance and decision-making with regard to

the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

The Dorset County Pension Fund seeks to utilise individuals who are both capable and experienced and it will provide/arrange training for staff and members of the pensions decision-making and governance bodies to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

Training

All public sector organisations charged with the financial management of pension schemes will be aware of the schemes' growing complexity. Public sector pension scheme financial management demands appropriate skills, including knowledge of financial markets and products; financial services procurement; pensions accounting and auditing; actuarial practices; investment performance and risk management and the implications of legal and regulatory requirements.

Every public sector organisation should secure appropriate training, having assessed the professional competence of both those involved in pension scheme financial management and those with a policy, management and/or oversight role. They should also ensure that those charged with pension scheme governance have access to the skills and knowledge they require to carry out this role effectively.

CIPFA has published its Pensions Finance Knowledge and Skills Framework as a basis for the training and development of those involved in

pension scheme finances. The six areas within the Knowledge and Skills framework are:

- Pensions legislative and governance context.
- Pensions accounting and auditing standards.
- Financial services procurement and relationship management.
- Investment performance and risk management.
- Financial markets and product knowledge.
- Actuarial methods, standards and practices.

As an administering authority of the Local Government Pension Scheme, Dorset Council has always recognised the importance of ensuring that all officers and members of the Pension Fund Committee charged with the financial management and decision making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them. The Fund provides and arranges training for officers and members of the Pension Fund Committee to enable them to acquire and maintain an

appropriate level of expertise, knowledge, and skills.

The administering authority recognises the importance of training, both for Committee members, Local Pension Board and pension fund staff responsible for financial management and decision making within the Fund. Training is provided to ensure committee members, Local Pension Board and staff, possess an appropriate level of knowledge, skill and understanding to carry out their duties. Specifically, the administering authority must ensure:

- that decisions are taken by persons or organisations with the skills, knowledge advice and resources necessary to make them effectively monitor implementation; and
- those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.

Topics for training in 2023-24 for members and officers are shown in the table below.

| Date | Training | By Whom |
|--------|--|---------|
| Jun-23 | Investment Strategy Review | Mercer |
| Jun-23 | Portfolio Update and introduction to the CBRE UK Property PAIF | CBRE |
| Jul-23 | Dorset Carbon Metrics Report | Brunel |
| Sep-23 | Dorset County Pension Fund Training Day | Apex |
| Sep-23 | Climate Change & Net Zero Investing Training | Mercer |
| Nov-23 | Affordable Housing Training | Mercer |
| Nov-23 | Equity Portfolio Review | Mercer |
| Mar-24 | Pension Fund Review | Apex |

Pension Fund Documents

Please find the links below to important documents that relate to the Dorset County Pension Fund.

Investment Strategy Statement

Regulation 7(1) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 requires an administering authority to formulate an investment strategy which must be in accordance with guidance issued by the Secretary of State.

This Statement provides details of the Fund's investment policies including:

- The suitability of particular investments.
- The choice of asset classes, and
- Approach to risk.

The Statement also details the Fund's compliance with the six principles set out in the Chartered Institute of Public Finance and Accountancy's publication 'Investment Decision Making and Disclosure in the Local Government Pension Scheme 2009 – a guide to the application of the 2008 Myners Principles to the management of LGPS Funds'.

[investment-strategy-statement-iss-november-2021.pdf \(dorsetpensionfund.org\)](#)

Funding Strategy Statement

Regulation 58 of the Local Government Pension Scheme (Administration) Regulations 2013 requires all administering authorities to produce a Funding Strategy Statement. The purpose of the Funding Strategy Statement is to explain the funding objectives of the Fund, in particular:

- How the costs of the benefits provided under the LGPS are met through the Fund.
- The objectives in setting employer contribution rates; and
- The funding strategy that is adopted to meet these objectives.

The Funding Strategy Statement is reviewed every three years at the same time as the triennial actuarial valuation of the Fund. An interim review of the Statement may be carried out and a revised Statement published if there has been a material change in the policy matters set out in the Statement or there has been a material change to the Investment Strategy Statement.

[Funding Strategy Statement \(dorsetpensionfund.org\)](https://www.dorsetpensionfund.org)

Pensions Administration Strategy Statement

The Pensions Administration Strategy statement outlines the policies and performance standards towards providing a cost-effective, inclusive and high-quality pensions and administration service. Delivery of such an administration service is not the responsibility of one person or one organisation but is rather the joint working of a number of different stakeholders, which between them are responsible for delivering the pensions administration service to meet the diverse needs of the membership. As the cost of this service is borne by the Fund, and effectively recharged pro-rata to each employer via the contribution rate, it is in everyone's interests to ensure an efficient cost-effective provision.

<https://www.dorsetpensionfund.org/forms-and-publications/administration-strategy/>

Communication Policy Statement

The Local Government Pension Scheme Regulations 2013, Regulation 61 requires all administering authorities to produce a Communications Policy Statement. This statement sets out the Fund's strategy for communicating with members, members' representatives, prospective members and employing authorities, together with the promotion of the Scheme to prospective members and their employing authorities.

<https://www.dorsetpensionfund.org/forms-and-publications/communications-policy/>

Glossary of Terms

50/50 Option

The LGPS offers the flexibility to pay half of the normal contribution rate and build up half of the normal pension whilst retaining full life and ill-health cover.

Actuarial Valuation

An Actuarial Valuation is a three yearly valuation of the Fund. It is undertaken by the Actuary into the liability of the Fund to meet its liabilities. For the LGPS the Fund Actuary will assess the funding level of each participating employer and agree contribution rates.

Actuary

An independent consultant who advises the Fund and reviews the financial position of the Fund every three years. The Actuary produces a report, known as the actuarial report, which compares the Fund's assets with the liabilities and prescribes the rates at which the employing bodies must contribute.

Additional Voluntary Contributions (AVCs)

AVCs are paid by a contributor who decides to supplement their pension by paying extra contributions to the Scheme's AVC provider.

Administering Authority

A body required to maintain a pension fund under the LGPS regulations. For the Dorset County Pension Fund this is Dorset Council.

Admitted Bodies

These are employers who have been allowed into the Fund at the County Council's discretion.

Asset Allocation

The apportionment of the Fund's assets between different types of investments (or asset classes).

Assets

These are everything that the pension fund holds. They include investments, bank balances and debtors.

Automatic Enrolment

A work-based pension requirement introduced by the Government from October 2012 onwards. It has been introduced over a number of years, with larger employers required to meet the new requirements first and smaller employers phased in over a number of years. Workers can opt out at any time but may be subject to re-enrolment every three years from the date the employer was first required to comply with the new rules. An employer cannot offer workers inducements (additional pay, holidays etc.) or encourage workers not to join or opt out of a workplace pension. Following the ending of contracting out from 6 April 2016 the LGPS has been certified as satisfying the Alternative Quality Test in relation to the jobholders employed by all participating employers who are relevant members of that scheme, as required by the Occupational and Personal Pension Schemes (Automatic Enrolment) (Miscellaneous Amendments) Regulations 2016.

Benchmark

A measure against which pension fund management performance is judged. A series of appropriate indices is chosen which reflects the requirements of the trustees. Usually, a target is set which requires an agreed percentage better performance from the fund than the benchmark.

Brunel Pension Partnership (BPP Ltd)

A partnership of ten LGPS funds to pool the management of their investment assets. The individual funds will retain responsibility for setting investment strategy; BPP Ltd, a company owned by the ten administering authorities will implement the strategies on behalf of the funds. The funds in the partnership are: Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset and Wiltshire.

Cessation Valuation

A calculation carried out by the actuary when an employer leaves the Fund, which may result in a final deficit payment due to the Fund.

Collateral

An asset (cash or securities) posted from one counterparty to another and held as a guarantee against the value of a specified trade or other transactions.

Consumer Price Index (CPI)

CPI is a measure of inflation based on the change in the price of a fixed basket of goods and services. The difference between CPI and Retail Price Index (RPI) is that CPI excludes some items used in RPI such as mortgage interest payments and Council Tax, and includes other items not used in RPI.

Corporate Bonds

Fixed interest securities and index-linked securities issued by companies registered either in the UK or overseas. They represent 'loans' to the companies which are repayable on a stated future date. In the annual accounts, these are included in 'Sterling Bonds'.

Custodian

An external body responsible for ensuring Fund assets are registered in the name of the Fund, managing the settlement of trades entered into by the Fund, collecting income arising on Fund assets and reporting transactions and values to the Fund on a regular basis.

Deficit

If assets are less than liabilities, the Fund is said to be in deficit - there isn't enough money in the Fund to pay all future pension payments, so contributions may need to increase.

Deferred Pensioners

A deferred member is one that has stopped paying into the scheme but is not yet receiving a pension. As a deferred member you will receive an Annual Benefit Statement which shows the benefits you have accrued, and any pension increase that has been applied and how much they will be worth on retirement.

Emerging Markets

Developing economies in Latin America, Africa, Asia and the Middle East as well as areas of Europe and the Far East. Investment returns

within these markets tend to more volatile than those in more established markets.

Equities

Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

Fund Administrator

The person who is responsible for managing the pension fund.

Funding Level

The ratio of a fund's assets to the estimated value of its past service liabilities. This is expressed as a percentage. If a fund has a funding level of 110% it owns 10% more assets than it currently requires to meet its liabilities.

Hedge

To protect a fund from a fall in prices. This is usually accomplished by the selling of futures.

Infrastructure

The public facilities and services needed to support residential development, including highways, bridges, schools and sewer and water systems.

LGPS

The Local Government Pension Scheme, a public sector pension arrangement put in place via Government Regulations, for workers in local government.

Liabilities

The actuarially calculated present value of all benefit entitlements i.e. Fund cashflows of all members of the Fund, built up to date or in the future. The liabilities in relation to the benefit entitlements earned up to the valuation date are compared with the present market value of Fund assets to derive the deficit and funding/solvency level. Liabilities can be assessed on different set of actuarial assumptions depending on the purpose of the valuation.

Market Value

The price at which an asset might reasonably be expected to be sold in an open market.

Membership

Local authority employment during which time pension contributions were made or redeemed to have been made providing entitlement to benefits under the scheme.

Net Asset Value

The value of the Fund's assets minus the value of its liabilities.

Passive Management

A style of investment management that seeks to attain performance equal to market or index returns.

Pensionable Pay

Pensionable pay is the amount of pay on which you pay contributions. It includes basic pay, plus some other extras such as bonus, shift allowances and voluntary overtime. It does not include things like mileage or expenses.

Performance Measurement

Calculation of a Fund's historic return on its investments.

Pooled Funds

Pooled Funds are funds which manage the investments of more than one investor on a collective basis. Each investor is allocated units in the fund which are revalued at regular intervals. Income from these investments is normally

reinvested in the pooled fund automatically which increases the value of the units.

Private Equity

Private equity is capital that is not noted on a public exchange. Private equity is composed of funds and investors that directly invest in private companies, or that engage in buyouts of public companies, resulting in the delisting of public equity.

Property

In investment, property can refer to offices, shops, shopping centres, retail parks and warehouses. Returns from property can include rental income and growth in value (capital growth).

Scheduled Body

A scheduled body is a statutorily defined body within the scheme's regulations and has a statutory obligation to participate in the Scheme.

State Pension Age

This is the earliest age that someone can receive the state basic pension. You can use the Government's State Pension Age calculator (www.gov.uk/state-pension-age) to find out your State Pension Age.

Transfer Payment

A payment made from one pension scheme to another in lieu of benefits which have accrued to the member or members concerned, to enable the receiving pension scheme to provide alternative benefits.