

# **PENSION BOARD**

## **MINUTES**

### **22 MARCH 2016**

<b>Chair:</b>	* Mr R Harbord	
<b>Board Members:</b>	* Councillor Kiran Ramchandani	Employer Representative - London Borough of Harrow
	* Gerald Balabanoff (VC)	Scheme Members' Representative - Pensioners
	* Sudhi Pathak	Employer Representative - Scheduled and Admitted Bodies
	* John Royle	Scheme Members' Representative - Active Members

\* Denotes Member present

#### **27. Declarations of Interest**

**RESOLVED:** To note that no interests were declared by the Board Members present.

#### **28. Minutes**

**RESOLVED:** That the minutes of the meeting held on 2 November 2015 be taken as read and signed as a correct record.

#### **29. Public Questions**

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

#### **30. Petitions**

**RESOLVED:** To note that no petitions were received.

### **31. Deputations**

**RESOLVED:** To note that no deputations were received.

## **RESOLVED ITEMS**

### **32. Information Report - Actuarial Valuation 2016**

The Board received a presentation from the Actuary, Hymans Robertson LLP on the Actuarial Valuation 2016.

The Actuary outlined the content of the presentation, which had also been received by the Pension Fund Committee. She explained that a formal actuarial valuation of the Pension Fund was due and that the Council had appointed Hymans Robertson LLP to carry out the work. The officer reported that the employer consultation was likely to be held in September 2016 and that he had requested that the actuary look at the funding strategy statement.

During the presentation the Board made comments and asked questions as follows:

- if the local authority, as administering authority of the Fund, fixed the contribution rate that was, in the view of the Board, too low the Board should raise this as an issue;
- the role of the Board was to ensure that the administering authority had been through a proper process to set the contribution rate;
- a member of the Board questioned how he could be sure that the work being done by the actuary was correct and was advised that only the process could be checked;
- the position in terms of Academies was questioned and it was acknowledged that depending on its profile, the contribution rate may be higher;
- any fund could be chosen by an admitted body but it was questioned whether an Academy in Harrow could choose a fund in, for example, Hillingdon or Barnet;
- some of the assumptions were questioned/ challenged.

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

### **33. Information Report - Management and Investment Expenses Benchmarking**

The Board received a report which provided an update on developments in connection with benchmarking the management and investment expenses of the Fund.

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

**34. Information Report - Pension Fund Committee Advisers**

The Board received a report which provided information on the advisers appointed by the Pension Fund Committee.

A Board member questioned the rationale for appointing two Independent Advisers when an Investment Consultant was already being retained at a fee of £100,000 and was advised that the Committee had wanted to receive independent advice. The officer added that the Independent Advisers had a different role from the long standing Co-optee on the Committee.

The Board member commented further that the fee of £15,000 per annum paid to the Independent Advisers was too high for their attendance at four meetings. The officer responded that the Advisers were required to keep their knowledge up to date, attend the managers meeting in October and did assist with other work including assisting with the response to the Department for Communities and Local Government on their plans for the future.

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

**35. Information Report - Governance Compliance Statement**

The Board received a report which detailed the existing Governance Compliance Statement. The officer invited the Board to submit comments on the Statement by no later than mid May 2016.

The Board expressed concern in relation to the lack of access of some members to the Part II papers submitted to the Pension Fund Committee. Harrow's compliance with routine practice was questioned. The Board requested that the practice used by other local authorities be researched.

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

**36. Information Report - Pension Fund Committee Meeting 25 November 2015**

The Board received a report which outlined the issues considered by the Pension Fund Committee on 25 November 2015. The officer reported that the Committee had also met on 9 March 2016 when the most significant items of discussion, which also appeared on the Board's agenda, were the Collective Investment Vehicle and Actuarial Valuation.

The officer reported that the London Pensions Collective Investment Vehicle would be a regular item on the Committee's agenda. He advised that 69 out of 90 authorities were members of the Local Authorities Pension Fund and could therefore exert pressure in terms of Environmental, Social and Governance (ESG) issues. The Committee had requested that a letter be sent to the GMO about the poor response from them in terms of ESG.

The Board were informed that State Street Global Services, the Council's Performance Measurement Adviser had terminated its contract with all its UK clients and would no longer be carrying out work for Harrow. A Board member suggested that this matter should be taken up with Scheme Advisory Board.

**RESOLVED:** That

- (1) a letter be sent to the Scheme Advisory Board expressing the Board's concern that the services provided by StateStreet Global Services would no longer be available;
- (2) the Board consider the process whereby the Pension Fund Committee were making decisions based on the advice provided by AON Hewitt.

**37. Information Report - Annual Review of Internal Controls at Fund Managers**

The Board received a report which set out the latest internal controls reports of each of the Fund Managers.

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

**38. Information Report - Environmental, Social and Governance Issues in Pension Fund Investment**

The Board received a report which set out the responses received to requests to the Fund managers in relation to Environmental, Social and Governance (ESG) Issues.

The Board noted that there had not been unanimous signing up to the Codes by the managers and that they should be asked questions in relation to ESG issues at shortlisting/ an early stage. A Board member questioned the compliance if the Council invested in the Collective Investment Vehicle (CIV). It was suggested that Fund managers be questioned on ESG issues when they gave their presentation.

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

**39. Any Other Business**

It was agreed that following items be considered as a matter of urgency given that the next meeting of the Board was in June 2016:

- (i) Work Programme – the officer undertook to provide this at the next meeting;
- (ii) Annual Report – the officer reported that a draft, taking on board the comments made about the terms of reference of the Board, would be submitted to the next meeting to enable it to be reported to Council in September 2016.

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

(Note: The meeting, having commenced at 2.00 pm, closed at 4.13 pm).

(Signed) RICHARD HARBORD  
Chair