

DURHAM COUNTY COUNCIL

At a Meeting of **Local Pension Board** held remotely via Microsoft Teams on **Thursday 3 December 2020 at 2.00 pm**

Present:

Scheme Employer Representatives:

Councillors A Hopgood and F Tinsley

Scheme Member Representatives:

Councillors I Densham, N Hancock and L Oliver

Officers:

Paul Cooper – Pensions Manager

Beverley White – Finance Manager

Bryan Smith – Litigation Manager

1 Election of Chair

Nominations were sought for a Chair from the Scheme Employer Representatives on the Board.

AGREED that Cllr Amanda Hopgood be elected as Chair.

2 Apologies for Absence

There were no apologies for absence.

3 Declarations of Interest

There were no declarations of interest.

4 Minutes

The Minutes of the meeting held on 12 March 2020 were agreed as a correct record.

5 Matters arising since the last meeting of the Board

Paul Cooper provided an update on matters arising since the last meeting of the Board on 12 March 2020.

Members were informed that pension services had continued for scheme members and employers throughout the pandemic, and this included the telephone helpline.

The on-line pension information portal was launched on 31 August 2020 which allowed registered members to view and update personal details, run benefit quotations, view and download documents including Annual Benefit Statements and view pensionable service and salary history. Around 8.5k members had registered for the service to date. Following a question from Neville Hancock, Paul Cooper confirmed that benefit calculations did take into account early retirement reductions.

In terms of progress made towards implementing asset decisions the Pension Fund Committee met on 11 June 2020 and confirmed the allocation to BCPP's Sterling Index-Linked Bond sub-fund and the transition from the Fund's existing Index-Linked Gilt holdings with Royal London. The transition was completed during October 2020.

Ian Densham referred to the MAC product from BCPP, and noted that Mercer had supported the investment and was also involved in the due diligence of Managers in the selection process. He asked if this was a potential conflict of interest. He also asked if the Independent Investment Adviser had a view on the product. Paul Cooper confirmed that there was no conflict of interest; Mercer's role in the process was to assist in the selection of external Managers. To reassure the Board, he would ask the Independent Adviser, Anthony Fletcher to comment.

With regard to the Independent Adviser's views on the MAC product, extensive training had taken place since the Committee agreed the product in principle in December 2019. The Independent Adviser had attended all of the training sessions covering MAC, and had no additional comments to make regarding the advisory letter commissioned from Mercer as to the suitability of the investment.

The Finance Manager's Team had completed the Pension Fund Annual Report and Accounts for 2019/2020.

Ian Densham suggested that it would be useful for the Board to receive a summary of the decisions taken by Pension Fund Committee since the Board had last met on 12 March 2020.

AGREED that the update be noted, and a summary of Pension Fund Committee decisions between 12 March 2020 and 3 December 2020 be presented to the next meeting of the Board.

6 Observations from Pension Fund Committee held on 3 December 2020

The Board provided observations from the Pension Fund Committee meeting and papers.

Ian Densham referred to Internal Audit Progress Report and noted that the opinions in respect of pensions, payroll and bank reconciliations were substantive, and asked what would need to be achieved to improve on this. Paul Cooper advised that a substantive opinion was the highest rating Internal Audit provided.

Councillor Tinsley asked what impact COVID-19 had on the performance of the property portfolio. Paul Cooper confirmed that the Fund continued to have global exposure in property through CBRE. The retail sector had been impacted directly by the pandemic but the Fund would expect its external Managers to consider long-term opportunities for investment, for example in warehousing and logistics as the markets shifted to on-line shopping. However he would also expect that Managers would already have been exploring investment in these areas as trends were changing before the pandemic. Going forward BCPP would be launching a UK and Global Property offering.

Councillor Hopgood was pleased to report that Pension Fund Committee members had challenged the performance of the Asset Managers and asked in-depth questions to a level the Local Pension Board would expect from the Committee.

AGREED that the information given be noted.

7 Pension Fund Valuation

The Local Pension Board considered the report of the Corporate Director of Resources which provided Board Members with details of the outcome of the triennial valuation of the Pension Fund (for copy see file of Minutes).

Since the last meeting of the Board the triennial valuation process had been concluded and published, and all employers were notified of their contribution rates prior to 1 April 2020. The main findings of the valuation were that Fund assets and liabilities had increased, and funding levels had improved.

AGREED that the contents of the report be noted.

8 Key Performance Indicators (KPI's) Verbal Update

Paul Cooper reported that the LGPS Scheme Advisory Board had looked at standardised KPI's which should make for better reporting and comparison across schemes. The Advisory Board had developed a recommended framework of indicators and performance against these would be reported from 1 April 2021.

AGREED that the information given be noted.

9 Fund Discretions Verbal Update

Paul Cooper reported that the final topic of the Board's Work Plan was to review the complete and proper exercise of employer and administering authority discretions. Board Members were informed that a report would be presented at the next meeting.

AGREED that the information given be noted.

10 Date of Next Meeting

AGREED that the next meeting be held remotely via Microsoft Teams on Thursday 11 March 2021 at 2.00pm.

11 Any Other Business - Work Plan

Paul Cooper reported that a revised Work Plan would be presented for consideration by the Local Pension Board at its next meeting. The Work Plan would set out a programme of work for the Board over the next two years.

AGREED that the information given be noted.