
**REPORT FOR: PENSION FUND
COMMITTEE**

Date of Meeting:	9 September 2020
Subject:	Pension Fund Committee – Performance Dashboard and Update on Regular Items
Responsible Officer:	Dawn Calvert, Director of Finance & Assurance
Exempt:	No - except for Appendix 4 which is Exempt from publication under paragraph 3, Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
Wards affected:	All
Enclosures:	Appendix 1: Investment Dashboard as at 30 June 2020 (Aon) – TO FOLLOW Appendix 2: Trigger Monitoring Report (Aon) – TO FOLLOW Appendix 3: PIRC Local Authority Pension Performance Indicators to June 2020 (Exempt) Appendix 4 Manager Monitoring Report - Executive Summary (Aon) – TO FOLLOW Appendix 5 Fund Value as at 30 June 2020

Section 1 – Summary and Recommendations

This report updates the Committee on regular items as follows:

- Draft work programme on which the Committee's comments and agreement are requested.
- It includes the investment and management performance dashboard

report summarising key fund performance and risk indicators and trigger monitoring report and PIRC Performance Indicators

- Fund performance to 30th June 2020
- Update on Pension Board

Recommendation

That, subject to any comments the Committee wish to make, the work programme for the period up to March 2021 be agreed.

Committee are invited to comment on the performance and investment dashboard report and the preferred format and presentation for future reports.

Section 2 – Report

A. Introduction

1. This report updates the Committee on regular items as follows:
 - Draft work programme for 2020-21 (Sub-section B)
 - Investment and Manager Performance Dashboard (Sub-section C) and Appendix 1-4
 - Fund Performance and actions for periods ended 30 June 2020 (Sub-section D) and Appendix 5
 - Issues raised by Pension Board (Sub-section E)

B Draft Work Programme 2020-21

October/November 2020 – Investment Strategy Review, and “Meet the Managers”

The Committee needs to consider whether it wishes to undertake a “meet the managers day”, and if so, in what format, or whether the time could be used better to focus on progressing the Investment Strategy Review more quickly. The report elsewhere on this agenda sets out the steps required to do that.

25 November 2020

Update on regular items:

- work programme for 2020-21 & 2021-22
- Performance Dashboard as at 30 September 2020
- Issues raised by Pension Board
- Emerging Risks (including Review of Risk Register)

Investment Strategy Review Update

Environmental, social and governance Issues

Outcome of 2019-20 audit

Training session at 5.30 – tbc

24 March 2021

Update on regular items:

- Draft work programme for 2020-21
- Performance Dashboard 31 December 2019

- Issues raised by Pension Board
- Emerging risks

Investment Strategy Review Update

Pooling and London Collective Investment Vehicle

Monitoring of operational controls at managers

External Audit plan 2020-21

Training programme 2021-22

Environmental, social and governance Issues

Training session at 5.30 – tbc

2. The Committee will have the opportunity to update this programme at every meeting but are invited to comment on the draft above and agree it at this stage.
3. In addition to the Committee's work programme, training opportunities will be offered for an hour prior to each meeting. Pension Board members will be invited to join training sessions once these have been arranged.

C Summary Performance Dashboard for Period Ended 30 June 2020

4. Attached as Appendix 1 is a summary investment performance dashboard produced by Aon. It is designed to provide summary reporting and to streamline the performance reports presented to committee.
5. The investment dashboard shows the Pension Fund's estimated Investment Funding Level of 86% as at 30 June 2020 and the fund assets (£872m) and liabilities (£1,013m). This estimate of liabilities is a rolled forward projection based on the 2019 actuarial valuation, the results of which were reported to the Committee in December 2019.
6. The estimated funding level has declined since triennial valuation, reflecting the increase in the value of the Fund's liabilities in the light of forecast yields on investments. No de-risking actions are recommended at the current time (see Appendix 2 Trigger Monitoring Report). Having reviewed this report, both officers and Aon are of the view that the change in the valuation methodology used in the 2019 triennial valuation (in previous valuations, liabilities were valued by reference to gilt yields, whereas in 2019, forecast investment yields were used). It is therefore proposed that the trigger monitoring report will not appear in future reports.
7. The Fund subscribes to the performance data service provided by Pension and Investment Consultants Limited (PIRC) The PIRC performance report is attached as Appendix 3 to this report. The dashboard summarises quarter, year and 3 year performance all of which are below the fund benchmark.
8. The Dashboard includes a summary of asset allocation relative to the strategic benchmark. It also shows the current allocation made to the London CIV (47%). and a summary of manager performance and manager rating.

9. Appendix 4 Manager Monitoring Report - Executive Summary reports on managers who have received the Aon “qualified” or “in review” rating. This is summarised on the dashboard ‘Manager in Focus’ section.

D Fund Performance and Valuation for Period Ended 30 June 2020

10. Appendix 5 sets out the change in the market value of the Fund’s investments from 31st March 2020 to 30 June 2020. The value of the Fund at the 30th June 2020 had increased over the quarter to £871.8m from £778.0m as at 31 March 2020). The 31 March 2020 valuation reflected a low point at what was the height of lockdowns globally arising from the Covid-19 pandemic. However, there was further market volatility during the quarter, and this continues to some extent.
11. Approximately £3.9m was invested in the LCIV Infrastructure Fund in April 2020 – this was funded from cash balances.
12. Work is continuing to finalise the value of the Fund’s investments at 31 July 2020, and this will be reported to the meeting.

E Meetings of Pension Board

13. Pension Board met on 8 January 2020 and received confirmation that there had been no reported breaches of law in the previous quarter. They received reports on fund administration performance to 30 September 2019 and considered a report on the Scheme advisory Board’s Review of Good Governance in the LGPS.
14. A priority for the Board is recruitment to the two vacancies on the Board - one representative each for an employer (other than Harrow Council) and for an employee scheme member. The Board’s next meeting is on 17 September 2020.

Legal Implications

15. The Pension Fund Committee’s Terms of Reference set out the Committee’s power and duties which include:
 - To administer all matters concerning the Council’s pension investments in accordance with the law and Council policy;
 - To establish a strategy for the disposition of the pension investment portfolio; and
 - To appoint to appoint and determine the investment managers’ delegation of powers of management of the fund

Financial Implications

16. There are several matters mentioned in this report, particularly asset allocation and manager performance which ultimately have significant financial implications, but there are no direct financial implications arising from it as its main purpose is to provide an update on regular items.

Risk Management Implications

17. The Pension Fund has a risk register which includes all the risks identified which could affect the management of the Pension Fund. There are no new emerging risks to report

Equalities implications / Public Sector Equality Duty

18. Was an Equality Impact Assessment carried out? No. There are no direct equalities implications arising from this report.

Council Priorities

19. The financial health of the Pension Fund directly affects the level of employer contribution which, in turn, affects the resources available for the Council's priorities there are no impacts arising directly from this report.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 27/08/2020		
Name: Caroline Eccles	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 27/08/2020		
Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Corporate Director of Resources
Date: 27/08/2020		

Ward Councillors notified:

NO

Section 4 - Contact Details and Background Papers

Contact: Jeremy Randall – Interim Pensions Consultant – email Jeremy.randall@harrow.gov.uk

Background Papers: None