

PENSION BOARD

MINUTES

28 MARCH 2019

Chair: * Mr R Harbord

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

* Denotes Member present

23. Declarations of Interest

RESOLVED: To note that there were no declarations of interests made by Members.

24. Minutes

RESOLVED: That the minutes of the meeting held on 5 December 2018, be taken as read and signed as a correct record.

25. Public Questions/Petitions/Deputations

RESOLVED: To note that none were received.

RESOLVED ITEMS

26. Meetings of the Pension Board - Municipal Year 2019/20

Members of the Board were unable to agree the dates set out on the agenda sheet and

RESOLVED: That

- (1) the inaugural meeting of the Pension Board for the Municipal Year 2019/20 be held on 11 July 2019 at either 2.00 pm or 6.30 pm, the exact start time of which be determined after Annual Council on 16 May 2019 when the membership of the Board would be known;
- (2) the remainder of the dates for the Municipal Year 2019/20 be agreed at the inaugural meeting of the Pension Board on 11 July 2019.

27. Information Report - Pension Fund Committee Meetings - 16 January and 12 March 2019

The Board received a report of the Director of Finance, which set out the matters considered by the Pension Fund Committee on 16 January 2019 and 12 March 2019, including the minutes of those meetings.

An officer introduced the report and provided an overview of the reports considered by the Pension Fund Committee, including the decisions of the Committee. The officer added that some of the reports which had been considered by the Committee had been included on the Board's agenda. He referred to the decision of the Committee to redeem Aberdeen Standard GARS (Global Absolute Return Strategies Fund) and to invest in the London CIV (Collective Investment Vehicle). In response to a question, he explained that the decisions of the Pension Fund Committee to transfer investments to the CIV would be implemented by the end of April 2019.

The Board noted that the Council was engaging with the London CIV.

RESOLVED: That the report be noted.

28. Information Report - Performance Monitoring

The Board received a report of the Director of Finance, which set out the performance monitoring information for the quarter ended 31 December 2018.

An officer introduced the report and highlighted the performance statistics for quarter 3. He explained that the figures for 'contact of next of kin on notification of death in three days' had increased. He added that all targets had been met and that there were no reported breaches of law in the current financial year.

With reference to internal complaints, the Board noted that one case had remained outstanding and the officer provided an update in this regard. The Board noted that an appeal remained outstanding but that it related to another employer for which Harrow Council was the administering authority.

RESOLVED: That the report be noted and officers be commended for their work.

29. Information Report - 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 was of the view that the Work Programme would need to include reports on the performance and governance of the London CIV (Collective Investment Vehicle) to allow the Board to decide if Harrow's interests were being upheld in the pool. Members of the Board were of the view that any such reports considered by the Pension Fund Committee ought to be submitted to the Board. Thereafter, they would consider if the CIV needed to be invited to a meeting of the Board.

Another Member suggested that reports relating to the performance of Fund Managers also ought to be submitted to the Board.

Members also referred to the training and the comments made by The Pensions Regulator (TPR) that those serving on Pension Board ought to have the skill and knowledge, including training, to serve on this body and fulfil their duties. It was therefore important that all members of the Board were informed of available training. Members of the Board noted that some of the training was free due to Harrow's affiliations with various bodies and a member agreed to invite other members to training sessions he attended.

The Chair stated that it was important that the Director of Finance held a training log of members of the Board and that all members should inform her of the training they attended.

RESOLVED: That the report be noted, including the comments set out in the preamble above.

30. Information Report - External Audit Plan 2018/19

The Board received a report of the Director of Finance, which set out the External Audit Plan 2018/19 received from the Council's external auditors, Mazars.

An officer introduced the report and informed the Committee of the increase in reporting requirements, including the changes that were expected which would result in the updating of future reports. He drew attention to the materiality levels of £8.2m and explained why the Pension Fund Committee had invited Mazars to its next meeting.

Members of the Board noted the fees charged by Mazars for its audit work which they understood was regulated but that there would be other additional fees to pay. The Board looked forward to commenting on Mazars' final audit report, which they noted would be submitted to their September 2019 meeting.

RESOLVED: That the External Audit Plan (Audit Strategy Memoranda for the Pension Fund) be noted, including the comments made in the preamble above.

31. Information Report - Statutory Guidance on Asset Pooling

The Board received a report of the Director of Finance, which set out the recently published draft statutory guidance by the Ministry for Housing, Communities and Local Government (MHCLG) on asset pooling and outlined the key points raised by the guidance for consideration by the Board.

An officer introduced the report and stated that the MHCLG was carrying out an informal consultation process on its draft statutory guidance on LGPS (Local Government Pension Scheme) and he invited comments from the Board. He added that the Pension Fund Committee had already given its comments and he had received an extension from the MHCLG to allow the Board's comments to be incorporated.

Following a short discussion, members of the Board were of the view that each pool ought to have a Pension Board.

RESOLVED: That the report be noted and the Board's view, as set out in the preamble above, be incorporated in the response.

32. Information Report - Annual Review of Internal Controls at Investment Managers

The Board received a report of the Director of Finance together with a confidential appendix, which summarised the latest internal controls reports for eight of the Fund's ten investment managers. The Board also received a tabled document, setting out additional information to the confidential appendix, which had been erroneously omitted from circulation with the agenda and was considered material in the consideration of the report.

The reports had been reviewed and showed that controls were operating effectively and there had been a satisfactory management response to the exceptions identified.

An officer reported that annual reports were submitted to the Pension Fund Committee and that a further report would be submitted to its June 2019 meeting. He added that there were no outstanding concerns on the Fund Managers and that, apart from Aberdeen Standard, all other exceptions were small.

RESOLVED: That the report be noted.

33. Any Other Business

Attendance of Board members to private sessions of the Pension Fund Committee

A member of the Board enquired if a response from HB Public Law (Minute 18, 5 December 2018 Board meeting referred) to provide reasons why the Board could not access the private session of the Pension Fund Committee had been received.

An officer reported that the advice received was that the Board was not a joint decision maker. Its role was to monitor the Committee and for that to take place after the decision had been taken and implemented. The governance around the decision taking process was not for the Board but the Council. The Board needed to consider the effectiveness of the decisions made by the Committee.

The officer clarified that the Board could receive exempt papers, except where personal information was involved, after their consideration by the Committee.

A member of the Board, with the support of those members present at the meeting, stated that he was minded to write to the Pensions Regulator in this regard. The Board noted that the arrangements at Barnet Council differed from those at Harrow, which allowed the Board members to participate fully at meetings of Barnet Council's Pension Fund Committee. They also mentioned other local authorities that allowed similar participation.

34. 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>Items</u>	<u>Title</u>	<u>Reason</u>
15/16.	Information Report – Annual Review of Internal Controls at Investment Managers – Appendix/ Information Report – Local Government Pension Scheme Amendment Regulations	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

35. Information Report - Annual Review of Internal Controls at Investment Managers

[See Minute 32 above.]

36. Information Report - Local Government Scheme Pension Scheme Amendment Regulations

The Board received a confidential report of the Director of Finance, which set out proposals to update the Fund's Funding Strategy Statement for Transferee Admission Bodies, ('Contractors'), to reflect the amendments to the Local Government Pension Scheme Amendment Regulations introduced in May 2018 and to introduce pass through agreements as the preferred approach for assessing contribution rates for new Contractors.

An officer introduced the report and outlined the decision of the Pension Fund Committee meeting held on 12 March 2019, as follows:

That the following changes to the Funding Strategy Statement be agreed:

- (1) for changes required to reflect the amendments to the LGPS Regulations regarding cessation introduced in May 2018;*
- (2) to implement pass-through as the preferred approach for new Transferee Admission Bodies ('Contractors');*
- (3) to implement the proposed contribution rate setting criteria for Transferee Admission Bodies.*

In response to questions, an officer reported that the changes applied to contractors (transferee admission bodies) rather than other scheduled employers and provided certainty to scheme members. Additionally under proposed fair funding changes, anyone contracting out would have the right to remain within the LGPS. Risks would remain with the administering authority.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 6.38 pm, closed at 7.50 pm).

(Signed) RICHARD HARBORD
Chair