



Local Pension Board

Date Tuesday 7 March 2017
Time 2.00 pm
Venue Committee Room 2, County Hall, Durham

Business

Part A

1. Welcome and Introductions
2. Apologies for Absence
3. Declarations of Interest (if any)
4. The Minutes of the Meeting held on 8 December 2016 (Pages 5 - 8)
5. Local Pension Board Vacancy - Update
6. Observations from Pension Fund Committee held on 7 March 2017
7. Compliance with the Pension Regulators Code of Practice - Review of Action Plan
8. Review of Work Plan (Pages 9 - 10)
 - a) Communications Review
 - b) Internal Dispute Cases and Pensions Ombudsman Cases
Reports to follow
9. Training
10. Date of Next Meeting
11. Any Other Business

Colette Longbottom
Head of Legal and Democratic Services

County Hall
Durham
27 February 2017

To: **The Members of the Local Pension Board**

Scheme Employer Representatives

Councillors A Hopgood and F Tinsley (1 vacancy)

Scheme Member Representatives

I R Densham, N Hancock and G Sykes

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DURHAM COUNTY COUNCIL

At a Meeting of **Local Pension Board** held in Committee Room 1A, County Hall, Durham on **Thursday 8 December 2016 at 1.30 pm**

Present:

Councillor A Hopgood (Chair)

Member of the Committee:

Councillor G Sykes

Officers:

Nick Orton – Pensions Manager

Beverley White – Finance Manager – Pensions and Technical

Bryan Smith – Legal Manager Litigation

1 Apologies for Absence

Apologies for absence were received from Councillor F Tinsley, I Densham and N Hancock.

2 Declarations of Interest

There were no declarations of interest.

3 Minutes

The Minutes of the meeting held on 12 September 2016 were agreed as a correct record and were signed by the Chair.

4 Local Pension Board Vacancy - Update

Nick Orton reported that as discussed at the last meeting the vacant post of scheme employer representative had been advertised in September 2016 but no applications had been received. As an open recruitment exercise had not been successful it was proposed that individuals who may have an interest in becoming a Board Member be approached directly, and Members were asked for suggestions.

The Chair provided details of an Officer from a local academy who may be interested, and Nick Orton agreed to discuss any other potential candidates with John Hewitt, Corporate Director Resources.

AGREED:

That the course of action for the filling of the vacant position on the Local Pension Board, as outlined above, be pursued.

5 Observations from Annual Meeting of Pension Fund held on 10 November 2016

Nick Orton informed the Board that the Annual meeting had been well-attended by employers. Officer presentations had been given on the Annual Report 2016 and current issues, together with a markets update and presentation on investment management arrangements by the Independent Adviser. The Actuary had presented provisional valuation results for the whole Fund and employers had been informed of an increase in contributions. Unfortunately to date the Actuary had not produced draft results for all individual employers but Nick Orton hoped that these would be received within the next week.

The Chair expressed disappointment that the Actuary had not yet provided draft results for all employers, and following a question from the Member the Board was informed that following the completion of the actuarial valuation a meeting would be set up with the Actuary to review the overall process.

Nick Orton added that at the Pension Fund Committee that morning John Norton, Admitted Bodies Representative, had raised a point about the increase in contribution rates for employers. Whilst he accepted that an increase was necessary he felt that earlier notice of proposed changes should be given between valuations. This would help employers plan for a change in the contribution rate.

AGREED:

That the information given be noted.

6 Observations from Pension Fund Committee held on 8 December 2016

The Chair had been in attendance at the Pension Fund Committee and provided some observations from the meeting.

She was pleased to note that Members had requested that a report be submitted to the Committee on the merits of joining the Local Authority Pension Fund Forum, as opposed to delegating the decision to the Chair and Vice-Chair.

Referring to the Audit Completion Report for the year ended 31 March 2016 the Chair noted that the Committee had not questioned the Internal Auditor's control recommendations with regard to the classification used by BlackRock for reporting investments, which differed to that required by the CIPFA Code of Practice.

A general discussion ensued in relation to the role of Members of the Pension Fund Committee going forward, particularly as the pooling of investments progressed. The Board was mindful that there were local elections in May 2017 which may result in a change of membership of the Committee. When appointing to the Committee, consideration should be given to the technical knowledge, expertise, capacity and commitment which would be required of Members, and of the Chair and Vice-Chair in particular. The Board also emphasised the importance of training

to enable the Committee to fulfil its role in ensuring the effective governance and stewardship of the Pension Fund.

AGREED:

That the observations of the Board be noted.

7 Pensions Regulator - Code of Practice for Public Service Pension Schemes - Gap Analysis

The Board considered a report of the Corporate Director Resources which provided members with an assessment of the Council's level of compliance with the Pensions Regulator's Code of Practice (Code of Practice) on the governance and administration of public service pension schemes (for copy see file of Minutes).

A comparison between the Code of Practice and the Council's current practices was set out in Appendix A of the report. Board members examined the requirements identified within the Action Plan focussing in particular on those which were not compliant, and discussed actions to address the deficiencies.

AGREED:

That the report be noted and the Action Plan be reviewed at each meeting of the Local Pension Board.

8 Work Plan and Training

Nick Orton informed Members that the Work Plan had been submitted to the Pension Fund Committee that morning for information.

In considering the topics to be considered within the Work Plan, the Board noted that Member and employer communications, and internal dispute cases and Pensions Ombudsman cases, were scheduled to be reviewed by March 2017. Nick Orton advised that he would provide examples of a standard communications strategy for the Board to consider at its next meeting. Internal dispute cases had not been reviewed previously, and to assist the Board in reviewing and establishing if any lessons had been learned, it was suggested that case statistics be provided for discussion at the next meeting.

With regard to training the Chair suggested that a training plan be implemented following the local elections for both the Board and the Pension Fund Committee (as discussed under minute numbered 6). At this time the position in relation to the pooling of investments should be clear.

AGREED:

That the information be noted and further consideration be given to the Work Plan at the next meeting.

9 Date of Next Meeting

AGREED:

That the next meeting be held following the Pension Fund Committee on Monday 7 March 2017 at 1.30pm.

LOCAL PENSION BOARD WORK PLAN

Meeting	Topics to be considered	Comments
December 2016	Pensions Regulator Code of Practice	Consider Gap analysis against Code of Practice
March 2017	Member and employer communications Internal disputes cases, Pensions Ombudsman cases	Review standard communications and communication strategy Review and consider any lessons learned
June 2017	Review performance statistics – review Key Performance Indicators Review training approach Review final valuation report outcome	Consider Board members, Committee members and officers involved in scheme administration
September 2017	Review (draft) accounts and annual report Assist in development and review of asset voting and engagement processes	Consider compliance with UK Stewardship Code
December 2017	Pensions Regulator Code of Practice	Review and update gap analysis
March 2018	Member and employer communications Internal disputes cases, Pensions Ombudsman cases	Review standard communications and communication strategy Review and consider any lessons learned
June 2018	Review performance statistics – review Key Performance Indicators	
September 2018	Employer and Administering Authority discretions	Review approach and application

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