

Pension Fund Committee AGENDA

DATE: Monday 25 November 2013

TIME: 6.30 pm

VENUE: Committee Room 5,
Harrow Civic Centre

MEMBERSHIP (Quorum 3)

Chairman: Councillor Richard Romain

Councillors:

Tony Ferrari

Keith Ferry (VC)
Sachin Shah

(Non-voting Co-optee): Mr H Bluston

Trade Union Observer(s): Mr S Compton - UNISON
Mr S Karia - GMB

Reserve Members:

1. Stephen Wright
2. Kam Chana

1. Bill Phillips
2. Bill Stephenson

Contact: Una Sullivan, Democratic & Electoral Services Officer
Tel: 020 8424 1785 E-mail: una.sullivan@harrow.gov.uk

AGENDA - PART I

1. ATTENDANCE BY RESERVE MEMBERS

To note the attendance at this meeting of any duly appointed Reserve Members.

Reserve Members may attend meetings:-

- (i) to take the place of an ordinary Member for whom they are a reserve;
- (ii) where the ordinary Member will be absent for the whole of the meeting; and
- (iii) the meeting notes at the start of the meeting at the item 'Reserves' that the Reserve Member is or will be attending as a reserve;
- (iv) if a Reserve Member whose intention to attend has been noted arrives after the commencement of the meeting, then that Reserve Member can only act as a Member from the start of the next item of business on the agenda after his/her arrival.

2. DECLARATIONS OF INTEREST

To receive declarations of disclosable pecuniary or non pecuniary interests, arising from business to be transacted at this meeting, from:

- (a) all Members of the Panel;
- (b) all other Members present.

3. MINUTES (Pages 1 - 6)

That the minutes of the meeting held on 18 September 13 be taken as read and signed as a correct record.

4. PUBLIC QUESTIONS

To receive questions (if any) from local residents/organisations under the provisions of Committee Procedure Rule 17 (Part 4B of the Constitution).

5. PETITIONS

To receive petitions (if any) submitted by members of the public/Councillors under the provisions of Committee Procedure Rule 15 (Part 4B of the Constitution).

6. DEPUTATIONS

To receive deputations (if any) under the provisions of Committee Procedure Rule 16 (Part 4B) of the Constitution.

7. ACTUARIAL VALUATION AND FUNDING STRATEGY STATEMENT (To Follow)

Report of the Director of Finance and Assurance

8. APPOINTMENT OF ADDITIONAL INVESTMENT ADVISER (Pages 7 - 14)

Report of the Director of Finance and Assurance

9. LEAD MEMBER ROLES (Pages 15 - 18)

Report of the Director of Finance and Assurance

10. UPDATE REPORT AND ACTION POINTS FROM PREVIOUS MEETINGS (Pages 19 - 28)

Report of the Director of Finance and Assurance

11. ANY OTHER URGENT BUSINESS

Which cannot otherwise be dealt with.

12. EXCLUSION OF THE PRESS AND PUBLIC

To resolve that the press and public be excluded from the meeting for the following item of business, on the grounds that it involves the likely disclosure of confidential information in breach of an obligation of confidence, or of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972:

<u>Agenda Item No</u>	<u>Title</u>	<u>Description of Exempt Information</u>
13.	Equities Options	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person, including the Authority holding that information).
14.	Information Report - Investment Manager Monitoring	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person, including the Authority holding that information).
15.	Information Report - Performance of Fund Managers for Quarter Ended 30 September 2013	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person, including the Authority holding that information).

AGENDA - PART II

13. EQUITIES OPTIONS (Pages 29 - 52)

Report of the Director of Finance and Assurance

14. INFORMATION REPORT - INVESTMENT MANAGER MONITORING (Pages 53 - 114)

Report of the Director of Finance and Assurance

15. INFORMATION REPORT - PERFORMANCE OF FUND MANAGERS FOR QUARTER ENDED 30 SEPTEMBER 2013 (Pages 115 - 120)

Report of the Director of Finance and Assurance

[Please note that Aon Hewitt, Advisers to the Fund, will be attending this meeting.]

PENSION FUND COMMITTEE

MINUTES

18 SEPTEMBER 2013

Chairman: * Councillor Richard Romain

Councillors: * Tony Ferrari * Sachin Shah
* Keith Ferry

Co-optee (Non-voting): * Howard Bluston Steve Compton
Sanjay Karia

(1) Mr Tony Baily and Ms Stephanie Randall of Aon Hewitt attended in an advisory role, as representatives of the Council's Adviser.

* Denotes Member present

18. Attendance by Reserve Members

RESOLVED: To note that there were no Reserve Members in attendance.

19. Declarations of Interest

RESOLVED: That the following Declaration of Interest be noted:

Howard Bluston declared a non-pecuniary interest in all the agenda items in that he had attended meetings at the Aon Hewitt offices in St Albans, and had attended functions hosted by Fidelity and Wellington in his capacity as an Independent Adviser, and had recently attended a function hosted by Standard Life. He would remain in the room while matters were considered and voted upon.

20. Minutes

RESOLVED: That the minutes of the meeting held on 25 June 2013 be taken as read and signed as a correct record, subject to the following amendment:

Item 2(2)

Replace the final sentence with the following sentence:

“He declared a specific interest in Agenda Item 12 in that he serves on the Local Authority Pension Fund Forum.”

21. Public Questions, Petitions and Deputations

RESOLVED: To note that no public questions were put, or petitions or deputations received at this meeting.

RESOLVED ITEMS

22. Annual Pension Scheme Accounts and Auditor's Report

The Committee received the report of the Director of Finance and Assurance on the annual Pension Scheme accounts, comprising the Pension Fund Annual Report, an expense summary, and the Auditor's Report.

An officer informed the Committee that the draft report would be signed off on 30 September. The Chair asked that any changes made to the final report before sign-off would be circulated to all Members for comment.

Members discussed the fees charged by one fund manager and considered whether it represented value for money. It was agreed that the fund manager should be invited to participate in the session planned for October, when Pension Fund Committee Members would meet with fund managers.

In response to a query about the comparator used for cost, Tony Baily of Aon Hewitt explained that the comparison with outer London boroughs was considered to be appropriate, both in terms of the size of the fund and local circumstances and costs.

Members queried whether the strategy should promote yield over growth, given cash flow issues. Members also discussed the contribution rates for admitted bodies, and whether these would fully fund their liabilities.

An officer informed Members that a report on the actuarial valuation would be brought to the next meeting, and following this the strategy statement would be updated. The officer confirmed that the report would encompass planned changes to the Local Government Pension Fund (LGPF), due to be implemented in 2014.

The Chair drew attention to the four areas of risk described in the report, namely financial, demographic, regulatory, and governance, and he welcomed the Auditor's views on how these might be mitigated. He asked

that particular attention be paid to these areas of risk when drafting the new strategy statement.

Members noted that the Pension Fund Annual Report would also be presented to the Governance, Audit and Risk management Committee, as part of the Annual Statement of Accounts, and requested that any comments made be reported back to the Pension Fund Committee.

RESOLVED: That

- (1) the report and appendices be noted;
- (2) officers note Members' concerns about the current strategy statement;
- (3) officers include identified areas of risk when drafting the new strategy statement for 2014;
- (4) any comments made on the Pension Fund Annual Report at the forthcoming Governance, Audit and Risk Management committee be reported back to the Pension Fund Committee.

23. Update Report

The Committee received the report of the Director of Finance and Assurance which detailed actions taken since the last meeting of the Committee.

The Chair asked that officers canvass all Members and Reserve Members of the Committee for their preferences in undertaking a 'Lead Member' role in the areas listed, with slots filled on a 'first come, first served' basis.

He then proposed that an advert be placed in the local press to invite applications for an 'Independent Adviser', with a view to securing the appointment of a local person to serve on the Committee. He suggested remuneration of between £10k and £20k for a suitably qualified person.

A Member stated his view that a job description and person specification should be prepared for the role in the first instance, in order to determine what calibre of person was required, and what an appropriate level of remuneration would be. Another Member commented that the appointment could be made on the basis of expenses rather than a salary.

Members agreed that the individual appointed should be able to attend meetings, challenge officers and advisers, and offer an additional, informed opinion, with a specialism in investment rather than governance. Officers were requested to prepare a job and person specification which would be brought to the next meeting for comment.

The interim Treasury and Pension Fund Manager, Ian Talbot, was introduced to the Committee. Members reiterated their thanks and good wishes to the departing Treasury and Pension Fund Manager, George Bruce.

RESOLVED: That

- (1) the report be noted;
- (2) officers prepare a job and person specification for the role of Independent Adviser to the Pension Fund Committee, to be brought to the next meeting in November;
- (3) the Committee records its thanks to George Bruce for his service at Harrow.

24. Exclusion of the Press and Public

RESOLVED: That in accordance with Part I of Schedule 12A to the Local Government Act 1972, the press and public be excluded from the meeting for the following items for the reasons set out below:

<u>Item</u>	<u>Title</u>	<u>Reason</u>
11.	Equity Options	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).
12.	Information Report - Investment Manager Monitoring	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).
13.	Information Report – Performance of Fund Managers for Quarter Ended 30 June 2013	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

25. Equity Options

The Committee received the report of the Director of Finance and Assurance which set out options and recommendations for changes to the equity fund manager structure, in response to preferences expressed by the Committee at their meeting in June.

Members were reminded of the existing structure, allocation and category of investments and the representative of Aon Hewitt gave his opinion that the fund was overexposed in certain areas, and missing potential opportunities in others. He described a range of options and further advised on the best approach for each.

Members then considered the following aspects of available options:

- asset allocation, in particular the proportion of equities held;
- global, UK and / or emerging markets;
- active versus passive management;
- boutique selection;
- unconstrained investment;
- appetite for risk;
- the optimum number of fund managers;
- optimum selection of fund managers;
- transaction costs;
- flexibility and speed of response to opportunity;

Members agreed they were unhappy to make a firm decision at this stage and agreed to defer their decision on equity options until the next meeting, and following the session with fund managers.

RESOLVED: That

- (1) the report be noted;
- (2) up-to-date information be circulated to Members prior to the meeting with fund managers;
- (3) the final decision on investment in equities be deferred until the next meeting of the Committee.

26. Information Report - Investment Manager Monitoring

The Committee received the report of the Director of Finance and Assurance which presented Aon Hewitt's quarterly report on Harrow's Fund Managers, detailing strengths and weaknesses and overall ratings, and noted that the ratings remained unchanged from the June report.

RESOLVED: That the report be noted.

27. Information Report - Performance of Fund Managers for Quarter Ended 30 June 2013

The Committee received a report of the Director of Finance and Assurance which set out the performance of the investment managers and of the overall fund for the quarter, year and three years ending 31 March 2013.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 6.30 pm, closed at 8.30 pm).

(Signed) COUNCILLOR RICHARD DAVID ROMAIN
Chairman

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REPORT FOR: Pension Fund Committee

Date of Meeting: 25th November 2013

Subject: Appointment of Additional Investment Adviser

Responsible Officer: Simon George, Director of Finance and Assurance

Exempt: No

Enclosures: Appendix 1- Role Description

Section 1 – Summary and Recommendation

The report reminds the Committee of its previous discussions concerning the appointment of an additional investment adviser and makes proposals in respect of such an appointment.

Recommendation

The Committee is recommended to agree a role description, fee, advertising strategy and appointment strategy for an additional investment adviser for the Fund.

Section 2 – Report

1. At its recent meetings the Committee has discussed increasing the advisory resources available to the Committee with a preference to look for a second adviser rather than appoint additional Members to the Committee.
2. Currently, the Committee has one adviser at Committee level, Howard Bluston and it is also advised by officers, AonHewitt and Hymans Robertson. Advice is also available from fund managers.
3. At its meeting on 18 September the Committee agreed that officers should prepare a draft role description and person specification to allow the Committee to determine the calibre of person required and the level of fee. Members further agreed that were such an individual to be appointed he/she should be able to attend meetings, challenge officers and advisers and offer an additional informed opinion with a specialism in investment rather than governance. The Committee additionally felt that the position should be advertised locally seeking an individual with local connections and that a fee of £10-20,000 pa be offered for a suitably qualified person who would work on a self-employed basis.
4. Attached as Appendix 1 is a role description which the Committee are invited to consider. It is suggested that the fee be circa £15,000 pa and initially an advertisement be placed in the Harrow Observer and the Harrow Times and on the Council's website.
5. For roles of this kind pension funds often request that applicants are in possession of Professional Indemnity Insurance (PII) cover. However, it may be that potentially suitable candidates do not currently maintain such cover and may be discouraged from applying for the position. It is therefore recommended that, on appointment, the successful candidate be asked to obtain PII at an appropriate level for which the Fund will reimburse the costs.
6. If the Committee are minded to agree to a suitable person being sought advertisements would be placed during December.

Section 3 – Further information

7. N/A

Section 4 - Financial Implications

8. The expenditure of circa £15,000 pa would be a charge to the Pension Fund. Regulation 4(5) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 allow the costs, charges and expenses of administering the fund to be paid from it.

Section 5 - Risk Management Implications

9. Risk included on Directorate risk register? No
10. Separate risk register in place? No

Section 6 - Equalities implications

11. Was an Equalities Impact Assessment carried out? No
12. There are no direct equalities implications relating to the Pension Fund..

Section 7 - Corporate Priorities

13. Corporate Priorities are not applicable to Pension Fund as it does not have a direct impact on Council's resources.

Section 9 - Statutory Officer Clearance

Name: Simon George	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 12 November 2013		
Name: Caroline Eccles	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 14 November 2013		

Section 9 - Contact Details and Background Papers

Contact: Ian Talbot (Treasury and Pension Fund Manager) Tel: 020-8424-1450 / Email: ian.talbot@harrow.gov.uk

Background Papers: Nil

If appropriate, does the report include the following considerations?

1.	Consultation	N/A
2.	Priorities	N/A

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LONDON BOROUGH OF HARROW PENSION FUND APPOINTMENT OF INDEPENDENT ADVISER

The London Borough of Harrow Pension Fund is seeking an individual with the requisite skills and experience to become an additional adviser to the Fund.

The Fund already receives advice from Council officers, its Investment Adviser, AonHewitt, and an independent adviser. It is seeking someone who either lives in the Borough or who has an affinity to the area who can bring additional skills to bear on the management of the Fund.

Local Government Pension Scheme (LGPS) and its management

The LGPS is a common scheme throughout England and Wales, administered by 89 individual funds (mainly county councils and London borough councils) and, in aggregate, is the largest funded occupational pension scheme in the UK.

It is managed according to local government law and the local democratic process with benefits guaranteed and the financial risks falling on the local authority and its taxpayers

Elected Councillors have legal responsibilities for the prudent and effective stewardship of LGPS funds and a clear fiduciary duty in the performance of their functions. Each administering authority can delegate its Fund investment management to committees and officers.

The successful candidate will be expected to understand these various administrative relationships and the differences between the LGPS and private sector schemes and the role of their trustees.

London Borough of Harrow Pension Fund

The Borough has been administering the Fund since its inception in 1965 and, at 31 March 2013, its assets were valued at £552m The Fund is invested in a wide range of asset classes including UK and Global equities, fixed and index linked bonds, property, private equity and other alternative investments. None of the investments are managed in-house and the Fund currently uses the services of nine investment managers.

The Borough has delegated several of its powers to its Pension Fund Committee.

Pension Fund Committee

The Committee comprises seven members, four of whom are Councillors with full voting rights, two are co-optees from UNISON and GMB unions with no voting rights and the final member is a co-opted adviser again with no voting rights.

The Committee has the following powers and duties:

- To exercise on behalf of the Council, all the powers and duties of the Council in relation to its functions as Administering Authority of the LB Harrow Pension Fund (the Fund), save for those matters delegated to other Committees of the Council or to an Officer;
- The determination of applications under the Local Government Superannuation Regulations and the Teachers' Superannuation Regulations;
- To administer all matters concerning the Council's pension investments in accordance with the law and Council policy;
- To establish a strategy for the disposition of the pension investment portfolio; and
- To appoint and determine the investment managers' delegation of powers of management of the Fund.

Role specification

An individual with the requisite skills and experience is sought to support and assist members of the Pensions Committee and, as appropriate, Council officers.

The principal responsibilities of the role are:

- To analyse and comment on developments in the UK and World economies and financial markets and their implications for the Fund
- To provide the Committee with an unbiased and independent perspective on investment issues across the Fund's broad range of asset classes and other asset classes in which the Fund is not invested.
- To provide a perspective on the Fund's strategic asset allocation and the performance of its assets and liabilities
- To review and comment on the quarterly performance reports of the Fund's investment managers and to support the Committee in understanding related issues.
- To provide support in the selection / appointment of investment mandates
- To provide and present written reports on the above and related issues as required.
- To support training initiatives as required.
- To attend all meetings of the Committee which will be expected to meet for about three hours in the evenings on approximately five occasions each year

- To attend up to ten ad hoc meetings per year which occasionally cover a whole day but, more usually, last for a few hours.

Required knowledge / personal attributes

- To be a resident of the London Borough of Harrow and / or to have a particular affinity to the area
- To have experience at a senior level in the investments / pensions industry
- To have a good understanding of the Local Government Pension Scheme
- To have an understanding of the implications for pension schemes of developments in the economy and financial markets
- To have a practical understanding of liability management and the matching of pension liabilities with suitable investments including derivatives
- To have a knowledge of strategies suited to long term investments
- To have an ability to communicate and explain economic and investment concepts simply in both written and verbal form.

Desirable knowledge / personal attributes

- To be comfortable in an environment where challenge but also teamwork is expected.
- To have experience of interacting with Councillors or trustees
- To have an understanding of the public service environment in which the Fund operates
- To have a broad knowledge of the pensions environment and of defined benefits schemes in particular
- To have an awareness of responsible investment issues
- To have an investment-related qualification

Conditions of appointment

The appointment will be for three years with the possibility, at the Fund's discretion, to extend for a further two years. The contract may be terminated by the Fund at any time with three months' notice.

A fee of circa £15,000 pa is payable quarterly in arrears. Attendance at meetings in addition to those mentioned above will be compensated on a pro-rata basis.

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REPORT FOR: Pension Fund Committee

Date of Meeting:	25 November 2013
Subject:	Lead Member Roles
Responsible Officer:	Simon George, Director of Finance and Assurance
Exempt:	No
Enclosures:	None

Section 1 – Summary and Recommendations

The report advises the Committee of the results of the consultation with Members and Reserve Members as to their willingness to act as Lead Members in respect of specific topics within the purview of the Committee.

Recommendation

That the Committee allocate Lead Member roles based on the preferences detailed in paragraph 5 of the report.

Section 2 – Report

1. At their last meeting it was agreed that the Committee would appoint Lead Members for specific topics within the purview of the Committee who would lead the debate when the topic was discussed.
2. The Committee agreed that the specific topics would be as follows:
 - Committee Governance – Membership and remit
 - Regulation
 - Training
 - Monitoring and feedback for advisers and officers
 - Business plans, objectives, risk management and meeting agenda
 - Actuarial and Member / Employer related issues.
 - Strategy
 - Manager appointments and monitoring (could be split between equity, bond, property and alternatives).
 - Ethical investing and voting
3. Officers were asked to canvass all Members and Reserve Members of the Committee.
4. Members and Reserve Members were asked to indicate (say) 4 topics in order of preference for which they would like to be considered as Lead Member with officers suggesting a “best fit” for the Committee to consider.
5. Responses have been received as follows:

Councillor Romain

Willing to fill in any gaps

Councillor Ferrari

Strategy

Councillor Shah

Regulation

Actuarial and Member / Employer related issues

Training

Councillor Ferry

No preference expressed

Councillor Chana

Business plans, objectives, risk management and meeting agenda

Strategy

Regulation

Monitoring and feedback for advisers and officers

Councillor Wright

As a Reserve Member who would attend the Committee rarely feels it inappropriate to express a preference.

Councillor Phillips

As a Reserve Member who would attend the Committee rarely feels it inappropriate to express a preference.

Councillor Stephenson

Ethical investing and voting

Committee Governance – Membership and remit

6. Based on the responses received it is suggested that responsibilities be allocated as follows:

Committee Governance – Membership and remit

Councillor Romain; Councillor Stephenson

Regulation

Councillor Shah; Councillor Chana

Training

Councillor Shah

Monitoring and feedback for advisers and officers

Councillor Ferrari; Councillor Chana

Business plans, objectives, risk management and meeting agenda

Councillor Ferry; Councillor Chana

Actuarial and Member / Employer related issues.

Councillor Shah

Strategy

Councillor Ferrari; Councillor Chana

Manager appointments and monitoring (could be split between equity, bond, property and alternatives).

Councillor Romain

Ethical investing and voting

Councillor Ferry; Councillor Stephenson

7. The Committee are invited to consider these suggestions.

Section 3 – Further Information

- 8.. N/A

Section 4 - Financial Implications

9. N/A

Section 5 – Equalities Implications

10. Was an Equality Impact Assessment carried out? Yes

11. There are no direct equalities implications relating to the Pension Fund.

Section 6 - Corporate Priorities

12. Corporate Priorities are not applicable to the Pension Fund as it does not have a direct impact on Council's resources.

Section 7 - Statutory Officer Clearance

Name: Simon George	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 13 November 2013		
Name: Caroline Eccles	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 13 November 2013		

Section 8 - Contact Details / Background Papers

Contact: Ian Talbot (Treasury and Pension Fund Manager)
Tel: 020-8424-1450 / Email: ian.talbot@harrow.gov.uk

Background Papers: Nil

If appropriate, does the report include the following considerations?

1.	Consultation	N/A
2.	Corporate Priorities	N/A

REPORT FOR: Pension Fund Committee

Date of Meeting:	25 November 2013
Subject:	Information Report - Update Report and Action Points from Previous Meetings
Responsible Officer:	Simon George, Director of Finance and Assurance
Exempt:	No.
Enclosures:	Appendix 1 – Update Report and Action Points Appendix 2 – Meeting Plan 2013-14 Appendix 3 – Membership and Remit

Section 1 – Summary and Recommendations

This report provides an update (appendix 1) of actions taken since the last meeting and of the meeting plan 2013-14 (appendix 2).

FOR INFORMATION

Section 2 – Report

1. An update of actions taken from prior meetings is summarised in appendix 1. Additional comments are given below.

Call for Evidence on the Future Structure of the LGPS

2. The consultation on the future structure of the LGPS ended on 27 September. The consultation had been conducted by the Department for Communities and Local Government and the Local Government Association together with the shadow LGPS advisory board which was established in May to encourage best practice between schemes.
3. It has been reported that more than 120 submissions were made from councils, LGPS funds and pension experts and the Government's response is awaited.
4. However, on 18 October the Local Government Minister announced that the Government was pushing ahead with scheme reform and that he had commissioned a report to examine three options: a single national investment fund vehicle; a small number of closely aligned combined investment vehicles; an outright merger of the 89 existing funds.

“Meet the Managers” Day

5. On 31 October all Members of the Committee met eight of the Fund's investment managers and received reports from each on their past performance and the prospects for the future.
6. Members received the managers' reports with varying degrees of satisfaction and asked that further work be undertaken as follows:
 - **Pantheon Ventures**
Risk / return relationship for private equity overall and, if possible, on Pantheon portfolio.
Possibility of further training on private equity from AonHewitt / Pantheon
 - **Aviva Investment Global Services Ltd**
Should Harrow be seeking a more bespoke fund?
Should the mandate go beyond UK?
Benchmark options and recommendation
 - **BlackRock Inc**
AonHewitt and BlackRock to review the bond strategy with consideration of the range of options from passive to global unconstrained together with benchmarks and fees
UK gilts – would the 10 years' index be better than the 5 years?
Corporate bonds – review applicability of index.

- **Baring Asset Management**

Detailed and straightforward explanation of the cash losses over the first few months

Emerging markets – why is the AonHewitt view apparently very different from the Barings view?

Lead member roles

7. At the last meeting, the Chairman asked that officers canvass all Members and Reserve Members of the Committee for their preferences in undertaking a “Lead Member” role in the areas listed below:
 - a. Committee Governance – Membership and remit
 - b. Regulation
 - c. Training
 - d. Monitoring and feedback for advisers and officers
 - e. Business plans, objectives, risk management and meeting agenda
 - f. Actuarial and Member / Employer related issues.
 - g. Strategy
 - h. Manager appointments and monitoring (could be split between equity, bond, property and alternatives).
 - i. Ethical investing and voting
8. The results of the canvass are reported elsewhere on the agenda.

Independent Adviser

9. At the last meeting the Committee agreed that officers prepare a role and person specification for the role of Independent Adviser to the Committee to be brought to the next meeting
10. The draft specification is presented elsewhere on the agenda.

Annual Pension Scheme Accounts and Auditor’s Report

11. On 24 September, the Governance, Audit and Risk Management Committee received the Pension Fund Annual Report and the report of the Council’s Appointed Auditor.
12. At the meeting the Auditor highlighted two suggestions in respect of segregation of duties for bank reconciliation. The Director of Finance and Assurance replied that his team was currently undergoing a restructure and that the issue of segregation of duties would be addressed through this.
13. No amendments were made to the report and The Council’s Statement of Accounts, which include the Pension Fund Accounts, was signed by the Chairman of the Governance, Audit and Risk Management Committee and the Appointed Auditor on 27 September 2013.

Equities Options

14. As requested by the Committee on 18 September a revised report prepared by the Council's Investment Adviser was circulated to Members in advance of their meetings with fund managers on 31 October.
15. Comments from Members have been received and have been taken into account in the report elsewhere on the agenda.

Section 3 – Further Information

16. See appendix 1.

Section 4 - Financial Implications

17. Financial implications are discussed in the paper where relevant.

Section 5 – Equalities Implications

18. Was an Equality Impact Assessment carried out? Yes.
19. There are no direct equalities implications relating to the Pension Fund.

Section 6 - Corporate Priorities

20. Corporate Priorities are not applicable to the Pension Fund as it does not have a direct impact on Council's resources.

Section 7 - Statutory Officer Clearance

Name: Simon George	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 11 November 2013		
Name: Caroline Eccles	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 11 November 2013		

Section 8 - Contact Details / Background Papers

Contact: Ian Talbot (Treasury and Pension Fund Manager)
Tel: 020-8424-1450 / Email: Ian.Talbot@harrow.gov.uk

Background Papers: Nil

London Borough of Harrow

Pension Fund Committee

Update Report and Action Points – 25 November 2013

Issue/decision	Source	Action Taken	Next Steps
<u>Responsible Investment</u> RESOLVED: That the report be deferred to a future meeting and officers, as part of this, be requested to address the comments above.	15 Nov 2011 Minute 125	Additional information on the legal position, union views, investment manager stance and income / cost impact is being collected.	Ongoing.
<u>Governance of the PFIP</u> RESOLVED: (3) that consideration be given to expand the membership of the Pension Fund Investment Committee to include two independent, co-opted members to act in an advisory capacity;	Nov 2012 Minute 186	See comments in report.	Ongoing
<u>Equity Beliefs</u> (1) the Committee's views be noted, and a report considering changes to the equity portfolio be prepared by Aon Hewitt; (2) Training be arranged to develop Members' understanding of the issues involved and inform robust decision making in respect of the Council's Pension Fund.	Sep 2013 Min 25	Further paper from Aon Hewitt on agenda. Meeting arranged for 6 th November with Aon Hewitt to support agenda items.	Complete Complete
<u>Infrastructure and Local Investing</u> That the report be deferred to a future meeting of the Pension Fund Committee	June 2013 Min 10	N/A	Ongoing
<u>Annual Pension Scheme Accounts and Auditor's Report 2012-13</u> (1) The report and appendices were noted. (2) Officers note Members'	Sep 2013 Min 22		Complete.

<p>concerns about the current strategy statement</p> <p>(3) Officers to include identified areas of risk when drafting the new Funding Strategy Statement for 2014.</p> <p>(4) Any comments made on the Pension Fund Annual Report at the forthcoming Governance, Audit and Risk Management committee be reported back to the Pension Fund Committee</p>			
<p><u>Update Report and Action Points</u></p> <p>The report was noted</p>	Sep 2013 Min 23	N/A	Complete
<p><u>London Pension Fund Collaboration</u></p> <p>(1) The Committee be kept informed of future developments. The outcome of the consultation on the collaboration models for the London pension funds.</p>	Jun 2013 Min 13	Prepare a report on the outcome.	On agenda for March 2014 PFC
<p><u>Any other urgent business</u></p> <p>(1) That officers prepare a job and person specification for the role of Independent Adviser.</p> <p>(2) That a report be brought to a future meeting of the Committee on the role and possible areas of expertise of Lead Members.</p>	Sep 2013 Min 23	N/A N/A	Report on the agenda Report on the agenda
<p><u>Information Report – Investment Manager Monitoring</u></p> <p>The report was noted.</p>	Sep 2013 Min 26		Complete
<p><u>Information Report – Performance of Fund Managers</u></p> <p>(1) the report was noted</p> <p>(2) An informal meeting with Fund Managers was arranged for 31st October, eight fund managers attended.</p>	Sep 2013 Min 27	The manager presentation day was successfully executed on 31 st October 2013.	Complete Complete
<p><u>Skills Training by Hymans Robertson</u></p> <p>(1) Members chose to purchase the CIPFA code of Practice on Public</p>	Jun 2013 Training	CIPFA Framework CD-ROM was ordered and arrived	Copies will be made and

<p>sector pensions finance knowledge and skills 2013 edition.</p> <p>(2) Each member is able to do the online training course on the Hymans website.</p>		<p>CIPFA's "Technical Guidance for elected representatives" was ordered and arrived</p> <p>Hymans has a knowledge portal with free access for members.</p> <p>The "training needs analysis" (TNA) offered by Hymans starts at £350.00</p>	<p>brought to the PFC</p> <p>Ongoing</p>
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Meeting Plan 2013-14

Quarter 4 25/11/13	Quarter 1 19/03/14	Quarter 2 June 2014	Quarter 3 September 2014
Investments			
Equities Options	Annual Strategy Review (post valuation update) and Rebalancing	Annual WM presentation	
	Property and Private equity reviews	Annual review of Statement of Investment Principles	
Manager Monitoring	Manager Monitoring	Manager Monitoring	Manager Monitoring
Valuation & performance	Valuation & performance	Valuation & performance	Valuation & performance
	BlackRock bond options		
	Voting and Company Engagement by Fund managers		
Actuarial, Employers and Members			
Actuarial valuation and Funding Strategy Statement	Funding Strategy Statement Review		
Accounting			
		Audit Plan	Annual Accounts and Auditor's Report.
Committee & Meeting Administration and Governance			
Update Report	Update Report	Update Report	Update Report
Role and Person Specification for Independent Adviser	Meeting plan 2014-15		
Lead Member Arrangements			
Training			
	Impact of the 2014 LGPS Regulations	What makes an effective Pensions Committee – a view from another LGPS scheme	

PENSION FUND COMMITTEE - MEMBERSHIP AND REMIT

	Conservative	Labour	Independent Labour	Ungrouped
	(2)	(2)	(0)	(0)
I. Members	Tony Ferrari Richard Romain (CH) *	Keith Ferry * Sachin Shah		
II. Reserve Members	1. Stephen Wright 2. Kam Chana	1. Bill Phillips 2. Bill Stephenson		

Harrow UNISON Co-optee (Non-voting): Steve Compton
 GMB Co-optee (Non-voting): Sanjay Karia
 Co-optee (Non-voting): Howard Bluston

(CH) = Chair
 * Denotes Group Members for consultation on Delegated Action and/or administrative matters.

PENSION FUND COMMITTEE

The Pension Fund Committee has the following powers and duties:

to exercise on behalf of the Council, all the powers and duties of the Council in relation to its functions as Administering Authority of the LB Harrow Pension Fund (the fund), save for those matters delegated to other Committees of the Council or to an Officer;

the determination of applications under the Local Government Superannuation Regulations and the Teachers' Superannuation Regulations;

to administer all matters concerning the Council's pension investments in accordance with the law and Council policy;

to establish a strategy for the disposition of the pension investment portfolio; and

to appoint and determine the investment managers' delegation of powers of management of the fund.

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