

DURHAM COUNTY COUNCIL

PENSION FUND COMMITTEE

At a Meeting of **Pension Fund Committee** held in Committee Room 2, County Hall, Durham on **Monday 6 June 2016 at 10.00 am**

Present:

Councillor A Turner (Chairman)

Members of the Committee:

Councillors W Stelling (Vice-Chairman), J Alvey, C Carr, B Kellett, J Lethbridge, J Lindsay, J Maitland and J Shuttleworth

Darlington Borough Council

Councillor S Harker

Admitted Bodies Representative

J Norton

Pensioner Representative

D Ford

Also Present:

County Council Advisers

P Darby – Interim Corporate Director Resources

N Orton – Pensions Manager

Independent Adviser

J Holden – Mercer

Observers

Local Pension Board

Ian Densham

1 Apologies for Absence

Apologies for absence were received from Councillors M Davinson and N Martin.

2 Minutes

The Minutes of the Meeting held on 3 March 2016 were agreed as a correct record and were signed by the Chairman.

Matter Arising from the Minutes

Performance Measurement of Pension Fund Investments to 31 December 2015

Members had been informed at the last meeting of continuing problems experienced by the Fund's Custodian JP Morgan in producing figures relating to the overall performance of the Fund Managers for the previous 2 quarters.

The technical problems had since been resolved and as agreed at the last meeting of the Committee the figures in respect of the performance of the Managers to 31 December 2015 had been sent to Members on receipt from the Custodian.

Resolved:

That the information given be noted.

3 Declarations of interest

Councillor Carr advised that he was a Member of the Audit Committee.

4 Overall Value of Pension Fund Investments to 31 March 2016

Consideration was given to the report of the Interim Corporate Director Resources which informed Members of the overall value of the Pension Fund as at 31 March 2016, and of any sums available to the Managers for further investment or amounts to be withdrawn from Managers (for copy see file of Minutes).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 question from Councillor Carr, Nick Orton advised that membership numbers were not expected to reduce significantly in the short term because of Government Policy and the recent introduction of auto-enrolment.

Following a further question from Councillor Carr regarding the pension deficit and a proposed increase in employer contributions, Nick Orton advised that scheme employers were aware that rates were expected to increase and would be formally notified following the receipt of the interim valuation from the Actuary.

Paul Darby added that the impact of a forecasted increase in the Pension Fund deficit had been built into the Council's Medium Term Financial Plan.

Resolved:

That the information contained in the report be noted.

5 Performance Measurement of Pension Fund Investments to 31 March 2016

Consideration was given to the report of the Interim Corporate Director Resources which provided an overview for Members of the performance of the Fund to 31 March 2016 (for copy see file of Minutes).

The report of JP Morgan, the Fund's custodian informed Members of the performance of the Fund Managers for the quarter, the year to date and since inception.

Resolved:

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

6 Short Term Investments for the Period Ended 31 March 2016

Consideration was given to the report of the Interim Corporate Director Resources which provided the Committee with information on the performance of the Pension Fund's short term investments as at 31 March 2016 (for copy see file of Minutes).

Resolved:

That the position at 31 March 2016 regarding the Pension Fund's short term investments where £34,466 net interest was earned in the three month period, be noted.

7 External Audit: Audit Strategy Memorandum Durham County Council Pension Fund - Year Ended 31 March 2016

Consideration was given to the report of the External Auditor which set out the work proposed in respect of the audit of the Council's financial statements and the value for money conclusion for the financial year 2015/2016 in relation to Durham County Council Pension Fund (for copy see file of Minutes).

Sharon Liddle, Assistant Manager, Mazars highlighted key points from the Audit Strategy Memorandum which included the following:-

- Scope of the audit
- Significant risks and key judgement areas
- The Audit Team
- Fees

Resolved:

That the contents of the Audit Strategy Memorandum be noted.

8 Local Pension Board

The Chairman informed the Committee that written feedback from the Local Pension Board would be included as a standard item of business at future meetings of the Pension Fund Committee.

Following a question from Councillor Carr, Nick Orton advised that the Board would provide feedback on any requests, recommendations or concerns it may have in a written report to the Committee.

Resolved:

That the information be noted.