

# **PENSION BOARD**

## **MINUTES**

### **5 DECEMBER 2018**

**Chair:** \* Mr R Harbord

**Board Members:** \* Councillor James Lee Harrow Council, Employer Representative  
\* Gerald Balabanoff (VC) Scheme Members' Representative - Pensioners  
John Royle Scheme Members' Representative - Active Members

\* Denotes Member present

#### **15. Declarations of Interest**

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

#### **16. Minutes**

**RESOLVED:** That the minutes of the meeting held on 3 October 2018 be taken as read and signed as a correct record.

#### **17. Public Questions/Petitions/Deputations**

**RESOLVED:** To note that none were received.

## RESOLVED ITEMS

### 18. Information Report - Pension Fund Committee Meeting 27 November 2018

The Board received a report of the Director of Finance, which set out the matters considered by the Pension Fund Committee at its meeting on 27 November 2018.

An officer informed the Board that due to the proximity of the meetings, the minutes of the Pension Fund Committee were not available for circulation to the Board. The officer provided the following summary on the business considered at the Pension Fund Committee:

- the Fund's diversification had been achieved by investing globally;
- the Pension Fund Committee had raised concerns with PIRC's work on performance and the quality of data provided. The Board was informed that PIRC would be invited to attend the next ordinary meeting of the Committee scheduled to be held on 12 March 2019 to discuss the concerns of the Committee;
- a training session to discuss the risks in detail would be held on 16 January 2019. Members of the Board would be invited to the training as it would provide an opportunity for members to comment on the Risk Register;
- the discussion on the Local Government Pension Scheme Amendment Regulations had concentrated on the ability of employers to access surplus on exit of its members. The officer reported that, to date, one contractor had terminated its contract with Harrow and a surplus of £18,000 had been paid to the contractor. In response to questions, the officer stated that employers could potentially benefit from the volatility of the financial markets. However, if the Fund was in deficit, the contractor would have to pay back into the Fund;
- the performance of a fund manager would be discussed further at a special meeting of the Pension Fund Committee scheduled to be held on 16 January 2019;
- the process for the provision and re-procurement of Investment Consultancy Services was ongoing and the Pension Fund Committee had delegated the decision to the Director of Finance following consultation with the Chair of the Committee;
- attendance of the Chair of the Board during consideration of confidential business at meetings of the Pension Fund Committee had been raised and that the Chair of the Committee had referred to the advice previously received from HB Public Law, which the Committee needed to adhere to – Minute 272 of 7 March 2018 meeting of the Pension Fund Committee referred.

The Board expressed their concerns on the advice of HB Public Law regarding access to the private session of the Pension Fund Committee given that many other local authorities gave access. A member asked if the Board could obtain independent advice. Another member suggested that as the employer representative, he would have access to the meeting of the Committee and whether the Constitution needed amending. The Chair requested reasons from HB Public Law to be provided to the Board given that the Pension Regulator had given a view that the Board should be allowed access to such confidential papers.

The Board requested that they be advised of topics of all training sessions so that they could decide on the relevance of it for the purposes of their work area. The officer circulated a document to the Board setting out the training sessions.

**RESOLVED:** That the report be noted and HB Public Law be requested to provide the reasons why the Board could not access the private session of the Pension Fund Committee.

## **19. Information Report - Performance Monitoring**

The Board received a report of the Director of Finance, which set out the performance monitoring information for the quarter ended 30 September 2018.

An officer introduced the report and asked the Board to note that the Guaranteed Minimum Pension Reconciliation exercise had been completed and agreed with HMRC before the 31 December 2018 deadline.

The Board commended the work carried out by officers and considered it to be a great achievement, particularly as it had been completed at no cost to the Council/Fund and without reliance on external support other than incurring a small fee for the appropriate software.

The officer thanked members for their comments, which he would report back to his team. He explained that of the 9,000 records reconciled, there were 11 cases overpaid on pension increases in the Harrow scheme. These had now been corrected. The Board noted that officers had taken guidance from the HMRC on the latter and their advice had been that it was not appropriate to pursue a payback as the amounts were relatively small.

With reference to internal complaints, the Board noted that one case remained outstanding and the decision on it would be reported back to the Board.

**RESOLVED:** That the report be noted and officers be commended for their work on the project to reconcile the scheme records with the HMRC.

## **20. Information Report - Work Programme 2018-19 and Pension Board Three Year Review**

The Board received a report of the Director of Finance, which reviewed the Board's actions over the last three years and invited the Board to comment on a suggested work programme for the remainder of the Municipal Year 2018-19.

Members of the Board suggested that following matters ought to be reviewed in 2019: external audit plan, communications policy and governance issues. They also referred to the need to review the investment strategy with a view to considering the approach taken on environmental, social and governance issues.

In response to questions on the impact of Brexit on the Fund and its impact on the risk register, a document that was submitted to the Pension Fund Committee and circulated to the Board for information only, the Board was advised that the Fund's allocation and diversification within global equities would help minimise any adverse impact. Currency hedging would help manage volatility in the financial markets.

A member of the Board queried whether the ownership of the risk register ought to rest with the Pension Fund Committee instead of the Director of Finance (Section 151 Officer) on the basis that decisions on investments were made by the Committee. He acknowledged that there were a myriad of risks that ought to be owned by the Director of Finance but not those relating to investments.

The Chair stated that he would look at the guidance from CIPFA in this regard. The officer undertook to take this matter back to his Director. The officer reported that this point could also be raised at the training session to be held on 16 January 2019 prior to the special meeting of the Pension Fund Committee.

**RESOLVED:** That the report be noted, including the comments set out in the preamble above.

## **21. Information Report - Local Pension Board Governance and Administration Survey 2018**

The Board received a report of the Director of Finance on the receipt of a Public Service Governance and Administration Survey 2018 survey which had been commissioned by the Pensions Regulator and invited the Board to make comments for inclusion in the survey response.

An officer referred to the survey and highlighted the sections where the Board's input was required. Members of the Board indicated their preferences on Sections B, H, I, and J. They also suggested comments that could be included in the survey. The officer stated that a draft would be circulated to the Chair prior to it being sent to the Pensions Regulator.

**RESOLVED:** That the report be noted and that a draft of the survey response be circulated to the Chair prior to it being submitted to the Pensions Regulator.

## 22. Any Other Business

### Date and Start Time of the next meeting of the Pension Board

A member of the Board requested that the start time of the 28 March 2019 meeting of the Board be delayed to 6.30 pm. Another member stated that he had no objection to this request because it was important to ensure that a quorum was present to allow the Board to conduct its business.

Members noted that the vacancy for an employer representative (scheduled and admitted bodies) remained unfilled. An officer responded that a person had been identified but he was seeking permission before the appointment could be made by full Council.

The Chair undertook to confirm if he was available for a later start. Otherwise, the date of the meeting, including its start time, would need to be moved.

**RESOLVED:** That it be noted that the start time and/or the date of the next meeting be moved subject to the Chair's confirmation on his availability and any further consultation with members of the Board.

(Note: The meeting, having commenced at 2.00 pm, closed at 2.48 pm).

(Signed) RICHARD HARBORD  
Chair