

DURHAM COUNTY COUNCIL

PENSION FUND COMMITTEE

At a Meeting of **Pension Fund Committee** held in Committee Room 2 - County Hall, Durham on **Thursday 29 September 2011 at 1.00 pm**

Present:

Councillor N Martin (Chair)

Members of the Committee:

Councillors C Carr, J Chaplow, P Jopling and R Ord

Apologies:

Apologies for absence were received from Councillors Andy Turner, A Hopgood, J Lethbridge, D Morgan, G Richardson and R Todd, and D Sanders

Also Present:

Admitted Bodies Representative

K Tallintire

Durham County Council Officers:

Corporate Director, Resources – D McLure

Litigation Manager – B Smith

Principal Finance Officer – Strategic Finance – H Appleton

Payroll and Pensions Manager – N Orton

Independent Advisers;

P J Williams

PSolve Asset Solutions – H Smith

D Banks

C Archer - Actuary

1 Declarations of interest (if any)

Councillor Carr declared a personal but not prejudicial interest in the reference made to Premier Waste, considered under matters arising from the Minutes.

2 The Minutes of the last Meeting held on 6 June 2011

The Minutes of the Meeting held on 6 June 2011 were agreed as a correct record and were signed by the Chair.

Matters Arising from the Minutes

A Member referred to the increase in the number of employees accessing the scheme at 55 and the strain placed on the Pension Fund because of early retirement applications. He asked for clarification as to whether these costs were met from reserves.

N Orton, Payroll and Pensions Manager responded that the early retirement costs were not but redundancy payments were met from reserves at present. In respect of Durham County Council and Darlington Borough Council early retirement costs were met by increased employer contributions. Other employers in the Scheme were required to make an additional contribution.

In response to a further question in relation to other employers within the Scheme, N Orton explained the meaning of admitted bodies and what was required for organisations to be eligible to join the DCC Pension Fund.

The Member also had a number of questions in relation to Premier Waste and it was agreed that this be discussed with the Member direct.

RESOLVED

That the information given, be noted.

Actuarial Valuation as at 31 March 2010

Members were advised that C Archer from AonHewitt, the Pension Fund Actuary was present to respond to queries that Members had at the last meeting in relation to assumptions around salary increases.

C Archer outlined to Members the Fund's experience between the 2007 and 2010 valuation, the 2010 valuation results, salary increase assumption and the Fund's experience since the 2010 valuation.

With regard to the salary increase assumption he advised that this was a long term assumption amounting to 40 plus years for young members. Historically salary increases had been 1% to 2% above RPI on average and RPI plus 1.5% per annum was used for the long term assumption. Evidence showed that salaries tended to increase more rapidly following restraint and promotional salary increases tended to be higher during inflationary pay restraint.

In addition, during the current phase of economic cycle it was expected that salary increases would be depressed, investment returns would be lower and fewer people would leave an organisation.

A Member commented that people were living longer and had greater expectations when they retired. He therefore suggested that employees contributions should be increased, although it was considered by other Members that this would be unreasonable given the current pay freeze.

N Orton stated that the latest proposal from the employer's side suggested an increase in employee contributions. Employees could elect not to pay the additional amount but would earn a lower accrual rate. Those on an annual salary of less than £15k would be protected.

Following discussion it was

RESOLVED

That the information given, be noted.

3 Graphs showing recent movements of the Stock and Share Indices

Consideration was given to graphs showing recent movement in the Stock and Share Indices, a copy of which had been circulated.

RESOLVED

That the information given, be noted.

4 Graphs showing recent movements of the major currencies against sterling

Consideration was given to graphs showing recent movement in the major currencies against sterling, a copy of which had been circulated.

RESOLVED

That the information given, be noted.

5 Performance Measurement Report

Consideration was given to the report of the Corporate Director, Resources which provided an overview of the Fund to date, a copy of which had been circulated.

RESOLVED

That the information given, be noted.

6 Pension Fund Investments

Consideration was given to the report of the Corporate Director, Resources which gave details of the overall value of the Pension Fund as at 30 June 2011, of the additional sums available to the Managers for further investment and of the result of the latest Fund Rebalancing, a copy of which had been circulated.

RESOLVED

That the information given, be noted.

- 7 Such other business as, in the opinion of the Chairman of the Meeting is of sufficient urgency to warrant consideration**

**Annual Governance Report
Durham County Council Pension Fund Audit 2010/2011**

Consideration was given to the report produced by the Audit Commission in relation to the audit of the Durham County Council Pension Fund Audit 2010/2011, a copy of which had been circulated.

RESOLVED

That the information given, be noted.