

## Brunel Oversight Board Meeting

### Minutes

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

**Date and time:** Thursday 22 March 2018, 10:30 – 13:00

**Location:** Brunel Offices, 101 Victoria Street, Bristol, BS1 6PU

**Dial-in details:** 0330 336 1949 leader pin 461405 participant pin 429632

<b>Invited:</b>		
<i>Pension Committee Representatives</i>		
David Veale	Avon	Apologies
John Chilver	Buckinghamshire	
Derek Holley	Cornwall	
Rufus Gilbert	Devon	
Peter Wharf	Dorset	Apologies
Joanne Segars	EAPF	Apologies
Ray Theodoulou	Gloucestershire	Chair
Kevin Bulmer	Oxfordshire	Vice-Chair
Mark Simmonds	Somerset	
Tony Deane	Wiltshire	
<i>Member representative observers</i>		
Andy Bowman	Scheme member rep.	Apologies
Ian Brindley	Scheme member rep.	
<i>Fund Officers and Representatives</i>		
Liz Woodyard	Avon, CG	Apologies
Tony Bartlett	Avon	
Julie Edwards	Buckinghamshire	
Sean Johns	Cornwall	Apologies
Mark Gayler	Devon	
Richard Bates	Dorset (finance)	Phone (1 <sup>st</sup> hour)
Craig Martin	EAPF CPO	
Mark Spilsbury	Gloucestershire	
Sean Collins	Oxfordshire	
Anton Sweet	Somerset	Apologies
Nick Weaver	Wiltshire	
Nick Buckland	JLT - Client Side Executive	
Sophie McClenaghan	JLT - Client Side Assistant	Minutes
<i>Brunel Pension Partnership Ltd</i>		
Denise Le Gal	Brunel, Chair	
Steve Tyson	Brunel Shareholder NED	
Matthew Trebilcock	Brunel, CRD	
Dawn Turner	Brunel, CEO	
Mark Mansley	Brunel, CIO	
Faith Ward	Brunel, CRIO	Item 4 only

Item	Agenda	Paper provided	Owner
1	Confirm agenda Requests for AOB Any new declarations of conflicts of interest	Agenda  C of Interests	Chair
	<u>AOB</u> - Range of portfolios (DH) - BOB attendance/ substitution  <u>Conflicts</u> There were no new conflicts of interest received.		
2	Review 18 January BOB minutes	Minutes	Chair
	The BOB approved the minutes. All actions had been completed/ were covered on the agenda.		
3	Brunel Update Report	Update report	MT
	MT provided an overview of the update report.  - FCA approval has been received for Brunel. The BOB commended Laura Chappell, Joe Wesker and Alpha on its early delivery. - Passive equity tender is nearing the end of its process. - Tax transparent vehicle tender will be launched shortly. - Services agreement has been finalised and Funds are in the process of signing. Brunel has also signed now FCA approval has been confirmed. - DLG represented Brunel and presented at the LGC conference. - Recruitment is complete at 32 staff members other than legal counsel which was recently approved by the Board. Brunel are considering recruiting a Senior Investment Officer to deliver elective services (dependent on demand from CG). - Data breach reported. It was a relatively minor breach made through human error by Statestreet. Brunel has contacted all of the affected Funds and is ensuring that protocol is put in place by Statestreet to prevent the error repeating. - Wiltshire reported an error on the Statestreet report. Brunel encourages any feedback to be passed to Brunel who will follow up with Statestreet. - Political risk noted as amber, this was in relation to concerns around London CIV which have somewhat been reduced due to an announcement on the company structure in the last week.		

	<ul style="list-style-type: none"> <li>- Minister to meet with DLG and RT at the May PLSA.</li> <li>- Pooling clarification has been received and MM confirmed the Brunel structure meets the definition.</li> </ul>		
4	Brunel Responsible Investment Policy	RI presentation	FW
	<p>MM provided an introduction. Brunel will be including the RI policy in tenders for active managers. It is Brunel's policy however in the spirit of partnership the company are seeking affirmation the policy is in line with the Funds objective. SRI connect organises a survey and asked who had made biggest impact on RI. Brunel's FW was listed top. <b>Brunel will send a wider press release covering the award, people and FCA approval in the next week.</b></p> <p>FW spoke to the slides</p> <ul style="list-style-type: none"> <li>- The purpose of the RI policy is to focus on financially material risks.</li> <li>- Some elements will involve more engagement with the members e.g. the voting policy as a single policy will apply to all of the underlying Funds.</li> <li>- The RI policy aims to integrate, to collaborate and to be transparent.</li> <li>- Themes of key importance include, climate change, cost and tax transparency, human capital and diversity, supply chain management, cyber security.</li> <li>- It was requested that modern day slavery is included. FW confirmed this would be covered in either human capital or supply chain depending on the sector.</li> <li>- A concern was raised that the policy focuses on 'headline' topics. FW noted that the key themes have been developed through experience, regulation and policy alongside Fund input. The materiality of each risk is fully assessed. Sugar tax was provided as an example of an area that Brunel assessed and decided not to include in the policy.</li> <li>- Moral areas e.g. tobacco, arms etc. have not been screened as this is a difficult line to draw. Brunel will be aware of exposures to these areas through tools and will be able to provide statements if required but are not proactively engaging.</li> <li>- The Aggregate cost of supporting RI is a maximum of £30,000 for group memberships and affiliations. Each group that Brunel subscribes to adds value and has been approved by the Board.</li> <li>- Brunel are setting metrics and targets for the Funds to hold Brunel to account and track progress. Public and client reporting will be available.</li> <li>- How often will the policy be updated? The strategy is designed to be long term (3-5 years) but themes will be reviewed annually. Priority of the themes will also be reviewed annually.</li> <li>- It was agreed that the CG will approve the final wording of the RI policy.</li> <li>- <b>Brunel to produce an addendum of acronym definitions including: ISS/ RI/ UNPRI/ IIGCC / FRC/ MHCLG.</b></li> </ul>	<p>MT/ 31 Mar</p> <p>MT/ 18 Jul</p>	

5	Process for Transition of assets	Transition process	MM
	<p>MM provided an update on the passive transition. Brunel are close to finalising the passive tender. Costs are looking like they will come in lower than expected and lower than described in the business plan. The current cost estimate is under £1m and costs of £5/6m were included in the business plan. Brunel are currently scrutinising prospective transition managers.</p> <p><b>MM will reformat the paper and add FCA disclaimers so it can be shared more broadly.</b></p> <p><b>Brunel will be discussing the prioritisation of the active equity managers (including EM) at the next Client Group on 10 April.</b></p> <p>A query was received on how Brunel will report transition costs to the Funds. DT confirmed this is part of the agreement and continual updates will be provided. The transition advisors will provide independent reporting of the costs to enable the clients to monitor the success of the transitions. Brunel will provide a full report on each transition including estimated and actual costs. A report on the passive transition will likely be available in late July.</p> <p><b>Brunel to provide an update of the transition at the 18th July BOB.</b></p>		<p>MM/ 31 Mar</p> <p>CG/ 10 Apr</p> <p>MM/ 18 Jul</p>
6	Spring Update		MT/DT
	<p>MT provided an overview of the draft response for the Spring Update report requested by MHCLG. The update follows the same format as previous reports and mostly requires factual answers. The data date is 13th April to capture 'up and running' Pools.</p>		
7	Forward Work-plan	Work-plan	DT
	<p><b>JLT to share the presentation with BOB.</b></p> <p><b>Chair of BOB and Chair of CG to consider 2019 BOB dates proposed by Brunel.</b></p> <p>The Client Group has set up 5 Sub Groups which have representatives from both the Client Group and Brunel. The groups are:</p> <ol style="list-style-type: none"> <li>1. Services</li> <li>2. Financial</li> <li>3. Technical accounting</li> <li>4. Investments</li> <li>5. RI/ Stewardship</li> </ol> <p><b>Brunel to include the details of the training received by its staff in the report.</b></p>		<p>JLT/ 23 Mar</p> <p>Chairs / 18 Jul</p> <p>MT/ 18 Jul</p>

	<p>The November BOB meeting agenda is looking quite full already so may require an additional conference call in November. <b>Brunel to confirm if an additional call will be required.</b></p> <p><u>BOB attendance / substitution</u></p> <p>The Fund officers and Brunel officers are provided an open invite to BOB meetings.</p> <p>The constitution states that it is for the administering authority to decide who attends. There is no requirement for the attendee to be trained. Amending the constitution will require a special reserve matter. Bob agreed that an amendment should be made to ensure only a sufficiently trained individual may attend in substitution of a BOB member.</p> <p><b>Client Group to draft the appropriate wording and Brunel to issue a shareholder reserve matter.</b></p>	<p>MT/ 18 Jul</p> <p>CG/ 10 Apr</p>
8	<p>AOB</p> <p>Future meeting dates</p> <ul style="list-style-type: none"> <li>- 18 July 2018</li> <li>- 1 November 2018</li> <li>- Cross Pool Forum 27 March 2018</li> </ul>	<p>Chair</p>
	<ul style="list-style-type: none"> <li>- Range of portfolios: if a Fund wanted to go fully defensive is it possible? MM the bonds side is being explored further but currently the defensive portfolios would include gilts, IL gilts and cash. <b>DH requested that Brunel provide a short summary to Cornwall summarising this.</b></li> <li>- DLG sent her apologies for July Board meeting and BOB.</li> <li>- DLG noted that Chairs of Committee's have been invited to a cross pool information forum on 27 March.</li> </ul>	<p>MM/ 31 Mar</p>

**Produced: JLT on 23/03/2018**