

NOTICE OF MEETING

PENSIONS COMMITTEE

Monday, 11th July, 2016, 7.00 pm - Civic Centre, High Road, Wood Green, N22 8LE

Please note that prior to the meeting, starting at 6pm, there will be training for all Committee Members on the Legislation and Governance of the LGPS and Roles & Responsibilities of the Main Stakeholders.

Members: Councillors Clare Bull (Chair), John Bevan (Vice-Chair), Gina Adamou, Mark Blake, Gideon Bull and Viv Ross

Co-optees/ Non Voting Members Keith Brown, Michael Jones and Roger Melling

Quorum: 3

1. FILMING AT MEETINGS

Please note this meeting may be filmed or recorded by the Council for live or subsequent broadcast via the Council's internet site or by anyone attending the meeting using any communication method. Although we ask members of the public recording, filming or reporting on the meeting not to include the public seating areas, members of the public attending the meeting should be aware that we cannot guarantee that they will not be filmed or recorded by others attending the meeting. Members of the public participating in the meeting (e.g. making deputations, asking questions, making oral protests) should be aware that they are likely to be filmed, recorded or reported on. By entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings.

The Chair of the meeting has the discretion to terminate or suspend filming or recording, if in his or her opinion continuation of the filming, recording or reporting would disrupt or prejudice the proceedings, infringe the rights of any individual, or may lead to the breach of a legal obligation by the Council.

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS (IF ANY)

To receive any apologies for absence.

3. URGENT BUSINESS

The Chair will consider the admission of any late items of Urgent Business. (Late items of Urgent Business will be considered under the agenda item where they appear. New items of Urgent Business will be dealt with under item 13 below. New items of exempt business will be dealt with at item 20 below).

4. DECLARATIONS OF INTEREST

A member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and
- (ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members' Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at Paragraphs 5-7 and Appendix A of the Members' Code of Conduct.

5. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

Note from the Assistant Director of Corporate Governance and Monitoring Officer

When considering the items below, the Committee will be operating in its capacity as 'Administering Authority'. When the Committee is operating in its capacity as an Administering Authority, Members must have due regard to their duty as quasi-trustees to act in the best interest of the Pension Fund above all other considerations.

6. MINUTES (PAGES 1 - 8)

To confirm and sign the minutes of the meeting held on 11 April 2016 as a correct record.

7. PENSIONS ADMINISTRATION REPORT (PAGES 9 - 12)

Report of the Assistant Director, Shared Services Centre, to provide the Committee with an update on Pensions Administration matters.

8. DRAFT ANNUAL PENSION FUND ACCOUNTS (PAGES 13 - 38)

Report of the Chief Operating Officer to present the draft Pension Fund Annual Accounts for 2015/16. The audited accounts will be presented to Committee/Board in September once the auditors have completed their work.

9. GOVERNANCE UPDATE REPORT (PAGES 39 - 42)

Report of the Chief Operating Officer to provide an update on governance issues to ensure that the Committee is kept abreast of all activities that are being progressed by officers and advisors to the Fund.

10. PENSION FUND QUARTERLY UPDATE (PAGES 43 - 56)

Report of the Chief Operating Officer to report the following in respect of the three months to 31st March 2016:

- Investment asset allocation
- Investment performance
- Responsible investment activity
- Budget management
- Late payment of contributions
- Communications
- Funding level update

11. PENSIONS TRAINING POLICY AND FRAMEWORK; COMPLIANCE WITH TPR - PUBLIC SECTOR TOOLKIT (PAGES 57 - 74)

Report of the Chief Operating Officer to highlight the clear legal and regulatory requirements for a comprehensive approach by the new Joint Pensions Committee and Board to Pensions training and the acquisition of Pensions Knowledge, Understanding and Skills and to propose that a Training Needs Analysis be issued to all members of the Joint Committee and Board and that all members of the Joint Pensions Committee and Board complete the Pension Regulator's online Public Service Toolkit.

12. FORWARD PLAN AND MEETING REFLECTIONS (PAGES 75 - 82)

Report of the Chief Operating Officer to identify topics that will come to the attention of the Committee in the next twelve months and to seek Members' input into future agendas. Suggestions on future training are also requested.

13. ANY OTHER BUSINESS OF AN URGENT NATURE

To consider any items admitted at item 3 above.

14. DATE OF NEXT MEETING

8 September 2016

15. EXCLUSION OF PRESS AND PUBLIC

The following items are likely to be the subject of a motion to exclude the press and public from the meeting as they contain exempt information as defined in Section 100a of the Local Government Act 1972, paragraph 3; information relating to the business or financial affairs of any person, including the authority holding that information.

16. EXEMPT MINUTES (PAGES 83 - 86)

To approve the exempt minutes of the meeting held on 11 April 2016 as a correct record.

17. TRIENNIAL ACTUARIAL VALUATION - ASSET OUTPERFORMANCE ASSUMPTIONS

Presentation by Hymans Robertson

18. AGE UK HARINGEY UPDATE (PAGES 87 - 90)

Report of the Chief Operating Officer.

19. RENEWABLE ENERGY INVESTMENT

To follow.

20. ANY ITEMS OF EXEMPT URGENT BUSINESS

Helen Chapman, Principal Committee Co-ordinator
Tel – 020 8489 2615
Fax – 020 8881 5218
Email: helen.chapman@haringey.gov.uk

Bernie Ryan
Assistant Director – Corporate Governance and Monitoring Officer
River Park House, 225 High Road, Wood Green, N22 8HQ

Friday, 01 July 2016

MINUTES OF THE MEETING OF THE PENSIONS COMMITTEE HELD ON Monday, 11th April, 2016 7pm

PRESENT:

Councillors John Bevan (Vice-Chair in the Chair), Dhiren Basu, Reg Rice and Viv Ross

Also present Keith Brown (Non-voting), Michael Jones (Non-voting), Roger Melling (Non-voting).

Cllr Bevan in the Chair

126. FILMING AT MEETINGS

RESOLVED

- That the Chair's announcement regarding the filming of the meeting for live or subsequent broadcast be noted.

127. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS (IF ANY)

Apologies for absence were received from Cllrs C Bull and Peacock.

128. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

Cllr Bevan identified that he had undertaken the following training since the last meeting:

- LBH pensions training 14/1/16
- Local Authority Pension Fund Forum 27/1/16
- Local Authority Pension Fund Strategic Investment Forum 04/2/16
- Pensions briefing with Environment Agency pension scheme officers 12/2/16
- Pension Investment Academy, exchange traded funds 23/2/16
- P&LSA pensions update briefing 24/2/16
- Local Authority Pension Investment Strategies and Current Issues Conference 17/3/16
- Decarbonisation/re-energise 2016, carbon risk workshop 22/3/16
- Pensions Investment Academy, Budget 2016 – implications for pension schemes 29/3/16

Prior to the start of the meeting, the Committee received a short demonstration on the new pensions web pages on the Council website. It was noted that this constituted an additional piece of training attended by Committee members. Following on from the presentation, the Committee requested that officers give consideration to increasing the prominence of the pensions self service tab to the top of the pensions home page; look into promoting the new pensions web pages on pension and payslips and provide an update in 6 months on the number of users accessing the new portal [**actions: Janet Richards**].

129. MINUTES

RESOLVED

- That the minutes of the meeting held on 14 January be approved as an accurate record.

In response to a question regarding the current status of Age Concern (UK) Haringey, the Chair advised that the Director of Adult Services had circulated a briefing note to Members but that the issue was not relevant to the Committee.

As a matters arising, clarification was sought as to whether there would be a change in the level of fees associated with proposals to switch one third of passive equities into a Low Carbon Target Index. John Raisin, the Independent Advisor, advised in response of a slight fee increase reflecting the more complex arrangements. It was also confirmed that the investment could not be moved within the London CIV (Collective Investment Vehicle).

130. ADMINISTRATION REPORT

The Committee received a report on administrative issues related to the Haringey Pension Scheme, in this instance the admission of two school catering companies and one cleaning contractor. It was noted that one of the catering companies, Lunchtime Company Ltd, had been approved for entry to the scheme as an Admitted Employer under delegated authority by the Chief Finance Officer.

The Committee sought assurance on scheme admission arrangements for borough schools that transferred from local authority control to academy status. Officers advised in response that the contribution rate for each academy entering the scheme was subject to actuarial calculation and as such was outside of the control of the Council. It was clarified that all academy staff, including new starters, were eligible to enter the scheme by virtue of academies being classified as Scheduled Bodies. Academies did however have the freedom to provide alternative workplace pension provision outside of the Local Government Scheme, for example through schemes such as Nest.

RESOLVED

- To note that the Council's Chief Finance (Section 151) Officer agreed on behalf of the Pension Committee the entry of Lunchtime Company Limited as an Admitted Employer following their catering service contract with St Marys Priory Infant and Junior School on 25 March 2016.
- That the catering contractor Caterlink Ltd be admitted to the Haringey Pension Fund. The reason being Caterlink Ltd is entering into a service contract with Woodside High School and is subject to an admission agreement.
- That the above admission agreement be entered into and that the agreement is a closed agreement such that no new members can be admitted.
- That the cleaning company Hillcrest Cleaning Contractors admitted to the Haringey Pension Fund. The reason being Hillcrest Cleaning Contractors is entering into a service contract with Chestnuts Primary School and is subject to an admission agreement.

- That the above admission agreement be entered into and that the agreement is a closed agreement such that no new members can be admitted.

131. AUTO ENROLMENT UPDATE

The Committee received a report on the latest position of the re-enrolment process for the Haringey Pension Scheme starting on 1 April 2016, a duty required under the Pensions Act 2008. It was advised that there were approximately 150 members of staff to be re-enrolled into the scheme at that time. A copy of the letter to be sent out to the members of staff in question was circulated to the Committee for information.

In response to a question, officers confirmed that the 150 staff members referred to had all started Council employment since the last auto enrolment process in March 2013 and emphasised the duty on employers to enrol workers into a workplace pension scheme.

The Committee raised concern over the current level of eligible Haringey Council and Homes for Haringey employees that were members of the pension scheme and how the current 72% membership level could be improved. To this end, it was requested that a report be submitted to the next meeting providing a breakdown of current membership in relation to the total number of employees; details of any actions planned to increase membership levels; a summary of the number of employees subject to the transitional delay period for enrolment of 1 October 2017 and an update on the outcome from the 1 April re-enrolment process. [**action – Janet Richards**].

RESOLVED

- To note that Haringey Pension Fund re-enrolment will take place on 1 April 2016 and that it is estimated that there are approximately 150 members of staff who will be re-enrolled into the scheme at that time.

132. QUARTERLY REPORT - VALUATION AND PERFORMANCE

The Committee received a quarterly update report on performance of the Haringey Pension Scheme covering the three month period up to 31 December 2015. The Independent Advisor, John Raisin, gave a context to the £40m increase in value of the fund between September and December 2015 including impacting factors such as a bull market in equities, changes to US federal reserve interest rates, Chinese currency movements and reductions in commodity prices including oil.

The Committee sought clarification on the significant value change illustrated to the infrastructure element of the fund over the period. Officers outlined the impact of an initial drawdown of £17m of the Allianz Infrastructure debt fund during quarter four but also agreed to investigate this value change further with the fund manager and provide a written response for circulation to the Committee (**action: Oladapo Shonola**).

In response to a question, confirmation was provided that the infrastructure bonds were actively managed with the exception of Legal and General index bonds which were passively managed. It was also advised that the cash allocation was held by the Council as part of normal treasury management arrangements.

Concern was raised over the paragraph within the report detailing reasons for the reversal in 2015 of the fund position of previous years of expenditure exceeding income. It was commented that the wording was misleading in not referencing the impact of the one off £1m saving made on fees. Officers agreed to review this wording **(action: Oladapo Shonola)**.

RESOLVED

- To note the information report in respect of the activity in the three months to 31st December.

133. NEW TERMS OF REFERENCE FOR THE JOINT PENSIONS COMMITTEE AND BOARD

The Committee considered a report on proposals to establish a Joint Pensions Committee and Board following approval by Full Council in March and by the Secretary of State. The draft Terms of Reference would be submitted to Standards Committee and Full Council for approval in July to formalise establishment.

Roger Melling identified that he would be ineligible to sit on the new Board in his current role as the draft Terms of Reference required employee side representatives jointly appointed by the trade unions to be active members whereas he was a retired member. Officers identified that he would however be eligible for appointment to the pensioner and deferred member employee representative position on the Board.

The Committee proposed that a restriction be imposed in the interests of good governance on the term of office of the four co-opted members of the Board of serving two consecutive four year terms. The individual would then be eligible for reappointment following a four year break **(action: Oladapo Shonola)**.

The Committee emphasised the importance of early forward planning in arranging the election of representatives to the Board and completion of their mandatory training prior to the first scheduled meeting. Officers identified that a forward plan would be generated for the Board which would cover member training. Training for the Board would also be incorporated within the Councillor training and development programme going forward. In light of this, it was agreed that the wording regarding training set out within paragraph 10.4 of the report required strengthening **(action: Oladapo Shonola)**.

RESOLVED

- To note the Terms of Reference for the Joint Pensions Committee and Board and the intention for these to be sent for approval by the Council's Standards Committee and Full Council, following which the necessary amendments to the Council's Constitution would be made.

134. EXTERNAL AUDIT PLAN

The Committee received a report on the audit plan prepared for the 2015/16 pension fund accounts by the external auditors, BDO. It outlined the approach to be taken for the audit and key issues and considerations to be covered.

In response to a question regarding the relatively low fee to be charged for the audit, the BDO engagement lead for the audit, Leigh Lloyd-Thomas, advised that this was a flat fee set by Public Sector Audit Appointments Ltd (PSAA) and which reflected the straightforward nature of the project.

Clarification was sought on the assumptions used within the audit and the link to the triennial valuation. It was advised that the triennial valuation was undertaken on a separate basis and an independent report would be used for the audit.

The Committee were advised of an increased push going forward for transparency of 'hidden fees' related to investment management expenses, with separate reporting on these expected to be made mandatory next year (2016/17 Accounts) for Local Government pensions funds by CIPFA. In response to a question, a margin spread on buying and selling was given as an example of such a non visible fee.

Clarification was also provided to the Committee on the rotation system for the BDO engagement team members which served to maintain independence.

RESOLVED

- That the 2015/16 audit plan prepared by BDO be noted.

135. COMPLIANCE WITH TPR CODE OF PRACTICE

[John Raisin, the Independent Advisor, left the meeting for the discussion of this item].

The Committee received a progress update following on from discussions at the last meeting on actions required to achieve compliance with the Pensions Regulator's Code of Practice produced in April 2015 covering the governance and administration of public service pension schemes. Officers advised that as some of the actions agreed at the last meeting had yet to be fully implemented, ongoing update reports would be provided to the Committee until this was realised (**action: Oladapo Shonola**).

Officers had looked into the best options for progressing the governance review and were proposing that John Raisin be commissioned to undertake this piece of work prior to the completion of 2015/15 draft financial statements as he had the requisite skills set and experience. The Committee questioned whether a governance review was required on an annual basis as set out within the report. Officers agreed to clarify this with reference to the Code of Practice (**action: Oladapo Shonola**).

RESOLVED

- To note progress on meeting the requirements of the Pensions Code of Conduct
- To agree to commission the Independent Advisor to undertake a governance review at an estimated cost of £4500 prior to signing of the 2016 annual accounts.

136. RISK REGISTER

The Committee received a report on the establishment of a secure internal control framework for the Haringey Pension Fund consisting of a mission statement and objectives and a risk register as required by the Pensions Regulator. Officers advised that this was a standard approach and that the risk register was currently in draft form.

Officers proposed that once the risk register was implemented, red rated risks be reported up to Committee meetings going forward including the agreement of further action or mitigation. New risks entered onto the register would also be reported up to the Committee. It was additionally recommended that the Committee consider in turn each of the four key risk areas in detail over the course of the years meetings.

The Committee questioned whether the impact of future central government directions such as that anticipated covering investments, should be included within the register as a national political risk. Officers expressed some reservations on this as although it was a legitimate risk, any mitigation would be hard to determine and the importance was emphasised of keeping the register manageable.

Clarification was sought on the red rating given to the assumptions used by the actuary to calculate pension liabilities and related concern over the impact of long term interest rates which were outside of control. In response, it was confirmed that some mitigation could be put in place to manage this risk through making assets behave more like liabilities such as leveraging linked gilts and which need to be more explicitly set out within the register **(action: Oladapo Shonola)**.

It was agreed that investment risk relating to market volatility should be included within the register and that the mitigating actions wording for risk reference 3 and 4 should be strengthened and the risk rating increased **(action: Oladapo Shonola)**.

RESOLVED

- To approve the risk register for the Haringey Pension Fund.
- To agree that any risk which is rated red be reviewed at each meeting
- To agree that each of the four risk areas be reviewed in depth at consecutive meetings of the Pensions Committee such that over the course of the year, all risk areas are fully reviewed.

137. REPORTING ON BREACHES OF THE LAW

The Committee considered a report setting out a proposed policy for the reporting of breaches of the law to the Pensions Regulator as required under the Pensions Act 2004 and in line with the Code of Practice.

The Committee sought clarification on how they would be kept informed of future breaches. Officers agreed to look into developing an overall summary report to be submitted to each Committee meeting providing details of any breaches or nil returns as appropriate **(action: Oladapo Shonola)**.

Officers confirmed that any breaches identified via the whistleblowing hotline would automatically be forwarded to the Council's Monitoring Officer as the appropriate

officer to determine whether a breach required reporting to the Regulator. Breaches determined as such would be reported retrospectively to the Committee to avoid delaying the process.

RESOLVED

- That the policy on reporting breaches of the law to the Pensions Regulator be approved.

138. POOLING UPDATE

The Independent Advisor gave a verbal update following on from discussions at the last meeting regarding the publication of two Government documents on revisions to the Investment Regulations/powers of intervention and the pooling of investments.

It was confirmed that a response to the Investment Regulations proposals had been submitted by Haringey as signed off by Cllr Bull as Pensions Committee Chair. The response set out broad support for proposals but expressed concern over the general power of intervention of the Secretary of State and that further clarification was needed within the Regulations on the position relating to the use of derivatives which it was considered should be focussed on their misuse and not their legitimate use for investment purposes.

In relation to pooling proposals, it was confirmed that the Council had complied with the requirement to submit initial responses by 19 February 2016 and which had made a commitment to the London CIV. Completed submissions were required by 15 July 2016 to allow for implementation in 2018. An overview was given of the national pooling picture consisting of 8 proposed CIVs spread out on a geographical basis. It was updated that clarification had been provided by the Government that Funds could only be in one pool but that if a pool didn't provide a particular asset class, the freedom existed to procure that service on behalf of all its members from another pool.

RESOLVED

- That the verbal update be noted

139. SCHEME ADVISORY BOARD (SAB) BENCHMARKING STUDY

The Committee considered a report following on from the pilot study undertaken by the SAB on the rollout of Key Performance Indicators (KPIs) to assess the financial health of Local Government Pension Funds. Officers had undertaken an early evaluation of the Haringey Pension Fund against the anticipated range of KPIs to identify action required to improve performance in advance of the assessment regime becoming mandatory for all Local Government Funds in 2016. This would inform a detailed work plan focussing on areas for improvement.

The Committee commented that improvements could be made to the readability of the Haringey Pension Fund initial KPI analysis chart in providing a clearer explanation on the scoring criteria. It was also suggested that consideration be given to introducing a tick or cross rating indicator **(action: Oladapo Shonola)**.

Officers identified that a further report on overall readiness would come to the next meeting of the Committee prior to compliance kicking in and which would include an underpinning work plan (**action: Oladapo Shonola**).

RESOLVED

- That the Committee receives and monitors the progress of the Haringey Pension Fund, on a quarterly basis, against the KPIs used by the SAB in its pilot benchmarking study.

140. DATE OF NEXT MEETING

RESOLVED

- To note the first meeting of the new municipal year would be on 11 July 2016, 7pm.

141. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

- That the press and public be excluded from the meeting for the following items as they contained exempt information as detailed in Section 100a of the Local Government Act 1972, Paragraph 3; information relating to the business or financial affairs of any particular person (including the Authority holding that information.)

CHAIR:

Signed by Chair

Date

Report for: Pensions Committee 11 July 2016

Item number: 7

Title: Pensions Administration Report

Report

authorised by : Mark Rudd - Assistant Director | Shared Services

Lead Officer: Janet Richards – Pensions Manager

☎ 020 8489 3824

✉ janet.richards@haringey.gov.uk

Ward(s) affected: N/A

Report for Key/

Non Key Decision: N/A

1. Describe the issue under consideration

Pensions Administration Report.

2. Cabinet Member Introduction

Not applicable

3. Recommendations that members note:

- 3.1** Automatic re-enrolment took place on 1st April 2016. 137 Employees were re-enrolled. 106 of those to the Local Government Pension Scheme (LGPS) and 31 into the Teachers Pension scheme. As of 15th May 2016, 58 employees (42% of those auto re-enrolled) opted out of the Pension Scheme. There are approximately 1037 employees who will be brought into the fund on 1st October 2017.
- 3.2** The Brook School's cleaning contract with Superclean ended on 30th April 2016. The Brook School entered into a cleaning contract with Green Sky Clean Limited on 1st May 2016.

Recommendations that members agree:

- 3.2.1** That the cleaning contractor Green Sky Clean Limited be admitted to the Council's Pension Scheme as an Admission Body in relation to the provision of a cleaning contract with the Governing Body of The Brook School, subject to the contractor entering into an admission agreement with the Council in respect of the contract.
- 3.2.2** That an admission agreement satisfactory to the Council, be entered into - in respect of the contract and that the agreement is a closed agreement, as such that new members can not be admitted.

4. Reason for decision

Under the LGPS, if a body is an admission body as defined by the Regulations; the administering authority make an admission agreement with that body. The body's employees will be eligible for membership of the Scheme if designated under the terms of the agreement. An admission will provide a service in connection with the exercise of a function of a Scheme employer as a result of the transfer of the service or assets by means of a contract or another arrangement.

5. Alternative options considered

5.1 N/A

6. Background information

Auto Re enrolment

- 6.1** The Government passed legislation under the Pensions Act 2008. The Act made provision for auto-enrolment of employees into a workplace pension scheme. This requires employers to auto-enrol eligible job holders into a pension scheme. All eligible New Starters were auto enrolled from 1st March 2013.
- 6.2** The legislation requires employers to automatically enrol eligible employees who opted out within the last 3 years.
- 6.3** Casual 'as and when' workers with a contract of less than three months are not eligible for immediate membership of the LGPS. They can elect to join if they wish. The postponement option is used for this group of employees to avoid the cost of providing an alternative qualifying schemes.
- 6.4** The Council took advantage of the transitional delay period that permits delaying the auto-enrolment of all eligible non contributing job holders until 1st October 2017. This delay applies to those who have previously opted out of the LGPS and the Teachers Pension Scheme (TPS). There will be approximately 1000 employees who may be brought into the scheme in October 2017. Most of these employees will not have been in a pension scheme for at least 4½ years.
- 6.5** 80% of eligible Haringey employees are in the pension scheme and 82.5% of Homes for Haringey employees are in the pension scheme. The end of the transitional delay exercise in October 2017 will enrol employees into the scheme.

	Haringey Council	Homes for Haringey
The numbers in the scheme	4881	552
The numbers being auto reenrolled / due to be auto re enrolled	137	106
The numbers who have declined over the last 3 years	307	-
Any other category	1037	11
Total	6055	669

Outcome of Auto Enrolment

- 6.6** There were 137 employees who were automatically re-enrolled on 1st April 2016. 106 were in the local government pension scheme and 31 in the Teachers Pension Scheme. 58 employees have opted out to date (42%).

In April 2016 a total of £24,597.36 in employee contributions were deducted for this group.

No additional resource was used.

6.7 Conclusion

Automatic re-enrolment is an employer statutory function which has to be carried out every three years. A large proportion of the staff auto re-enrolled are likely to opt out as they had made a positive election to do so previously. We will monitor this sample of employees over the next few months to confirm numbers of who has opted out following this exercise. The October 2017 exercise will be a big exercise. Nearly 1000 employees will be brought into the scheme who have not been in the pension scheme for at least 4½ years.

6.8 Membership of the Local Government Pension Scheme

Date	Active Member	Deferred Member	Pensioners	Dependent pensioners	Frozen refunds/undecided	Total
31/03/2014	6168	7212	5630	1084	465	20559
31/03/2015	5958	8287	5998	1082	525	21850
31/03/2016	6229	8386	6204	1100	613	22532

Membership of the LGPS has increased each year over the last three years in all categories. New employees are automatically brought into the pension scheme which increases the number of active members. There has also been an increase in the amount of leavers who are entitled to deferred pension payments. The number of pensioners and dependent pensioners has also increased.

New Employer seeking Admission Body Status

- 6.9** The Brook School outsourced its cleaning functions on 1 May 2016 to Green Sky Clean Limited under a contract between the school's Governing Body and Green Sky Limited.
- 6.10** Two staff will be tupe transferred; they are both members of the LGPS. The admission agreement will be closed and only the tupe transferred staff can participate in the LGPS.
- 6.11** The contract length is one year. Staff are required to work no less than 50% of their time on the contract. The actuary has confirmed that Green Sky Clean Limited can continue to pay the same employer contribution rate as the former contractor Superclean. i.e. 26.7% + 5% with no bond.

7. Contribution to strategic outcomes

7.1 N/A

8. Statutory Officers' comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities

8.1 Legal - The Haringey Pension Fund is obliged to admit Green Sky Clean Limited if they meet the requirements of Schedule 2 (Part 3) of the LGPS Regulations 2013. The Admission Agreement is yet to be agreed and is to be a closed agreement.

8.2 Finance - Once an employee is auto enrolled into the fund and the employee opts to remain, both the employee and employer are liable to make contributions into the fund based on the LGPS contribution rates and adjustments to the employer rate as calculated by the fund's actuary. Benefits start to accrue based on contributions received into the fund which creates a liability that the fund will have to discharge when the employee retires.

9. Use of Appendices

9.1

10. Local Government (Access to Information) Act 1985

10.1

1.

Report for: Pensions Committee 11th July 2016

Item number: 8

Title: 2015/16 Draft Annual Pension Fund Accounts

Report authorised by: Tracie Evans, Chief Operating Officer (COO)

Lead Officer: Oladapo Shonola, Head of Finance - Treasury & Pensions
oladapo.shonola@haringey.gov.uk 02084893726

Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key decision

1. Describe the issue under consideration

- 1.1. This report presents the draft Pension Fund Annual Accounts for 2015/16. The audited accounts will be presented to Committee/ Board in September once the auditors have completed their work.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

- 3.1. That the Committee note the content of the draft annual accounts.

4. Reason for Decision

- 4.1. None.

5. Other options considered

- 5.1. None.

6. Background information

- 6.1. The Local Government Pension Scheme Administration Regulations 2008 require local government pension funds to produce an annual report every year to be published by 1st December following the year end. One of the key components of the annual report is the audited pension fund accounts for the year. The pension fund accounts are also still required to be part of the Council's main accounts, even though they are audited separately. The deadline for the publication of the Council's audited accounts is 30th September each year.
- 6.2. At the Pensions Committee meeting on 11th April, BDO Hayward, the Council's new auditors, presented their plan detailing how they would undertake the audit of the 2015/16 accounts.

7. Contribution to Strategic Outcomes

- 7.1. None.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

- 8.1. The comments of the Assistant Director of Finance have been incorporated in the main text of the report.

Legal

- 8.2. As the report confirms the Authority is required to publish a pension fund annual report in a specific format annually on or before 1 December of the year following the year end to which the annual report relates. Regulation 57 of the Local Government Pension Scheme Regulations 2013 sets out this requirement.

Equalities

- 8.3. There are no equalities issues arising from this report.

9. Use of Appendices

- 9.1. 2015/16 Draft Annual Pension Fund Accounts.

10. Local Government (Access to Information) Act 1985

- 10.1. Not applicable.

11. Summary of Accounts

11.1. The below table summarises the headline financials from the draft accounts. Analysis shows that a modest rise in total contributions was offset by larger rises in benefits paid and investment management expenses. Overall, the Fund had a net expenditure of £2.98m in 2015/16 compared to £0.806m in 2014/15 resulting in a year on year increase in expenditure of £2.18m.

Income & Expenditure Analysis

	Prior Year	Reporting Period	Change in expenditure
	2014-15 £'000	2015-16 £'000	£'000
Contributions & Benefit related expenditure			
Income			
Employee Contributions	8,938	9,122	184
Employer Contributions	33,580	34,729	1,149
Transfer Values in	3,058	1,741	-1,317
Total Income	45,576	45,592	16
Expenditure			
Pensions & Benefits	-43,060	-44,321	-1,261
Transfer Values Paid	-3,722	-3,790	-68
Administrative Expenses	-686	-722	-36
Total Expenditure	-47,468	-48,833	-1,365
Net of Contributions & Benefits	-1,892	-3,241	-1,349
Returns on investment			
Net Investment Income	4,322	4,675	353
Investment Management Expenses	-3,236	-4,415	-1,179
Net Return on Investment	1,086	260	-826
Total	-806	-2,981	-2,175

11.2. The increase in pension benefit paid is as a result of a rise in the number of retired members in the Fund. The number of retired members in the Fund increased by 206 from 5,998 to 6,204.

11.3. The main reason for the rise in investment management fees is due to the increase in assets managed by Pantheon Private Equity. The management fee charged by Pantheon has risen by approximately £1m between March 2015 and March 2016 due to full year effect of new draw-downs.

This page is intentionally left blank

PENSION FUND

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
LONDON BOROUGH OF HARINGEY

[TO BE INSERTED AT END OF AUDIT]

DRAFT

PENSION FUND

2015/16	Pension Fund Account	Note	2014/15	31/03/16	Net Asset Statement	Note	31/03/15
£000			£000	£000			£000
	Dealings with members, employers and others directly involved in the fund						
43,851	Contributions	6	42,518	1,024,883	Investment assets	13a	1,032,791
1,741	Transfers in from other pension funds	7	3,058	20,694	Cash deposits	13b	13,150
45,592			45,576	1,045,577			1,045,941
(44,321)	Benefits	8	(43,060)	2,290	Current assets	19	727
(3,790)	Payments to and on account of leavers	9	(3,722)	(1,590)	Current liabilities	20	(1,313)
(48,111)			(46,782)	1,046,277	Net assets of the fund available to fund benefits at the period end		1,045,355
(2,519)	Net dealings with those involved in the fund		(1,206)				
(4,415)	Management expenses	10	(3,236)				
	Returns on Investments:						
4,675	Investment Income	11	4,322				
(25)	Taxes on income	12	(112)				
3,206	Profit and losses on disposal of investments and changes in market value of investments	15b	146,243				
7,856	Net return on investments		150,453				
922	Net (increase) / decrease in the net assets available for benefits during the year		146,011				
1,045,355	Opening net assets of the scheme		899,344				
1,046,277	Closing net assets of the scheme		1,045,355				

Introduction

Haringey Local Government Pension Fund is part of the Local Government Pension Scheme and is administered by Haringey Council. The Council is the reporting entity for this pension fund. However, the Fund is separately managed by the Council acting in its role as Administering Authority and its accounts are separate from the Council's accounts. The following description of the fund is for summary only. For more detail, reference should be made to Haringey Council Annual Pension Fund Report and Accounts.

The financial statements have been prepared in accordance with the Public Service Pensions Act 2013 (as amended) and Local Government Pension Scheme Regulations and with the guidelines set out in the *Code of Practice on Local Authority Accounting in the UK 2015/16*, which is based on International Financial Reporting Standards as amended for the UK public sector. The fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)

PENSION FUND

- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended).

The Net Asset Statement sets out the assets and liabilities for the Fund as at 31st March 2016.

Investments and Statement of Investment Principles

The Pension Fund's investment strategy is formulated within the parameters of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended).

The Pensions Committee is responsible for setting investment strategy with the aid of independent advice from the Pension Fund's advisers. Day to day investment decisions are delegated to fund managers.

The strategy is set out in detail in the Statement of Investment Principles (SIP), which is published in the Pension Fund Annual Report. The SIP is regularly updated to reflect any changes made to investment management arrangements and reports the extent of compliance with the Myners principles of investment. All investments are externally managed, with the exception of a small allocation of cash required for the payment of benefits, which is managed internally. The Fund did not award any new mandates during 2015/16, although passive mandate portfolio was transferred from Black Rock to Legal and General.

Fund administration and membership

At 31st March 2016, there were 6,229 (2015: 5,958) employees contributing to the Fund and 7,304 (2015: 7,080) pensioners and dependents receiving benefits. There were also 8,519 (2015: 8,678) deferred pensioners.

Employees in the following organisations, in addition to Council staff contribute to and accordingly benefit from the fund.

Transferee Admission Bodies:

- Cofely Workplace Limited
- Churchill Contract Services
- Fusion Lifestyle
- TLC Limited
- Urban Futures London Limited
- Veolia Environmental Services (UK) PLC
- Lunchtime UK Limited (six school contracts)
- ABM (two school contracts)
- Caterlink (four school contracts)
- Absolutely Catering
- The Octagon

Community Admission Bodies:

- Alexandra Palace Trading Co Limited
- Haringey Age Concern (in liquidation)
- Haringey Citizens Advice Bureau

Scheduled Bodies:

- Homes for Haringey
- College of Haringey, Enfield & North East London
- Greig City Academy
- Fortismere School
- John Loughborough School
- Alexandra Park Academy

PENSION FUND

- Woodside Academy
- Eden Free School
- Harris Academy Coleraine
- Harris Academy Philip Lane
- AET Trinity Primary
- AET Noel Park
- Haringey 6th Form Centre
- St Paul's & All Hallows Infant Academy
- St Paul's & All Hallows Junior Academy
- St Michael's Academy
- St Ann CE Academy
- Holy Trinity CE Academy
- Heartlands High School
- Brook House Primary
- Millbrook Primary School

Scheduled bodies are public bodies required by law to participate in the LGPS. Admitted bodies are in the LGPS either because services have been outsourced or because they have sufficient links with the Council to be regarded as having a community interest.

Notes to the Haringey Pension Fund Accounts for the year ended 31st March 2016

1. Description of the fund and effect of any changes during the period

The Fund is a defined benefit scheme and was established on 1st April 1965 to provide retirement pensions and lump sum allowances, survivor dependants' and death benefits to all eligible employees of Haringey Council. Certain other organisations also participate in the Fund and details of these are set out above. The Fund's income is derived from employees, contributions from

employing organisations and income from investments.

Haringey Council in its role as Administering Authority has delegated responsibility for administering the Pension Scheme to the Pensions Committee. Details of the individuals who served on the Pensions Committee during 2015/16 are shown below.

The terms of reference for Pensions Committee are set out in the Council's constitution. The Committee consists of six elected Councillors with full voting rights and three representatives. Councillors are selected by their respective political groups and their appointment was confirmed at a meeting of the full Council. They were not appointed for a fixed term but the membership is reviewed regularly, normally annually, by the political groups. The three representatives were appointed by their peer groups. The membership of the Committee during the 2015/16 year was:

Cllr Clare Bull	-	Chair
Cllr John Bevan	-	Vice Chair
Cllr Dhiren Basu	-	Member
Cllr Sheila Peacock	-	Member
Cllr Reg Rice	-	Member
Cllr Viv Ross	-	Member
Roger Melling	-	Employee representative
Michael Jones	-	Pensioner representative
Keith Brown	-	Admitted and Scheduled

2. Significant accounting policies

The principal accounting policies of the Fund are set out below.

Contributions

Employer and employee contributions are included on an accruals basis relating to wages and salaries payable for the financial year. Employers' capital cost payments are also accounted for on an

PENSION FUND

accruals basis relating to the period in which the liability arises.

Transfers in and out

Transfers in and out are accounted for on a cash basis whenever the transfer value is paid or received.

Investment income

Interest on cash and short term deposits is accounted for on an accruals basis. Distributions from equity and bond pooled funds are recognised on the date of payment. Distributions from property unit trusts are shown on an accruals basis by reference to the ex-dividend date. Income retained within pooled funds is accounted for as part of the change in the market value of investments.

Benefits

Benefits are shown on an accruals basis relating to the date on which they become payable. The benefits payable in respect of service from 1st April 2014 are based on career average revalued earnings and years of eligible service. Pensions increase each year in line with CPI.

Taxation

The Fund is exempt from UK income tax on interest received and capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as an expense as it arises.

Management expenses

Administrative, governance and oversight expenses are shown on an accruals basis. A proportion of relevant Council officers' time, including related on-costs, has been charged to the Fund on the basis of actual time spent on scheme administration and investment

related matters. Charges paid to HMRC in respect of scheme members breaching the Pensions Lifetime allowance are disclosed under administrative expenses.

Fund managers' fees are based on the market values of the portfolios under management. Where managers invest in in-house investment vehicles, e.g. unit trusts where management fees are covered in the price of the units, the market value of such holdings are deducted from the portfolio value before calculating chargeable fees. All the investment management expenses are shown on an accruals basis.

Financial assets and liabilities

Financial assets and liabilities are included in the net assets statement on a fair value basis as at the reporting date. A financial asset or liability is recognised in the net assets statement on the date the fund became party to the contractual acquisition of the asset or party to the liability. From this date any gains or losses from changes in the fair value of the asset or liability are recognised by the Fund.

Investments – valuation

Investments are stated at fair value on the final working day of the financial year as follows:

- Listed securities are stated at bid value;
- Unquoted securities are stated at the estimate of fair value provided by the investment manager;
- Units in managed funds and pooled investment vehicles are stated at bid value; and
- Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or single price advised by the fund manager

The value of these holdings is based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund

PENSION FUND

managers adjusted for draw-downs paid and distributions received in the period from the date of the private equity financial statements to 31st March 2016. Infrastructure holdings are valued by third parties appointed by the fund manager using mark to market modelling.

The valuation of securities denominated in overseas currencies is calculated by using the overseas bid or mid price current at the year-end date and the exchange rate for the appropriate currency at the year-end to express the value as a sterling equivalent.

Foreign currency transaction

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that mature in no more than a three month period from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary and a roll forward approximation is applied in the intervening years. This is done in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits as an annex to the financial statements.

Additional Voluntary Contributions (“AVCs”)

Members of the Fund are able to make AVCs in addition to their normal contributions. The related assets are invested separately from the main fund, and in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, are not accounted for within the financial statements. If on retirement members opt to enhance their Scheme benefits using their AVC funds, the amounts returned to the Scheme by the AVC providers are disclosed within transfers-in.

Further details about the AVC arrangements are disclosed in note 22 to the financial statements.

3. Critical judgements in applying accounting policies

There are two areas in the accounts where critical judgements are applied which are materially significant to the accounts:

Private Equity valuations – the value of the Fund’s private equity holdings is calculated by the General Partners of the fund using valuations provided by the underlying partnerships. The variety of valuation bases adopted and quality of management data of the underlying investments in the partnership means that there are inherent difficulties in determining the value of these investments. Given the long term nature of these investments, amounts realised

PENSION FUND

on the sale of these investments may differ from the values reflected in these financial statements and the difference may be material.

Actuarial present value of promised retirement benefits – the figure of net liability to pay pensions is based on a significant number of assumptions including the discount rate, mortality rates and expected returns on fund assets. The Pension Fund's qualified actuary calculates this figure to ensure the risk of misstatement is minimised. The liability is calculated on a three yearly basis with annual updates in the intervening years. The Actuary has advised that this has provided a reasonable estimate of the actuarial present value of promised retirement benefits.

4. Assumptions made about the future and other major sources of estimation uncertainty

Items	Uncertainties	Effect if actual results differ from assumptions
Actuarial Present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance: - 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £167m - 0.50% increase in assumed earnings inflation would increase the value of liabilities by approximately £48m, - 0.50% increase in assumed pension earnings inflation would increase the value of liabilities by approximately £117m, and - a one year increase in assumed life expectancy would increase the liability by approximately £48m.
Private equity	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines. These investments are not publicly listed and as such there is a degree of estimation	The total private equity investments in the financial statements are £46m. There is a risk that this investment may be under or overstated in the accounts.

5. Events after the reporting date

In May 2016, after the reporting period, Haringey Age Concern, an admitted body, went into liquidation. At the reporting date, the total actuarial assessment of unfunded liability in the Fund attributable to Age Concern was £881k. As a preferential creditor to Age Concern, the council is working closely with the appointed liquidator to ensure that 100% of residual cash balances held by Age Concern after outstanding payroll and liquidation cost is paid to the Fund.

6. Contributions receivable

2015/16		2014/15
£000	By category	£000
9,122	Employee contributions	8,938
24,224	Employer contributions	33,580
9,014	- Normal contributions	
1,491	- Deficity recovery contributions	
34,729	- Augmentation contributions	
43,851	Total employer contributions	33,580
	Total	42,518
2015/16		2014/15
£000	By authority	£000
32,249	- Administering authority	31,094
9,705	- Scheduled bodies	9,679
1,897	- Admitted bodies	1,745
43,851	Total	42,518

7. Transfers in from other pension funds

There were transfers in to the Pension Fund during 2015/16 of £1.741 million (£3.058 million in 2014/15) and these all related to

PENSION FUND

individuals.

8. Benefits payable

2015/16		2014/15	
£000	By category	£000	
36,387	- Pensions	40,183	
7,107	- Commutation and lump sum retirement benefits	2,582	
827	- Lump sum death benefits	295	
44,321	Total	43,060	

2015/16		2014/15	
£000	By authority	£000	
39,585	- Administering authority	40,183	
3,480	- Scheduled bodies		
1,256	- Admitted bodies		
44,321	Total	40,183	

9. Payments to and on account of leavers

2015/16		2014/15	
£000		£000	
73	Refunds to members leaving service	36	
3,717	Individual transfers	3,686	
3,790	Total	3,722	

At 31st March 2016 there are potential liabilities of a further £1.8 million in respect of individuals transferring out of the pension fund upon whom the fund is awaiting final decisions.

10. Management expenses

2015/16		2014/15	
£000		£000	
722	Administrative costs	686	
3,325	Investment management expenses	2,326	
368	Oversight and governance costs	224	
4,415	Total	3,236	

This analysis of the costs of managing the Haringey Pension Fund during the period has been prepared in accordance with CIPFA guidance.

The Fund does not compensate fund investment managers on a performance-related fee basis. However, any indirect costs that are incurred through bid-offer spread on investments sales and purchases are reflected in the cost of investment acquisitions and in the proceeds from the sales of investment.

11. Investment income

2015/16		2014/15	
£000		£000	
4,654	Pooled investments - unit trusts and other managed funds	3,899	
21	Interest on cash deposits	423	
4,675	Total	4,322	

11a. Property income

Rental income was £4.252 million in 2015/16 (£3.740 million in 2014/15) and no contingent rents were recognised as income during the period.

12. Taxes on income

The income tax shown on the face of the Pension Fund Account

PENSION FUND

relates to withholding tax (pooled).

13. Investments

13a. Reconciliation of movements in investment assets and liabilities

The changes in market value during the year comprise all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

2015/16	Value at 1st April 2015	Purchases at cost/derivative payments	Sales proceeds & derivative receipts	Changes in market value	Value at 31st March 2016
	£000	£000	£000	£000	£000
Pooled investment vehicles	1,032,723	57,541	(69,269)	1,305	1,022,300
Cash deposits	13,150	14,786	(9,145)	1,903	20,694
Other investment assets	68	3,872	(1,355)	(2)	2,583
Total	1,045,941	76,199	(79,769)	3,206	1,045,577

2014/15	Value at 1st April 2014	Purchases at cost/derivative payments	Sales proceeds & derivative receipts	Changes in market value	Value at 31st March 2015
	£000	£000	£000	£000	£000
Pooled investment vehicles	888,404	91,863	(93,874)	146,330	1,032,723
Cash deposits	5,282	11,291	(3,337)	(86)	13,150
Other investment assets	72	52	(55)	(1)	68
Other investment liabilities	(12,606)	12,606	0	0	0
Total	881,152	115,812	(97,266)	146,243	1,045,941

There were no transaction costs included within the cost of purchases and sales proceeds in 2015/16 or the preceding year.

13b. Analysis of investments

31/03/2016	By category	31/03/2015
£000		£000
	Pooled Investment Vehicles	
103,149	Unit Trusts: - Property - UK	94,058
310,647	Unitised Insurance Policies - UK	315,264
499,971	Unitised Insurance Policies - Overseas	520,901
420	Other managed funds - Property - Overseas	54
21,611	Other managed funds - Other - UK	17,260
89,083	Other managed funds - Other - Overseas	85,186
1,024,881		1,032,723
	Cash Deposits	
19,393	Sterling	9,657
1,301	Foreign Currency	3,493
20,694		13,150
1,045,575	Total Investments	1,045,873

13c. Analysis by Fund Managers

PENSION FUND

31/03/2016		By fund manager	31/03/2015	
£000	%		£000	%
0	0.0	BlackRock Investment Mngt	546,809	52.3
9	0.0	Capital International	15	0.0
810,619	77.5	Legal and General	289,641	27.7
111,024	10.6	CBRE Global Investors	96,579	9.2
21,621	2.1	Allianz Global Investors	20,357	1.9
46,529	4.5	CQS	45,750	4.4
44,110	4.2	Pantheon	42,868	4.1
11,665	1.1	In house cash deposits	3,922	0.4
1,045,577	100.0	Total	1,045,941	100.0

The managed funds in which the Scheme has invested are all operated or managed by companies registered in the United Kingdom.

The following investments represent more than 5% of the net assets of the scheme.

31/03/2016		Name of holding	31/03/2015	
£000	%		£000	%
0	0.0	BlackRock Aquila Life UK Equity Index Fund	142,686	13.7
0	0.0	BlackRock Aquila Life US Equity Index Fund	213,629	20.5
0	0.0	BlackRock Aquila Life Over 5 Years Index Linked	119,135	11.4
102,915	9.8	Legal & General World Emerging Equity Index	103,138	9.9
160,204	15.3	Legal & General UK Equities Index	0	0.0
240,793	23.0	Legal & General North American Equities	0	0.0
79,217	7.6	Legal & General European (ex UK) Equities	0	0.0
150,733	14.4	Legal & General Index Linked Gilts	0	0.0

13d. Property holding

The Fund's investment in property portfolio comprises only of investments in pooled property funds – there were no directly owned properties during the reporting period.

14. Analysis of derivatives

The Fund does not hold any derivatives at 31st March 2016.

15. Financial Instruments

15a. Classification of financial instruments

The majority of the Fund's financial assets and liabilities are classified as "fair value through profit and loss". This means that the assets can be exchanged between parties at a market price. The Accounting Policies describe how fair value is measured. Assets which have fixed payments and are not quoted in an active market are classified as "Loans and Receivables". The only financial assets in this class held by the Fund are cash deposits and debtors. Creditors to the Fund are classified as financial liabilities at amortised cost because they are not held for trading. No assets or liabilities have been reclassified.

PENSION FUND

31/03/2016		Name of holding	31/03/2015	
Carrying Value	Fair Value		Carrying Value	Fair Value
£000	£000		£000	£000
Financial assets at fair value through profit or loss				
1,022,302	1,022,302	- Pooled investment vehicles	1,032,723	1,032,723
2,581	2,581	- Other investment balances	68	68
1,024,883	1,024,883		1,032,791	1,032,791
Loans and receivables				
20,694	20,694	- Cash deposits	13,150	13,150
2,290	2,290	- Debtors	727	727
22,984	22,984		13,877	13,877
Financial liabilities at amortised cost				
(1,467)	(1,467)	- Creditors	(1,129)	(1,129)
(123)	(123)	- Cash overdrawn	(184)	(184)
(1,590)	(1,590)		(1,313)	(1,313)
1,046,277	1,046,277	Net Assets	1,045,355	1,045,355

15b. Net gains and losses on financial instruments

31/03/2016		31/03/2015	
£000		£000	
Financial Assets			
1,305	Fair value through profit or loss	146,330	
1,901	Loans and receivables	(87)	
3,206		146,243	

The Council has not entered into any financial guarantees that are required to be accounted for as financial instruments.

15c. Financial instruments carried at fair value

In accordance with IFRS 7 Financial Instruments, the valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values. Criteria utilised in the instrument classifications are detailed

below.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities, cash and short term investment debtors and creditors and pooled funds whose value is derived wholly in such investments.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available; for example, where an investment is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. Property is treated as level 2.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments (private equity and infrastructure), and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

PENSION FUND

The following table provides an analysis of the financial assets of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets:				
- At FV through Profit and Loss	886,233	100,988	44,110	1,031,331
- Loans and receivables	2,581	0	0	2,581
Net financial assets at 31st March 2016	888,814	100,988	44,110	1,033,912
Net financial assets at 31st March 2015	881,982	94,112	56,697	1,032,791

16. Nature and extent of risks arising from Financial Instruments

The Pension Fund's investment objective is to achieve a return on Fund assets, which is sufficient, over the long term, to fully meet the cost of benefits and to ensure stability of employer's contribution rates. Achieving the investment objectives requires a high allocation to growth assets in order to improve the funding level without increasing contribution rates, although this leads to a potential higher volatility of future funding levels and contribution rates.

a) Management of risk

The Pension Fund is invested in a range of different types of asset – equities, bonds, property, private equity and cash. This is done in line with the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2009, which require pension funds to invest any monies not immediately required to pay

benefits. These regulations require the formulation of a SIP which sets out the Fund's approach to investment including the management of risk. The latest version is attached to the Pension Fund Annual Report and Accounts.

The majority of the Pension Fund's assets are managed by external fund managers and they are required to provide an audited internal controls report regularly to the Council which sets out how they ensure the Fund's assets are safeguarded against loss and misstatement.

The listed equity and index linked portfolios, representing 75% of the fund's strategy, are managed on a passive basis to minimise the volatility of returns compared with market indices and to reduce the fees and governance requirements.

b) Market price risk

The key risk for the Pension Fund is market risk, which is the risk that the values of the investments fluctuate due to changes in market prices. The majority of the Fund is invested in pooled funds with underlying assets which can fluctuate on a daily basis as market prices change e.g. equities and bonds. To demonstrate the impact of this volatility, the table below shows the impact of potential price changes based on the observed historical volatility of asset class returns. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the last three years. The value for total assets adjusts for correlations across asset classes and therefore the value of increase / decrease for the asset classes will not sum to the total asset figure.

PENSION FUND

As at 31/03/2016	Value	%	Value on	Value on
		change	increase	decrease
	£000	%	£000	£000
UK equities	159,980	10.3	176,458	143,502
Overseas equities	499,971	9.3	546,468	453,474
UK bonds	197,196	9.1	215,141	179,251
Cash	20,496	0.0	20,496	20,496
Property	100,989	2.7	103,716	98,262
Alternatives	66,945	6.5	71,296	62,594
Total Assets	1,045,577		1,133,575	957,579

As at 31/03/2015	Value	%	Value on	Value on
		change	increase	decrease
	£000	%	£000	£000
UK equities	167,209	10.3	184,365	150,054
Overseas equities	520,901	9.3	569,449	472,353
UK bonds	165,314	9.1	180,358	150,271
Cash	13,218	0.0	13,219	13,217
Property	94,113	2.7	96,644	91,581
Alternatives	85,186	6.5	90,732	79,641
Total Assets	1,045,941	7.0	1,119,262	972,621

A number of controls have been put in place to minimise this risk. A key method to reduce risk is to diversify the Pension Fund's investments. This is achieved through the setting of a benchmark, which incorporates a wide range of asset classes and geographical areas. Five (2014/15: six investment managers) investment managers have been appointed to further diversify the Pension Fund's investments and lower risk. In addition to diversification, parameters have been set for the investment managers to work within to ensure that the risk of volatility and deviation from the benchmark are within controlled levels.

Investment values and performance of the fund managers is measured on a quarterly basis through reporting to Pensions

Committee.

c) Exchange rate risk

The Pension Fund holds assets in currencies other than sterling, which made up 49% of the Fund value on 31st March 2016, equivalent to £509 million (2014/15: £595 million). These arise from passive pooled equities, private equity, property, multi-sector credit and cash. Foreign currency exposures are not hedged.

The main non-sterling currency exposures at 31st March 2016 were US dollars. Other major exposures were the Euro, Asian and emerging market countries and the Canadian \$.

There is a risk that due to exchange rate movements the sterling equivalent value of the investments falls. The table below is derived on a currency basket based on the Fund's currency mix. The weight of each currency is multiplied by the change in its exchange rate relative to GBP. The volatility shown for total currencies incorporates the impact of correlations across the currencies, which dampens volatility and therefore the value of increase / decrease for the currencies will not sum to the total currency figure.

As at 31/03/2016	Value	%	Value on	Value on
		change	increase	decrease
	£000	%	£000	£000
Overseas equities	499,971	6.0	529,969	469,973
Overseas property	420	6.0	445	395
Multi-sector credit	0	6.0	0	0
Private equity	6,904	6.0	7,318	6,490
Cash	1,301	6.0	1,379	1,223
Total Assets	508,596		539,111	478,081

PENSION FUND

As at 31/03/2015	Value	% change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equities	520,901	6.0	552,321	489,481
Overseas property	54	6.0	57	51
Multi-sector credit	31,024	6.0	32,893	29,154
Private equity	39,436	6.0	41,813	37,060
Cash	3,493	6.0	3,703	3,282
Total Assets	594,908	6.0	630,763	559,052

The cash balances managed internally are only permitted to be in sterling.

d) Interest Rate risk

Movements in interest rates affect the income earned by the Fund and can have an impact on the value of net assets, in particular bonds. To demonstrate this risk, the table below shows the impact on income earned of a 1% increase and decrease in interest rates.

	Interest earned 2015/16	Interest rate if 1% higher	Interest rate if 1% lower
	£000	£000	£000
Cash deposits	68	160	0
Total	68	160	0

	Interest earned 2014/15	Interest rate if 1% higher	Interest rate if 1% lower
	£000	£000	£000
Cash deposits	454	1,362	0
Total	454	1,362	0

e) Credit risk and counterparty risk

Credit risk is the risk a counterparty fails to fulfil a transaction it has committed to entering into. This risk is particularly relevant to the

Council's non-sovereign bonds (including those held in pooled funds) and cash investments.

The Investment Management Agreements the Council has signed with the external fund managers set out limits on the types of bonds the fund managers can purchase for the Fund in order to limit the possibility of default. The table below shows the split of the bond investments by credit rating at 31st March 2016 and 31st March 2015. The majority of bonds (2016: £197 million) are UK Government index linked, with the balance being corporate bonds. The UK Government has an AA+ credit rating.

	Market value 31/03/2016	AA	A	BBB	Below BBB
	£000	%	%	%	%
Bond exposure in pooled investment	197,196	73	8	6	13
Total / Weighted Average	197,196	73	8	6	13

	Market value 31/03/2015	AA	A	BBB	Below BBB
	£000	%	%	%	%
Bond exposure in pooled investment	210,364	70	3	9	18
Total / Weighted Average	210,364	70	3	9	18

The cash that the Council manages internally on behalf of the Pension Fund is invested in line with the Council's Treasury Management Strategy, which sets out very strict limits on the counterparties which can be used and the amounts that can be invested with them. The amount of cash held by fund managers is kept to a minimum and when held for a period of time is invested in

PENSION FUND

the custodian bank's AAAM rated money market fund. The table below details the credit ratings of the institutions the cash was held with.

31/03/2016		31/03/2015	
Exposure	Credit rating	Exposure	Credit rating
£000		£000	
9,029	AA-	9,228	AA-
0	A	762	A
11,665	AAAm	3,160	AAAm
20,694		13,150	

The limits for both bonds and cash are kept under constant review to be able to respond quickly to changes in the creditworthiness of counterparties which may increase risk.

f) Liquidity risk

Liquidity risk is the risk that monies are not available to meet the Pension Fund's obligation to pay pension benefits on time. Maintaining a level of internally managed cash balances enables the Pension Fund to ensure liquidity is not an issue. All of the internally managed cash held on 31st March 2016 was in money market funds and bank accounts with the main bank or custodian, ensuring cash is available as required. Monitoring of the cashflow position daily assists with maintaining this position.

The majority of the Council's non cash investments are in pooled funds whose underlying holdings are listed equities or bonds. These funds have regular (at least monthly) trade dates, which ensure it is possible to realise the investments easily if necessary.

17. Funding Arrangements

In line with the Local Government Pension Scheme Regulations

2013, the fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31st March 2013. The next valuation will take place as at 31st March 2016.

The key elements of the funding policy are:

- to ensure the long-term solvency of the fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering body considers it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the tax payer from an employer defaulting on its pension obligations.

The market value of the Fund at the time of the last triennial valuation as at 31st March 2013 was £863 million. Against this sum liabilities were identified of £1,232 million equivalent to a funding deficit of £369 million. The movement in the actuarial deficit between 2010 and the last valuation in 2013 is analysed below:

PENSION FUND

Reason for change	£m
Interest on deficit	(58)
Contributions greater than cost of accrual	23
Investment returns higher than expected	51
Change in demographic assumptions	(4)
Experience items	51
Change in financial assumptions	(136)
Total	(73)
Deficit brought forward	(296)
Deficit carried forward	(369)

The aim is to achieve 100% solvency over a period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Normally this is 5 years but in some cases a maximum period of eighteen years can be granted. Solvency is achieved when the funds held, plus future expected investments returns and future contributions, are sufficient to meet expected future pension benefits payable. When an employer's funding is less than 100% of the funding target, then a deficit recovery plan will be put in place requiring additional contributions from the employer to meet the shortfall.

At the 2013 actuarial valuation, the fund was assessed as 70% funded (69% at the 31st March 2010 valuation). This corresponds to a deficit of £369m (2010 valuation: £296m) at that time.

Contribution increases were phased in over the three-year period ending 31 March 2017 for both scheme employers and admitted bodies. The actuary agreed that the Council's contribution rate could increase by 2% over a three year period from April 2014, from 22.9% of pensionable salaries to 24.9% in March 2017. The actuary specified a minimum level of contributions in monetary terms to cover the past service deficit. The 2015/16 contribution rate was split between 7.8% for the past service adjustment to fund the deficit over 20 years and the future service rate of 17.1%.

Individual employer's rates will vary depending on the demographic and actuarial factors particular to each employer in the Fund. Full details of contribution rates payable can be found in the 2013 actuarial valuation report.

The valuation of the fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were as follows.

Future assumed rates as at 31st March 2013	%
Discount rate (annual nominal return rate)	4.6
Pay increase (annual change)	4.3
Pay increase - Pension (annual change)	2.5

*Salary increases assumed to be 1% p.a. until 31st March 2016, reverting to the long term assumption shown thereafter. The next actuarial valuation will be carried out as at 31st March 2016.

18. Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, the fund's actuary also undertakes a valuation of the pension fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future. In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions from those used for funding purposes. The actuary has also used valued ill health and death benefits in line with IAS 19.

PENSION FUND

31/03/16		31/03/15
£m		£m
(1,590)	Present Value of promised retirement benefits	(1,708)
1,047	Fair Value of scheme assets (bid value)	1,045
(543)	Net Liability	(663)

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2013 triennial valuation because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

19. Current assets

2015/16		2014/15
£000		£000
	Debtors	
105	- Contributions due - employees	418
1,830	- Contributions due - employers	274
355	- Sundry debtors	35
2,290	Total	727

The below is an analysis of debtors.

2015/16		2014/15
£000		£000
32	Central government bodies	33
233	Public corporations and trading funds	0
2,025	Other entities and individuals	694
2,290	Total	727

20. Current liabilities

2015/16		2014/15
£000		£000
(1,467)	Sundry creditors	(1,129)
(123)	Benefits payable	(184)
(1,590)	Total	(1,313)

The below is an analysis of creditors.

2015/16		2014/15
£000		£000
(154)	Other local authorities	(245)
(731)	Public corporations and trading funds	0
(705)	Other entities and individuals	(1,068)
(1,590)	Total	(1,313)

21. Additional Voluntary Contributions ("AVCs")

Separately invested AVCs are held with the Equitable Life Assurance Society, Prudential Assurance, and Clerical Medical in a combination of With Profits, Unit Linked and Building Society accounts, securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions.

Movements by provider are summarised below:

PENSION FUND

31/03/2016	Equitable Life Assurance Society	31/03/2015
£		£
344,177	Value as at 6 April	331,682
2,123	Contributions received	2,945
(89,391)	Retirement benefits and changes	(9,188)
(179)	Changes in market value	18,738
256,730	Value as at 5 April	344,177
138,298	Equitable with profits	138,639
45,572	Equitable with deposit account fund	134,469
72,860	Equitable unit linked	71,069
256,730	Total	344,177
2	Number of active members	5
35	Number of members with preserved benefits	37

31/03/2016	Prudential Assurance	31/03/2015
£		£
844,895	Value as at 1 April	891,664
136,436	Contributions received	125,066
(272,722)	Retirement benefits and changes	(237,091)
45,054	Changes in market value	65,256
753,663	Value as at 31 March	844,895
466,261	Prudential with profits cash accumulation	493,359
86,977	Prudential deposit fund	194,059
200,424	Prudential unit linked	157,477
753,662	Total	844,895
77	Number of active members	76
26	Number of members with preserved benefits	28

31/03/2016	Clerical and Medical	31/03/2015
£		£
40,860	Value as at 1 April	35,429
1,800	Contributions received	2,017
(632)	Changes in market value	3,414
42,028	Value as at 31 March	40,860
5,593	Clerical Medical with profits	5,561
36,435	Clerical Medical unit linked	35,299
42,028	Total	40,860
2	Number of active members	2
3	Number of members with preserved benefits	3

22. Related party transactions

Haringey Council

In 2015/16 the Pension Fund paid £0.509 million to the Council for administration and legal services (£0.518 million in 2014/15). As at 31st March 2016 an amount of £1.48 million was due from the Council to the Fund (£0.247 million in 2014/15).

Governance

During 2015/16 no Council members who served on the Pensions Committee were also members of the Pension Fund. Committee members are required to declare their interests at the beginning of each Committee meeting.

Key Management Personnel

Local Authorities are exempt from the key management personnel requirements of IAS 24, on the basis of the disclosures required by the Accounts and Audit (England) Regulations. This also applies to the Haringey Pension Fund. The disclosures prepared in line with the Regulations can be found in the main accounts of Haringey Council. The key management person is Tracie Evans, Chief

PENSION FUND

Operating Officer, who was “Scheme Administrator” during the year.

There were no other material related party transactions.

23. Contingent liabilities and contractual commitments

The Fund had outstanding commitments to invest of £81.5 million (£51.8 million with Pantheon – Private Equity and £29.6 million with Allianz – Infrastructure debt and £0.1 million with CBRE Property at 31st March 2015 (2014: £40.4 million). The commitments relate to outstanding call payments due in relation to the private equity and property and infrastructure debt portfolios.

24. Contingent assets

Seven admitted body employers in the Haringey Pension Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Fund and payment will only be triggered in the event of employer default.

25. Impairment losses

The Fund did not incur any impairment losses during 2015/16.

PENSION FUND

Annex 1 to the Financial Statements

Pension Fund Accounts Reporting Requirement

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2015/16 requires administering authorities of LGPS funds that prepare pension fund accounts to disclose what IAS 26 refers to as the actuarial present value of promised retirement benefits.

The actuarial present value of promised retirement benefits is to be calculated similarly to the defined benefit obligation under IAS 19. There are three options for its disclosure in pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS 26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS 19 and not the Pension Fund's funding assumptions.

I have been instructed by the Administering Authority to provide the necessary information for the London Borough of Haringey Pension Fund, which is in the remainder of this note.

Present Value of Promised Retirement Benefits

Present value of Promised	Year ended	Year ended
---------------------------	------------	------------

Retirement Benefits	31/03/2016	31/03/2015
Active members	719	734
Deferred pensioners	371	419
Pensioners	501	555
Total	1590	1708

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2013. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable. However, I am satisfied the aggregate liability is a reasonable estimate of the actuarial present value of benefit promises. I have not made any allowance for unfunded benefits.

The above figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the accounts of the Pension Fund. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS 19 report as required by the Code of Practice. These are given below. I estimate that the impact of the change of assumptions to 31 March 2016 is to decrease the actuarial present value by £158 million.

Financial assumptions

My recommended financial assumptions are summarised below:

PENSION FUND

Year ended	31 Mar 2016 % p.a.	31 Mar 2015 % p.a.
Inflation/Pensions Increase Rate	2.2	2.4
Salary Increase Rate	4.2	4.3
Discount Rate	3.5	3.2

Longevity assumption

As discussed in the accompanying report, the life expectancy assumption is based on the Fund's VitaCurves with improvements in line with the CMI_2010 model, assuming the current rate of improvements has reached a peak and will converge to long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	21.9 years	24.1 years
Future Pensioners*	24.2 years	26.5 years

*Future pensioners are assumed to be aged 45 at the most recent formal valuation as at 31 March 2013.

Please note that the assumptions are identical to the previous IAS 26 disclosure for the Fund.

Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Sensitivity analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below.

Change in assumptions for the year ended 31 March 2016	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.5% decrease in discount rate	11	167
1 year increase in member life expectancy	3	48
0.5% increase in salary increase rate	3	48
0.5% increase in pensions increase rate	7	117

Professional notes

This paper accompanies my covering report titled 'Actuarial Valuation as at 31 March 2016 for accounting purposes'. The covering report identifies the appropriate reliance and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:-

Douglas Green FFA
April 2016

DRAFT

Report for: Pensions Committee 11th July 2016

Item number: 9

Title: Governance Update Report

Report authorised by: Tracie Evans, Chief Operating Officer (COO)

Lead Officer: Oladapo Shonola, Head of Finance - Treasury & Pensions
oladapo.shonola@haringey.gov.uk 02084893726

Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key decision

1. Describe the issue under consideration

- 1.1. This report provides an update on governance issues to ensure that the Committee is kept abreast of all activities that are being progressed by officers and advisors to the Fund.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

- 3.1. That the information in this report be noted by the Committee.

4. Reason for Decision

- 4.1. N/A

5. Other options considered

- 5.1. None

6. Background Information

- 6.1. This report will allow the Committee to be briefed on all activities that are being progressed. It was noted at Committee meetings that short reports are often included on the agenda that are no more than updates and that the messages from these reports could be collated and subsumed within a summary governance report.

- 6.2. The Governance Update Report as a standing item on the agenda will provide updates on a range of Fund activities including review/ update of Fund governance.

7. Contribution to Strategic Outcomes

- 7.1. Not applicable.

8. Statutory Officers Comments (Chief Operating Officer (including finance and procurement) Assistant Director of Corporate Governance, Equalities)

Finance and Procurement Comments

- 8.1. The Lead Finance Officer has been consulted on the content of this report and there are no finance issues arising from this report.

Legal Services Comments

- 8.2. The Assistant Director for Corporate Governance has been consulted on the content of this report and there are no legal issues arising from this report.

Equalities Comments

- 8.3. There are no equalities issues arising from this report.

9. Use of Appendices

- 9.1. None

10. Local Government (Access to Information) Act 1985

- 10.1. Not applicable.

11. Breaches of the Law

- 11.1. There have been no breaches of the law since the last meeting of the Committee.

12. Compliance with TPR Code of Practice

- 12.1. The Committee at its meeting of 11 April requested for further updates on the Scheme's progress toward compliance with the TPR code of practice (the Code). In order to achieve proper monitoring of progress toward compliance with the Code, a new, easy to follow report, is being developed that will provide a comprehensive view of the level of

compliance with the Code. The report will also use RAG indicators to rate progress toward achieving compliance on areas of the Code.

12.2. Also, a report (Governance Review) is a key document in the work of the Haringey Pension Scheme to achieve compliance with the TPR code of practice – this report is on the agenda for this meeting.

12.3. In line with the Committee's forward plan, a report on compliance with the Code will be brought to the September meeting of the Committee.

13. Risk Register

13.1. The Committee received a report on the risk register at its last meeting held on 11 April 2016 and subsequently approved the risk register that was presented at the meeting. Current approved risk register is attached at appendix 1.

13.2. It was suggested that the risk register as presented was mostly focused on high level strategic risk and that more operational risks on the day to day operations of the Scheme needs to included.

13.3. Also, it was suggested that some of the risk ratings had not properly taking stated mitigations into consideration in determining the RAG indicator attached to identified risks.

13.4. A comprehensive review of the risk register is being undertaken and will be re-presented to the September meeting of the Committee for approval.

14. Scheme Advisory Board

14.1. The Committee considered a report on the pilot study undertaken by Scheme Advisory Board which compared Haringey Pension Scheme to best practice.

14.2. The Scheme's is working toward establishing a model that of ensures compliance with regulations, directions and guidance being issued in relation to Pension Schemes and more specifically, the LGPS in a comprehensive manner.

14.3. As directed by the Committee, a full review is being undertaken along with a work plan both of which will to the September meeting of the Committee in line with the forward plan.

This page is intentionally left blank

Report for: Pensions Committee 11th July 2016

Item number: 10

Title: Pension Fund Quarterly Update

Report authorised by: Tracie Evans, Chief Operating Officer (COO)

Lead Officer: Oladapo Shonola, Head of Finance - Treasury & Pensions
oladapo.shonola@haringey.gov.uk 02084893726

Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key decision

1. Describe the issue under consideration

- 1.1. To report the following in respect of the three months to 31st March 2016:
- Investment asset allocation
 - Investment performance
 - Responsible investment activity
 - Budget management
 - Late payment of contributions
 - Communications
 - Funding level update

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 That the information provided in respect of the activity in the three months to 31st March 2016 is noted.

4. Reason for Decision

4.1. N/A

5. Other options considered

5.1. None

6. Background information

- 6.1. This update report is produced on a quarterly basis. The Local Government Pension Scheme Regulations require the Committee to review investment performance on a quarterly basis and sections 13 and 14 provide the information for this. Appendix 1 shows the targets which have been agreed with the fund managers. The report covers various issues on which the Committee or its predecessor body have requested they receive regular updates.
- 6.2. Information on communication with stakeholders has been provided by officers in Human Resources and included in section 18.
- 6.3. An additional section (19) has been added containing an update on the funding level and actuarial deficit.

7. Contribution to Strategic Outcomes

- 7.1. Not applicable

8. Statutory Officers comments (Chief Operating Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

- 8.1. The investment performance figures in section 12 show the impact of the introduction of passive fund managers in that generally the variance from target has reduced. The negative performance over three and five years reflects mainly the loss of value from the European property portfolio.
- 8.2. Based on figures provided by London CIV, the transfer of assets to the London CIV passive mandate will result in an increase in investment management fees. However, the Fund will benefit from some savings overall once the effect of withholding tax claim is taking into account.
- 8.3. The circumstances surrounding (i.e. two existing fund managers competing to retain and increase asset under management) the negotiation of existing fee rate must also be taking into consideration when weighing value added by the London CIV mandate. Furthermore, it is expected that the CIV fund management fees will reduce over time.
- 8.4. The Fund will incur further costs in order to facilitate the transfer of fund assets from existing mandate to the London CIV mandate.

Legal Services Comments

- 8.5. The Council as administering authority for the Haringey Pension Fund (“Fund”) has an obligation to keep the performance of its investment managers under review. In this respect the Council must, at least every three months review the investments made by investment managers for the Fund and any other actions taken by them in relation to it;
- 8.6. Periodically the Council must consider whether or not to retain the investment managers. In particular members should note the continuing negative performances compared with the target benchmarks and the reason stated in this report as to why this is the case;
- 8.7. In carrying out its review proper advice must be obtained about the variety of investments that have been made and the suitability and types of investment;
- 8.8. All monies must be invested in accordance with the Funding Strategy Statement and the Council’s investment policy and members of the Committee should keep this duty in mind when considering this report and have regard to advice given to them.

Comments of the Independent Advisor

- 8.6. The total value of the Fund at 31st March 2016 was £1,046m. At 31st December 2015 the total value of the Fund was £1,014m compared to £974m at 30th September 2015. The Fund value at 31st March 2016 is similar to the value at 31 March 2015 (£1,045m).
- 8.7. The overall performance of the Fund over the last Quarter, Year and Three Years is close to benchmark (see section 12.1) primarily due to the fact that the majority of the Fund is managed on a passive basis.
- 8.8. A particular issue has, however, been the inclusion within the property portfolio of European investments which have performed extremely poorly now having nil value compared to a purchase cost of £9.7m. Unfortunately the Fund diversified into European property in the period not long prior to the beginning of the financial crisis which began in 2007. This was not unusual, as at this time a number of LGPS Funds seeking to diversify their investments entered into European property investment. Very few people anticipated the events which began to unfold in 2007 and consequently an approach which should have benefitted the long term interest of the Fund has clearly not done so.
- 8.9. In accordance with the Fund’s manager monitoring procedures Officers together with the Independent Advisor met with the Fund’s active investment manager LGIM on 16th June 2016.

Equalities

8.10 The Local Government Pension Scheme is a defined benefit open scheme enabling all employees of the Council to participate. There are no impacts in terms of equality from the recommendations contained within this report.

9. Use of Appendices

9.1. Appendix 1: Investment Managers' mandates, benchmarks and targets.

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

11. Portfolio Allocation Against Benchmark

11.1. The value of the fund increased by £24 million between January and March 2016. Emerging markets saw the biggest gains along with Asia, but this was offset by losses in other regions.

11.2. The equity allocation exceeds target by 3%. This is mostly due to the unfunded Allianz mandate. It is anticipated that the Infrastructure debt mandate will be fully funded in 2016, which is later than originally planned.

Total Portfolio Allocation by Manager and Asset Class

	Value 30.09.2015 £'000	Value 30.12.2015 £'000	Value 31.03.2106 £'000	Allocation 31.03.2016 %	Strategic Allocation %
Equities					
UK	154,691	162,900	159,980	15.30%	15.00%
North America	229,907	250,342	240,625	23.01%	21.70%
Europe	74,440	78,954	79,122	7.57%	7.40%
Japan	35,843	39,398	38,568	3.69%	3.50%
Asia Pacific	34,583	36,961	39,174	3.75%	3.40%
Emerging Markets	86,649	89,343	102,482	9.80%	9.00%
Total Equities	616,113	657,898	659,951	63%	60%
Bonds					
Index Linked	146,405	146,547	150,667	14.41%	15.00%
Property					
CBRE	99,061	104,378	111,024	10.62%	10.00%
Private equity					
Pantheon	41,939	40,476	44,110	4.22%	5.00%
Multi-Sector Credit					

CQS	46,052	46,425	46,529	4.45%	5.00%
Infrastructure Debt					
Allianz	20,624	22,648	21,621	2.07%	5.00%
Cash & NCA					
Cash	5,840	3,152	11,665	1.12%	0.00%
Total Assets	976,034	1,021,524	1,045,567	100%	100%

12. Investment Performance Update: to 30th September 2015

12.1. Appendix 1 provides details of the benchmarks and targets the fund managers have been set. The tables below show the performance in the quarter January to March 2016 and for one and 5 years.

Whole Fund

	Return (%)	Benchmark (%)	(Under)/Out (%)
Jan 2015 - Mar 2016	2.89%	3.11%	-0.22%
One Year	0.80%	1.05%	-0.25%
Three Years	7.08%	7.53%	-0.45%
Five Years	7.94%	8.36%	-0.42%

One year	Fund Return(%)	Benchmark(%)	Under/out(%)
Equities			
UK	-3.90	-3.92	0.02
Europe	-4.27	-4.26	-0.01
North America	3.63	3.62	0.01
Japan	-3.23	-3.25	0.02
Asia ex Japan	-5.20	-5.39	0.19
Emerging	-8.96	-8.85	-0.11
Index Linked Bonds	1.92	1.86	0.06
Property	10.76	10.58	0.18
Multi-sector Credit	1.70	6.21	-4.51
Private Equity	19.73	3.66	16.07
Infrastructure	3.59	5.50	-1.91
Total	0.80	1.05	-0.25

Five years	Return(%)	Benchmark(%)	Under/out(%)
Equities			
UK	5.64	5.69	-0.05
Europe	6.48	5.00	1.48
North America	12.46	12.76	-0.30
Japan	7.09	6.92	0.17
Asia ex Japan	2.38	2.15	0.23
Emerging	-0.21	-1.32	1.11
Index Linked Bonds	10.08	9.79	0.29
Property	8.06	9.58	-1.52
Multi-sector Credit	-	-	-
Private Equity	12.46	13.25	-0.79
Infrastructure	-	-	-
Total	7.94	8.36	-0.42

12.2. The Fund returned 2.89% over the quarter and has underperformed benchmark by 0.22%. Stock selection, Property, Multi-Sector Credit and Infrastructure were detractors to performance. The overweight position in asset allocation to equities in UK and Japan also had a negative impact on performance along with underweighting in Index Linked Gilt which performed strongly in the quarter.

12.3. Over the 12 months the Fund return 0.80% and now trails the benchmark by 0.24%; five year performance shows underperformance of 0.42%.

Legal & General Investment Management

	Return	Benchmark	Variance
Jan 2016 - Mar 2016	3.40%	3.59%	-0.19%
One Year	-4.26%	-4.20%	-0.06%
Three years	3.51%	3.73%	-0.22%
Since inception (May 2012)	8.02%	8.49%	-0.47%

12.4. Legal and General returned 3.4% this quarter and has underperformed composite benchmark by 0.18% - most of the underperformance is mainly driven by asset allocation. The overweight position in Japan resulted and a reduction in exposure to Index Linked Gilts contributed to losses.

CBRE

	Return	Benchmark	(Under)/Out
Jan - Mar 2016	0.41%	1.10%	-0.69%
One Year	10.52%	10.58%	-0.06%
Three Years	11.57%	13.02%	-1.45%
Five Years	7.71%	8.80%	-1.09%

12.5. The manager saw a positive total return of 0.41% in the quarter, but underperformed benchmark by 0.68%. Since inception the manager has underperformed benchmark by 0.72%.

12.6. The relative performance of the property portfolio over the longer term has been driven by two European holdings that have suffered significant capital loss. The UK element of the portfolio, in particular the retail element has struggled in the last 12 months.

12.7. The two European funds have been unsuccessful. With an aggregate cost of £9.7 million, they are now valued at £0.2 million, a virtual total loss. Both funds are invested in highly leverage non prime property (German residential and Italian office / retail). The underlying holdings have suffered during the Euro crisis and the impact has been magnified on unit holders by the high levels of debt in each fund. Both funds are being rationalised which may offer an exit opportunity, but with little recovered value.

12.8. The portfolio will lag the benchmark for many years until the impact of the two European funds passes through.

Pantheon Private Equity

	Return	Benchmark	(Under)/Out
Jan - Mar 2016	3.96%	3.21%	0.75%
One Year	18.12%	3.66%	14.46%
Three Years	13.61%	13.13%	0.48%
Five Years	11.81%	13.25%	-1.44%

Pantheon Private Equity has outperformed benchmark by 0.75% during the quarter. But the manager's long term (5 years) lags benchmark by 1.44%.

CQS Multi Sector Credit

	Return	Benchmark	(Under)/Out
Jan - Mar 2016	0.44%	1.53%	-1.09%
One Year	1.70%	6.21%	-4.51%
Three Years	-	-	-
Since Inception	2.13%	6.20%	-4.07%

12.9. The manager has underperformed over the quarter, returning 0.55% against the benchmark return of 1.53%. Since inception, an underperformance of 3.83% has been achieved.

Allianz Infrastructure Debt

	Return	Benchmark	(Under)/Out
Jan - Mar 2016	-1.29%	1.35%	-2.64%
One Year	2.44%	5.50%	-3.06%
Three Years	-	-	-
Since Inception	3.39%	5.50%	-2.11%

12.10. Allianz has returned -1.29% for the quarter ending 31st March 2016 against a benchmark of 1.35%, registering underperformance of 2.6%. Since inception, the manager has underperformed benchmark by 2.11%.

13. Budget Management – Quarter Ending 31st March 2016

	Prior Year	Reporting Period	Change in expenditure
	2014-15	2015-16	
	£'000	£'000	£'000
Contributions & Benefit related expenditure			
Income			
Employee Contributions	8,938	9,122	184
Employer Contributions	33,580	34,729	1,149
Transfer Values in	3,058	1,741	-1,317
Total Income	45,576	45,592	16
Expenditure			
Pensions & Benefits	-43,060	-44,321	-1,261
Transfer Values Paid	-3,722	-3,790	-68
Administrative Expenses	-686	-722	-36
Total Expenditure	-47,468	-48,833	-1,365
Net of Contributions & Benefits	-1,892	-3,241	-1,349
Returns on investment			
Net Investment Income	4,322	4,675	353
Investment Management Expenses	-3,236	-4415	-1,179
Net Return on Investment	1,086	260	-826
Total	-806	-2,981	-2,175

13.1. The Fund is entering a period of maturity, where benefits payable is more than contributions received. As the Fund further matures, it will be necessary to increase liquid asset holdings to ensure that the Fund is always able to meet its obligations to retired members.

13.2. The income shown in the above table is property income from the Property mandate as income from other asset classes are re-invested and shown within the overall fund asset value.

14. Late Payment of Contributions

14.1. The table below provides details of the employers who have made late payments during the last quarter. These employers have been contacted and reminded of their obligations to remit contributions on time.

Employer	Occasions late	Average Number of days late	Average monthly contributions
Cooperscroft Homes	2	2	654
Lunchtime UK	1	2	1,804
ABM Catering	1	1	285
Octagon	3	2	1,793

15. Communications Policy

- 15.1. Two sets of regulations govern pension communications in the LGPS: The Disclosure of Information Regulations 1996 (as amended) and Regulation 67 of the Local Government Pensions Scheme (Administration) Regulations 2008 as amended.
- 15.2. In March 2011, the Council approved the Pensions Administration Strategy Statement (PASS). The PASS sets out time scales and procedures which are compliant with the requirements of the Disclosure of Information Regulations. The PASS is a framework within which the Council as the Administering Authority for the Fund can work together with its employing bodies to ensure that the necessary statutory requirements are being met.
- 15.3. In June 2008 the Council approved the Policy Statement on Communications with scheme members and employing bodies. The Policy Statement identifies the means by which the Council communicates with the Fund members, the employing bodies, elected members, and other stakeholders. These cover a wide range of activities which include meetings, workshops, individual correspondence and use of the internet. In recent times, the Pensions web page has been developed to provide a wide range of employee guides, forms and policy documents. Where possible, Newsletters and individual notices are sent by email to reduce printing and postage costs.
- 15.4. The requirement to publish a Communications Policy Statement recognises the importance that transparent effective communication has on the proper management of the LGPS.

Investment Related Issues Update

16. Pooling (London CIV)

16.1. The Fund was one of the early investors in the London CIV.

16.2. An officer meeting of members of the London CIV was held on 24 April where LGIM gave a presentation on their mandate. Other announcements of information include the following:

- Target launch date was initially set for second week in July 2016 now moved to September 2016;
- On-boarding workshops to assist boroughs with the transfer of assets into the CIV will take place in July;
- Transfer of assets into the CIV will be coordinated to share/minimise cost of transitioning assets into the CIV mandate;
- Hillingdon, the last of the London boroughs not currently in the CIV has requested to join the CIV – final documentation has now been completed and Hillingdon have now been accepted into the London CIV.

16.3. The Committee also agreed to transfer the Fund's passive equity portfolio (other than Emerging Markets) to the London CIV mandate. As mentioned above, the timing of transfers will be coordinated so that the bulk of transfers take place on the same date.

16.4. The London CIV has modelled the possible ongoing cost (annual fund management fees) of transitioning assets into the CIV passive mandate. It has been estimated that the Haringey Pension Fund will save £123k on investment management fees annually after adjusting for withholding tax. It is worth noting that current commission rate for investment management is less than what has been negotiated by the London CIV.

16.5. The cost of transitioning Fund assets from existing LGIM fund into the London CIV fund has been estimated at £184k.

17. Aviva Long Lease Property Mandate

17.1. The Committee at its meeting on 11 April 2016 approved to invest £50m in the Aviva Long Lease Property Fund. The instruments of the Lime Trust Fund and information memorandum for the Lime Property Fund have been received from the manager. Following review of the Trust/Fund documents, Haringey Pension Fund are in the process of completing draft subscription agreements. Once completed, these will be sent off to initiate the final stages of investing in the Lime Property Fund.

17.2. The next steps are as follows:

- KYC (Know Your Customer) checks will be carried out.
- The Jersey Manager will hold a board meeting to approve the subscription agreement once the original hard copy is received and KYC checks are complete. Once approved the Fund will formally join the queue.

17.3. It is anticipated that the Fund will join the queue of investors by September 2016.

17.4. The manager has confirmed that the result of Brexit will not have an impact on the ability of the Fund to continue to invest in the Lime property Fund.

18. Low Carbon Index Update

18.1. The Committee agreed at its meeting of 14 January 2016 to shift one third of its equities portfolio or approximately 20% of total fund assets to low carbon target. Committee also agreed that the switch should be implemented in tranches to mitigate the risk of unfavourable market timing on oil prices.

18.2. The first tranche of asset switching worth approximately £60m was completed on 3 May 2016 at a cost of £51k (0.086%). The cost of transferring has been kept low by some internal switching of assets within the overall fund and coordinating with the sale of some assets by the Environment Protection Agency who were exiting the Index.

18.3. The second and third tranches are provisionally scheduled for 1 August and 1 November 2016 respectively.

Appendix 1

Manager	% of Total Portfolio	Mandate	Benchmark	Performance Target
Legal & General Investment Management	75.00%	Global Equities & Bonds	See overleaf	Index (passively managed)
CQS	5%	Multi Sector Credit	3 month libor + 5.5% p.a	Benchmark
Allianz	5%	Infrastructure Debt	5.5% p.a.	Benchmark
CBRE Global Investors	10%	Property	IPD UK Pooled Property Funds All Balanced Index	+1% gross of fees p.a. over a rolling 5 yr period
Pantheon Private Equity	5%	Private Equity	MSCI World Index plus 3.5%	Benchmark
Total	100%			

Asset Class	Benchmark	Legal & General Investment Management	Total
UK Equities	FTSE All Share	15.00%	15.00%
Overseas Equities		45.00%	45.00%
North America	FT World Developed North America GBP Unhedged	21.70%	21.70%
Europe ex UK	FT World Developed Europe X UK GBP Unhedged	7.40%	7.40%
Pacific ex Japan	FT World Developed Pacific X Japan GBP Unhedged	3.40%	3.40%
Japan	FT World Developed Japan GBP Unhedged	3.50%	3.50%
Emerging Markets	FT World Global Emerging Markets GBP Unhedged	9.00%	9.00%
Index Linked Gilts	FTA Index Linked Over 5 Years Index	15.00%	15.00%
Total		75.00%	75.00%

This page is intentionally left blank

Report for: Pensions Committee 11th July 2016

Item number: 11

Title: Pensions Training Policy and Framework

Report authorised by : Tracie Evans – Chief Operating Officer

Lead Officer: Oladapo Shonola – Head of Finance (Treasury and Pensions)
020 8489 3726 oladapo.shonola@haringey.gov.uk

Ward(s) affected: N/A

Report for Key/

Non Key Decision: Non Key Decision

1. Describe the issue under consideration

- 1.1 The attached Appendix 1 to this report is a paper from the Independent Advisor to the Pension Fund which highlights the clear legal and regulatory requirements for a comprehensive approach by the new Joint Pensions Committee and Board to Pensions training and the acquisition of Pensions Knowledge, Understanding and Skills.
- 1.2 It covers the legislative and regulatory background, proposes the adoption of the CIPFA Code of Practice on Public Service Pensions Finance Knowledge and Skills, the adoption of a broad based Pensions Knowledge and Skills Framework and its implementation. The paper also proposes a Training Needs Analysis is issued to all members of the Joint Committee and Board and that all members of the Joint Pensions Committee and Board complete the Pension Regulator's on line Public Service Toolkit.

2. Cabinet Member Introduction

- 1.1. Not Applicable

3. Recommendations

- 3.1. That the paper by the Independent Advisor attached as Appendix 1 “Pensions Knowledge, Understanding and Skills” be noted.
- 3.2. The key principles of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills (July 2013 version) and specifically the following six statements contained within the Code be adopted:
 - This organisation adopts the key recommendations of the *Code of Practice on Public Sector Pensions Finance Knowledge and Skills*.
 - This organisation recognises that effective financial administration, scheme governance and decision-making can only be achieved where those involved have the requisite knowledge and skills.
 - Accordingly this organisation will ensure that it has adequate resources, formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration, scheme governance and decision- making.
 - These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Pensions Finance Knowledge and Skills Framework.
 - This organisation will report annually on how these policies have been put into practice throughout the financial year.
 - This organisation has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Chief Operating Officer who will act in accordance with the organisation’s policy statement, and, where he/she is a CIPFA member, with CIPFA Standards of Professional Practice (where relevant).
- 3.3. The adoption of the “Haringey Pensions Knowledge and Skills Framework” as set out in Table 1 of the Independent Advisors paper (Appendix 1).
- 3.4. That all members appointed to the new Joint Pensions Committee and Board complete the Pension Regulator’s on line “Public Service Toolkit” by 31 October 2016.

- 3.5. A Training Needs Analysis be issued to all members of the new Joint Pensions Committee and Board to be completed and returned by 31 August 2016.
- 3.6. That the Independent Advisor to the Pension Fund is requested to prepare a series of “core” training sessions to cover the seven areas within the “Haringey Pensions Knowledge and Skills Framework.”
- 3.7. A report on Training, Knowledge, Understanding and Skills is presented to the Joint Pensions Committee and Board on an annual basis at its June/July meeting.

4. Reasons for decision

- 4.1. Legislative and regulatory requirements require that the Pension Fund adopt a comprehensive Pensions Training Policy and Framework. This requirement is enhanced due to the fact that the Secretary of State for Communities and Local Government has approved a Joint Pensions Committee and Board to be responsible for the Haringey Fund rather than the usual arrangement of a separate Pensions Committee and Pensions Board.

5. Alternative options considered

- 5.1. None due to the legislative and regulatory requirements.

6. Background information

- 6.1. Members of the new Joint Pensions Committee and Board are under a clear and rigorous statutory obligation arising from primary legislation, the Local Government Pension Scheme Regulations and Statutory Guidance to have good knowledge, understanding and skills in respect of the Local Government Pension Scheme and wider Pensions law, regulations and guidance.
- 6.2. The attached paper by the Independent Advisor (Appendix 1) clearly sets out the training related requirements relevant to the members of the Joint Pensions Committee and Board and proposes a Training Policy and Framework to meet these.

7. Contribution to strategic outcomes

- 7.1. Not Applicable.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

8.1. There are no specific financial and procurement implications arising from this report.

Legal

8.2. The Assistant Director for Corporate Governance has been consulted on the content of this report. There are no legal issues arising from this report.

Equality

8.3. Not applicable

9. Use of Appendices

9.1. Appendix 1 : London Borough of Haringey Pension Fund Pensions Knowledge, Understanding and Skills – Training Policy & Framework

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

JOHN RAISIN FINANCIAL SERVICES LIMITED

Appendix 1

London Borough of Haringey
Pension Fund

Pensions Knowledge, Understanding and Skills

A paper by the Independent Advisor
June 2016

Summary

This paper reviews and provides the background including the legal requirement for the members of the Joint Pensions Committee and Board to have a broad range of Pensions Knowledge, Understanding and Skills (the term Knowledge, Understanding and Skills has been used as the title of the overall approach to training as CIPFA refer to “Knowledge and Skills” and the Pension Regulator to “Knowledge and Understanding”).

The paper details the legislative and regulatory background as at June 2016, relevant Pension Regulators guidance, relevant CIPFA frameworks, and the previous (Corporate) Committee decision of March 2013 in relation to Pensions Knowledge, Understanding and Skills.

The paper highlights the fact that given the Secretary of State for Communities and Local Government has approved the creation of a Joint Pensions Committee and Board for the Haringey Fund all its members are under a particularly rigorous obligation (arising from primary legislation, regulations and statutory guidance) to undertake training to ensure they have the Knowledge, Understanding and Skills to enable them to effectively make decisions across all aspects of the responsibilities of the Joint Committee and Board and to monitor their implementation.

The paper proposes that all members of the Joint Pensions Committee and Board are required to complete the Pensions Regulator’s online “Public Service Toolkit” by 31 October 2016. Completion of this training though highly desirable only satisfies a very limited element of the Knowledge, Understanding and Skills required by Members of the Joint Pension Committee and Board.

The paper proposes that the Joint Pension Committee and Board adopt the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills (July 2013 version) together with a broad based Pensions Knowledge and Skills Framework (see **Table 1**) based on the 2010 CIPFA “*Pensions Finance Knowledge and Skills Framework Technical Guidance for Elected Representatives and Non-Executives in the Public Sector*” with the addition of the

expanded emphasis on Legislation and Governance and the new area of Pensions Administration included in the CIPFA publication "*Local Pension Boards, A Technical Knowledge and Skills Framework*" of July 2015.

The paper also suggests that a number of "core" training sessions are delivered by the Independent Advisor to provide coverage of this framework. It is also suggested that Members of the Joint Pensions Committee and Board are regularly informed of external conferences and seminars relevant to the LGPS in order to facilitate further training, knowledge and understanding tailored to the needs of individuals.

The paper also emphasises the need for formal records to be kept of all training undertaken by Joint Pension Committee and Board members and that a report on Training, Knowledge, Understanding and Skills is presented to the Joint Pensions Committee and Board on an annual basis at its June/July meeting.

The paper also proposes that a Training Needs Analysis be issued to each Joint Pensions Committee and Board member who be requested to complete this so as to provide guidance to the Officers and Independent Advisor in the preparation and suggestion of further training for the Joint Pensions Committee and Board.

The proposals from this paper are presented as recommendations in the Officers' covering report which accompanies this paper.

Background and Legislative requirements

The Terms of Reference of the Joint Pensions Committee and Board give this body an extensive range of complex responsibilities which encompass those which in almost all the other LGPS Pension Funds in England and Wales are exercised by a separate Pensions Committee and Pensions Board. Therefore good practice requires that the members of the Joint Pensions Committee and Board have a broad range of Pensions Knowledge, Understanding and Skills.

Governance is defined as the action, manner or system of governing. Good governance is vital if the Pension Fund is to function effectively and will be promoted in the context of a Local Government Pension Fund by having decision makers who have the ability, knowledge and confidence to challenge and to make effective and rational decisions. Therefore comprehensive training (otherwise referred to as "Knowledge, Understanding and Skills") is clearly a requirement for the members of the Joint Pensions Committee and Board.

The members of the Haringey Joint Pensions Committee and Board are under not only a good practice but also a very clear legal obligation to have a good level of Knowledge, Understanding and Skills in relation to both general and LGPS specific Pensions issues and requirements. Given that the Secretary of State for Communities and Local Government has given specific approval for the Haringey Fund to combine the normally separate functions of Pensions Committee and Pensions Board the members of the joint body are subject to the legal requirements relating to both Pension Board and Pension Committee members.

It is a statutory requirement under Schedule 4 of the Public Service Pensions Act 2013 and Section 248A of the Pensions Act 2004 (As amended) that members of Pension Boards have “knowledge and understanding” of pensions law and be “conversant” with the Scheme Regulations and Fund documents. Paragraphs 34 to 60 of the Pensions Regulators Code of Practice No 14 “*Governance and Administration of Public Service Pension Schemes*” (April 2015) cover the issue of Knowledge and Understanding required by Pension Board members in detail. The Code is clear that Pension Board members will require a broad range of “knowledge and understanding.” This includes the Scheme Regulations which in the case of the Local Government Pension Scheme (LGPS) are the various LGPS Regulations together with policies and documents within those Regulations adopted by individual Funds such as risk assessment/management policies, administration policies including record-keeping, communication policies/documents, funding and investment policies. Pension Board members must also have knowledge and understanding of the wider law as it relates to pensions. Paragraphs 47 to 54 of the Code make it clear that knowledge and understanding must be of a sufficient depth to enable members to effectively carry out their role. Paragraph 60 states that “*Schemes should keep appropriate records of learning activities of individual pension board members and the board as a whole....*” Code No 14 relates to all the Public Service Pension Schemes covered by the 2013 Act. CIPFA therefore issued in July 2015 “*Local Pension Boards, A Technical Knowledge and Skills Framework*” which was prepared specifically for LGPS Pension Boards in England and Wales and which “*is offered as good practice....*” (page 4).

The Pensions Regulator in its “*Regulatory Strategy Public Service Pension Schemes*” (Page 7, January 2015) explicitly states that there is a clear legal requirement to have “*appropriate knowledge and understanding*” and failure to comply with this requirement “*is a breach of the law.*”

The Pensions Regulator has also clearly indicated in its “*Compliance and Enforcement Policy for Public Service Pension Schemes*” (June 2015) that it regards Knowledge and Understanding relating to Pension Board members (which members of the Joint Committee and Board are) as a “critical” area of risk. Therefore it is reasonable to assume that the Pensions Regulator will require information in respect of training undertaken by Pension Board Members from individual LGPS Funds.

Pensions Knowledge, Understanding and Skills are also required of Pension Committee members by virtue of guidance authorised by the Secretary of State for Communities and Local Government under Regulation 12(3) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (As amended).

The relevant guidance, authorised by Secretary of State, is the CIPFA publication *“Principles for investment decision making and disclosure in the LGPS (2012).”* Under the heading **“Effective Decision Making”** (page 7) it is stated that:

Administering Authorities should ensure that:

- **decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation**
- **those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest**

On pages 8 and 9 in relation to “Key issues to consider” in relation to **Effective Decision Making** it is stated that *“the committee should ensure that it has appropriate skills.....**The CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills**, launched in 2011, requires that administering authorities have formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for decision making. The accompanying CIPFA Public Sector Pensions Finance Knowledge and Skills Frameworks set out the key skills areas.....”*

Therefore given the Secretary of State for Communities and Local Government has approved the creation of a Joint Pensions Committee and Board for the Haringey Fund all its members are under a particularly rigorous obligation (arising from primary legislation, regulation and statutory guidance) to undertake training to ensure they have the Knowledge, Understanding and Skills to enable them to effectively make decisions across all aspects of the responsibilities of the Joint Committee and Board and to monitor their implementation. Furthermore given that Haringey is one of only two Funds to have been given approval for such an arrangement by the Secretary of State the Governance of the Fund will likely be subject to greater scrutiny by both the DCLG and Pensions Regulator than those that have the usual arrangement of a separate Committee and Board.

The Pensions Regulators Public Service Toolkit

From April 2015 the Pensions Regulator acquired some supervisory powers in respect of the Governance and Administration of the public service pension schemes covered by the Public Service Pensions Act 2013. In addition as already highlighted the Pensions Regulator has clearly set down high expectations in respect of the Pensions Knowledge and Understanding it expects of Pension Board Members.

To assist Pension Board Members in acquiring Pensions Knowledge and Understanding the Pensions Regulator has issued an online “Public Service Toolkit” which may be accessed at www.thepensionsregulator.gov.uk/public-service-schemes.aspx This on line toolkit is concerned with Governance and Administration and consists of seven modules which correspond to areas covered in the Pensions Regulators Code of Practice No 14 “*Governance and administration of public service pension schemes.*” These modules are:

- Conflicts of interest
- Managing risk and internal controls
- Maintaining accurate member data
- Maintaining member contributions
- Providing information to members and others
- Resolving internal disputes
- Reporting breaches of the law

Completion of all seven modules results in the award of a “Development record” certificate. The modules give a broad introduction and understanding of these areas of Governance and Pensions Administration and it is clearly highly desirable that members of the Joint Pension Committee and Board complete the toolkit. Indeed some Pension Boards (which unlike the Haringey Joint Pensions Committee and Board do not have decision making powers) have resolved that their Members should complete the Pensions Regulator’s on line toolkit within a specified period and forward their “Development record” certificate to the Officers of the Board.

Given the powers of the Pensions Regulator and its clear statements on Pensions Knowledge and Understanding it is clear that members of the Joint Pension Committee and Board should complete the Regulator’s online “Public Service Toolkit” within a specified timescale. Completion by the end of October 2016 would appear an appropriate timescale. Completion of the Pensions Regulator’s “Public Service Toolkit” will provide clear evidence of obtaining Knowledge and Understanding of Governance and Administration. However completion of this toolkit only provides some of the necessary coverage of Governance and Administration as it only covers requirements that are general to all the public service pension schemes covered by the Public Service Pensions Act 2013. There are also important LGPS specific Governance and Administration requirements that members of the Joint Pensions Committee and Board also need to be aware of. In addition the Pension Regulator’s toolkit does not address Investment, Actuarial or Accounting issues all of which are crucial areas that any person involved in the Governance of the LGPS must be “conversant” with. Consequently the Joint Committee and Board will need to agree a broad based policy in respect of Pensions Knowledge, Understanding and Skills and then implement that policy. Such an approach is provided by the CIPFA Code of Practice on Public Sector Pensions Knowledge and Skills and the CIPFA frameworks for Pensions Knowledge and Skills issued in 2010 and 2015.

Adoption of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills (July 2013 version)

On 14 March 2013 the Corporate Committee (which was at that time the Committee responsible for the Pension Fund) considered a paper from the Independent Advisor “Pension Knowledge and Skills” which included a description and explanation of the CIPFA “*Code of Practice on Public Sector Pensions Finance Knowledge and Skills*”. The Independent Advisors paper explained that in 2011 CIPFA had produced a Code of Practice on Public Sector Pensions Finance Knowledge and Skills and that by adopting the Code the Committee would be promoting and making a clear commitment to good governance and effective training. Having considered this issue the Committee resolved to adopt the Code of Practice.

Given that the Code of Practice approved in March 2013 has been superseded by a revised version issued by CIPFA in July 2013 (to reflect changes since the original Code was issued in 2011 and in anticipation of the reforms to the LGPS of 2014 and 2015) and the creation of the Joint Pensions Committee and Board it would be good practice for the joint body to formally adopt the July 2013 version of the CIPFA “*Code of Practice on Public Sector Finance Knowledge and Skills*”

The 2013 version of the Code of Practice is underpinned by a number of key principles:

1. Organisations responsible for the financial administration of public sector pension schemes recognise that effective financial management, decision-making, governance and other aspects of the financial administration of public sector pension schemes can only be achieved where those involved have the requisite knowledge and skills.
2. Organisations have the necessary resources in place to acquire and retain the necessary public sector pension scheme finance knowledge and skills.
3. Organisations have in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration, scheme governance and decision-making.
4. The associated policies and practices are guided by reference to a comprehensive framework of knowledge and skills requirements such as those set down in the CIPFA Pensions Finance Knowledge and Skills Frameworks.
5. The organisation has designated a named individual to be responsible for ensuring that policies are implemented.

CIPFA recommends that all organisations responsible for the financial management of public sector pension schemes adopt the following statement

1. This organisation adopts the key recommendations of the *Code of Practice on Public Sector Pensions Finance Knowledge and Skills*.
2. This organisation recognises that effective financial administration, scheme governance and decision-making can only be achieved where those involved have the requisite knowledge and skills.
3. Accordingly this organisation will ensure that it has adequate resources, formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration, scheme governance and decision- making.
4. These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Pensions Finance Knowledge and Skills Framework.
5. This organisation will report annually on how these policies have been put into practice throughout the financial year.
6. This organisation has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Chief Operating Officer who will act in accordance with the organisation's policy statement, and, where he/she is a CIPFA member, with CIPFA Standards of Professional Practice (where relevant).

The covering report to this paper recommends the Joint Pensions Committee and Board adopt the above six part statement.

The Adoption of a Comprehensive Framework of Knowledge and Skills requirements based on the CIPFA Pensions Finance Knowledge and Skills Frameworks

One of the principles underpinning the CIPFA "*Code of Practice on Public Sector Finance Knowledge and Skills*" (July 2013 version) is that the policies and practices relating to training are guided by reference to a comprehensive framework of knowledge and skills requirements such as those set down in the CIPFA Pensions Finance Knowledge and Skills Frameworks.

In 2010 CIPFA produced its "*Pensions Finance knowledge and skills framework, Technical Guidance for Elected Representatives and Non-executives in the Public Sector.*" This Framework identified six areas of knowledge and skills as the core technical requirements for those involved in decision making. They are

- Pensions legislative and governance context

- Pensions accounting and auditing standards
- Financial markets and product knowledge
- Financial services procurement and relationship management
- Investment performance and risk management
- Actuarial methods, standards and practices

The paper from the Independent Advisor considered by the Corporate Committee on 14 March 2013 gave a detailed explanation of this Framework and the covering Officer report recommended that it be adopted as the basis for the training and development programme for the Corporate Committee and Pensions Working Group which at that time were responsible for the decision making/governance of the Fund.

Since 2013 this Framework has been utilised by the Independent Advisor as the basis of the training he has provided. However having recently examined the Minutes of the Corporate Committee of 14 March 2013 it appears that the Corporate Committee did not formally adopt the 2010 CIPFA "*Pensions Finance knowledge and skills framework, Technical Guidance for Elected Representatives and Non-executives in the Public Sector.*" Furthermore since March 2013 the framework of Governance of the LGPS has fundamentally changed (and significantly increased in complexity) as a result of both the implementation of the Public Service Pensions Act 2013 (which was fully implemented from 1 April 2015) and the new LGPS Pension Benefit arrangements which came into effect from 1 April 2014.

Given that the Fund has never formally approved a Framework of Pensions Knowledge and Skills together with the fact that the 2010 Framework referred to in the Independent Advisor's paper to the Corporate Committee in March 2013 does not cover the present Legislation, Governance and Pensions Administration arrangements applicable to the LGPS it is necessary for the Joint Pensions Committee and Board to formally approve a framework which covers the all the present arrangements relating to the LGPS.

A framework can be constructed which reflects the LGPS as at June 2016 by supplementing the 2010 CIPFA Knowledge and Skills Framework already referred to by adding additional areas covered in a CIPFA publication of July 2015. This publication is the CIPFA "*Local Pension Boards A Technical Knowledge and Skills Framework.*" In particular this 2015 framework gives greater emphasis to Pensions Governance than the 2010 framework for Elected Members and also includes Pensions Administration as a new and separate area of knowledge and skills.

Having examined the 2010 Framework (which was developed for decision making Pension Committees) and the July 2015 Framework (which though developed for non decision making Pension Boards reflects changes to the LGPS, to July 2015, since the 2010 Framework was issued) and also the Government's proposals with regard to the Investment Pooling announced in November 2015 it is proposed that the Joint Pensions Committee and Board

adopt as its Framework of Pensions Knowledge and Skills the Framework detailed in **Table 1** below:

<u>HARINGEY PENSIONS KNOWLEDGE AND SKILLS FRAMEWORK</u>	
<i>Core technical areas</i>	<i>Areas of knowledge</i>
<u>Legislative and Governance</u>	<p><i>General pensions framework</i></p> <p><i>Scheme-specific legislation for LGPS</i></p> <p><i>Pensions regulators and advisors</i></p> <p><i>Pension Scheme governance</i></p> <p><i>Role of the DCLG</i></p> <p><i>Role of the Scheme Advisory Board</i></p> <p><i>Role of the Pensions Regulator</i></p> <p><i>Role of the Administrating Authority/ Joint Pensions Committee and Board</i></p> <p><i>Role of the Fund Officers</i></p> <p><i>Role of Employers</i></p> <p><i>Role of the Pensions Advisory Service & Pensions Ombudsman</i></p> <p><i>Updating for latest changes to Scheme rules</i></p>
<u>Pension Administration</u>	<p><i>To include:</i></p> <p><i>Record Keeping</i></p> <p><i>Scheme Communications</i></p> <p><i>Contributions collection</i></p> <p><i>Pension Administration Strategy</i></p> <p><i>Discretionary powers</i></p> <p><i>Performance and Cost measures</i></p> <p><i>Use of third party suppliers, their selection, performance management & assurance processes</i></p> <p><i>Internal Dispute Resolution</i></p>

<p><u>Pension Accounting and Auditing standards</u></p>	<p><i>Accounts and Audit Regulations & CIPFA guidance</i></p> <p><i>Role of Joint Committee and Board</i></p> <p><i>Role of internal and external audit</i></p> <p><i>Role played by third party assurance providers</i></p>
<p><u>Financial markets and Investment products</u></p>	<p><i>Investment Strategy</i></p> <p><i>Financial markets</i></p> <p><i>Asset Classes</i></p> <p><i>LGPS Investment Regulations</i></p>
<p><u>Procurement of Financial services and Relationship management</u></p>	<p><i>Procurement legislative requirements</i></p> <p><i>Supplier risk management</i></p> <p><i>Investment Pooling</i></p>
<p><u>Investment Performance and Risk management</u></p>	<p><i>Monitoring of investment performance & Liabilities</i></p> <p><i>Performance of Advisors</i></p> <p><i>Performance of Joint Committee and Board</i></p> <p><i>Performance of Investment Managers & support services</i></p>
<p><u>Actuarial methods, Standards and Practices</u></p>	<p><i>Role of the Fund Actuary</i></p> <p><i>Valuations and funding strategy</i></p> <p><i>Outsourcing and bulk transfers</i></p> <p><i>Admitted bodies including employer covenant</i></p> <p><i>III- health and early retirement</i></p>

In adopting the above Framework the Joint Committee and Board would be approving a Framework which reflects CIPFA guidance in relation to both Pension Committees and Pension Boards and which also reflects broad developments in the LGPS to June 2016.

Proposals for the development, delivery and recording of training to cover the seven areas within the proposed London Borough of Haringey Joint Pensions Committee and Board Pensions Knowledge and Skills Framework.

To obtain an understanding of Governance and the other major aspects of the LGPS including Legislation; Investment Strategy, Procurement and Investment Monitoring; Pensions Administration; Actuarial Methods and Pensions Accounting it is necessary for members of the Joint Pensions Committee and Board to undergo a structured training programme.

Completion of the Pensions Regulator's online "Public Service Toolkit" will provide clear knowledge and understanding of the some crucial aspects of Governance and Pensions Administration. Although completion of this toolkit is highly desirable (it will also demonstrate a commitment by members to a clear understanding of the specific areas of responsibility of the Pensions Regulator in respect of the LGPS) it forms only one element of an approach necessary to meet the legal and regulatory requirements upon members of the Joint Pensions Committee and Board for Pensions Knowledge, Understanding and Skills

It is therefore proposed that the Independent Advisor to the Pension Fund prepare and present "core" training sessions to cover the seven areas of the proposed London Borough of Haringey Joint Pensions Committee and Board Pensions Knowledge and Skills Framework as detailed at **Table 1** of this paper. The Independent Advisor has significant experience in preparing and presenting Pensions training relating to the Local Government Pension Scheme. This includes training relating to Legislative, Regulatory, Governance, Investment, Actuarial, Accounting and Administration issues. The Independent Advisor has recently provided specific training on the revised LGPS Governance framework, roles and responsibilities to a number of Funds. The Independent Advisor also holds a recognised investment qualification (the CFA UK Level 4 Certificate in Investment Management) and is a CIPFA qualified Accountant.

All Joint Pensions Committee and Board Members need however to supplement the training provided by the Pensions Regulator's "Public Service Toolkit" and the Independent Advisors training sessions. It is therefore vital that Members are proactively afforded opportunities to supplement this "core" training by more detailed training on specific topics through presentations to the Committee by external presenters or attendance at relevant external conferences and seminars.

Therefore members of the Joint Pensions Committee and Board should continue to be regularly informed of and invited to attend relevant external conferences and seminars relevant to the LGPS in order to facilitate further Training, Knowledge, Understanding and Skills tailored to the needs of individual members of the Joint Pensions Committee and Board.

In order to prioritise training provided to the Joint Pensions Committee and Board collectively and focus individual members attention on specific areas where they

may need to particularly obtain further training it is proposed to issue members with a Training Needs Analysis (prepared by the Independent Advisor) whereby each individual will be asked to score their understanding of the main areas within the “core” areas of the Knowledge and Skills Framework detailed at **Table 1** of this report. It is proposed that the Training Needs Analysis form be issued in July 2016 and that all members of the Joint Pensions Committee and Board are asked to return it to the Head of Finance (Treasury and Pensions) by 31 August 2016.

The CIPFA *Code of Practice on Public Sector Pensions Finance Knowledge and Skills* requires that a report is presented (to the Committee) on an annual basis in relation to activities and progress in relation to Pensions Knowledge and Skills. Therefore formal records need to be kept of all training undertaken by Joint Pensions Committee and Board Members and a report on Training, Knowledge, Understanding and Skills be presented to the Joint Pensions Committee and Board on an annual basis at its June/July meeting.

John Raisin
Independent Advisor

9 June 2016

Background Sources:

London Borough of Haringey Pensions Committee “*New Terms of Reference for the Joint Pensions Committee and Board*,” Agenda Item 10 pages 29-36, 11 April 2016.

London Borough of Haringey Corporate Committee “*Pension Fund Training & Development*” (and attached paper by the Independent Advisor), Agenda Item 8 pages 37-48, 14 March 2013.

The Public Service Pensions Act 2013.

The Local Government Pension Scheme Regulations 2013 (As amended).

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (As amended).

Principles for Investment Decision Making and Disclosures in the Local Government Pension Scheme in the United Kingdom 2012, CIPFA, November 2012.

Code of Practice No 14, Governance and Administration of Public Service Pension Schemes, The Pensions Regulator, April 2015.

Regulatory Strategy Public Service Pension Schemes, The Pensions Regulator, January 2015.

Compliance and Enforcement Policy for Public Service Pension Schemes, The Pensions Regulator, June 2015.

Code of Practice on Public Sector Pensions Finance Knowledge and Skills, CIPFA, 2011.

Code of Practice on Public Sector Pensions Finance Knowledge and Skills, CIPFA, 2013.

Pensions Finance Knowledge and Skills Framework, Technical Guidance for Elected Representatives and Non-executives in the Public Sector, CIPFA, 2010.

Local Pension Boards, A Technical Knowledge and Skills Framework, CIPFA, 2015.

Local Government Pension Scheme: Investment Reform Criteria and Guidance, Department for Communities and Local Government, November 2015.

John Raisin Financial Services Limited
Company Number 7049666 registered in England and Wales.
Registered Office 130 Goldington Road, Bedford, MK40 3EA
VAT Registration Number 990 8211 06

“Strategic and Operational Support for Pension Funds and their Stakeholders”

www.jrfspensions.com

This page is intentionally left blank

Report for: Pensions Committee 11th April

Item number: 12

Title: Forward Plan

Report authorised by: Tracie Evans, Chief Operating Officer (COO)

Lead Officer: Oladapo Shonola, Head of Finance - Treasury & Pensions
oladapo.shonola@haringey.gov.uk 02084893726

Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key decision

1. Describe the issue under consideration

- 1.1. The purpose of the paper is to identify topics that will come to the attention of the Committee in the next twelve months and to seek Members input into future agendas. Suggestions on future training are also requested.
- 1.2. The Committee is invited to reflect on the conduct of the meeting and identify any areas for improvement.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

- 3.1. The Committee is invited to identify additional issues & training for inclusion within the work plan.

4. Reason for Decision

- 4.1. Not applicable.

5. Other options considered

- 5.1. None

6. Background information

6.1. It is best practice for a Pension Fund to maintain a work plan. This plan sets out the key activities anticipated in the coming twelve months in the areas of governance, members/employers, investment and accounting. The Committee is invited to consider whether it wishes to amend agenda items.

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

8.1. There are no financial implications arising from this report.

Legal Services Comments

8.2. The Assistant Director of Governance has been consulted on the content of this report. There are no specific legal implications arising from this report.

Equalities

8.3. None applicable.

9. Use of Appendices

- 9.1. Appendix 1: Forward Plan
- 9.2. Appendix 2: Training Plan.

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

Pension Committee - Forward Plan

Meeting Date Item No	11 Jul 2016	08 Sep 2016	22 Nov 2016	19 Jan 2017	16 Mar 2017
Standing Items					
1	Administration Report - Membership Update - Auto-enrolment - Schedule / Admitted Bodies	Administration Report - Membership Update - Auto-enrolment - Schedule / Admitted Bodies	Administration Report - Membership Update - Auto-enrolment - Schedule / Admitted Bodies	Administration Report - Membership Update - Auto-enrolment - Schedule / Admitted Bodies	Administration Report - Membership Update - Auto-enrolment - Schedule / Admitted Bodies
2	Governance Update Report	Governance Update Report	Governance Update Report	Governance Update Report	Governance Update Report
3	Work/Forward Plan	Work/Forward Plan	Work/Forward Plan	Work/Forward Plan	Work/Forward Plan
4	Risk Register Review / Update	Risk Register Review / Update	Risk Register Review / Update	Risk Register Review / Update	Risk Register Review / Update
5	Quarterly Pension Fund Performance & Investment Update	Quarterly Pension Fund Performance & Investment Update	Quarterly Pension Fund Performance & Investment Update	Quarterly Pension Fund Performance & Investment Update	Quarterly Pension Fund Performance & Investment Update
6		Quarterly LAPFF Engagement Report	Quarterly LAPFF Engagement Report	Quarterly LAPFF Engagement Report	Quarterly LAPFF Engagement Report
Fund Administration & Governance					
7	Annual Pension Fund Accounts (Draft)	Annual Pension Fund Report and Accounts (Audited Final)	Communications Policy	Discretion Policy Statement	Annual Pension Fund Accounts (Draft)
8	Training Policy Framework /	Fund Compliance with Scheme Advisory Board	Pension Fund Administration Policy		Fund Administration Benchmarking
9		Review of Fund Governance	Internal Dispute Resolution Policy		Conflict of Interest (Declaratoin 7 Annual Report)
10		Governance (Myners) Compliance Statement			
11		LAPFF Guide to Co-filing a Shareholder Resolution			
Investments					

Meeting Date Item No	11 Jul 2016	08 Sep 2016	22 Nov 2016	19 Jan 2017	16 Mar 2017
12	Annual review of SIP	Renewables Managers Selection Process	Renewables Managers Selection Process	Review of Investment Strategy / Benchmark	Fund Managers Internal Control Report
Funding & Valuation					
13	Asset Outperformance Assumption (Triennial Valuation)	III- Health Liability Insurance Report	Triennial Valuation - Agreement of Assumptions / Draft Results	Triennial valuation - Final Results / Contribution Rates	External Audit Plan for Statement of Accounts
14			Funding Strategy Statement / Statement of Investment Principles		
Training					
15	Training & Conferences Update	Training & Conferences Update	Training & Conferences Update	Training & Conferences Update	Training & Conferences Update
16	Introduction to LGPS and Trustee Responsibilities	Member Training - Safeguarding Fund Assets	Member Training - Multi Sector Credit (CQS)	Member Training - Knowledge & Skills Workshop	Member Training - Infrastructure (Allianz)

01/07/2017 (Prov)
Administration Report - Membership Update - Auto-enrolment - Schedule / Admitted <u>Bodies</u>
Governance Update Report
Work/Forward Plan
Risk Register Review / Update
Quarterly Pension Fund Performance & <u>Investment Update</u>
Quarterly LAPFF Engagement Report
Annual Pension Fund Report and Accounts <u>(Audited Final)</u>
Training Policy Framework
Reporting Breaches (Annual Report)

01/07/2017 (Prov)
External Audit Plan for Statement of Accounts
Training & Conferences Update
Introduction to LGPS and Trustee Responsibilities

Date	Conference / Event	Training/Event Organiser	Cost	Delegates Allowed
01-Sep-16	Optimising Value from Bond Investments for Pension Funds	SPS Conferences	Free	2
21-Sep-16	Pension trustee and employer responsibilities	Eversheds	£499	TBC
05-Oct-16	LAPFF Executive Meeting	Local Authority Pension Fund Forum (LAPFF)	Free	TBC
12 - 13 Oct 2016	Real Assets and Infrastructure Investment Strategies	Investments & Pensions Europe	Free	TBC
18-Oct-16	LAPFF Business meeting	Local Authority Pension Fund Forum (LAPFF)	Free	TBC
16-Nov-16	LAPFF Executive strategy meeting	Local Authority Pension Fund Forum (LAPFF)	Free	TBC
17-Nov-16	Local Authority Pension Fund Investment Issues	SPS Conferences	Free	2
22-Nov-16	Actuarial Valuation presentation – results comparator/considerations	Hymans Roberston	Free	N/A
7 Nov - 9 Nov 16	LAPFF Annual Conference	Local Authority Pension Fund Forum (LAPFF)	Free	TBC
31-Jan-17	LAPFF AGM and Business meeting	Local Authority Pension Fund Forum (LAPFF)	Free	N/A

Other Training Opportunities				
Date	Conference / Event	Training/Event Organiser	Cost	Delegates Allowed
www.thepensionsregulator.gov.uk	The Pension Regulator's Pension Education Portal	The Pension Regulator	Free - Online	N/A
http://www.lgpsregs.org/	LGPS Regulation and Guidance	LGPS Regulation and Guidance	Free - Online	N/A
http://www.lgps2014.org/	LGPS Members Website	LGPS	Free - Online	N/A
www.local.gov.uk	Local Government Association (LGA) Website	LGA	Free - Online	N/A

Please contact Oladapo Shonola, Head of Finance - Treasury & Pensions, if you wish to attend any of these courses.

Tel No: 020 8489 3726

Email: oladapo.shonola@haringey.gov.uk

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is exempt

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is exempt

This page is intentionally left blank