

Bath & North East Somerset Council		
MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	10 December 2021	AGENDA ITEM NUMBER
TITLE:	Brunel Pension Partnership – Update	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Exempt Appendix 1 – Summary performance & risk dashboard Exempt Appendix 2a & b – Brunel Oversight Board Draft Minutes		

1 THE ISSUE

- 1.1 This report updates the Committee about Brunel and the wider pool covering delivery of service, performance, governance and risk management aspects of the pool.
- 1.2 The Investment Panel reviews the investment performance of the portfolios managed by Brunel. Investment performance is monitored in the Investment Performance Report.
- 1.3 A verbal update will be provided at the meeting.

2 RECOMMENDATION

That the Committee notes:

- 2.1 **The information set out in the report and appendices.**

3 FINANCIAL IMPLICATIONS

- 3.1 The management fees that Avon will pay to Brunel are included in the budget for 2021/22. They have been calculated in line with the current pricing policy. The budget and pricing policy have been approved by the Shareholders.

4 UPDATE

- 4.1 The dashboard of key indicators covering strategic aspects of Brunel is set out in Exempt Appendix 1. It covers all aspects of service delivery, governance, finance and risk. It is updated quarterly to reflect current activity and developments.

- 4.2 There are no items of significant risk to the Fund that need to be raised with the Committee.

4.3 Governance:

- a) Brunel Oversight Board (BOB) met in September. July and draft September meeting minutes are in Exempt Appendix 2. The next BOB meeting is on 2 December 2021.
- b) A Shareholder Forum was held in October. This is an opportunity for the Shareholder NED to discuss service delivery and strategic vision with the Shareholders directly.
- c) The Client Group (CG) meets monthly with mid-month update calls as required. Five sub-groups work with Brunel on specific aspects of the services to be delivered. Sub-group activity and output is discussed at each meeting/call.
- d) Quarterly performance and KPI reporting are reviewed by BOB consisting of
 - (i) RAG reporting on agreed metrics and commentary on action taken by Brunel if there is underperformance or areas of concern for each portfolio
 - (ii) Performance of each of the internal teams (Compliance & Risk, Investments, Operations) against their KPIs.

There is currently no RED rated strategic risks and CG have not raised any material issues with BOB.

4.4 Investments:

- a) The main focus over the last 12 months has been the development and launch of the Paris Aligned passive index and pooled funds. This has been a major innovation in the terms of investable products and Brunel were a key driver in driving the outcome. The new passive funds provided by LGIM were launched in November and Avon, along with other Brunel clients were seed investors.
- b) Further work is being undertaken by the pool on the Cycle 3 private market portfolios (that will be launched in 2Q22). The Panel will consider the portfolio specifications in February 2022 in terms of capital commitments to maintain our current strategic asset allocations to these portfolios.
- c) Brunel now manages £4.6bn (at 30/09/21) of the Fund's assets (81%). This includes £475m in private market portfolios (invested capital).
- d) Brunel's quarterly investment performance and stewardship activity reports are included in the Investment Panel meeting agenda; Panel will highlight any issues or areas of concern via its normal investment reporting (covering all our managers) to Committee.

4.5 Operational/Financial:

- a) Brunel provides BOB with a business update at each meeting which includes high level monitoring of the budget and the transition plan. CG monitors the budget variances in detail on a quarterly basis, raising any issues with BOB.
- b) The project to improve investment reporting to clients is in full swing and we expect revised reporting by mid 2022 at the earliest.

5 BRUNEL WORKING GROUP

5.1 The Brunel Working Group (BWG) did not meet ahead of the September BOB meeting given there was no material or strategic issues to discuss in respect of the meeting agenda. The next BWG call will be ahead of the BOB meeting on 2 December. A verbal update will be provided at the meeting.

6 RISK MANAGEMENT

6.1 The Avon Pension Fund Committee is the formal decision-making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place. It discharges this responsibility by ensuring the Fund has an appropriate investment strategy and investment management structure in place that is regularly monitored. The creation of an Investment Panel further strengthens the governance of investment matters and contributes to reduced risk in these areas.

7 CLIMATE CHANGE

7.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Paris Aligned Global Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

8 EQUALITIES

8.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

9 OTHER OPTIONS CONSIDERED

9.1 None.

10 CONSULTATION

10.1 The Council's Monitoring Officer and Section 151 Officer have had the opportunity to input to this report and have cleared it for publication.

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Background papers	Client Group and BOB papers
Please contact the report author if you need to access this report in an alternative format	