

PENSION FUND COMMITTEE

MINUTES

12 SEPTEMBER 2018

Chair:	* Councillor Nitin Parekh	
Councillors:	* Norman Stevenson	* Antonio Weiss
	* Bharat Thakker	
Co-optee (Non-voting):	* Howard Bluston	
Trade Union Observers:	* John Royle	Pamela Belgrave
Independent Advisers:	* Mr C Robertson	Independent Adviser
	* Honorary Alderman R Romain	Independent 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: To note that the following interests were declared:

All Agenda Items

Councillor Norman Stevenson declared a non-pecuniary interest in that he was a Director of Cathedral Independent Financial Planning Ltd, and that he had clients who were past and present members of the Harrow Pension Scheme. His wife was a member of Harrow Council's Pension Scheme. He would remain in the room whilst the matters were considered and voted upon.

Councillor Bharat Thakker declared a non-pecuniary interest in that he had a personal investment made by Standard Life. He would remain in the room whilst the matters were considered and voted upon.

Howard Bluston, non-voting co-optee, declared non-pecuniary interests in that he had previously worked with AON Hewitt and that he knew a number of Fund Managers, including BlackRock. He would remain in the room whilst the matters were considered and voted upon.

Colin Cartwright, Aon Hewitt, declared that his wife had a small investment in GARS. He would remain in the room whilst the matters were considered and voted upon.

Colin Robertson, Independent Adviser, declared that he and his mother had personal investments in GARS. He would remain in the room whilst the matters were considered and voted upon.

20. Minutes

RESOLVED: That the minutes of the meeting held on 27 June 2018 be taken as read and signed as a correct record subject to the following amendment:

Minute 16 – Investment Manager Performance Monitoring for period ending 31 March 2018

Paragraph 2, line 6 – insert full stop after ‘sectors such as oil were excluded’ and delete remainder of paragraph.

21. Public Questions

RESOLVED: To note that no public questions were received.

22. Petitions

RESOLVED: To note that no petitions had been received.

23. Deputations

RESOLVED: To note that no deputations were received at this meeting.

RESOLVED ITEMS

24. Appointment of Non-Voting Co-optee

RESOLVED: To note that Howard Bluston had been appointed as a non-voting co-optee on the Pension Fund Committee for the Municipal Year 2018/19 under the same arrangements as 2017/18 with no advisory or representative duties attached to the role.

25. Pension Fund Committee - Update on Regular Items

The Committee received a report of the Director of Finance which provided an update on the work programme, the performance of Fund Managers, issues raised by the Pension Board and the external audit opinion of the Pension Fund Annual Report and Statement of Accounts for 2017/18.

An officer outlined the content of the report and advised that the Pension Regulator would be making a presentation to the Pension Board at their meeting on 20 September 2018. Members of the Committee were invited to attend this meeting.

In terms of the transfer of the passive equity funds held with State Street Global Advisors Ltd to BlackRock, the officer advised that the transition had commenced on 7 September 2018. Monies had been transferred but the governance arrangements were yet to be finalised.

In discussing the report, members of the Committee and Independent Advisers made the following comments:

- the Committee agendas were 'light' and there needed to be a greater overview of the Fund;
- there was a need to understand Harrow's modelling in relation to the Fund including liability, deficit, asset allocation and the role of the Committee;
- training for the Committee should be extended in terms of time allowed and perhaps start at the earlier time of 5.00 pm or alternatively start the formal Committee meeting at the later time of 7.00 pm. In addition, officers were requested to clarify to fund managers and the CIV (Collective Investment Vehicle) that such training was not part of the formal Committee meeting;
- a specific training session on which funds should be moved to the CIV would be helpful.

The officer sought the Committee's views as to the date of the 'Meet the Manager' session and the fund managers that should be requested to attend. Colin Cartwright, AON Hewitt, suggested that consideration be given to the direction of travel, and in particular whether the Council was looking to transfer to the CIV funds managed by the manager. He added that the Committee needed to be clear on the priorities in terms of meeting the managers.

A Member expressed the view that revisiting existing fund managers at the 'Meet the Manager' event would not add any value unless transferring them to the CIV was to be considered. An observer added that the Committee should meet those fund managers with a record of poor performance whilst an Independent Adviser suggested that the prospective London CIV infrastructure manager be invited to attend if this was possible.

The Committee agreed that the 'Meet the Manager' event be held from 1.00 pm – 6.00 pm on Monday 5 November 2018. Prior to this Members agreed that they hold an informal meeting at 5.30 pm on Monday 8 October 2018 in order to determine the priorities for the 'Meet the Manager' day and to confirm the fund managers to be invited on 5 November. Colin Cartwright, AON Hewitt, undertook to prepare a proposals paper setting out options or gaps.

RESOLVED: That

- (1) the work programme for the period up to March 2019 be agreed;
- (2) the 'Meet the Manager' event be held from 1.00 pm – 6.00 pm on Monday 5 November 2018;
- (3) the interviews for Investment Consultant be held from 1.00 pm – 6.00 pm on Monday 12 November 2018.

26. Information Report - Quarterly Trigger Monitoring Q2 2018

The Committee received report from the Fund's investment advisers, Aon Hewitt, on Quarterly Trigger Monitoring.

Members noted that the funding level as at 30 June was 80% and that liabilities had remained reasonably flat. A Member suggested that an explanation of this be included in future reports and both the officer and Colin Cartwright, Aon Hewitt, undertook to discuss this with Hymans Robertson. In terms of preparation for Brexit, Aon Hewitt would prepare a generic report for the Committee's consideration. Colin Robertson, independent adviser, reminded the Committee that the valuation of the Fund would potentially take place on the same day as Brexit, that is 31 March 2019.

The Committee requested that the risk register be submitted to the next meeting.

RESOLVED: That the report be noted.

27. Performance Measurement Services

The Committee received a report provided by Pension and Investment Consultants Ltd (PIRC) which analysed the fund's performance.

Colin Robertson, independent adviser, informed the Committee that PIRC undertook peer review across a large number of local authorities. They also measured the performance of the Harrow Fund against the strategic benchmark. However, this was done for only a small number of local authorities and this may have led to his concerns as to PIRC's ability to compare the Fund against the benchmark.

In response to a Member's question as to whether there was any benefit to the benchmark comparison work PIRC undertook for Harrow, Colin Robertson

advised that such work was usually carried out by the fund's custodian but that Harrow did not have a custodian. Comparison with the benchmark was essential information for the Committee. He indicated that he had questions about the latest set of figures which would be forwarded to PIRC.

Having agreed to amend the recommendation, it was

RESOLVED: That

- (1) the report from PIRC be noted;
- (2) the Committee defer advising on the format and presentation until the appointed consultant could provide advice.

28. Exclusion of 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 for the reasons set out below:

<u>Item</u>	<u>Title</u>	<u>Reason</u>
13.	London Collective Investment Vehicle Investment Strategy and Pooling Update	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 Performance Monitoring for the period ending 30 June 2018	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

29. London Collective Investment Vehicle Investment Strategy and Pooling Update

The Committee received a confidential report which advised of the actions taken to invest passive equity in the London Collective Investment Vehicle and asked Members to consider next steps required to manage the Fund investment strategy which would meet the requirement to invest through the London Collective Investment Vehicle.

RESOLVED: That the actions taken by London CIV to improve engagement and communication starting by consulting with the member boroughs of the London CIV on asset classes and asset strategy be noted.

30. Information Report - Investment Manager Performance Monitoring for period ending 30 June 2018

The Committee received a confidential information report which set out Aon Hewitt's quarterly report on Harrow's investment managers.

Richard Romain, independent adviser, suggested that the Sharp Ratio be included in a training session to ensure that the Committee had an understanding of this measure.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 6.30 pm, closed at 7.56 pm).

(Signed) COUNCILLOR NITIN PAREKH
Chair