

DURHAM COUNTY COUNCIL

PENSION FUND COMMITTEE

At a Meeting of **Pension Fund Committee** held in Committee Room 2 - County Hall, Durham on **Thursday 6 June 2019 at 10.00 am**

Present:

Councillor M Davinson (Chair)

Members of the Committee:

Councillors O Temple (Vice-Chair), J Atkinson, C Carr, J Carr, B Kellett, J Shuttleworth, W Stelling and M Wilson

Also Present:

Scheme Member Representatives

Anne Delandre and John Taylor

Council Advisors

Paul Cooper – Pensions Manager

Beverley White – Finance Manager

Independent Advisors

Sandy Dickson – Mercer

Anthony Fletcher – MJ Hudson

Observers

Councillor A Hopgood and Ian Densham – Local Pension Board Members

David Clegg - GMB

1 Apologies for Absence

Apologies for absence were received from Councillors J Lethbridge, S Hugill, A Broadbent and N Hancock

2 Declarations of interest

There were no declarations of interest.

3 Minutes

The Minutes of the meeting held on 14 March 2019 were agreed as a correct record and signed by the Chairman.

4 Overall Value of Pension Fund Investments to 31 March 2019

The Committee considered a report of the Corporate Director of Resources which provided an update on the overall value of the Pension Fund's investments at 31 March 2019, the movement in the cash balance during the last four quarters and the projected cash flow position up to 30 June 2020 (for copy see file of Minutes).

With regard to the cash flow forecast, Councillor Carr asked if the pension increase was 2.4% of the overall pension fund. He was advised that this was the rate of inflation applied to payments of pensions with effect from 1 April 2019. Councillor Carr further asked if the number of retirements had been taken into account for the valuation. He was informed that the cash flow forecast was continuously reviewed and refined to take the most up-to-date information into account.

Councillor Temple asked if money was taken out of Blackrock and was informed that the cash flow was managed by disinvestment and whilst we had BCPP transaction this would be the case for some time.

Resolved:

That the information contained in the report be noted.

5 Performance Measurement of Pension Fund Investments to 31 March 2019

The Committee considered a report of the Corporate Director of Resources which provided Members with an overview of the performance of the Fund to 31 March 2019 (for copy see file of Minutes).

Resolved:

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

6 Short Term Investments for the Period ended 31 March 2019

The Committee considered a report of the Corporate Director of Resources which provided information on the performance of the Pension Fund's short term investments as at 31 March 2019 (for copy see file of Minutes).

Resolved:

That the position at 31 March 2019 regarding the Pension Fund's short term investments where the Pension Fund's surplus cash holding was £37.290 million and £104,769 net interest was earned in the three month period, be noted.

7 Internal Audit Progress Report to 31 March 2019

The Committee considered a report of the Corporate Director of Resources which outlined progress made in delivering the 2018/2019 internal audit plan relevant to the Pension Fund Committee (for copy see file of Minutes).

Resolved:

That the work undertaken by Internal Audit during the period ending 31 March 2019, be noted.

8 Local Pension Board Annual Report

The Committee received a report of the Corporate Director of Resources that provided an overview of the work completed by the Local Pension Board during 2018/19 and the work plan which would help frame the work of the board over the next two years (for copy see file of Minutes).

Anne Delandre asked how often the make up of the board was reviewed and Paul Cooper advised that a new chair would be elected at the meeting of the board later today. One of the members was stepping down and he was actively looking to appoint a replacement.

With reference to paragraph 14 of the report, Councillor Carr asked if the Pension Fund Committee should have been notified of these cases of internal dispute. Paul Cooper advised that these cases were reported to the board and included appeals about ill-health retirement with nothing of concern in the reporting period. If a case was reported to the Ombudsman this was also flagged to the board.

Councillor Hopgood added that this was now a standard item on the board's agenda with a particular emphasis on cases that go to the Ombudsman when the pension scheme was not upheld.

Resolved:

That the report be noted.

9 Any Other Business - Draft Statement of Accounts

The Finance Manager, Beverley White informed the members that the deadline for the draft statement of accounts to be approved by the Section 151 Officer was 31 May 2019. This had been completed, signed off and published and would be reported to the Committee in September as part of the annual report. Mazars were now in receipt of the accounts and would provide an opinion by the deadline of 31 July 2019.

Resolved:

That the update be noted.

10 Exclusion of the public

Resolved:

That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

11 Minutes

The Minutes of the meeting held on 14 March 2019 were agreed as a correct record and signed by the Chairman.

12 Investment Strategy Review Update

The Committee considered a report of the Corporate Director of Resources which provided the Committee with an update on progress made towards implementing asset allocation decisions (for copy see file of Minutes).

Resolved:

That the recommendation in the report be approved.

13 Report of the Pension Fund Adviser

The Committee considered a report of the Independent Adviser Mercers (for copy see file of Minutes).

Resolved:

That the information given be noted.

14 Report of the Pension Fund Independent Advisor

The Committee considered a report of the Independent Investment Adviser, Anthony Fletcher (for copy see file of Minutes).

Resolved:

That the information given be noted.

15 Border to Coast Pensions Partnership - Update

16 Report of Aberdeen Standard

Consideration was given to a report from Aberdeen Standard which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

17 Report of AB

Consideration was given to a report from the Managers in attendance from AB which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

18 Report of BlackRock

Consideration was given to a report from BlackRock which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

19 Report of BNY Mellon (Walter Scott)

Consideration was given to a report from Bank of New York Mellon (Walter Scott) which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

20 Report of CBRE Global Investment Partners

Consideration was given to a report from CB Richard Ellis which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

21 Report of Mondrian Investment Partners Ltd

Consideration was given to a report from Mondrian which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

22 Report of Royal London

Consideration was given to a report of the Managers in attendance from Royal London which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

