

DURHAM COUNTY COUNCIL

At a Meeting of **Local Pension Board** held in **Council Chamber, County Hall, Durham** on **Thursday 27 January 2022** at **2.00 pm**

Present:

Mr N Hancock (in the Chair)

Members of the Board:

Councillor D Stoker,

Scheme Member Representatives:

Mr L Oliver and Mrs W Pattison

The Chair welcomed new members Councillor D Stoker and W Pattison to the Board.

1 Apologies for Absence

Apologies for absence were received from Councillor A Hopgood.

2 Declarations of Interest

There were no Declarations of Interest.

3 The Minutes of the Meeting held on 26 July 2021

The Minutes of the meeting held on 26 July 2021 were agreed as a correct record and were signed by the Chair.

4 Observations from Pension Fund Committee Meetings held on 11 October and 9 December 2021

Pensions Manager, Paul Cooper informed the Board of the standard items considered by the meeting of the Pension Fund Committee in December, including the value and performance of the fund. He noted that the Committee had received reports relating to Internal Audit, with a 'substantial assurance' in respect of additional voluntary contributions (AVCs).

He added the Committee had also received reports from External Audit and the Pension Fund Accounts had been presented. The Board noted the Committee had been assured as regards the management of risk with a report detailing the Review of Pension Fund Risks.

The Pensions Manager noted the Committee received a report from Border to Coast Pensions Partnership (BCPP) setting out their responsible investment policy, developed with input from the Committee. He explained the Committee had agreed the policy and voting guidelines, with the voting guidelines also approved for the Fund's assets managers outside of the pool. He noted that the Committee had received reports relating to the regulatory and administration update and employer flexibility policy. The Pensions Manager noted that during the private section of the meeting the Committee had received reports and presentations from the Pension Fund Advisor and Independent Investment Manager. In respect of decisions, he noted that the Committee had agreed to invest in BCPP Listed Alternatives and supported the development of a North East Regional Investment Fund, subject to satisfactory due diligence, following Members receiving training and advice.

The Chair noted that he felt a key issue had been the Responsible Investment Policy and noted while BCPP did not have a specific divestment policy, it was felt the issues were covered within the Responsibility Investment Policy. He added that if it was felt issues were not covered then BCPP could begin to look to develop specific approaches to divestment.

RESOLVED:

That the information given be noted.

5 Regulatory Update

The Board considered a report from the Corporate Director of Resources which provided details on developments in matters that were both Local Government Pension Scheme (LGPS) specific, as well as providing an update on non-LGPS specific matters of interest (for copy see file of Minutes).

The Pensions Manager noted LGPS specific issues updated included: consultation, including LGPS 'Fair Deal' and guaranteed minimum pension (GMP); LGPS Scheme Advisory Board (SAB) issues relating to Academies, Tier 3 Employers, Good Governance in the LGPS and Responsible Investment Guidance; cost control; the McCloud judgement and LGPS Asset Pooling.

The Board noted non-LGPS matters included: Public Sector Exit Payment Caps; mandatory Taskforce on Climate-related Financial Disclosures; UK Stewardship Code; consultation on minimum pension age; consultation by The Pensions Regulator on a single Code of Practice; the Boycotts, Divestment and Sanctions Bill; and pension scams and new restrictions on transfers.

RESOLVED:

That the report be noted.

6 Pension Administration Report

The Board considered a report from the Corporate Director of Resources regarding the Fund's pension administration and service provision to members, as well as providing an update on Key Performance information (for copy see file of Minutes).

The Pensions Manager advised of the performance in the third quarter of 2021 with 204 retirement cases, 531 early leavers, 2,329 telephone calls to the Fund's Helpline and 14,762 members had registered for the Fund's Pensions Online portal.

The Chair noted he was pleased as regards the inclusion of the number relating to the online portal, adding he encouraged people to sign up.

RESOLVED:

That the report be noted.

7 Membership of Local Pension Board - Verbal Update

The Pensions Manager noted there had been vacancies on the Board and explained that Wendy Pattison had been appointed as a Scheme Member Representative and Councillor D Stoker had been appointed as a Scheme Employer Representative. He explained that the three Scheme Member Representative positions were now filled, with Trade Union representation, a retired Scheme Member and an active Scheme Member.

The Pensions Manager noted that in relation to the remaining Scheme Employer vacancy, all participating employers within the fund had been contacted as regards a representative from an employer external to Durham County Council (DCC).

He noted a potential DCC candidate, however, it was hoped that an external representative could be appointed to better reflect the representation of the fund.

RESOLVED:

That the verbal update be noted.

8 Border to Coast Pensions Partnership Joint Committee Membership - Verbal Update

The Pensions Manager gave a verbal update relating to the BCPP Joint Committee Membership, explaining that the Joint Committee was constituted of all the Chairs from the 11 partner funds, representation from scheme members. He noted that, following an election, five candidates were nominated, with the roles were filled by Nicholas Wirz from the Tyne and Wear Local Pension Board and Deirdre Burnet from Cumbria Local Pension Board.

RESOLVED:

That the verbal update be noted

9 Annual Report and Accounts - Verbal Update

The Finance Manager, Beverley White gave a verbal update on the Annual Report and Accounts for the Pension Fund, noting the process followed when gaining authorisation and publishing the Annual Report and Accounts. She explained that every LGPS had a legal requirement to publish an Annual Report with the Chartered Institute of Public Finance and Accountancy (CIPFA) providing guidance on the types of information that should be included in the report. She noted that information included: the accounts themselves, as approved by the Council's Audit Committee; the External Auditor's report and opinion on the accounts; the statement of the Actuary; and the Fund's core policy documents as approved by the Pension Fund Committee.

The Finance Manager noted that as DCC was the administrating authority for the Pension Fund, those accounts formed part of the Council's Statement of Accounts and it was added that the Corporate Director of Resources had responsibility for approving the draft accounts and that had been completed in advance of statutory deadline of 31 July. She explained that the External Auditors, Mazars, completed their audit in the last week of September and found no major errors and only minor adjustments were required.

The Board noted that the deadline for approval of the final accounts was 30 September 2021, and the Audit Committee approved the accounts at their meeting on 30 September 2021.

The Finance Manager added that the Pension Fund accounts also needed to be included in the Pension Fund Annual Report and accounts, with the Corporate Director of Resources having responsibility for approving the Annual Report. It was explained that the deadline was 1 December, however, External Audit required the report to be approved the same day as the accounts to ensure the accounts reported in the DCC Statement of Accounts and Pension Fund Annual Report and accounts were exactly the same. The Finance Manager noted the authorisation of the accounts on 30 September by the Corporate Director of Resources and subsequently the publication on the Council website on 28 October 2021.

The Finance Manager explained that she had provided a verbal update to the Pension Fund Committee at its meeting in October in relation to the progress of the Pension Fund accounts and Annual Report, with the final set of Pension Fund accounts reported to their meeting in December. She noted that the External Auditor also presented their report to the Pension Fund Committee in December, including their opinion on the accounts. It was added that an unqualified opinion was provided by the External Auditor, providing assurance that the Pension Fund assets were being managed and accounted for properly. The Finance Manager noted that Audit Committee Members had the opportunity to review the accounts and ask questions of the Auditor prior to being asked to approve the final set of accounts. She noted that Pension Fund Committee Members had also had opportunity to ask questions of the Pension Fund Auditor.

The Finance Manager noted she had presented a summary of the Annual Report and accounts to employers and Members at the Annual Pension Fund Meeting in November, adding that feedback was welcome in terms of any suggested improvements, notwithstanding the minimum CIPFA requirements.

RESOLVED:

That the verbal update be noted

10 Date of Next Meeting

The next meeting would be held on 14 March 2022 at 2.00 p.m.