

Project Brunel Newsletter

Issue 6
October 2016



Key work during September

The major effort by the project team during September has been the development of the details for the Full Business Case (FBC).

As we advised in the September newsletter, we have taken on additional resource in the project office with Naomi Monplasilir joining Helen Cusins.

In addition we engaged JLT Investment Consultants to complete sections of the FBC relating to the benefits and added value from pooling, review of the risks to the success of the project and provide a summary of what the Pools are doing.

One of the key parts of the project will be the establishment of the Brunel Company (the FCA regulated entity that will manage the Brunel assets) and our lawyers have established what the regulation requirements are and the process for establishing the company and its ownership structure. Our Financial Market Consultants, Alpha, have reviewed our operational needs and the detailed FCA requirements and permissions for a Collective Investment Scheme.

PwC, our financial advisors have been working on the financial aspects of the FBC to look at the costs and benefits of establishing the Brunel Company as a whole and for each fund. Areas covered include:

- Fee savings with managers
- Operational costs
- Developments costs
- Regulatory costs
- Transition of services

Independent verification of the fund management costs and savings has been carried out by bFinance.

Governance

We have committed engagement, assurance and review of the project.

Shadow Operations Group (SOG)

Officers of the funds

Finance / Legal Assurance Group (FLAG)

Finance and Legal Directors /
Officers of the administering
authorities

Shadow Oversight Board (SOB)

Representatives of each of the
Pensions Committees – often the
chair – and an independent chair

Decision making and informing schedule

- SOB - 06 October
- Engagement days – 07, 14 & 17 October
- FLAG - 24 October
- FLAG - 08 November
- SOB - 23 November

Administering Authorities

First Council 24 November (Bucks)
5 in December; 2 in January

Last Council 23 February (BANES)

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Publication of the new Investment Regulations

The long awaited 2016 Investment Regulations have been laid before Parliament and come into effect on 1 November 2016. Non publication of these was seen as a serious risk to the project as the previous regulations would have prevented the ability of the Brunel Pension Partnership to pool assets.

Key elements of the reformed regulations include:

- New schedule 8 - Directions by the Secretary of State
 - authority fails to act in accordance with guidance issued under regulation 7 (1)
- Schedule 7 - Investment Strategy Statement (replaces SIP) and includes:
 - (d) the authority's approach to pooling investment, including the use of collective investment vehicles and shared services
- Guidance on preparing and maintaining an Investment Strategy Statement (ISS)
 - all authorities must commit to a suitable pool to achieve benefits of scale. Administering authorities must confirm their chosen investment pool meets the investment reform and criteria published in November 2015, or to the extent that it does not, that Government is content for it to continue.
 - The ISS has to be in place by 1st April 2017 and there is detailed guidance on what has to be included
- Stewardship - regulation 7 (2)
 - How the authorities will act as responsible, long term investors through the pool(s), including how the pool will determine and enact stewardship responsibilities
 - To increase awareness and promote engagement, Regulation 7(2)(f) now requires every administering authority to formulate a policy that reflects their stewardship responsibilities

Project Brunel website

More information on the project can be found at:

www.brunelpensionpartnership.org