



Pension Fund Committee

Date Monday 6 June 2016
Time 10.00 am
Venue Committee Room 2, County Hall, Durham

Business

Part A

1. Apologies for Absence
2. The Minutes of the Meeting held on 3 March 2016 (Pages 1 - 8)
3. Declarations of interest (if any)
4. Overall Value of Pension Fund Investments to 31 March 2016 (Pages 9 - 14)
5. Performance Measurement of Pension Fund Investments to 31 March 2016 (Pages 15 - 24)
6. Short Term Investments for the Period Ended 31 March 2016 (Pages 25 - 26)
7. External Audit: Audit Strategy Memorandum Durham County Council Pension Fund - Year Ended 31 March 2016 (Pages 27 - 44)
8. Such other business as, in the opinion of the Chairman of the Meeting is of sufficient urgency to warrant consideration
9. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information

Part B

Items during which it is considered the meeting will not be open to the public (consideration of exempt or confidential information)

10. The Minutes of the Meeting held on 3 March 2016 (Pages 45 - 52)

11. Report of the Pension Fund Adviser (Pages 53 - 84)
12. Report of Walter Scott (BNY Mellon) (Pages 85 - 92)
13. Report of Aberdeen Asset Management (Pages 93 - 118)
14. Report of Mondrian Investment Partners (Pages 119 - 126)
15. Report of AB (Pages 127 - 142)
16. Report of CBRE Global Investment Partners (Pages 143 - 150)
17. Report of Royal London Asset Management (Pages 151 - 154)
18. Report of BlackRock (Pages 155 - 170)
19. Internal Audit Progress Report to 31 March 2016 (Pages 171 - 176)
20. Local Government Pension Scheme: Pooling Update (Pages 177 - 208)
21. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration

Colette Longbottom
Head of Legal and Democratic Services

County Hall
Durham
26 May 2016

To: The Members of the Pension Fund Committee

County Council Members:

Councillors A Turner, W Stelling, J Alvey, C Carr, M Davinson, B Kellett, J Lethbridge, J Lindsay, J Maitland, N Martin and J Shuttleworth

Darlington Borough Council Members

Councillor S Harker
Councillor I G Haszeldine

Scheduled Bodies Representative

(vacant)

Admitted Bodies Representative:

J Norton

Pensioner Representative

D Ford

Active Members Representative

(vacant)

Further Education Colleges Representative

(vacancy)

Advisers: County Council Officers

Chief Executive	T Collins
Interim Corporate	P Darby
Director Resources	
Head of Legal and Democratic Services	C Longbottom
Pensions Manager	N Orton

Independent Adviser

J Holden – Mercer

Investment Managers

Walter Scott (BNY Mellon)
Aberdeen Asset Management
Mondrian Investment Partners
AB
CBRE Global Investment Partners
Royal London Asset Management
BlackRock

Staff Observers

UNISON	N Hancock
GMB	

Contact: Jill Errington

Tel: 03000 269703

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DURHAM COUNTY COUNCIL

PENSION FUND COMMITTEE

At a Meeting of **Pension Fund Committee** held in Committee Room 2, County Hall, Durham on **Thursday 3 March 2016 at 10.00 am**

Present:

Councillor A Turner (Chairman)

Members of the Committee:

Councillors J Alvey, C Carr, M Davinson, B Kellett, J Lethbridge, N Martin, J Shuttleworth and H Smith

Darlington Borough Council

Councillor S Harker

Admitted Bodies Representative

J Norton

Also Present:

County Council Advisers

H Appleton – Strategic Finance Manager – Corporate Finance

N Orton – Pensions Manager

B White – Finance Manager – Corporate Finance

Independent Advisers

P Williams – P J Williams

R Bowker – P-Solve

D Banks – P-Solve

Prior to the commencement of business the Chairman of the Council thanked Philip Williams, Robbie Bowker and Daniel Banks for the independent advice they had provided to Durham Pension Fund since November 2004.

1 Apologies for Absence

Apologies for absence were received from Councillor W Stelling and Pensioner Representative David Ford.

2 Declarations of interest

Councillors Carr and Davinson advised that they were Members of the Audit Committee.

3 Minutes

The Minutes of the meeting held on 15 December 2015 were agreed as a correct record and were signed by the Chairman.

4 Graphs showing recent movements of the Stock and Share Indices

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

Philip Williams advised that since January 2016 bond yields had fallen to their lowest ever levels and equity markets had also experienced a downturn. This would have an impact on the actuarial valuation of the Pension Fund due on 31 March 2016. Daniel Banks was of the view that the low bond yields globally would be a long-term trend and prices may fall even further.

Robbie Bowker provided an update to the end of February 2016. He advised that the position in China where markets had fallen by 10% on 23 August 2015, the fall in oil prices, interest rate levels, geopolitical issues and more recently Brexit had contributed to the fall in returns on the major asset classes and bond markets in particular. The UK Markets were down 2.3% and Japanese markets by 6%. Emerging markets were performing better and could be good value at present. In such market conditions investors tended to adopt an offensive stance, seeing UK Government gilts as safe and this was pushing the prices upwards.

Given the current global market volatility Councillor Carr asked if the Fund's investments in the US had been affected.

Philip Williams responded that CBRE continued to perform well ahead of target. Global property as a major asset class was still benefitting from growth.

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 asset currencies against sterling (for copy see file of Minutes).

Resolved:

That the information given be noted.

6 Overall Value of Pension Fund Investments to 31 December 2015

Consideration was given to the report of the Corporate Director Resources which informed Members of the overall value of the Pension Fund as at 31 December 2015, 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 confirmed that the number of active members of the Pension Fund Committee could be expected to continue to fall. The actuarial valuation was due as at 31 March 2016 and the Actuary, in looking at the Fund's assets/liabilities would take into account the scheme's membership profile.

Councillor Martin noted that JP Morgan, the Fund's Custodian had again been unable to produce performance and value figures. Hilary Appleton advised that because of a technical problem regarding the Custodian's quality system, it had been unable to provide figures relating to overall performance. However JP Morgan's Relationship Manager had offered an assurance that the information would be available the following week.

Members asked that their concern and disappointment that JP Morgan had once again been unable to provide the information and had therefore been unable to fulfil its role as Global Custodian.

Resolved:

That the information given be noted and the information from J P Morgan be circulated to the Committee on receipt.

7 Short Term Investments for the Period Ended 31 December 2015

Consideration was given to the report of the Corporate Director Resources which provided the Committee with information on the performance of the Pension Fund's short term investments as at 31 December 2015 (for copy see file of Minutes).

Resolved:

That the position at 31 December 2015 regarding the Pension Fund's short term investments where £57,612 net interest was earned in the three month period be noted.

8 Investment of the Pension Fund's Cash Balances

Consideration was given to the report of the Corporate Director Resources which provided an update on the Treasury Management service provided to the Pension Fund and reviewed the charges for the services and the calculation of interest on short term investments administered by the County Council for 2016/2017 (for copy see file of Minutes).

Resolved:

That with effect from 1 April 2016:

- (a) the Pension Fund continues to invest its cash balances with the County Council in line with the County Council's Treasury Management Strategy;

- (b) interest be paid quarterly to the Pension Fund at a rate based on the daily cash balance and the 3 month LIBID interest rate;
- (c) an administration fee of £2,500 per quarter be paid to the County Council for the Treasury Management function being carried out on behalf of the Pension Fund; and
- (d) in the event of the loss of an investment, the Pension Fund will bear the loss in proportion of the value of cash balances held at the time of the investment with Durham County Council.

9 Pension Fund Policy Documents - Funding Strategy Statement and Statement of Investment Principles

Consideration was given to the report of the Corporate Director Resources which informed members of the Review of the Funding Strategy Statement and Statement of Investment Principles for the year ended 31 March 2016 (for copy see file of Minutes).

Resolved:

That the contents of the report and the review of the Pension Fund's policy documents be noted.

10 Agreement of Accounting Policies for Application in the 2015/2016 Financial Statements of the Pension Fund

Consideration was given to the report of the Corporate Director Resources which informed the Committee of the accounting policies to be applied in the preparation of the 2015/2016 Final Accounts and to seek confirmation from the Committee that appropriate policies were being applied (for copy see file of Minutes).

Resolved:

That having reviewed the accounting policies, the Pension Fund Committee:-

- a) noted that there were no changes to the Code of Practice;
- b) approved the policies in the preparation of the 2015/2016 financial statements for the Pension Fund;
- c) authorised the Corporate Director Resources to revise the accounting policies as necessary and report any significant changes to the Committee.

11 Terms of Reference - Annual Review

Consideration was given to the report of the Corporate Director Resources which reviewed the Terms of Reference for the Pension Fund Committee (for copy see file of Minutes).

In response to a question from Councillor Martin, Nick Orton confirmed that the Terms of Reference would be amended in due course to reflect the Committee's role in monitoring the performance of the Partnership established for the pooling of assets.

Resolved:

That the Terms of Reference detailed in Appendix 1 of the report be accepted and be reviewed at least on an annual basis.

12 Local Government Pension Scheme Investment Regulations

Consideration was given to the report of the Corporate Director Resources which provided an update on the Pension Fund's response to the Government's consultation on the revocation and replacement of the Local Government Pension Scheme (Investment and Management of Funds) Regulations 2009 (for copy see file of Minutes).

Beverley White reported that the response to the consultation had been submitted by the Corporate Director Resources, following consultation with the Chairman and Vice-Chairman of the Committee, before the deadline of 19 February 2016 and was attached to the report at Appendix 1.

In response to a question from Councillor Carr, Nick Orton advised that there was a Government expectation that pooled funds would invest in UK infrastructure, however Funds would remain responsible for their own asset allocation.

Resolved:

That the contents of the response to the Government on the revocation and replacement of the Local Government Pension Scheme (Investment and Management of Funds) Regulations 2009, be noted.

13 Local Government Pension Scheme: Pooling Update

Consideration was given to the report of the Corporate Director Resources which provided an update on progress made towards meeting the Government's requirements on a shared investment approach through pooling Local Government Pension Scheme Fund assets (for copy see file of Minutes).

Nick Orton advised that as reported at the last meeting the Pension Fund Committee Chairs and Vice-Chairs and Officers from the three north east Funds had met and agreed that it was not practical to form a separate north east pool. The report provided progress to date and informed Members of the decision to join the Border to Coast Pensions Partnership, on the advice and support of Durham Fund's Advisers. The Partnership's joint submission to Government was attached to the report at Appendix A.

Officers would continue to work with colleagues in the Partnership to further develop pooling proposals.

Nick Orton briefed Members on meetings he had attended with Beverley White that week at which colleagues in the Partnership had discussed options for the legal structure of the pooled arrangement. The Government's preferred option was an approved contractual scheme where Funds would not own their individual assets but would be shareholders. There were clear tax advantages to this. Other options were discussed which included a joint Committee approach.

In response to a question from Councillor Carr about legal commitments with existing Fund Managers, the Member was informed that this would have to be managed within the transition timetable. Within the submission the timetable suggested transfer of listed assets by December 2018, but up to 15 years for the transfer of any unlisted holdings, also the Government had accepted that Funds would not be forced to disinvest where there were financial penalties. Philip Williams added that the Fund was entitled to terminate any mandate but stressed the importance of seeking good investment advice.

In terms of the legal structure, Councillor Smith referred to the approved contractual scheme and asked if the cost in setting this up was likely to negate economies of scale achieved through pooling. Nick Orton confirmed that in the short term this would be a cost to all Funds.

Following a question from Councillor Martin, the Member was advised that self-management was inexpensive but should be evaluated carefully to ensure that it would be the most appropriate option for the Fund.

Resolved:

That the information given be noted and further progress be reported at subsequent meetings of the Committee.

14 Procurement of Professional Services

Consideration was given to the report of the Corporate Director Resources which provided Members with an update on the progress made to date regarding the procurement of professional services required for the Pension Fund (for copy see file of Minutes).

The report advised of progress in the appointment of the Fund Actuary, Pension Fund Adviser and the Global Custodian.

Resolved:

That the progress made to date regarding the procurement of professional services required for the Pension Fund, be noted.

15 Internal Audit Plan 2016/2017

Consideration was given to the report of the Corporate Director Resources which presented the Annual Audit Plan for 2016/2017 for approval (for copy see file of Minutes).

Resolved:

That the proposed Audit Plan for 2016/2017 be approved.

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Pension Fund Committee

6 June 2016

Overall Value of Pension Fund Investments to 31 March 2016



Paul Darby, Interim Corporate Director Resources

Purpose of the Report

1. To inform Members of the overall value of the Pension Fund as at 31 March 2016 and of any additional sums available to the Managers for further investment or amounts to be withdrawn from Managers.

Value of the Pension Fund

2. Reports from the seven appointed Managers:

- Aberdeen
- AllianceBernstein
- BlackRock
- Bank of New York (Walter Scott)
- CB Richard Ellis
- Mondrian
- Royal London

are included in other papers within this agenda. The value of the Fund at 31 March 2016 was £2 billion, 299.09 million.

3. The value of the Fund as at 31 December 2015 was £2 billion, 198.32 million. The value of the fund therefore increased by £100.77 million in the fourth quarter of 2015/16.
4. The value of the Fund as at 31 March 2015 was £2 billion, 284.41 million, therefore across the twelve months up to 31 March 2016 the value of the Fund increased by £14.68 million.

Allocation of New Investment Money and Withdrawal of Investment Money to Deal with Estimated Deficit

5. New investment money is allocated to Investment Managers when the Pension Fund has cash which is not needed to be available as a working cash balance, for example for the payment of pensioners or fees.
6. When it is estimated that the Pension Fund will not have sufficient cash available as a working cash balance, cash is withdrawn from Investment Managers.

7. Appendix 1 details the working cash balance position of the Pension Fund and cash flow for the last four quarters. This table includes only cash held by Durham County Council Pension Fund Bank Account. It does not include cash balances of £79.26 million held by the Managers as at 31 March 2016.
8. In determining the amount of cash to be allocated to Managers as at the quarter ended 31 March 2016, the un-invested cash balance at the end of the previous quarter, together with interest received in that quarter, is considered. This does not include cash currently held by Fund Managers.
9. The amount allocated to each Manager is subject to the need to retain enough money in the Durham County Council Pension Fund Bank account to meet the Fund's estimated net cash outflow. After taking these issues into account, it is recommended that no additional sums to be allocated to the Managers in the quarter.

Cash Flow Forecast 2016/17

10. Appendix 2 shows the projected cash flow for the Pension Fund for the period 1 April 2016 to 30 June 2017.
11. This table shows that the Pension Fund bank account is estimated to be in deficit in each of the next five quarters. When taking into account estimates of investment income received and held by Fund Managers, the Pension Fund cash flow is forecasted to remain negative, apart for the quarter ending 31 March 2017.
12. The quarterly rebalancing exercise is the mechanism by which cash can be moved from Managers to the Pension Fund if the assumptions that have been used in calculating the forecasted cash flow are realised.
13. The following assumptions have been used to calculate the cash flow forecast:
 - Dividend income receivable in 2016/17 is estimated to be £28.0m, which is based on the actual figures to 31 March 2015. This income is profiled to be received in the same pattern as then, that is:

○ Quarter ended 30 June 2016	17%
○ Quarter ended 30 September 2016	33%
○ Quarter ended 31 December 2016	24%
○ Quarter ended 31 March 2017	26%
 - Increases in contributions in line with the Actuarial Valuation are included.

- 'Transfer values in' are estimated at £0.500m per quarter. It is anticipated that transfers in will continue as LGPS will remain relatively attractive to employees.
 - Payroll Paysheets (payments to pensioners) are forecast to increase by £0.100m per quarter. This figure will alter if there are large numbers of retirements in the employing authorities. It is anticipated, however, that the actual figure will not be materially different to the forecast since the position of the County Council, being the largest employer in the Fund, has been taken into account.
 - Payable Paysheets are forecast on the basis of the last year's profile, adjusted for known one-offs, although this can be the most volatile figure as it includes payments of lump sums and fees to Managers. This assumption errs on the side of prudence, in that this is an average figure taken from previous quarterly payments.
14. This is an early indication of the likely impact on the Pension Fund's cash flow forecast over the next 15 months. It will continue to be reviewed each quarter and refined to take into account new information as it becomes available.

Fund Rebalancing

15. Fund rebalancing is the mechanism by which the Pension Fund ensures that the asset allocation to Investment Managers is maintained at the levels agreed by the Pension Fund Committee and set out in the Statement of Investment Principles.
16. There was no rebalancing of the Fund in the previous quarter, due to the Fund's performance and valuation figures not being available from JP Morgan, the Global Custodian.
17. There will be no rebalancing of the Fund this quarter. However, as it is estimated that the Pension Fund will not have sufficient cash available, as a working cash balance, £27 million will need to be withdrawn from Fund Managers. This will take place one month after the Committee meeting.

Recommendation

18. Members are asked to note the information contained in this report.

Contact: Beverley White Tel: 03000 261900

Actual Cash Flow – for the period 1 April 2015 to 31 March 2016

Quarter Ended (1)	30.06.15		30.09.15		31.12.15		31.03.16	
	Estimate (2)	Actual (3)	Estimate (4)	Actual (5)	Estimate (6)	Actual (7)	Estimate (8)	Actual (9)
	£	£	£	£	£	£	£	£
Income								
Contributions - DCC	16,800,000	16,774,877	16,800,000	16,584,386	16,800,000	16,560,615	16,800,000	16,612,581
Contributions - Other	7,400,000	14,475,496	7,400,000	8,202,546	7,500,000	8,003,099	7,500,000	7,784,726
Unfunded pensions recharges	1,200,000	1,236,045	1,200,000	1,137,723	1,130,000	880,714	1,130,000	1,228,584
Transfer Values	300,000	1,135,147	500,000	272,978	500,000	385,463	500,000	1,705,991
Other income	250,000	922,512	250,000	1,125,117	250,000	978,590	250,000	4,627,867
Funds recovered from Managers	0	0	0	15,443,676	0	0	0	0
Interest on short term investments	40,000	60,448	60,000	68,835	60,000	57,612	45,000	34,466
Total Income	25,990,000	34,604,525	26,210,000	42,835,261	26,240,000	26,866,093	26,225,000	31,994,215
Expenditure								
Payroll Paysheets	22,300,000	18,712,769	22,300,000	26,371,670	22,400,000	22,697,764	22,500,000	22,796,589
Payables Paysheets (incl. Managers' fees)	9,000,000	8,776,056	10,000,000	11,571,152	7,000,000	14,000,853	10,000,000	9,428,192
Funds transferred to Managers	0	0	0	0	15,000,000	18,182,168	9,555,000	19,055,000
Other Expenditure	0	0	0	0	0	0	0	3,960,143
Total Expenditure	31,300,000	27,488,825	32,300,000	37,942,822	44,400,000	54,880,785	42,055,000	55,239,924
Surplus / (-) Deficit	-5,310,000	7,115,700	-6,090,000	4,892,439	-18,160,000	-28,014,692	-15,830,000	-23,245,709
Balance at Bank (opening)		54,689,000		58,322,978		69,590,581		41,575,889
Balance at Bank (closing)		58,322,978		69,590,581		41,575,889		17,904,838

Projected Cash Flow – including forecasted dividends receivable by Fund Managers for the period 1 April 2016 to 30 June 2017

Quarter Ended	30.06.16	30.09.16	31.12.16	31.03.17	30.06.17
	Estimate	Estimate	Estimate	Estimate	Estimate
	£	£	£	£	£
Income					
Contributions - DCC	16,650,000	16,650,000	16,650,000	16,650,000	16,650,000
Contributions - Other	7,800,000	7,800,000	7,800,000	7,800,000	7,800,000
Unfunded pensions recharges	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000
Transfer Values	500,000	500,000	500,000	500,000	500,000
Other income	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Funds recovered from Managers	0	0	0	0	0
Interest on short term investments	20,000	20,000	20,000	20,000	20,000
Total Income	27,090,000	27,090,000	27,090,000	27,090,000	27,090,000
Expenditure					
Payroll Paysheets	22,700,000	22,800,000	22,900,000	23,000,000	23,100,000
Payables Paysheets (incl. Managers' fees)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Funds transferred to Managers	2,760,000	4,920,000	3,770,000	760,000	0
Other Expenditure	0	0	0	0	0
Total Expenditure	35,460,000	37,720,000	36,670,000	33,760,000	33,100,000
Surplus / (-) Deficit	-8,370,000	-10,630,000	-9,580,000	-6,670,000	-6,010,000
Dividends Received by Managers	4,760,000	9,240,000	6,720,000	7,280,000	4,760,000
Net Cash Flow Position	-3,610,000	-1,390,000	-2,860,000	610,000	-1,250,000

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**Pension Fund Committee
6 June 2016**



**Performance Measurement of
Pension Fund Investments to 31
March 2016**

Paul Darby, Interim Corporate Director Resources

Purpose of the Report

- 1 To provide an overview for Members of the performance of the Fund to 31 March 2016.

Background

- 2 The performance of the seven Managers is measured against personalised benchmarks chosen at the inception of the Fund. The attached report from JP Morgan, the Fund's custodian, shows:-
 - (a) The Managers benchmarks.
 - (b) The total Fund performance, for the quarter to 31 March 2016, year to date and since inception.
 - (c) The Managers' performance in absolute and relative terms against the relevant benchmarks, for the quarter to 31 March 2016, year to date and since inception.
 - (d) A portfolio comparison for the quarter ended 31 March 2016 and for the period since inception.

Recommendation

- 3 Members note the information contained in the attached report produced by JP Morgan.

Contact: Beverley White Tel: 03000 261900

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J.P.Morgan

Worldwide Securities Services

**Performance Measurement Report
for
Durham County Council Pension Fund**

*for period ending
March 31, 2016*

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Benchmark Association Table

PORTFOLIO	INDEX	TARGET	WEIGHT %
Blackrock	Zero Return - Historically FTSE All Share (Gross)	+3% pa	100.00
Alliance Bernstein	GBP Libor (3 month)	+3% pa	100.00
Royal London	FTSE index Linked >5 years	+0.5% pa	100.00
Barings	Zero Return - Historically GBP Libor (3 month)	+4% pa	100.00
CBRE 1	Headline RPI	+5% pa	100.00
CBRE 2	Headline RPI	+5% pa	100.00
BlackRock DAA	GBP Libor (3 month)	+4% pa	100.00
Mondrian	MSCI EM (Emerging Markets) (Gross)	+2.5% pa	100.00
Aberdeen	MSCI-Acwi (Gross)	+3% pa	100.00
BNY	MSCI AC World Index (Gross)	+2.5% pa	100.00
Total Plan Composite	Manager Weighted Benchmark	Not Applicable	100.00

Executive Summary of Total Plan as at 31/03/2016

Overview

During the quarter the total market value of the Durham County Council Pension Plan increased by £100.77 to £2,299.09m. There was no flow during the quarter meaning the plan experienced net profit of £100.77m.

The performance return for the Plan over the first quarter of 2016 was 3.70%, compared to the Plan benchmark return of 3.52%. The Plan therefore outperformed the benchmark by 18bps.

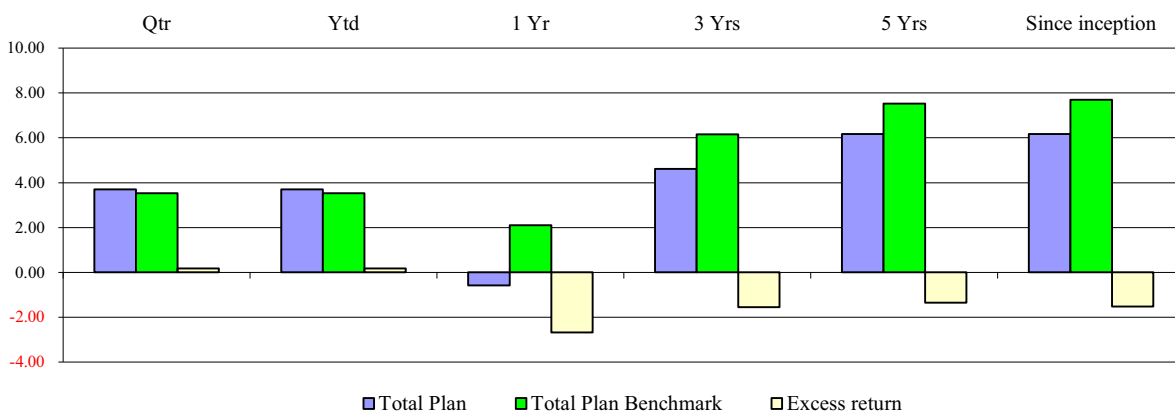
Market Values

	In GBP mil's			
	Qtr 1 - 16	Qtr 4 - 15	Qtr 3 - 15	Qtr 2 - 15
Total Plan	2,299.09	2,198.32	2,128.44	2,205.49

Performance

	Performance (%) *					
	Qtr	Ytd	1 Yr	3 Yrs	5 Yrs	Since inception
Total Plan	3.70	3.70	-0.58	4.6	6.2	6.17
Total Plan Benchmark	3.52	3.52	2.10	6.2	7.5	7.70
<i>Excess return</i>	<i>0.18</i>	<i>0.18</i>	<i>-2.68</i>	<i>-1.55</i>	<i>-1.36</i>	<i>-1.52</i>

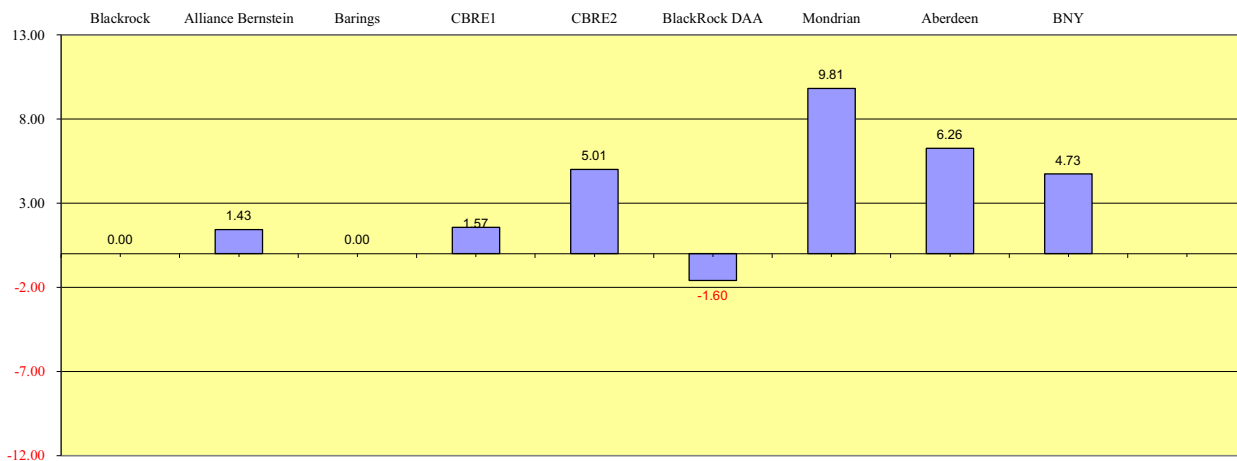
Total Plan Performance



Total Plan Performance Returns as at 31/03/2016

Currency GBP	Mkt. Val. in Mil's	Performance (%) *					
		Qtr	Ytd	1 Year	2 Years	3 Years	Since inception
Total Plan	2299.1	3.70	3.70	-0.58	4.94	4.61	6.17
Total Plan Benchmark		3.52	3.52	2.10	6.68	6.16	7.70
<i>Excess return</i>		0.18	0.18	-2.68	-1.74	-1.55	-1.52
	Mkt. Val. in Mil's	Qtr	Ytd	1 Year	2 Years	3 Years	Since inception
Blackrock	0.0	0.00	0.00	0.00	-0.26	2.69	5.54
Zero Return - Historically FTSE All Share (Gross) +3% pa		0.00	0.00	0.00	-0.11	3.89	7.37
<i>Excess return</i>		0.00	0.00	0.00	-0.15	-1.20	-1.84
Alliance Bernstein	341.9	1.43	1.43	1.13	2.29	1.99	3.94
GBP Libor +3% pa		0.89	0.89	3.59	3.57	3.56	4.25
<i>Excess return</i>		0.54	0.54	-2.46	-1.28	-1.57	-0.32
Royal London	473.2	6.79	6.79	2.62	11.17	6.10	8.54
FTSE index Linked >5 years +0.5% pa		6.62	6.62	2.37	11.60	6.15	8.55
<i>Excess return</i>		0.17	0.17	0.25	-0.43	-0.04	-0.01
Barings	0.3	0.00	0.00	1.74	5.93	4.84	6.77
GBP Libor +4% pa		0.00	0.00	0.37	2.32	3.06	4.70
<i>Excess return</i>		0.00	0.00	1.36	3.61	1.78	2.07
CBRE1	155.8	1.57	1.57	11.55	11.67	10.55	3.20
Headline RPI +5% pa		1.42	1.42	6.64	6.30	6.72	7.77
<i>Excess return</i>		0.15	0.15	4.92	5.38	3.83	-4.57
CBRE2	32.2	5.01	5.01	1.50	12.95	7.06	5.94
Headline RPI +5% pa		1.42	1.42	6.64	6.30	6.72	7.77
<i>Excess return</i>		3.59	3.59	-5.14	6.66	0.34	-1.83
BlackRock DAA	438.5	-1.60	-1.60	-3.58	-	-	-0.79
3 Month Libor in GBP +4% pa		1.13	1.13	4.59	-	-	4.48
<i>Excess return</i>		-2.73	-2.73	-	-	-	-5.27
Mondrian	153.2	9.81	9.81	-9.77	-	-	-6.58
MSCI EM (Emerging Markets) (Gross) + 2.5%		9.07	9.07	-6.86	-	-	0.36
<i>Excess return</i>		0.74	0.74	-	-	-	-6.94
Aberdeen	339.2	6.26	6.26	-5.95	-	-	-0.59
MSCI-Acwi (Gross) + 3%		3.70	3.70	2.34	-	-	9.78
<i>Excess return</i>		2.56	2.56	-	-	-	-10.37
BNY	364.8	4.73	4.73	3.80	-	-	10.24
MSCI AC World Index (Gross) + 2.5%		3.58	3.58	1.84	-	-	9.54
<i>Excess return</i>		1.16	1.16	-	-	-	0.70

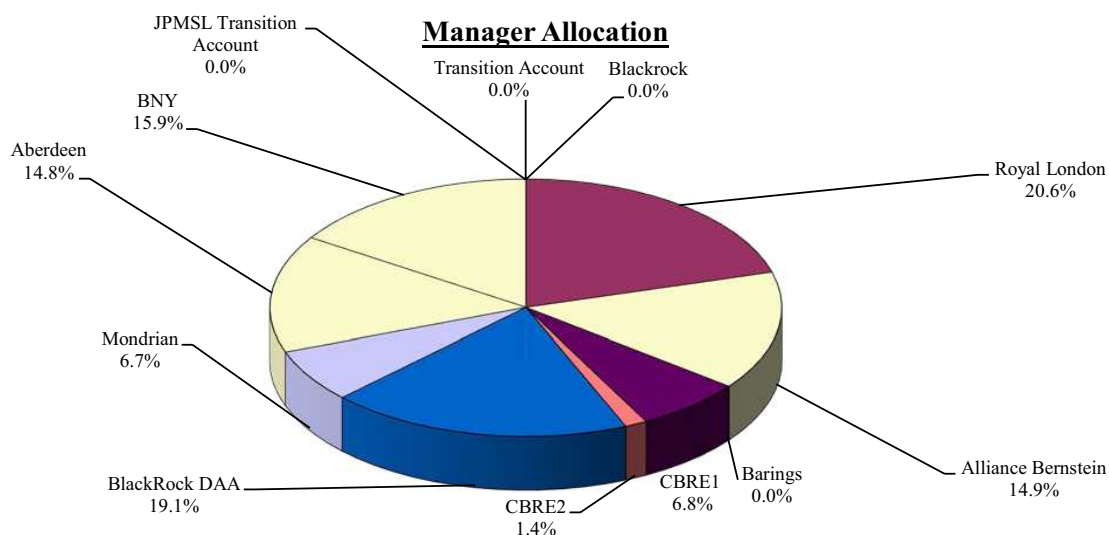
Manager Quarterly Returns



*All Portfolio and Composite returns are Gross of Fees. For time periods in excess of 1 year the performance returns are annualised.

Portfolio Comparison for Quarter 1, 2016

Portfolio Name	Current Market Value	Portfolio Weight	Portfolio Return (%)	Benchmark Return (%)	Excess Return (%)	Current Contribution to Return
Total Plan	2,299,092,821	100.00%	3.70	3.52	0.18	3.70
Blackrock	10,318	0.00%	0.00	0.00	0.00	0.00
Royal London	473,157,028	20.58%	6.79	6.62	0.17	1.36
Alliance Bernstein	341,874,431	14.87%	1.43	1.13	0.30	0.22
Barings	301,797	0.01%	0.00	1.13	(1.13)	0.00
CBRE1	155,782,725	6.78%	1.57	1.42	0.15	0.10
CBRE2	32,183,284	1.40%	5.01	1.42	3.59	0.07
BlackRock DAA	438,537,639	19.07%	(1.60)	1.13	(2.73)	(0.32)
Mondrian	153,237,798	6.67%	9.81	9.07	0.74	0.62
Aberdeen	339,160,592	14.75%	6.26	3.70	2.56	0.91
BNY	364,836,652	15.87%	4.73	3.58	1.16	0.75
JPMSL Transition Account	200	0.00%	0.00	-	-	0.00
Transition Account	10,357	0.00%	0.00	-	-	0.00



Portfolio Comparison for Year to Date, 2016

Portfolio Name	Current Market Value	Portfolio Weight	Portfolio Return (%)	Benchmark Return (%)	Excess Return (%)	Current Contribution to Return
Total Plan	2,299,092,821	100.00%	3.70	3.52	0.18	3.70
Blackrock	10,318	0.00%	0.00	0.00	0.00	0.00
Royal London	473,157,028	20.58%	6.79	6.62	0.17	1.36
Alliance Bernstein	341,874,431	14.87%	1.43	1.13	0.30	0.22
Barings	301,797	0.01%	0.00	1.13	(1.13)	0.00
CBRE1	155,782,725	6.78%	1.57	1.42	0.15	0.10
CBRE2	32,183,284	1.40%	5.01	1.42	3.59	0.07
BlackRock DAA	438,537,639	19.07%	(1.60)	1.13	(2.73)	(0.32)
Mondrian	153,237,798	6.67%	9.81	9.07	0.74	0.62
Aberdeen	339,160,592	14.75%	6.26	3.70	2.56	0.91
BNY	364,836,652	15.87%	4.73	3.58	1.16	0.75
JPMSL Transition Account	200	0.00%	0.00	-	-	0.00
Transition Account	10,357	0.00%	0.00	-	-	0.00

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Pension Fund Committee

6 June 2016



Short Term Investments for the period ended 31 March 2016

Paul Darby, Interim Corporate Director Resources

Purpose of Report

1. To provide the Committee with information on the performance of the Pension Fund's short term investments as at 31 March 2016.

Short Term Investments

2. Durham County Council (DCC) invests the short term cash balances on behalf of the Pension Fund; this is done in line with DCC's Treasury Management Policy and Annual Investment Strategy. This investment strategy sets out the maximum amounts and time limits in respect of deposits which can be placed with each financial institution.
3. The Pension Fund's short term cash holding as at 31 March 2016 was £17.905 million which was held in the institutions listed in the table below alongside their credit rating at 31 March 2016.

Financial Institution	Short-term Rating	Amount Invested £ million
Bank Deposit Accounts		
Handelsbanken	F1+	0.065
Santander UK Plc	F1	0.098
Barclays	F1	1.257
Fixed Term Deposits		
Barclays	F1	1.676
Bank of Scotland	F1	5.029
Nationwide Building Society	F1	2.095
Goldman Sachs	F1	2.933
Natwest	F2	1.676
Local Authorities	N/A	0.934
National Savings & Investments	N/A	0.084
Money Market Funds	N/A	2.058
Total		17.905

4. The following table provides information on the net interest earned during the three month period to 31 March 2016, the average daily investment balance and the average return earned in comparison to the average bank base rate. The interest paid to the Pension Fund is based on the London Interbank Bid (LIBID) three month rate and is net of the fees of £2,500 paid for the Council undertaking the Treasury Management function for the Pension Fund.

	Total
Net Interest Earned	£34,466
Average Return Earned	0.46%
Average Bank of England base rate	0.50%
Average Daily Balance of Investments	£32.479 million

Recommendation

5. Members are asked to note 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.

Contact: Beverley White Tel: 03000 261900

Pension Fund Committee

6 June 2016



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

Report of the External Auditor

Purpose of the Report

1. This report details the external auditors (Mazars) Audit Plan which notifies the Council of the work that they are proposing to undertake in respect of the audit of the financial statements and the value for money conclusion for the financial year 2015/2016 in relation to Durham County Council Pension Fund.

Background

2. The Memorandum (attached at Appendix 1) advises on the scope and nature of this work together with the scale of fee for the 2015/2016 audit and the assumptions that help to inform this charge to the Fund.

Audit Plan 2014/15

3. The Audit Plan identifies the specific areas for the planned audit work based upon a risk assessment process. These areas of work are set out in the attached document and have been discussed with senior officers.
4. The document also sets out the protocol the auditors will follow in completing their planned work by providing an audit timeline of key phases of their work and also sets out their proposed methods of communication at each stage.

Recommendation

5. The Committee is requested to note the contents of the Audit Strategy Memorandum.

Contact: Sharon Liddle

Tel: 03000 264970

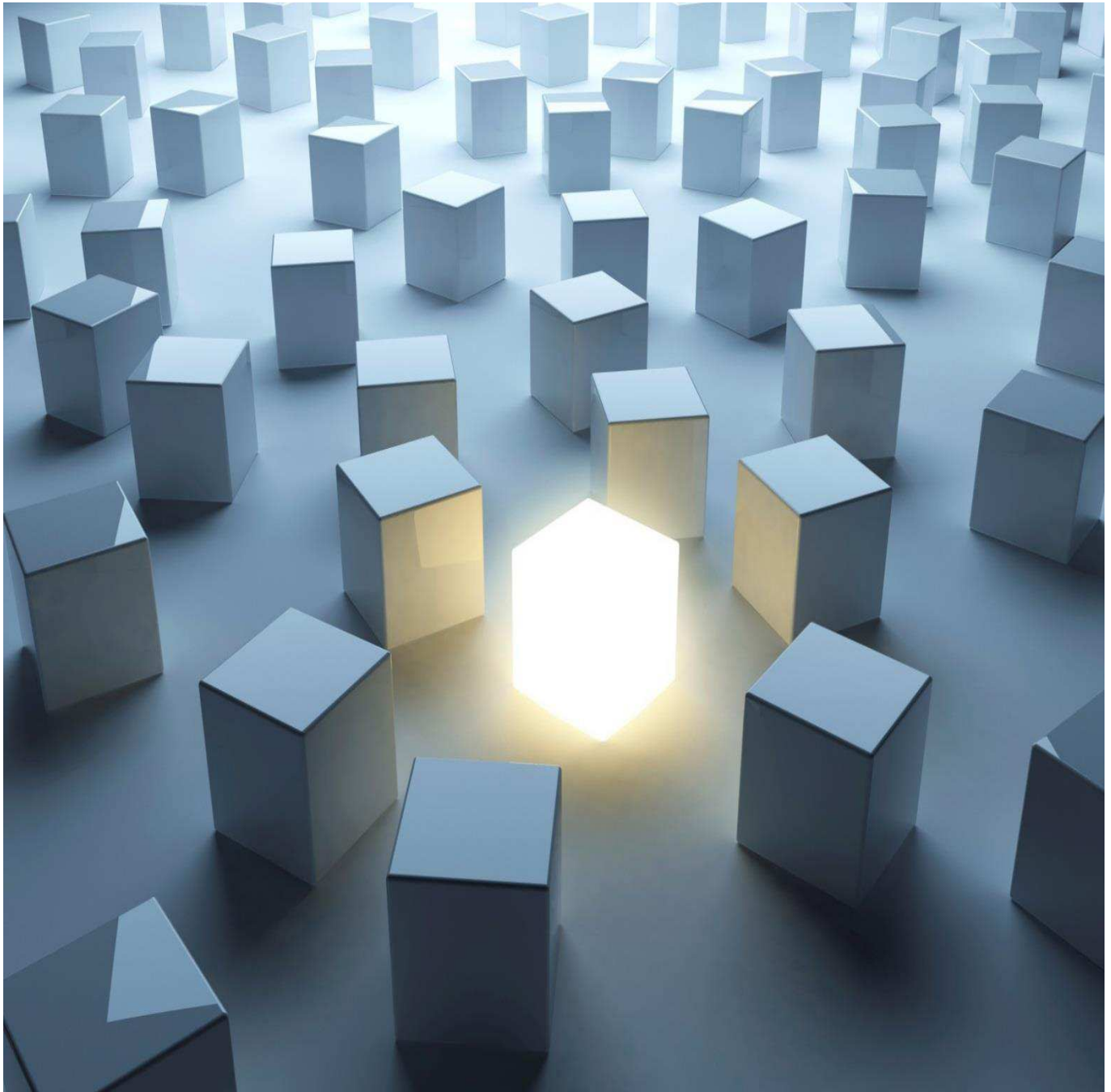
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Audit Strategy Memorandum

Year ended 31 March 2016

APPENDIX 1

May 2016



Mazars LLP
The Rivergreen Centre
Aykley Heads
Durham
DH1 5TS

Members of the Audit Committee
Durham County Council Pension Fund
Durham County Hall
Durham
DH1 5UE

May 2016

Dear Members

Audit Strategy Memorandum for the year ending 31 March 2016

We are delighted to present our Audit Strategy Memorandum for Durham County Council Pension Fund for the year ending 31 March 2016.

The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. It is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, and Appendix A summarises our considerations and conclusions on our independence as auditors.

We value two-way communication with you and we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion through which we can also understand your expectations.

This document will be presented at the Audit Committee meeting on 17 May 2016. If you would like to discuss any matters in more detail please do not hesitate to contact me on 0191 383 6300.

Yours faithfully

Cameron Waddell
Partner

For and on behalf of Mazars LLP

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01 Purpose and background

Purpose of this document

This document sets out our audit plan in respect of the audit of the financial statements of Durham County Council Pension Fund (the Fund) for the year ending 31 March 2016, and forms the basis for discussion at the Audit Committee meeting on 17 May 2016.

The plan sets out our proposed audit approach and is prepared to assist you in fulfilling your governance responsibilities. The responsibilities of those charged with governance are defined as to oversee the strategic direction of the entity and obligations related to the accountability of the entity, including overseeing the financial reporting process.

We see a clear and open communication between us and you as important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring as part of the two-way communication process that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks you face which might affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

Appendix C outlines the form, timing and content of our communication with you during the course of the audit. Appendix D sets out forthcoming accounting and other issues that will be of interest.

Scope of engagement

We are appointed to perform the external audit of your accounts for the year to 31 March 2016. The scope of our engagement is laid out in the National Audit Office's Code of Audit Practice.

Responsibilities

- **Audit opinion**
We are responsible for forming and expressing an opinion on the financial statements. Our audit does not relieve management nor the Audit Committee, as those charged with governance, of their responsibilities.
- **Fraud**
The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. In accordance with International Standards on Auditing (UK and Ireland) we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.
As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

We are also required to give an elector, or any representative of the elector, an opportunity to question us about the accounting records of the Fund and consider any objection made to the accounts by an elector.

02 Audit scope, approach and timeline

Audit scope

Our audit approach is designed to provide you with an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards of Auditing (UK and Ireland) and in accordance with the NAO's Code of Audit Practice. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement such as those affected by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations, or areas which have been found to contain material errors in the past.

Audit approach

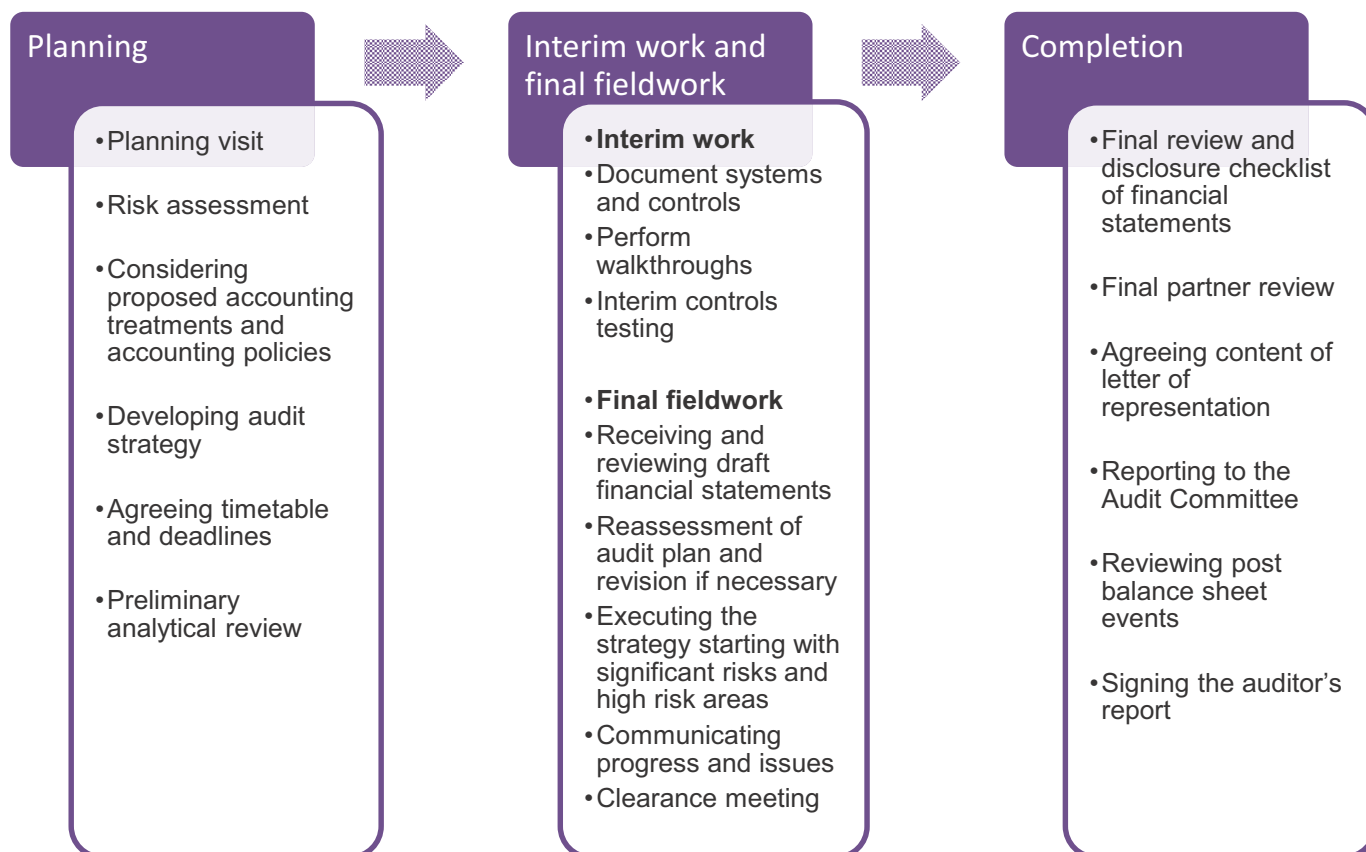
We apply a risk-based audit approach primarily driven by the matters we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment we develop our audit strategy and design audit procedures in response to this assessment. The work undertaken will include a combination of the following as appropriate:

- testing of internal controls;
- substantive analytical procedures; and
- detailed substantive testing.

If we conclude that appropriately-designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free of material misstatement and give a true and fair view. Materiality and misstatements are explained in more detail in Appendix B.

The diagram below outlines the procedures we perform at the different stages of the audit.



Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work of internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Reliance on other auditors

There are material entries in your financial statements where we will seek to place reliance on the work of other auditors.

Item(s) of account	Other auditor	Nature of assurance to obtain from the auditor
Contributions receivable	Ernst & Young LLP	Assurance on the accuracy of LGPS contributions calculated by Darlington Borough Council.

Service organisations

There are material entries in your financial statements where the Fund is dependent on an external organisation. We call these entities service organisations. The table below outlines our approach to understanding the services the Fund receives from each organisation and the effectiveness of controls in place to reduce the risk of material misstatement in the financial statements.

Nature of services provided and items of account	Name of service organisation	Audit approach to be adopted
Investment managers	AllianceBernstein Barings Asset Management BlackRock CBRE Royal London Asset Management Mondrian Investment Partners Aberdeen Asset Management BNY Mellon Water Scott	We will substantively test transactions undertaken by the service organisations during the year and the valuations applied to investments at the year end.
Custodian	JP Morgan	

The work of experts

The following experts are relevant to our work for the year ended 31 March 2016.

Item(s) of account	Management's expert	Our expert
Disclosure notes on the funding arrangements and actuarial present value of promised retirement benefits.	Actuary Aon Hewitt	NAO's consulting actuary (PWC)

Item(s) of account	Management's expert	Our expert
Disclosure notes on the nature and extent of risk arising from financial instruments	Mercer Limited	None
Purchases and sales of investments	AllianceBernstein BlackRock CBRE Royal London Asset Management Mondrian Investment Partners Aberdeen Asset Management BNY Mellon Water Scott	None

Timeline

The diagram below sets out the timing of the key phases of our audit work. We will communicate with management throughout the audit process and will ensure significant issues identified are communicated to those charged with governance on a timely basis.



03 Significant risks and key judgement areas

We have performed our planning procedures, including risk assessment, as detailed in section 2. In addition, we met with management as part of the audit planning process to discuss the risks that, in management's opinion, the Fund faces and have considered the impact on our audit risk. The risks that we identify as significant for the purpose of our audit are the risks of material misstatement that in our judgement require special audit consideration.

We set out below the significant audit risks and the areas of management judgement identified as a result of these meetings and planning procedures which we will pay particular attention to during our audit in order to reduce the risk of material misstatement in the financial statements.

Significant risks

Management override of controls

Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we will address this risk

We will address this risk through performing audit work over:

- accounting estimates affecting amounts included in the financial statements;
- consideration of identified significant transactions outside the normal course of business; and
- journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Valuation of unquoted investments for which a market price is not readily available

Description of the risk

As at 31 March 2015 the fair value of investments which were not quoted on an active market was £701 million, which accounted for 32 per cent of net investment assets. The values used in the accounts are those provided by fund managers which are mostly based on Net Asset Value statements, although in some cases are based on forward looking estimates and judgements involving many factors. This results in an increased risk of material misstatement.

How we will address this risk:

In addition to our standard program of work we will:

- evaluate management controls over the valuation process;
- agree holdings from fund manager reports to the global custodian's report;
- agree the valuation to supporting documentation including investment manager valuation statements and cashflows for any adjustments made to the investment manager valuation;
- agree the investment manager valuation to audited accounts. Where these are not available, agree the investment manager valuation to other independent supporting documentation;
- where audited accounts are available, check that they are supported by a clear opinion; and
- agree the price to independent evidence, for those valuations not supported by valuation statements.

Disclosure of Funding Arrangements

Description of the risk

The funding arrangements disclosure note sets out the key elements of the funding policy and key information regarding the most recent triennial valuation as at 31 March 2013, including contributions to be paid by participating bodies to allow the fund to achieve 100 per cent solvency over 18 years.

While there are no accounting entries associated with this disclosure, the triennial valuation determines future employer contribution rates and the disclosure itself is material. The calculation of these figures can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. There is a risk of material misstatement due to high estimation uncertainty.

How we will address this risk:

In addition to our standard program of work we will:

- review the management controls you have in place over the source data;
- consider the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally which is commissioned annually by the Audit Commission; and
- review source data on a sample basis.

04 Your audit team

Below are your audit team and their contact details.

Engagement Lead

- Cameron Waddell
- cameron.waddell@mazars.co.uk
- 0191 383 6314

Engagement Manager

- Sharon Liddle
- sharon.liddle@mazars.co.uk
- 0191 383 6311

Team Leader

- Chris Kneale
- chris.kneale@mazars.co.uk
- 0191 383 6337

In addition to the above, an Engagement Quality Control Reviewer has been appointed for this engagement.

05 Fees for audit and other services

Audit

At this stage of the audit we are not planning any divergence from the scale fees set by Public Sector Audit Appointments Ltd for the Code audit work.

Area of work	2015/16 Scale fee	2015/16 Proposed fee	2014/15 Final fee
Code audit work	£25,918	£25,918	£25,918

Non-audit services

We do not currently plan to carry out any non-audit services.

Appendix A – Independence

We are required by the Financial Reporting Council to confirm to you at least annually in writing, that we comply with the Auditing Practices Board's Ethical Standards. In addition we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you, and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement, there are no relationships between us, and any of our related or subsidiary entities, and you, and your related entities, creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer-based ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team who are required to rotate off a client after a set number of years; and
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We wish to confirm that in our professional judgement, as at the date of this document, we are independent and comply with UK regulatory and professional requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with the audit engagement lead, Cameron Waddell.

Prior to the provision of any non-audit services, the engagement lead will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

No threats to our independence have been identified.

Appendix B - Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

We discuss with management any significant misstatements or anomalies that we identify during the course of the audit and we report in our Audit Completion Report all unadjusted misstatements we have identified other than those which are clearly trivial, and obtain written representation that explains why these remain unadjusted.

Appendix C – Key communication points

ISA 260 'Communication with Those Charged with Governance' and ISA 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present to the Audit Committee the following reports:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Management letter.

These documents will be discussed with management prior to being presented to the Audit Committee and their comments will be incorporated as appropriate.

Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our independence;
- Responsibilities for preventing and detecting errors;
- Materiality; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Our conclusions on the significant audit risks and areas of management judgement;
- Unadjusted misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

Appendix D – Forthcoming accounting and other issues

The 2015/16 CIPFA Code of Practice on Local Authority Accounting (the Code) has made several changes to financial reporting requirements relevant to the Fund, of which you should be aware. We provide workshops explaining these changes to which we invite officers from the Fund responsible for preparing the financial statements. The workshops provide full details of the changes in the 2015/16 Code as well as a forward look to potential future accounting changes that may be of relevance to the Fund.

As well as the accounting issue outlined below, we would like to draw the Audit Committee's attention to changes in the Accounts and Audit (England) Regulations 2015 that require the Council to notify us of the date on which the period for the exercise of public rights commences. If you require detailed information on any of these changes or any other emerging issues, please contact any member of the engagement team.

Forthcoming accounting issues

Early deadlines	How this may affect the Fund
<p>The Accounts and Audit Regulations 2015 outline earlier deadlines for local authorities to produce their statements of account from the 2017/18 financial year.</p>	<p>The impacts of this change on local authorities and their auditors are significant and we have begun to discuss how we will meet the challenges the new dates place on us all with Fund officers.</p>
Early deadlines	How this may affect the Fund
<p>On 25 November 2015 the Government published the Investment Reform Criteria and Guidance, setting out how LGPS investment pooling would work. It was anticipated that LGPS assets would be pooled into six British Wealth Funds in order to save costs and increase investments in infrastructure.</p> <p>The initial proposals submitted by funds in February 2016 showed that seven pooled funds are likely to be created.</p> <p>The government expects the transition of assets to commence from April 2018.</p>	<p>The change will have a significant impact on the local government pension funds, and will present a number of challenges and risks including:</p> <ul style="list-style-type: none"> • the transition of assets; • ensuring that adequate governance arrangements are put in place in the pooled fund; and • ensuring that funds continue to act in the best interests of members. <p>We will have regular discussions with Pension Fund officers to understand how these challenges are being met.</p>

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