

Project Brunel Newsletter

Issue 7
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Final Business Case - completed

The detailed Final Business Case (FBC) was reviewed by the Shadow Oversight Board (having previously been reviewed by Finance and Legal Officers) on 23 November and it was agreed that this was ready to be submitted for decision by all the Administering Authorities within the Brunel Pension Partnership (BPP).

The FBC is divided into five sections:

- Strategic Case
- Financial Case
- Economic Case
- Commercial case
- Management Case

Together with supporting documentation the FBC contains 32 documents and covers over 400 pages and is tabled for meetings over the months to end February 2017.

A number of the documents are commercially sensitive but the key conclusions are:

- On an aggregated basis, the financial model indicates that net savings exceeding £0.5billion are achievable by 2036 with annual savings exceeding annual costs by March 2021 and breakeven two years later.
- Individual Fund savings vary between Funds reflecting the historic differing approaches to investment and risk.

Professional advice and assurance has been provided, on the financial elements by PricewaterhouseCoopers LLP (PwC) and other advisors, and on the legal elements by Osborne Clarke LLP, together with Leading Counsel (QCs).

The next phase of the BPP project will continue to be work intensive and internal and external project resource will be enhanced to ensure its successful delivery.

Meeting the Minister

On 30 November representatives of BPP met with the Minister for Local Government - Marcus Jones, to discuss the final Brunel proposal.

The Brunel team consisted of John Beesley (Dorset) and Ray Theodoulou (Gloucestershire), both Vice Chairs of the Brunel Shadow Oversight Board, Matthew Trebilcock (Cornwall) Chair of Shadow Operations Group, Dawn Turner (Environment Agency) Project Executive and Michael Hudson (Wiltshire) Chair of Finance and Legal Assurance Group.

The meeting focussed on FCA authorisation and what is required for infrastructure to be an attractive investment. The Minister confirmed the Government's commitment to pooling.

The team also raised issues and concerns over the costs of setting up the pool and transitioning assets into it and asked the Minister to look at ways to alleviate these.

We expect to receive a letter from the Minister shortly confirming that the Brunel proposal should proceed.

Administering Authorities - Decision making schedule

First Council meeting 30 November 2016; 4 in December; 2 in January and 3 in February with last Councils 23 February (BANES and Wiltshire).

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Engagement Days in October

Engagement days were held on 7th (Exeter), 14th (Keynsham) and 17th October (Oxford) to provide stakeholders with the opportunity to hear about the progress of the Brunel pool.

Over 150 attended the meetings with Elected members, Pension Board, individual members and Unions all represented.

There were a wide range of questions raised and a full list with responses will be published on the website, together with some of the presentation slides.

Question areas included:

- Full business case approval process and what if any authorities don't approve
- Savings across the pool and individual authorities, how we compare with other pools
- Development costs and stress testing within the financial model
- Brunel company board composition
- Representation on the Oversight Board
- Requirements for FCA regulation
- Brunel company policies such as how costs will be shared equitably across the underlying Funds, the procurement arrangements
- Location of the Brunel company

Awards and Recognition

Avon and Wiltshire Pension Funds have both been assessed as tier 1 compliant in relationship to their Stewardship Code Compliance Statement by the Financial Reporting Council (FRC), joining Environment Agency Pension Fund also at tier 1. A tier 1 assessment means the funds meet the reporting expectations of FRC in the way they disclose and discharge their stewardship responsibilities with reference to the assets they own.

EAPF has won the 2nd Investing Award (an international award in Investor Climate related disclosures, Assessment of climate change category).

Dawn Turner (EAPF) won at the LGC Investment Awards and Mark Mansley (EAPF) ranked 12 in the Public Investor list of 100 key individuals for 2016.

Project Brunel website

More information on the project can be found at:

www.brunelpensionpartnership.org