

DURHAM COUNTY COUNCIL

At a Meeting of **Local Pension Board** held in Committee Room 2, County Hall, Durham on **Monday 12 September 2016 at 2.30 pm**

Present:

Councillor A Hopgood (Chair)

Members of the Committee:

Councillors F Tinsley and G Sykes

1 Apologies for Absence

Apologies for absence were received from Ian Densham and Neville Hancock.

2 Declarations of Interest

There were no declarations of interest.

3 Minutes

The Minutes of the meeting held on 13 July 2016 were agreed as a correct record and were signed by the Chairman.

4 Observations from Pension Fund Committee held on 8 September 2016

Councillor Tinsley had been in attendance at the Pension Fund Committee.

Investment Managers BNY Mellon and Aberdeen Asset Management were in attendance to discuss their performance in the first quarter, for the year and since inception. Both Managers were bottom-up stock pickers with a low turnover of staff and high conviction portfolios.

The Committee considered a report of the overall value of the Pension Fund's Investments. The value of the Pension Fund in the first quarter had increased by £134m, which exceeded the target by 0.3%. However the Fund's liabilities had increased by more than assets and this would be reflected in the Actuarial Valuation. The Actuary had identified a need for an increase in employer contributions from April 2017 which would have a positive impact on the Fund's cash flow position.

The draft results of the actuarial valuation should be reported to employers by the end of December 2016. Employee contributions would not be affected.

In response to a question from Geoff Sykes, Nick Orton advised that the independent advisers would review the Fund's investments and asset allocation as part of the valuation process. Councillor Davinson had made the point at the Committee that currently, because of the fixed percentage approach to asset allocation, funds were withdrawn from Managers who were performing well and given to poorer performing Managers to support the working cash balance of the Fund.

AGREED that the information be noted.

5 Feedback from LGA Pooling Question and Answer Session held on 10 August 2016

Members were informed that Neville Hancock had attended a question and answer session on pooling on 10 August 2016 which was hosted by the Local Government Association. Trade Unions had been pressing for a voting representative on the supervisory body.

The Board discussed the proposed governance structure for the pool. Discussions about the governance arrangements were in the early stages and would be finalised once confirmation had been received from the Government that pooling was to go ahead, and when Regulations were issued.

Local Pension Boards would assist the Committee in ensuring efficient and effective governance and administration arrangements of the Pool, and those between the Pool and the Committee.

AGREED that the information be noted.

6 Work Plan and Training

The Board considered a report of the Interim Corporate Director Resources which included a suggested work plan to help frame the work of the Board for the next 2 years.

The topic areas identified in the Plan had been devised using best practice guidance issued by the national LGPS Scheme Advisory Board.

Members discussed the Plan and Geoff Sykes suggested that an additional topic area be included to consider any actions arising out of the Internal Audit Plan. Members considered that this should be a standing item on Local Pension Board Agendas.

The Chair suggested that a report be included on the Agenda for the next meeting of the Pension Fund Committee advising that this was the proposed Work Plan of the Board, and recommending that the Pension Fund Committee should also consider including the topic areas in its own Work Plan.

AGREED that the information be noted and the Work Plan be submitted to the next meeting of the Pension Fund Committee.

7 Date of Next Meeting

AGREED that the next meeting be held on Thursday 8 December 2016 at 1.30pm.

8 Any Other Business - Local Pension Board Vacancy - Scheme Employer Representative

Nick Orton reported that the vacant position on the Board had been advertised and employers had been invited to submit applications by 15 September 2016. Councillor Hopgood had agreed to sit on the Panel to shortlist and interview applicants who met the essential criteria. Shortlisting would take place on 16 September 2016 with interviews scheduled for 23 September 2016.

AGREED that the information be noted.

9 Exclusion of the Public

AGREED that the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

10 Minutes

The Minutes of the meeting held on 13 July 2016 were agreed as a correct record and were signed by the Chairman.