

DURHAM COUNTY COUNCIL

At a Meeting of **Local Pension Board** held in Council Chamber, County Hall, Durham on **Monday 5 June 2017 at 2.00 pm**

Present:

Members of the Board

I R Densham, N Hancock, Councillor A Hopgood and G Sykes

Officers:

Nick Orton – Pensions Manager

Beverley White – Finance Manager – Pensions and Technical

Bryan Smith – Legal Manager Litigation

1 Election of Chair

Nominations were sought for a scheme member representative to chair the Board for the ensuing year.

AGREED that Neville Hancock be elected Chairman of the Board for the ensuing year.

2 Apology for Absence

An apology for absence was received from Councillor F Tinsley.

3 Declarations of Interest

Ian Densham reported that he no longer worked for Durham County Council. As a deferred member of the scheme he was qualified to remain a member of the Board, in accordance with the Terms of Reference.

4 Minutes

The Minutes of the meeting held on 7 March 2017 were agreed as a correct record and were signed by the Chairman.

5 Observations from Pension Fund Committee held on 5 June 2017

Ian Densham was in attendance at the Pension Fund Committee and provided observations from the meeting.

He noted that there had been a change in the make-up of the Committee since the local government elections, and whilst this could be advantageous in that new Members may have a different approach to challenging the Fund Managers, it may take some time for Members' knowledge and experience to develop.

Nick Orton advised that the Committee had been informed of the recommendations of the Board following its last meeting regarding the timing of the Committee to allow sufficient time for questioning of the Fund Managers, and the need for appropriate training for new Members, and refresher training for existing Members.

The Committee agreed, following a suggestion by the Vice-Chairman, Councillor Owen Temple that at present there should be no change to the timing of the Committee and arrangements for the presentations by Fund Managers. As there were a number of new Members on the Committee, and as reporting practices would change with the implementation of pooling, it was felt that it would be premature to consider changing existing arrangements.

Nick Orton advised that the Committee had acknowledged the importance of challenging the Fund Managers. Training had been provided to Members by Bryan Smith and Nick Orton since the elections and a further session would be offered to those unable to attend. Jo Holden, Independent Adviser had provided training at the Pension Fund Committee on the Investment Strategy. The BCPP were to offer a 2 day training session in September 2017 which would be offered to all members within the Partnership.

It was suggested by Ian Densham that a set of standard questions be devised which may assist the Committee to challenge the Fund Managers more effectively. These could be produced with the help of Mercer and could also be used for the BCPP representative who would be attending the Committees in future.

AGREED:

That the information given be noted.

6 Review of Work Plan

Members reviewed the Local Pension Board Work Plan, a copy of which had been circulated.

The Board was scheduled to review performance statistics but this information was not available. At present the Authority was not participating in CIPFA benchmarking in view of the falling number of Councils taking part. This would be reviewed if participation levels increased.

The approach to training had been discussed under minute numbered 5.

The Work Plan also required the Board to review the outcome of the final valuation report, which Members had received with the papers for Pension Fund Committee. Members noted that the position had deteriorated since the previous valuation, mainly as the increase in value of liabilities was more than the increase in value of the Fund's assets. The scheme was maturing and the proportion of liabilities had increased as employees left the authority.

The net cost to employers had increased and the recovery period had been extended from 18 years in the last valuation to 21 years, and recovery contributions had increased to nearly 8%. The extension of the recovery period was to assist employers.

The Actuary had provided an update since the report had been circulated which gave an overall view that the funding level had improved since the valuation from 81% to 87% over the year since the valuation date, but the total employer contribution rate had remained broadly the same. This was due to the asset return over the year being better than expected, although this was offset by a reduction in the real discount rate increasing the cost of providing benefits from the scheme.

Following discussion it was **AGREED**:

That the information given be noted.

7 Training

Members discussed training needs and were reminded to complete the on-line training provided by the Pensions Regulator if they had not already done so. The Board would be invited to any training sessions to be provided to Pension Fund Committee Members.

AGREED:

That the information given be noted and training for the Board continue to be reviewed on an ongoing basis.

8 Date of Next Meeting

AGREED that the next meeting be held following the Pension Fund Committee on Thursday 7 September 2017 at 2.00pm.

9 BCPP Update

Nick Orton provided an update with the pooling arrangements. The inter-authority agreement and the shareholder agreement were being finalised and the first meeting of the Joint Committee was on 6 June 2017. The Chair of the Pension Fund Committee, Councillor M Davinson would be representing the Council on the Committee and would also vote the Council's shareholding as necessary.

Ian Densham asked about the remuneration of staff, including the Chief Executive and non-executive Chair, and was informed that remuneration levels had been agreed by the Member Steering Group. The Company Board would determine the remuneration of the remaining staff to be recruited.

AGREED that the information given be noted.