

DURHAM COUNTY COUNCIL

PENSION FUND COMMITTEE

At a Meeting of **Pension Fund Committee** held in Committee Room 2 - County Hall, Durham on **Monday 6 June 2011 at 10.00 am**

Present:

Councillor Andy Turner (Chair)

Members of the Committee:

Councillors N Martin (Vice-Chair), C Carr, J Chaplow, A Hopgood, J Lethbridge, D Morgan, R Ord, G Richardson and R Todd

Scheduled Bodies Representative:

D Sanders

Admitted Bodies Representative:

K Tallintire

Pensioner Representative:

Mrs O Brown

Apologies:

Apologies for absence were received from Councillor P Jopling and P J Williams

Also Present:

DCC Advisors

Corporate Director, Resources D McLure
Principal Finance Officer H Appleton
– Strategic Finance
Payroll and Pensions Manager N Orton
Solicitor C Simmonds

Independent Advisors

H Smith P Solve Asset Solution

Staff Observer:

UNISON – N Hancock

1 Declarations of Interest (if any)

There were no declarations of interest received.

2 The Minutes of the Meeting held on 28 February 2011

The Minutes of the Meeting held on 28 February 2011 were agreed as a correct record and were signed by the Chair.

3 Graphs showing recent movements of the Stock and Share Indices

Consideration was given to graphs showing recent movement in the Stock and Share Indices, a copy of which had been circulated.

Resolved;

That the information be noted.

4 Graphs showing recent movements of the major currencies against sterling

Consideration was given to graphs showing recent movement in the major currencies against sterling, a copy of which had been circulated.

Resolved:

That the information be noted.

5 Performance Measurement Report

Consideration was given to the report of the Corporate Director, Resources which provided an overview of the performance of the Fund to date, a copy of which had been circulated.

Resolved:

That the information be noted.

6 Pension Fund Investments

Consideration was given to the report of the Corporate Director, Resources which gave details of the overall value of the Pension Fund as at 31 March 2011, of the additional sums available to the Managers for further investment and of the result of the latest Fund Rebalancing, a copy of which had been circulated.

A Member sought clarification of the differences between estimated and actual total expenditure set out in Table 1 of the report, particularly in relation to the quarter ended 31 March 2011. The Payroll and Pensions Manager advised that he would obtain the information and report to the Member direct.

Resolved:

That the information be noted.

7 Actuarial Valuation as at 31 March 2010

Consideration was given to the report of the Corporate Director, Resources which provided details of the valuation report as at 31 March 2010 produced by AonHewitt, the Pension Fund's Actuary, a copy of which had been circulated.

Members discussed the report at length. A Member expressed concern regarding the impact on the Pension Fund as a result of the increase in ER/VR applications. He also made reference to the potential implications of the Hutton Report.

N Orton acknowledged the comments of the Member, stating that the number of employees accessing the scheme at 55 had increased but that at present these costs were met by reserves.

With regard to the Hutton Report he advised that this was being closely monitored and that changes were expected to be implemented in 2015. This would be managed through the valuation process. The Hutton Report proposed that the new pension scheme would be based on average salary over the total length of employment.

A Member referred to the contribution rate of 19% over 19 years which the Actuary stated was required to correct the deficit in the Fund. This assumed a stable pensionable workforce which implied that pensionable payroll increased in line with the actuary's salary increase assumption of 5.3% a year. In the current economic climate the Member did not think that a 5.3% increase was a realistic assumption.

The Member was advised that this was a long-term assumption over 19 years and it was anticipated that salaries would increase over the longer term.

Resolved:

That the information be noted.