

# **Pension Board**

## **Minutes**

### **5 February 2024**

**Present:**

**Chair:** Mr R Harbord

<b>Board Members:</b>	Pritesh Patel	Employer representative – London Borough of Harrow
	Gerald Balabanoff (VC)	Scheme Members' Representative - Pensioners
	Dr Simon Radford	Employer Representative – Scheduled and Admitted Bodies

**In attendance: (Officers)** Jeremy Randall Interim Pensions Manager

**73. Declarations of Interest**

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

**74. Minutes**

**RESOLVED:** That the minutes of the meeting held on 30 October 2023 be taken as read and signed as a correct record.

**75. Public Questions**

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

**76. Petitions**

**RESOLVED:** To note that no petitions had been presented.

## 77. Deputations

**RESOLVED:** To note that no deputations had been received.

## Resolved Items

## 78. Pension Administration Update - Quarterly Performance Update (30 Sept 2023)

The Board received the Pensions Administration Update with Key Performance Report, which provided Members with information relating to the administration performance of the Harrow Pension Fund over the quarter ending 31 December 2023.

The Board were informed that for the quarter ending 31 December 2023, the Administration Team had completed a total of 1,876 tasks. An average of 73% of all tasks were completed within the target time over this period. Performance had dipped in the quarter, due in part to staffing changes as well as ongoing challenges with the Council's payroll system.

During the quarter there were two new complaints received. The first one related to the late payment of the first monthly pension (payment was initially rejected by the bank due to an error). This had been resolved to the complainant's satisfaction. The second complaint received was from the son of a deceased pensioner, who was ineligible for a death grant as the pensioner's death occurred after their 75th birthday. The complaint had been considered under stages 1 and 2 of the Council's Independent Dispute Resolution Procedure. Neither of the two adjudicators had upheld the complaint. The complainant had been advised that should he wish to pursue the matter further his only recourse was to the Pensions Ombudsman.

The officer updated the Board on the problem with some active members' annual benefits statements. Some aspects of the problem (which arose from the Council's payroll system) had been corrected, and the number of outstanding statements reduced to approximately 970. A further fix was being tested and it was hoped that the remaining statements would be made available via Member Self Service before the end of March 2024. The late issue of these statements had been logged as a breach with the Director of Finance, and the Monitoring Officer, in accordance with the Fund's procedure. They will advise on whether the breach is sufficiently material to be reported to the Pensions Regulator.

The Board queried the rise in administration costs by approximately £200,000 due to the assignment to the Pension Fund of the Council's payroll system. The Board were informed that an explanation would require the meeting to go into private session as it concerned confidential information relating to Pension Scheme members. The matters raised were answered to the satisfaction of the Board.

**RESOLVED:** That the report be noted.

## 79. Audit of Pension Fund Accounts 2021-22

The Board received the Audit Report of Pension Fund Accounts 2021-2022.

The Board were informed that the Pension Fund Committee had reviewed and approved the draft Pension Fund Annual Report and Accounts for 2021-22 at its meeting on 12 October 2022. Since that meeting, the Committee and Board had received regular updates on the progress of the audit. Although the audit was largely complete, a small number of presentational changes were required in order for the auditor to confirm that the Pension Fund accounts were consistent with the Council's main accounts.

However, this meant that formal sign-off of the Pension Fund accounts was delayed. The delays were in respect of the audit of the authority's "main accounts" and were due to a number of national issues affecting local authority audits more generally.

The audit had now been completed, and the auditors, Mazars, had reported the outcome to the Governance, Audit, Risk Management and Standards (GARMS) Committee on 29 November 2023. A representative from Mazars had attended the Pension Fund Committee meeting on 20 December 2023 to present the audit findings and answer Committee Members' questions.

The Board expressed concern about governance being compromised if account balances from the various fund managers were not forthcoming in a timely manner.

The officer advised that valuations from managers were received each month, and those were available shortly after the end of the reporting period. These were made available to the auditors. The issue raised by the auditor was a result of the requirement (in auditing standards) that the auditor obtains confirmation of balances from managers directly.

Officers already wrote to all managers shortly after the end of the financial year seeking various information needed to prepare the accounts. As part of that correspondence the Pension Scheme confirmed to the managers that Mazars were still the Council's auditors, and asked that they respond promptly to requests from them for information.

However, the time lag between the initial communication and the request from Mazars had contributed to delays in some cases. As the process to prepare the 2023-24 accounts begins, officers will write to all fund managers to seek balances early, and will inform them that Mazars continue to be the auditors for the London Borough of Harrow. Fund managers will be requested to respond promptly to information requests from the auditors.

**RESOLVED:** That the report be noted.

## 80. Review of Pension Fund Committee Items

The Board received a report on the Review of Pension Fund Committee Items, which summarised matters the Pension Fund Committee had considered at its meeting of 20 December 2023.

The Funding level had improved significantly since the 2022 Triennial Valuation, largely because of the rise in interest rates, which in turn increases the discount rate applied to future pension liabilities, and hence reduces the present value of those liabilities.

The Board inquired whether investment in equities could, therefore, be reduced, and were advised that the guidance from the Pension Fund's investment consultants was to continuously monitor the performance of equities, and to re-balance holdings back to the strategic allocation if conditions made it appropriate to do so. The Pension Fund Committee had reviewed its strategic asset allocation, and although it was making some changes, it was retaining a 50% allocation to equities.

The Board asked about de-risking and reducing exposure to certain types of investment and whether Harrow's Pension Fund performed below the benchmark.

The officer advised that Harrow's strategic allocation to equities had for some time been 50% (split across 3 active managers and one passive manager). Some Local Government Pension Scheme (LGPS) Funds had for a range of reasons maintained higher allocations to equities. It is mainly those funds which were now de-risking as funding positions improve by reducing their allocations to equities.

In recent years, funds with a higher allocation to equities will have seen higher investment returns. However, it was acknowledged that some investment managers had underperformed, and the Pension Fund Committee had, in 2021 and 2022, replaced two underperforming equity managers. The Committee continues to monitor managers' performance. The performance of some London CIV equity funds was low. This was a concern for other LGPS funds as well.

In response to a question as to whether there plans to meet the London CIV's newly appointed Chief Investment Officer, the Board were advised that she would be invited to the next meeting of the Pension Fund Committee on 5 April 2024.

**RESOLVED:** That the report be noted.

## 81. Government Consultation on Investments and Pooling

The Board received a report on Government Consultation on Investments and Pooling, which updated the Board on the recently published results following responses to the consultation document on Local Government Pension Scheme (LGPS) Investments and Pooling.

The Government had undertaken a consultation on reforms to the arrangements for investment of LGPS assets. The latest plans were outlined in the Chancellor of the Exchequer's speech at the annual Mansion House dinner in July 2023. During that speech the Chancellor had announced reforms for the LGPS in England and Wales, covering asset pooling, levelling up and opportunities in private equity. Following this, the Department for Levelling Up Housing and Communities (DLUHC), had published a consultation on the areas the Chancellor highlighted in his speech. The consultation had closed on 2 October 2023, and the Government had published the outcome on 22 November 2023.

The Board commented that it would be a significant task to consolidate pools, which could require an independent review for it to be successful.

It was acknowledged that regulations and further guidance would be issued in due course, as there were different models of investment pools currently operating.

**RESOLVED:** That the report be noted.

## **82. Recruitment to Board vacancy - Active Scheme Member**

The Board received a report on the Recruitment to Board vacancy – Active Scheme Member, which updated them on the steps being taken to fill the vacant position on the Board.

The Board were informed that the Active Member Database would also be targeted to recruit to the vacant position.

**RESOLVED:** That the report be noted.

## **83. Pension Board Work Programme 2023-24**

The Board received the Pension Board Work Programme 2023-2024 Report for the remainder of the 2023-24 Municipal Year.

**RESOLVED:** That the report be noted.

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

(Signed) Richard Harbord  
Chair