

## DURHAM COUNTY COUNCIL

At a Meeting of **Local Pension Board** held in Committee Room 2, County Hall, Durham on **Wednesday 13 July 2016 at 2.00 pm**

### **Present:**

### **Members of the Board:**

Councillors A Hopgood, Ian Densham and Geoff Sykes

### **Officers:**

Nick Orton – Pensions Manager

Beverley White – Finance Manager – Corporate Finance

### **1 Election of Chair**

Nominations were sought for a scheme employer representative to chair the Board for the ensuing year.

**AGREED** that Councillor A Hopgood be elected Chair of the Board for the ensuing year.

### **2 Apologies for Absence**

Apologies for absence were received from Neville Hancock, Scheme Member Representative and Bryan Smith, Legal Manager- Litigation.

### **3 Declarations of Interest**

There were no declarations of interest.

### **4 Minutes**

The Minutes of the meeting held on 3 March 2016 were agreed as a correct record and were signed by the Chair.

### **5 Matters Arising from the Minutes**

#### **a) Recommendations of Local Pension Board**

Members were informed that as agreed at the last meeting feedback from Local Pension Board had now been included as a standard item on the Agenda for all Pension Fund Committees.

The Board had made a recommendation to the Committee that where a significant issue required attention before the next full meeting of the Committee, the option of calling a Special meeting should be considered. Members were informed that the Committee had taken on board their

recommendation and at its meeting on 6 June 2016 had agreed to call a Special meeting to agree the final submission to Government on pooling arrangements.

**AGREED** that the information be noted.

**b) Membership of the Local Pension Board – Vacancy**

Nick Orton advised that in accordance with the Terms of Reference for the Board the recruitment process should be transparent and open to all Fund members. Therefore every employer in the scheme would be informed of the vacancy.

With regard to the appointment process Nick Orton proposed that one member of the Board be invited to sit on the panel to interview candidates who met the essential criteria.

**AGREED** that the information be noted and once a date for the interviews had been finalised, members be contacted for their availability, with a view to one Board member sitting on the interview panel.

**c) Annual Audit Plan 2016/2017**

Geoff Sykes asked if pooling of investments had been included in the Annual Audit Plan for 2016/2017.

Nick Orton **AGREED** to pursue this with Paul Monaghan, Audit and Fraud Manager and report back to the Board.

**6 Observations from Pension Fund Committee held on 6 June 2016**

Ian Densham advised that the Committee had discussed the forthcoming actuarial valuation and the proposed increase in employer contributions.

Nick Orton briefly outlined the valuation process and explained that the Actuary's report would be expected later in the year. He confirmed that employer contribution rates would increase because of lower returns on investments. In November 2015 the Actuary had indicated that an increase in employer contributions would be expected of between 1.5-2% but since he had made that statement the economic climate had become more volatile. Scheme member contributions would not increase.

The Chair asked if employers had been made aware of the proposed increase. The member was informed that employers had been informed that there would be an increase in contributions at last year's Annual meeting but this would be confirmed in December 2016, following receipt of the Actuary's report. The Chair suggested that a reminder be sent to employers before they commenced the budget-setting process.

In response to a question from the Chair, the Board was informed that new independent adviser Joanne Holden of Mercer had been appointed and had attended the Pension Fund Committee on 6 June 2016.

Ian Densham asked if Brexit would have an impact on the valuation. Nick Orton advised that the Actuary would make assumptions looking ahead at market conditions and those assumptions may be affected by Brexit. However, the valuation also relied upon data stored about scheme members which would not be affected. With regard to the potential impact on Pension Fund investments the independent adviser had informed the Pension Fund Committee at its Special meeting on 6 July 2016 that a 'knee-jerk' reaction was not necessary, although the current situation in the markets would inform the review of the Investment Strategy.

**AGREED** that the information be noted.

## **7 Work Plan and Training**

Members discussed the Board's Work Plan and the Chair suggested that a checklist of work required to be undertaken by the Board be drawn up with timescales for completion. This would provide a more structured focus for members and would be an open and transparent way of operating.

With regard to future training Ian Densham asked if training would be required for Board members specifically in relation to pooling. Nick Orton advised that the role of both Pension Fund Committee and Local Pension Board members would not change and therefore specific training in this area would not be necessary.

The Officer referred to Guidance issued by the Pensions Regulator in relation to the operation of Pension Funds and he suggested that this be provided at the next meeting. In addition he would explore offers received from external facilitators, and members were reminded to complete the on-line training by the Pensions Regulator.

**AGREED** that a draft Work Plan be drawn up for consideration by members at the next meeting of the Board.

## **8 Date of Next Meeting**

Members felt that the Board should continue to meet after each Pension Fund Committee, on the same day where possible.

**AGREED** that the next meeting be held following the Pension Fund Committee on 8 September 2016. Members to be informed of the final arrangements by e-mail.

## **9 Any Other Business**

### **Communication with Scheme Members**

In response to a comment from Ian Densham about the reporting of communications with scheme members to the Pension Fund Committee, Nick Orton advised that, in accordance with Council Policy, communication with scheme members was included in the Annual Report which was reported to the Annual Meeting.

**AGREED** that the information be noted.