



Local Pension Board

Date **Wednesday 13 July 2016**
Time **2.00 pm**
Venue **Committee Room 2, County Hall, Durham**

Business

Part A

1. Election of Chair
2. Apologies for Absence
3. Declarations of Interest (if any)
4. The Minutes of the Meeting held on 3 March 2016 (Pages 1 - 4)
5. Observations from Pension Fund Committee held on 6 June 2016
6. Training
7. Work Plan
8. Date of Next Meeting
9. Any Other Business

Part B

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

10. LGPS: Border to Coast Pensions Partnership Proposal for Asset Pooling (Pages 5 - 96)

Colette Longbottom
Head of Legal and Democratic Services

County Hall
Durham
5 July 2016

To: **The Members of the Local Pension Board**

Scheme Member Representatives

I R Densham, N Hancock and G Sykes

Scheme Employer Representatives

Councillors A Hopgood and F Tinsley
(1 vacancy)

Contact: Jill Errington

Email: 03000 269703

DURHAM COUNTY COUNCIL

At a Meeting of **Local Pension Board** held in Committee Room 2, County Hall, Durham on **Thursday 3 March 2016 at 1.30 pm**

Present:

Neville Hancock (Chairman)

Members of the Board:

Councillor A Hopgood and Geoff Sykes

Officers:

Bryan Smith – Legal Manager – Litigation

Nick Orton – Pensions Manager

Beverley White – Finance Manager – Corporate Finance

Hilary Appleton – Strategic Finance – Corporate Finance

1 Apologies for Absence

Apologies for absence were received from Councillor Fraser Tinsley and Ian Densham.

2 Declarations of Interest

There were no declarations of interest.

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 Observations from Pension Fund Committee

Members referred to the letter which had been sent to the Chairman of Pension Fund Committee following the last meeting of the Board which had recommended that where a significant issue required attention before the next full meeting, the Pension Fund Committee should consider the option of calling a Special meeting. The Board was concerned that no response to that letter had been received, nor had it been reported to Pension Fund Committee at its meeting that morning. Board members felt that all Pension Fund Committee Members should be made aware of their recommendation and had understood that it would be reported to the meeting that day.

Following discussion the Chairman suggested that he send a further letter to the Chairman of the Pension Fund Committee expressing disappointment that the recommendation of the Local Pension Board had not been considered and to ask

that any future correspondence from the Board should be included as an item on the Agenda for the Committee. Councillor Hopgood suggested that there should be a standard item at each Pension Fund Committee to report any matters from the Local Pension Board in writing and that it would be useful for Pension Fund Committee Members to receive minutes of the Board meetings.

With regard to the business considered by the Committee at its meeting that morning, Geoff Sykes referred to the report which set out the Annual Audit Plan for 2016/2017 and noted that it did not include pooling of investments in preparation for asset transfer.

AGREED that

- (i) the information be noted;
- (ii) the Chairman send a further letter to the Chairman of Pension Fund Committee;
- (iii) a standard item be included on the Agenda for each Pension Fund Committee to report matters/recommendations from the Local Pension Board, and Local Pension Board minutes be circulated to Pension Fund Committee Members following approval.

5 LGPS Pooling - Update

Nick Orton briefed members on the decision to join the Border to Coast Partnership, following advice and support from Durham Fund's Advisers, as set out in the report to the Pension Fund Committee.

He also 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 tax advantages to this but other options were also discussed which included a joint Committee approach.

In response to questions and comments, Nick Orton advised that costs in setting up the pooled arrangement had been minimal to date but future ongoing costs would be divided based on the asset values of individual Funds. There was an expectation that pooled Funds would invest in UK infrastructure, however Funds would remain responsible for their own Asset allocation to ensure the best return for investments.

AGREED that the information be noted.

6 Training

Members discussed future training needs and were reminded of the need to complete the on-line training on the Pension Regulator website.

Nick Orton advised that the procurement process for the appointment of a new independent adviser to the Pension Fund was underway. At the completion of the process it was proposed that the appointed Adviser would assist in the delivery of training for Committee Members which would also be useful for the Local Pension Board.

AGREED that the information be noted.

7 Work Plan

Neville Hancock expressed the need for training to assist the Local Pension Board to develop its own Work Plan. It was suggested that training could be planned following the appointment of the independent adviser and the re-appointment of the Actuary.

Nick Orton advised that he had met Northumberland's Local Pension Board whose approach was similar to that adopted by Durham. In terms of training Northumberland's Board had engaged in CIPFA's Knowledge and Skills Framework for Local Pension Boards.

AGREED that the information be noted.

8 Date of Next Meeting

Members considered that the next meeting should be held in advance of the deadline for the final detailed submission in respect of pooling arrangements which was 15 July 2016.

AGREED that the next meeting be held in the week commencing 11 July 2016.

9 Any Other Business

a) Membership of the Local Pension Board

Members discussed the filling of the vacant position of Scheme Employer Representative and it was suggested that individuals who may be interested in becoming a Board member be approached in the first instance before considering a further general recruitment exercise.

AGREED that Nick Orton discuss with Don McLure the proposed approach to the appointment of a scheme employer representative.

b) LGPS Investment Regulations

Nick Orton advised that since the response to consultation on the revocation and replacement of the LGPS Investment Regulations had been submitted an on-line petition had been set up asking the Government to debate the Regulations in Parliament. Pension Funds were concerned with the proposed Secretary of State power of intervention to ensure that all funds participated in pooling and which provided wide-ranging powers to intervene in the operation of an individual Fund.

AGREED that the information be noted.

Document is Restricted

This page is intentionally left blank