



---

**REPORT FOR: Pension Board**

---

<b>Date of Meeting:</b>	5 February 2024
<b>Subject:</b>	Review of Pension Fund Committee Items
<b>Responsible Officer:</b>	Sharon Daniels, Interim Director of Finance and Assurance
<b>Exempt:</b>	No
<b>Wards affected:</b>	Not applicable
<b>Enclosures:</b>	Appendix 1 – Monthly Fund Valuations from 31 March 2023 to 30 November 2023 Appendix 2: Investment Dashboard as at 30 September 2023 (Aon) Appendix 3: PIRC Local Authority Pension Performance Indicators to 30 September 2023

## Section 1 – Summary and Recommendations

This report summarises the matters the Pension Fund Committee considered at its meeting of 20 December 2023 and invites the Board to review, agree and add comments they might wish to forward to the Pension Fund Committee.

### Recommendations:

The Board is requested to note the report and comment accordingly.

## Section 2 – Report

1. The Pension Fund Committee last met on 20 December 2023, and its next meeting is on 4 April 2024.
2. The items considered on 20 December are summarised in the table below. Several of the items are the subject of separate reports to be considered elsewhere on this agenda, providing the opportunity for the Board's comments to be forwarded to the Committee.

Report	Comments
<b>Part I</b>	
Performance Dashboard and Update on Regular items	The Committee reviewed the position of the Fund at the end of Q3 2023 (30 September 2023) and received an update on things which had happened in the reporting quarter and agreed a draft work programme of the Committee for the rest of the 2023-24 municipal year.
Auditors' Report on 2021-22 Pension Fund Accounts	The Committee received a presentation and the report from Mazars, the external auditors.  A report on this item appears elsewhere on the agenda for this meeting.
Government Consultation on LGPS Pooling	The Committee received a report on the Government's latest proposals following the end of the Consultation.  A report on this item appears elsewhere on the agenda for this meeting.
<b>Part II</b>	
Update on Pension Fund Procurements	The Committee received a progress update in respect of the procurements of contracts for

	<p>Actuarial Services and for Investment Consultancy Advice Services.</p> <p>The report was considered in part II because of the sensitive nature of procurement decisions.</p>
Investment Strategy Implementation	<p>This item updated the Committee on progress with the implementation of changes to the Fund's investments agreed at its previous meeting and highlighted the next steps in reviewing the Investment Strategy.</p> <p>The report was considered in part II because of the sensitive nature of investment decisions.</p>

3. The Pension Fund's investments were valued at £952m at 30 September 2023. The details of the valuation are shown at appendix 1.
4. The value of most of the Fund's investments was fell slightly during the quarter. There were also further drawdowns of the Fund's commitments to the LCIV Infrastructure Fund and the LCIV renewables Infrastructure Fund.
5. The Investment dashboard is attached at Appendix 2. The Fund's past service liabilities at 30 September 2023 totalled £774m meaning the Fund was approximately 125% funded. This estimate of liabilities is simply a rolled forward projection based on the 2022 triennial valuation. The estimated funding level has improved since the 2022 valuation. This is driven by the fact that the expected return (discount rate) has increased materially since the valuation largely driven by increasing interest rate expectations. This has reduced the liabilities substantially. The assets have held up well over what was a period of turbulence in financial markets and have not dropped to the same extent as the liabilities – hence the increased funding level. This update is at a single point in time and follows a period of volatility in markets. Further market movements will lead to further fluctuations in funding level.
6. It should be noted also that the 125% funding level relates only to “past service” benefits (i.e. service accrued to date). As a scheme which is “open” (i.e. both to future accrual of benefits for existing members and to new joiners), the Fund will also have to meet significant liabilities in respect of future service, which will in turn depend on pay levels and other factors.
7. At 30 September 2023, the value of the Fund's investments was £952m. At that date, 79.7% of the Fund's investments were pooled or in passive investments which are regarded as being pooled. Performance reports from PIRC are attached as Appendix 3.
8. In view of the time lag, the latest investment valuation available at the time of writing this report was that for 30 November 2023 – this is detailed

in appendix 1 – the value of investments had increased to £980m. Based upon valuations notified to date, there has been a further increase in the value of investments during December 2023.

## **Legal Implications**

9. There are no direct legal implications arising from this report.
10. The terms of reference for the Board include the Board's role as set out in the following paragraphs.
11. The role of the Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013, is to assist the Administering Authority (London Borough of Harrow) as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including:
  - securing compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS;
  - securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
  - such other matters the LGPS regulations may specify.
12. The Administering Authority retains ultimate responsibility for the administration and governance of the scheme. The role of the Board is to support the Administering Authority to fulfil that responsibility.
13. In its role, The Board will have oversight of the administration of the fund including:
  - a. The effectiveness of the decision making process
  - b. The direction of the Fund and its overall objectives
  - c. The level of transparency in the conduct of the Fund's activities
  - d. The administration of benefits and contributions
14. The Board will provide the Scheme Manager with such information as it requires to ensure that any Member of the Board or person to be appointed to the Board does not have a conflict of interest.
15. The Board will ensure it effectively and efficiently complies with the Code of Practice on the Governance and Administration of Public Service Pension Schemes issued by the Pensions Regulator. It will help to ensure that the Fund is managed in the same way.
16. The Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

## **Financial Implications**

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

## **Risk Management Implications**

18. The Pension Fund's Risk Register is reviewed regularly by both the Pension Fund Committee and by the Board. The next review is elsewhere on this agenda.
19. 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**

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

## **Council Priorities**

22. 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: Sharon Daniels**

Signed by the Chief Financial Officer

**Date: 26 January 2024**

**Statutory Officer: Sharon Clarke**

Signed on behalf of the Monitoring Officer

**Date: 25 January 2024**

**Chief Officer: Sharon Daniels**

Signed on behalf of the Corporate Director

**Date: 26 January 2024**

## **Mandatory Checks**

Ward Councillors notified: Not Applicable

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

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

Email: [Jeremy.Randall@harrow.gov.uk](mailto:Jeremy.Randall@harrow.gov.uk)

Telephone 020 8736 6552

**Background Papers:** None