

## **DURHAM COUNTY COUNCIL**

At a Meeting of **Local Pension Board** held in Committee Room 2, County Hall, Durham on **Thursday 7 September 2017 at 2.00 pm**

### **Present:**

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

##### **Scheme Member Representatives**

I R Densham and G Sykes

##### **Scheme Employer Representative**

Councillor A Hopgood

### **Officers:**

Nick Orton – Pensions Manager

Beverley White - Finance Manager – Pensions and Technical

In the absence of the Chairman, Ian Densham was appointed to chair the meeting.

### **1 Apologies for Absence**

An apology for absence was received from Councillor F Tinsley.

### **2 Declarations of Interest**

There were no declarations of interest.

### **3 Minutes**

The Minutes of the meeting held on 5 June 2017 were agreed as a correct record and were signed by the Chairman.

### **4 Review of Work Plan**

In accordance with the Work Plan Members reviewed the Annual Report and draft Accounts for the year ended 31 March 2017 (for copy see file of Minutes).

Beverley White took Board Members through the report and advised of the key financial information over the time period. In the last 4 years the market value of the net assets had increased by 29.1% and income from contributions had gradually increased over the period. Pension benefit payments had steadily risen and there had been an increase in the market value of investments in the year, mainly due to favourable market conditions.

Members were referred to details of the income and expenditure in relation to the Fund Account for the period and also the Net Assets Statement.

Members discussed the content of the report and were satisfied with the information presented and that it had been completed in accordance with CIPFA Guidance.

**AGREED:**

That the Annual Report and (draft) Accounts for the year ended 31 March 2017 be received.

The Work Plan also required Members to assist in the development and review of asset voting and engagement processes, and to consider compliance with the UK Stewardship Code. Nick Orton advised that a company's Environmental, Social and Governance arrangements could affect its value and investments, and as a Pension Fund Durham would expect its Fund Managers to monitor and vote in consideration of responsible investment, with details of voting included in their reports to the Pension Fund Committee. The BCPP was in the process of drafting a Policy on voting arrangements and responsible investment, and whilst Durham would retain its own policy, all 12 Funds in the Partnership would be required to agree a standard approach. In view of this Board Members felt that a sensible approach would be to adapt the Policy being developed by the BCPP, for Durham.

The UK Stewardship Code was a set of investment principles which specified how Fund Managers would act and engage to fulfil their stewardship responsibilities. In accordance with the Investment Strategy, Durham had agreed to sign up to the Code and Mercer would assist with the work involved in its development.

**AGREED** that the information be noted and further consideration be given to the development of the UK Stewardship Code and Policy on voting arrangements and responsible investment in due course.

## **5 Training**

Nick Orton advised that members of the Pension Fund Committee and the Local Pension Board had been invited to attend a two day BCPP training event in York on 11/12 September 2017. Board Members Councillor Hopgood and Geoff Sykes had registered to attend, together with Councillors J Carr and J Atkinson of the Pension Fund Committee.

At the meeting of the Pension Fund Committee earlier that day Members had requested a Special meeting to receive training on private markets and equity protection prior to reaching a decision on proposed changes to the Investment Strategy. This was to be held on Thursday 5 October 2017 and Local Pension Board Members would be invited to attend.

**AGREED** that the information given be noted and feedback from the BCPP training event be provided at the next meeting.

## **6 Observations from Pension Fund Committee held on 7 September 2017**

Councillor Amanda Hopgood was in attendance at the Pension Fund Committee and provided observations from the meeting.

The Member was pleased to note that the Independent Adviser had provided some suggested questions for Members to ask of the two Fund Managers who were in attendance. She felt that Members of the Committee had challenged the Fund Managers more effectively than previously. It was also noted that the Fund Managers' presentations were more structured and allowed more time for questions by the Committee.

With regard to the report by the Independent Adviser in connection with proposed changes to the Investment Strategy, Councillor Hopgood was pleased to note that the Committee had identified the need to have an in-depth training session on private markets and equity protection in order to give Members full knowledge and understanding of the matter before reaching a decision.

**AGREED** that the information given be noted.

## **7 Date of Next Meeting**

Members were informed that the Annual meeting of the Pension Fund Committee was scheduled to be held on Wednesday 8 November 2017, to which Local Pension Board members would be invited to attend.

The next ordinary meeting of the Pension Fund Committee was Thursday 7 December 2017.

**AGREED** that the next meeting of the Local Pension Board be held at 2.00pm on Thursday 7 December 2017, following the Pension Fund Committee.

## **8 Any Other Business - Local Pension Board Survey**

Nick Orton informed Members of a Scheme Advisory Board survey for completion independently by the Administering Authority (Chair of the Pension Fund Committee) and the Local Pension Board (Chair of the Local Pension Board). The purpose of the survey was to identify any areas of the legislation or related guidance that may need to be reviewed to ensure that statutory requirements were being met. The closing date of the survey was 29 September 2017.

Having examined the survey questions, Nick Orton advised that a 'breaches of the law register' needed to be established and maintained for report to the Pensions Regulator. Board Members were informed that a process would be developed and circulated to the Pension Fund Committee and Local Pension Board for consideration.

**AGREED** that the information given be noted and further information regarding the creation of a 'breaches of the law register', be awaited.