

DURHAM COUNTY COUNCIL

PENSION FUND COMMITTEE

At a Meeting of **Pension Fund Committee** held in Council Chamber - County Hall, Durham on **Thursday 14 June 2018 at 10.00 am**

Present:

Councillor M Davinson (Chairman)

Members of the Committee:

Councillors O Temple (Vice-Chairman), J Atkinson, J Carr, S Hugill and J Nicholson

Further Education Colleges Representative

Andy Broadbent

Also Present:

John Hewitt – Corporate Director of Resources

Nick Orton – Pensions Manager

Beverley White – Finance Manager – Pensions and Technical

Independent Adviser:

Sandy Dickson – Mercer

Observers:

Neville Hancock – UNISON

David Clegg – GMB

Councillor Amanda Hopgood and Ian Densham – Local Pension Board

1 Apologies for Absence

Apologies for absence were received from Councillors C Carr, B Kellett, J Shuttleworth and M Wilson, and Darlington Borough Councillor S Harker.

Prior to the commencement of business the Chairman welcomed Andy Broadbent, the newly appointed Further Education Colleges representative to the Committee.

2 Declarations of interest

There were no declarations of interest.

3 Minutes

The Minutes of the meeting held on 15 March 2018 were agreed as a correct record, subject to David Clegg, GMB being added to the list of attendees. The Minutes were signed by the Chairman.

Matters Arising from the Minutes

Training Needs Analysis – Self-Assessment

Nick Orton advised that most self-assessment forms had been received from Members and that he would pursue the completion of the remaining. A meeting was to be held with the Chairman and Vice-Chairman of the Committee in early July 2018 to assess training needs arising from the gap analysis.

Committee Membership

Nick Orton gave an update regarding the filling of the vacant positions on the Committee. Members were informed that interviews for the appointment of two pensioner representatives would be held in the next few weeks, and the new members should therefore be in post in time for the next meeting.

4 Overall Value of Pension Fund Investments to 31 March 2018

The Committee considered a report of the Corporate Director of Resources which provided an update on the overall value of the Pension Fund's investments at 31 March 2018, the movement in the cash balance during the last four quarters and the projected cash flow position up to 30 June 2018 (for copy see file of Minutes).

With regard to cash flow, Councillor Temple asked Officers to consider whether it would be feasible to use dividend income as a means of maintaining the Fund's cash flow position as an alternative to dis-investing from Fund Managers. It was agreed that Beverley White and Sandy Dickson would explore this and report back to the Committee.

Resolved:

That the information contained in the report be noted, and a report on the feasibility of using dividend income to maintain the cash flow position be considered at a future meeting of the Committee.

5 Short Term Investments for the Period Ended 31 March 2018

The Committee considered a report of the Corporate Director of Resources which provided information on the performance of the Pension Fund's short term investments as at 31 March 2018 (for copy see file of Minutes).

In response to a question from Andy Broadbent, the Committee was informed that investments of short term cash balances were usually for a duration of between 3 and 6 months.

Resolved:

That the position at 31 March 2018 regarding the Pension Fund's short term investments where £23,166 net interest was earned in the three month period, be noted.

6 Performance Measurement of Pension Fund Investments to 31 March 2018

The Committee considered a report of the Corporate Director of Resources which provided Members with an overview of the performance of the Fund to 31 March 2018 (for copy see file of Minutes).

Resolved:

That the information contained in the report produced by JP Morgan be noted.

7 Statement of Accounts for the Year Ended 31 March 2018

The Committee considered a report of the Corporate Director of Resources which presented the Pension Fund Accounts for the year ended 31 March 2018 and raised any significant issues arising from the accounts (for copy see file of Minutes).

In response to a question from Councillor Temple the Committee was advised that the Pension Fund had provided loans in the 1970s to Durham County Council and Sunderland City Council. These were outstanding because of the rate of interest earned. Other investment balances of £1.2m were outstanding sales and purchases of Fund Managers at the year end.

Resolved:

That the content of the report be noted.

8 Internal Audit Progress Report to 31 March 2018

The Committee considered a report of the Corporate Director of Resources which outlined progress made in delivering the 2017/2018 internal audit plan relevant to the Pension Fund Committee (for copy see file of Minutes).

Andy Broadbent queried the limited assurance given in respect of Additional Voluntary Contributions, and was advised that a follow-up audit had commenced and a further report would be submitted to the Committee in due course. It was suggested that Andy Broadbent be provided with the report submitted to the last meeting which gave details of the control issues raised.

Resolved:

That the work undertaken by Internal Audit during the period ending 31 March 2018, be noted.

9 Local Government Pension Scheme (Amendment) Regulations 2018

The Committee considered a report of the Corporate Director of Resources which advised the Committee of changes made to the regulations governing the Local Government Pension Scheme by the introduction of the Local Government Pension Scheme (Amendment) Regulations 2018 (for copy see file of Minutes).

Following a question from Councillor Atkinson, the Member was informed that the assets and liabilities of Parish and Town Councils within the scheme were pooled and therefore there was no requirement to report pension fund liabilities in the Parish accounts.

Resolved:

That the information contained in the report be noted.

10 Feedback from Local Pension Board

There was no feedback from the Local Pension Board.

11 Exclusion of the Public

Resolved:

That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

12 Minutes

The Minutes of the meeting held on 15 March 2018 were agreed as a correct record, subject to David Clegg, GMB being added to the list of attendees. The Minutes were signed by the Chairman.

Matter Arising from the Minutes

Aberdeen Standard

Nick Orton informed Members of the meeting held with the Managers regarding the merger of Aberdeen with Standard Life.

13 Report of the Pension Fund Adviser

The Committee considered a report of the Independent Adviser Sandy Dickson of Mercer (for copy see file of Minutes).

Resolved:

That the information given be noted.

14 Funding Level Update as at 31 March 2018

The Committee considered a report of the Corporate Director of Resources which advised the Committee of the latest funding level update provided by the Pension Fund Actuary (for copy see file of Minutes).

Resolved:

That the content of the report be noted.

15 Report of Aberdeen Standard

Consideration was given to a report from Aberdeen Standard which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

16 Report of AB

Consideration was given to a report from the Managers in attendance from AB which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

17 Report of BlackRock

Consideration was given to a report from BlackRock which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

18 Report of Bank of New York Mellon (Walter Scott)

Consideration was given to a report from Bank of New York Mellon (Walter Scott) which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

19 Report of CB Richard Ellis

Consideration was given to a report from CB Richard Ellis which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

20 Report of Mondrian

Consideration was given to a report from Mondrian which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

21 Report of Royal London

Consideration was given to a report of the Managers in attendance from Royal London which included:

- a) Manager's views on the economy and investment strategy for the future
- b) Investment Policy
- c) List and valuation of investment holdings.

Resolved:

That the information given be noted.

22 LGPS Investment Pooling

Nick Orton provided an update in relation to LGPS Investment Pooling.

Resolved:

That the information be noted and proposed actions be agreed.