

Durham County Council

At a Meeting of the Pension Fund Committee held at the County Hall, Durham on Tuesday 1 September 2009 at 10.00 am

Present:

Councillor N Martin in the Chair

Members:

Councillors C Carr, J Chaplow, A Hopgood, D Morgan, R Ord and R Todd

Durham County Council Officers:

Corporate Director Resources:	Mr S Crowe
Head of Legal and Democratic Services	Mrs C Longbottom

Apologies:

Apologies were received from Councillors Crooks, McEwan, May and Turner

A1 Minutes

With the addition of Councillor J Chaplow's name to the list of apologies, the minutes of the Meeting held on 1 June 2009 were confirmed as a correct record and signed by the Chairman.

Nick Orton, Head of Pensions, informed the Committee that two new Members have been appointed to the Pension Fund Committee, representing Admitted and Statutory Bodies. Two vacancies are to be filled, one for a representative of Colleges and one for a representative of Scheme Members. The Committee will be updated on further appointments in due course.

A2 Declarations of Interest

There were no declarations of interest received from Members in relation to the business on the agenda.

A3 Graphs Showing Recent Movements in Stock and Share Indices

The Corporate Director Resources submitted graphs showing recent movement in the Stock and Share Indices (for copy see file of Minutes).

A4 Graphs Showing Recent Movements in the Major Currencies Against Sterling

The Corporate Director Resources submitted graphs showing recent movement in the Major Currencies Against Sterling (for copy see file of Minutes).

A5 Durham Pension Fund Rebalancing and Cash Allocation Policy

The Committee considered a report of the Corporate Director Resources detailing the current rebalancing policy and its implications on the Fund's cash allocation, highlighting the need to change the current method in order to minimise costs to the Pension Fund and seeking authorisation for change (for copy see file of Minutes)

The Corporate Director Resources explained the proposal to bring the two separate cash movements, rebalancing and cash allocations, together, in order to minimise costs and simplify proceedings.

Referring to the Appendix to the report, Councillor Hopgood asked the reason for the large difference in the estimated and actual values at some of the Quarter End periods. Nick Orton, Head of Pensions, replied that the difference is likely to be due to the timing of contributions.

Councillor Carr asked if information was available as to the impact that Local Government Reorganisation is having on the Fund. Nick Orton, Head of Pensions, replied that in terms of the workforce, the impact is not significant as less than one hundred members of staff have left to date and this is a low percentage of the payroll. Members commented that it would be useful to have an account of the impact on the Fund at an appropriate time.

Resolved:

1. That the report be noted.
2. That the committee approve the changes suggested in the report to align the rebalancing and allocation processes in consultation with the Chairman and Vice Chairman with consequential amendments being made to the reporting arrangements.
3. That a report be brought to a future meeting of the Committee showing the impact of Local Government Reorganisation on the Pension Fund.

A6 Performance Measurement Report

The Committee considered a report of the Corporate Director Resources providing an overview for Members of the performance of the Fund to date (for copy see file of Minutes).

Resolved:

That the report be noted.

A7 Consultation on Delivering Affordability, Viability and Fairness

The Committee considered a report of the Corporate Director Resources advising Members of a consultation exercise on the future of the Local Government Pension Scheme (for copy see file of Minutes).

The Corporate Director Resources informed Members that the possible new approach to solvency would lower the long-term funding target below 100%. Members noted that Table 1 in the Appendix contains an error and the figures for Band 6 and 7 Pay Ranges should read £75,001- £100,001 and £100,001+ respectively. The table showing Possible New Contribution Tariff shows very little difference in the current LGPS rate at the lower pay range with the higher pay range seeing a dramatic increase in the contribution rate.

In response to a question from Councillor Carr, Nick Orton, Head of Pensions replied that, as a fuller consultation is likely to take place in the future, no consultations have taken place with Officers in Human Resources at the present time.

The Chairman observed that there is continued pressure on employer contributions.

Resolved:

That the Recommendation contained within the report be approved.