



Local Pension Board

Date Tuesday 17 September 2019
Time 10.00 am
Venue Committee Room 1A - County Hall, Durham

Business

Part A

**Items during which the Press and Public are welcome to attend.
Members of the Public can ask questions with the Chairman's
agreement.**

1. Apologies for Absence
2. Declarations of Interest (if any)
3. The Minutes of the Meeting held on 6 June 2019 (Pages 3 - 6)
4. Observations from Pension Fund Committee held on 12 September 2019
5. Training
6. Work Plan (Pages 7 - 10)
7. Date of Next Meeting
8. Any Other Business

Helen Lynch

Head of Legal and Democratic Services

County Hall
Durham
4 September 2019

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

Scheme Employer Representatives
Councillors A Hopgood and F Tinsley

Scheme Member Representatives
IR Densham and N Hancock

Contact: Jill Errington

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DURHAM COUNTY COUNCIL

At a Meeting of **Local Pension Board** held in Committee Room 2 - County Hall, Durham on **Thursday 6 June 2019 at 2.00 pm**

Present:

Scheme Member Representatives:

Ian Densham, Neville Hancock, Councillor A Hopgood and Geoff Sykes

Officers:

Paul Cooper – Pensions Manager

Beverley White – Finance Manager

Bryan Smith – Legal Manager - Litigation

1 Election of Chair

Resolved:

That Ian Densham be elected as Chair of the meeting.

2 Apologies for Absence

An apology for absence was received from Councillor F Tinsley.

3 Declarations of Interest

There were no declarations of interest.

4 Minutes

The Minutes of the meeting held on 14 March 2019 were agreed as a correct record and were signed by the Chair.

5 Observations from Pension Fund Committee held on 6 June 2019

Ian Densham said that one good feature was that between presentations members had asked questions and commented on what had been reported. He suggested that a dedicated time slot be allocated for the Local Pension Board to feedback to the committee.

Councillor Hopgood pointed out that the Chair had asked the members if they were happy for the Advisers to ask some questions but she would not like to see questions solely from the Advisers. She thought members should be prompted to ask the questions.

Bryan Smith said that there was a right to monitor the level of challenge but rather than making a recommendation this could be monitored at the next meeting, and could be referred to the Chair of the Pension Fund Committee at the next briefing. Paul Cooper added that it was fair to reflect that there were questions asked and that the Chair had asked if members were happy for the Advisers to ask the questions.

Referring to matters arising, Councillor Hopgood said that last time the board had discussed Border to Coast representation and a report was circulated for information. She asked that the report should be included on the agenda for future meetings.

Bryan Smith explained that the main business should be reported to the Pension Fund Committee however, Councillor Hopgood said that this was for information for the scheme members.

6 Key Performance Indicators - Verbal Update

Paul Cooper reported that he had engaged with the software supplier and meetings had been held between the fund's Technical Manager and Civica to discuss what Civica should be focusing on. Key Performance Indicator's (PI's) would be a focus for Civica and would reflect the Disclosure Regulations for all funds, as well as how we could have localised PI's. He added that board members may be able to inform those local PI's and this could be discussed once the intel was available.

7 Review Training Approach - Verbal Update

Paul Cooper advised that last year's self assessment training was completed and it was intended to roll that out again this year.

Councillor Hopgood suggested that this be deferred until September when new members were in post.

8 Date of Next Meeting

AGREED that the next meeting be held on Thursday 6 September 2019 at 2.00pm following Pension Fund Committee.

9 Any Other Business

Ian Densham queried where we were at with the Funding and Investment Strategy Statements as only minor amendments had been published. He also referred to an annual review of the asset allocation.

Paul Cooper advised that the investment strategy is reviewed regularly, and that the Funding Strategy Statement would be reviewed as part of the valuation process.

Referring to the Durham Pension Fund Committee Advisers Ian Densham asked if there was an equivalent on the BCPP Joint Committee. Paul Cooper advised that they do not have an adviser, but the Joint Committee is attended by members of BCPP's Board. The Joint Committee fund representatives are all from Partner Funds, who have their own independent advisers.

Bryan Smith added that the BCPP were experts in delivering the investments and we would be represented at future meetings. A make up of the board would be circulated.

Geoff Sykes asked if there had been a report to committee about how much we put in initially. Paul Cooper replied that the majority of investment costs would be proportionate, based upon the value of assets under management. It was noted that we had not yet invested with BCPP, and our costs incurred to date have reflected the set up and operating costs of the company, and would be reflected in the annual accounts, reported to committee in September.

Referring to the Internal Audit Plan, Geoff Sykes had asked for pooled investment to be included last year. Paul Cooper responded that this had been delayed last year due to not investing in any of BCPP's funds to date. Geoff went on to ask for a review of the whole governance arrangements.

Geoff Sykes asked if the legal liability for board members had been resolved. Bryan Smith replied that as board members were not making decisions the level of exposure would not be high, however he did understand the concern.

Councillor Hopgood added that it would have to be proven that you had been negligent and therefore she did not see any cause for concern. Bryan Smith would look into this and report back.

Paul Cooper would inform the board members should any of the funds be hosting any events regarding the Pension Regulations that they could attend.

With regards to Woodford, Paul Cooper advised that we have no direct investment with Woodford, but have underlying holdings through one of our asset managers, BlackRock. Further details were awaited from Brock regarding the underlying holdings with Woodford though it was noted that the underlying investment was not in The Woodford Equity Income Fund which had been in the news.

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The Local Pension Board Work Plan

Meeting	Topics to be considered	Comments
December 2018	Pensions Regulator Code of Practice	Consider Gap analysis against Code of Practice
March 2019	Member and employer communications	Review standard communications and communication strategy
	Internal disputes cases, Pensions Ombudsman cases	Review and consider any lessons learned
June 2019	Review performance statistics – review Key Performance Indicators	Consider Board members, Committee members and officers involved in scheme administration
	Review training approach	
September 2019	Review Pension Fund Annual Report and Accounts	Consider compliance with UK Stewardship Code
	Assist in development and review of asset voting and engagement processes	
December 2019	Pensions Regulator Code of Practice	Review and update gap analysis
March 2020	Member and employer communications	Review standard communications and communication strategy
	Internal disputes cases, Pensions Ombudsman cases	Review and consider any lessons learned
June 2020	Review performance statistics – review Key Performance Indicators	
	Review final valuation report outcome	
September 2020	Employer and Administering Authority discretions	Review approach and application

Appendix 1: Functions of the Local Pensions Board

Function	When	How
Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.	Ongoing	Review of Committee papers and minutes, attendance at Committee
Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code of Practice.	December 2018	Code of Practice gap analysis
Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.	December 2018	Code of Practice gap analysis
Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.	Ongoing	Consider and review, as and when statements are updated by the Committee
Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.	March 2019 March 2020	Review standard employer and scheme member communications
Monitor complaints and performance on the administration and governance of the scheme.	June 2019 June 2020	Review performance statistics over previous year
Assist with the application of the Internal Dispute Resolution Process.	March 2019 March 2020	Review application of dispute procedure
Review the complete and proper exercise of Pensions Ombudsman cases.	March 2019 March 2020	Review handling of any cases referred to Pensions Ombudsman
Review the implementation of revised policies and procedures following changes to the Scheme.	As required	Following legislative changes to Scheme
Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.	June 2019	

Review the complete and proper exercise of employer and administering authority discretions.	September 2020	
Review the outcome of internal and external audit reports.	Ongoing	Audit reports and outcomes are supplied to Committee

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