

# Pension Board

## Minutes

### 4 March 2021

**Present:**

**Chair:** Mr R Harbord

<b>Board Members:</b>	James Lee	Harrow Council, Employer Representative
	Gerald Balabanoff (VC)	Scheme Members' Representative - Pensioners
	Patrick O'Dwyer	Scheme Members' Representative - Active Members

**90. Declarations of Interest**

**RESOLVED:** To note that the declarations of interests, which had been published on the Council website, be taken as read.

**91. Minutes**

**RESOLVED:** That the minutes of the meeting held on 2 December 202 be taken as read and signed as a correct record, subject to the following amendments:

- Page 6, Item 83 – to clarify that the Vice-Chair did not attend the Pension Fund Committee meeting on 25 November 2020.
- Page 9, Item 85 - to read “The Regulations enabled the Pension Fund to manage *exit* arrangements...”

**92. Public Questions**

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

**93. Petitions**

**RESOLVED:** To note that no petitions had been received.

**94. Deputations**

**RESOLVED:** To note that no deputations had been received.

**Recommended Items**

**95. Review of Pension Fund Communications Policy**

The Board received a report setting out the revised Pension Fund's Communications Policy (at Appendix 1).

In his introduction, the Interim Pensions Consultant stated that the Communications Policy, a requirement under the Local Government Pension Scheme (LGPS) Regulations, was last reviewed in 2018. The policy had been updated, taking inspiration from a range of good practice found in other LGPS administering authorities and reflecting the current methods of operating as a result of the Covid-19 pandemic.

The Board welcomed the report and acknowledged the improvements made to its structure. A comment was raised in relation to page 26, paragraph 9 in that the accuracy of having training as a regular agenda item at Pension Board meetings quarterly meetings needed to be confirmed. The Chair added that a list of training opportunities used to be provided as part of the meeting agendas alerting Members to any available opportunities but had since stopped. Officers undertook to investigate this matter.

A Member also stated that whilst the Pension Fund Communications Policy was available on the Harrow LGPS website, some consideration on improving and promoting internal communications within the Council and taking advantage of available information was required.

**RESOLVED:** That the revised Pension Fund Communications Policy be noted.

**Resolved to RECOMMEND:** (to Pension Fund Committee)

That the revised Pension Fund Communications Policy be recommended for approval and adoption, subject to any additional amendments to the report.

**96. Review of Pension Fund Governance Compliance Statement**

The Board received a report setting out the revised Pension Fund Governance Compliance Statement (at Appendix 1). The Statement, which aim was to outline the specific delegations of functions and local Pension Board arrangements, was last reviewed in 2018.

Members' attention was drawn to the Good Governance Review which had been put on hold during the initial stages of the pandemic but had resumed

and was recently discussed by the LGPS Scheme Advisory Board. The recommendations from Hyman Robertson, the Scheme's Actuary, had been published and a report would be presented at the next Board meeting for further discussion.

The Board welcomed the report and the revised Statement and raised a number of comments as follows:

- Pages 37 and 38 –determination of early retirement applied to Harrow Council Employee Members, not all members.
- Page 38 - the Director of Finance's title to be amended to read "Director of Finance *and Assurance*"
- Page 41 – the non-compliance related to the composition of the Pension Fund Committee (which was the decision-making body for the scheme). The Committee had no representatives of the "non-Harrow" employers, and the scheme member representatives had only observer (ie non-voting) status. This position was not inconsistent with other London Boroughs.

**RESOLVED:** That the revised Pension Fund Governance Compliance Statement be noted.

**Resolved to RECOMMEND:** (to Pension Fund Committee)

That the revised Pension Fund Governance Compliance Statement be recommended for approval and adoption, subject to any additional amendments to the report.

## **Resolved Items**

### **97. Review of Pension Fund Committee Items**

Due to no recent Pension Fund Committee meetings having taken place since the Pension Board's last meeting on 2<sup>nd</sup> December 2020, the Board was presented with a report outlining the Pension Fund Committee items due to be considered at the next meeting scheduled for 24<sup>th</sup> March 2021. Members' attention was drawn to a number of reports, such as the review of the Pension Fund's Investment Strategy as well as the Pension Fund Communications Policy and Pension Fund Governance Compliance Statement, which were included in the agenda for this meeting. The Board was also updated on the Fund's investment position as at 31<sup>st</sup> December 2020, as set out in Appendix 1 to the report.

Responding to a question, the Interim Pension Consultant explained that the software system used by the Harrow Pension Administration was "Aquila Heywood". The contract for the software had already been extended, with any future procurement required likely to be carried through the Norfolk LGPS framework which would simplify the process.

The Board Members thanked officers for the report and did not raise any further comments or questions.

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

## **98. Review of Pensions Administration Team Performance**

The Board received a report setting out the regular update on the Pension Administration Team's performance for the quarter ending 31<sup>st</sup> December 2020.

The Interim Pensions Consultation introduced the report, highlighting the following:

- the Fund's membership had seen a slight increase since the last Board meeting in December 2020 and was up to 18,638 members compared to 18,451 in March 2020;
- the performance monitoring statistics, set out in Appendix 1 to the report, had been updated and now included a comparison against national benchmarking targets and the rest of the LGPS;
- no breaches of the law in the current financial year had been reported;
- there were no new complaints or internal disputes raised. However, the Administration Team was handling several long-standing cases, relating to earlier decisions on the level of ill-health retirement to be granted, which had come back for Stage 2 determination. In addition, the Team received a Pension Ombudsman complaint in December 2020, also relating to a pre-existing ill-health retirement case, which had been responded to within the timescales and was awaiting the Ombudsman's conclusions. A common theme was that the cases related to the decisions regarding ill-health retirement, which in all cases had been taken on the basis of the advice given by the independent registered medical practitioner. While difficult and challenging in their nature, all cases were considered in line with the pension regulations.
- the £95,000 exit cap had been abolished and previous regulations repealed, with changes coming into force from 12<sup>th</sup> March 2021. Those affected by the cap in the period between 4<sup>th</sup> November 2020 and 12<sup>th</sup> February 2021 when the Treasury first announced the new measures, were to be placed in the same position had the cap not been applied. It was expected that measures similar to the £95,000 cap would be reintroduced by the government over the coming months. The changes were likely to have minimal impact for Harrow Council and were not expected to make a significant difference to the Pension Team's workload. On the basis of the advice given by the Actuary, it had been agreed that the Council would remain with the Government Actuary's Department (GAD) factors;
- employers' data was currently being collected in respect of claims affected by the McCloud ruling, which was going to result in a significant workload for Harrow's Pension Team. Furthermore, the

government's approach in respect of other public sector pension schemes, posed a further challenge in that people affected were not required to make a decision on whether to have to new or old underpin applied until pension benefits crystallised which in some instances may not be for a number of years.

The Board thanked officers for the report and requested that an update on the Pension Ombudsman's decision as well as further details on the number of ill-health retirement cases and the causes of delay in calculation of ill-health benefits be provided in due course.

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

#### **99. Pension Board Members' Training**

The Board received a report which set out the Pension Board's training arrangements for the next Municipal Year and sought Members' views on any specific training requirements.

Members welcomed the report, and, in the discussion which followed raised a number of questions and comments. It was agreed that:

- the Board be regularly updated on upcoming training opportunities, areas of interest and useful online resources;
- a quarterly report on the Pension Scheme Advisory Board be provided and used as a source for any important developments and relevant Pension Board training;
- training and learning resulting from Hyman Robertson's final governance report as agreed by the Pension Scheme Advisory Board SAB be included as part of the next Pension Board meeting scheduled for 1 July 2021 and an invitation extended to an appropriate Hyman Robertson's representative to attend;
- a report on the Pension Fund Conflict of Interest Policy be added to the agenda for the next Board meeting on 1 July 2021.

Board Members were also reminded of the training session on currency hedging around the Pension Fund's equity portfolio which was due to be held before the next Pension Fund Committee meeting on 24<sup>th</sup> March 2021.

**RESOLVED:** That the work programme be noted.

#### **100. Pension Board Work Programme for Future Meetings**

The Board received a report which reviewed the Pension Board's work to date, listing the forthcoming meetings dates, items for discussion and inviting comments on the work programme for the 2021/2022 Municipal Year

Members requested that officers undertake to check if there was a requirement for the risk register to be included as a standing item in future

agendas and reviewed at each Pension Board meeting and if so, have it added to the programme of reports.

Responding to a question on utilising Pension Fund money for local investments, the Director of Finance, who was also present in the virtual meeting, advised that the Fund's duty was to produce the best possible return and that due care was needed before investing any of these returns as they were not Council's own money and could be invested only in very specific funds. It was also explained that the role of the Pension Board was to worry about the governance aspect and how such investments could operate. It was suggested that a broader discussion on these issues could be held at an appropriate future meeting once the Pension Fund Investment Strategy had been reviewed.

**RESOLVED:** That the work programme be noted.

(Note: The meeting, having commenced at 6.33 pm, closed at 7.31 pm).

(Signed) Richard Harbord  
Chair