

PENSION BOARD MINUTES

22 MARCH 2018

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

- * Denotes Member present
- † Denotes apologies received

130. Attendance by Reserve Members

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

131. Declarations of Interest

RESOLVED: To note that there were no declarations of interests made by Members.

132. Minutes

RESOLVED: That the minutes of the meeting held on 8 November 2017, be taken as read and signed as a correct record.

133. Public Questions, Petitions and Deputations

RESOLVED: To note that none were received.

RESOLVED ITEMS

134. Pension Fund Committee Meetings November 2017 and March 2018

The Board received a report of the matters considered by the Pension Fund Committee at its meetings on 21 November 2017 and 7 March 2018.

The Board reviewed the Communications Policy Statement, Funding Strategy Statement, Investment Strategy Statement and Governance Compliance Statement. It was noted that the Statements were revised subsequent to actuarial revaluation or a change in direction or strategy. The officer advised that the only major change had been the allocation review updating of the Investment Strategy and changes to the corresponding tables.

In regard to the Governance Compliance Statement, the Board expressed the view that it could not be fully effective in undertaking its role without access to all the discussions of the Pension Fund Committee. The Chair referred to the legal advice from HB Public Law that had prevented his attendance during the private (Part II) part of the Pension Fund Committee meetings. The Board reiterated its disagreement with the ruling stating that other Authorities allowed such attendance. The Chair undertook to discuss the matter with CIPFA and report back on the view of the Pensions Panel. The Panel agreed to the inclusion of a further report on Governance on the agenda for the next meeting to enable consideration of feedback from other authorities.

In response to questions from the Board it was noted that the Pension Fund Committee met quarterly and that any decisions required between meetings were delegated to officers in consultation with the Chair and reported to the next meeting of the Committee. In response to a request from the Chair, the officer undertook to ensure that the minutes of the Pension Board were regularly included on the agenda to the Pension Fund Committee

In response to questions on the impact of the transfer of Harrow College to the London Borough of Hillingdon Pension Fund, members were advised by the Chair that at the time of transfer it was fiscally neutral although no modelling of future demographics had taken place. The assets of Harrow College at the calculated transfer date had been valued at 3% of the Harrow Pension Fund at £30.4m. It was noted that the part liquidation of assets had helped fund the transfer with the balance met from cash.

An officer stated that there was one item that he wished to bring to the attention of the Board: the exemption to the Currency Hedging Regulatory

Implications of European Market Infrastructure Regulation (EMIR) had resulted in the continuation of the status quo.

Following questions and comments from Board Members the officer advised that:

- the Board's relationship with the London Collective Investment Vehicle (CIV) was by way of the Pension Fund Committee. Due to a restructure, the main group of 33 representatives (one per Borough) had been replaced by a smaller group of eight members and four treasurers together with an annual meeting of all member boroughs. The Chair stated that the London CIV had got off to a fast start prior to agreement of the pension pool regulations. It remained to be seen how the smaller representation could be agreed to the satisfaction of all boroughs. The Chair undertook to circulate a presentation from a session that he had attended on the pension boards and pooling;
- the Board did not have a risk register but tended to review the Pension Fund Committee risk register. The Chair stated that the main risk was not reporting breaches that the Board was aware of.

RESOLVED: That the report be noted.

135. Performance Monitoring to 31 December 2017

The Board received a report of the Director of Finance which set out performance monitoring information for the quarter ending 31 December 2017, together with an updated appendix.

Following questions and comments from Board Members, the officer advised that:

- the appendix indicated performance against both the national benchmarking targets and the more rigorous Harrow targets. Compliance with national benchmarking targets had been achieved;
- the officer undertook to review any complaints regarding delays and to report back to the Board with regard to both formal complaints and complaints on the standard of service. The Chair suggested that the annual report discussion include the review of complaints;
- the Board requested the statistics regarding the number of ill health retirements in the past year.

The Board expressed appreciation of the good Harrow performance and commended the officers involved.

RESOLVED: That the report be noted.

136. Pension Fund Bank Account Controls and Segregation of Funds

The Board considered a report, requested at its last meeting, which provided further information on the segregation of pension fund monies and the controls over funds not processed initially through the pension fund bank account. It outlined how funds due to the Pension Fund were accounted for and controlled prior to the transfer to the Pension Fund Bank Account.

The officer presented the General Fund Reconciliation for February 2018 and the Reconciliations and Controls Summary. It was noted that the Council paid the Pension Fund for interest earned on funds due to the Pension Fund but held temporarily in the Council's main bank account. The Board was informed that, in closing the 2016/17 report, the external auditor had accepted that it was not cost effective for the administering authority to maintain a complete separation of all accounting transactions.

In response to questions, the Board noted that:

- the contribution sum paid varied from month to month due to Pension Fund expenses;
- the transfer of funds from the Harrow Pension Fund to the Hillingdon Pension Fund with regard to Harrow College had been a separate transfer;
- Pension PAYE costs in relation to pension payroll was paid from the Council's bank account but recharged monthly to the Pension Fund;
- the officer undertook to clarify the reason for the increase in the October 2017 balance in comparison to other months;
- the £11.85 miscellaneous code identified any sums not allocated to a specific code.

RESOLVED: That the report be noted.

137. Work Programme 2018-19

The Board considered its work programme up to the end of the 2018/19 financial year.

An officer summarised the achievements in the 2017-18 financial year and updated the current position. The Chair highlighted that consideration of environmental, social and governance issues should be included for future meetings. As the work programme content for 2018-19 would be influenced by the needs of any newly appointed Pension Board Members, Board Members were asked whether they wished to continue to serve on the Board. All indicated that they would be willing to continue.

Pension Board meeting dates for the 2018/19 municipal year were noted. The Chair stated that the optimum timings were prior to Pension Fund

Committee and such as to enable comment on reports being submitted to the Committee. The Board agreed that agenda items for the meeting on 14 June should include: a review of the previous three years with clear objectives for going forward, training and succession planning. The minutes of the 14 June meeting would be submitted to the Pension Fund Committee on 27 June 2018.

RESOLVED: That the report be noted.

138. Any Other Business

The Board agreed that discussion on training and succession planning should be considered as items of any other business.

Training

The Board agreed that proposals for a programme of training for 2018/19 should be considered at the next meeting. The officer undertook to notify the Board Members of any suitable training opportunities in the interim. Members were asked to identify any training needs for inclusion in the programme.

The Chair stated that he had not yet completed the online training available on the Pension Regulator's website but would do so. The officer undertook to resend the link to the training to the other Board Members. The Chair reported that he had sent the officer a copy of his training log and suggested that all members of the Board maintain such a log. The officer undertook to circulate a template for recording training.

A training session arranged for 27 June 2018 on investments for new Members of the Council was noted.

Succession planning

In response to a question, the Board was advised that members of the Pension Board were appointed for three years. Members were appointed on a rotational basis with effect from April 2017. A Member of the Board stated that the Harrow Board was smaller than most which made the achievement of a quorum and succession planning more difficult.

A discussion arose on the remuneration paid to the Board. The Chair stated that the remuneration varied greatly across Local Authorities with many paying a similar sum to Harrow. He suggested that the next annual report refer to the increase in the number of meetings from two to four a year and to set out how the Board's services could be better used.

(Note: The meeting, having commenced at 2.00 pm, closed at 3.42 pm).

(Signed) RICHARD HARBORD
Chair