

**Report for: Pension Fund  
Committee**

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<b>Date of Meeting:</b>	24 June 2021
<b>Subject:</b>	Performance Dashboard and Update on Regular Items
<b>Responsible Officer:</b>	Dawn Calvert – Director of Finance and Assurance
<b>Exempt:</b>	No - except for Appendix 3 and 4 which are 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)
<b>Wards affected:</b>	List Ward(s) affected by decision. <b>None</b>
<b>Enclosures:</b>	Appendix 1: Investment Dashboard as at 31 March 2021 (Aon) Appendix 2: PIRC Local Authority Pension Performance Indicators to 31 March 2021 (Exempt) Appendix 3 Manager Monitoring Report - Executive Summary (Aon) (Exempt) Appendix 4 - Report from Independent Advisor Appendix 5 – Fund Value as at 31 March 2021 Appendix 6 – Fund Value at 30 April 2021

**Section 1 – Summary and Recommendations**

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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 PIRC Performance Indicators
- Fund performance to 31<sup>st</sup> March 2021
- Update on Pension Board

### **Recommendations:**

The Committee is requested to review and to comment as necessary on the performance and investment dashboard report and approve the draft work programme for the remainder of 2021-22.

## **Section 2 – Report**

### **A. Introduction**

1. This report updates the Committee on regular items as follows:
  - Draft work programme for 2021-22 (Sub-section B)
  - Investment and Manager Performance Dashboard (Sub-section C) and Appendix 1-4
  - Fund Performance and actions for periods ended 31 March 2021 (Sub-section D and Appendix 5) and 30 April 2021 (Appendix 6)
  - Issues raised by Pension Board (Sub-section E)

### **B Draft Work Programme 2021-22**

2. The dates set for future meetings of the Committee in the 2021-22 municipal year are as follows:
  - Monday 13<sup>th</sup> September 2021
  - Wednesday 24<sup>th</sup> November 2021
  - Wednesday 9<sup>th</sup> March 2022
3. An outline work programme has been drafted as follows:

### **13 September 2021**

Update on regular items:

- Draft work programme for 2021-22
- Performance Dashboard 30 June 2021
- Issues raised by Pension Board
- Emerging risks

Investment Strategy Review next steps

Pooling and London Collective Investment Vehicle

Outcome of Audit of Annual Report and Accounts for 2020-21

Good Governance Review next steps

Environmental, social and governance Issues

Training session at 5.30 – tbc

## **24 November 2021**

Update on regular items:

- Draft work programme for 2021-22
- Performance Dashboard 30 September 2021
- Issues raised by Pension Board
- Emerging risks

Investment Strategy Review next steps

Preparation for the 2022 Triennial Valuation

Environmental, social and governance Issues

Procurement of Independent Advisors

Training session at 5.30 – tbc

## **9 March 2022**

Update on regular items:

- Draft work programme for 2022-23
- Performance Dashboard 31 December 2021
- Issues raised by Pension Board
- Emerging risks

Investment Strategy Review next steps

Pooling and London Collective Investment Vehicle

External Audit plan 2021-22

Training programme 2022-23

Environmental, social and governance Issues

Training session at 5.30 – tbc

4. All of these meetings are currently scheduled to start at 6.30pm. It is intended that a training session will be held, before each meeting, beginning at beginning at 5.30pm.
5. 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. In addition to the items listed, it is necessary to review some of the Fund's policies in the coming year – these will be phased appropriately through the year to facilitate a manageable workload for the Committee.

## **C Summary Performance Dashboard for Period Ended 31 March 2021**

6. 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.
7. The investment dashboard shows the Pension Fund's estimated Investment Funding Level of 100.5% as at 31 March 2021 and the fund assets (£968m) and liabilities (£963m). 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.
8. The estimated funding level has improved since triennial valuation, despite the increase in the value of the Fund's liabilities which reflects the

forecast yields on investments, because returns on investments have exceeded expectations in that period. The improvement in the most recent quarter is due to changes in yields during that period. No de-risking actions are recommended at the current time.

9. The Dashboard includes a summary of asset allocation relative to the strategic benchmark. It also shows the current allocation made to the London CIV or under fee arrangements negotiated by the CIV (57%) and a summary of manager performance and manager rating.
10. The Fund subscribes to the performance data service provided by Pension and Investment Consultants Limited (PIRC) The PIRC performance report is attached as Appendix 2 to this report. The dashboard summarises the quarter, 1-year, 3-year and 5-year performance. Apart from the latest quarter, the performance in all of these timeframes was below the fund benchmark.
11. Appendix 3 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. Please note that there is further comment on some managers, plus LaSalle, in the report on the Investment Strategy Review. Appendix 4 sets out the comments of one of the Fund’s Independent Advisors in respect of the various managers’ performance and other related information These appendices are exempt, so any discussion of the detail therein will need to be undertaken in Part II of the meeting.

#### **D Fund Performance and Valuation for Period Ended 31 March 2021**

12. Appendix 5 sets out the change in the market value of the Fund’s investments from 31<sup>st</sup> March 2020 to 31<sup>st</sup> March 2021. The table has been ordered to align the various investments with the three high-level “bucket” groupings approved under the investment Strategy Review – Equities, Diversifying Return Assets and Risk Control Assets. The value of the Fund at the 31<sup>st</sup> March 2021 had increased over the quarter to £967.9m (from £959.9m as at 31<sup>st</sup> December 2020). As noted previously, the 31 March 2020 valuation of £778.0m reflected a low point at what was the height of the initial “lockdowns” globally arising from the Covid-19 pandemic. During the first quarter of 2021, markets continued to be volatile, as illustrated by the fluctuating valuations at the end of each month.
13. Appendix 6 also shows the 30<sup>th</sup> April 2021 valuation. There was a further net increase in the Fund’s value to £993.9m.
14. During the period 1 January to 30 April 2021, approximately £7m was invested in the London CIV Infrastructure Fund – this was funded from cash balances. This Fund is now 25% invested, and progress with this investment remains in line with the expected drawdown of the Fund’s commitments. Further calls totalling £1.2m have been made in May and June 2021.

15. During the period, progress has been made with the implementation of the Committee's decisions regarding the equity portfolio (redemption of investments in Oldfield and their reinvestment in the LCIV Sustainable Equity Fund some rebalancing withdrawals) and fixed income portfolios (initial investment in the LCIV Global bond fund). This work is reported in more detail in the Investment Strategy Review item elsewhere on this agenda.

## **E Meetings of Pension Board**

16. Since the Committee's last meeting, the Pension Board has not met. It approved its initial workplan for 2021-22 at its meeting on 4th March 2021.
17. The Board's next meeting was scheduled for 1<sup>st</sup> July 2021, but this has recently been moved to 8<sup>th</sup> July 2021 to avoid clashing with another Council meeting.

## **Legal Implications**

18. There are no legal implications arising from this report.

## **Financial Implications**

19. Whilst the performance and effective controls of the fund managers is of paramount importance in the performance of the Pension Fund, there are no specific financial implications arising from this report.

## **Risk Management Implications**

20. Risks included on corporate or directorate risk register? **No**  
Separate risk register in place? **Yes**
21. The Pension Fund's Risk Register is reviewed regularly by both this Committee and by the Pension Board. The latest review will be carried out elsewhere on this agenda.
22. There are no specific risk management implications arising from this report. The level of risk to which its investments are exposed is a key component in developing the Fund's investment strategy.

## **Equalities implications / Public Sector Equality Duty**

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

## **Council Priorities**

24. The performance of the Pension Fund directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities.

## **Section 3 - Statutory Officer Clearance**

**Statutory Officer: Dawn Calvert**

Signed by the Chief Financial Officer

**Date: 09/06/2021**

**Statutory Officer: Caroline Eccles**

Signed on behalf of the Monitoring Officer

**Date: 10/06/2021**

**Chief Officer: Dawn Calvert**

Signed on behalf of the Corporate Director

**Date: 09/06/2021**

## **Mandatory Checks**

**Ward Councillors notified: Not Applicable**

## **Section 4 - Contact Details and Background Papers**

**Contact:** Jeremy Randall – Interim Pensions Manager

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**Background Papers:** None