

DURHAM COUNTY COUNCIL

PENSION FUND COMMITTEE

At a Meeting of **Pension Fund Committee** held in Committee Room 2, County Hall, Durham on **Thursday 11 September 2014 at 10.00 am**

Present:

Councillor A Turner (Chairman)

Members of the Committee:

Councillors C Carr, M Davinson, J Lethbridge, N Martin, G Richardson and R Todd

Also Present:

County Council Advisers

D McLure – Corporate Director, Resources

H Appleton – Strategic Finance Manager – Corporate Finance

N Orton – Payroll and Pensions Manager

Independent Advisers

P Williams – PJ Williams

R Bowker – P-Solve

D Banks – P-Solve

1 Apologies for Absence

Apologies for absence were received from Councillors P Conway, S Forster and W Stelling, Admitted Bodies Representative J Norton and Pensioner Representative D Ford.

2 Minutes

The Minutes of the meeting held on 5 June 2014 were agreed as a correct record and were signed by the Chairman.

3 Declarations of interest

There were no declarations of interest.

4 Graphs showing recent movements of the Stock and Share Indices

Consideration was given to graphs showing recent movements in the Stock and Share Indices (for copy see file of Minutes).

Resolved:

That the information given be noted.

5 Graphs showing recent movements of the major currencies against sterling

Consideration was given to graphs showing movements of the major currencies against sterling (for copy see file of Minutes).

Philip Williams advised that bonds were very strong as was sterling. He advised that bonds had performed well since the end of June quarter.

In response to a question from Councillor Carr about the pound/ euro/ dollar current market, the Pension Fund Advisers advised that assets were affected by currency but were very well protected.

Resolved:

That the information given be noted.

6 Annual General Meeting of the Pension Fund

Consideration was given to a report of the Corporate Director, Resources of arrangements for the Annual General Meeting of the Pension Fund (for copy see file of Minutes).

Councillor Carr suggested that discussions take place at the AGM about the Pensions Board arrangements.

Resolved:

That the date of the Annual General Meeting on 5 November 2014 and the invitation to attend be noted.

7 Performance Measurement of Pension Fund Investments to 30 June 2014

Consideration was given to the report of the Corporate Director, Resources which gave an overview of the performance of the Fund to 30 June 2014 (for copy see file of Minutes).

The report gave details of the Managers' performance against their benchmarks for the quarter, the year to date and since inception of the Fund.

Resolved:

That the information given be noted.

8 Overall Value of Pension Fund Investments to 30 June 2014

Consideration was given to the report of the Corporate Director, Resources which informed Members of the overall value of the Pension Fund as at 30 June 2014, and of any additional sums available to the Managers for further investment, or amounts to be withdrawn from Managers (for copy see file of Minutes).

Hilary Appleton, Strategic Finance Manager - Corporate Finance informed Members that the value of the fund at 31 March 2014 was £2.129 billion showing an increase of £34m in the first quarter. She advised that £27m had been shown in the accounts relating to a provision for the transfer value payable to Teesside Pension Fund for the bulk transfer of Durham Probation Service staff who transferred out on 1 April 2010. The cash transfer that was made in August 2014 and should have been reflected in the cash flow forecast for the quarter ended 30 September 2014 in Appendix 1.

Resolved:

That the information given be noted.

9 Short Term Investments for the Period Ended 30 June 2014

Consideration was given to the report of the Corporate Director, Resources which gave details of the performance of the Pension Fund's short term investments for the 3 month period ended 30 June 2014 (for copy see file of Minutes).

Resolved:

That the position at 30 June 2014 regarding the Pension Fund's short term investments be noted.

10 Statement of Accounts for the Year Ended 31 March 2014

Consideration was given to the report of the Corporate Director, Resources which presented the Pension Fund Accounts for the year ended 31 March 2014 (for copy see file of Minutes).

Hilary Appleton, Strategic Finance Manager - Corporate Finance informed Members that the accounts were currently being audited and would be complete for approval by 30 September 2014. A report would be brought back to Committee in December showing any actions that were required as a result of recommendations made in the Audit Completion Report.

Resolved:

That the information given be noted.

11 Pension Boards - Draft LGPS Regulations on Scheme Governance

Consideration was given to a report of the Corporate Director, Resources that informed Members of the draft LGPS Regulations which require the introduction of local 'Pension Boards' (for copy see file of Minutes).

Hilary Appleton, Strategic Finance Manager - Corporate Finance informed Members that the Pension Fund must establish a board by 1 April 2015. Work is underway to establish the terms of reference based on the draft Regulations and a further report would be brought back to Committee in December when it is anticipated that the final Regulations will have been issued.

Resolved:

That the contents of the report are noted.

12 Pension Fund Policy Documents - Funding Strategy Statement and Statement of Investment Principles

Consideration was given to the report of the Corporate Director, Resources which informed Members of the outcome of the consultation of the policy documents and sought approval of such documents (for copy see file of Minutes).

Hilary Appleton, Strategic Finance Manager - Corporate Finance informed Members that no comments had been received.

Resolved:

That the contents of the revised Pension Fund's policy documents be approved.

13 County Durham Housing Group - New Admission Bodies

Consideration was given to the report of the Corporate Director, Resources which informed Members of the implications to the Pension Fund of the creation of County Durham Housing Group (for copy see file of Minutes).

Nick Orton, Payroll and Pensions Manager, sought approval from Members 'in principle' for the admission of four new employers to the Pension Fund on the basis of an ongoing 'Open' scheme and advised of the implications for the Pension Fund.

Don McLure, Corporate Director, Resources advised that Trade Union colleagues were aware of the report and that new employees would have access to the information and the option to join the Pension Scheme.

Resolved:

That the participation of the four new admission bodies in the Pension Fund on an 'Open' scheme basis be approved in principle, provided that:

- (i) The necessary admission agreements are prepared and executed – these will include a requirement for the new employers to meet all their obligations under the regulations governing the Scheme;
- (ii) an appropriate assessment is carried out regarding the requirement for a guarantee bond to protect the Pension Fund from any potential future costs associated with the participation of the new admission bodies.