

# **Pension Fund Committee**

## **Minutes**

### **19 September 2023**

**Present:**

**Chair:** Councillor David Ashton

**Councillors:** Jerry Miles Norman Stevenson  
Nitín Parekh

**Trade Union  
Observers:** John Royle

**Independent  
Advisers:** Mr C Robertson Independent Adviser

Honorary Alderman R  
Romain

**Apologies  
received:** Pamela Belgrave GMB

**59. Attendance by Reserve Members**

**RESOLVED:** To note that there were no Reserve Members in attendance at this meeting.

**60. Declarations of Interest**

**RESOLVED:** To note that Councillor Norman Stevenson, a Member of the Committee, declared a non-pecuniary interest in that he was presently a Director of Cathedral Independent Financial Planning Limited. 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.

**61. Minutes**

**RESOLVED:** That the minutes of the meeting held on 31 July 2023, be taken as read, and signed as a correct record.

**62. Public Questions**

**RESOLVED:** To note that no public questions were received at the meeting.

**63. Petitions**

**RESOLVED:** To note that no petitions were received at the meeting.

**64. Deputations**

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

**Resolved Items**

**65. Investments & Managers Performance Review**

Members received the Investments and Managers Performance Review, which updates the Committee on regular items as follows:

- Draft work programme for the remainder of 2023-2024 on which the Committee's comments and agreement were requested;
- The investment and management performance dashboard report summarising key fund performance and risk indicators and PIRC Performance Indicators;
- Fund performance to 30 June 2023 and 31 August 2023; and
- Update on Audit of Annual Report and Accounts for 2021-2022.

Members enquired how Harrow's funding level compared with other local authorities. It was advised that Harrow's funding position was strong and healthy, and this compared satisfactorily with other local authorities.

However, there was a wide range of funding ratios across local government, as the strategic investment strategies were varied.

Members were informed that the Manager Review Day would be held on 30 October 2023.

Furthermore, Members were also informed of the intention to have a training session on performance measurement.

**RESOLVED:** That

- (1) the performance and investment dashboard report be noted; and
- (2) the draft work programme for the remainder of 2023-2024 be approved.

## **66. Draft Pension Fund Annual Report 2022/23**

Members received the Draft Pension Fund Annual Report for 2022-2023, which outlined the draft Pension Fund Annual Report for the year ended 31 March 2023.

Citing paragraph 12 of the report, Members asked about the Investment income that had increased by some £1.3m over the year and about transfer values received which were lower by £2.4m over the year.

It was advised that it was not possible to predict transfer value payments as they are dependent on an individual's length of service and salary. These varied significantly. Furthermore, as some employees left, and others joined, it was impossible to estimate transfer value payments.

Paragraph 14 of the report on cashflow was discussed. Cashflow was now "slightly negative", although the investment strategy retained sufficient liquidity to address this in the short to medium term.

However, it was advised that the impact of stable membership, longevity and pension increases was likely to increase future cash outflows gradually. Therefore, in the longer term, it was likely that this would be factored into the investment strategy. Currently, there was enough cashflow to sustain operations.

**RESOLVED:** That

- (1) the draft Pension Fund Annual Report for 2022-2023 be approved for publication; and
- (2) the Acting Director of Finance and Assurance be authorised to make any changes arising from the audit of accounts before publication.

## **67. Quarterly LGPS Update and Harrow Pension Administration Update with Key Performances**

Members received the Quarterly Local Government Pension Scheme (LGPS) Update and Harrow Pension Administration Update with Key Performances.

This provided Members with information relating to the administration performance of the Fund over the last quarter, and an update on latest key LGPS issues and developments.

Members requested that future updates contain an "executive summary" for ease of reference.

**RESOLVED:** That the contents of the update be noted.

## **68. LCIV and Investment Pooling Quarterly Update**

Members received the London Collective Investment Vehicle (CIV) and Investment Pooling Update.

The report provided an update on the current position on Investment Pooling and Harrow Pension Fund's own pooling arrangements with the London CIV.

Members inquired about the "direction of travel" with the London CIV, and the various categories on the list of funds, given the Mansion House Speech delivered by the Chancellor of the Exchequer 10 July 2023.

It was advised that the Mansion House Speech outlined a number of important issues on pensions. These included the "perverse situation", which in the Chancellor's opinion, UK institutional investors were not investing as much in UK high-growth companies as their international counterparts did in their high-growth companies. This, in his view, might lead some defined contribution schemes to not provide adequate returns for their pension fund holders. Reforms had been proposed, which were subject to consultation.

It was also advised that for the Harrow Pension Fund, the deadline for responding to the consultation was 2 October 2023.

The Chair requested that the draft consultation document relating to the pensions issues raised in the Mansion House Speech be distributed to Members.

**RESOLVED:** That the contents of the update be noted.

#### **69. Any Other Urgent Business**

Councillor Norman Stevenson informed Members that due to increased activism at some Pension Fund Committee meetings on environmental, social, and governance (ESG) investing, it would be prudent for the Committee to be aware of possible attendance at future meetings.

#### **70. Exclusion of the Press and Public:**

**RESOLVED:** That in accordance with Part I of Schedule 12A to the Local Government Act 1972, the press and public be excluded from the meeting for the following item(s) for the reasons set out below:

<u>Item</u>	<u>Title</u>	<u>Reason</u>
13.	Investments & Managers Performance Review	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).
14.	LCIV and Investment Pooling Quarterly Update	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

15. Investment Strategy Implementation Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

**70. Investments & Managers Performance Review**

Members received confidential appendices for the report on the Investment and Managers' Performance Review.

**RESOLVED:** That the appendices be noted and approved.

**71. LCIV and Investment Pooling Quarterly Update**

Members received confidential appendices on the Draft Pension Fund Annual Report 2022-2023.

**RESOLVED:** That the appendices be noted and approved.

**72. Investment Strategy Implementation**

Members received a confidential report with appendices.

**RESOLVED:** That the recommendations be approved, with amendments to II and III as agreed at the meeting. Recommendation I be approved as presented.

(Note: The meeting, having commenced at 6.30 pm, closed at 7.40 pm).

(Signed) Councillor David Ashton  
Chair