

DURHAM COUNTY COUNCIL

PENSION FUND COMMITTEE

At a Meeting of **Pension Fund Committee** held in Committee Room 2 - County Hall, Durham on **Thursday 6 September 2018 at 10.00 am**

Present:

Councillor M Davinson (Chairman)

Members of the Committee:

Councillors O Temple (Vice-Chairman), J Atkinson, B Kellett, J Nicholson, J Shuttleworth and M Wilson

Scheme Member Representatives

Anne Delandre and John Taylor

Also Present:

John Hewitt – Corporate Director of Resources

Beverley White – Finance Manager – Pensions and Technical

Independent Adviser:

Jo Holden – Mercer

Observers:

Kaveh Damestani - GMB

1 Apologies for Absence

Apologies for absence were received from Councillors C Carr, S Hugill and J Lethbridge, and Further Education Colleges Representative Andy Broadbent.

2 Declarations of interest

There were no declarations of interest.

3 Minutes

The Minutes of the meeting held on 14 June 2018 were agreed as a correct record and were signed by the Chairman.

4 Overall Value of Pension Fund Investments to 30 June 2018

The Committee considered a report of the Corporate Director of Resources which provided an update on the overall value of the Pension Fund's investments at 30 June 2018, the movement in the cash balance during the last four quarters and the projected cash flow position up to 30 September 2019 (for copy see file of Minutes).

Following a question from Councillor Shuttleworth regarding the impact of an increase in oil prices on the value of the Fund, Jo Holden advised that this area of the market was too volatile to predict, and it was important to have a balanced approach to asset allocations. BlackRock who were attending the Committee may have a view on this.

Resolved:

That the information contained in the report be noted.

5 Performance Measurement of Pension Fund Investments to 30 June 2018

The Committee considered a report of the Corporate Director of Resources which provided an overview of the performance of the Fund to 30 June 2018 (for copy see file of Minutes).

Councillor Temple stated that it would be helpful if the reference to the Total Composite Custom in the report of JP Morgan could be presented as the benchmark in future reports.

Resolved:

That the information contained in the report produced by JP Morgan be noted.

6 Short Term Investments for the Period Ended 30 June 2018

The Committee considered a report of the Corporate Director of Resources which provided the Committee with information on the performance of the Pension Fund's short term investments as at 30 June 2018 (for copy see file of Minutes).

Councillor Shuttleworth referred to the rate of return earned and was advised that the short term cash balances were invested in line with the Council's Treasury Management Policy and Annual Investment Strategy, and was guided by the Fund's Advisers. The rates were different to those achieved for personal investments and because of the need to be able to access the deposits at short notice.

Resolved:

That the position at 30 June 2018 regarding the Pension Fund's short term investments where £46,562 net interest was earned in the three month period, be noted.

7 Audit Completion Report for the Year Ended 31 March 2018

The Committee considered a report of the Corporate Director of Resources which informed Members of the completion of the audit of the Pension Fund Accounts and presented the Audit Completion Report for the financial year ended 31 March 2018 (for copy see file of Minutes).

Sharon Liddle of Mazars LLP advised that very few amendments had been required and thanked Officers for their work and co-operation in what was now a very tight deadline to complete the audit.

Councillor Davinson asked if any problems were foreseen with the deadlines in future years, noting the adjustment required as a result of a delay in receiving fund manager transition costs.

Beverley White explained that the information from Fund Managers was required well in advance and they received regular reminders. A possible area of concern for next year's audit was the transition of assets into the pool which may not take place until March 2019.

Following a question from Councillor Atkinson, Beverley White stated that Managers were required to sign up to a transparency code which could have caused a delay in the submission of transition costs. However this was the first year that this information had been required of the Managers and she anticipated that this would not be an issue in future. The information had been received in time for the completion of the accounts.

Councillor Temple noted that CBRE had not signed up to the Code and asked if the Manager was required to provide transition costs. The Member was informed that there was no requirement for CBRE to do so.

Resolved:

That the content of the report be noted.

8 Internal Audit Progress Report to 30 June 2018

The Committee considered a report of the Chief Internal Auditor and Corporate Fraud Manager which outlined progress made in delivering the 2018/2019 internal audit plan relevant to the Pension Fund Committee (for copy see file of Minutes).

Resolved:

That the work undertaken by Internal Audit during the period ending 30 June 2018 be noted.

9 Feedback from Local Pension Board

Councillor Davinson reported the receipt of a letter from the Local Pension Board which expressed support to the appointment of a scheme member and scheme employer representative on the BCPP Joint Committee. Members were informed that on 10 July 2018 the Pool had agreed to one or more scheme member being represented. He advised that he would report that the Local Pension Board also supported the appointment of a scheme employer representative on the Joint Committee at the next meeting.

Resolved:

That the information given be noted.

10 Any Other Business - Pensions Manager

The Chairman reported that the Pensions Manager, Nick Orton was leaving the Authority in October 2018. The Members conveyed their thanks and appreciation to the Officer for his advice and support to both the Committee and the Authority throughout his time with the Council.

11 Exclusion of the Public

Resolved:

That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

12 Minutes

The Minutes of the meeting held on 14 June 2018 were agreed as a correct record and were signed by the Chairman.

13 Report of the Pension Fund Adviser

The Committee considered a report of the Independent Adviser Jo Holden of Mercer (for copy see file of Minutes).

Resolved:

That the information given be noted.

14 Investment Strategy Review Update

The Committee considered a report of the Corporate Director of Resources which provided the Committee with an update on progress made towards implementing asset allocation decisions (for copy see file of Minutes).

Resolved:

That the recommendation in the report be approved.

15 Pension Fund Committee Independent Investment Adviser

The Committee considered a report of the Corporate Director of Resources regarding an independent adviser to assist with investment decisions (for copy see file of Minutes).

Resolved:

That the recommendation in the report be approved.

16 Pension Fund Committee Training Needs Analysis

The Committee considered a report of the Corporate Director of Resources which provided the outcome of the self-assessment training needs analysis carried out by Members of the Committee and set out a proposal to address the needs identified (for copy see file of Minutes).

A training session was proposed to cover those areas identified in the report, and moving forward more specific training would be provided on areas such as global equities.

Resolved:

That the recommendations in the report be approved.

17 Report of Aberdeen Standard

Consideration was given to a report from Aberdeen Standard which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

18 Report of AB

Consideration was given to a report from AB which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

19 Report of BlackRock

Consideration was given to a report from BlackRock which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

20 Report of BNY Mellon (Walter Scott)

Consideration was given to a report from BNY Mellon (Walter Scott) which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

21 Report of CBRE Global Investment Partners

Consideration was given to a report from CBRE Global Investment Partners which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

22 Report of Mondrian Investment Partners Ltd

Consideration was given to a report from Mondrian which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

23 Report of Royal London

Consideration was given to a report from Royal London which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.