

Report for: Pension Board

Date of Meeting:	6 October 2022
Subject:	Review of Pension Fund Committee Items
Responsible Officer:	Dawn Calvert – Director of Finance and Assurance
Exempt:	No
Wards affected:	Not applicable
Enclosures:	Appendix 1 – Pension Fund Valuation at 31 July 2022

Section 1 – Summary and Recommendations

This report summarises the matters to be considered by the Pension Fund Committee at its next meeting on 13 October 2022 and invites the Board to agree any comments they might wish to make to the Pension Fund Committee.

Recommendations:

The Board is requested to note the report and comment as necessary.

Section 2 – Report

1. The Pension Fund Committee meeting was originally scheduled for 19th September 2022. This inevitably had to be rearranged because the funeral of Queen Elizabeth II was held on that date. The meeting will now take place on Wednesday 12th October 2022 at 3.30pm. The reason for the unusual time is simply the volume of meetings which have had to be re-arranged as they were cancelled during the period of National Mourning from 8th to 20th September, and there will be another meeting on that evening.
2. At its meeting on 13th October 2022 the Committee will consider the following items

Report	Comments
Part I	
Performance Dashboard and Update on Regular items	The Committee will review the position of the Fund at the end of Q2 2022 (30 June 2022), receive an update on things which have happened in the next quarter and be asked to agree a draft work programme for the Committee for the remainder of the 2022-23 municipal year.
Pension Fund Annual Report and Accounts for 2021-22	The Committee will be asked to review the draft Annual Report and Accounts and the external audit plan. These items are reported elsewhere on this agenda.
Review and Approval of Governance Compliance Statement	The Committee will be asked to review and approve this statement. The Board reviewed the Statement at its meeting in July and made some comments which have been reflected in the version which the Committee is being asked to approve.
Review of Investment managers' Internal Control Reports	The Committee will consider these reports, and to note that the various auditors have confirmed that in each case, controls were operating satisfactorily and that appropriate management action had been taken where exceptions had been identified.
Part II	
2022 Triennial Valuation – Initial Whole Fund Results and Draft LBH Contributions Strategy	The Fund's Actuary will present to the Committee on the progress to date, including the draft "whole fund" results. The Committee will be asked to approve the draft LB Harrow contributions strategy. The report will be considered in part II as Hymans Robertson regard the valuation methodology as being their intellectual / commercial property.
Review of Property Investments (LaSalle Fund of Funds)	The Committee will receive a report, including recommendations from the Fund's Investment Consultants, Aon, setting out the proposed next steps. The report will be considered in part II because of the sensitive nature of investment decisions.

3. The Pension Fund's investments were valued at £929m at 30 June 2022. The details are shown at appendix 1. There have been further drawdowns to both the LCIV Infrastructure Fund and the LCIV Renewables Infrastructure Fund Q2 of 2022, and the transition of Emerging market equities (see above) was completed in July 2022. The Fund's past service liabilities at 30 June 2022 totalled £868m meaning the Fund was approximately 107% funded. This estimate of liabilities is simply a rolled forward projection based on the 2019 actuarial valuation, the results of which were reported to the Committee in December 2019. As reported elsewhere on this agenda, the 2022 triennial valuation is underway, and this will reflect updated data and assumptions.
4. At 31 July 2022, the value of the Fund's investments was £969m. At that date, 78.3% of the Fund's investments were pooled or in passive investments which are regarded as being pooled.
5. The values of most asset classes (except property) fell during the quarter ended 30 June 2022 – this was due to the various pressures on the global economy, including the impact of the war in Ukraine on energy and commodity prices, the growth in inflation driven partly by those impacts and also by continued lockdowns in areas of China leading to shortages of some products. In addition, the fall in the value of the £ relative to the US dollar has impacted negatively on the Fund's currency hedging positions. During July the Fund's value increased by £40m. The main contributor was equities, although other asset classes also recovered some of the ground lost in the previous quarter.

Legal Implications

6. There are no direct legal implications arising from this report.
7. The terms of reference for the Board include the Board's role as set out in the following paragraphs.
8. The role of the Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013, is to assist the Administering Authority (London Borough of Harrow) as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including:
 - securing compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS;
 - securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
 - such other matters the LGPS regulations may specify.
9. The Administering Authority retains ultimate responsibility for the administration and governance of the scheme. The role of the Board is to support the Administering Authority to fulfil that responsibility.

10. In its role, The Board will have oversight of the administration of the fund including:
 - a. The effectiveness of the decision making process
 - b. The direction of the Fund and its overall objectives
 - c. The level of transparency in the conduct of the Fund's activities
 - d. The administration of benefits and contributions
11. The Board will provide the Scheme Manager with such information as it requires to ensure that any Member of the Board or person to be appointed to the Board does not have a conflict of interest.
12. The Board will ensure it effectively and efficiently complies with the Code of Practice on the Governance and Administration of Public Service Pension Schemes issued by the Pensions Regulator. It will help to ensure that the Fund is managed in the same way.
13. The Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

Financial Implications

14. Whilst the performance and effective controls of the fund managers is of paramount importance in the performance of the Pension Fund, there are no direct financial implications arising from this report.

Risk Management Implications

15. The Pension Fund's Risk Register is reviewed regularly by both the Pension Fund Committee and by the Board. The next review will be considered by the Board at this meeting.
16. There are no specific risk management implications arising from this report. The level of risk to which its investments are exposed is a key component in developing the Fund's investment strategy

Equalities implications / Public Sector Equality Duty

17. Was an Equality Impact Assessment carried out? No
18. There are no direct equalities implications arising from this report.
- 19.

Section 3 - Statutory Officer Clearance

Statutory Officer: Dawn Calvert

Signed by the Chief Financial Officer

Date: 27/09/2022

Statutory Officer: Sharon Clarke

Signed on behalf of the Monitoring Officer

Date: 22/09/2022

Chief Officer: Dawn Calvert

Signed on behalf of the Chief Executive

Date: 27/09/2022

Mandatory Checks

Ward Councillors notified: Not Applicable

Section 4 - Contact Details and Background Papers

Contact: Jeremy Randall – Interim Pensions Manager

Email: Jeremy.randall@harrow.gov.uk

Telephone: 020 8736 6552

Background Papers: None