

## **DURHAM COUNTY COUNCIL**

At a Meeting of **Local Pension Board** held in Committee Room 2, County Hall, Durham on **Thursday 7 December 2017 at 2.00 pm**

### **Present:**

**Councillor Hancock (Chairman)**

### **Scheme Employer Representative**

Councillor A Hopgood

### **Scheme Member Representatives**

Ian R Densham and Geoff Sykes

### **Officers:**

Bryan Smith – Legal Manager - Litigation

Nick Orton – Pensions Manager

Beverley White – Finance Manager – Pensions and Technical

### **1 Apologies for Absence**

There were no apologies for absence.

### **2 Declarations of Interest**

There were no declarations of interest.

### **3 Minutes**

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

### **Matters Arising from the Minutes Training**

Councillor Hopgood provided feedback from the two day BCPP training event in York. The Member advised that the event was excellent and very useful and should be considered for all Pension Fund Committee Members, noting that only two had attended.

A general discussion ensued on member training given the technical knowledge required, and members were advised that the Board had previously recommended that group leaders should have this in mind when allocating seats to the Committee, and to encourage members to take part in the training offered. Given this, it was suggested that Officers check that all Pension Fund Committee members had

received the training sessions offered following the elections as part of member induction.

Geoff Sykes advised that legal liability of Local Pension Boards had been discussed at the BCPP event and felt that this needed clarification. Nick Orton understood that as the Local Pension Board made recommendations to the Committee and did not make decisions, it would have no legal liability in the event that the Committee or the Administering Authority acted illegally. The Terms of Reference set out the Board's obligations in the event of a breach of Regulations.

**AGREED** that the information given be noted.

#### **4 Observations from Pension Fund Committee held on 7 December 2017**

Ian Densham, Councillor Hopgood and Neville Hancock were in attendance at the Pension Fund Committee and provided observations from the meeting.

Ian Densham referred to the report which agreed a process for filling the vacant positions on the Committee with two pensioner representatives. The member noted that active scheme members were prevented from serving on the Committee. He considered that both pensioners and active members benefitted from the scheme and there was no conflict of interest. Nick Orton advised that employees were not permitted to sit on any Committee of the Council.

Neville Hancock advised that UNISON held contact details for all pensioners in the scheme and offered to assist with notification of the vacancies.

Ian Densham observed the discrepancies in the graphs presented by the Independent Adviser and was informed that this was a software issue and would be addressed.

Members noted that the attendance of Councillors at the Committee had been poor and the Board agreed to monitor the situation over the next couple of meetings. The suggestion was made that attendance details be included in the Pension Fund Annual Report in future.

Councillor Hopgood expressed concern about the length of time the Investment Managers had for their presentation to the Committee due the volume of business to be conducted in the time available. The Board had made the recommendation previously that the Committee should plan and allow for sufficient time for questioning of the Managers and if necessary start the meeting earlier or invite the Managers following a lunch break. The Committee had decided that as there were a number of new Members, and as reporting practices would change with the implementation of pooling, it would be premature to consider changing existing arrangements.

Notwithstanding this the Board felt that a further recommendation should be made to the Committee asking it to revisit the arrangements during the transition period towards pooling, emphasising that this was not a criticism of how the meeting was conducted but due to the volume of work and time available.

**AGREED** that the information be noted and a letter of recommendation be sent to the Chairman asking the Committee to examine the arrangements for the meetings during the transition period, in view of the Board's concerns about the length of time Investment Managers were given to deliver their presentations. The letter should emphasise that this was not a criticism of how the meeting was conducted but due to the volume of work and the time available.

## **5 Training**

Members were informed that a gap analysis of training needs of both the Local Pension Board and the Pension Fund Committee was being carried out and Members had been asked to complete a self-assessment questionnaire.

The Board had also been invited to attend a training session at the Special Pension Fund Committee on 5 October which covered investment in private markets and equity protection as part of the Investment Strategy Review. Councillor Hopgood had attended.

**AGREED** that the information given be noted and Board members complete and return the self-assessment questionnaire if they had not already done so.

## **6 Work Plan - Pensions Regulator - Code of Practice for Public Service Pension Schemes - Gap Analysis**

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

Following a comment from Ian Densham about the risk register and the BCPP, Nick Orton explained that the pool would appoint a Transition Manager who would oversee the transition of assets. Whilst there was a risk associated with this, asset transition was a process that Investment Managers were used to undertaking. In terms of the risk associated with compliance with procedures, Regulations had not changed and scheme administration would continue to be carried out by the Council.

Nick Orton provided an update for members on those areas that were not compliant with the Code:-

- Need to regularly formally assess the effectiveness of investment-related decision making – the CEM benchmarking report would provide quantitative analysis and would be reported to Pension Fund Committee on receipt.
- More regular review of data completeness and quality – the data quality analysis report would be reported to the March meeting of the Pension Fund Committee. Members were informed that mortality screening was now undertaken by the Council.

- Formal 'breaches policy' to be put in place – Nick Orton had drafted a Policy which had been examined by Internal Audit and would be circulated to the Committee and the Board.

Councillor Hopgood asked that an update on progress of those areas that were not compliant be given at each meeting.

**AGREED** that the information given be noted.

## **7 Date of Next Meeting**

**AGREED** that the next meeting be held at 2.00pm on Thursday 15 March 2018, following the Pension Fund Committee.

## **8 Any Other Business**

### **a) Data Protection – General Data Protection Regulations GDPR**

Councillor Hopgood asked if the Board would need to consider the proposed changes to the data protection legislation. Nick Orton advised that Officers would review current practices to ensure compliance and report to the Committee if necessary. Bryan Smith added that there were no issues for the Board in terms of the collection and retention of data that would not be addressed by the Council's update of policies and procedures.

### **b) 50/50 Option – Local Government Pension Scheme**

Neville Hancock reported that there was national concern that take-up of the 50/50 option had not reached Government expectations. The member asked about the position in Durham, and how the option was publicised. Nick Orton advised that publicity had been given when the 50/50 option was first introduced, and was now offered to those employees considering opting out of the scheme. The Actuary had revised the position in the latest valuation with an assumption that there would be no take-up.

### **c) Policies and Procedures**

Ian Densham noted that one of the Committee's functions was to monitor matters such as policy changes, and procedural and back-office issues, and suggested that an item be included on the Agenda for each meeting to reflect this. The member was informed that major changes to policies which affected the Pension Fund were reported to the Committee for consideration and back-office administration was delegated to the Corporate Director of Resources. These arrangements were monitored by Internal Audit and in addition External Audit conducted an in-depth examination of systems at the year end.

### **d) Visit by Pensions Regulator**

Nick Orton advised that arrangements had been made for the Pensions Regulator to visit the Local Pension Boards of Durham, South Tyneside,

Teesside and Northumberland. Matters to be discussed included GDPR, Cyber Security and legal liability. The meeting was to be held on Thursday 21 December 2017 between 2 and 4pm in County Hall and all members of the Board were invited to attend. Feedback would be provided at the next meeting.

**AGREED** that the information given be noted.