

DURHAM COUNTY COUNCIL

PENSION FUND COMMITTEE

At a Meeting of **Pension Fund Committee** held in Committee Room 1A, County Hall, Durham on **Thursday 5 September 2013 at 10.00 am**

Present:

Councillor A Turner (Chairman)

Members of the Committee:

Councillors C Carr, P Conway, M Davinson, J Lethbridge, N Martin and G Richardson

Admitted Bodies Representative

J Norton

Scheduled Bodies Representative

D Sanders

Also Present:

County Council Advisers

D McLure – Corporate Director, Resources

H Appleton – Strategic Finance Manager – Corporate Finance

N Orton – Payroll and Pensions Manager

Independent Advisers

P Williams – P J Williams

R Bowker – PSolve

D Banks - PSolve

1 Apologies for Absence

Apologies for absence were received from Councillors S Forster and I Geldard.

2 Minutes

The Minutes of the meeting held on 6 June 2013 were agreed as a correct record and were signed by the Chairman.

3 Declarations of interest

There were no declarations of interest.

4 Graphs showing recent movements of the Stock and Share Indices

Consideration was given to graphs showing movements in the Stock and Share Indices (for copy see file of Minutes).

Resolved:

That the information given be noted.

5 Graphs showing recent movements of the major currencies against sterling

Consideration was given to graphs showing movements of the major currencies against sterling (for copy see file of Minutes).

Resolved:

That the information given be noted.

6 Performance Measurement Report

Consideration was given to the report of the Corporate Director, Resources which gave an overview of the performance of the Fund up to 30 June 2013 (for copy see file of Minutes).

The report gave details of the Managers' performance against their benchmarks for the quarter, year to date and since inception of the Fund.

Members were advised that performance of the Plan this quarter was below the benchmark but this was not unexpected. Growth assets had fallen across the board with real yields rising. This therefore had resulted in a negative return in both index linked gilts and bonds. This was reflected in the performance of RLAM which fell 7% in quarter 2.

In response to a question from Councillor Martin regarding Edinburgh Partners the Committee was advised that the amount referred to in the report related to dividends and should disappear from the Plan by the end of the next transition period.

Resolved:

That the information given be noted.

7 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 2013 and of any additional sums available to the Managers for further investment, or amounts to be withdrawn from Managers (for copy see file of Minutes).

In response to a comment from Councillor Conway, Daniel Banks advised that liabilities would have fallen between £100-£150m in the period but that it was difficult to give a specific figure. In accepting this the Councillor suggested that it would be useful to include an indicative statement on the performance of liabilities in future reports.

Resolved:

That the information given be noted and no further allocation of cash be made to Managers.

At this point Councillor Richardson entered the meeting.

8 Short Term Investments for the period ended 30 June 2013

Consideration was given to the report of the Corporate Director, Resources which gave details of the Pension Fund's short term investments for the quarter ended 30 June 2013 (for copy see file of Minutes).

A general discussion ensued regarding Bank Deposit Accounts and following questions from Members the Committee was advised that the amount invested with the Co-operative Bank was small but was being monitored closely.

Resolved:

That the position at 30 June 2013 regarding the Pension Fund's short term investments be noted.

9 Statement of Accounts for the year ended 31 March 2013

Consideration was given to the report of the Corporate Director, Resources which presented the Pension Fund Accounts for the year ended 31 March 2013 (for copy see file of Minutes).

Resolved:

That the information given be noted.

10 Call for Evidence on the Future Structure of the Local Government Pension Scheme

Consideration was given to the report of the Corporate Director, Resources which asked Members to agree a response to a recent call for evidence on the future structure of the Local Government Pension Scheme (for copy see file of Minutes).

Councillor Carr asked if consideration had been given to merging the regional Pension Funds. Don McLure advised that this had been discussed at a regional meeting as part of the consultation process where it had been established that there was no appetite to merge at present.

Following a question from Councillor Conway about the viability of 'pooling' Investment Managers, the Advisers stated that Managers would be reluctant to invest such large sums of money as they become too big to remain effective and were more difficult to manage.

Resolved:

That the response set out in Appendix B be agreed and Members submit any suggested changes by no later than 20 September 2013.