

Pension Board AGENDA

DATE: Thursday 26 September 2019

TIME: 6.30 pm

VENUE: Committee Room 5, Harrow Civic Centre, Station Road, Harrow, HA1 2XY

MEMBERSHIP (Quorum 3, including at least one Employer representative and one Scheme Member representative).

Chair: Mr R Harbord

Board Members:

Councillor James Lee	Harrow Council, Employer Representative
Gerald Balabanoff (VC)	Scheme Members' Representative - Pensioners
Vacant	Scheme Members' Representative - Active Members
Vacant	Employer Representative – Scheduled and Admitted Bodies

Contact: Nikoleta Nikolova, Senior Democratic and Electoral Services Officer
Tel: 020 8424 8284 Email: nikoleta.nikolova@harrow.gov.uk

Useful Information

Meeting details:

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Agenda publication date: Wednesday 18 September 2019

AGENDA - PART I

1. DECLARATIONS OF INTEREST

To receive declarations of disclosable pecuniary or non pecuniary interests, arising from business to be transacted at this meeting, from:

- (a) all Members of the Committee;
- (b) all other Members present.

2. MINUTES (Pages 5 - 8)

That the minutes of the meeting held on 11 July 2019 be taken as read and signed as a correct record.

3. PUBLIC QUESTIONS *

To receive any public questions received in accordance with Committee Procedure Rule 17.

Questions will be asked in the order in which they were received. There will be a time limit of 15 minutes for the asking and answering of public questions.

The deadline for receipt of public questions is 3.00 pm, Monday 23 September 2019. Questions should be sent to publicquestions@harrow.gov.uk

No person may submit more than one question.

4. PETITIONS

To receive petitions (if any) submitted by members of the public/Councillors under the provisions of Committee Procedure Rule 15 (Part 4B of the Constitution).

5. DEPUTATIONS

To receive deputations (if any) under the provisions of Committee Procedure Rule 16 (Part 4B) of the Constitution.

6. PENSION FUND COMMITTEE MEETINGS 11 SEPTEMBER 2019 (Pages 9 - 24)

Report of the Director of Finance

7. PENSION ADMINISTRATION PERFORMANCE MONITORING (Pages 25 - 30)

Report of the Director of Finance

8. REVIEW OF PENSION BOARD REPRESENTATION AND TERMS OF REFERENCE (Pages 31 - 40)

Report of the Director of Finance

9. PENSION BOARD DRAFT ANNUAL REPORT 2018-19 (Pages 41 - 50)

Report from the Director of Finance

10. PENSION BOARD WORK PROGRAMME 2019-20 AND EXTERNAL AUDIT COMPLETION REPORT (Pages 51 - 72)

Report of the Director of Finance

11. ANY OTHER BUSINESS

Which cannot otherwise be dealt with.

AGENDA - PART II

Nil

*** DATA PROTECTION ACT NOTICE**

The Council will audio record item 4 (Public Questions) and will place the audio recording on the Council's website, which will be accessible to all.

[**Note:** The questions and answers will not be reproduced in the minutes.]

PENSION BOARD MINUTES

11 JULY 2019

Chair: * Mr R Harbord

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

* Denotes Member present

37. Declarations of Interest

RESOLVED: To note that the following interests were declared:

All agenda items

Gerald Balabanoff declared a non-pecuniary interest in that he was in receipt of a Harrow pension. He would remain in the room whilst the matters were considered and voted upon.

38. Minutes

RESOLVED: That the minutes of the meeting held on 28 March 2019, be taken as read and signed as a correct record.

39. Appointment of Vice Chair

RESOLVED: To appoint Gerald Balabanoff as Vice-Chair of the Board for the 2019/2020 Municipal Year.

40. Public Questions, Petitions and Deputations

RESOLVED: To note that none were received.

RESOLVED ITEMS

41. Pension Fund Committee Meeting - 26 June 2019

The Board considered the minutes of the Pension Fund Committee meeting held on 26 June 2019 which were circulated at the meeting.

A copy of the new investment and management performance dashboard report prepared by Aon which was discussed by the Committee was also circulated to the Board. It was noted that the dashboard brought together all elements of the Pension Fund as of 31 March 2019 on two pages. The officer stated that the intention was to produce the dashboard on a quarterly basis and as part of this to flag up any potential risks. The Board noted that the Fund was on track regarding improving performance and the longer term performance was good. The Board noted the move into cash manager in order to derisk and ensure protection against volatility

The officer drew the attention of the Board to the following:

- the holding in Aberdeen Standard Investments had been sold in April 2019 and the funds had been invested in fixed income multi-asset credit fund managed by the London CIV (Collective Investment Vehicle);
- the disinvesting in Pantheon (no new investment) as it was maturing and had served its purpose;
- commercial property was in review partly because of the management restructure from Aviva to LaSalle;
- Longview was an equity manager with a small number of stocks for a long period which had done extremely well.

With regard to minute 81 on the Actuarial Valuation 2019, the Chair indicated that he had attended the training prior to the Committee meeting and would like to be present for the discussion on the issue of assumptions.

RESOLVED: That the report be noted.

42. Pension Administration Performance Monitoring

The Board received a report on performance monitoring information for the quarter ending 31 March 2019.

An officer stated that the actuarial valuation year reports had verified that the administration had been accurate and complete. The performance of the team that undertook pension administration had been good with records complete and correct, and submitted well in advance. The Pension Fund was maturing in comparison with the previous year.

The Chair stated that he was always impressed by pension administration in Harrow and noted that there had been no known breaches of law or internal disputes in the current financial year.

RESOLVED: That the report be noted.

43. London Borough of Harrow Pension Fund: Draft Annual Report and Financial Statements for Year Ended 31 March 2019

The Board received the draft Pension Fund Annual Report and Financial Statements for the year ended 31 March 2019. It was noted that during the financial year the net assets of the Fund had increased from £816.1m to £851.3m.

An officer reported that the audit process had resulted in an expected clean audit opinion. The Statement of Accounts was due for submission to the Governance, audit, risk management and standards Committee (GARMS) the following week. The Board was advised that the Pension Fund Committee had made a number of comments mainly seeking clarification and questions regarding assumptions and methodology, some of which had been reflected in the revised set of accounts. The appointment of new Council auditors, Mazars, had resulted in the expectation of increased challenges, however no recommendations had been made. As a result of a post balance sheet variation arising from legal challenges, clarification was being sought as to whether the S151 report required variation by £1.9m. As it was below the materiality threshold no change was required from the point of view of the Council. An update on the McCloud case on pensions funding would be presented to the Board

In response to an observation by a Panel Member, the officer undertook to delete the repetition in the pension section overview on page 7 of the annual report and reference to an e) on page 6.

The Board was advised that the fund continued to mature in that benefit payments exceeded contribution and that the impact of a maturing fund would need to be reflected on in the medium and longer term. However, when investment income was taken into account cash flow remained positive. In response to a question, the officer reported that the transitional costs and fees would rise according to the size of the fund, which was a growth fund. The Chair stated the need to minimise the management fees which would reduce with the London CIV.

A Board Member referred to the costs of running the Pension Fund and asked whether they were transparent costs. The Board was advised that they were direct costs and there was a requirement in the template to show underlying costs that were not charged. The CIV was required to complete the same template.

RESOLVED: That the report be noted.

44. Pension Board Work Programme 2019-20

The Board received a report of the Director of Finance, which reviewed the Board's actions to date and invited members to comment on the suggested Work Programme for 2019-20.

The Chair referred to the need to recruit and train new Board members. The officer advised that there was an obligation to provide training for new members of the Pension Board. In addition, the Chair considered that the Board needed a training update and suggested that the training be held prior to a Board meeting. Following discussions, the officer undertook to invite an actuary to undertake training on the actuarial valuation prior to the 12 December 2019 meeting. It was agreed that Members would inform the officers of the details of any courses that they attended that they would recommend.

The Board Members expressed concern that there were two vacancies on the Board membership and discussed the problem of achieving a quorum of three when only three members had been currently appointed. The officer undertook to organise publicity to advertise the two vacancies. A Board Member referred to the employer organisations within the Harrow Pension Fund as listed in the report and suggested that a finance manager of a larger scheduled body could have the skills and interest to undertake the role. The Harrow Council Employer Representative suggested that a Reserve Member be appointed to the Board.

It was noted that, should the current number of vacancies continue, if a member could not be in attendance the meeting would not be able to proceed. Members of the Board expressed the view that the best solution was to amend the constitution in order to increase the membership of the Board. The officers undertook to accordingly examine the constitution and submit a report to the next Pension Board meeting for referral to Council.

RESOLVED: That the officers prepare a report for the next Pension Board meeting to examine the possibility of increasing the membership of the Board.

(Note: The meeting, having commenced at 7.00 pm, closed at 7.45 pm).

(Signed) RICHARD HARBORD
Chair



REPORT FOR: PENSION BOARD

Date of Meeting: 26 September 2019

Subject: Pension Fund Committee 11 September 2019

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures: Appendix 1 : Investment Dashboard
Appendix 2: Minutes of Pension Fund Committee
11 September 2019.

Section 1 – Summary and Recommendations

The report summarises the matters considered by the Pension Fund Committee at the meeting on 11 September 2019, attaches the minutes of the meeting and invites the Board to agree any comments they might wish to make to Pension Fund Committee.

Recommendation

Pension Board is requested to note the report.

Section 2 – Report

1. Matters considered by the Pension Fund Committee at their meeting on 11 September 2019

Report	Comments /Action Taken
Pension Fund Committee – Dashboard and Update on Regular items	Report noted workplan agreed. Presentation of new Performance Dashboard. See Appendix 1. Pension Fund Committee requested London CIV Chief Investment Officer be invited to present training session prior to the next Committee meeting on 26 th November .2019.
Part II	
Actuarial Valuation 2019 Update	Pension Fund Committee considered a confidential report on progress on the triennial valuation to date and the valuation assumptions underlying the funding strategy and the proposal to maintain the current stabilisation contribution strategy for the next three years.
Investment Strategy Review Outline	The Committee received a confidential report, requesting consideration of the proposed investment strategy review outline proposed for the Fund and the level of return to target within the investment strategy. It was noted that Members had received training on the Investment Strategy at an informal session held prior to the meeting.

The minutes of the Pension Fund Committee meeting from 11 September 2019 are attached as Appendix 2.

Legal Implications

2. None

Financial Implications

3. Whilst this report discusses numerous matters relevant to the financial standing of the Pension Fund there are no financial implications arising directly from it.

Risk Management Implications

4. Relevant risks are included in the Pension Fund risk register.

Equalities implications / Public Sector Equality Duty

5. Was an Equality Impact Assessment carried out? No. There are no direct equalities implications arising from this report.

Council Priorities

6. Investment performance has a direct impact on the financial health of the Pension Fund which directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 12 September 2019		

Name: Charlie Stewart	<input checked="" type="checkbox"/>	On behalf of Corporate Director
Date: 18 September 2019		

Ward Councillors notified:	NO
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Section 4 - Contact Details and Background Papers

Contact: Iain Millar, Treasury and Pensions Manager 0208 424 1432

Background Papers: None.

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Investment Dashboard

Q2 2019

Prepared by Aon

Presentation to the London Borough of Harrow Pension Fund Committee



Investment Dashboard

Funding

77.6%

Qtr ▲ 0.4%

Source: Hymans Robertson

Assets

£873m

Qtr ▲ £22m

Liabilities

£1,125m

Qtr ▲ £23m

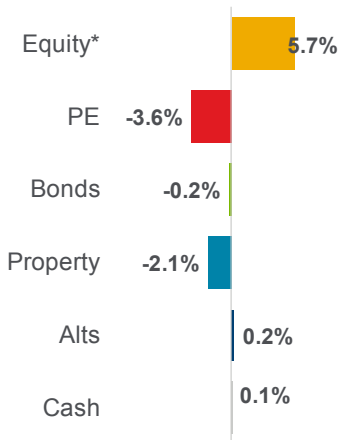
Yields & MTAA views

	Now	3yr*		5yr	
		Market Pricing	Aon View**	Market Pricing	Aon View**
Nominal	1.2%	▲ 1.4%	▲ n/a	▲ 1.5%	▲ n/a
Real	-2.3%	▲ n/a	▲ n/a	▲ -1.9%	▲ n/a
Inflation	3.6%	▲ n/a	▲ n/a	▼ 3.5%	▲ n/a

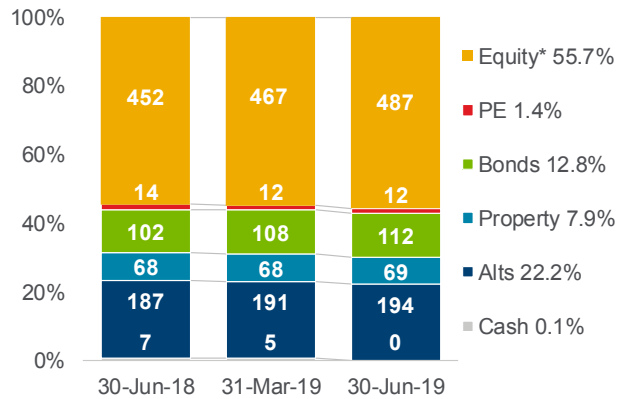
Source: Aon *3-year market pricing currently unavailable for real rate and breakeven inflation rate.
 ** Given the uncertainty surrounding Brexit Aon's Fixed Income Team has suspended its medium-term projections on rates

Asset Allocation

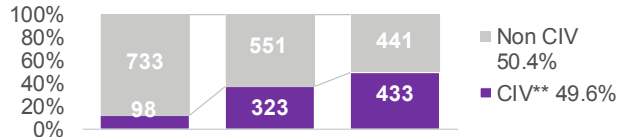
relative to strategic



Absolute



London CIV

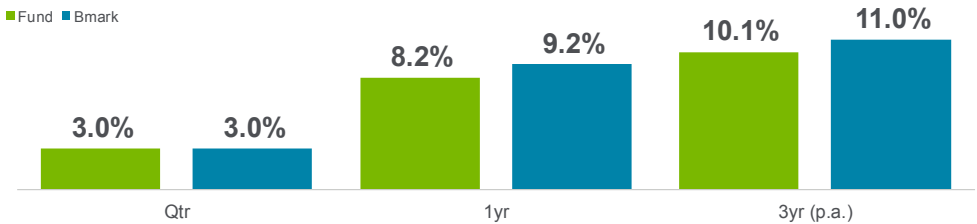


Source: London Borough of Harrow Pension Fund Officers *includes passive currency hedge ** includes passive equity (BlackRock from Q4 2018)

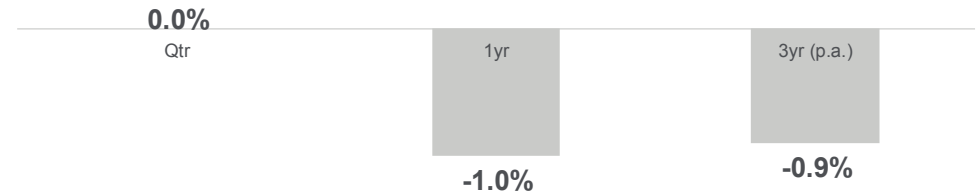
Performance

Absolute

■ Fund ■ Bmark



Relative



Fund and Benchmark Performance Source: PIRC

Managers in Focus

InReview

Qualified

Oldfield Global Equities
 GMO Emerging Markets
 BlackRock Index-Linked Gilts*
 LaSalle UK Property

Below expectations

Sell

Source: Aon

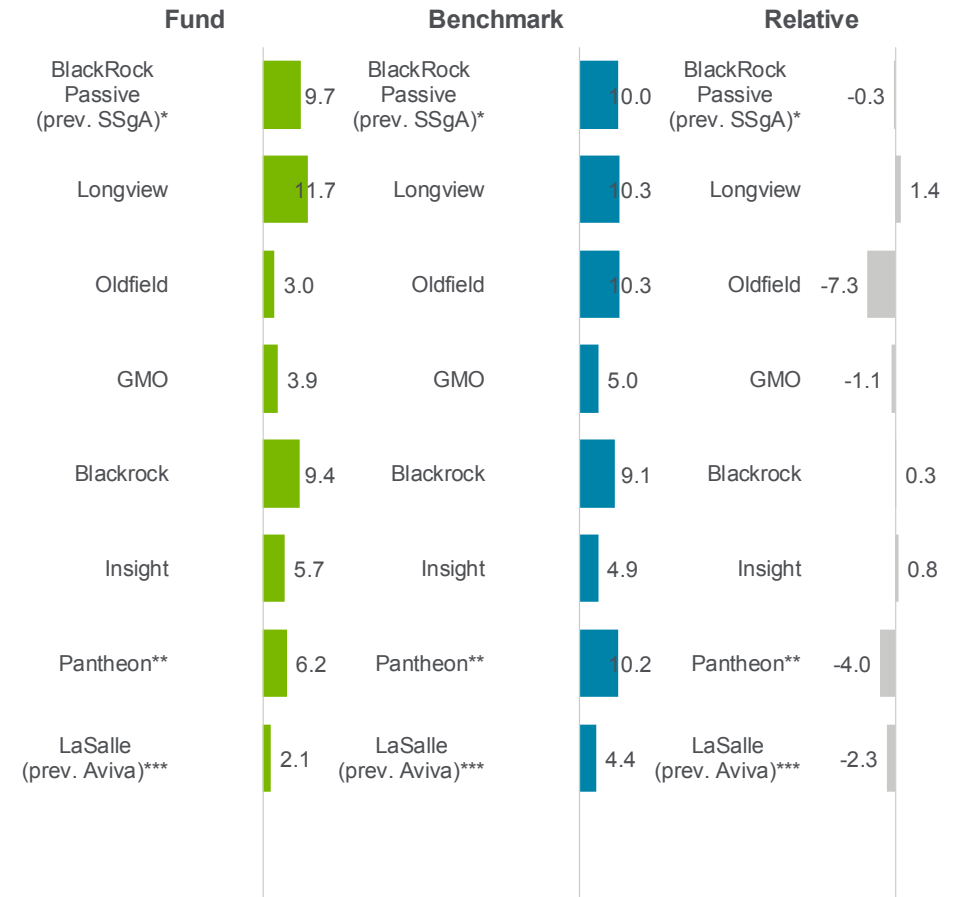
*Aon InForm Assessment

Manager Performance Dashboard

Quarterly

12 months

15



Fund and Benchmark Performance Source: PIRC

*The passive equity assets were moved from SSgA to BlackRock on 7 September 2018

**Pantheon performance uses the previous quarter value adjusted for cash flow in the month

*** Final figures not yet recieved

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PENSION FUND COMMITTEE

MINUTES

11 SEPTEMBER 2019

Chair:	* Councillor Keith Ferry	
Councillors:	Dean Gilligan	* Bharat Thakker
	* Norman Stevenson	
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
Others:		

* Denotes Member present

83. Attendance by Reserve Members

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

84. Declarations of Interest

RESOLVED: To note that the following interests were declared:

All Agenda Items

Councillor Norman Stevenson, a member of the Committee, 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.

Howard Bluston, non-voting co-optee, declared non-pecuniary interests in that he had previously worked with Aon, Council's Advisers to the Fund, and that he knew a number of Fund Managers, including BlackRock. He had also met with the asset management firm, CQS. He would remain in the room whilst all matters were considered and make contributions.

85. Minutes

RESOLVED: That, subject to the following amendments, the minutes of the meeting held on 26 June 2019 be taken as read and signed as a correct record:

- (1) Minute 72, Declarations of Interest - delete reference to interests declared by Colin Cartwright, Aon, and Colin Robertson, Independent Adviser;
- (2) Minute 78, Pension Fund Committee – Performance Dashboard and Update on Regular Items – penultimate paragraph in the preamble to read as follows: An adviser ...with the holding of illiquid assets ...'.

86. Public Questions/Petitions/Deputations

RESOLVED: To note that no public questions, petitions or deputations were received at the meeting.

RESOLVED ITEMS

87. Pension Fund Committee - Performance Dashboard and Update on Regular Items

Members received a report of the Director of Finance, together with appendices 1-5 of which appendix 4 was confidential, which set out

- the draft Work Programme inviting Members' comments and agreement;
- a new investment and management Performance Dashboard report summarising key fund performance and risk indicators, trigger monitoring report and PIRC Performance Indicators;
- the Fund's performance to 30 June 2019.

An officer introduced the report and referred the Committee to the revised Fund Valuation and Performance – March 2019 to August 2019 schedule which replaced page 37 of the agenda (appendix 5 referred). The revised schedule was tabled at the meeting in order to avail Members of the Pension Fund investment value up to 31 August 2019 as this information had not

been available at the time the agenda was published. He drew attention to the performance of Pantheon and La Salle Fund Managers. A representative of Aon, Council's Advisers to the Fund, explained the reasons behind the uncertainty in the equity market. However, of significance was the fall in gilt yields due to the Fed's monetary policy approach.

In response to a question from an Independent Adviser in respect of Minute 58 (resolution 1, rebalance to the Strategic Benchmark Allocation by redeeming 5% across all equity holdings and the cash holding to be held within Blackrock to sit within the London CIV) and the further discussion at Minute 78, and whether resolution 1 had been actioned, the officer stated that it had been actioned in part only. A sum of £25m circa 3% of the value of the Fund had been moved into cash. Discussions with the London CIV (Collective Investment Vehicle) were continuing with a view to transferring the Longview Funds held if other London Boroughs wished to invest and planned investment in the infrastructure sub-fund once it was opened for new investment. An Independent Adviser stressed the importance of not delaying the reduction in the equity holding.

The Committee discussed the Investment Dashboard at appendix 1 to the report, including the reasons behind why the value of liabilities might have changed. The Committee also discussed the costs associated with currency hedging.

Members were also briefed on the Harrow Pension Fund Annual Report and Financial Statements which had been audited by the Council's external auditor, Mazars, and that no recommendations had been made. A final audit sign-off was awaited and the Committee was of the view that the attendance of the external auditor at the November 2019 meeting of the Committee was not necessary.

In relation to the pension performance analytics provided by PIRC, appendix 3 to the report referred, an Independent Adviser questioned whether Infrastructure should be included in the benchmark for performance measurement purposes at this stage when no investment had been made and the Fund was not yet open to investment. It was suggested that PIRC might present to the Committee at the next meeting but it was agreed that an Independent Adviser and an officer might present PIRC's findings to the Committee in the first instance.

Discussions in respect of confidential appendix 4 to the report also ensued and related to the London CIV's action in relation to a Fund Manager and an opinion of Aon, Council's Adviser to the Fund. An Independent Adviser agreed with Aon's opinion/advice.

Members were of the view that they would benefit from extending an invitation to London CIV's new Chief Investment Officer (CIO) to attend the next pre-meeting session of the Committee in November 2019 in order to better understand the operations of the London CIV. Members agreed to receive various documents – an overview of the CIV from officers – prior to the November meeting and an Independent Adviser offered to help frame questions for the London CIV CIO.

RESOLVED: That, subject to comments set out in the preamble above, the Work Programme for the period up to March 2020 be agreed.

[See also Minute 91]

88. Exclusion of the Press 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 items for the reasons set out below:

<u>Agenda Item No</u>	<u>Title</u>	<u>Description of Exempt Information</u>
10.	Pension Fund Committee - Performance Dashboard and Update on Regular Items – appendix 4	Information under paragraph 3 contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
11.	Actuarial Valuation 2019	Information under paragraph 3 contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
12.	Investment Strategy Review Outline	Information under paragraph 3 contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

89. Pension Fund Committee - Performance Dashboard and Update on Regular Items

[See Minute 87]

90. Actuarial Valuation 2019

The Committee received a confidential report of the Director of Finance and the Council's Actuary, Hymans Robertson LLP, setting out the following:

- progress on the triennial valuation to date;
- the valuation assumptions underlying the funding strategy and the proposal to maintain the current stabilisation contribution strategy for the next three years.

The Director of Finance undertook to share the 2019 valuation update with the Council's external auditor, Mazars.

A representative of Aon, Council's Advisers to the Fund, commented on the revised discount rate used and the difference it had made to the value of the liabilities. He advised that assets had performed well and explained the funding level at page 59 of the agenda. An Independent Adviser pointed out that on the previous methodology the discount rate would have reduced to a figure around 3.3% rather than increasing to 4.3%.

The Chair referred to the Investment Dashboard at agenda item 7 and was of the view that contribution rates ought not to be reduced until the Pension Fund was fully funded.

RESOLVED: That the progress to date on the 2019 Actuarial Valuation be noted.

91. Investment Strategy Review Outline

The Committee received a confidential report of the Director of Finance and Aon, Council's Advisers to the Fund, requesting consideration of the proposed investment strategy review outline proposed for the Fund and the level of target return within the investment strategy.

It was noted that Members had received training on the Investment Strategy at an informal session held prior to the meeting.

Members referred to an earlier discussion (Minute 87 refers) and agreed that the pre-meeting session with London CIV ought to start at 5.00 pm on 26 November 2019. An officer undertook to set up access for all members of the Committee to the CIV (Collective Investment Vehicle) Member Website.

Members noted that they would need to meet the new managers of the Property Fund and dates would be circulated by officers for agreement.

RESOLVED: That the report be noted, including the investment strategy review outline set out at appendix 1 to the report.

[See also Minute 87]

(Note: The meeting, having commenced at 6.36 pm, closed at 7.52 pm).

(Signed) COUNCILLOR KEITH FERRY

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REPORT FOR: PENSION BOARD

Date of Meeting: 26 September 2019

Subject: Pension Administration Performance Monitoring to 30th June 2019.

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures: Appendix 1: Pension Administration Performance Monitoring Q1 to 30th June 2019.

Section 1 – Summary and Recommendations

This report presents the Board with performance monitoring information for the quarter ending 30th June 2019.

Recommendation

Pension Board is requested to note the report.

Section 2 – Report

1. At several of their meetings the Board has rightly suggested that it sees part of their role as monitoring the service performance of the Fund. To date it has received a substantial amount of performance information through the Fund's Annual Report and Accounts, the Scheme Advisory Board's Benchmarking and Key Performance Indicators return and reports on the triennial actuarial valuation. It has also been monitoring comparative pensions administration indicators since June 2017.

2. The Pensions administration performance statistics measured against the national benchmarks for Quarter 1 to 30 June 2019 are set out in Appendix 1. The Board is invited to comment on this performance.
3. Table 1 below sets out the membership of the Pension Fund in the current year to 30 June 2019, with previous years to 31 March as a comparator. The percentage of active members in the fund is one indicator of the maturity of the fund.

Table 1 Pension Members to 30 June 2019				
30 June 2019	31 March 2019	31 March 2018	31 March 2017	30 June 2019
5,858	5,795	5,760	5,576	5,858
7,034	6,966	7,115	6,925	7,034
5,379	5,400	5,557	5,659	5,379
29.44%	29.7%	30.1%	31.2%	29.44%
18,271	18,161	18,432	18,160	18,271

Requirement to Report Breaches of Law

4. Pension Board reviewed the breaches in law policy and breaches reporting procedure at its meeting on 20th September 2018.
5. There have been no known breaches of law in the current financial year.

Internal Disputes Cases and Complaints

6. No internal disputes have been raised in the current financial year.

Issue of Annual Benefit Statements

7. All benefit statements were published and distributed in early August well before the 31 August 2019 deadline.

Payment of Employer Contributions

8. Employer contributions are required to be paid in arrears by the 19th of each month. All employer contributions have been paid on time in the year to date. Employers are contacted if payment has not been received by the due date.

Legal Implications

9. None

Financial Implications

10. Whilst this report discusses numerous matters relevant to the financial standing of the Pension Fund there are no financial implications arising directly from it.

Risk Management Implications

11. Relevant risks are included in the Pension Fund risk register

Equalities implications / Public Sector Equality Duty

12. Was an Equality Impact Assessment carried out? No. There are no direct equalities implications arising from this report.

Council Priorities

13. Investment performance has a direct impact on the financial health of the Pension Fund which directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert Chief Financial Officer

Date: 12 September 2019

Name: Charlie Stewart On behalf of
Corporate Director

Date: 18 September 2019

Ward Councillors notified: NO

Section 4 - Contact Details and Background Papers

Contact: Iain Millar, Treasury and Pensions Manager 0208 424 1432

Background Papers: None

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Appendix 1 Q1 Performance Monitoring 01/04/2019 – 30/06/2019

29

SERVICE	Harrow Actual within National Target	National Benchmarking Target	Harrow Performance against National Target %
Issue letter notifying of dependent's benefit in 5 days	17/17	5 days	100
Calculation and notification of retirement benefits estimate in 10 days	5/6	10 days	83
Issue letter to new pension provider detailing transfer-out quote in 10 days	15/15	10 days	100
Calculation and notification of deferred benefits in 10 days	95/95	10 days	100
Process refund and issue payment within 5 days	32/32	5 days	100
Calculation and notification of actual ill health benefits within 5 days	1/1	5 days	100
Contact next of kin on notification of death in 3 days	47/47	5 days	100
Issue statutory notification on receipt of transfer funds in 8 days	2/2	10 days	100

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REPORT FOR: PENSION BOARD

Date of Meeting: 26 September 2019

Subject: Review of Pension Board
Representation and Terms of
Reference

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures: Appendix 1: Pension Board Terms of
Reference.

Section 1 – Summary and Recommendations

This report sets out proposals to increase Pension Board Member representation and to amend the Pension Boards Terms of Reference to reflect the proposed changes in Board membership. Changes to the current Pension Board Terms of Reference would require an amendment to the Council's Constitution and this will require approval by full Council.

Recommendation

The Board are asked to consider

- (i) revising the Pension Board's Terms of Reference;
- (ii) to recommend the appointment of two reserve members;
and
- (iii) to refer the proposed changes to Council for consideration and approval.

Section 2 – Report

Background

1. Pension Board was set up in accordance with the Public Service Pensions Act 2013. The Council was required to set up a Pension Board with responsibility for assisting it as the administering authority of the Local Government Pension Scheme (LGPS) in relation to the following:
 - securing compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS;
 - securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
 - such other matters as the LGPS regulations may specify.
2. On 13 November 2014 the Council agreed draft terms of reference for the Pension Board subject to the issue of Regulations and guidance;
3. On 26 January 2015 Regulations were made effectively putting into place the final statutory arrangements for the establishment of local pension boards. Pension Board has met quarterly since June 2015.
4. Pension Board Membership is part of the Terms of Reference for the Pension Board (see Appendix 1) and is set out in the Council's Constitution. (Allocation of Responsibilities).

Pension Board Membership

5. The Public Services Pension Act 2013 requires that Pension Boards must have an equal number of employer and member representatives, but otherwise there is flexibility for the pension board representation arrangements to be designed in a way that best suits each pension scheme
6. For Harrow Pension Board it was agreed that representatives be drawn from the local authority and the scheduled and admitted bodies on the employer side and from active and retired members on the member side. The Board should have 5 members with a quorum of 3 and is constituted as follows:
 - (i) 2 Employer representatives – Administering Authority (1), other scheduled and admitted bodies [i.e organisations other than the Administering Authority who, under the regulations, can participate in the LGPS] (1);
 - (ii) 2 Scheme Member representatives – active members (1), pensioners (1)
 - (iii) 1 independent member.
7. There are currently 2 vacancies on the Board; 1 scheme member representative and 1 active member representative. These posts are being recruited to.

8. Pension Board have requested that its Terms of Reference are amended to increase Board representation to ensure that each meeting is quorate. The options available are:
 - (i) to increase the number of employer and member representatives on Pension Board equally,
 - or
 - (ii) to appoint one Administering Authority reserve member and one Scheme Member reserve member, (as there are no reserve members in the current terms of reference)
9. Both options would assist in reaching a quorum for Pension and help with longer term continuity for Pension Board representation. It is recommended to appoint reserve members as this is the more flexible option for deputising if required, for sharing responsibilities and encouraging wider participation. It is also recommended that the proposed amendments to the Pension Board Terms of Reference are referred to Council for approval and appointment.

Legal Implications

10. Section 5 Public Services Pension Act 2013 requires the local authority to establish a pension board to assist the Administering Authority i.e. the Council as set out in paragraph 1 of this report.
11. Pension Board Terms of Reference are set out in Part 3(a) of the Constitution. Appointment to the Pension Board requires full Council approval. Article 15 of the Council's Constitution sets out the provision for review and method of changing the Constitution. Changes to the Pension Board's Terms of Reference other than minor and administrative changes will require full Council approval.

Financial Implications

12. Pension Board representatives attendance allowance and travel expenses are charged to the Pension Fund.

Risk Management Implications

11. Relevant risks are included in the Pension Fund risk register.

Equalities implications / Public Sector Equality Duty

12. Was an Equality Impact Assessment carried out? No. Board members to be appointed in line with existing procedures which take into account Equalities considerations.

Council Priorities

13. Investment performance has a direct impact on the financial health of the Pension Fund which directly affects the level of employer contribution

which then, in turn, affects the resources available for the Council's priorities.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 12 September 2019		

Name: Joane Mohan	<input checked="" type="checkbox"/>	on behalf of the* Monitoring Officer
Date: 18 September 2019		

Name: Charlie Stewart	<input checked="" type="checkbox"/>	Corporate Director
Date: 18 September 2019		

Section 4 - Contact Details and Background Papers

Contact: Iain Millar, Treasury and Pensions Manager 0208 424 1432

Background Papers: None

LONDON BOROUGH OF HARROW PENSION FUND PENSION BOARD

TERMS OF REFERENCE

1) Introduction

The purpose of this document is to set out the Terms of Reference for the local Pension Board (the Board) of the London Borough Harrow Pension Fund (the Fund).

2) Powers of the Board

The Board will exercise all its powers and duties in accordance with the law and this Terms of Reference.

3) Role of the Board

The role of the Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is to assist the Administering Authority (London Borough of Harrow) as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including:

- securing compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS;
- securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
- such other matters the LGPS regulations may specify.

The Administering Authority retains ultimate responsibility for the administration and governance of the scheme. The role of the Board is to support the Administering Authority to fulfil that responsibility.

In its role, The Board will have oversight of the administration of the fund including:

- a) The effectiveness of the decision making process
- b) The direction of the Fund and its overall objectives
- c) The level of transparency in the conduct of the Fund's activities
- d) The administration of benefits and contributions

The Board will provide the Scheme Manager with such information as it requires to ensure that any Member of the Board or person to be appointed to the Board does not have a conflict of interest.

The Board will ensure it effectively and efficiently complies with the Code of Practice on the Governance and Administration of Public Service Pension Schemes issued by the Pensions Regulator. It will help to ensure that the Fund is managed in the same way.

The Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

4) Membership

The Board shall consist of 5 members and be constituted as follows:

2 Employer representatives – Administering Authority (1), other scheduled and admitted bodies [ie organisations other than the Administering Authority* who, under the regulations, can participate in the LGPS] (1);

Proposed Amendment add *

“And one Reserve Employer Representative”

(i)

2 Scheme Member representatives* – active members (1), pensioners (1);

Proposed Amendment add *

“and one Reserve Scheme Representative”

and

(ii) 1 independent member

Elected Members and officers involved in the management and administration of the Fund are not permitted to become Board members.

Only the Employer and Scheme Member representatives will have voting rights.

Each member of the Board will serve a period of three years, subject to compliance with conditions of appointment. The Chair and Deputy Chair of the Board will be elected by the Board at its first meeting and will serve for a period of three years. Should the elected Chair be an Employer representative the Deputy Chair must be a Scheme Member representative and vice versa.

The Chair will ensure that meetings are properly conducted and the decision of the Chair on all points of procedure and order shall be final.

The Board may, with the approval of the Administering Authority, co-opt persons with sufficient skills and experience to advise and support them. Co-optees are not Board members and do not have voting rights.

Each Board Member should endeavour to attend all Board meetings during the year. In the event of consistent non-attendance by any Board Member the tenure of that membership should be reviewed by the other Board members in liaison with the Scheme Manager.

Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by the unanimous agreement of all other members and with the agreement of the Scheme Manager. Should any member of the Board cease to be a member of the relevant group for which he/she has been appointed he/she will automatically cease to be a member of the Board and the Administering Authority will conduct a replacement process.

5) Appointment of Board members

All Board members will be appointed by Full Council. It is a statutory requirement that the Administering Authority must be satisfied that a person to be appointed as an Employer or Scheme Member representative has the relevant capacity to represent employers or scheme members (as appropriate)

- Administering Authority to nominate one Employer representative *

Proposed amendment “and one Reserve Employer Representative”

- The second Employer representative to be nominated by the scheduled and admitted bodies. If more than one is nominated, Council will determine who is to be appointed.
- (i) Scheme Member representatives * to be selected through a process administered by the Administering Authority with a recommendation to Council

Proposed amendment * “and Reserve Scheme Representative”

- (ii) Independent member – applications to be invited by public advertisement with a recommendation by the s151 Officer to Council.

6) Standards of conduct and conflicts of interest

All members of the Board are expected to act in accordance with the Code of Conduct for Councillors where applicable and the Pensions Regulator’s Code of Practice. In accordance with s5(5) Public Service Pension Act 2013, a Board member must not have a financial or other interest that could prejudice him/her in carrying out his/her Board duties. This does not include a financial or other interest arising merely by virtue of being a member of the LGPS.

The policy for identifying conflicts of interest is set out in a separate policy document.

7) Knowledge and Skills

Following appointment each member of the Board should be conversant with:

- The legislation and associated guidance of the LGPS
- Any document recording policy about the administration of the LGPS which is for the time being adopted by the Fund

The Administering Authority will provide a training programme which all Board members will be required to attend.

It is for individual Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them, properly, to exercise their functions as a Member of the Board and therefore, must comply with the Board's Knowledge and Understanding and Training Policy.

8) Accountability

The Board will collectively and individually be accountable to the Scheme Manager.

The Board will refer all relevant recommendations and decisions to the Pension Fund Committee of the Administering Authority and, where appropriate, to Full Council. It will present a report on its work to the Full Council once a year.

9) Decision making

Each voting member of the Board will have an individual voting right but it is expected that the Board will, as far as possible, reach a consensus. The Chair of the Board, so long as he/she has voting rights, will have the final deciding vote.

10) Quorum

A quorum will comprise 3 of the 5 members of which at least one shall be an Employer representative and one a Scheme Member representative.

11) Meetings

The Board shall meet twice a year.

The Chair of the Board, in consultation with the Administering Authority will prepare an agenda for each meeting of the Board. The administration of the

Board will be in accordance with the normal procedures of the London Borough of Harrow.

An extraordinary meeting will be called when the Chair considers this necessary and/or in circumstances where the Chair receives a request in writing by 50% of the voting membership of the Board

12) Publication of Pension Board Information

The Administering Authority will publish up to date information on the Council's website including:

- The names of the Board member
- The Board's Terms of Reference
- Papers, agendas and minutes of Board meetings.

13) Advice to the Board

The Board will be supported in its role and responsibilities by the Administering Authority through advice and support as appropriate.

14) Expense Reimbursement

Each member of the Board and any co-opted persons, excluding elected Councillors of the London Borough of Harrow and Council Officers will be reimbursed at a rate of £445 per annum (exclusive of VAT if payable). All members of the Board and any co-opted persons will be paid "out-of-pocket" expenses when carrying out the functions of the Board including approved training.

15) Definitions

The undernoted terms shall have the following meaning when used in this document:

<i>Administering Authority</i>	London Borough of Harrow
<i>Board or Pension Board</i>	The local Pension Board for the London Borough of Harrow, Administering Authority for the London Borough of Harrow Pension Fund as required under the Public Service Pensions Act 2013
<i>Board Member</i>	A member of the Board including Employer representatives, Scheme Member representatives and an independent member

<i>Code of Practice</i>	The Pensions Regulator's [draft] Code of Practice no 14 entitled " <i>Governance and administration of public service pension schemes.</i> "
<i>Conflicts of Interest</i> 2013	As defined in the Public Service Pensions Act 2013
<i>Conflicts of Interest Policy</i>	The policy on conflicts of interest as adopted by the Board
<i>Employer Representative</i>	A person appointed to the Board for the purpose of representing employers for the Scheme
<i>Fund</i>	The London Borough of Harrow Pension Fund within the Scheme administered and maintained by the Scheme Employer
<i>Independent Member</i>	A Member of the Board who is neither an Employer Representative nor a Member Representative
<i>Knowledge and Understanding and Training Policy</i>	The training policy as adopted by the Board
<i>LGPS</i>	The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
<i>Member Representative</i>	A person appointed to the Board for the purpose of representing members of the Scheme
<i>Scheme</i> defined under LGPS.	The Local Government Pension Scheme as
<i>Scheme Manager</i>	London Borough of Harrow as administering authority of the London Borough of Harrow Pension Fund

16) Interpretation

Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be resolved by reference to the Scheme Manager.



REPORT FOR: PENSION BOARD

Date of Meeting: 26 September 2019

Subject: Pension Board Draft Annual Report 2018-19

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures: Appendix 1: Pension Board Draft Annual Report 2018-19

Section 1 – Summary and Recommendations

Harrow Pension Board’s Terms of Reference requires the presentation of an annual report to the Full Council Board. This report sets out actions taken by Pension Board in the year to 31st March 2019 and invites the Board to agree any further comments they might wish to make on the report. .

Recommendation

Pension Board is recommended to review and comment on the draft annual report and subject to any amendments to refer the final report to Council.

Section 2 – Report

Background

1.1 The Local Pension Board was set up by 1 April 2015 in accordance with the requirements of the Public Service Pensions Act 2013. The

Council was required to set up a Pension Board with responsibility for assisting it as the administering authority of the Local Government Pension Scheme (LGPS) in relation to the following:

- securing compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS;
- securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
- such other matters as the LGPS regulations may specify.

1.2 Harrow Pension Board's Terms of Reference requires the Board to present a report on its work to Full Council once a year.

1.3 This report covers the work of Pension Board to 31st March 2019 and the fourth year of operation of the Harrow Pension Board

Legal Implications

2. None

Financial Implications

3. Whilst this report discusses numerous matters relevant to the financial standing of the Pension Fund there are no financial implications arising directly from it.

Risk Management Implications

4. Relevant risks are included in the Pension Fund risk register.

Equalities implications / Public Sector Equality Duty

5. Was an Equality Impact Assessment carried out? No. There are no direct equalities implications arising from this report.

Council Priorities

6. Investment performance has a direct impact on the financial health of the Pension Fund which directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert



Chief Financial Officer

Date 12 September 2019

Name: Caroline Eccles



on behalf of the*
Monitoring Officer

Date: 18 September 2019

Name: Charlie Stewart



Corporate Director

Date: 18 September 2019

Ward Councillors notified:

NO

Section 4 - Contact Details and Background Papers

Contact: Iain Millar, Treasury and Pensions Manager 0208 424 1432

Background Papers: None

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LONDON BOROUGH OF HARROW PENSION BOARD

2018/19 ANNUAL REVIEW (Draft)

Background

The Local Pension Board was set up by 1 April 2015 in accordance with the requirements of the Public Service Pensions Act 2013.

The Council was required to set up a Pension Board with responsibility for assisting it as the administering authority of the Local Government Pension Scheme (LGPS) in relation to the following:

- securing compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS;
- securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
- such other matters as the LGPS regulations may specify.

The Act provides for the membership to be of equal numbers of “employer representatives” and “member representatives”. In addition we have an Independent Member who is currently the Chair of Pension Board.

Harrow Pension Board’s Terms of Reference requires the Board to present a report on its work to the Full Council once a year.

This report covers the work of Pension Board to 31st March 2019 and the fourth year of operation of the Harrow Pension Board.

Meetings

Pension Board meets quarterly and held its first meeting on 25 June 2015. The current Chair, Richard Harbord and Vice Chair, Gerald Balabanoff were appointed at that meeting and has been re-appointed to those posts annually since that date

Role and Terms of Reference

We understand our role and are generally happy with the generic nature of the Terms of Reference. However, our view is that we should meet more than twice a year and that the periods of office of the various members be staggered to avoid the potential loss of too much experience at one time.

We have also requested that the membership of Pension Board is extended to ensure that each meeting is quorate. The current terms of reference make no provision for reserve members.

We have also requested that all reports from Pension Fund Committee including exempt reports be made available for review by Pension Board on a timelier basis.

Knowledge and Understanding of the Local Government Pension Scheme

To assist in our understanding and to assist in our scrutiny role, we have been provided with a large amount of information about the Scheme, usually with an officer's commentary, including:

- Annual Report and Accounts
- Governance Compliance Statement
- Communication Policy Statement
- Funding Strategy Statement
- Investment Strategy Statement
- Actuarial Valuation Reports from the Fund Actuary
- Pension Fund Risk Register
- Policy for Reporting Breaches of Law
- Investment Manager Internal Control Reports

Relationship with Pension Fund Committee

At each meeting, the Board have been advised of the agendas of, and decisions taken by, the Pension Fund Committee at its recent meetings. Our views have, in turn, been reported to the Committee. The Board has also been invited to attend the Committee meetings and the training sessions held prior to each meeting.

A recurring theme throughout the year has been legal advice that members of the Board are not entitled to remain at the Committee's meetings when exempt papers are discussed even though Board members are expected to abide by the Council's Code of Conduct.

From 2018-19 Pension Board have been referring Pension Board minutes and recommendations to Pension Fund Committee.

Annual Report and Financial Statements

We have been invited to consider the Annual Report and Financial Statements for the last three years together with their various attachments and the reports of the Auditor. The areas in which we expressed particular interest have been:

- Actuarial assumptions and actuarial valuation results
- Employer contributions
- The prospect of the funding deficit being recovered in 20 years
- The performance of the Fund and the way it is discussed in reports to facilitate the scrutiny process
- The effectiveness of investment managers internal controls
- Local Government Pension Scheme Pooling Arrangements through the London Collective Investment Vehicle (LCIV)
- Pension Fund Bank Account segregation and control of funds

We have received reports and presentations from the Actuary and from the London Collective Investment Pooling arrangements and a presentation from the Pension Regulator on the role of the Pension Regulator and pension scheme governance best practice.

Investment and Management Expenses

We reviewed in detail the management expenses of the Fund and requested benchmarking details.

Benchmarking and key performance indicators

We have shown particular interest in benchmarking and key performance indicators.

Traditionally, reliable benchmarking and comparison information covering all administering authorities has not been available. However, recent Government requirements in the context of the pooling arrangements have necessitated the provision of relatively consistent information from all administering authorities

We have also asked for refinement to pension administration reporting to better understand performance against key performance indicators. KPI's have been considered as a standing item since June 2017. Pension Board receives confirmation of breaches of law and has been assured that annual benefit statements are issued on time.

Environmental, Social and Governance Issues (ESG)

The Board supports the Committee's stance in expecting fund managers to adopt appropriate codes of practice and that they are required to provide an explanation when they do not. We have also requested information on the LCIV approach to ESG

Training

Pension Board has requested further trainings to cover the following:

- Governance and Key Legislation
- Actuarial and Funding Matters
- Investment and LGPS Pooling
- A presentation from the Pension Regulator on the role of the Pension Regulator and pension scheme governance best practice.

Conclusion

The regulations governing Pension Boards were contained in the 2015 Regulations (SI2015/57)

The main provisions are:

“(1) Each administering authority shall no later than 1st April 2015 establish a pension board (“a local pension board”) responsible for assisting it -
(a) to secure compliance with -

(i) these Regulations,

(ii) any other legislation relating to the governance and administration of the Scheme and any connected scheme, and

(iii) any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme; and

(b) to ensure the effective and efficient governance and administration of the Scheme and any connected scheme.

Essentially the role of the Pension Board is one of Scrutiny and our role is wholly advisory.

The fourth year has been one of further training, understanding the role and scrutinising the arrangements for the actuarial valuation and areas of key interest such as management fees internal control reporting, compliance with external audit recommendations and maintaining good pension administration performance.

The Board looks forward to consolidating performance in the current year and developing its role as an effective body for scrutiny and improvement.

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REPORT FOR: PENSION BOARD

Date of Meeting: 26 September 2019

Subject: Pension Board Work Programme
2019-20 and Audit Completion Report

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures: Appendix 1; Mazars Pension Fund Audit
Completion Report for the year ended 31
March 2019. (Final version to follow).

Section 1 – Summary and Recommendations

This report reviews the Pension Boards' actions to date and invites the Pension Board to comment on a suggested work programme for 2019-20. Also attached for the Board's consideration is the Audit Completion Report following the conclusion of the Pension Fund Annual Report and Financial Statements for year ended 31 March 2019.

Recommendation

Pension Board is requested to note the workplan and to note the external auditors' report.

Section 2 – Report

1. Pension Board meets quarterly. A suggested work programme for the remainder of 2019-20 on which the Board's comments are invited is as follows:

Matter for Consideration	Board Meeting
Pensions Administration – Performance monitoring	Quarterly report to Pension Board
Pension Fund Dashboard including Long term cashflow and funding	Considered by Pension Fund Committee at each meeting and by Board in review of PFC minutes quarterly
Latest Pension Fund Committee Meeting Summary of Reports	Considered at each meeting of Pension Board
London CIV and its approach to Environmental, Social and Governance Issues	Presentation from London CIV to Pension Board 11 July 2019. Updates at quarterly Board Meetings
Annual Report and Financial Statements for year ended 31 March 2019	Draft Report 11 July External Audit Report September 26 Meeting
Pension Board Annual Report to Council	26 September 2019
Scheme Advisory Board Local Pension Board Survey	12 December 2019.
Risk Register Review	Pension Fund Risk Register last considered on 5 December 2018.
Knowledge and skill requirements	Reviewed quarterly.
Actuarial Valuation 2019	Review March 2020
External Audit Plan	Review March 2020
Funding Strategy Statement	Review March 2020
Investment Strategy Statement	Review March 2020
Governance Compliance Statement	Review March 2020
Communications Policy Statement	Review March 2020
Review of Internal Controls at fund managers	2019-20 internal control reports review March 2020

Proposed Pension Board Meetings 2019-20

11 July 2019
 26 September 2019
 12 December 2019 (instead of 13 November)
 20 April 2020 (instead of 18 March).

Pension Fund Committee meetings 2019-20

Wednesday 26 June 2019
 Wednesday 11 September 2019
 Tuesday 26 November 2019
 Tuesday 25 March 2020

All members of the Board are invited to attend the training session starting at 17.30 and the public part of Committee at 18.30.

2. External Audit Completion Report

- 2.1 In accordance with the International Standard on Auditing (ISA) 260, the external auditor (Mazars LLP) prepares detailed reports on matters arising from the audit of the Statement of Accounts and Pension Fund Annual Report. This is the first financial year that Mazars LLP are acting as the Council's external auditors
- 2.2 The Pension Fund Annual Report (which includes the Pension Fund Statement of Accounts) report was previously presented to the Pension Fund Committee on 26 June 2019 and Pension Board on 11 July 2019. This report is required to be considered by "those charged with governance", Governance, Audit, Risk Management and Standards Committee (GARMS) before the external auditor can sign the accounts. GARMS received the report on 16 July 2019
- 2.3 Mazars LLP have concluded their audit work and their draft completion report is attached at Appendix 1. The draft Audit Completion Report contains matters raised by the auditor, their conclusions and any recommendations.
- 2.4 The external auditor's report states that they intend to issue an unqualified opinion without modification on the financial statements. They have made no internal control recommendations and there were no recommendations brought forward from the previous year's audit. They have raised no other issues and there were no public objections to the accounts.

Legal Implications

3. None

Financial Implications

4. Whilst this report discusses numerous matters relevant to the financial standing of the Pension Fund there are no financial implications arising directly from it.

Risk Management Implications

5. Relevant risks are included in the Pension Fund risk register.

Equalities implications / Public Sector Equality Duty

6. Was an Equality Impact Assessment carried out? No. There are no direct equalities implications arising from this report.

Council Priorities

7. Investment performance has a direct impact on the financial health of the Pension Fund which directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert Chief Financial Officer

Date 12 September 2019

Name: Charlie Stewart On behalf of
Corporate Director

Date: 18 September 2019

Ward Councillors notified: NO

Section 4 - Contact Details and Background Papers

Contact: Iain Millar, Treasury and Pensions Manager 0208 424 1432

Background Papers: None



Audit Completion Report DRAFT

London Borough of Harrow Pension Fund
Year ending 31 March 2019

CONTENTS

1. Executive summary
2. Financial statements audit
3. Summary of misstatements

Appendix A – Draft management representation letter

Appendix B – Draft audit report

Appendix C – Draft consistency report

Appendix D – Independence

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' and the 'Terms of Appointment' issued by Public Sector Audit Appointments Limited.

Reports and letters prepared by appointed auditors and addressed to the Pension Fund are prepared for the sole use of the Pension Fund and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

Governance, Audit, Risk Management and Standards Committee
Civic Centre
Station Road
Harrow
HA1 2XY

16 July 2019

Dear Members

Audit Completion Report – Year ended 31 March 2019

We are pleased to present our Audit Completion Report for the year ended 31 March 2019. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks, key audit matters and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 29 January 2019. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks, key audit matters and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of the Director of Finance and her team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 020 7063 4634.

Yours faithfully

Lucy Nutley
Mazars LLP

1. EXECUTIVE SUMMARY

Purpose of this report and principal conclusions

The Audit Completion Report sets out the findings from our audit of the London Borough of Harrow Pension Fund for the year ended 31 March 2019, and forms the basis for discussion at the Governance, Audit, Risk Management and Standards Committee (GARMS) meeting on 16 July 2019.

The detailed scope of our work as your appointed auditor for 2018/19 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014.

Section 2 of this report outlines the detailed findings from our work on the financial statements. As we outline on the following page, our work is substantially complete and, subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

Opinion on the financial statements

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Consistency Report

We anticipate concluding that the Pension Fund financial statements within the Pension Fund's Annual Report are consistent with the Pension Fund financial statements within the Statement of Accounts of the Council. Our draft consistency report is provided in Appendix C.

Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Pension Fund and to consider any objection made to the accounts.

Misstatements and internal control recommendations

We have not raised any internal control recommendations and nor are there any recommendations that required an update from the prior year.

Section 3 outlines that no misstatements were noted as part of our audit as at the time of issuing this report. If any misstatements are noted on completion of the outstanding work, these will be reported to GARMS in a follow-up letter.

1. EXECUTIVE SUMMARY (CONTINUED)

Status of our audit work

We have substantially completed our work on the financial statements for the year ended 31 March 2019. At the time of preparing this report the following matters remain outstanding:

Audit area	Description of outstanding matters
Closure procedures and review	Our final reviews and completion work needs to be performed, including consideration of post balance sheet events until the date of sign-off.

We will provide GARMS with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in January 2019. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

We set overall materiality at the planning stage of the audit at £8.161m using a benchmark of 1% of net assets available to pay benefits. Our final assessment of overall materiality, based on the final financial statements is £8.513m, using the same benchmark. We set our trivial threshold (the level under which individual errors are not communicated to GARMS) at £255k based on 3% of overall materiality.

2. FINANCIAL STATEMENTS AUDIT

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 7 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework; and
- any significant difficulties we experienced during the audit.

Significant risks and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the Fund's financial statements that required special audit consideration. Although we report identified key audit matters and significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new key audit matters and significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

Significant risk

Management override of controls

Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Because of the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk by performing audit work in the following areas:

- accounting estimates impacting on amounts included in the financial statements;
- consideration of identified significant transactions outside the normal course of business; and
- journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

There were no significant findings arising from our review of areas of potential management override of controls.

2. FINANCIAL STATEMENTS AUDIT (CONTINUED)

Significant risk

Valuation of unquoted investments for which a market price is not readily available

Description of the risk

As at 30 September 2018, the Pension Fund held investments which were not quoted on an active market with a fair value of £89.5m (£79.7m as at 31 March 2019), which accounted for 10.5% (9.4% as at 31 March 2019) of the Fund's investment assets.

As prices for these investments are not quoted in active markets, the values used in the accounts are those provided by fund managers. This is mostly based on Net Asset Value statements. This results in an increased risk of material misstatement.

How we addressed this risk

In addition to our standard programme of work in this area we have:

- agreed the valuation to supporting documentation including investment manager valuation statements and cash flows for any adjustments made to the investment manager valuation;
- agreed the investment manager valuation to audited accounts. Where these were not available, we agreed the investment manager valuation to other independent supporting documentation;
- where audited accounts were available, we checked that they were supported by a clean opinion; and
- where available, we reviewed any independent control assurance reports and confirm that they do not highlight any risks of material misstatement

Audit conclusion

There were no significant findings arising from our review of the valuation of unquoted investments.

Key areas of management judgement

Key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement. We have not identified any such judgements.

2. FINANCIAL STATEMENTS AUDIT (CONTINUED)

Qualitative aspects of the entity's accounting practices

We have reviewed the Pension Fund's accounting policies and disclosures and concluded they comply with the requirements of the Code of Practice on Local Authority Accounting (the Code), appropriately tailored to the Pension Fund's circumstances.

Draft accounts were received from the Pension Fund on 31 May 2019 and were of a good quality. Supporting working papers were made available to us and were of a good quality.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2018/19 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We have received no questions or objections.

3. SUMMARY OF MISSTATEMENTS

We set out below the misstatements identified for adjustment during the course of the audit, above the level of trivial threshold of £255k.

There were no unadjusted or adjusted misstatements.

Disclosure amendments

The following disclosure amendments were made:

General: A number of other changes have been made to the financial statements not requiring individual analysis.

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER

[To be provided to us on client headed note paper]

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

[Date]

Dear Lucy

London Borough of Harrow Pension Fund - audit for year ended 31 March 2019

This representation letter is provided in connection with your audit of the financial statements of London Borough of Harrow Pension Fund ('the Pension Fund') for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Pension Fund you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Pension Fund committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Pension Fund in making accounting estimates, including those measured at current or fair value, are reasonable.

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER (CONTINUED)

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Pension Fund have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Pension Fund has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Director of Finance for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Pension Fund involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Pension Fund's financial statements communicated by employees, former employees, analysts, regulators or others.

Assets

I confirm that all assets held are free from liens, charges or any other encumbrance.

Related party transactions

I confirm that all related party relationships, transactions and balances have been appropriately accounted for and disclosed in accordance with the requirements of the Code.

I have disclosed to you the identity of the Pension Fund's related parties and all related party relationships and transactions of which I am aware.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER (CONTINUED)

Specific representation on unquoted investments

Unquoted investments are included in the net assets statement at the value estimated by the general partner managing each fund in accordance with the guidelines used by the industry, and based on the latest information to hand at the time of the valuation. I am satisfied, based on the knowledge I have, with the valuations, and am not aware of any subsequent events that would have a material impact on the estimated value of the unquoted investments.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Going concern

To the best of my knowledge there is nothing to indicate that the Pension Fund will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Yours sincerely

Dawn Calvert
Director of Finance, Section 151 Officer

APPENDIX B

DRAFT AUDITOR'S REPORT

Independent auditor's report to the Members of London Borough of Harrow Report on the financial statements

Opinion on the financial statements of London Borough of Harrow

We have audited the financial statements of London Borough of Harrow ('the Council') for the year ended 31 March 2019, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of London Borough of Harrow as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Opinion on the financial statements of Harrow Pension Fund

We have audited the financial statements of Harrow Pension Fund ('the Pension Fund') for the year ended 31 March 2019, which comprise the Fund Account, the Net Assets Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of Harrow Pension Fund during the year ended 31 March 2019, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2019; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council and the Pension Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance's use of the going concern basis of accounting in the preparation of the Council's and the Pension Fund's financial statements is not appropriate; or
- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's or the Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

APPENDIX B

DRAFT AUDITOR'S REPORT (CONTINUED)

Other information

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Finance for the financial statements

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the Council's and Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. The Director of Finance is responsible for assessing each year whether or not it is appropriate for the Council and the Pension Fund to prepare the accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Council's and Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

APPENDIX B

DRAFT AUDITOR'S REPORT (CONTINUED)

Conclusion on London Borough of Harrow's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, London Borough of Harrow has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Basis for conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in November 2017, as to whether the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Use of the audit report

This report is made solely to the Members of London Borough of Harrow, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Lucy Nutley
For and on behalf of Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

[Date]

APPENDIX C

DRAFT CONSISTENCY REPORT

Independent Auditor's Statement to the Members of London Borough of Harrow on the Pension Fund Financial Statements included within Harrow Pension Fund Annual Report

We have examined the Pension Fund financial statements for the year ended 31 March 2019 included within the Harrow Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement and the related notes.

Opinion

In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of London Borough of Harrow for the year ended 31 March 2019 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Respective responsibilities of the Director of Finance and the auditor

As explained more fully in the Statement of the Director of Finance, the Director of Finance is responsible for the preparation of the Pension Fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to the Members of London Borough of Harrow as a body, whether the Pension Fund financial statements within the Pension Fund annual report are consistent with the financial statements of London Borough of Harrow.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the Pension Fund financial statements contained within the audited financial statements of London Borough of Harrow describes the basis of our opinions on the financial statements.

Use of this auditor's statement

This report is made solely to the Members of London Borough of Harrow, as a body, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our work has been undertaken so that we might state to the Members of London Borough of Harrow those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than London Borough of Harrow and London Borough of Harrow's Members as a body, for our audit work, for this statement, or for the opinions we have formed.

Lucy Nutley
For and on behalf of Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

[Date]

APPENDIX D INDEPENDENCE

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

CONTACT

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