

PENSION BOARD MINUTES

2 NOVEMBER 2016

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

* Denotes Member present

58. Attendance by Reserve Members

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

59. Declarations of Interest

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

60. Minutes

RESOLVED: That the minutes of the meeting held on 28 June 2016 be taken as read and signed as a correct record.

61. Public Questions

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

62. Petitions

RESOLVED: To note that no petitions had been received.

63. Deputations

RESOLVED: To note that no deputations had been received.

RECOMMENDED ITEMS

64. London Borough of Harrow Pension Board: Draft Annual Report to Council 2016

The Board received a report of the Director of Finance which advised of the need to prepare a report on their work for consideration by Council.

The officer reminded the Board that an initial draft report had been considered at the previous meeting. A revised draft had subsequently been prepared for consideration.

Resolved to RECOMMEND: (to Council)

That the London Borough of Harrow Pension Board Annual Report, attached at Appendix 1, be approved.

65. Review of Terms of Reference

The Board received a report of the Director of Finance which sought views on whether Council should be requested to consider amendments to the Board's terms of reference.

A Board member stated that whilst he had no issue with the terms of reference, which had been based on a model, he was concerned that, at the end of the three year term of the Board membership, there would be no succession and therefore a loss of knowledge. For this reason he suggested that additional members be appointed in April 2017 to ensure a rotation/continuation in membership.

The Board indicated that two meetings per annum was not sufficient in order to carry out their role and that meetings should be synchronised with the Pension Fund Committee meetings. It was agreed that the terms of reference be amended to indicate that the Board would meet at least twice but no more than four times a year.

Resolved to RECOMMEND: (to Council)

That terms of reference of the Pension Board, as amended and set out at Appendix 2, be approved and incorporated into the Council's Constitution.

RESOLVED ITEMS

66. Information Report - Actuarial Valuation 2016

The Board received a presentation from Gemma Sefton, Actuary, Hymans Robertson LLP, on progress on the triennial valuation to date and on the initial whole fund results.

During the course of the presentation Board Members made a number of comments/ asked questions as follows:

- the Board were interested to see the reported increase in the number of Active members in the Fund and considered the reasons for this;
- the Pension Fund Committee had to take a view on the quantum of risk and one role of the Board was to ensure that the Committee did not take unnecessary risk;
- referring to employer contribution rates, a Board member commented that the rate had increased in terms of academies and he questioned the Council's appetite for risk. The officer responded that the SIP recognised demographic factors and discussed investment risk.

The Board thanked the Actuary for her presentation and attendance.

RESOLVED: That the report and presentation be noted.

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

The Board received a report which presented the Pension Fund Annual Report and Financial Statements for the year ended 31 March 2016 together with the Annual Audit Letter 2015/16 of the auditors KPMG and provided answers to queries raised by the Board at their previous meeting.

The officer reported that whilst the Council was pleased with the Auditor's view on the Pension Fund Accounts, the Auditor had made one recommendation in relation the Pension Fund in that the Regulations required that all pension schemes have their own bank accounts with effect 1 April 2011. To fully implement this would require a change to the software package used by the Council. A Board member questioned why this recommendation had not been actioned and whether there was any material risk. The officer responded that a separate bank account had been opened, in accordance with the legislation, and transactions had been processed through that account including pensioners' payroll, transfers in and out of the Fund, lump sum and death benefits payments, the receipt of contributions from admitted and scheduled bodies and income from the property investment manager. Each month, Pension Fund related expenditure and income items in the Council's bank account were identified and a monthly cash transfer made from the Council to the Pension Fund.

The Board noted the requirement of the Auditor and agreed with their recommendation in terms of a separate bank account. The Board accepted, however, that the risk was probably small in Harrow. A Board member expressed the view that the Board should have oversight of the Pension Fund Account.

RESOLVED: That

- (1) the report be noted;
- (2) the Auditor's recommendation that the Pension Fund have its own separate bank account, in line with the Local Government Pension Scheme (Management and Investment Funds) Regulations 2009, be supported.

68. Information Report - Status of Pension Board/ Insurance Arrangements

The officer introduced a report which advised the Board of its formal status and requested members to consider the insurance implications arising therefrom. He sought the Board members views as to whether quotes should be sought for liability insurance.

The Board sought clarification as to what other Pension Boards did in terms of insurance. One member stated that at a recent conference it had appeared that many Boards had purchased insurance cover.

RESOLVED: That

- (1) the report be noted;
- (2) the Treasury and Pension Fund Manager seek quotes for £10m cover, with no excess, for a fee in the region of £20,000.

69. Information Report - The Local Government Scheme (Management and Investment of Funds) Regulations 2016

The Board received a report which advised of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 which came into effect on 1 November 2016.

In response to a question in relation to pooling, the officer stated that there had been debate as to whether the Regulations had come in to force but that the advice was to assume that they were in operation.

The Chair drew attention to Regulation 6, Separate Bank Account.

RESOLVED: That the report be noted.

70. Information Report - Statement of Investment Principles/Investment Strategy Statement

The Board received a report which advised of the Local Government Pension Scheme – Guidance on Preparing and Maintaining an Investment Strategy Statement.

The officer reported that the Collective Investment Vehicle (CIV) had offered London Boroughs the opportunity to use their template for the paragraph on environmental, social and governance matters.

RESOLVED: That the report be noted.

71. Information Report - Pension Fund Committee Meetings: 21 June 2016 and 6 September 2016

The Board received a report which set out matters considered by the Pension Fund Committee at its meetings on 21 June 2016 and 6 September 2016.

The Board commented that Minute 136 stated that Active membership had decreased which was contrary to the presentation given by the Actuary earlier in the meeting. The officer undertook to raise this with the Actuary and to advise Board members accordingly.

RESOLVED: That the report be noted.

72. Information Report - Performance Monitoring

The Board received a report which presented the currently available performance monitoring information.

The Board commented:

- key performance indicators should be relevant and further information was required before any were set. The officer undertook to establish which performance indicators were used by other Boards and to report back to the next meeting;
- the number of complaints should be included;
- the Pension Board should receive the annual newsletter.

RESOLVED: That the report be noted and a further report be submitted to the Board in relation to performance indicators.

73. Information Report - Compliance with The Pensions Regulator Code of Practice

The Board received a report which set out The Pensions Regulator's "Code of Practice no 14" entitled Governance and administration of public service pension schemes, summarised the Fund's compliance with it and invited their comments.

Having considered Harrow's position in relation to the guidance, the Board commented that Harrow was acting within the spirit of the law but that the guidance indicated why it was necessary for Board members to have insurance. The officer advised that he would be submitting a report on a breaches policy to the next meeting of the Committee as that was the only area where Harrow was not meeting the requirements.

RESOLVED: That the report be noted.

74. Information Report - Knowledge and Understanding of Local Government Pension Scheme

The Board received a report of the Director of Finance which detailed the requirements in respect of knowledge and understanding of the Local Government Pension Scheme as set out by CIPFA and The Pensions Regulator. Members were requested to consider how they wished to comply with these requirements.

The officer reported that he kept a spreadsheet of the training opportunities that he became aware of and undertook to report back to the Board on the training undertaken by members. Attendance at training and seminars demonstrated that the Board were keeping up to date in terms of knowledge and understanding.

RESOLVED: That the report be noted.

75. Information Report - Work Programme 2016-17

The Board considered their work programme to the end of the 2016/17 financial year.

The Board commented that

- the Breaches Policy should be included in the work programme;
- a meeting was needed in the Spring in order to comment on the triennial valuation;
- their meetings be held at 2.00 pm.

RESOLVED: That

(1) subject to the inclusion of the Breaches Policy, the work programme 2016-17 be noted;

(2) the next meeting of the Board be held at 2.00 pm on 7 March 2016.

(Note: The meeting, having commenced at 2.02 pm, closed at 4.27 pm).

(Signed) RICHARD HARBORD
Chair