

PENSION BOARD

MINUTES

31 OCTOBER 2019

Chair: * Mr R Harbord

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

In attendance: (Officers) Iain Millar Treasury and Pensions Manager

* Denotes Member present

45. Declarations of Interest

RESOLVED: To note that there were no declarations to be made.

46. Minutes

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

47. Public Questions

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

48. Petitions

RESOLVED: To note that no petitions had been received.

49. Deputations

RESOLVED: To note that no deputations had been received.

RESOLVED ITEMS

50. Pension Fund Committee Meetings 11 September 2019

The Board considered the minutes of the Pension Fund Committee meeting held on 11 September 2019 which were circulated at the meeting.

A copy of the new performance dashboard prepared by Aon which was discussed by the Committee was also circulated to the Board. The Board commented on the comprehensiveness of the dashboard in bringing together all elements of the Pension Fund for Q2. However, the Board expressed concerns about the recent changes to London LGPS CIV and how operation strategies were being delivered.

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

- the CIV was improving and concerns over operational strategies were being addressed. A replacement for the post of Chief Investment officer was also being addressed. Mike O'Donnell, Chief Executive Officer of the London CIV, was due to attend the next Pension Fund Committee meeting;
- evaluation update was progressing well, with an indicative value of 94% funding as of 31 March 2019. Intention was to maintain stability and freeze employer contributions for the next three years. The Board commented on the usefulness of the dashboard and requested that a copy be sent to all Members;
- a session on the Pension Fund Committee had noted that the interim actuarial results showed that the deficit level had gone down, but it was not appropriate to reduce employer contributions as it was important to maintain stability of contributions over the medium term;
- the overall Fund's performance was as anticipated to be mid quartile in the local authority universe. All funds are likely to have improved because of positive investment returns, with Harrow Council being among the earliest local authorities with the whole fund actuarial results being completed ahead of schedule;
- review on investment strategy deferred until later date due to upcoming parliamentary elections.

RESOLVED: That

- (1) the report be noted;
- (2) the governance review and engagement report be presented to the next Pension Board meeting.

51. Pension Administration Performance Monitoring

The Board received a report on performance monitoring information for the quarter ending 30 June 2019.

An officer stated that it had been a busy quarter during which the pension team have had to prepare external auditor reports and actuarial valuation reports. All key tasks had been completed on time, which demonstrated consistent performance and commitment of the team.

Responding to a question, an officer advised that the rising number of pension members was a reflection of part time workers as well as people with more than one employment.

Whilst the Board noted that no known breaches of law had been made in the current financial year, it expressed concerns over the Board's potential non-compliance with the Act as a result of its Board vacancies, adding that it needed to be urgently addressed. It was agreed that the matter be discussed further under item 9 on the agenda.

RESOLVED: That the report be noted.

52. Review of Pension Board Representation and Terms of Reference

The Board received a report from the Director of Finance, setting out proposals to increase the membership representation and amend the terms of reference to reflect the proposed changes to the Board membership.

In response to questions and comments from Board members, an officer stated that the current recruitment strategy of new members was based predominantly on circular notifications and individual approaches but no recruitment campaign had been set up yet. An officer undertook to explore the idea of developing a recruitment campaign, which would include an open process for potential employer representative and update the Board at the next meeting. 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 were:

- (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).

Referencing the proposed membership composition, the Board agreed that the optimal format for the Board would be a combination of 3 employer, 3 scheme and 1 independent members, thereby avoiding potential issues with

attendance and ensuring quorum at meetings (pp 36 & 37 of the report). It was agreed that further changes be deferred until after the next Full Council meeting to allow changes set out in the current report be made. An officer undertook seek legal advice on the proposed changes and amend the terms of reference accordingly, to reflect the Board's views and provide an update at the next meeting.

RESOLVED: That

- (1) the contents of the report on the revised Pension Board's Terms of Reference be noted;
- (2) the report be deferred for consideration and approval by Council until such a date as to allow further amendments to membership terms be made and legal agreement be sought.

53. Pension Board Draft Annual Report 2018-19

The Board received a draft from the Director of Finance on the Pension Board's Annual Report, setting out actions taken by the Board in the year to 31 March 2019.

Following comments from Board members, an officer undertook to make changes to the wording on meeting frequency (pp.45/46 of the report), following consultation with the Chair. It was agreed that the amended draft Annual Report be circulated for comments to Board members before referring to Full Council for approval.

RESOLVED: That the report be recommended to Council, subject to agreed changes to the wording of the content.

54. Pension Board Work Programme 2019-20 and External Audit Completion Report

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 officer advised that there had been no material changes to the work programme following the external auditor report.

RESOLVED: That

- (1) the report be noted;
- (2) the meeting on 12 December be deferred until 8 January 2020 due to the parliamentary elections;
- (3) the Annual Survey of Pension Board be circulated for comments to members;
- (4) a training session/re-fresher be scheduled for January 2020.

55. Any Other Business

Councillor Lee informed the Board of a recently attended talk on pension investment and fund allocation, suggesting that more focus be attributed to private pension funds going and impact of Brexit going forward.

RESOLVED: That the written notes of the discussion be circulated to members for information.

(Note: The meeting, having commenced at 6.30 pm, closed at 7.20 pm).

(Signed) RICHARD HARBORD
Chair