

PENSION BOARD MINUTES

28 JUNE 2016

Chair: * Mr R Harbord

Board Members:	† Councillor Kiran Ramchandani	Employer Representative - London Borough of Harrow Scheme Members' Representative - Pensioners Employer Representative - Scheduled and Admitted Bodies Scheme Members' Representative - Active Members
	* Gerald Balabanoff (VC)	
	* Sudhi Pathak	
	† John Royle	

* Denotes Member present

† Denotes apologies received

40. Attendance by Reserve Members

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

41. Appointment of Chair

RESOLVED: Having noted that the Board's terms of reference required the Chair to be appointed for a three year period, confirmed the appointment of Richard Harbord as Chair of the Pension Board for the Municipal Year 2016/17.

42. Appointment of Vice Chair

RESOLVED: Having noted that the Board's terms of reference required the Vice-Chair to be appointed for a three year period, confirmed the appointment of Gerald Balabanoff as Vice-Chair of the Pension Board for the Municipal Year 2016/17.

43. Declarations of Interest

RESOLVED: To note that no interests were declared by the Board Members present.

44. Minutes

RESOLVED: That the minutes of the meeting held on 22 March 2016, be taken as read and signed as a correct record.

45. Public Questions

RESOLVED: To note that no public questions had been received.

46. Petitions

RESOLVED: To note that no petitions had been received.

47. Deputations

RESOLVED: To note that no deputations had been received.

RESOLVED ITEMS

48. Motion to exclude 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 item(s) for the reasons set out below:

<u>Item</u>	<u>Title</u>	<u>Reason</u>
16.	Information Report – Actuarial Variation 2016	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

49. Information Report - Actuarial Variation 2016

The Board received a confidential report of the Director of Finance and a detailed presentation on the 2016 Valuation assumptions from Laura Molloy, Actuary, Hymans Robertson.

The Actuary advised the Board that all local government pension schemes in England and Wales would have their valuations done this year. Ms Molloy outlined the key assumptions in making the valuation.

The Board made comments and asked detailed questions. The officer undertook to provide a written response to some of the queries raised.

The Board thanked Ms Molloy for her presentation and attendance.

RESOLVED: That the report and presentation be noted.

50. Motion to re-admit the Press and Public

RESOLVED: To re-admit the press and public to the meeting for the remainder of business.

51. Information Report - London Borough of Harrow Pension Fund: Draft Annual Report and Financial Statements for the year ended 31 March 2016

The Board received a report which presented the draft Pension Fund Annual Report and Financial Statements for the year ended 31 March 2016.

The officer reported that comments made by the Pension Fund Committee had been incorporated into the report and he drew attention to the improved commentary as requested by the Board. In response to a question he confirmed that the Pension Fund value had reduced by £14m. In terms of funding arrangements, the officer advised that at the 2013 actuarial valuation, the Fund was assessed as 70.3% funded (73.5% at the March 2010 valuation) which corresponded to a deficit of £234m (2010 valuation:£157m) at that time. On 31 March 2015 the net liability had been £357m compared to £300m on 31 March 2016.

The Board expressed concern in terms of the time it took for the changeover in Fund managers and suggested that the Authority should have a process whereby it could react more quickly. Referring to the 34% of the Fund invested in SSGA MPF All World Equity Index Sub-Fund, a member of the Board stated that this was a sizable amount in one Fund. The officer advised that this was the 'backstop' for the equity strategy.

The Board made comments and asked detailed questions. The officer undertook to provide details of the figures omitted in relation to the actuarial present value of promised retirement benefits and also details of the oversight and management costs (Note 10). In response to a question as to the number of scheduled or admitted bodies which owed money to the Fund at the end of the year the officer commented that there was at least one and that

he would provide Board members with a full list. The Pension Regulator had said that there should be a note about this in the accounts and annual report.

RESOLVED: That the draft Pension Fund Annual Report and Financial Statements for the year ended 31 March 2016 be noted.

52. Information Report - Management and Investment Expenses Benchmarking

The Board received an update report on developments in connection with benchmarking the management and investment expenses of the Fund and sought their views on the benchmarking exercise carried out by CEM Benchmarking.

The Board commented that whilst the benchmarking exercise had not been overly useful it was good to see that Harrow was not out of line with the rest of the world. It was suggested that it might be appropriate to see if the London Collective Investment Vehicle (CIV) could carry out a benchmarking exercise.

RESOLVED: That the report be noted.

53. Information Report - Pension Fund Committee Meeting 9 March 2016

The Board received a report which detailed matters considered by the Pension Fund Committee on 9 March 2016 and invited comments.

Members of the Board who had attended the meeting of the Pension Fund Committee the previous week expressed concern in relation to local investment and the building of houses. A member stated that he would wish to see independent advice on the governance of this issue and this view was endorsed by the Chair of the Board.

RESOLVED: That the report be noted.

54. Information Report - London Borough of Harrow Pension Board: Draft Annual Report to Council 2016

The Board agreed to consider an information report in relation to the London Borough of Harrow Pension Board: Draft Annual Report to Council 2016 as urgent for the reasons set out on the supplemental agenda.

The officer introduced the report which advised the Board of a need to prepare a report on their work for presentation at Full Council on 22 September 2016. He asked the Board to consider what they would wish to be included in the report. The Director of Finance added that whilst a factual outline had been drafted for the Board, the report itself had to come from the Board members.

The Board commented:

- the report needed to include a flavour of the work done;

- the membership was for three years and if it changed at that point there was concern that work would have to be started again;
- there were a number of new Members on the Pension Fund Committee who would therefore need to develop their knowledge of the subject matter;
- the Pension Fund Committee needed to value the Board and its work and development of a relationship would be beneficial. Joint training or presentations outside the formal meeting process may assist with this;
- the Chair of the Pension Fund Committee was welcome to attend the Board.

The Chair undertook to draft the report and to circulate it to Board colleagues for their input.

RESOLVED: That the report be noted.

55. Information Report - Work Programme 2016/17

The Board received a report which provided a suggested work programme to the end of the 2016/17 financial year.

The officer advised that he had requested that the Authority's Pensions Manager provide the Board with monitoring information on the administration of the Pension Fund. It was suggested that the work programme also include consideration of the Board's terms of reference.

The Chair suggested that a joint meeting with the Pension Fund Committee be convened in September for the consideration of the actuarial variation.

RESOLVED: That the report be noted and the work programme be amended in line with the Board's comments.

56. Information Report - Annual Review of Internal Controls at Longview Partners

The Board received a report which set out, in summary, the contents of the latest internal controls report from Longview Partners LLP.

RESOLVED: That the report be noted.

57. Any Other Business

The members of the Board present expressed the view that they wished their meetings to be held during the day.

RESOLVED: That the next meeting of the Board be held at 2.00 pm on Wednesday 2 November 2016.

(Note: The meeting, having commenced at 2.26 pm, closed at 4.44 pm).

(Signed) RICHARD HARBORD
Chair