

# Minutes

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Meeting: Local Pension Board for the Dorset County Pension Fund

Time: 2.00 pm

Date: 26 March 2025

Venue: Teams Meeting

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**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

**Officer Attendance:**

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

**Managers, Advisors and Others Attendance:**

Andy Canning	Pension Fund Committee Chair
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## 1. Apologies for Absence and Introductions

1.1. Advance apologies received from:

- David Taylor      Employer Representative
- Jonathan Stiby    Member Representative
- Liz Bishopp        Employer Representative

## 2. Declarations of interest

2.1. None

## 3. Minutes and matters arising from previous meeting

- 3.1. The minutes from the [4 December 2024](#) meeting were reviewed.
- 3.2. The Service Manager for Treasury and Investments pointed out corrections needed in the minutes regarding Deloitte's disclaimed opinion on the 2022-23 Council and Pension Fund accounts (point 4.3.4).
- 3.3. Ahead of the meeting, the pension board members were provided with a copy of the response to the government's LGPS Fit for the Future consultation (point 5.5).

3.4. The minutes from the [4 December 2024](#) meeting were agreed.

#### **4. Papers from the Pension Fund Committee**

Items on the agenda of the Pension Fund Committee meeting held on 18 March 2025 were reviewed: [Pension Fund Committee Meeting 18 March 2025](#)

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

##### **4.1. Independent Auditor's Statements and Report**

- 4.1.1. The Service Manager for Treasury and Investments discussed the [Independent Auditor's Statement and Report](#) from Grant Thornton for 2023-24, which issued a disclaimed opinion which aligns with backstop arrangements put in place to address the backlog of local authority audits.
- 4.1.2. The Corporate Director Finance & Commercial added that the position Dorset Council finds itself in is common among many councils.
- 4.1.3. The Council is already working with Grant Thornton for the 2024-25 audit, even though the financial year has not yet ended.

##### **4.2. LGPS Investment Pooling Update**

- 4.2.1. Laura Chappell, CEO of Brunel Pension Partnership, addressed the committee.
- 4.2.2. There has been underperformance in various portfolios managed by Brunel. The reasons included market conditions and specific investment choices. Laura emphasised the need to improve performance in the current year. The new chair, Sally Bridgeland, is providing strong challenges to the investment team to enhance performance.
- 4.2.3. The financial impact of Brunel's responsible investment approach and its outlook for the future was discussed. The approach's real-world impacts were also considered, highlighting the balance between financial returns and ethical investments.
- 4.2.4. Brunel's Chief Investment Officer (CIO) left in early 2025. A new CIO has been appointed but will not start until September. In the interim, Laura Chappell is acting as the CIO. Laura Chappell reassured the committee that despite the dual roles, the investment team is well-resourced and capable of managing the portfolios effectively.
- 4.2.5. The Chair of the Committee expressed concerns about the government's focus on restructuring the LGPS potentially overshadowing the primary goal of making profitable investments for members.

##### **4.3. Brunel Governance Scheme Advisory Board Update**

- 4.3.1. The Councillor John Beesley, the Fund's representative on the Brunel Oversight Board, provided an update to the committee.

- 4.3.2. The current head of pensions at the Local Government Association (LGA), Joe Donnelly, is due to leave in April. The process of appointing a successor is underway.
- 4.3.3. There were discussions around local investment, particularly in light of the government's proposals, and how that may work for Brunel. The government's proposals are primarily driven by combined authorities or mayoral authorities, which are not well-established in the region.
- 4.3.4. There is concern that government-driven investment strategies should not sacrifice returns for policy goals. The local investment attention has the potential to take up a lot of resource, not only within Brunel but within the administering authorities.

#### **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 31 December 2024 was just over £4 billion. The total return from the Pension Fund's investments over the quarter to 31 December 2024 was 1.8%, compared to the combined benchmark return of 3.8%. The total return for the year to 31 December 2024 was 10.4% compared to the benchmark return of 12.9%.
- 4.4.2. The key drivers for performance were discussed, with a focus on the "magnificent 7" large-cap US stocks, which had been quite volatile in this quarter.
- 4.4.3. At the last meeting in November, the committee made a decision to move funds from the Paris aligned benchmark, which is a passive fund heavily exposed to large-cap stocks, to a low volatility fund. This decision involved transferring approximately £300 million.
- 4.4.4. The Fund's independent investment advisor, Steve Tyson, advised not to make significant changes to the investment portfolio at this time due to the high level of uncertainty in the market.

#### **4.5. Pension Fund Treasury Management Strategy**

- 4.5.1. The committee approved the Treasury Management Strategy for 2025/26.
- 4.5.2. The strategy provided the framework for managing cash flows and temporary investments. The strategy remains unchanged from the current year and followed the treasury management strategy of Dorset Council, the administering authority.

### **5. LGPS Administration report**

The Service Manager for Pensions gave an update on the [Pensions Administration Report](#).

#### **5.1. Key Performance Indicators (KPIs)**

- 5.1.1. Performance against Key Performance Indicators (KPIs) continued to be good.

## **5.2. Dorset County Pension Fund Opt-Out Data**

- 5.2.1. Analysis has taken place of members who are eligible to join the LGPS but have opted out or chose not to join.
- 5.2.2. The data showed that 82% of eligible employees were members of the LGPS. This is an improvement from the 75% take-up rate reported in the 2012 Hutton review of public sector pensions.
- 5.2.3. A significant proportion (78%) of employees who were not in the scheme were on casual contracts. Casual employees are not automatically enrolled in the LGPS but have the right to join by election.
- 5.2.4. Among those not in the scheme, 75% were female. This reflects the higher proportion of female employees in the LGPS.
- 5.2.5. The majority of eligible staff not in the scheme earned less than £30,000 per year. This suggests that lower-income employees are more likely to opt out or not join the scheme.
- 5.2.6. One issue identified is that some employers have considerably lower LGPS membership than others. We have identified that these employers have high numbers of casual hour employees.
- 5.2.7. To improve employee awareness the LGPS, the Employer Team has engaged with employers to ensure they provide clear and accessible information about the LGPS to all employees, including those on casual contracts, and through presentations and training sessions.
- 5.2.8. Details of these findings, including the data, will be passed to the LGA and MHCLG to assist them in understanding the LGPS and its staff.
- 5.2.9. A Member Representative asked whether employers are obliged to inform staff about the LGPS. The Service Manager for Pensions confirmed that they are, and that their contract of employment should state that they have a right to join the LGPS as their default scheme. Auto-enrolment rules would also apply for qualifying staff.

## **5.3. Pension Dashboard Update**

- 5.3.1. The Fund has decided not to purchase ISP provision from our current software supplier due to the recent issues we have experienced.
- 5.3.2. Another provider has been selected through the Norfolk LGPS administration framework. This is currently being finalised and will be confirmed shortly and we will then be able to start work on this.
- 5.3.3. The Fund is required to connect to the dashboard by October 2025. The new provider is expected to help meet this deadline.
- 5.3.4. The Fund is confident in the quality of its data and has been continuously working on data improvement projects. A special project has been undertaken to align data with the Prudential, the Fund's largest AVC provider. This involves ensuring that the data held by the Prudential matches the Fund's records.

## **5.4. McCloud Update**

- 5.4.1. The Fund is experiencing delays in receiving the necessary software updates from Civica to implement the McCloud remedy. This has impacted the ability to perform bulk rectification work. The rectification work is extensive, covering all retirements, deaths, deferments, divorce calculations, transfers etc. that have been completed since 2014.
- 5.4.2. Statutory guidance issued by MHCLG says this rectification work has to be done by the 31 August 2025. It is clear that we will not meet that deadline as the software that will enable us to do the rectification work is not yet in our Test environment.
- 5.4.3. A calculation release has now been delivered into our Live environment. This new release included updated eligibility report changes and a new McCloud data history view. It also included updates to the underpin calculation which will enable us to accurately calculate active and deferred retirement, deferments, the age 65 underpin calculation for active members and individual underpin calculation for deferred members.
- 5.4.4. The Fund is preparing for the triennial valuation, but the extract will not be fully McCloud compliant. The actuaries are aware of the situation and will work with the available data, as they did in the previous valuation.

## **5.5. Member Information and Scheme Awareness**

- 5.5.1. The Fund has always provided a range of presentations to members and employers. Prior to the pandemic, we would regularly attend events and presentations at various employer locations. Currently, these are provided on request and are usually delivered online.
- 5.5.2. Regular new member presentations are being launched, open to all new (and existing) staff. These will be advertised to members via the statutory notice communication sent to all new members. This way we hope to reach all members regardless of the employer and be able to deliver key messages when someone joins the scheme.
- 5.5.3. This is in response to both positive feedback and the clear need to ensure members understand their pension scheme, its benefits and value. We hope it will also ensure correct messaging and avoid issues that we have experienced with members and employers not understanding benefit provision, for example ill health and death benefit provision.
- 5.5.4. In addition, regular pre-retirement presentations are planned to help members to understand their retirement options. These presentations are in addition to the standard LGPS members presentations we provide.
- 5.5.5. An Employer Representative said that pre-COVID presentations would take place in person with DCPF staff visiting employers and asked whether these would be taking place again. The Service Manager for Pensions said that online presentations are well attended and really appreciated, but it's difficult making the move to doing it in person. They would work well in schools because the staff have to be there, but would work less well in Dorset Council, for example, because the staff are not in the office on a regular basis. However, we do respond to requests and have provided bespoke presentations for employers.

## 5.6. Employer Movements

5.6.1. Five new employers recently joined the Fund.

Admitted Body	Date joined	Service
Aspens Catering	01/11/2024	Catering services for Poole High School (Twynham Learning)
Bloom Cleaning	03/09/2024	Cleaning services for Stalbridge Primary School
Chartwells	01/02/2025	Catering services for Coastal Learning Partnership
Cleverchefs Ltd	28/10/2024	Catering services for Ferndown Middle School (Castleman Academy Trust)
Relish School Foods	01/01/2025	Catering services for Livingstone Academy Bournemouth (Aspirations Academy Trust)

5.6.2. 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, in almost all cases nowadays the school/academy trust would act as a guarantor for the admission, but the school is also subject to a guarantee from the Department for Education. This means the liabilities would not fall back to the Fund.

## 5.7. Inheritance Tax Consultation Response

5.7.1. The Dorset County Pension Fund submitted a response on 22 January 2025 to HMRC's [technical consultation on Inheritance Tax changes](#). These changes mean that some lump sums paid from the LGPS that are currently exempt from Inheritance Tax, will, from April 2027 fall under inheritance tax rules. This primarily impacts the payment of death grant.

5.7.2. The response submitted highlighted concerns around expertise and potential delays, whilst also providing data to illustrate that the majority of death grants paid by the LGPS are low.

## 6. Local Pension Board Training

The Employer Services & Communications Officer gave an update on training events and resources available to Board members.

6.1. LGA Fundamentals Training. Spread over three separate days in October, November and December, these sessions give overviews in administration, investments and governance. Available on-line and in person.

6.2. The Annual Governance Conference will be held in Cardiff on 29 and 30 January 2026.

- 6.3. Board members who want to attend the events should contact the Employer Services & Communications Officer.
- 6.4. The LGPS Online Learning Academy (LOLA) provides modules on governance, administration, financial markets, actuarial methods, funding strategy, investment strategy, accounting, auditing, and communication.
- 6.5. The Pensions Regulator's Public Service Toolkit is mandatory for all board members, covering similar areas in short courses and tests.
- 6.6. Board members were reminded to keep a log of all training undertaken and periodically send this to the Employer Services & Communications Officer.

## **7. Risk Register**

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

- 7.1. The register had been reviewed by the Pensions managers ahead of the meeting and no new risks were added.
- 7.2. It was decided to raise the likelihood factor of risks related to McCloud compliance.

## **8. Any Other Business**

- 8.1. A Member Representative raised a concern about delays experienced by some members in receiving their pension payments. She acknowledged that while these cases may be relatively few, they can have a significant impact on the individuals affected. They asked whether this could be looked into and a report produced to explain the issues. The Service Manager for Pensions said that they were Investigating the root causes of the delays and proactive steps to address the issue of delays in pension payments are being taken.

**Action:** The Service Manager for Pensions will provide a paper outlining the issues around payment delays.

- 8.2. The Chair asked whether the Board would like any future meetings to take place in person. The Board felt that having the meetings on Teams worked well, so felt no need to meet in person

## **9. Meeting closed at 15:40**

## **10. Date of next meeting – 23 July 2025 (2.00 pm)**

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