

Minutes

Meeting: Local Pension Board for the Dorset County Pension Fund

Time: **2.00 pm**

Date: **Wednesday 4 December 2024**

Venue: Teams Meeting

Present:

Richard Bates	Chair
Adam Richens	Employer Representative
Neal Butterworth	Employer Representative
James Stevens	Member Representative
Jon Bird	Member Representative
Mary O'Sullivan	Member Representative
Jonathan Stiby	Member Representative

Officer Attendance:

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

Managers, Advisors and Others Attendance:

Adrian Felgate	Pension Fund Committee Member
Andy Canning	Pension Fund Committee Chair
Ian Howse	Deloitte

1. Apologies for Absence and Introductions

1.1. Advance apologies received from:

- David Taylor Employer Representative
- Liz Bishopp Employer Representative

2. Declarations of interest

2.1. None

3. Minutes and matters arising from previous meeting

3.1. In the September meeting an employer representative had questioned some confusing wording of the Administration Authority Discretions Policy (point 8.1). The Employer Relationship & Communications Manager said that he had since questioned the references to Welsh Councillors. It appears that this was the actual wording of the regulations, but as it was not relevant to Dorset, the references had now been removed and the policy published.

3.2. The minutes from the [25 September 2024](#) meeting were agreed.

4. Papers from the Pension Fund Committee

Items on the agenda of the Pension Fund Committee meeting held on 26 November 2024 were reviewed: [Pension Fund Committee Meeting 26 November 2024](#)

It was noted that the Pension Fund Committee meetings can now be viewed live, or a recording watched later, on [YouTube](#).

4.1. Questions

4.1.1. There was a question from the public asking whether Dorset County Pension Fund (DCPF) has investments in waste incinerators. DCPF does have very small exposure to such companies through some of the private market investments, but rather than imposing exclusions Brunel will scrutinise underlying investment risk processes, including their approach to stewardship and integration of environmental social governance risk, through stock selection.

4.1.2. There was also a question relating to the [Local Government Pension Scheme \(England and Wales\): Fit for the future - GOV.UK](#) consultation launched following the Chancellor of the Exchequer's [Mansion House speech](#). It was asked how the Committee viewed the proposed changes and how comfortable were they to transferring decision making to Brunel. The response was that they are still considering those proposed changes, but it does appear that some of the changes would place more reliance on our investment pooling companies to help design and deliver our investment strategies but it's not clear what recourse client funds would have should their pooling companies fail to deliver those required investment outcomes.

4.2. Brunel Governance/ Scheme Advisory Board Update

Cllr John Beesley, the pension fund's representative on the Brunel Oversight Board (BOB), and a member of the LGPS Scheme Advisory Board (SAB), updated the Committee on governance matters relating to investment pooling

4.2.1. Cllr Beesley, the Service Manager for Treasury and Investments, and Dorset Council's Section 151 Officer had met with the new Chair of Brunel, Sally Bridgeland, and the Chief Executive officer of Brunel, Laura Chappell. Dorset's concerns regarding Brunel's under performance against target returns was highlighted and it appeared that Brunel's new Chair had taken this on board.

4.3. Pension Fund Annual Report 2023/24

4.3.1. The Committee were asked to approve the [Pension Fund Annual Report for 2023/24](#)

4.3.2. As it can now contain links to other documents, the size of the Annual Report has been reduced to around 100 pages.

4.3.3. It was highlighted that the Annual Report includes the draft pension fund accounts and not the final accounts as the audit was ongoing. This is the first year that Grant Thornton have been Dorset Council and the pension fund's auditors, and it is anticipated that the audits will be concluded by mid-February 2025.

4.3.4. A Member Representative said that this was now three years of accounts that had not been signed off and this was not highlighted in the Annual Report. The Service Manager for Treasury and Investments said that the backlog of local authority audits was a national issue and gave an update on the outstanding audits for the pension fund. The 2021/22 pension fund final audit report from Deloitte was reviewed by the Pension Fund Committee in September 2024 and was now going to the Council's Audit and Governance Committee 9 December 2024, with an expectation that the final accounts will be signed off and published by 13 December 2024. Deloitte will be issuing a disclaimed opinion on the 2023/24 Council and pension fund accounts which will say they have done some very high-level checks of the figures, but they are not in a position to give a full opinion on the accounts because they have not done sufficient work.

4.4. Pension Fund Investments

The quarterly report on the value and performance of the pension fund's investments.

4.4.1. The value of the pension fund's assets at 30 September 2024 was just over £4 billion.

4.4.2. In terms of investment, performance for the quarter was positive both in absolute terms and compared to the benchmark.

4.4.3. David Vickers, the chief investment officer at Brunel is leaving in the spring of 2025. Brunel are in the process of finding and appointing a successor.

5. Mansion House Speech Nov-2024 / LGPS Fit for the Future Consultation

The Service Manager for Treasury and Investments gave an overview of the LGPS implications arising from the Mansion House speech and the subsequent [consultation](#).

5.1. The previous Conservative government were looking at mandating pension funds to invest a certain percentage in the UK and looking at consolidation of the eight LGPS investment pools in England and Wales into fewer, very large pools. The new Labour government were believed to be generally supportive of these intentions.

5.2. The Mansion House speech was widely reported in advance that the government wanted to transform the LGPS into 'mega funds', inferring that there would be mergers of underlying funds. However, the speech or consultation does not propose a reduction in the number of LGPS funds, with the term 'mega fund' actually an investment pool. The speech or consultation haven't mandated any changes to the number of pools, but the government are encouraging pools to look at mergers.

5.3. The consultation proposes that all pooling companies must be Financial Conduct Authority (FCA) regulated businesses by March 2026. Brunel Pension Partnership, the Dorset County Pension Fund's investment pooling manager, is already FCA regulated. The consultation also proposes that LGPS pension funds take their primary investment advice from their pool manager but with the ability to test that advice.

5.4. The consultation was largely related to proposals for changes to investment pooling, but it also includes proposals relating to governance matters including extending the existing training requirements for members of Local Pension Boards to members of Pension Fund Committees, the requirement for a senior LGPS officer at each administering authority, and conflicts of interest policies.

5.5. The consultation consists of 30 questions and responses have to be received by 16 January 2025. Dorset's response will be agreed with senior officers, the chair and vice of the Pension Fund Committee and the Pension Fund Committee's Brunel Oversight Board representative. The Local Pension Board will be provided with a copy of the response after it is submitted.

6. LGPS Administration report

The Service Manager for Pensions gave an update on the [Pensions Administration Report](#) provided to the Pension Fund Committee on 26 November 2024.

6.1. Key Performance Indicators (KPIs)

- 6.1.1. The KPI report for the period can be viewed here: [KPI report](#).
- 6.1.2. Performance against Key Performance Indicators (KPIs) continued to be good despite difficulties with the McCloud remedy.
- 6.1.3. A Member Representative said that although a KPI may be at 98%, but for those not in the 98%, this can be an issue. They asked if an indication could be given as to what sort of things lead to, for example, a death case not being completed in time. The Service Manager for Pensions said that examples could be delays in terms of pensions payable to dependents. Pensions payments payable to spouses and civil partners tend not to be too bad. Delays experienced recently have related to paying pensions to children where they have not been able to set up appropriate accounts, or where there's been custody issues.

There can be issues regarding payment of death grants. This is a discretionary benefit. So we will be very careful and considered when making the decision as to who to pay a death grant to. There's been a number of high-profile cases in the country that have gone to the Ombudsman, so we often take legal advice. We have up to two years to pay the death grant and where we take legal advice on a case it can be protracted. But as it is potentially contentious, we feel that it is the right thing to do in order to make the appropriate decision. The alternative is to get something wrong and that can lead to various issues. So overall, we are very good in terms of payment of death benefits. The team is really on the ball, but it's not always straightforward.

- 6.1.4. An Employer Representative asked why it was that last year 1408 deferred cases were completed and 4487 this year. The Service Manager for Pensions said that deferred benefits were not a priority compared to payment of benefits, so a backlog built up. This backlog was cleared when new staff were recruited.

6.2. McCloud Update

- 6.2.1. The first stage of the essential software delivery is now in our test system. It is undergoing testing by the team and they are feeding back to CIVICA. As anticipated, a lot of issues have been found and they are working on them. To be cautious, this will not be delivered into the Live system until early January. We are also due a further delivery in January of the next instalment and although that is not confirmed, it looks likely that there will be a delay on that. We would rather it arrived working properly than install it and end up with problems and workarounds.

6.3. Autumn Budget 2024

- 6.3.1. The budget was fairly light on changes to the pensions system overall, possibly because of the separate and on-going pensions review.
- 6.3.2. Despite rumours, and newspaper headlines which resulted in calls to the team from members, there was no change to the annual allowance, or tax-free lump sum allowances or tax relief for pension contributions.
- 6.3.3. The government did announce that it will bring unused pension funds and death benefits payable from a pension into a person's estate for inheritance tax purposes from 6 April 2027. This will impact the tax-free death grants the LGPS pays which currently do not fall under inheritance tax rules. The government have said that they would expect pension funds to liaise with the personal representatives and make payment of any inheritance tax from death grants within six months. We could struggle with that time frame because we often have difficulty working with personal representatives and there are often issues. Dependent pensions will not be impacted.
- 6.3.4. There is currently a consultation process looking at the technical details of these changes and seeks views on the processes required to implement them.
- 6.3.5. Also in the budget was an increase to the minimum wage that hopefully will have a positive impact to people saving for their pension.

6.4. Communications Annual Update 2024

- 6.4.1. Effective Communications are essential to the pensions administration service. Members struggle to understand pensions, and the LGPS is a particularly complex scheme. There is a high level of confusion due to public messaging, in the press and in advertising around defined contribution schemes, which are very different to the defined benefit pensions we see in the public sector.
- 6.4.2. The Service Manager for Pensions gave an overview of the methods of communications used by the pensions team.
- 6.4.3. Written communications to members' home address during 2024:
 - Deferred and Active member annual benefit statements
 - Active member newsletter
 - Letters to members re McCloud
 - Pensioner newsletter
 - Pensioner payslips
- 6.4.4. Online member portal is available to all members, with active and deferred members being able to view their records, update address and nomination details and run retirement estimates. In addition, documents can be uploaded and messages sent through the portal. Approximately 29% of active members and 43% of pensioner members are now registered on the portal.
- 6.4.5. An Employer Representative had heard that the next Annual Benefit Statements will have to include McCloud figures. The Service Manager for

Pensions said that was the case, but it has now changed and it will be optional for 2025. It is believed this is because there have been so many software issues nationally.

6.5. Employer Support – Annual Update

6.5.1. The Employer responsibilities for the LGPS are significant, and this presents a very real challenge to LGPS employers, with resources, knowledge and understanding being the main issues.

6.5.2. The Dorset Fund has excellent employer support services, and a dedicated team who have built up good relationships with our varied employers. The Fund also provides:

- Employer support team contactable by phone and e-mail
- A secure online portal to submit data, which links directly into our workflow
- A bespoke employer website with relevant information, forms and ‘how to’ guides
- Monthly employer updates notifying employers of latest news, LGA bulletins, reminders and need to know essentials
- Dedicated employer in-box
- Training events

6.6. Employer Movements

6.6.1. Four new employers recently joined the Fund.

Admitted Body	Date joined	Service
Aspens Catering	01/09/2024	Catering services for Sherborne Area Schools' Trust
Hayward Services Ltd	01/09/2024	Cleaning services for Sherborne Area Schools' Trust
Cleverchefs Ltd	01/09/2024	Catering services for Pickwick Academy Trust
Cucina Restaurants Ltd	01/09/2024	Catering services for Livingstone Academy Bournemouth (Aspirations Academy Trust)

6.6.2. An Employer Representative asked if he was correct in thinking that if these new organisations failed to make their payments to the fund, then they would be underwritten by the school trusts, rather than the Fund. The Service Manager for Pensions said that he was correct, however in respect to unpaid contributions we have a Payment on Contributions Policy and these would be chased, but if a company was to fail or cease to trade, then the liabilities would return to the outsourcing authority (in these cases, the trusts).

7. Local Pension Board Terms of Reference

The Board were asked to review a recent update to the Dorset County Pension Fund's

Local Pension Board Terms of Reference.

- 7.1. A question had been raised regarding differences between Dorset Council's Constitution and the Local Pension Board Terms of Reference.
- 7.2. In most instances the Constitution has now been changed to match the Terms of Reference, however it was questioned whether the Local Pension Board's formal quorum should be changed. Currently, this is 3 people being the chairman plus 1 employer representative and 1 member representative.
- 7.3. The Board were asked whether they would approve a change to make the formal quorum 4 representatives (2 employer and 2 member representatives), and also to allow a stand in to act as Chair should the Chair not be available for a meeting.

Resolution: The board agreed to both amendments

- 7.4. **Action:** Local Pension Board Terms of Reference to be amended accordingly and published on the Fund's website.

8. Training Events

The Employer Relationship & Communications Manager gave an update on training events available to Board members.

- 8.1. LGA Fundamentals Training. Spread over three separate days in October, November and December, these sessions give overviews in administration, investments and governance.
- 8.2. The Annual Governance Conference will be held in Bournemouth on 30 and 31 January 2025.
- 8.3. Board members who want to attend the event should contact the Employer Relationship & Communications Manager.

9. Local Pension Board Annual Report – 2023-24

The board had been provided with a copy of the report ahead of the meeting for review

- 9.1. The report covers the period 01 April 2023 to 31 March 2024.
- 9.2. Includes a section on training undertaken by the board. The report missed a course attended by one of the members. This will be updated prior to publication.
- 9.3. **Action:** Report to be published on the Fund website: [Annual Report 2023/24](#)

10. Risk Register

The Dorset County Pension Fund Risk Register was reviewed. Board members were provided with a copy ahead of the meeting.

- 10.1. The register had been reviewed by the Pensions managers ahead of the meeting and no new risks were added.

11. Any other Business

- 11.1. A Member Representative asked whether the gap between the Committee Meeting and the Board Meeting was too short, because minutes from the Committee Meeting are not usually available. The Service Manager for Pensions said that as the quarterly reports presented at the Committee are the same as for

the board, and as things change quite quickly, any long delay would mean it is out of date. However, this could be investigated.

11.2. It was noted that Board members found it useful being able to attend a recent Committee training session and wondered if this would be possible again in the future. The Service Manager for Treasury and Investments said that this could be possible remotely. The sessions normally take place on the morning of a Committee meeting, so information will be shared in due course.

12. Meeting closed at 15:45

13. Date of next meeting – 26 March 2025 (2.00 pm)

Details of the Local Pension Board and past meetings can be found [here](#).