

DURHAM COUNTY COUNCIL

PENSION FUND COMMITTEE

At a Meeting of **Pension Fund Committee** held in **Council Chamber, County Hall, Durham** on **Thursday 16 June 2022** at **10.00 am**

Present:

Councillor M Stead (Vice-Chair in the Chair)

Members of the Committee:

Councillors J Atkinson, C Fletcher, B Kellett, I Roberts (substitute for C Varty), W Stelling and D Sutton-Lloyd

Darlington Borough Council Members

Councillor S Durham

Scheme Member Representatives

John Taylor

Further Education Colleges Representative

Andrew Broadbent

Council Advisers

Paul Cooper – Head of Pensions (LGPS)

Jennifer Rogers – Senior Lawyer Commercial and Corporate Governance

Investment Advisers

Safa Al-Nagar – BCPP

Graham Long – BCPP

Independent Advisers

Sandy Dickson – Mercer

Andy Wallis – Mercer

Anthony Fletcher – MJ Hudson

Observers

Les Timbey – GMB Branch Officer

1 Apologies for Absence

Apologies for absence were received from Councillors M Abley, K Earley, C Martin, J Shuttleworth, A Delandre and M Renton

2 Declarations of interest

There were no declarations of interest.

3 The Minutes of the Meeting held on 14 March 2022

The minutes of the meeting held on 14 March 2022 were agreed as a correct record and were signed by the Chair.

4 Pension Fund Committee Review of Terms of Reference and Training Needs

The Committee considered a report of the Corporate Director of Resources which provided a review of the Pension Fund Committee Terms of Reference and looked at the training needs for the Committee (for copy see file of Minutes).

The Head of Pensions (LGPS) explained that the Terms of Reference and training needs were reviewed annually and referred Members to the proposal to extend the four-year terms of non-Councillor Committee Members for another four years, due to the time needed to build the required knowledge and understanding and the difficulty in filling those positions. He added that the training programme was ongoing and noted the recommendations relating to a self-assessment and that training would be provided in terms of any needs identified.

Resolved:

- (a) That the Terms of Reference as detailed in Appendix 1, and the amendment to 3.4 allowing for an extension of membership term for Committee representatives from Colleges, Other Statutory Bodies and Admitted Bodies (“other body representatives”) be approved,
- (b) that the extension of the Committee’s existing other body Representatives be approved,
- (c) that the Terms continue to be reviewed at least annually,
- (d) that Committee Members complete the self-assessment questionnaire included in Appendix 2, and return to the Head of Pensions,

- (e) that the Head of Pensions arranges training as necessary based upon the training needs identified.

5 Overall Value of Pension Fund Investments to 31 March 2022

The Committee considered a report of the Corporate Director of Resources which provided an update on the overall value of the Pension Fund investments to 31 March 2022, the movement in cash balances during the last four quarters (for copy see file of Minutes).

Councillor B Kellett asked as regards losses in the last few months and it was noted further information would be given in the closed part of the meeting.

Resolved:

That the information contained in the report be noted.

6 Performance Measurement of Pension Fund Investments to 31 March 2022

The Committee considered a report of the Corporate Director of Resources which provided an overview of the investment performance of the Pension Fund to 31 March 2022 (for copy see file of Minutes).

Resolved:

That the information contained in the report produced by the Fund's custodian, Northern Trust, be noted.

7 Audit Strategy Memorandum - Year ending 31 March 2022

The Committee considered a report of the Council's External Auditors (Mazars) which set out the Audit Strategy Memorandum for the year ended 31 March 2022. Members noted it set out the responsibilities, audit scope and timelines, significant risks, management, and materiality and misstatements.

Resolved:

That the information be noted.

8 Internal Audit Plan 2021/22 - Progress Report to 31 March 2022

The Committee considered a report of the Chief Internal Auditor and Corporate Fraud Manager which informed Members of the work that had been carried out by Internal Audit during the period 1 April 2021 to 31 March 2022 as part of the 2021/2022 Internal Audit Plan (for copy see file of minutes).

A Broadbent noted the substantial assurances on the issues reviewed were encouraging and asked as regards any risks in terms of reviews that were carried forward. The Audit Manager, Paul Monaghan noted three reviews were carried forward, with work to be completed in the first quarter of 2022/2023. He noted the ICT review was almost complete, with the debt recovery review deferred until later in the year. The Head of Pensions noted a draft in relation to systems control, with feedback being there was substantial assurance. He added that in respect of breach policy it was noted that it should be bespoke to the Pension Fund and he explained as regards how individual breaches would be scrutinised by the Local Pension Board.

Resolved:

That the work undertaken by Internal Audit during the period ending 31 March 2022 be noted.

9 Regulatory Update

The Committee considered a report of the Corporate Director of Resources which briefed Members on development matters which were Local Government Pension Scheme (LGPS) specific and non-LGPS matters which were of interest (for copy see file of Minutes).

The Head of Pensions explained as regards updates including: Guaranteed Minimum Pension (GMP) consultation; the Levelling Up White Paper; Good Governance within the LGPS; Taskforce on Climate-related Financial Disclosures (TCFD); consultation on minimum pension age; boycotts, divestments and sanctions; and 'stronger nudge', advice as regards direct contributions when being taken or transferred.

Councillor J Atkinson asked as regards the minimum pension age and when it would come into effect from. The Head of Pensions noted it was expected to change in 2028, with members joining today having a minimum pension age of 57 from 2028.

Resolved:

That the report be noted.

10 Feedback from Local Pension Board

The Head of Pensions noted no matters arising from the 14 March meeting of the Local Pension Board, which had considered the matters which the Pension Fund Committee had discussed in terms of investment decisions, regulatory updates and the overall performance of the Pensions service, internal dispute resolution procedure, and the Pension Fund Communication Strategy.

Resolved:

That the information given be noted.

11 Review of Pension Fund Risks

The Committee considered a report of the Corporate Director of Resources which updated Members on the revisions to the Local Government Pension Scheme (LGPS) Pension Fund Risk Register, following a review with the Principal Risk and Governance Officer in June 2022 (for copy see file of Minutes).

Resolved:

That the report provides assurance that the Pension Fund risks are being effectively managed within the Council's risk management framework.

12 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.

13 Cyber Security at Durham County Council

The Committee received a presentation from the Council's Strategic Manager – Technical Services, Steve Hodgson on the issue of Cyber Security at Durham County Council.

Resolved:

That the presentation be noted.

14 The Minutes of the Meeting held on 14 March 2022

The minutes of the meeting held on 14 March 2022 were agreed as a correct record and were signed by the Chair.

15 Investment Strategy Review Update

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

Resolved:

That the recommendations in the report be approved.

16 Report of the Pension Fund Adviser

The Committee considered the report of the Independent Adviser, Sandy Dickson of Mercer (for copy see file of minutes).

Resolved:

That the information contained in the report be noted.

17 Report of the Independent Investment Adviser

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

Resolved:

That the information contained in the report be noted.

Councillor S Durham left the meeting at 12.05pm

18 Border to Coast Pensions Partnership Quarterly Performance Report

Graham Long and Safa Al-Nagar provided an update to Members on progress with the Border to Coast Pensions Partnership 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 contained in the report be noted.

19 Report of Alliance Bernstein

Consideration was given to a report from Alliance Bernstein 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 contained in the report be noted.

20 Report of CBRE Global Investment Partners

Consideration was given to a report from CBRE 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 contained in the report be noted.

21 Border to Coast Pensions Partnership Private Monitor Report

The Committee considered a report of Northern Trust which provided an analysis of cash flow, portfolio funding, partnership performance and comparative analysis to December 2021.

Resolved:

That the information contained in the report be noted.

22 Report of Mondrian Investment Partners

Consideration was given to a report from Mondrian and a presentation by Andrew Miller and Russell Mackie 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.

*Councillors I Roberts, D Sutton-Lloyd and
B Kellett left the meeting at 1.37pm*

Resolved:

That the information contained in the report be noted.