

DURHAM COUNTY COUNCIL

At a Meeting of **Local Pension Board** held in Committee Room 2, County Hall, Durham on **Thursday 10 September 2015 at 2.30 pm**

Present:

Members of the Board:

Ian Densham, Councillor Amanda Hopgood, Councillor Fraser Tinsley and Geoff Sykes

Officers:

Bryan Smith – Legal Manager – Litigation

Nick Orton – Team Leader Operations and Data/Pensions

Hilary Appleton – Strategic Finance Manager – Corporate Finance

1 Welcome and Introductions

Bryan Smith advised that Councillors Amanda Hopgood and Katherine Henig had been appointed as Employer Representatives on the Local Pension Board.

2 Apologies for Absence

Apologies for absence were received from Neville Hancock and Councillor Katherine Henig.

3 Declarations of Interest

Councillor Tinsley informed the Board that he was a Director of Dale and Valley Homes. Bryan Smith advised that it would be unlikely that his role as a Director would conflict with his membership of the Board. However if a matter relating to Dale and Valley Homes was considered by the Board the member would be advised to declare an interest at that time.

Councillor Hopgood was asked to complete a declaration of interest form as a newly appointed member of the Board, and was provided with a Code of Conflict Policy and the training slides circulated at the last meeting. The Member advised that she was a Director of an Academy where non-teaching staff were members of the Pension Scheme. Again Bryan Smith advised that it was unlikely that this would conflict with her role but that she should declare an interest if a matter relating to the Academy was considered by the Board.

AGREED that the information given be noted.

4 Minutes

The Minutes of the meeting held on 9 July 2015 were agreed as a correct record and were signed by Geoff Sykes in the absence of the Chairman.

5 Observations from Pension Fund Committee

Members had attended the Pension Fund Committee that day and were asked for their observations from the meeting. Attendance at the meeting as observers provided the Board with an understanding of how the Committee operated and helped to inform the Board's Work Plan.

Ian Densham referred to the procurement exercise for professional services and noted that two of the contracts had been extended. Hilary Appleton explained that the contract for the Investment Monitoring Service had incorporated an option to extend where it was 'value for money' to do so. This contract would undergo a procurement exercise when due for renewal again in 2019.

The second contract referred to by the member related to specialist tax consultants. The consultants provided an ongoing service and it was therefore prudent to extend the contract.

Members discussed in detail the roles of the Advisers. One of the reports considered by the Pension Fund Committee related to the proposed procurement exercise for the Pension Fund Advisers and members discussed the advantages and disadvantages of continuing with the existing model of one independent adviser and one with the backing of a larger organisation.

The Board was now familiar with the 7 Investment Managers and how they worked within the framework of the Policy documents FSS and SIP, and the Investment Manager Agreement. Members now also had an understanding of how the Fund was allocated between the different Managers and the targets set within each portfolio. A report from the Independent Adviser reviewed the performance of each Manager against targets set.

Members also discussed the implications of pooling LGPS investments and the annual self-assessment of the Pension Fund Committee.

AGREED that the information given be noted.

6 Work Plan

Members discussed how the Board could fulfil its role in assisting the Administering Authority as scheme manager through the Pension Fund Committee. Members considered that it would be useful to receive papers for each Pension Fund Committee and also to continue to attend as observers for the time-being.

Councillor Hopgood viewed the role of the Local Pension Board as being similar to that of a Scrutiny Committee. She considered that the biggest challenge for the Pension Fund Committee was how effectively it challenged the Investment Managers. To do this it was necessary for Pension Fund Committee Members to have an understanding of how the Fund was allocated across the different classes and that these were explained (bonds/gilts/equities etc), as it was a complex area to understand. An effective Committee should be able to confidently challenge.

Nick Orton advised that training for Pension Fund Committee Members could address this and was to be arranged for new Members of the Committee but could be extended to include all Committee Members and the Board.

It was also suggested that Board members consider what was currently reported to Pension Fund Committee and whether it should be informed of other administrative matters such as changes to membership, new employers in the Scheme etc.

To feedback any findings to the Committee it was suggested that the Board submit a report with recommendations for action to the Pension Fund Committee for consideration.

AGREED that the information given be noted.

7 Training

In considering training needs Members were informed of the Pension Fund Annual Meeting which was scheduled to be held on 5 November 2015. Scheme Employers were invited to this meeting which discussed matters such as the Annual Report, current issues in the LGPS, market updates and investment management arrangements, and received a report from the Actuary. This may be a useful training exercise for Local Pension Board members.

AGREED that Board Members be invited to attend the proposed training event for the Pension Fund Committee and the Annual Meeting of the Pension Fund.

8 Future Meeting Schedule

Members considered that future meetings of the Local Pension Board should be held following the conclusion of Pension Fund Committee meetings.

AGREED that the next meeting of the Local Pension Board be held on Tuesday 15 December 2015 at 1.30pm in Committee Room 1A/1B, County Hall, Durham.