

DURHAM COUNTY COUNCIL

PENSION FUND COMMITTEE

At a Meeting of **Pension Fund Committee** held in Committee Room 2, County Hall, Durham on **Wednesday 10 December 2014 at 10.00 am**

Present:

Members of the Committee:

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

Also Present:

County Council Advisers

D McLure – Corporate Director, Resources

H Appleton – Strategic Finance Manager – Corporate Finance

N Orton – Team Leader Operations and Pensions/Data

Independent Advisers

P Williams – P J Williams

R Bowker – P-Solve

J Wall – P-Solve

Admitted Bodies Representative

John Norton

Pensioner Representative

D Ford

Staff Observer

N Hancock - UNISON

In the absence of Councillors Turner and Stelling nominations were sought for a Chairman for the meeting.

Councillor C Carr in the Chair.

1 Apologies for Absence

Apologies for absence were received from Councillors A Turner, W Stelling, M Davinson, S Forster and R Todd.

2 Minutes

The Minutes of the meeting held on 11 September 2014 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 recent movements in the Stock and Share Indices (for copy see file of Minutes).

Philip Williams advised that the last 12 months had seen a big trend in index-linked gilts driven by private sector funds.

Resolved:

That the information given be noted.

5 Graphs showing recent movements of the major currencies against sterling

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

The graphs showed that sterling was very strong against the euro and the yen. The dollar was also very strong at present and there was some concern that this may have an impact on the ability of emerging markets to service debts.

Resolved:

That the information given be noted.

6 Performance Measurement of Pension Fund Investments to 30 September 2014

Consideration was given to the report of the Corporate Director, Resources which gave an overview of the performance of the Fund to 30 September 2014 (for copy see file of Minutes).

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

Hilary Appleton, Strategic Finance Manager – Corporate Finance advised that during the current quarter since 30 September 2014 transition of assets from BlackRock to the new Global Equity Managers had occurred.

Resolved:

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

7 Overall Value of Pension Fund Investments to 30 September 2014

Consideration was given to the report of the Corporate Director, Resources which informed Members of the overall value of the Pension Fund as at 30 September 2014, 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).

Hilary Appleton, Strategic Finance Manager – Corporate Finance advised that no cash had been allocated because of the transition to the new Managers and normal fund re-balancing would resume in March 2015.

Resolved:

That the information given be noted.

8 Short Term Investments for the Period Ended 30 September 2014

Consideration was given to the report of the Corporate Director, Resources which gave details of the performance of the Pension Fund's short term investments for the three month period ended 30 September 2014 (for copy see file of Minutes).

Don McLure, Corporate Director, Resources referred Members to a new deposit placed with the financial institution Handelsbanken. This was a highly respected institution used by a number of local authorities.

In response to a question from Councillor Carr about fixed term deposits with UK Local Authorities, Don McLure assured the Member that deposits would only be made following due diligence checks on their accounts.

Resolved:

That the information given be noted.

9 Audit Completion Report for the Year Ended 31 March 2014

Consideration was given to the report of the Corporate Director, 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 2014 (for copy see file of Minutes).

Hilary Appleton advised that the external Auditor, Mazars LLP had given an unqualified opinion that the financial statements gave a true and fair view of the transactions of the pension fund and had been properly prepared. There were no adjustments identified which impacted on the core financial statements and where the Auditor had noted that there was scope to improve in the areas set out in the report, Officers would endeavour to make these improvements during the year.

Catherine Banks of Mazars LLP stated that the audit had gone well and thanked Officers for their assistance.

Resolved:

That the information given be noted and Officers involved be thanked for their work during the Audit.

10 Pension Boards Update

Nick Orton, HR Team Leader Operations and Data/Pensions provided an update in relation to the creation of a local Pension Board which would oversee and assist DCC as scheme manager in its administration of the Pension Fund.

The Officer advised that the Board must comprise of a minimum of four members split equally between representatives from employers in the scheme and scheme members. A report to Council in January 2015 would seek approval to establish the Board with effect from 1 April 2015 when the appointment process would commence.

Members discussed the remit of the Board and Councillor Martin made the comment that the Board may explore the role of Pension Fund Committee in terms of its involvement in the management of the Fund. He suggested that a small Sub-Committee of Pension Fund Committee be established with a view to involving Members in how the Fund was managed.

Councillor Conway concurred with these views and added that as part of the Committee's governance role he considered that a good understanding of how Fund management decisions were made was necessary.

Resolved:

That the information given be noted and Members' comments be taken on board.