

PENSION FUND COMMITTEE

MINUTES

11 SEPTEMBER 2019

Chair:	* Councillor Keith Ferry	
Councillors:	Dean Gilligan	* Bharat Thakker
	* Norman Stevenson	
Co-optee (Non-voting):	* Howard Bluston	
Trade Union Observers:	John Royle	Pamela Belgrave
Independent Advisers:	* Mr C Robertson	Independent Adviser
	* Honorary Alderman R Romain	Independent Adviser
Others:		

* Denotes Member present

83. Attendance by Reserve Members

RESOLVED: To note that there were no Reserve Members in attendance.

84. Declarations of Interest

RESOLVED: To note that the following interests were declared:

All Agenda Items

Councillor Norman Stevenson, a member of the Committee, declared a non-pecuniary interest in that he was a Director of Cathedral Independent Financial Planning Ltd., and that 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.

Howard Bluston, non-voting co-optee, declared non-pecuniary interests in that he had previously worked with Aon, Council's Advisers to the Fund, and that he knew a number of Fund Managers, including BlackRock. He had also met with the asset management firm, CQS. He would remain in the room whilst all matters were considered and make contributions.

85. Minutes

RESOLVED: That, subject to the following amendments, the minutes of the meeting held on 26 June 2019 be taken as read and signed as a correct record:

- (1) Minute 72, Declarations of Interest - delete reference to interests declared by Colin Cartwright, Aon, and Colin Robertson, Independent Adviser;
- (2) Minute 78, Pension Fund Committee – Performance Dashboard and Update on Regular Items – penultimate paragraph in the preamble to read as follows: An adviser ...with the holding of illiquid assets ...'.

86. Public Questions/Petitions/Deputations

RESOLVED: To note that no public questions, petitions or deputations were received at the meeting.

RESOLVED ITEMS

87. Pension Fund Committee - Performance Dashboard and Update on Regular Items

Members received a report of the Director of Finance, together with appendices 1-5 of which appendix 4 was confidential, which set out

- the draft Work Programme inviting Members' comments and agreement;
- a new investment and management Performance Dashboard report summarising key fund performance and risk indicators, trigger monitoring report and PIRC Performance Indicators;
- the Fund's performance to 30 June 2019.

An officer introduced the report and referred the Committee to the revised Fund Valuation and Performance – March 2019 to August 2019 schedule which replaced page 37 of the agenda (appendix 5 referred). The revised schedule was tabled at the meeting in order to avail Members of the Pension Fund investment value up to 31 August 2019 as this information had not

been available at the time the agenda was published. He drew attention to the performance of Pantheon and La Salle Fund Managers. A representative of Aon, Council's Advisers to the Fund, explained the reasons behind the uncertainty in the equity market. However, of significance was the fall in gilt yields due to the Fed's monetary policy approach.

In response to a question from an Independent Adviser in respect of Minute 58 (resolution 1, rebalance to the Strategic Benchmark Allocation by redeeming 5% across all equity holdings and the cash holding to be held within Blackrock to sit within the London CIV) and the further discussion at Minute 78, and whether resolution 1 had been actioned, the officer stated that it had been actioned in part only. A sum of £25m circa 3% of the value of the Fund had been moved into cash. Discussions with the London CIV (Collective Investment Vehicle) were continuing with a view to transferring the Longview Funds held if other London Boroughs wished to invest and planned investment in the infrastructure sub-fund once it was opened for new investment. An Independent Adviser stressed the importance of not delaying the reduction in the equity holding.

The Committee discussed the Investment Dashboard at appendix 1 to the report, including the reasons behind why the value of liabilities might have changed. The Committee also discussed the costs associated with currency hedging.

Members were also briefed on the Harrow Pension Fund Annual Report and Financial Statements which had been audited by the Council's external auditor, Mazars, and that no recommendations had been made. A final audit sign-off was awaited and the Committee was of the view that the attendance of the external auditor at the November 2019 meeting of the Committee was not necessary.

In relation to the pension performance analytics provided by PIRC, appendix 3 to the report referred, an Independent Adviser questioned whether Infrastructure should be included in the benchmark for performance measurement purposes at this stage when no investment had been made and the Fund was not yet open to investment. It was suggested that PIRC might present to the Committee at the next meeting but it was agreed that an Independent Adviser and an officer might present PIRC's findings to the Committee in the first instance.

Discussions in respect of confidential appendix 4 to the report also ensued and related to the London CIV's action in relation to a Fund Manager and an opinion of Aon, Council's Adviser to the Fund. An Independent Adviser agreed with Aon's opinion/advice.

Members were of the view that they would benefit from extending an invitation to London CIV's new Chief Investment Officer (CIO) to attend the next pre-meeting session of the Committee in November 2019 in order to better understand the operations of the London CIV. Members agreed to receive various documents – an overview of the CIV from officers – prior to the November meeting and an Independent Adviser offered to help frame questions for the London CIV CIO.

RESOLVED: That, subject to comments set out in the preamble above, the Work Programme for the period up to March 2020 be agreed.

[See also Minute 91]

88. 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>Agenda Item No</u>	<u>Title</u>	<u>Description of Exempt Information</u>
10.	Pension Fund Committee - Performance Dashboard and Update on Regular Items – appendix 4	Information under paragraph 3 contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
11.	Actuarial Valuation 2019	Information under paragraph 3 contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
12.	Investment Strategy Review Outline	Information under paragraph 3 contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

89. Pension Fund Committee - Performance Dashboard and Update on Regular Items

[See Minute 87]

90. Actuarial Valuation 2019

The Committee received a confidential report of the Director of Finance and the Council's Actuary, Hymans Robertson LLP, setting out the following:

- progress on the triennial valuation to date;
- the valuation assumptions underlying the funding strategy and the proposal to maintain the current stabilisation contribution strategy for the next three years.

The Director of Finance undertook to share the 2019 valuation update with the Council's external auditor, Mazars.

A representative of Aon, Council's Advisers to the Fund, commented on the revised discount rate used and the difference it had made to the value of the liabilities. He advised that assets had performed well and explained the funding level at page 59 of the agenda. An Independent Adviser pointed out that on the previous methodology the discount rate would have reduced to a figure around 3.3% rather than increasing to 4.3%.

The Chair referred to the Investment Dashboard at agenda item 7 and was of the view that contribution rates ought not to be reduced until the Pension Fund was fully funded.

RESOLVED: That the progress to date on the 2019 Actuarial Valuation be noted.

91. Investment Strategy Review Outline

The Committee received a confidential report of the Director of Finance and Aon, Council's Advisers to the Fund, requesting consideration of the proposed investment strategy review outline proposed for the Fund and the level of target return within the investment strategy.

It was noted that Members had received training on the Investment Strategy at an informal session held prior to the meeting.

Members referred to an earlier discussion (Minute 87 refers) and agreed that the pre-meeting session with London CIV ought to start at 5.00 pm on 26 November 2019. An officer undertook to set up access for all members of the Committee to the CIV (Collective Investment Vehicle) Member Website.

Members noted that they would need to meet the new managers of the Property Fund and dates would be circulated by officers for agreement.

RESOLVED: That the report be noted, including the investment strategy review outline set out at appendix 1 to the report.

[See also Minute 87]

(Note: The meeting, having commenced at 6.36 pm, closed at 7.52 pm).

(Signed) COUNCILLOR KEITH FERRY