

## Brunel Oversight Board Meeting

### Minutes

**Purpose:** To review Brunel/Client progress agree next steps  
**Date and time:** Thursday 1 November 2018, 10:30 – 13:00  
**Location:** Brunel Offices, 101 Victoria Street, Bristol, BS1 6PU  
**Dial-in details:** Dial In: 0330 336 1949 | Participant Pin: 566525

<i>Pension Committee Representatives</i>		
David Veale	Avon	
John Chilver	Buckinghamshire	
Derek Holley	Cornwall	
Ray Bloxham	Devon	
Peter Wharf	Dorset	Apologies
Joanne Segars	EAPF	Apologies
Hywel Tudor	EAPF	
Ray Theodoulou	Gloucestershire	Chair
Kevin Bulmer	Oxfordshire	Vice-Chair
Mark Simmonds	Somerset	Phone
Tony Deane	Wiltshire	
<i>Member representative observers</i>		
Andy Bowman	Scheme member rep.	
Ian Brindley	Scheme member rep.	
<i>Fund Officers and Representatives</i>		
Tony Bartlett	Avon	
Julie Edwards	Buckinghamshire	Phone
Mark Gayler	Devon	
David Wilkes	Dorset	Phone
Craig Martin	EAPF	
Mark Spilsbury	Gloucestershire	
Sean Collins	Oxfordshire	Chair – CG
Jenny Devine	Wiltshire	
Nick Buckland	JLT – Client Side Executive	
<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	
David Anthony	Brunel, CFO	
Alice Spikings	Brunel, Client Relations	Minutes

Item	Agenda	Paper provided	Owner
1	Election of Chair and Vice-Chair		NB
	<p>NB reminded members of the process for election of Chair and Vice-Chair and invited nominations for the role of Chair. RT put himself forward to continue in the role, and his nomination was agreed and seconded. With no further nominations being received a vote was taken and RT was unanimously elected a Chair. RT thanked the Board for the confidence show in him to continue in the role.</p> <p>RT invited nominations for the role of Vice-Chair. KB expressed his desire to continue in the role and this was agreed and seconded. As no further nominations were received a vote was taken and KB was elected by unanimous vote. KB thanked the Board for their support.</p>		
2	<p>Confirm agenda</p> <p>Requests for AOB (Urgent or for information)</p> <p>Any new declarations of conflicts of interest</p>		Chair
	The agenda for the meeting was confirmed and there were no new declarations of interest or additional items of business received.		
3	<p>Review 27 September BOB minutes</p> <ul style="list-style-type: none"> <li>Matters arising - SRMs</li> </ul>	Minutes	Chair
	The minutes of the meeting on 27 September were agreed by the Board. All ongoing or outstanding items were either complete or elsewhere on the agenda for the meeting, with one exception: MT updated BOB the on the result of the Special Reserve Matter 9 – Pricing Policy. The SRM was approved by 100% of the shareholder representatives.		
4	Business Plan	Report	DLG/DT/SC
	<p>DLG introduced the Brunel Business Plan and highlighted a number of the changes that had happened since the Original Business Case was developed:</p> <ul style="list-style-type: none"> <li>The Assets Under Management had increased to nearly £30bn</li> <li>Estimated level of savings had increased. Actual savings from initial transitions were higher than estimates.</li> <li>Level of work involved in the creation and transition of each portfolio had been under-estimated. To do the work effectively and with the appropriate level of detail it was taking longer.</li> <li>The investment team therefore needed to strengthen its level of resource to ensure it is able to deliver.</li> </ul> <p>DLG reminded BOB of the discussions at the last meeting around the options available for the transition and that in reality the “best ” option involved a lengthened transition and additional resource, and that the</p>		

	<p>Business Plan was built on this assumption.</p> <p>DLG concluded by suggesting a small amendment to the wording of the recommendations to keep them consistent with that of the Special Reserve Matter. This amended wording was supported.</p> <p>ST supported the proposals within the Business Plan and commented that the Brunel Board had been scrutinising the plans and had spent a good deal of time questioning the robustness of the plans and ensuring that the additional resource required was enough to deliver the transition plan. It was highlighted that the Client Group had undertaken a significant amount of work to analyse the assumptions and calculations within the proposals. MS was invited to comment in his role as Chair of the Client Group's Financial Sub-group (FSG), which had undertaken a substantial proportion of the assurance work.</p> <p>MS commented on the detail of the work that had been undertaken. He concluded that following the exercise, the FSG and Client Group felt that they had been provided with sufficient information on the non salary budgets to conclude that all major budget increases were supported by detailed and robust costings, and appeared to be justified by business need.</p> <p>Hence overall he summarised that the FSG and Client Group were able to give a high level of assurance to BOB on the detailed budget proposals for 2019/20.</p> <p>DH thanked MS for the assurance and commented that he was generally happy with the proposals. He asked for clarity around the proposal to allow for movement in budgets between year's, and what would get reported to BOB. DT confirmed that the move to allow over and underspends to be carried forward from one financial year to the next would allow for flexibility around particular projects if there was either slippage, or delivery was ahead of schedule. She also confirmed that in the regular budget updates to BOB it would be highlighted if this was likely to happen, and it would also be reported where any issues have arisen that previously would have resulted in a Special Reserve Matter.</p> <p>This was supported generally amongst the Board, and there were further clarification questions around the recommendations, and also the ability for Brunel to recruit the right calibre of staff in the future. The responses received assured BOB on these points.</p> <p>SC was invited to comment, and he confirmed that the Client Group was supportive of the proposals, and that he felt giving Brunel the ability to carry-forward over and underspent positions was sensible and allowed them to take a longer term view over projects.</p> <p>RB commented that he felt that it was essential for Brunel to have the correct level of staffing to enable the proper due diligence on fund manager appointments. He was happy with the proposals and revised timetable. In addition to this comment there were questions around whether the proposed staffing level was enough. DT commented that with what was known at the moment she was content that they would be.</p> <p>On being asked further whether she could guarantee not coming back in the next year's business plan for more budget DT said she could not as there may be changes that are not known yet and she gave three</p>	
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	<p>examples: increase in demands from funds following triennial valuation, regulatory or legislative changes, and understanding of needs as we move further into business as usual. The was accepted as a fair statement and that the rules of engagement if this were to happen were clear and that this would require a Special Reserve Matter.</p> <p>Given the increases in the resourcing levels within Brunel SC was asked whether he felt there was enough resource amongst the clients, in particular within the Client Group. He responded that it was on the agenda to be discussed at the next meeting in the next couple of weeks, and that he would report back to the next BOB meeting.</p> <p>In concluding DT commented that the process of review of the financial aspects of the business plan had been very thorough and she wished to highlight the work that MS had undertaken in leading the work of the FSG. The Chair thanked MS for his work.</p> <p><b>BOB supported the recommendations (as amended) included in the cover report.</b></p> <ul style="list-style-type: none"> <li><b>I. The Oversight Board support the Business Plan and detailed budget for 2019/20 and draft budgets for 2020/2021 and 2021/22, to be issued as a Special Reserve Matter (SRM).</b></li> <li><b>II. The Oversight Board support the proposal that underspends from delayed activity in a year, or overspends by bringing activity forward can be managed by Brunel in consultation with the Client Group rather that through an in year SRM if the impact was to exceed the 5% tolerance. If this did occur it would be included with the regular reporting to BOB.</b></li> <li><b>III. The Oversight Board notes the current expenditure forecast of £7.795m which is £267k above the 5% budget tolerance within the current Business Plan, and endorses the request for an SRM to approve this additional expenditure funded from the £570k underspend in 2017/18.</b></li> <li><b>IV. The Oversight Board endorse the Business Case Review in the context of the savings generated to date from the first three tenders and set out in detail within the main report.</b></li> </ul>		
5	Client Oversight & Assurance	Presentation	SC
	<p>SC took BOB through a presentation to show where the Client Group were involved in the process of the creation of portfolios, to enable the appropriate levels of assurance to be gained, and given to BOB.</p> <p>The presentation detailed a number of papers that will be issued by Brunel during the portfolio creation and implementation process. SC highlighted a number of areas where there would be input from clients (in the form of the Client Group as a whole) into the process.</p> <p>It was commented that the there were a couple of key points within the process where there were specific "Client Group touch-points". SC commented that these points were not for individual clients to be</p>		

	<p>expressing specific views on individual manager appointment; it was to allow the Client Group, as a whole, to assess whether the work that Brunel has done gave any reason to stop the process i.e.</p> <ul style="list-style-type: none"> <li>Was there anything which the clients felt that the portfolio launch process would not deliver to the specification</li> </ul> <p>He also highlighted that if at this stage the Client Group felt that there was an issue that hadn't been dealt with by Brunel it would be classed as a formal complaint under the FCA rules. He therefore felt that this was a situation that would be extremely unlikely to arise.</p> <p>There was a specific question to clarify what was meant by the statement on Slide 3 around an individual Fund's fiduciary duty, and the potential need for action ahead of a Brunel portfolio being available. MT clarified that the comment around additional costs being incurred referred to the potential transition costs of needing to move twice, and not any additional charge to be levied by Brunel. He highlighted that the robust transition plan that was now in place should allow Fund to plan.</p> <p>There were questions around the process, and assurance was taken from the work that Brunel and the Client Group had undertaken to develop the formal set of procedures.</p> <p>There were no requests to amend the framework presented and that this would now be presented by one of the fund's officers as part of the engagement day presentation taking place next week on 05, 06 and 07 November in Oxford, Bristol and Exeter respectively.</p>		
6	Brunel Update Report	Paper	MT
	<p>MT summarised the quarterly Brunel update report, and highlighted a couple of specific points:</p> <ul style="list-style-type: none"> <li>He updated BOB on a telephone conversation that he and SC had with Teresa Clay from the MHCLG by way of follow up to the autumn update. He assured BOB that positive feedback was received, specifically with regard to governance structure being used by Brunel. There were also positive comments around the work that was being done in Private Markets.</li> <li>MT highlighted the engagement days that were being held in the next week and encouraged BOB members to ensure that their own Funds had good attendance. This was the opportunity for Fund's to ensure their officers, committee and board members that weren't involved pooling on regular basis were acting in an informed way.</li> </ul>		
7	Shareholder NED update	Paper	ST
	<p>ST presented his update report, and commented that most of his comments had already been discussed as part of the other discussions around the Business Plan. He highlighted the importance to the Partnership has a whole of the Business Plan being agreed, and commented that he</p>		

	<p>felt a little nervous around the progress of the Special Reserve Matter through the shareholder representatives. When asked about this comment he asked that BOB members, who weren't shareholder representatives to highlight the importance of this at a local level and he also acknowledged that different funds operate in different ways and have different decision making processes. He finished by saying that his nervousness really stemmed from the importance of the Business Plan being agreed.</p>	
8	AOB	Chair
	<p>There was no additional business other than to confirm the dates of the engagement days, to be held in Oxford, Bristol and Exeter, and to confirm the dates for BOB meetings in 2019:</p> <ul style="list-style-type: none"> <li>• Thursday 31st January</li> <li>• Tuesday 30th April</li> <li>• Thursday 25th July</li> <li>• Thursday 26th September</li> <li>• Tuesday 5th November.</li> </ul> <p>It was highlighted that all key dates for Brunel meetings in 2019 were contained in an Appendix to the Business Plan report.</p> <p>This being the final item on the agenda, the meeting was closed at 12.58pm</p>	

**Produced: JLT on 27/11/2018**