

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 5 September 2025 commencing at 10.00 am and finishing at 12.45 pm

Present:

Voting Members: Councillor Peter Stevens – in the Chair

Councillor Andrew Crichton
Councillor Nick Field-Johnson
Councillor Dan Levy
Councillor Leigh Rawlins

Non-Voting Members: Steve Moran, Pension Scheme Member (non-voting)

By Invitation: John Arthur, Independent Financial Advisor

Local Pension Board Members: Janet Wheeler
Stephen Davis

Officers: Lorna Baxter (Executive Director for Resources and Section 151 Officer), Mark Smith (Pension Service Manager), Vicki Green (Pension Services Administration Manager), Greg Ley (Pension Fund Investment Manager), Josh Brewer (Responsible Investment Manager), Mukhtar Master (Governance & Communications Manager), Anna Lloyd (Governance & Communications Officer), Lucy Brown (Senior Democratic Services Officer)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with [a schedule of addenda tabled at the meeting] and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports [agenda, reports and schedule/additional documents], copies of which are attached to the signed Minutes.

37/25 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies were received from Councillors Cotter and Henwood, and Alistair Bastin and Liz Hayden from the Local Pension Board.

38/25 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

There were no declaration of interests received.

39/25 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 3)

Jessica Hollows addressed the Committee on Item 17: LGPS Pooling Reform. She thanked the Committee for allowing her to address the Committee again and wished to entreat the Committee to strengthen and operationalise the Fund's Responsible Investment Policy which identified human rights as a key priority in the process of selecting and transferring to a new Fund Pool in the coming months. She advised the Committee that she had created a list of the Fund's most recent holdings, categorised by companies whose violations were documented, and who had not responded to any engagement, and this information was made available to the Committee.

The Chair of the Committee thanked the speaker and advised that he had asked Officers to provide further information in regard to the comments raised further on in the agenda.

Following questions raised by members of the Committee regarding the Fund investing in contentious areas, and Mark Smith, Head of Pensions confirmed that following previously sought legal opinion on the rules of international law published by the Scheme Advisory Board, there has been a request for a recent review and are awaiting comment.

40/25 MINUTES

(Agenda No. 4)

On consideration of the minutes of the meeting held on 6 June 2025, the Committee requested the inclusion of additional text under Item 14: Report of the Independent Financial Advisor as there were some actionable points that were not included. It was agreed that these minutes would be amended and brought to the next Committee meeting.

41/25 MINUTES OF THE LOCAL PENSION BOARD

(Agenda No. 5)

The Committee **RESOLVED** to note the unconfirmed minutes of the Local Pension Board which had met on 4 July 2025.

42/25 REPORT OF THE LOCAL PENSION BOARD

(Agenda No. 6)

Janet Wheeler, Local Pension Board Member introduced the report, in place of Alistair Bastin, which set out the items the Local Pension Board wished to draw to the attention of the Committee following their last meeting.

She highlighted that the Local Pension Board resolved to recommend that the Committee review the level of knowledge of any substitute members attending any Committee meeting to ensure that the necessary knowledge and understanding was covered by all those attending Committee meetings. The Board also requested that the Committee confirm the substitute member for the Brunel Oversight Board.

In response to a query raised by the Committee regarding what training would be required to enable a substitute to sit on a committee meeting, Mark Smith, Head of Pensions advised that it would be for the Committee to determine if the appropriate knowledge and training had been completed before allowing any such substitute.

The Committee **RESOLVED** to note the report.

43/25 REVIEW OF THE ANNUAL BUSINESS PLAN 2025/26

(Agenda No. 7)

Mark Smith, Head of Pensions presented the report of the Executive Director of Resources and Section 151 Officer which reviewed progress against key priorities set out in the Annual Business Plan for the Pension Fund for 2025/26. He advised of one key section under Governance of the Fund, the Workforce Strategy and following feedback from the Committee, have engaged a company to perform salary benchmarking, as well as taking part in the Hymans salary survey. He outlined the two pieces of work involved, firstly in the organisational redevelopment of roles with the Council, and also the overlay of how the team was maintained going forward. The action was marked as an 'Amber' in the key service priorities, as it was recognised that they are key pieces of work to be completed.

He also highlighted the challenges experienced in resourcing that had delayed the launch of the new website, further meetings had taken place with IT, and a plan of action determined.

In response to a query raised by the Committee regarding the level of RAG rating allocated against 'Local Government Reform', he advised that this would remain at Green but would be monitored as the programme developed. He also advised that more detail would be provided in the private session regarding how the workforce strategy would be impacted by Local Government Reforms, and considerations that the team are taking into account when developing ongoing discussions.

In response to comments raised regarding the use of venture capital and start up investments utilised in other authorities, Mark Smith advised that these would be considered when determining the Committee's training development programme.

In response to an earlier query raised under agenda item 6, Mark Smith advised that consideration would be given to raising the rag rating of the 'Strategic Asset Allocation' from Green to Amber, however highlighted that this would be a longer ongoing piece of work that once set spanned over the next three years and this should be noted by the Committee.

In agreeing the recommendations, the Committee noted the further actions which included the delay in launching the pensions website and concerns regarding recruitment.

The Committee RESOLVED to:

- i) Review the progress against each of the key service priorities as set out in the report; and**
- ii) Agree any further actions to be taken to address those areas not currently on target to deliver the required objectives.**

44/25 RISK REGISTER REPORT

(Agenda No. 8)

Mukhtar Master, Governance and Communications Manager presented the report of the Executive Director of Resources and Section 151 Officer which presented the latest position on the Fund's risk register, including any new risks identified since the report to the last meeting.

He advised that there were no new emerging risks, however noted that the LGPS Fit for the Future Consultation, Local Government Devolution and Reorganisation and the new Fair Deal were being monitored for any potential risk that could affect the Fund. The only risk to have increased this quarter was Risk 19: Failure of the Pool Vehicle to meet local objectives, which had moved from Green to Red, due to current pooling reforms, it would not be possible to meet this requirement.

It was noted that Risk 4: Under performance of asset managers or asset classes; currently assessed as Green and on target, however with the new central government position to Brunel, it is becoming clear that recruitment and retention of staff was becoming difficult for Brunel and was being monitored.

In response to a query raised by the Committee regarding Risk 19: Failure of Pooled Vehicle to meet local objectives; Mark Smith, Head of Pensions advised that due to the intervention around Pooling, the Fund was mindful of not incurring additional costs brought about by reinvesting in different funds, and this had been investigated and quantified by the Fund Managers in taking this decision.

The Committee RESOLVED to note the latest risk register and accept that the risk register covered all key risks to the achievement of their statutory responsibilities, and that the mitigation plans, where required, were appropriate.

45/25 GOVERNANCE AND COMMUNICATIONS REPORT

(Agenda No. 9)

Mukhtar Master, Governance and Communications Manager presented the report of the Executive Director of Resources and Section 151 Officer which covered the key governance and communication issues for the Fund, including a report on any breaches of regulation in the last quarter.

He provided a further update on the Pension Regulator's General Code of Practice, which reported that there was a requirement to complete all of the 51 modules by March 2025 to be compliant, however not all modules applied to the LGPS, and 20 modules were reviewed. He advised that Hymans had conducted an independent review of the results for 2024/25 and had stated that 'it is our opinion that OPF appears to be in a good position against the requirements of the General Code of Practice'. The Fund achieved a 100% for 18 modules, and 67% and 50% respectively for the remaining two modules.

He also provided an update on the mandatory training required by the Committee and advised that four of the five new Councillors had confirmed their mandatory training route. The mandatory training should be completed by 31 December 2025.

In response to a query raised by the Committee, it was agreed that the Chair would prompt any outstanding training requirements to those Councillors.

The Committee RESOLVED to:

- i) Note Hymans Oversight & Challenge Report regarding the fund's General Code of Practice compliance work 2024/25.**
- ii) Note the Fund's update on General Code of Practice Compliance 2025/26.**
- iii) Note the Committee and Board training update.**
- iv) Note the latest quarter's breaches for the fund.**
- v) Note the communications update.**

46/25 ADMINISTRATION REPORT

(Agenda No. 10)

Vicki Green, Pension Services Manager presented the report of the Executive Director of Resources and Section 151 Officer which updated the Committee on the key administrative issues including service performance measurement, the debt recovery process and any write offs agreed in the last quarter.

She highlighted that a breach would be reported to the Pension Regulator in connection with the Fire Service Active and Deferred benefit statements, which were not issued by 31 March 2025 due to outstanding regulation queries and complexities with the cases. It was also noted that the Pension Dashboard Project would be completed ahead of schedule following meetings with IT and would be connected by the end of September.

An update was provided on the McCloud Project, and it was confirmed that 96% of status 1 and 4 cases would include the McCloud protection in their 2025 Annual Benefit statements and that all affected members were notified of their position in their statements, as per the disclosure regulations. Vicki Green highlighted that it was a very complex project, which was due to be completed by August 2026, and full details were available in Appendix 10.

In response to a comment by the Committee, Vicki Green was informed of AI checking software that can be sourced that would enable the team to check the use

of AI software in producing CVs etc, and Vicki Green thanked the Committee for this information.

In response to a query raised by the Committee, Vicki Green confirmed that all members had been contacted regarding the McCloud Project and outlined the different letters that had been sent to members of the scheme.

The Committee RESOLVED to note the position of the McCloud project and the decision to exercise the discretion provided by the LGPS (Information) Regulations 2024 not to reflect McCloud in some of the 2025 annual benefit statements.

47/25 REPORT OF THE INDEPENDENT ADVISOR

(Agenda No. 11)

John Arthur, Independent Financial Advisor presented the report which provided an overview of the financial markets, the overall performance of the Fund's investments against the Investment Strategy Statement and commentary on any issues related to the specific investment portfolios. The report included the quarterly investment performance monitoring report from Brunel.

He commented on the current performance of the Fund which stood at an 'all time' high at £3.75bn, however remained beneath its benchmark due to the poor performance from the Global and Private equity portfolios managed by Brunel. He also highlighted the effect of the US Dollar which continued to weaken against all major currencies and had lowered the return of US assets to a Sterling based investor. However, it was noted that in performance terms, whilst the Fund was lagging its benchmark, over the longer term it was surpassing the actuarial' investment return.

He advised the Committee that the Fund had requested Apex to carry out a Strategic Asset Allocation review, and as part of that the current benchmarks would be reviewed to ensure they were appropriate. (ACTION)

Gregory Ley, Pension Fund Investment Manager advised the Committee that the Fund would be moving money out of equities into cash, which would reduce the exposure to the US Dollar. John Arthur advised the Committee on his concerns regarding the US President and the ongoing effect of increased tariffs, and that by reducing the equities to the strategic benchmark, reviewing the strategic benchmark which would be carried out over the second quarter of this year, would provide assurance that the Fund was not overweight within the US equity market.

The Committee expressed their frustration that the report did not show how Brunel's performance compared against other asset classes and that this had been requested at the meeting of 13 December 2024. John Arthur responded that he had expected this information to be shared with the Committee in Brunel's own reports, however, could include this in future reports if it did not cause unnecessary duplication. It was agreed, on the Committee's wishes, that this information be provided by the Independent Financial Advisor, in his report. (ACTION)

The Committee repeated their concerns with the level of current risk and highlighted the need for a strategic allocation review in terms of those risks that could apply and John Arthur, whilst highlighting the level of stagnation, cautioned against responding to short term fluctuations in inflation to determine level of risk and rather position the Fund for long term growth.

Stephen Davis, Local Pension Board Member arrived at the meeting.

In response to queries raised by the Committee, Mark Smith, Head of Pensions advised that any suggested changes to the benchmark would be agreed with themselves and their Pooling partner prior to implementation.

In response to query regarding the level of risk of moving investments to cash, John Arthur advised that this would be a transitory move and could be reallocated when moving to the new Pool, however, would advise this to be a short-term allocation only.

In response to a request from the Committee, John Arthur agreed to feedback to Apex, a request for an in-depth review of the level of asset allocation in either private equity or sustainable investments, to determine any future investment opportunities as part of the Strategic Asset Allocation review. He also agreed to include further detail on the underlying private equity holdings with a view to either moving investment into private equity holdings or transferring to those that are performing better. (ACTION)

The Committee thanked the Independent Financial Advisor for his comprehensive report.

48/25 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 12)

Josh Brewer, Responsible Investment Officer presented the report which provided the Committee with an opportunity to raise any concerns concerning Corporate Governance and Responsible Investment which needed to be brought to the attention of the Committee. He provided a high-level overview of Brunel's activity in relation to conflict areas for human rights as referenced by the speaker at Item 3 and subject to correspondence that had been received by the Fund. He advised the Committee of the complexity of the area that had taken place over previous decades and that the Fund should take the lead from Government but should manage the risk of exposure to those risks and outlined the procedures in place to do that.

He further advised that Brunel would continue to apply the levers listed in the report and Fund Officers would keep these under active review. He proposed that the Responsible Investment and Climate Change Committee scheduled for 25 September should include Brunel, who should be requested to present in more detail on this overview, which could be held as a closed session to enable the Committee and Board members to complete a more comprehensive review.

Josh Brewer updated the Committee on the recommendation at the previous meeting to invest in affordable housing and advised that they had met with two companies and were currently reviewing referencing in order to make a final decision on which company to invest with. He advised that as Officers, and in consultation with John Arthur, Independent Financial Advisor for the Fund, they were confident that either company could deliver on the returns and risk management required and would bring the final recommendation to the December Committee meeting.

The Committee were RESOLVED to note the report.

The Committee adjourned for a break for 5 minutes at the end of this item.

49/25 ANNUAL REPORT AND ACCOUNTS INCLUDING TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT

(Agenda No. 13)

Gregory Ley, Pension Fund Investment Manager presented the report of the Executive Director of Resources and Section 151 Officer which presented the draft Annual Report and Accounts for the Pension Fund, including the latest TCFD report, and progress against the targets set in the Fund's Climate Change Policy.

He highlighted the Asset Allocation table within the report which detailed the increased investment in UK Investments, and the changes to the annual report guidance which set a requirement to list the Fund's UK exposure in terms of investments. He noted that the list did not include UK property and corporate debt which equated to £300m, approximately a third of the total investment.

In response to a query raised by the Committee, it was advised that the differing contribution rates relate to different employers and therefore varying rates applied.

Josh Brewer, Responsible Investment Officer presented the TCFD report which was in its fifth year and presented how the Fund was performing under delivery of the commitments made to the 2020 Climate Change Policy. He highlighted the challenges as the policy that was developed predicated the government and regulatory action in order to address climate change, which had not materialised to the extent originally envisaged, however there remained a pathway to net zero.

The Committee noted the report.

50/25 EXEMPT ITEMS

(Agenda No. 14)

The Committee RESOLVED that the public be excluded for the duration of Items 15, 16 and 17 on the Agenda since it was likely that if they were present during those items there would be disclosure of exempt information as defined in Part 1 of Schedule 12A of Page 10 the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it was considered that, in all circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing that information

51/25 2025 VALUATION UPDATE AND FUNDING STRATEGY STATEMENT REVIEW

(Agenda No. 15)

The Committee received a report with the 2025 valuation results and updated draft Funding Strategy Statement prior to consultation with employers in the autumn.

The Committee discussed the item in private session.

The Committee RESOLVED to:

- i) Note the progress on the 2025 valuation; and**
- ii) Approved the draft Funding Strategy Statement (FSS) which would go out to consultation with employers and other stakeholders in the autumn.**

52/25 SUPPORTED/TRANSITIONAL HOUSING FUND INVESTMENT UPDATE

(Agenda No. 16)

The Committee received a verbal update on the Supported/Transitional Housing Fund project.

The Committee discussed the item in private session.

The Committee noted the update.

53/25 LGPS POOLING REFORM

(Agenda No. 17)

The Committee received a report which covered the recently proposed reforms to pooling proposed by central government. The Committee discussed the item in private session and received a verbal update from the Head of Pensions on the latest update on the selected partner which had been received that morning.

The Committee RESOLVED to agree the recommendations that were contained within the confidential report.

..... in the Chair

Date of signing