

NOTICE OF MEETING

PENSIONS COMMITTEE AND BOARD

Thursday, 9th February, 2017, 7.00 pm - Civic Centre, High Road, Wood Green, N22 8LE

Council Members: Cllrs Clare Bull, Gideon Bull, John Bevan, Mark Blake, Viv Ross and Noah Tucker

Employer / Employee Members: Keith Brown, Randy Plowright and 2 x vacancies.

Quorum: 3 Council Members and 2 Employer / Employee Members

Please note, at 6pm there will be a training session for all members of the Committee and Board.

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

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 unrestricted Urgent Business will be dealt with under item 16 below, new items of exempt urgent business will be dealt with under item 21).

4. DECLARATIONS OF INTEREST AND CONFLICTS 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.

The Public Service Pensions Act 2013 defines a conflict of interest as a financial or other interest which is likely to prejudice a person's exercise of functions. Therefore, a conflict of interest may arise when an individual:

- i) Has a responsibility or duty in relation to the management of, or provision of advice to, the LBHPF, and
- ii) At the same time, has:
 - a separate personal interest (financial or otherwise) or
 - another responsibility in relation to that matter,

giving rise to a possible conflict with their first responsibility. An interest could also arise due to a family member or close colleague having a specific responsibility or interest in a matter.

At the commencement of the meeting, the Chair will ask all Members of the Committee and Board to declare any new potential conflicts and these will be recorded in the minutes of the meeting and the Fund's Register of Conflicts of Interest. Any individual who considers that they or another individual has a potential or actual conflict of interest which relates to an item of business at a meeting must advise the Chair prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity.

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 consider the unrestricted minutes of the meeting of the Pensions Committee and Board held on 22 November 2016.

7. PENSIONS ADMINISTRATION REPORT (PAGES 9 - 64)

Report of the Assistant Director Shared Services to update the Committee and Board on Pensions administration matters.

8. GOVERNANCE UPDATE REPORT (PAGES 65 - 78)

Report of the Chief Operating Officer to provide an update to Committee:

- on progress toward compliance with Scheme Advisory Board key performance indicators;
- to highlight areas where improvement is still needed in order to achieve full compliance.
- To provide an update on progress toward implementing the recommendations from the Governance Review that was undertaken by the Independent Advisor to the Fund.

9. WORK/FORWARD PLAN (PAGES 79 - 86)

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.

10. RISK REGISTER REVIEW / UPDATE (PAGES 87 - 100)

Report of the Chief Operating Officer to provide an update on the Fund's risk register and an opportunity for the Committee to further review the risk score allocation.

11. QUARTERLY LAPFF ENGAGEMENT REPORT (PAGES 101 - 106)

Report of the Chief Operating Officer to provide an update on voting activities on behalf of the Fund.

12. FUND INVESTMENT/ACTUARIAL SERVICES CONTRACTS CONSULTANT EXTENSION (PAGES 107 - 110)

Report of the Chief Operating Officer to request approval to extend the Investment Consultancy contract for one year to 21st January 2018 and the Actuarial Services contract to 31st July 2017.

13. DRAFT STATEMENT OF INVESTMENT PRINCIPLES (PAGES 111 - 132)

Report of the Chief Operating Officer to consider a revised draft of the Statement of Investment Principles prepared to take account of agreed changes made by the Committee at previous meetings. The revised draft of the SIP complies with the Local Government Pensions Scheme (Management and Investment of Funds) Regulation 2009.

14. REVIEW CQS (MULTI-SECTOR CREDIT) BENCHMARK (PAGES 133 - 140)

Report of the Chief Operating Officer to present the result of the review of the performance target set for the multi-sector credit manager, CQS following significant changes in market environment and proposes a new target to reflect current market conditions.

15. REVIEW OF INVESTMENT STRATEGY - NON-DIRECTIONAL INVESTMENT (PAGES 141 - 192)

Report of the Chief Operating Officer. The Committee requested a review of the Fund's strategy with a focus on potential non-directional investments that will offer some protection to the Fund against downside in equities. The attached report from the Fund's investment consultants, Mercer, outlines the ideas/strategies that could be implemented to achieve this.

16. NEW ITEMS OF URGENT BUSINESS

17. DATE OF NEXT MEETING

16 March 2017, 7pm.

18. EXCLUSION OF THE PRESS AND PUBLIC

19. EXEMPT MINUTES (PAGES 193 - 196)

To consider the exempt minutes of the meeting of the Pensions Committee and Board held on 22 November 2016.

20. RENEWABLE ENERGY MANAGER SELECTION (PAGES 197 - 206)

Report of the Chief Operating Officer.

21. NEW ITEMS OF EXEMPT URGENT BUSINESS

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

Wednesday, 1 February 2017

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MINUTES OF THE MEETING OF THE PENSIONS COMMITTEE AND BOARD HELD ON TUESDAY, 22ND NOVEMBER 2016

PRESENT:

**Cllr Clare Bull, Cllr John Bevan, Cllr Toni Mallett, Cllr Viv Ross,
Keith Brown and Randy Plowright**

20. FILMING AT MEETINGS

The Chair referred Members present to agenda Item 1 as shown on the agenda in respect of filming at this meeting, and Members noted the information contained therein.

21. APOLOGIES FOR ABSENCE

Apologies were received from Cllrs M Blake (for whom Cllr Mallett substituted), G Bull and Tucker.

22. URGENT BUSINESS

None.

23. DECLARATIONS OF INTEREST AND CONFLICTS OF INTEREST

Cllr Mallett identified that she was a deferred member of the Haringey Pension Fund.

24. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

Cllr Bevan identified that he had completed the following training in the period since the last meeting:

- Bfinance Local Government Pension Scheme, private asset classes 23/09
- P&LSA Troubling Times Ahead, Outlook for UK Defined Benefit Pension Schemes 04/10
- IPE Real Assets & Infrastructure Conference 12 and 13/10
- Local Authority Pension Fund Forum, Chairs briefing 17/10
- LAPFF Business meeting 18/10
- London Councils, CIV meeting 18/10
- Pensions DC Insight 26/10
- IPE Fixed Income Seminar 02/11
- SCS Local Authority Pension Funds investment issues 17/11

Cllr Ross identified that he was uncertain as to whether he had completed all the required modules of the Pensions Regulator's online training. He agreed to double check in conjunction with the Chair and the Clerk as necessary.

[action: Cllr Ross/Chair/Clerk].

25. MINUTES

RESOLVED

- That the unrestricted minutes of the Pensions Committee held on 20 September be approved as a correct record and signed by the Chair.

Officers advised that the actions arising from the meeting had been completed and updates were provided. Confirmation was given that the new EU arrangements for internal dispute resolution would have no policy impact in relation to the pension fund's Internal Disputes Resolution Procedure. In respect of the action requesting investigation of the feasibility for interim investments in lieu of the drawdown of funds for the planned Allianz investment, officers and the representative from Mercer advised that the most prudent approach would be to wait it out as the Allianz funding drawdown would need to be made at short notice, raising issues around the liquidity of the earmarked monies.

The Head of Treasury and Pensions advised that the recording of administrative expenses in the financial management system was being handled more efficiently this year hence the variance from figures reported last year. It was expected that overall administrative expenses in the current year would be in line with previous years figures.

The Committee sought clarification on the risk register item pertaining to a lack of succession planning in the administration of the pension fund and details of the recruitment exercise planned to address this. Officers responded that an external recruitment exercise had been undertaken with a view to permanent recruitment to the Head of Pensions and Senior Pensions Accountant roles.

Cllr Bevan outlined that a company called PIRC Ltd had been in contact with him regarding the services they could offer for LGPS pension funds for proxy voting and practice following concerns raised at the last meeting regarding the limited coverage provided by the LAPFF voting alerts system. Officers advised that with passive, pooled funds being the predominant investment type used by the Fund, in their view there would be limited value in engaging this service. It was agreed that officers would draft a response to PIRC Ltd on this basis.

ACTION: Head of Treasury and Pensions

26. PENSIONS ADMINISTRATION REPORT

The Committee considered an update report on changes relevant to pensions administration.

It was advised that details of the pensions self service website had been added to November payslips to encourage members to utilise the service.

Details were provided of Haringey Pension Fund (Fund) employers who had made late payments during the last quarter and the subsequent warning notices sent by the Council in response. The Committee were advised that fees could be imposed as a penalty for late payment. The level of these fees would be reviewed as part of the update of the Pensions Administration Strategy Statement, which would be submitted to the January Committee meeting, to ensure they were set at an appropriate level to deter late payment and to cover the administrative costs of chasing late payments.

Officers advised that the Pensions Regulator had launched an online self assessment tool enabling employers to assess how well their pension scheme was being administered. The Committee questioned whether there was value in completing this assessment at a future meeting. Officers proposed in response that they be tasked with completing the assessment and to provide an update to the next meeting as the assessment was fairly lengthy and at a detailed high level.

ACTION: Pensions Manager

27. TRIENNIAL VALUATION 2016 - INITIAL RESULTS

The Committee considered a draft actuarial triennial valuation report of the assets and liabilities of the Fund as at 31 March 2016 and details of the methodology and assumptions used by the actuary to determine the actuarial funding level and standardised employer contribution rate. Representatives from Hymans Robertson LLP, the Fund actuary, gave a short presentation on the initial valuation results and contribution rates within the context of an increase to the funding level from 70% to 79% and a reduction to the overall Fund deficit by £89m.

The Committee raised the following points in discussion of the report and presentation:

- Concerns were raised over the reduction seen to the financial discount rate from 31 March 2013 to 2016 from 4.6% to 4%. In response, reassurance was provided by both officers and the Fund actuary that this was a good rate and was appropriate for a LGPS fund, with private sector funds often having lower rates.
- Officers agreed with comments from the Committee on the misuse of the term 'marginally' in the officer report to describe the improvement to the funding level and which undermined the considerable progress made. It was agreed that the term had been added in error and would be removed going forward.

ACTION: Head of Treasury and Pensions

- The Committee sought clarification as to how the Fund was performing on a national comparator basis with other local government pension schemes. Representatives for the actuary advised that performance would be approximately mid league table and with good performance nationally once assumptions were standardised.

RESOLVED

- To agree the assumptions and methodology used by the actuary to determine the actuarial funding level and standardised employer contribution rate.
- To note the draft results of the triennial valuation of the Fund.

28. FUNDING STRATEGY STATEMENT

The Committee considered a draft update to the Funding Strategy Statement (FSS) setting out the basis on which employer contributions were set and the plan to achieve and maintain sufficient assets to meet pension liabilities. The draft FSS would be circulated to participating pension scheme employers for consultation inline with CIPFA guidance prior to moving forward to final adoption. The Committee received a short presentation on the key points of the FSS.

The Head of Pensions and Treasury identified to the Committee the options available regarding the funding position for academy schools joining the scheme. A decision was required on whether initial contribution rates were calculated based on market conditions, the Council's funding position and membership data or alternatively, contributions set at a fixed rate linked to the Council rate. The Committee outlined that they would need further information on this issue before making a decision and to this end requested that officers submit a briefing report to the next meeting analysing each option inline with best practice and recommending a preferred option for Committee consideration. It was also requested that the report also include a modelling exercise based on the academies within the borough.

ACTION: Head of Treasury and Pensions

The Committee discussed proposed arrangements for dealing with the ceasing of admissions bodies and whether it was appropriate to have a three year discretionary period within which to defer taking action before the cessation of an admissions agreement. The Committee recognised that this discretionary period afforded some flexibility in determining the cessation value. It was agreed therefore to reword this provision to explicitly clarify that although the discretion existed, the Council as administering authority was unlikely to exercise it, although this would be determined on a case by case basis.

ACTION: Head of Treasury and Pensions

In relation to the section covering late payments, it was agreed that the charging figures listed for the associated administration costs would be removed as they were currently under review.

ACTION: Head of Treasury and Pensions

It was advised that a final report would be submitted to the March meeting following the completion of the consultation process.

RESOLVED

- That the draft FFS be circulated for consultation with pension scheme employers subject to the changes detailed above.

29. FRAMEWORK AGREEMENT FOR ACTUARIAL SERVICES

The Committee considered a report setting out proposals for a three month extension to the current framework agreement held with Hymans Robertson until 30 May 2017 to allow the completion of the ongoing 2016 triennial valuation work. It was proposed

that the National LGPS Framework Agreement then be used to undertake a mini competition process to select the appointment of a new actuary for the Fund out of a field of four companies. This would be OJEU compliant thereby saving on time and costs of procurement. A report on this process would come to the Committee in May 2017 with the appointment to start from 1 June 2017.

Concerns were raised over the elapse of the current contract during a critical piece of work. Officers acknowledged the error and advised that going forward timing issues would be resolved with the new contract starting at a later point in the year.

RESOLVED

- To agree that the Chief Operating Officer under delegated authority approve a three month extension to the current actuarial services contract until 30 May 2017.
- That the Pension Fund enters into a National LGPS framework agreement set up by Norfolk County Council to procure an actuary to provide actuarial services for the Fund from 1 June 2017.

30. QUARTERLY PENSION FUND PERFORMANCE AND INVESTMENT UPDATE

The Committee received a quarterly update report setting out three month performance for the Fund up to 30 September 2016. This had been generally positive, with all asset classes in the portfolio other than private equities overperforming or in line with benchmark in the quarter. A short presentation was given on individual performance via asset class.

The Committee were advised that the equity allocation of the portfolio remained overweight in exceeding the 60% target by 4.7%. A reminder was given of the policy position agreed at the January 2016 meeting to hold one third of the equities portfolio in low carbon funds, a process which was being implemented in tranches. The Committee noted in recognition of this that regular review would be required with LGIM of holdings to permit any rebalancing of the portfolio inline with performance to retain this position. It was agreed that a report be submitted to the January meeting setting out proposals to address any rebalancing of allocations both as a one off and on an ongoing basis.

ACTION: Head of Treasury and Pensions

In discussion of the underperformance of Pantheon Private Equity, the Committee questioned at what point consideration should be given to taking action in this regards. In response to this, officers advised that reference needed to be made to the investment period of the asset when benchmarking performance, with a 15-20 year holding period considered appropriate for private equity investment by virtue of it being a fairly illiquid holding. This illustrated the limitations of the primarily short term nature of benchmarking in only reflecting performance at a point in time. Reference was also required back to the overall investment strategy.

Officers proposed to submit an update to the next meeting on the position of the Fund with regards to the liquidation of Age UK Haringey.

ACTION: Head of Treasury and Pensions

RESOLVED

- To note the performance information for the three months to 30 September 2016.

31. GOVERNANCE UPDATE REPORT

The Committee considered an update report on progress towards compliance with Scheme Advisory Board (SAB) key performance indicators, highlighting areas of improvement and progress implementing recommendations from the Governance Review undertaken by the Independent Advisor.

It was advised that the score of the Fund when measured against SAB performance indicators was improving as actions to achieve compliance were implemented. Compliance had increased from 46% in September to 71% at the current time. The Committee questioned whether the aspiration was 100% compliance. Officers advised in response that theoretically this was possible but was so challenging as to be unlikely to be met.

RESOLVED

- To note progress since the last report to Committee on performance against SAB's key indicators and recommendations from the governance review.

32. QUARTERLY LAPFF ENGAGEMENT REPORT

The Committee considered a briefing report updating on voting activities undertaken on behalf of the fund inline with Local Authority Pension Fund Forum (LAPFF) voting recommendations. The report included an LGIM position statement on Sports Direct and the LAPFF quarterly engagement report for July to September 2016.

RESOLVED

- That the report be noted.

33. RISK REGISTER REVIEW / UPDATE

The Committee considered an update report on the Fund's risk register, focussed for this meeting on the areas of governance and legislation risks. It was advised that an additional risk had been added covering the investment strategy adopted by the London CIV through fund manager appointments not fully meeting the needs of the Fund. It was identified that there were currently three risks with a red risk rating in this tranche.

RESOLVED

- To note the risk register and the newly identified risk added to the register.
- To note the area of focus for the review at the meeting was 'governance' and 'legislation' risks.

34. FORWARD PLAN

The Committee considered the current version of the forward plan setting out future agenda items for the next year and suggestions for Committee member training. It

was advised that a new future agenda item had been added for a report on the fund business plan and budget.

The Committee were asked to inform the Head of Treasury and Pensions should they wish to attend any of the training conferences listed within the report that were coming up.

The attention of the Committee was drawn to the update on member training progress and they were reminded of the importance of completion of these items.

RESOLVED

- To note the update

35. NEW ITEMS OF URGENT BUSINESS

None.

36. 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).

37. EXEMPT MINUTES

RESOLVED

- That the exempt minutes of the Pensions Committee held on 20 September be approved as a correct record and signed by the Chair.

38. RENEWABLES MANAGERS SELECTION PROCESS

[Anna D'Alessandro, the interim Head of Finance left the meeting at this point. The Chair noted that this was her last meeting before leaving the Council and as such extended thanks and good wishes on behalf of the Committee for all her hard work].

The Committee considered a report outlining the process and outcome of a search for a renewable energy manager inline with the decision taken at the January meeting to invest 5% of the Fund's assets in renewable energy. A short presentation was given by a representative from bfinance, an independent advisory and financial services firm.

The Committee discussed the issues arising and agreed the recommendations of the report.

39. ILL HEALTH LIABILITY INSURANCE

The Committee considered an overview report on the potential impact of Ill Health Early Retirement (IHER) cost on the Fund and options for the mitigation of this risk through the taking out of IHER insurance. The Committee discussed the content of the report and agreed the recommendations contained therein.

40. EXEMPT ITEMS OF URGENT BUSINESS

None.

CHAIR:

Signed by Chair

Date

Report for: Pensions Committee February 2017

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: Not applicable

Report for Key/

Non Key Decision: Not applicable

1. Describe the issue under consideration

Pensions Administration Report.

2. Cabinet Member Introduction

Not applicable

3. Recommendations that members note:

As part of the governance of the pension fund, it is best practice to have an Administration Strategy in place. The updated draft Pensions Administration Strategy Statement is attached as appendix 1. The Pension Committee and Board are requested to consider the draft strategy before it goes out to consultation to stakeholders. The final strategy will be brought back to the Pension Committee and Board after consultation.

3.1 Recommendations that members approve:

The updated Pension Fund's Internal Dispute Resolution Procedure notes that the new 'stage one' adjudicator is the Head of Human Resources Operations. The revised procedure is attached.

3.2 Reason for decision:

The Council is obliged under the Local Government Pension Scheme Regulations 2013 to have best governance practice and meet record keeping requirements.

4. Alternative options considered

Not applicable

5. Background information:

5.1 Pensions Administration Strategy

As part of the governance of the pension fund, it is best practice to have an Administration Strategy in place. The updated draft Pensions Administration Strategy Statement is attached as appendix 1.

5.2 Late payment of Contributions

The table below provides details of the employers who have made late payments during the last quarter.

Employer	Occasions Late	Average no of days late	Average monthly contributions
Woodside	1	3	£32,113.42
Lunchtime UK	1	2	£13,249.37
Urban Futures	1	2	£3,235.83
K M Cleaning	1	9	£1,223.06

5.3 Internal Dispute Resolution Procedure

The Local Government Association have confirmed that neither they nor the Ombudsman are aware of any recent EU changes that would have an impact on the Local Government Pension Schemes Internal Dispute Resolution Procedure (IDRP).

The Pensions Act 1995 introduced the requirement for schemes to have an Internal Dispute Resolution Procedure where members of the scheme may challenge any decision taken that may affect their benefit. This formal procedure and process plays a key role in enabling the Fund to provide effective scheme governance and administration.

Since the legal requirement was introduced, the Fund has operated an IDRP working with employers to ensure a fair delivery of service to members. The Fund operates a twostage process under which Stage one is investigated by a “adjudicator” nominated by the decision maker (typically the employer) and Stage two is investigated by the Administrating Authority.

The pension section has taken this opportunity to review the process and ensure existing arrangements are still fit for purpose and operating effectively in practice. The current IDRP procedure booklet has been updated. (appendix 1). Employers will be informed of the updated procedure over the next few months and developed to reflect any feedback.

The Adjudicator for Haringey Council is the Head of HR Operations. The Stage two specified person is the Assistant Director for Corporate Governance.

6. Contribution to strategic outcomes

Not applicable

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

7.1 Chief Financial Officer

There are no direct financial implications arising from this report and the accompanying Pensions Administration Strategy or Internal Dispute Resolutions Procedure.

Maintaining an appropriate and effective Pensions Administration Strategy and Internal Disputes Resolution Procedure is an important aspect of ensuring that the Pension Fund meets the various governance standards it is subject to. Maintaining these standards over the long term will provide value for money for the Pension Fund, helping to ensure that the scheme remains affordable for fund members and scheme employers.

7.2 Assistant Director of Corporate Governance

7.2.1 Under Regulation 59 of the Local Government Pension Scheme Regulations 2013 ("Regulations") the Council as administering authority may prepare a Pension Administration Strategy containing the authority's policies in relation to such of the matters mentioned in Regulation 59 (2) as it considers appropriate and, where it does so:

The administering authority must—

- (a) keep its pension administration strategy under review; and
- (b) make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.

In preparing or reviewing and making revisions to the pension administration strategy, the administering authority must consult its Scheme employers and such other persons as it considers appropriate.

The administering authority must publish—

- (a) the pension administration strategy; and
- (b) where revisions are made to it, the strategy as revised.

A copy of the pension administration strategy must be sent to each of the Scheme employers and to the Secretary of State as soon as is reasonably practicable.

The administering authority and the Scheme employers must have regard to the pension administration strategy when carrying out their functions under the Regulations.

7.2.2 The dispute resolution arrangements set out in recommendation 3.2 is in accordance with the requirements of section 50 of the Pensions Act 1995 (as amended).

8. Use of Appendices

8.1 Appendix 1 Haringey Council Pensions Administration Strategy Statement (draft)

8.2 Appendix 2 Updated Internal Dispute Resolution Procedure

9. Local Government (Access to Information) Act 1985

Pensions Administration Strategy

London Borough of Haringey Pension Fund

January 2017

CONTENTS

1	Introduction	3
2	Regulatory framework	4
3	Responsibilities and procedures	5
4	Review process	12
5	Consultation	12
	Appendix 1 - Summary of communication and liaison	13
	Appendix 2 - Performance standards	14
	Appendix 3 - New entrants and current Scheme members	21
	Appendix 4 - Early leavers	22
	Appendix 5 - Retirements	23
	Appendix 6 - Early retirement costs recharged to the Scheme employer	24
	Appendix 7 - Deaths in Service	25
	Appendix 8 - Additional Voluntary Contribution Scheme	26
	Appendix 9 - Ill health Retirement	27
	Appendix 10 – Examples of instances where costs may be recharged	29
	Appendix 11 - Cohabiting Partners	31
	Appendix 12 – Payment of monthly contributions by Scheme employers	32
	Appendix 13 - Year end procedures	34
	Appendix 14 - Additional pension contributions (APCs)	35
	Appendix 15 - The 50:50 Option	37

January 2017

1 Introduction

The Local Government Pension Scheme (LGPS) represents a significant benefit to scheme members. Much of the success in promoting the scheme amongst scheme members and ensuring a high quality service delivery depends upon the relationship between the administering authority and scheme employers in the day to day administration of the scheme. Good quality administration is essential (can also help) in the overall promotion of the scheme and remind or alert employees to the value of the LGPS, thereby helping with recruitment, retention and motivation of employees.

Development of an administration strategy, as allowed for by the Local Government Pension Scheme (LGPS), is seen as one of the tools which can help in delivering a high quality administration service to the scheme member and other interested parties. Delivery of a high quality administration service is not the responsibility of one person or organisation, but is rather the joint working / partnership of a number of different parties.

This is the pension administration strategy statement of the London Borough of Haringey Pension Fund, administered by Haringey Council (the administering authority). It has been developed following consultation with employers in the London Borough of Haringey Pension Fund Pension Fund.

The aim of this strategy statement is to set out the quality and performance standards expected of Haringey Council in its role of administering authority and scheme employer, as well as all other scheme employers within the London Borough of Haringey Pension Fund. It seeks to promote good working relationships, improve efficiency and enforce quality amongst the scheme employers and the administering authority.

The Fund comprises of scheme employers and approximately 21,900 members, this includes active, deferred, pensioner and dependant members (as at 31 March 2016) of the Local Government Pension Scheme. The efficient delivery of the benefits of the LGPS is dependent on good quality data and sound administrative procedures being in place between a number of interested parties, including the administering authority and scheme employers. This strategy statement sets out the expected levels of performance of both the administering authority and the scheme employers within the London Borough of Haringey Pension Fund, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.

This pension administration strategy statement is currently draft and will be subject to consultation with scheme employers.

Any enquiries in relation to this pension administration strategy statement should be sent to:

The Pension Team
Alexandra House
10 Station Road
Wood Green
London
N22 7TR

Telephone: 0208 489 1700

Email: pensions.mailbox@haringey.gov.uk
www.haringeypensionfund.co.uk

2 Regulatory Framework

Regulation 59(1) of the Local Government Pension Scheme Regulations 2013 enables an LGPS administering authority to prepare a written statement ("the pension administration strategy") which contains such of the matters mentioned below as they consider appropriate:-

- Procedures for liaison and communication with Scheme employers.
- The establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions under the LGPS by-
 - (i) the setting of performance targets;
 - (ii) the making of agreements about levels of performance and associated matters; or
 - (iii) such other means as the administering authority consider appropriate;
 - Procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance.
 - Procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions.
 - The circumstances in which the administering authority may consider giving written notice to any of its Scheme employers on account of that employer's unsatisfactory performance in carrying out its Scheme functions under these Regulations when measured against levels of performance.
 - Such other matters as appear to the administering authority to be suitable for inclusion in that strategy.

In addition, regulation 59(6) of the LGPS Regulations also requires that, where a pension administration strategy is published, a copy is issued to each of their relevant employing authorities as well as to the Secretary of State. Similarly, when the strategy is revised at any future time the administering authority (after say a material change to any policies contained within the strategy) must notify all of its Scheme employers and also the Secretary of State.

It is a requirement that, in preparing or revising any pension administration strategy, the administering authority must consult its relevant employing authorities and such other persons as it considers appropriate.

Regard must be had by both the administering authority and its Scheme employers to the current version of any pension administration strategy when carrying out their functions under the LGPS Regulations.

In addition, regulation 70 of the LGPS Regulations allows an administering authority to recover additional costs from a Scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer. Where this situation arises the administering authority is required to give written notice to the Scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

The following strategy statement, therefore, sets out the information required in accordance with regulation 59(1) and forms the basis of the day to day relationship between Haringey Council as the administering authority and the Scheme employers of the London Borough of Haringey Pension Fund. It also sets out the circumstances under regulation 70 of the LGPS Regulations where additional costs are incurred as a result of the poor performance of a Scheme employer, together with the steps that would be taken before any such action were taken.

3 Responsibilities and procedures

PROCEDURES FOR LIAISON AND COMMUNICATION WITH EMPLOYERS

The delivery of a high quality administration service is not solely the responsibility of the administering authority, but depends on the joint working of the administering authority with a number of individuals in different organisations to ensure scheme members, and other interested parties, receive the appropriate level of service or ensure that statutory requirements are met.

This strategy statement has been developed following consultation with Scheme employers and other interested parties. It takes account of Scheme employers' current pension knowledge, perception of current administration standards and specific training needs to ensure the level of service can be delivered to the required standard.

Procedures have been agreed for the liaison and communication between London Borough of Haringey Pension Fund and its scheme employers. Full details are provided with the Fund's communication policy, which is available on the Fund's website at <http://www.Haringeypensionfund.co.uk>

A brief summary is set out in Appendix 1.

ESTABLISHING LEVELS OF PERFORMANCE

Performance standards

The LGPS prescribes that certain decisions be taken by either the administering authority or the Scheme employer, in relation to the rights and entitlements of individual Scheme members. In order to meet these obligations in a timely and accurate manner, and also to comply with overriding disclosure requirements, the London Borough of Haringey Pension Fund has agreed levels of performance between itself and Scheme employers which are set out in Appendix 2.

Quality

Overriding legislation

In carrying out their roles and responsibilities in relation to the administration of the Local Government Pension Scheme the administering authority and Scheme employers will, as a minimum, comply with overriding legislation, including:

- Local Government Pension Scheme Regulations
- Pensions Act 2004 and 2011 and associated disclosure legislation;
- Freedom of Information Act 2000;
- The Equality Act 2010;
- Data Protection Act 2003;;
- Finance Act 2013; and
- Relevant Health and Safety legislation.

Where agreed, the administering authority and Scheme employers will comply with local standards which go beyond the minimum requirements set out in overriding legislation. Such best practice standards are outlined in the section on timeliness set out below.

Internal standards

The administering authority and Scheme employers will ensure that all functions/tasks are carried out to agreed quality standards. In this respect the standards to be met are:

- compliance with all requirements set out in the employer procedural guide;
- work to be completed in the required format and/or on the appropriate forms contained within the employer procedural guide;
- information to be legible and accurate;
- communications to be in a plain language style
- information provided to be checked for accuracy by an appropriately qualified member of staff;
- information provided to be authorised by an agreed signatory; and
- actions carried out, or information provided, within the timescales set out in this strategy document.

TIMELINESS

Overriding legislation dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the scheme. The scheme itself sets out a number of requirements for the administering authority or Scheme employers to provide information to each other, scheme members and prospective scheme members, dependants, other pension arrangements or other regulatory bodies. Locally agreed performance standards have been agreed which cover all aspects of the administration of the scheme, where appropriate going beyond the overriding legislative requirements. These locally agreed standards for the London Borough of Haringey Pension Fund are set out below.

External providers

The administering authority or its Scheme employers will ensure that any external service providers with responsibility for carrying out any functions relating to the administration of the Local Government Pension Scheme (such as external pension administration providers, payroll and HR providers) are aware of the standards to be met. They will also be responsible for ensuring that those standards are met.

Procedures for ensuring compliance with statutory requirements and levels of performance

Ensuring compliance is the responsibility of the administering authority and its Scheme employers. We will work closely with all Scheme employers to ensure compliance with all statutory requirements, whether they are specifically referenced in the LGPS Regulations, in overriding legislation or in this Administration Strategy. We will also work with employers to ensure that overall quality and timeliness standards are met as part of a service development plan. Various means will be employed, in order to ensure such compliance and service improvement, after first seeking views from as wide an audience as possible. These include:

Audit

The London Borough of Haringey Pension Fund will be subject to regular audits of its processes and internal controls. The London Borough of Haringey Pension Fund and its Scheme employers will be expected to fully comply with any requests for information from both internal and approved external auditors. Any subsequent recommendations made will be considered by the London Borough of Haringey Pension Fund and where appropriate duly implemented (following discussions with scheme employers where necessary).

Performance monitoring

The London Borough of Haringey Pension Fund will monitor performance against specific tasks from the event date (e.g. date of leaving/retirement, etc) to the date of the completion of the task (notwithstanding that service levels for benchmarking purposes are measured from the date that all necessary data has been received/is available). As part of this monitoring exercise we will include the monitoring of the performance of each Scheme employer in the provision of all necessary data required by the administering authority enabling completion of each task. We will also monitor the performance of the administering authority in carrying out its responsibilities in relation to the scheme.

The London Borough of Haringey Pension Fund as the administering authority will regularly monitor performance by benchmarking with other administering authorities by using benchmarking clubs and other comparators available. Quality and standards of performance will be included in performance monitoring and benchmarking.

Employer liaison meetings

An annual meeting will take place with representatives of the administering authority and the scheme employer to monitor and review performance against targets, the quality of information exchange and ensure compliance with statutory obligations.

Employer liaison officers

Each Scheme employer will designate a named individual to act as a scheme liaison officer; being the main contact with regard to any aspect of administering the LGPS. Similarly, the London Borough of Haringey Pension Fund will designate a named individual within the pensions services team for each scheme employer, to act as the pension liaison officer for each scheme employer.

The London Borough of Haringey Pension Fund pension liaison officer will meet with the Scheme employer representative at least annually to discuss any issues relating to the LGPS and/or raise any issues around the performance of the Scheme employer or services provided by the administering authority. More frequent meetings will be arranged if necessary (particularly if issues around the perceived poor performance of the scheme employer arise).

Communication policy statement

The London Borough of Haringey Pension Fund communication policy statement includes specific details on monitoring the compliance of the administering authority and its Scheme employers in communication with various parties associated with the Local Government Pension Scheme. This statement is summarised and included as appendix 1 to this strategy.

Procedures for improving communication between administering and employing authorities

Good communication reminds, or alerts, employees to the value of the LGPS which negates misleading media information and aids recruitment, retention and the motivation of the workforce. Effective communication between authorities reduces errors, improves efficiency and leads to good working relationships.

Where areas of improvement are identified from benchmarking or performance monitoring as indicated in the above section the London Borough of Haringey Pension Fund will be responsible for working closely with the Scheme employers in improving the identified weaknesses.

Where improvements are made they will be reported in the service improvement plan. As part of the review process any new procedures or practises introduced will be kept under review to monitor achievement.

Service improvement plan

The London Borough of Haringey Pension Fund will develop, in conjunction with its Scheme employers, a rolling three year service improvement plan for the provision of the pensions administration service. This plan will include development areas, aimed at improving business efficiency through increased use of technology, together with service improvements identified as part of the benchmarking and monitoring of the administering authority's and Scheme employers' performance. This plan will be monitored on an annual basis and reports provided to scheme employers/senior officer/the Pension Committee and the Local Pension Board.

Scheme employer procedural guide

If appropriate the London Borough of Haringey Pension Fund will update the employer procedural guide to reflect changes to processes, forms and/or responsibilities highlighted as a result of the monitoring of quality and timeliness.

Newsletters

Newsletters which will be issued to all employees annually, (or more frequently if necessary), dealing with changes to scheme rules and Scheme employer procedures or responsibilities associated with them.

Technical bulletins

Bulletins will be issued to Scheme employers as frequently as necessary updating them on recent and forthcoming changes to the scheme. These Bulletins will provide technical advice and guidance to Scheme employers on the changes along with any changes to, or additions to, the responsibilities of the Scheme employers.

Training sessions

The London Borough of Haringey Pension Fund will provide training to its Scheme employers as and when required in order to undertake training where significant performance issues are identified, or on request from the Scheme employer. It is mandatory for your named acting liaison officer to attend.

Employer forums

Regular meetings (at least annually) will take place with representatives of the London Borough of Haringey Pension Fund and its Scheme employers to discuss recent developments within the LGPS or pensions generally, as well as to monitor and review communication strategies. It is mandatory for your named acting liaison officer to attend.

Employer liaison meetings

The London Borough of Haringey Pension Fund pension liaison officer will meet with the Scheme employer representative at least annually to discuss any issues relating to the LGPS and/or raise any issues around the performance of the Scheme employer or services provided by the administering authority. At these meetings the service improvement plan will be reviewed, to discuss progress against targets. More frequent meetings will be arranged if necessary (particularly if specific issues around the perceived poor performance of the Scheme employer arise). It is mandatory for your named acting liaison officer to attend.

Continual review

The London Borough of Haringey Pension Fund will continually review the performance of the administering authority and Scheme employers against the targets and standards set out in this strategy and address with Scheme employers any issues that might be highlighted. The London Borough of Haringey Pension Fund will also monitor success against the targets set out in the three year rolling service improvement plan, and take all necessary action where this is found not to be the case.

Circumstances where the administering authority may levy costs associated with the employing authority's poor performance

Regulation 70 of the Local Government Pension Scheme Regulations 2013 provides that an administering authority may recover from a Scheme employer any additional costs associated with the administration of the scheme incurred as a result of the poor level of performance of that Scheme employer. Where an administering authority wishes to recover any such additional costs they must give written notice stating:-

- The reasons in their opinion that the scheme employer's poor performance contributed to the additional cost;
- The amount of the additional cost incurred;
- The basis on how the additional cost was calculated; and
- The provisions of the pension administration strategy relevant to the decision to give notice.

Circumstances where costs might be recovered

It is the policy of the London Borough of Haringey Pension Fund to recover all additional costs incurred in the administration of the LGPS as a direct result of the poor performance of the administering authority, any Scheme employer or third party service provider. The circumstances where such additional costs will be recovered are:

- persistent failure to provide relevant information to the administering authority, scheme member or other interested party in accordance with specified performance targets (either as a result of timeliness of delivery or quality of information);
- failure to pass relevant information to the Scheme member or potential members, either due to poor quality or not meeting the agreed timescales outlined in the performance targets;
- failure to deduct and pay over correct scheme member and employer contributions to the London Borough of Haringey Fund within the stated timescales;
- Instances where the performance of the scheme employer results in fines being levied against the administering authority by the Pension Regulator, Pensions Ombudsman or any other regulatory body.

- The cost of any remedial action required to be taken by the London Borough of Haringey and caused by the failure of a Scheme employer to meet their requirements as set out in regulation or the specified performance targets.
- Advice supplied from a third party provider, with or without the consent from the administering authority. Where there is no previous arrangement in place between Employer and third party provider – the costs incurred will still be re-charged back to the Employer that originally requested work, information or raised queries.

Approach taken by administering authority

The London Borough of Haringey Pension Fund will seek, at the earliest opportunity, to work closely with Scheme employers in identifying any areas of poor performance, provide the necessary training and development and put in place appropriate processes to improve the level of service delivery in future. Consideration for seeking additional administration costs where persistent failure occurs and no improvement is demonstrated by a Scheme employer would be seen as a failure and should only be taken once all opportunities to resolve any issues identified are exhausted. The following sets out the steps we will take in dealing with poor performance by a Scheme employer:

- write to the Scheme employer, setting out area(s) of poor performance;
- meet with the Scheme employer, to discuss area(s) of poor performance and how these can be addressed;
- issue formal written notice, where no improvement is demonstrated by the Scheme employer or there is a failure by the Scheme employer to take agreed action, setting out the area(s) of poor performance that have been identified, the steps taken to resolve those area(s) and notice that the additional costs will now be reclaimed;
- clearly set out the calculations of any loss resulting to the London Borough of Haringey Pension Fund or administering authority, or additional cost, taking account of time and resources in resolving the specific area of poor performance; and
- make claim against the Scheme employer, setting out reasons for doing so, in accordance with the LGPS Regulations
- set out clearly the date or dates by which payments must be made

4 Review process

The London Borough of Haringey will review this Administration Strategy to ensure it remains up to date and meets the necessary regulatory requirements at least every three years. A current version of the administration strategy statement will always be available on our website at www.Haringeypensionfund.co.uk and paper copies will be available on request.

5 Consultation

In preparing this pension administration strategy we have consulted with the relevant Scheme employers and other persons considered appropriate. Where it is necessary to revise this pension administration strategy the relevant Scheme employers will be notified in writing of the changes and where a copy of the revised strategy may be obtained.

Appendix1 -Summary of communication and liaison

Employer's forums will be held at the Civic Centre, this is a forum for Employers to meet and discuss pension issues, speak to the pension team and be kept informed of changes to the Scheme and Pension Fund Investment. It is mandatory for a representative from each employer to attend.

An annual Employee Newsletter will be sent out to Scheme employers, to forward on to staff. The newsletter will cover major Scheme changes and contact information.

Regular updates on Pension Scheme changes will be sent to you, keeping you fully informed when changes occur.

Regular updates on Pension Scheme changes will be sent to Scheme employers, to forward on to staff as and when required.

Annual Benefits Statements will be available to Scheme members on Member Self-Service, any queries which may arise from the statements which result from information employers have provided will be referred directly back to the employer to investigate.

Workshops/ roadshows: the Pension Team will come out to Scheme employers to speak to staff at various times of the year, to help explain the sometime complex pension issues. These must be arranged with the Pensions Administration Manager well in advance to assure availability and content.

Consulting with Scheme employers - in preparing or reviewing the Fund's policies and discretions, this will also include results of the tri- annual valuation, as the administering authority we will continue to consult with our Scheme employers.

Pension Fund Report - this annual report includes various Pension Fund Investment information and statistics of the Scheme membership profile.

Appendix 2 -Performance standards

By the administering authority	
Function / Task	Performance target
LIAISON AND COMMUNICATION	
Publish and keep under review the London Borough of Haringey Pension Fund administration strategy	Within three months of decision to develop an administration strategy or one month of any changes being agreed with scheme employers
Issue and keep up to date employer procedural guide to employer	30 working days from admission of new employer or date of change/amendment
Issue and keep up to date pension website, scheme guide and all other literature for issue to scheme members	30 working days from admission of new employer or date of change/amendment
Issue and keep up to date all forms required for completion by either scheme members, prospective scheme members or scheme employers	30 working days from admission of new employer or date of change/amendment
Formulate and publish policies in relation to all areas where the administering authority may exercise a discretion within the scheme	Within 30 working days of policy being agreed by the London Borough of Haringey Committee
Attend employer liaison meetings with scheme employers	To be agreed with individual Scheme employers
Organise training sessions for Scheme employers	Upon request from Scheme employers, or as required
Notify scheme employers and Scheme members of changes to LGPS scheme rules or relevant legislation	Within one month of the change(s) coming into effect
Notify Scheme employer (including London Borough of Haringey in its role as a Scheme employer) of issues relating to Scheme employer's poor performance (including arranging a meeting if required)	Within 5 working days of performance issue becoming apparent

Notify Scheme employer (including London Borough of Haringey in its role as a Scheme employer) of a decision to recover additional costs associated with the Scheme employer's poor performance (including any interest that may be due)	Within 10 working days of scheme employer failure to improve performance, as agreed
Issue annual benefit statements to all active members and deferred members	In line with LGPS regulation timescales
Full response to written enquiries	Within 10 working days of receipt of enquiry. Acknowledgement of receipt to be given within 3 working days
Response to email enquiries	Within 10 working days of receipt of enquiry
Response to telephone enquiries	Within 5 seconds. If response to enquiry cannot be given immediately the caller will be given an expected call back date and time

FUND ADMINISTRATION

Issue formal valuation results (including individual employer details) 10 working days from receipt of results from fund actuary, (but in any event no later than 31 March following the valuation date).

Carry out interim valuation exercise on cessation of admission agreements or scheme employer ceasing participation in the London Borough of Haringey Pension Fund upon each cessation or occasion where a scheme employer ceases participation in the London Borough of Haringey Pension Fund Publish, and keep under review, the Fund's governance policy statement.

Within 30 working days of policy being agreed by the London Borough of Haringey Pension Committee Publish and keep under review the London Borough of Haringey Pension Fund funding strategy statement To be reviewed at each triennial valuation, following consultation with Scheme employers and the fund's actuary. Revised statement to be issued with the final valuation report Publish the Pension Fund annual report and any report from the auditor By 30 September following the year end to which it relates.

-SCHEME ADMINISTRATION

Function/Task	Performance target
Scheme member to be set up on to pension administration software system	With a month of receipt of all necessary information
Make all necessary decisions in relation to a scheme member and issue combined statutory notification to new scheme member (including aggregation of previous LGPS membership)	Within a month of receipt of all necessary information
Provide responses to scheme members/scheme employers/personal representatives/dependents and other authorised persons	10 working days from receipt of enquiry
Contact previous pension schemes to request estimate of any available transfers	10 working days from receipt of enquiry
Provide transfer-in quote to scheme member	20 working days of receipt of all necessary information from previous scheme (request from scheme member)
Confirm transfer-in payment and additional benefit (membership change) to scheme member	20 working days of receipt of payment of transfer of value
Arrange for the transfer of scheme member free standing additional voluntary contributions into in-house arrangement	10 working days of all the necessary information from FSAVC provider (receipt of request from scheme member)
Respond to enquiries to purchase additional pension	5 working days
Prepare and send quotation details to member	10 working days
On receipt of a request from the member or new pension provider, supply a transfer value quotation	20 working days of receipt of all necessary information
Calculate the estimated transfer value payable and inform the new pension provider of amount payable	20 working days of receipt of all necessary information
On receipt of the member's decision to proceed with the transfer, calculate and pay the transfer value	10 working days of receipt of information
Notify scheme employer of scheme member's election to pay additional pension contributions, including all required information to enable deductions to commence	10 working days of receipt of election from scheme member
Calculate cost of additional pension contributions, and notify scheme member	10 working days of receipt of request from scheme member
Determine additional pension to be credited to the member from additional	10 working days of receipt of revised GAD guidance

pension contributions, following publication of revised GAD guidance from time to time	
Notify Scheme employer of request from scheme member to cease additional pension contribution, and notify scheme member of the amount of pension credited	10 working days of receipt of request from scheme member
request to pay/amend/cease additional voluntary contributions	10 working days of receipt of request from scheme member
Provide requested estimates of benefits to employees / employers including any additional fund costs in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency	7 working days after receipt of all necessary information (from date of request)
Notify leavers of deferred benefit entitlements	20 working days after the expiry of one month from date of leaving and receipt of all necessary information
Notify retiring employees of benefits (enclosing HMRC disclosure forms)	10 working days of receipt of all necessary information
Payment of retirement benefits (including any interest due as a result of the late payment of benefits) Commence payment within the next pension payroll following commencement of pension entitlement Thereafter make payment on the pension pay day of each month	Any lump sum payments to be paid into the member's account within 5 working days after last day of membership and receipt of all relevant information
Contact deferred members to notify pension benefits due and confirm personal details	3 months before pension benefits due
Confirm in writing the deferred pension benefits due, when payments will be made, set up on payroll for pay period immediately following due date	Within 10 working days of receipt of all necessary information

Process scheme member

Function/Task	Performance target
Death notifications	Respond and commence action within 2 working days following notification of death
Send confirmation of any amounts payable and payment dates	Within 5 working days of receipt of all relevant documents
Process all stage 2 pension dispute applications	Within two months of receipt of the application, or such longer time as is required to process the application where further information or clarification is required.

Publish and keep under review the London Borough of Haringey Pension Fund policy on the abatement of pension on re-employment under previous regulations	Notify scheme members and scheme employers within one month of any changes or revisions to the policy
Confirm divorce settlement details in writing	Within 10 working days of receipt of written decision from the scheme member

LIAISON AND COMMUNICATION BY THE SCHEME EMPLOYER

Function/Task	Performance target
Formulate and publish policies in relation to all areas where the Scheme employer may exercise a discretion within the scheme (including providing a copy of the policy decision(s) to the London Borough of Haringey Pension Fund	Within 30 working days of policy being agreed by the Scheme employer
Remit and provide schedule and make payment of employer/employee contributions	By the 19th calendar day of month after deduction
Respond to enquiries from administering authority	5 working days from receipt of enquiry
Provide year end information required by the London Borough of Haringey Pension Fund, in a format agreed with the London Borough of Haringey Pension Fund	By 30 April following the year end
Ensure payment of additional costs to the London Borough of Haringey Pension Fund associated with the poor performance of the Scheme employer	Within 30 working days of receipt of invoice from the London Borough of Haringey Pension Fund
Distribute any information provided by the London Borough of Haringey Pension Fund to scheme members/potential scheme members	Within 15 days of its receipt Notification to the London Borough of Haringey Pension Fund (so they can liaise with actuary) of material changes to workforce/assumption related areas (e.g. restructurings/pay reviews/employer going to cease/ contracting out of services). No later than 5 working days after notice has been given to individuals or the total workforce
Provide new/prospective scheme members with scheme information and new joiner forms	5 working days of commencement of employment, change in contractual conditions or as a result of auto enrolment staging

FUND ADMINISTRATION BY THE SCHEME EMPLOYER

Function/Task	Performance target
All new prospective admission bodies to undertake, to the satisfaction of the London Borough of Haringey Pension Fund, a risk assessment of the level or bond required in order to protect other scheme employers participating in the pension fund To be completed before the body can be admitted to the London Borough of Haringey Pension Fund All admission bodies to undertake a review of the level of bond or indemnity required to protect the other scheme employers participating in the fund Annually, or such other period as may be agreed with the London Borough of Haringey Pension Fund Payment of additional fund payments in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency retirement	Within 30 working days of receipt of invoice from the London Borough of Haringey Pension Fund or within timescales specified in each case

SCHEME ADMINISTRATION BY THE SCHEME EMPLOYER

Function/Task	Performance target
Make all necessary decisions in relation to new scheme members in the LGPS (pensionable pay, appropriate contribution pay band, etc)	10 working days of scheme member joining
Provide administering authority with scheme members' details	10 working days of scheme member joining/from month end of joining
Arrange for the correct deduction of employee contributions from a scheme member's pensionable pay on becoming a scheme member Immediately on joining the scheme, opting in, auto enrolment or change in circumstances	
Ensure correct employee contribution rate is applied Immediately upon commencing scheme membership and each April payroll thereafter	
Ensure correct rate of employer contribution is applied Immediately upon commencing scheme membership and each April payroll thereafter	
Arrange for reassessment of employee contribution rate in line with employer's policy and notification of any change in rate to affected scheme member(s)	Review as per policy and notification within 10 working days of change in contribution rate

Commence deduction of additional pension contributions or amend such deductions, as appropriate Month following election to pay contributions or notification received from administering authority	
Cease deduction of additional pension contributions Immediately following receipt of election from scheme member	
Arrange for the deduction of AVCs and payment over of contributions to AVC provider(s)	Commence deduction of AVCs in month following the month of election Pay over contributions to the AVC provider(s) by the 19th of the month following the month of election
Refund any Scheme member contributions deducted in error	Month following month of deduction or error discovered
Cease deduction of employee contributions where a scheme member opts to leave the scheme	Month following month of election, or such later date specified by the scheme member
Notify material changes in employee's circumstances (e.g. marital or civil partnership status)	Within 10 working days of receipt of notice
Leave of absence with permission (maternity / paternity / secondment / without pay etc. (communications with employee and confirmation to pension fund)	Within 10 working days of notice from employee / HR / payroll
Determine reason for leaving and provide notification to administering authority of Scheme leavers	10 working days of leaving/month end of leaving
Determine reason for retirement and provide notification to administering authority of retiree	Within 10 working days of retirement
Accurately assess final pay for each Scheme member who leaves/retire/dies and forward to London Borough of Haringey Pension Fund.	Within 10 working days following date of leaving/retirement/death
Notification to London Borough of Haringey Pension Fund of death of Scheme member	5 working days of date notified
Appoint an independent medical practitioner qualified in occupational health medicine, in order to consider all ill health retirement applications and agree appointment with London Borough of Haringey Pension Fund	Within one month of commencing participation in the London Borough of Haringey Pension fund or date of resignation of existing medical adviser
Appoint adjudicator for stage 1 of the pension internal dispute resolution process and provide full details to the administering authority	Within one month of commencing participation in the London Borough of Haringey Pension fund or date of resignation of existing adjudicator

Appendix 3 - New entrants and current Scheme members

The Regulations require automatic membership of the Scheme for any person under age 75 who is appointed to work for your organisation where the contract of employment is 3 months or greater. This rule is the same for admission bodies, provided that he/she falls within a description of employee specified as such within the Admission Agreement between the admission body and the Council.

Any employee who is eligible to join the LGPS may elect to be excluded from the scheme before or at any time after appointment. Before making such an election employees will be made aware of the benefits they will be losing out on.

An employee's right to belong to the scheme, and the right not to join or to leave the scheme should be set out in his/her Contract of Employment.

It is important that the issue, completion and recording of elections to join or to be excluded from the scheme, is closely monitored.

The following documents are currently in use in relation to the transmission of information between a new employee, the Scheme employer and the Council.

A Pensions Option Form and an Employee's Guide to the Local Government Pension Scheme are issued to every new employee.

5.1 Opting out of the pension Scheme over 3 months membership

If a scheme member wishes to opt out of the pension scheme, the election must be given in writing, and sent to the Pension team with the notification of cessation of membership form. The Pension team will determine the Member's Scheme benefit entitlement.

LGPS Opt Out Forms

The LGPS opt out forms for Scheme members to opt out of the Pension Scheme are now only available from the Pension Website (<http://www.Haringeypensionfund.co.uk>). If individuals do not have access to a computer a hard copy may be obtained from the Pensions Team.

5.2 Auto-Enrolment Employer Duties

The Government through legislation in the Pension Act 2011 have put in place auto-enrolment to workplace pensions.

This major change requires that employees are to be automatically enrolled into a scheme and will then have to opt out if they do not wish to contribute and means it is illegal to discourage people from joining a scheme.

All employers should therefore familiarise themselves with their responsibilities

5.3 Academies

Academies had their own staging date and auto re-enrolment dates dependent on the size of their payroll.

Appendix 4 - Early leavers

Scheme members may leave employment and/or the pension scheme - before becoming entitled to immediate payment of retirement benefits - for a number of reasons, which may or may not be known to their employer. Whenever possible, however, the reason for leaving should be ascertained as this may determine the administrative procedures to be followed and/or the information to be given to the Scheme member.

It is important to remember that any Scheme member who leaves after having completed 2 or more years' membership in the LGPS, or who has transferred accrued rights from a previous pension scheme into the LGPS, is entitled to deferred benefits and cannot receive a refund of pension contributions. Scheme employers should always encourage Scheme members to contact the Pension Team for information with regard to their pension entitlements and not make their own assumptions.

The following documents are currently in use in relation to the transmission of information between Scheme employers and the Pension Team.

Notification of Cessation of Membership/Employment

To be completed in respect of every early leaver to whom the following circumstances apply. (Please retain a copy for your records)

- On leaving the scheme before attaining the age of 60 years.
- In the event of the Scheme employer determining cessation of employment is by reason of permanent ill health.

After completion, the notification should be forwarded to the Pension Team, together with any relevant documents.

Please Note: No retirement benefits will be paid out to members who have retired if the relevant documents are not completed.

Appendix 5 - Retirements

Retirement or cessation of employment with entitlement to immediate payment of retirement benefits occurs if the following conditions are satisfied:

1 The Scheme member has been a member of the scheme for a minimum of 2 years,

OR

2 The Scheme member has been a member of the scheme for less than 2 years but has transferred in pension rights from another scheme.

Note: the above conditions do not apply if a Scheme member attains age 75. Scheme benefits must be released at age 75 whatever their length of Scheme membership. The Scheme member must be notified of his entitlement at least three months before attaining the age of 75

Pension entitlement will be determined by the Pension Team where membership ceases for any of the following reasons

- Compulsorily on attaining age 75.
- Voluntarily on or after attaining age 60, if there is an entitlement to immediate payment of benefits without reduction but before age 75.
- At any age by reason of permanent ill health
- On or after attaining age 55, by reason of redundancy or in the interests of the efficient exercise of the employer's functions.
- On or after age 55, for any reason, and application is made by the Scheme member for early payment.

A "Notification of Scheme Member Retiring on Pension" is to be completed in respect of every retiring employee and a copy forwarded to the Pension Team immediately before or as early as possible after, the date of retirement together with any relevant documents. Please retain a copy for your records.

If retirement is because the Scheme employer has determined the retirement is because of permanent ill health the notification should be accompanied by a copy of the Independent Registered Medical Practitioner's certification.

Appendix 6 - Early retirement costs recharged to the Scheme employer

When do they arise?

Early retirement costs arise when an employee retires –

- On the grounds of permanent ill-health
- On the grounds of redundancy
- On the grounds of efficiency
- With the consent of the employer before age 60
- On Flexible Retirement before age 60
- Or when preserved benefits are paid prematurely on ill-health or compassionate grounds.

The cost is the notional value lost by the pension fund from the removal of contributions to the pension fund, the loss of investment on those contributions and from paying the pension benefits earlier than anticipated and over a longer term.

The costs will be recovered as follows:

- In cases of ill health – from the Scheme employer
- In all other cases - immediately from the Scheme employer.

Appendix 7 - Deaths in Service

Death in service of an active member gives rise to entitlement to a Death Grant and, in appropriate circumstances, to dependants' pensions.

Dependents includes –

Married Spouse Cohabitees (certain provisions apply) Civil Partners Children (certain provisions apply)

A Notification of Death in Service Form should be completed immediately upon the notification of the death in service of a Scheme member and forwarded to The Pension Team, together with the death certificate. Submission of this form should not be delayed if the death certificate is not available.

Please retain a copy for your records.

Appendix 8 - Additional Voluntary Contribution Scheme

London Borough of Haringey Pension Fund Haringey has provides its in-house AVC Scheme with Prudential or Clerical and Medical who provide a range of investment fund funds, as well as a facility for Scheme members to provide additional death in service cover.

It is essential that AVC deductions are invested as quickly as possible in order to maximise the return to each member.

Monthly AVC deductions should be paid directly to the AVC provider (Prudential or Clerical and Medical) as soon as the payrolls are processed. A schedule must be sent with the payment, giving details of all contributions paid over to Prudential or Clerical and Medical which must reach Prudential or Clerical and Medical by the 19th day of the month following the month they were deducted. Failure to do so is in breach of legislation and may be reported to the Pensions Regulator

Weekly paid AVCs can be accumulated for 4-5 weeks and paid over at monthly intervals.

Appendix 9 - Ill health Retirement

The LGPS provides ill health retirement cover for Scheme members that are unable to work because of serious illness. There is a 3 tier benefit policy in place.

Tier 1: If a Scheme member has at least 2 years in the pension scheme and the employer determines he or she has no reasonable prospect of being capable of gainful employment before age 65, ill health benefits are based on the membership built up to the date of leaving plus all the Scheme member's prospective membership from leaving to age 65

Tier 2: If a Scheme member has at least 2 years in the pension scheme and the employer determines he or she is unlikely to be capable of gainful employment within a reasonable period of leaving, but may be capable of gainful employment at some date in the future before age 65, ill health benefits are based on membership built up to leaving plus 25% of prospective membership from leaving to age 65.

Tier 3: If the employer determines that it is likely a Scheme member will obtain gainful employment within 3 years; the benefits payable will be the benefits accrued as at the date of leaving. A member receiving benefits under the third tier shall:

- Inform his or her former Scheme employer if further employment is obtained
- Answer any queries in relation to current employment status, pay and working hours.

Any members retiring under this tier must have their employment status monitored by the former Scheme employer after 18 months.

If gainful employment has been secured the pension must cease and any overpayment recovered.

If gainful employment has not been secured, the former Scheme employer must obtain a further certificate from an Independent registered practitioner.

In any event, benefits payable under this tier will cease after they have been in payment for 3 years and the former Scheme member will become a pensioner with deferred benefits.

'Gainful employment' means paid employment for not less than 30 hours in each week for a period of not less than 12 months.

Please note to all Employers the Council will only accept ill health retirement application supported and approved by the Council Occupational Health (O H) doctor.

If you choose to use your own O H doctor, their report will be sent to the Council O H for verification and approval. All costs associated to this process are charged to the

Employer. If you wish to use the services of Councils O H doctor please contact the Governance & Compliance team in the first instances.

Appendix 10 – Examples of instances where costs may be recharged

The table below provides of examples of situations when the London Borough of Haringey Pension Fund may recharge employers for additional costs. It is not intended to be definitive and the Fund reserves the right to levy an additional charge in any circumstances of poor performance under Regulation 70 of the Local Government Pension Scheme Regulations 2013 and in accordance with this strategy. For the calculation of additional recharges for poor performance please see Section 3.

	Item in relation to the LGPS	Cost
1	Late notification of a New Starter	£50
2	Late notification of changes personal details-name and address	£50
3	Late notification of Maternity leave, strike, jury service, unpaid leave	£50
4	Late notification of an early leaver	£50
5	Late notification of member retiring	£50
6	Late notification of death in service	£50
7	Late notification of contribution banding changes	£50
8	Late payment of monthly contributions	£50
9	Late delivery of payroll details in support of monthly contributions (due at the same time as the monthly contributions payments).	£50
10	Late notification annual year end information	£250
11	Any fines imposed on the Fund by the Regulator, which is deemed to be the fault of the Employer, will be passed on to that Employer	Re-charge amount
12	Any fines imposed on the Fund due to failure to provided information for Auto enrolment process	Re-charge amount
13	IAS19/FRS17 report preparation and submission to actuary, plus actuary time	Re-charge amount
14	IAS19/FRS17 report preparation and submission to actuary, plus actuary time for Academies	£2,500+ pa
15	Queries to 3rd party providers, without prior notification of cost to Employer, will be re-charged back to the Employer which raised the query	Re-charge amount
16	All legal costs and any other third party costs incurred from outsourcing, queries, disagreements and not an exhaustive list are to be re-charged back to the Employer	Re-charge amount
17	Due to extra work load generated from Retirement Estimates, 10 a year will be free. Above that will be charged at £20 each person. Payment should be arranged prior to the release of the information	£20 each (after 10 free per annum)

Please note any engagement with external providers e.g. Actuaries, Solicitors the full cost will be recharged back to the Scheme employer. This will include any outsourcing of contracts and IAS19/FRS17 reports.

To try and keep the cost down when engaging with these 3rd party companies please make sure your data is as clean as possible.

Appendix 11 - Cohabiting Partners

The LGPS provides for a cohabiting partner, of either the opposite or same sex, to receive a survivor's pension, subject to meeting the relevant criteria laid down in the scheme i.e. that all of the following conditions have applied for a continuous period of at least 2 years on the date both the scheme member and their nominated cohabiting partner sign the nomination form:

- both the scheme member and their co-habiting partner are, and have been, free to marry each other or enter into a civil partnership with each other, and
- the scheme member and their co-habiting partner have been living together as if they were husband and wife, or civil partners, and
- neither the scheme member or their co-habiting partner have been living with someone else as if they were husband and wife or civil partners, and
- either the co-habiting partner is financially dependent on the scheme member or they are financially interdependent on each other.

Appendix 12– Payment of monthly contributions by employers

The following documents and processes are in use in relation to current administrative procedures.

Remittance advice for payments to the Fund

Payment by BACS

The completed schedule form should be emailed to the Pension address as shown on the form at the time the BACS payment is made.

A schedule of the Scheme members who have had deductions taken should include:

- National Insurance Number
- Name
- Contribution band percentage rate
- Additional contribution percentage rate (where applicable) and contribution amount
- Pensionable pay
- Monthly Scheme member contribution
- Monthly employer contribution
- Total Scheme member and employer's contribution to date
- Total pensionable pay to date
- Date joined or left LGPS (if in current year)

This information should be emailed to the Pensions Team or posted to The Pension Team at the Haringey address as soon as the payroll has been run monthly.

Note: Employer contributions are expressed as a percentage of pensionable pay and are payable at such rate(s) as may be advised by London Borough of Haringey Pension Fund following the completion of each triennial actuarial valuation of the pension fund

All sums to which the schedule relates shall be paid over no later than the 19th day of the month following the month of account. Payment of Interest will be charged by the Council where contributions have been received late. Contributions deducted from weekly wages should be accumulated for 4 or 5 weeks and paid over at the appropriate month end.

Late payment of pension contributions by Scheme employers is a serious offence and the Pensions Regulator or the Pensions Ombudsman has significant powers of sanction. The Pensions Regulator can impose fines of up to £50,000 for each instance of persistent offence. Recent changes to the Pensions Act have made it easier to prosecute employers for late payment of contributions.

Note: AVC payments should not be included on the schedule and should be paid direct to the AVC provider.

A copy of the AVC Schedule should be forwarded to the Pensions Team along with any new applications to pay AVC's or any notifications to cease.

Appendix 13 - Year end procedures

Financial Returns

Immediately after the end of each financial year, each Scheme employer must submit to the Pension Team by 15 May of that year an interface file / schedule or report detailing the relevant financial information to allow the end of year process / updating of member records and when relevant the tri-annual valuation. A template/ interface layout will be provided 2 months prior to the relevant 31 March.

The prompt and accurate notification of this information is vital to ensure the Pension Scheme complies with Regulatory requirements.

The schedule / interface file/reports should be completed and emailed to the Pensions office by 15 May of the year end to which the information relates

Once the pension's database has been updated, if there are any queries, we will email/write to you. It is important that any enquiries are resolved before the end of year process, which will update the member self-service site and facilitate the production of the Annual Benefit Statements.

Appendix 14 - Additional pension contributions (APCs)

Benefits purchased - Employee only APCs and employee/employer shared cost APCs

Scheme members may choose to buy extra annual pension, up to a set maximum, using an Additional Pension Contribution (APC) contract (with or without a contribution from the employer – known as a shared cost APC (SCAPC) where there is a contribution from the employer). The maximum at April 2014 was £6,500 and represented an increase from the 2008 Scheme maximum of £5,000. The maximum of £6,500 is increased each April (starting April 2015) by Pensions Increase (assuming a PI date of 1 April 2013). The April 2015 maximum is £6,675.

To buy extra pension. The Scheme member may choose to make a one off contribution or regular additional contributions, with or without a contribution from the employer, in order to buy a set amount of additional pension. The cost (a cash amount NOT a percentage of pay) is determined by the Scheme member's age and the amount they wish to purchase. An employer may, if they wish, agree to meet some or all of the cost of any additional pension purchased. Note that a Scheme member cannot commence an APC in this circumstance if they are in the 50/50 section.

To buy 'lost' pension for authorised unpaid leave of absence (including any period of unpaid additional maternity, paternity or adoption leave or unpaid shared parental leave following a period of relevant child related leave i.e. following ordinary maternity, paternity or adoption leave or paid shared parental leave and any paid additional maternity or adoption leave). Where an employee elects to pay an APC to purchase any or all of the amount of pension 'lost' during the period of absence and makes the election within 30 days of returning to work (or such longer period as the employer may allow) the employer shall, for any individual period of absence up to 36 months, but not any period beyond that, pay 2/3rds of the cost of the APC (a shared cost APC). The amount of 'lost' pension shall be calculated as 1/49th of the 'lost' pensionable pay for the period of unpaid leave if the person was in the main section during that period, or 1/98th of the 'lost' pensionable pay for the period of unpaid leave if they were in the 50/50 section during that period. A Scheme member can commence an APC or shared cost APC in this circumstance even if they are in the 50/50 section.

To buy pension 'lost' during a trade dispute. Where an employee is absent due to a trade dispute they may choose to buy extra pension to replace the amount of pension 'lost' during the period of the trade dispute. The amount of 'lost' pension shall be calculated as 1/49th of the pensionable pay 'lost' during the period of the trade dispute. If the Scheme member wishes to go ahead with a purchase of extra pension in any of the above circumstances they will need to sign a contract to do so and both the payroll and Pension Fund administering authority must be notified of the amount to be purchased, the cash contribution, the period over which it is to be paid, the reason for

the purchase and, if the member has more than one pensionable employment, the employment to which the APC contract is to be attached.

Employer only APCs

Employers can award additional annual pension to active Scheme members of up to a set maximum (less any amount of additional annual pension the employer has already contributed towards or is contributing towards under a shared cost APC). The maximum at April 2014 was £6,500. The maximum of £6,500 is increased each April (starting April 2015) by Pensions Increase (assuming a PI date of 1 April 2013). The April 2015 maximum is £6,675. Such an award may also be made within six months of leaving to those persons who have left on the grounds of redundancy or business efficiency. The employer would make a one off contribution in order to buy a set amount of additional pension for the member. The cost is determined by the employee's age and the amount purchased.

Appendix 15 - The 50:50 Option

The LGPS 2014 contains two sections – the MAIN section and the 50/50 section. The difference between the two sections is that in the 50/50 section the amount of contributions to be deducted from the Scheme member is half that due under the main section (and, therefore, the member accrues half the normal pension whilst in the 50/50 section).

Note that whilst an individual is in the 50/50 section the employer contribution is still the normal full contribution rate (not half).

The Scheme member may elect to move between the main and 50/50 sections of the Scheme any number of times but each election only takes effect from the next available pay period.

An employer must give an employee who elects for the 50/50 section information on the effect on that person's likely benefits from the 2014 Scheme.

The employer will be required to notify both the payroll administrator and the Pension Team of the date of the move to a different section and to maintain a record of elections.

At year end (or date of leaving if earlier), employers should confirm to the administering authority which section the member was in at that time.

Each employer will need to determine the most effective method of holding the above information which may or may not involve the payroll system holding the relevant data. Notification that the employee has elected to move from the main section to the 50/50 section (or vice versa) from the beginning of the next available pay period following the election.

If the employee is in the 50/50 section and goes on to no pay due to sickness or injury, the employee must be moved back into the main section from the beginning of the next pay period if they are still on nil pay at that time. The person will, of course, have the right to make a further 50/50 election which, if made before the payroll is closed, would mean the member would have continuous 50/50 membership.

If the Scheme member is in the 50/50 section and goes on to no pay during ordinary maternity leave, ordinary adoption leave or paternity leave, the member must be moved back into the main section from the beginning of the next pay period if they are still on nil pay at that time.

If the employee is in the 50/50 section they must be moved back to the main section from the beginning of the pay period following the employers' "automatic re-enrolment date". This would happen irrespective of what category of worker they are for the purposes of the Pensions Act 2008.

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Haringey Council Pension Fund

Pension Scheme Appeals Procedure

A guide to the appeals procedure under the Local Government Pension Scheme.



Note : *This booklet provides a straightforward guide to how the internal dispute resolution procedures operate in the Local Government Pension Scheme, and is provided for general information only. It does not cover every aspect. It is not an interpretation of the scheme regulations. In the event of any unintentional differences, the scheme regulations will prevail. This booklet does not confer any contractual or statutory rights.*

INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP) EMPLOYEES' GUIDE

ENQUIRIES

If you are not sure which benefits you are entitled to, or you have a problem with your benefits, please either phone the number on the letter your employer or administering authority sent you, or contact the Pensions Team of your administering authority on:- **0208 489 3824 (Full Contact Information Below)**

They will try to deal with the problem as quickly and efficiently as possible. The administering authority is the authority that looks after the pension fund.

Many problems that members have are, in fact, resolved in this way. They may be caused by misunderstandings or wrong information, which can be explained or put right easily. An informal enquiry of this kind may save you a lot of time and trouble.

DECISIONS

From the day that you become a member of the Local Government Pension Scheme (LGPS) decisions are made about your pension rights. Some decisions are made by your employer and cover issues such as what part of your pay should be treated as pensionable, to the type of benefits that should be paid to you when you leave the scheme. Some are made by Haringey Council Pension Section as the administering authority and cover issues such as the amount of benefits to which you are entitled. When you (this includes dependants) are notified of a decision you should check, as far as you can, that it is based on the correct details and that you agree with the decision.

Any decision about rights or liabilities under the Pension Scheme concerning a person's previous service or employment; the crediting of additional pension and the amount of benefit, or return of contributions a person is or may be entitled to out of a pension fund is the responsibility of the administering authority.

Decisions about any other matter concerning the person's rights or liabilities under the scheme are made by the person's employer.

All decisions made about rights or liabilities notified to you will include:

- The address where further information about the decision can be obtained;
- Your right to appeal and who you need to appeal to;
- The time limits within which you must lodge any appeal; and
- The job title and address of the person to whom you must send your appeal.

Decisions made by the employer or administering authority must be made as soon as reasonably practicable.

If an initial decision is that you are not entitled to a benefit, the letter must explain the grounds for that decision.

A notification about the amount of a benefit must contain a statement showing how it is calculated.

COMPLAINTS

If you are not satisfied with any decision affecting you made in relation to the Scheme, or the administering authority or employer has not done something they should have, or has done something they shouldn't have and failed to correct the act or omission you have the right to ask for it to be looked at again under the formal complaint procedure. The complaint procedure's official name is the "Internal Dispute Resolution Procedure" (IDRP).

There are also a number of other regulatory bodies, such as the Pensions Advisory Service (TPAS) and the Office of the Pensions Ombudsman, which may be able to help you. They are described in the "Additional Help" section.

The formal complaint procedure has two stages. Many complaints are resolved at the first stage. Any complaint you make should be treated seriously, and considered thoroughly and fairly.

You can ask someone to take your complaint forward on your behalf. This could be, for instance, a trade union official, welfare officer, your husband, wife or partner, or a friend.

No charge is made at any stage for investigating a complaint under the internal dispute resolution procedure. But expenses that you will have to meet are your own (and/or your representative's) time, stationery and postage.

At any stage during the formal complaint procedure you can contact the Pensions Advisory Service (TPAS) for information and advice (see "Additional Help" section).

Please remember that, before going to the trouble of making a formal complaint, your employer or the Pensions Section may welcome the opportunity to try to resolve the matter about which you are dissatisfied in an informal way. It may be worth checking again that they know you are concerned, and why.

First stage

If you need to make a formal complaint, you should make it :

- in writing, using the application form provided by the Pensions Team, and
- within 6 months of the day when you were told of the decision you want to complain about, or within 6 months of the act or omission which has caused a disagreement.

The Adjudicator does have the discretion to extend the 6 month period for making an application in exceptional circumstances.

Your complaint will be considered carefully by a person nominated by the body that took the decision against which you wish to complain. This guide calls them the "Adjudicator". That person is required to give you their decision in writing within 2 months of receiving all the paperwork surrounding the complaint. It is possible for the adjudicator to extend the two month period if they set out the reasons for the delay and the expected date for their decision, but this must be reasonable in the circumstances. The adjudicator must also give written notice of their decision to the employer and administering authority (if appropriate). The person designated to be the adjudicator of complaints at the first stage is the Head of Human Resources Operations .

The decision letter must include:

- A statement setting out the decision
- A reference to any legislation on which the adjudicator relied
- Where the disagreement relates to the exercise of discretion, the regulation in the legislation that provides that discretion
- A reference to the applicants right to refer the matter to a second stage review and the time within which they must do so

- A statement that the Pensions Advisory Service is available to give assistance and their address.

If the Adjudicator's decision differs from the original decision you complained about, your employer or the Pension Section, who made that original decision will now have to deal with your case in accordance with the decision of the Adjudicator.

If the decision you complained about concerned the exercise of discretion by your employer or the Pension Section, the Adjudicator may decide that they should reconsider the decision.

Second Stage

You can ask the authority to take a fresh look at your complaint:

You must make your second stage application within 6 months of the first stage decision, or, where an interim reply gave an expected decision date, seven months from that date, or where you have not received any first stage reply, within 9 months of your original application.

This review will be undertaken by a person not involved in the first stage decision. The person designated to consider complaints at the second stage is the Assistant Director of Corporate Services.

You will need to send your complaint to the Pension Section in writing. You will need to include:

- a) Your name, address and date of birth;
- b) If you are not the scheme member, your relationship to that person, and include their name, address, date of birth, national insurance number and the name of the scheme employer.
- c) A statement that you wish the adjudicator's decision to be reconsidered;
- d) The details of why you think the decision should be reconsidered (your grounds of appeal)
- e) The First Stage decision.

The application for a second stage review should be signed by the applicant or by someone acting on their behalf.

The designated person will consider your complaint and within two months of your application will give you and the administering authority their decision in writing. It is possible for the designated person to provide an interim reply within the two month period, explaining that there will be a slight delay in the decision, explaining the reasons for that and providing a new expected decision date.

Notice of the decision will include:

- a) A statement of the decision;
- b) A reference to any legislation relied upon;
- c) Where the disagreement relates to the exercise of a discretion, the provisions of the LGPS Regulations which confer that discretion;
- d) A statement that the Pensions Advisory Service is available to give assistance in connection with any difficulty with the Scheme that remains unresolved
- e) A statement that the pensions ombudsman may investigate and determine any complaint or dispute of fact or law in relation to the Scheme made or referred under the Pensions Act 1993; and

- f) The address of the Pensions Advisory Service and the Pensions Ombudsman.

If you are still unhappy following the second stage decision, you can take your case to the Pensions Ombudsman provided you do so within 3 years from the date of the original decision (or lack of decision) about which you are complaining.

ADDITIONAL HELP

The Pensions Advisory Service (TPAS)

At any time if you are having difficulties in sorting out your complaint, you may wish to contact TPAS. TPAS can provide free advice and information to explain your rights and responsibilities. To get information or guidance, you can look at the website on www.tpas.org.uk or you can contact TPAS by phone, post, email or fax.

The **Pensions Helpline phone number** is 0845 6012923 (local call rate) and lines are manned Monday to Friday 9am to 5pm. Outside of these times, you can leave your number and someone will phone back later.

You can write to:

TPAS
11 Belgrave Road
London
SW1V 1RB

Tel : 0300 123 1047 (local call rate) Fax : 020 7233 8016

Email : enquiries@pensionsadvisoryservice.org.uk

If you have received a second-stage decision under the Local Government Pension Scheme internal dispute resolution procedure, are not satisfied with that decision, and still think your complaint is well-founded, TPAS may be able to help to resolve your pensions complaint or dispute. Before asking for TPAS' help in resolving a dispute, you must have already tried to settle it using the LGPS internal disputes resolution procedure described above.

A TPAS adviser cannot force a pension scheme to take a particular step but, if they think your complaint is justified, they will try to resolve the problem through conciliation and mediation. TPAS would need copies of all relevant documents, including the correspondence about your complaint under the internal complaints procedure and how it was dealt with.

Pensions Ombudsman

The Pensions Ombudsman investigates complaints and settles disputes about pension schemes. However, before contacting the Ombudsman, the Pensions Ombudsman's Office would normally expect you to have:

- been given first-stage and second-stage internal dispute resolution procedure decisions by the Local Government Pension Scheme; and
- asked for the help of TPAS.

The Pensions Ombudsman is completely independent and acts impartially. His role and powers have been decided by Parliament. There is no charge to you for using the Pensions Ombudsman's services.

The Ombudsman cannot investigate matters where legal proceedings have already started but, subject to that, he can settle disputes about matters of fact or law as they affect occupational pension schemes.

He can also investigate and decide any complaint or dispute about the maladministration of a pension scheme. "Maladministration" is about the way that a decision is taken, rather than about the merits of the decision. Examples of maladministration would be unreasonable delay, neglect, giving wrong information and discrimination.

The Pensions Ombudsman's decision is final and binding on all the parties, subject to any appeal made to the High Court on a point of law.

You must refer your complaint to the Pensions Ombudsman within 3 years of the event about which you are complaining, or within 3 years of when you first became aware of the problem.

You can contact The Pension Ombudsman:

In writing at:

The Office of the Pensions Ombudsman,

11 Belgrave Road,

London,

SW1V 1RB

By Telephone : 020 7630 2200

By Fax : 020 7821 0065

Alternatively, you can email : enquiries@pensions-ombudsman.org.uk or visit the Pensions Ombudsman website for further information

DISCLAIMER

This guide is for information only and does not give you any contractual or legal rights. The appropriate legislation will apply to your pension benefits.

Contact Details for the Haringey Council Pensions Section:

Tel no: 0208 489 1700

E-mail: Pensions.mailbox@haringey.gov.uk

Address: Alexandra House, 10 Station Road, London N22 7TR

INTERNAL DISPUTE RESOLUTION PROCEDUREApplication to the Adjudicator (First Stage)**The Local Government Pension Scheme**

This form is for the purpose of making an appeal to the Adjudicator and it includes all those items of information which must be included in an appeal application. Please complete the form clearly and in ink.

1 Scheme Members Details:

(Please complete this box in all cases.) if you are the scheme member (the person who is or was in the scheme), please give your details in this box, and then go to section 4.

If you are the scheme member's dependent (for example husband, wife, civil partner, eligible cohabiting partner or child) please give the members details in this box then go to section 2.

If you are representing the person with the complaint, please give the member's details in this box and then go to section 3.

Please complete the details using Capital Letters	
Surname	
Forename(s)	
Home Address	
Job Title	
Where Employed	
Date of Birth	National Insurance No
If you are the Scheme Member, please go straight to Box 4 If you are the Scheme Member's dependent*, please go to Box 2 If you are representing the Scheme Member, or his/her dependants, please go to Box 3	

* A Dependant is the Scheme Member's, Widow; Widower; or Child.

2 Dependants Details.

(Please enter details if the appeal is about dependants benefits.).

Please complete the details using Capital Letters	
Surname	Date of Birth
Forename(s)	
Home Address	
Relationship to Scheme Member	
If you are the Scheme Member's dependant please go to Box 4 If you are acting as a representative, please go to Box 3	

3 Representative's Details:

(If you are acting as the representative of the Scheme Member or Dependant, please enter your details)

Please complete the details using Capital Letters	
Surname	
Forename(s)	
Address (including postcode)	
Address to which correspondence should be sent (if different)	
Please complete the details in Box 4	

4 Your complaint

Please give full details of your complaint in this box. Try to explain exactly why you are aggrieved, giving any dates or periods of scheme membership that you think are relevant. If there is not enough space, please go onto a separate sheet. Ensure the members name and national insurance number is on the top of each additional page.

Declaration :

Please tick the statement which applies to you:

- I am a scheme member / prospective scheme member / former scheme member
- I am a dependent of a former member
- I am the members or dependant's representative*

I would like the Adjudicator to look at this complaint and make a decision about it:

Signed:	Date:
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*If you are the member's or dependant's representative we require written permission from the member or dependant to disclose information to you. The member or dependant should complete the declaration below:

I, _____ (member or dependant's name)

give permission for _____ (representative's name) to represent me.

I would/would not (delete as applicable) like to receive a copy of all correspondence.

Signed:	Date:
---------	-------

Please enclose a copy of any notification you received from your employer or Haringey Council Pension Section about the decision you are complaining about, together with any evidence in support of your appeal.

Please return this form to : -

**The Pensions Section
Alexandra House, Level 9,
10 Station Road,
London
N 22 7TR.**

The following notes will help you to complete the form:

BOX 1: This box must be completed in all cases.

If you are the Scheme member or prospective member, you must give your full name, address, job title, and date of birth and National Insurance Number.

If you are a current employee who is not employed by the Council, please give the name of your Employing Body

If you are currently employed by the Council, you must give the name of your Directorate e.g. Education Service, and place of work e.g. The Langham School Langham Road N15 3RB.

BOX 2: This box must be completed if you are a spouse, child or other dependant of the Scheme member.

Please give your full name and address, your date of birth and your relationship to the Scheme member.

BOX 3: This box must be completed if you are the Scheme member's or dependant's representative. Boxes 1 and 2 above must also be completed if you are representing scheme member's dependant(s).

Please give your own name and address and the appropriate address for correspondence. Please also send evidence of your authority to act for the complainant. Such as a signed letter from the complainant, or a certificate of Power of Attorney.

BOX 4: If you need more space to state your case, please continue on a separate sheet, and attach it to the application form. **Also attach the original decision that is the subject of the complaint.**

BOX 5: Finally, either you or your representative must sign the form.

What happens next?

The Adjudicator will consider your appeal. You may be asked to provide more information, or to provide some further explanation so that the issues are fully understood. If the state of your health has a bearing on your appeal, you may be asked to attend a medical examination or to give consent for your medical records to be released to a doctor chosen by the Adjudicator.

Time limits under the Internal Dispute Resolution Procedure

Your situation	To complain to	Time Limit
You have received a decision on your benefits under the pension section or from your employer and there seem to be good grounds for complaining.	The Adjudicator under the first stage of the procedure.	6 months from the date when you were notified of the decision.
You have received a first stage decision on your complaint from the Adjudicator, but you are not satisfied.	Haringey Council as the administering authority under the second stage of the procedure.	6 months from the date of the Adjudicator's decision.
You made your complaint in writing to the Adjudicator with all the information they needed but, 3 months later, you have not received their decision on your complaint or any interim reply.	Haringey Council as the administering authority under the second stage of the procedure.	9 months from the date when you submitted your complaint.
You received an interim reply to your complaint to the Adjudicator, within 2 months of applying to them. Their reply promised you a decision by a specified date but, one month after the specified date, you still have not received their decision.	Haringey Council as the administering authority under the second stage of the procedure.	7 months from the date by which you were promised you would receive a decision
Your complaint is that your employer or Haringey Council as the administering authority has failed to make any decision about your benefits under the pension scheme.	The Adjudicator under the first stage of the procedure.	6 months from the date when the employer or Haringey Council, as the administering authority should have made the decision.
Your complaint went to the Haringey Council as the administering authority under the second stage of the procedure. You received their decision but you are still not satisfied.	The Pensions Ombudsman. Note that the Ombudsman will normally expect you to have asked OPAS for help first.	3 years from the date of the original decision about which you are complaining.
You have taken your complaint to Haringey Council as the administering authority under the second stage of the procedure but, 2	The Pensions Ombudsman. Note that the Ombudsman will normally expect you to have asked	3 years from the date of the original decision about which you are complaining.

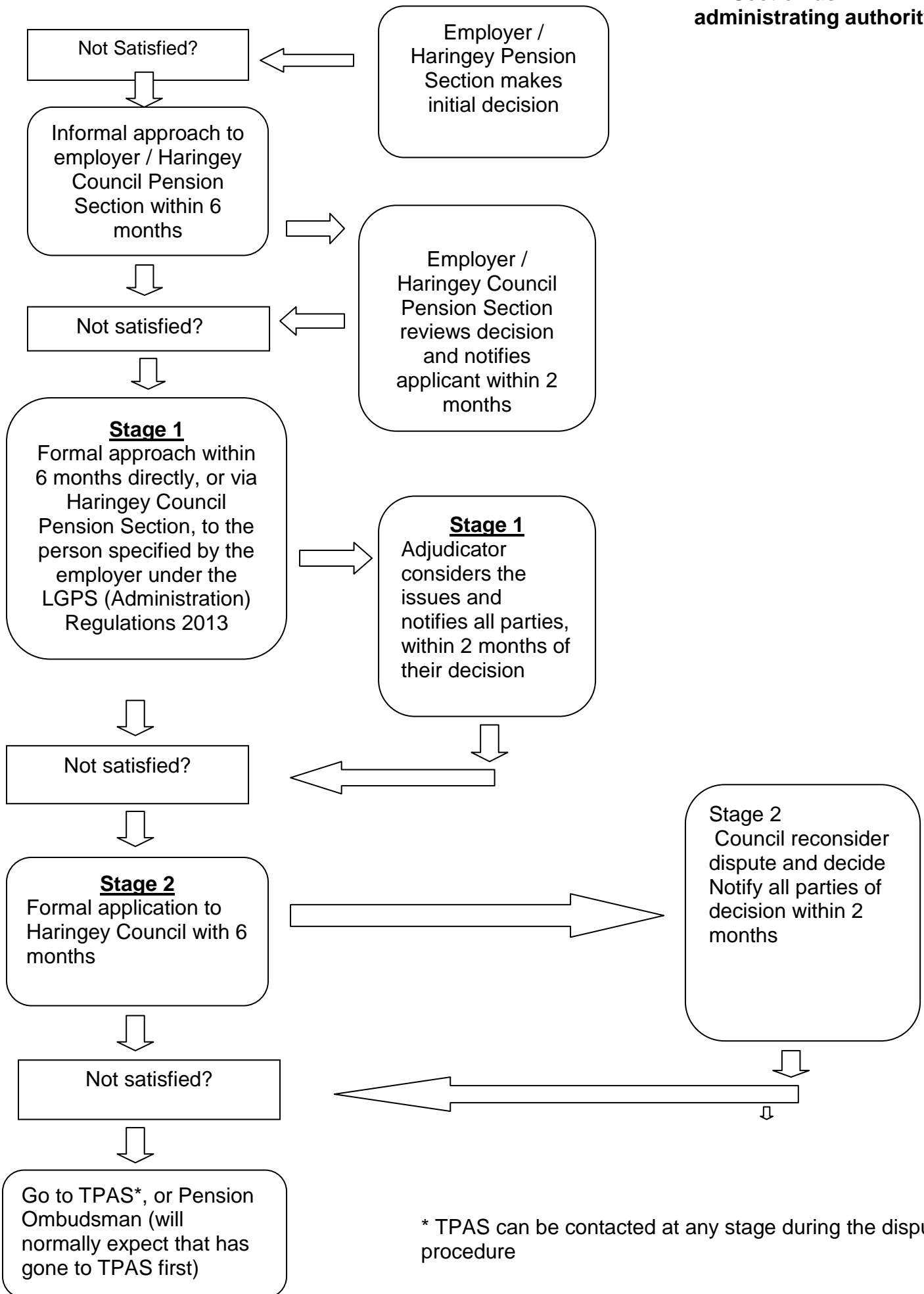
<p>months after your complaint was received by the authority; you have not received their decision on your complaint or any interim reply.</p>	<p>OPAS for help first.</p>	
<p>You received an interim reply to your second stage complaint to Haringey Council as the administering authority, within 2 months of applying to them. Their reply promised you a decision by a certain date but, by that date, you still have not received their decision.</p>	<p>The Pensions Ombudsman. Note that the Ombudsman will normally expect you to have asked OPAS for help first.</p>	<p>3 years from the date of the original decision about which you are complaining.</p>

Internal Dispute Resolution Procedure Flowchart

Applicant

Respondent

Haringey Council Pension Section as administrating authority



Report for: Pensions Committee 9th February 2017

Item number: 8

Title: Governance 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. The purpose of the paper is provide an update to Committee:
- on progress toward compliance with Scheme Advisory Board key performance indicators;
 - to highlight areas where improvement is still needed in order to achieve full compliance.
 - To provide an update on progress toward implementing the recommendations from the Governance Review that was undertaken by the Independent Advisor to the Fund.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

- 3.1. The Committee should note progress since the last report to Committee on performance against Scheme Advisory Board's key indicators and recommendations from the governance review.

4. Reason for Decision

- 4.1. None.

5. Other options considered

- 5.1. None

6. Background information

- 6.1. The SAB was set up by Government to advise the DCLG on LGPS matters and provide guidance to administering authorities on good pensions practice. The SAB is not a regulator such as The Pensions Regulator and has no powers to direct or intervene in the affairs of the pension fund. However, it will publicise poor practice and it has the ability to notify DCLG or TPR when it believes action is necessary.
- 6.2. The Scheme Advisory Board (SAB) has developed a number of key performance indicators to assist pension funds identify areas of weakness and how to improve fund's management and administration across all LGPS.
- 6.3. The Fund continues to improve in terms of achievement of KPIs in the SAB model with a score is of 40 out of 59 – a 68% achievement rate.
- 6.4. The areas of improvement that have led to an increased score have been highlighted in the report.
- 6.5. A summary of recommendations from the governance review undertaken by the independent advisor is set out in appendix 2 and 3.

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

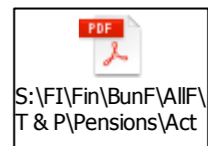
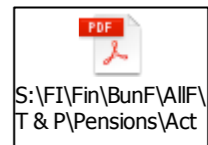
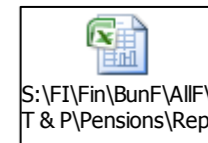
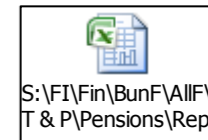
- 9.1. Appendix 1: Scheme Advisory Board Performance Indicators
Appendix 2: Governance Review – Follow Up Action Required

10. Local Government (Access to Information) Act 1985

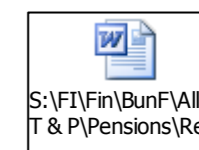
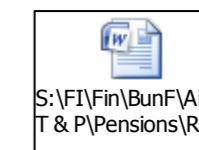
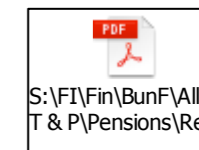
10.1. Not applicable.

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No	Key Indicator	Examples of Levels of Concern	Examples of good practice for high performing fund	Evidence and Comments	Fund Score	Previous Score	Maximum Score
1	Risk management	No or only partial and / or unclear risk register with no or poorly specified or un-implemented mitigation actions over time leading to increased fund risk. No evidence of risk register being:	Comprehensive risk register covering the key risks (in accordance with current CIPFA guidance) with prioritisation, robust mitigation actions, defined deadlines, with action tracking completion.				
		a) Prioritised	a) risks prioritised on a RAG red, amber, green or by a scoring methodology	The risk register has been approved by Committee.	1	1	1
		b) annually reviewed by Pensions Committee	b) completed actions signed off by Pensions Committee after at least an annual update.	The risk register is being reviewed at every meeting of the Board/Committee.	1	1	1
		c) annually reviewed by internal or external audit	c) annual review by internal and external audit	Internal audit review the risk register and use it to identify areas of the Scheme to be included in the annual audit plan.	0	0	1
		d) used to reduce high risk	d) less than three priority / red risks	The current risk register does not include any very high risk areas.	1	1	1
		e) available for public scrutiny	e) Public disclosure of a summary version published on fund website or in fund annual report.	An abridged version of the risk register will be included in the Fund's annual report.	1	1	1
		Score 1 point for each one		4	4	5	
2	Funding level and contributions	a) Decreased funding level (calculated on a standardised and consistent basis) and / or in bottom decile of LGPS over the last three triennial valuations on a standardised like for like basis.	a) Funding level rising and getting closer to 100% funded (or above) over the last three triennial valuations on a standardised like for like basis. Funding % - 91 to 100 = score +5, 80-90= +4, 70-70= +3, 60-69 = +2, less than 59 = +1	For fund as a whole? For council at the last two reported funding levels of 69% and 70%. Funding levels constant. Indicative Valuation Results for 2016 are showing an improved position to >70%	3	2	5
		b) No or minimal employer funding risk assessment and monitoring and not reported to Pensions Committee.	b) Employer funding risk assessment and monitoring reports to Pension Committee.	An employer profiling exercise has been undertaken where each employer in the Fund are measured against set criteria and risk scored in order to determine the level of risk they pose to the Fund. This assessment has been made available to the Actuary and will be presented to Committee in November.	1	1	1
		c) Total actual contributions received in the last 6 years less than that assumed and certified in last two triennial valuations.	c) Total actual contributions received in the last 6 years less than that assumed and certified in last two triennial valuations.	The Fund has contributed in line with assumptions made in the last two triennial valuations.	1	1	1
		d) Net inward cash flow less than benefit outgoings so need for any unplanned or forced sale of assets	d) Net inward cash flow less than benefit outgoings.	Overall, the Fund is cashflow negative as cash inflow is less than outflow.	0	0	1
			Score - 1 point for each		5	4	8

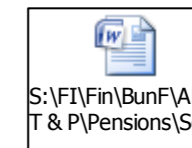


No	Key Indicator	Examples of Levels of Concern	Examples of good practice for high performing fund	Evidence and Comments	Fund Score	Previous Score	Maximum Score
3	Deficit Recovery	a) No or opaque deficit recovery plan.	a) transparent deficit recovery plans for tax raising and non-tax raising bodies	A schedule is produced for each employer indicating the deficit recovery period. The deficit recovery plan is clearly set out in the triennial valuation for Haringey Council, the only tax raising body in the Haringey Pension Fund.	1	1	1
		b) lengthening implied deficit recovery period for contributions	b) implied deficit recovery period reducing at each valuation.	Stable at 20 years.	0	0	1
		c) Implied deficit recovery periods > 25 years for last three valuations.	c) Implied deficit recovery period is less than 15 years for last three valuations.	20 year deficit recovery plan.	0	0	1
			Score 1 point for each.		1	1	3
4	Investment returns	a) required future investment returns as calculated by the actuary are consistent with and aligned to the investment strategy so higher likelihood of the fund meeting its funding strategy.	a) required future investment returns as calculated by the actuary are consistent with and aligned to the investment strategy so higher likelihood of the fund meeting its funding strategy.	The actuary uses the investment strategy to determine that there is a prudent probability of the deficit being eliminated.	1	1	1
		b) Actual investment returns consistently exceed actuarially required returns.	b) Actual investment returns consistently exceed actuarially required returns.	The 3, 5 and since inception average returns at 31 Dec 2015 of 9.63%, 7.70% and 7.82% exceed those assumed in the actuarial valuation.	1	1	1
			Score 1 point for each.		2	2	2
5	Pension Committee member competence	Appointees unclear of statutory role and unable to clearly articulate the funds funding and investment objectives.	Appointees understand their statutory role and are able to clearly articulate the funds funding and investment objectives.	Board members are required to complete the tPR's public service toolkit tutorial. Completion of the tutorial indicates sufficient knowledge about the role of a scheme board member.			1
		No evidence of:					
		a) different employer types and no or minimal scheme member representation.	a) representatives on Committee of different employer and employee types.	The Joint Pensions Committee and Board has employer and employee representatives members with full and equal voting rights.	1	1	1
		b) No training needs analysis or training strategy or training log or use of CIPFA LGPS training framework	b) annual training plan recorded against CIPFA's knowledge and understanding framework.	The Committee has approved a training policy framework that requires each member to complete a training needs analysis form which will be used to develop individual training programmes for all scheme board members	1	1	1
		c) No training recover disclosure	c) annual training records disclosed in the annual accounts.	Member training records are disclosed in the 2015-16 draft fund annual report and accounts	1	1	1

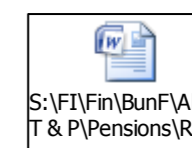


No	Key Indicator	Examples of Levels of Concern	Examples of good practice for high performing fund	Evidence and Comments	Fund Score	Previous Score	Maximum Score
		d) Self assessment	d) annual self - assessment of training undertaken and identification of future needs.	The Committee is in the process of assessing individual training needs of its members. This will be completed by December 2016.	0	0	1
			Score 1 point for each.		3	3	5
6	Administering authority staff accountability, leadership, experience and training	a) No or only part time Head of Fund and or only part time officers	a) Experienced Head of Fund with full time dedicated officers with at least three years experience.	Yes. The Head of Pension has over 3 years experience managing pension funds and has a team of staff that are wholly dedicated to the Scheme/Fund. It expected that a permanent Head of Pensions will be in post by the end of 2016.	1	1	1
		b) No or little induction or no on-going training provision or experience recorded on the adoption of CIPFA LGPD knowledge and understanding framework.	b) staff undertake regular CIPFA LGPS TKU or other CPD training recorded across all LGPS skills (governance, benefits administration, funding, investments and communications) Score 1 point for each.	Training undertaken via seminars and also using TPR on line training.	1 2	1 2	1 2
7	Statutory Governance standards and principles (as per DCLG and TPR Codes)	Several key areas of non-compliance with:					
		a) DCLG LGPS Statutory Guidance	a) Full Compliance with DCLG LGPS statutory guidance	To be confirmed.	0	0	1
		b)TPR Guidance and codes	b) Full compliance with TPR guidance and codes for public sector pension schemes.	Although progress toward compliance with tPR Code of Practice has been made, the Fund is not yet fully compliant. The November meeting of joint Board and Committee will receive a comprehensive update on where the Fund is in terms of compliance.September meeting.	0	0	1
		c) No, little or poor key decision taking records and no or poor self, or scheme employers or scheme members assessment of overall fund effectiveness.	c) Meet or exceed other LGPS best practice on recording all key decision taking and annual self, scheme employers, scheme members assessment of effectiveness.	The Haringey Pension Fund Committee/Board has not undertaken any self assessment exercises so far. This will be included in Fund's work programme.	0	0	1
			Score 1 point for each.		0	0	3
8	Quality and accessibility of information and statutory statements, strategies, policies (governance, FSS, SIP, Communications, admin authority and employer discretion policies)	a) Statutory publications not all in place or published on fund web site or updated in accordance with regulatory requirements and due timelines.	a) Statutory publications all in place and published on fund web site and updated in accordance with regulatory requirements and due timelines.	All provided for loading on to the Hymans' sponsored member web site	1	1	1

No	Key Indicator	Examples of Levels of Concern	Examples of good practice for high performing fund	Evidence and Comments	Fund Score	Previous Score	Maximum Score
		b) Fund and employers discretions not published.	b) Fund and employers discretions published.	The Council's discretions policy is published. Those for other employers are their responsibility.	1	1	1
		c) Do not seek to meet any recognised 'Plain English' or e-publishing standards.	c) Meet 'Plain English' or and or other recognised e-publishing standards.	The content of the Pension Fund website has been tested readability and above 60 scores well on 'plain english' using the	1	1	1
			Score 1 point for each.		3	3	3
9	Adoption and report compliance with Investment Governance Principles (IGP) (was Myners Principles) and voluntary adoption / signatory to FRC Stewardship Code and UNPRI	No or un-explained non-compliance and /or support of					
		a) IGP	a) 100% compliance with IGP	The Fund is fully compliant with IGP.	1	1	1
		b)UK Stewardship Code	b) adoption and public reporting of compliance against the FRC UK stewardship Code.	The Fund has not adopted the FRC UK Stewardship Code.	0	0	1
		c)UN PRI	c) External managers or fund are PRI signatories.	All managers are PRI signatories	1	1	1
			Score 1 point for each.		2	2	3
						3	
10	Historic investment returns (last 1,3, 5) and total investment costs compared to other LGPS funds.	a) overall fund investment returns (net of fees) for last 1,3 and 5 years bottom two quintiles.	a) overall fund management returns (net of fees) or last 1,3 and 5 years. Top quarter score 5 points. 2nd quarter 3 points, 3rd quarter 0 points and 4th quarter -3 points.	Using CEM Benchmarking latest data, the Fund posted above average performances in the last 3 years - it is estimated that the Fund is in the 2nd quartile in terms of performance	3	3	5
		b)Retain fund managers under performing their benchmarks for two triennial valuation cycles.	b) Greater than 75% of fund managers deliver target performance over rolling three years periods. Score 1 point.	As at Sep 2016, only 2 out of three of the Fund's current managers with a history of 3 years of managing the fund's assets is performing to or above target. The other two managers are outperforming benchmark over one year.	0	0	1
		c) Fund does not benchmark its fund managers and total investment costs relative to other LGPS funds.	c) Fund benchmarks its fund manager and total investment costs. Score 1 point	Annual comparison reported to Committee as part of the annual accounts.	1	1	1
			Score 1 point for each.		4	4	7
11	Annual report and audited accounts	a) Do not fully meet some regulatory requirements or CIPFA LGPS guidance.	a) Meet all regulatory requirements and CIPFA LGPS guidance.	Yes	1	1	1
		b) Not published in Admin Authority Accounts by 1st October.	b) Published in Admin Authority Accounts by 1st October.	Yes	1	1	1



<https://www.unpri.org/sign>

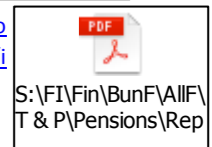


No	Key Indicator	Examples of Levels of Concern	Examples of good practice for high performing fund	Evidence and Comments	Fund Score	Previous Score	Maximum Score
		c) Published on SAB website after 1st November	c) Published on SAB website before 1st November	Yes	1	0	1
			Score 1 point for each		3	2	3
12	Scheme membership data	a) Common data does not meet TPR standards.	a) Greater than 99% of common data meets TPR quality and due date standards.	To be confirmed	0	0	1
		b) Conditional data do not meet the TPR standards. No plans in place to rectify this.	b) Greater than 95% of conditional data meets the TPR quality and due date standards. Plans in place to improve this.	To be confirmed	0	0	1
			score 1 point for each.		0	0	2
13	Pension queries, pension payments and annual benefit statements	a) No or poor website with no scheme member or employer access.	a) Good website with interactive scheme member and employer access.	Haringey utilise a Hymans hosted web site	1	1	1
		b) ABS do not meet regulatory requirements or due timelines for issuance.	b) ABS meets or exceeds regulatory requirements and due timelines for issuance.	All Annual Benefits Statements were sent out by the 31st August statutory deadline in 2016.	1	0	1
			Score 1 point for each.		2	1	2
14	Cost efficient administration and overall value for money fund management.	a) In bottom quartile with high total admin costs pa per member (based on CIPFA or other benchmarking tool).	a) In top quartile with low total admin costs pa per member (based on CIPFA or other benchmarking tool).	Using the CEM benchmarking analysis, the Haringey Scheme is in the top quartile for cost of administering the Scheme	1	1	1
		b) Not in any national or regional frameworks for any externally procured services or collective investments.	b) Lead or actively participates in collaborative working and collective LGPS procurement, shared services or CIV.	The Fund utilised the Norfolk Framework to appoint the current fund actuary and is an active member of London CIV.	1	1	1
			Score one point for each.		2	2	2
15	Handling of formal complaints and IDRPCs	a) Any Pensions Ombudsman determinations and any appeals or fines were against the action of the fund (not employers)	No stage 2 IDRPCs and no Pensions Ombudsman finding against <u>the fund's</u> actions in the last three years.	There were no IDRPCs on Pension Ombudsman finding against the Funds actions in the last three years.	1	1	1
			Score one point for each.		1	1	1
16	Fraud Prevention	No or minimal systems / programme or plan or mechanism in place to:					
		a) Prevent fraud	a) Fraud prevention programme in place.	The Fund has an internal control system in place to combat fraud. This includes regular reconciliation of done on members list to ensure there are no duplicates.	1	1	1
		b) detect fraud	b) Use external monthly, quarterly or annual mortality screening services.	Monthly screening used	1	1	1
		c) detect pension overpayment due to unreported deaths.	c) Pariticipate in bi-annual fraud initiatives.	The Council participates in the bi-annual national fraud initiative.	1	1	1
			Score one point for each.		3	3	3

<http://www.haringeypensionfund.co.uk/>



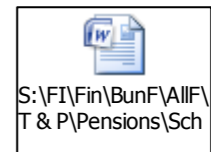
<http://londonciv.org.uk/investors>



No	Key Indicator	Examples of Levels of Concern	Examples of good practice for high performing fund	Evidence and Comments	Fund Score	Previous Score	Maximum Score
17	Internal and external audit	a) No annual internal audit or qualified internal and external audit opinions.	a) Unqualified annual internal audit report with no or only low priority management action.	Full assurance in most recent internal audit reports.	1	1	1
		b) Urgent management action recommended on high / serious risk.	b) Unqualified annual external audit report with no or only low priority management action.	No recommendations in last external audit report.	1	1	1
		c) Only moderate or low level of assurance and a number of high priority action recommendations.	c) Full or substantial assurance against all key audit areas with no high risk recommendation.	Full assurance in most recent internal audit reports.	1	1	1
		Score one point for each.				3	3
18	Quality assurance	No evidence of:					
		a) quality management system	a) Fund has formal quality management external certification.	no.	0	0	1
		b) externally reviewed publications.	b) Crystal Mark for plain English for publications.	Text from the Pension Fund website has been subjected to a 'plain english' test - the text achieved a reasonable score.	1	1	1
		c) externally approved website accessibility	c) Externally approved web site accessibility.	Yes	1	1	1
		d) any awards	d) pensions & investment recognition awards.	The Fund has not entered into any competitions.	0	0	1
		Score one point for each.				2	2
					40	37	59

Level of Compliance

68%



GOVERNANCE REVIEW - FOLLOW UP ACTION REQUIRED					
Ref No.	Recommendation	Action	Responsibility	Deadline	Duplicated
1	A revised Governance Compliance Statement is prepared, consulted upon and approved by the combined Pensions Committee and Board, as soon as practical, to reflect the arrangements for the exercise of the functions of the Administering Authority and Pensions Board arising from the replacement of the former Pensions Committee by the combined Pensions Committee and Board	The review and updating of the Fund's Governance Compliance Statement has been programmed into the Fund's work plan for the municipal year.	Head of Pensions	Sep-17	No
2	The Training and Conferences update report to be presented to the combined Pensions Committee and Board at its meeting on 22 November 2016 specifically include coverage of the completion by members of the Pensions Regulator's on-line "Public Service Toolkit" and also the application of the Training Needs Analysis forms completed by the members of the combined Committee and Board	The training and conferences report now includes a report on completion by members of The Pension Regulator's on-line Public Service Toolkit and receipt of completed Training Needs Analysis forms.	Head of Pensions	Jan-17	No
5	A comprehensive Medium Term Business Plan (MTFP) incorporating an Annual Plan and including a Medium Term and detailed Annual Budget, is considered and approved annually by the Pensions Committee and Board and formally monitored by the Committee and Board on a quarterly basis	An MTFP is being prepared and will be presented to the March 2017 meeting of the Committee for approval.	Head of Pensions	Mar-17	No

GOVERNANCE REVIEW - FOLLOW UP ACTION REQUIRED					
Ref No.	Recommendation	Action	Responsibility	Deadline	Duplicated
11	The "Compliance with Myners Principles" section of the Statement of Investment Principles is revised so that against each of the Principles the explanation commences with either of three phrases "Compliant," "Partially Compliant," or "Not Compliant and the explanations in respect of compliance with each of the revised Myners Principles be extended so as to provide a fuller explanation of compliance or otherwise	The Myners compliance statement will be revised to clearly indicate whether the Fund is compliant or not.	Head of Pensions	Sep-17	No
12	A revised Statement of Investment Principles which reflects the changes to the Fund's Investment Strategy agreed in January 2016 is prepared and approved as soon as practical	A revised Statement of Investment Principles will be presented and approved by the Committee/Board by January 2017.	Head of Pensions	Jan-17	No
13	The Policy Statement on Communications with Scheme Members and Employers be reviewed with a view to updating it	Review of Communications Policy is on the work plan.	Pensions Manager	Mar-17	No
14	The Quarterly Reports on the performance of the Pensions Administration function include consideration of quality and performance issues including information on the adherence to the requirements of Code of Practice No 14 by both the Pension Fund and individual Employers within the Fund	The Committee receives a report on pensions administration at each of its meetings. This report will be reviewed to include more qualitative information, especially around compliance with the requirements of TPR CoP No 14.	Head of Pensions	Jul-17	No
15	The Quarterly Pensions Administration report should also include monitoring of a broad range of Performance Standards in terms of processing issues relating to individual members of the Fund	See comments at 14.	Head of Pensions	Jul-17	No

GOVERNANCE REVIEW - FOLLOW UP ACTION REQUIRED					
Ref No.	Recommendation	Action	Responsibility	Deadline	Duplicated
16	The Officers prepare a draft Pension Administration Strategy under Regulation 59 of the LGPS Regulations 2013 (As amended) for approval by the Pensions Committee and Board after due consultation	An approved pension administration strategy is in place. The current version will be reviewed and presented for approval by the Committee.	Pensions Manager	Jan-17	No
17	That consideration is given to the Fund levying a charge on both LEA and Academy schools that do not use the Council's payroll	This is still under review. A report will be presented to Committee in January 2017.	Pensions Manager	Mar-17	No

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Report for: Pensions Committee 9th February 2017

Item number: 9

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 and to note the update on member training attached at Appendix 3.

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 future agenda items as set out in the work plan.

6.2. Members will recall that the governance review recommended that the Committee should be provided with an update on member training. This information is provided in Appendix 3 of the report.

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.

9.3. Appendix 3: Update on TPR Public Service Toolkit/Training Needs Analysis

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

Meeting Date Item No	09 Feb 2017	16 Mar 2017	Jul 2017 (Date TBC)	Sep 2017 (Date TBC)
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
2	Governance Update Report - SAB Update - Governance Checklist update	Governance Update Report - SAB Update - Governance Checklist update	Governance Update Report - SAB Update - Governance Checklist update	Governance Update Report - SAB Update - Governance Checklist update
3	Work/Forward Plan	Work/Forward Plan	Work/Forward Plan	Work/Forward Plan
4	Risk Register Review / Update (Administration & Communication)	Risk Register Review / Update (Accounting & Investments)	Risk Register Review / Update (Funding/Liability)	Risk Register Review / Update (Governance & Legal)
5	Quarterly LAPFF Engagement Report	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
Fund Administration & Governance				
7	Review of Internal Dispute Resolutio Policy	Fund Administration Benchmarking	Draft - AnnualPension Fund Accounts	Final - AnnualPension Fund Accounts
8	Pension Fund Administration Strategy	Conflict of Interest (Declaratoin 7 Annual Report)	Review - Training Policy Framework	Reporting Breaches (Annual Report)

Meeting Date Item No	09 Feb 2017	16 Mar 2017	Jul 2017 (Date TBC)	Sep 2017 (Date TBC)
9	Fund Investment Consultant and Actuary Contract Extension	Review of Fund Business Plan, MTFP & Budget	Reporting Breaches (Annual Report)	
10		Review of Communications Policy		
Investments				
11	Review CQS (Multi-Sector Credit) Benchmark	Fund Managers Internal Control Report		
12	Non Directional Investment	Performance Review - Additional Voluntary Contribution Providers		
13				
Funding & Valuation				
14	Draft Statement of Investment Principles	Triennial valuation - Final Results / Contribution Rates	External Audit Plan for Statement of Accounts	
15		Final - Investment Strategy (Regulation 7 of the LGPS (Management of Investment Funds) 2016		
		External Audit Plan for Statement of Accounts		
		Review of Funding Strategy Statement		

Meeting Date Item No	09 Feb 2017	16 Mar 2017	Jul 2017 (Date TBC)	Sep 2017 (Date TBC)
Training				
16	Training & Conferences Update	Training & Conferences Update	Training & Conferences Update	Training & Conferences Update
17	Presentation - Non Directional Investments	Member Training - Infrastructure / Infrastructure Debt (Allianz)	Introduction to LGPS and Trustee Responsibilities	Introduction to LGPS and Trustee Responsibilities

TRAINING PROGRAMME

APPENDIX 2

Date	Conference / Event	Training/Event Organiser	Cost	Location	Delegates Allowed
09-Feb-17	Introductory Pensions Training (Pensions Certificate Programme)	Pension & Lifetime Savings Association (PLSA)	£1,215	London	N/A
09-Feb-17	Pensions Basic	Pension & Lifetime Savings Association (PLSA)			
09-Feb-17	Retirement Guidance (Supporting Employees)	Pension & Lifetime Savings Association (PLSA)			
23-Mar-17	Introduction to Defined Benefit Scheme - Running A DB Scheme	Eversheds	£499	Leeds	N/A
01-May-17	Local Authority Conference	Pension & Lifetime Savings Association (PLSA)	TBC	Gloucestershire	N/A
29-Jun-17	Introduction to Defined Benefit Scheme - Running A DB Scheme	Eversheds	£499	Manchester	N/A
29-Jun-17	(Two Day) LGPS Trustees' Conference	Local Government Association	£250		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

APPENDIX 3

Trustee's Name	Public Sector Toolkit	Training Needs Analysis
Cllr Clare Bull (Chair)	✓	✓
Cllr John Bevan (Vice Chair)	✓	✓
Cllr Mark Blake	x	x
Cllr Viv Ross	✓	x
Keith Brown		✓
Randy Plowright	x	x

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Report for: Pensions Committee 9th February 2017

Item number: 10

Title: Risk Register - Review/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. This paper provides an update on the Fund's risk register and an opportunity for the Committee to further review the risk score allocation.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

- 3.1. That the Committee note the risk register.
- 3.2. That the Committee note the area of focus for this review at the meeting is 'Pensions Administration' and 'Communication' risks.

4. Reason for Decision

- 4.1. None

5. Other options considered

- 5.1. None

6. Background information

- 6.1. The Pensions Regulator requires that the Committee establish and operate internal controls. These must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and in accordance with the requirements of the law.
- 6.2. The Committee approved the latest version of the risk register on 20 September 2016 and agreed that an area of the register will be reviewed in subsequent meetings.
- 6.3. An abridged version of the full register is attached. This highlights the areas to be considered for this Committee meeting in line with the Committee's agreed work plan for regular review of the risk register. Red rated risks are highlighted separately.

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 Chief Finance Officer confirms that there are no financial implications directly arising from this report.

Legal

- 8.2. The Assistant Director of Corporate Governance has been consulted on the content of this report. The recommendation would enhance the administering authority's duty to administer and manage the Scheme and is in line with the Pension Regulator's Code of Practice.

Equalities

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

9. Use of Appendices

- 9.1. Appendix 1 – Haringey Pension Fund Risk Register (Abridged Version)

10. Local Government (Access to Information) Act 1985

- 10.1. Not applicable.

Risk Register - Haringey Pension Fund

Risk No	Cat Ref	Risk	Risk Ranking
GOVERNANCE			
1	GOV1	Pension Fund Objectives are not defined and agreed leading to lack of focus of strategy to facilitate the aims of the LGPS.	3
2	GOV2	Frequent and/or extensive turnover of committee members causing a loss of technical and operational knowledge about the Fund and an inexperienced Committee/Board.	16
3	GOV3	Members have insufficient knowledge of regulations, guidance and best practice to make good decisions.	12
4	GOV4	Member non-attendance at training events.	8
5	GOV5	Officers lack the knowledge and skills required to effectively advise elected members and/or carry out administrative duties.	4
6	GOV6	Committee members have undisclosed conflicts of interest.	3
7	GOV7	The Committee's decision making process is too rigid to allow for the making of expedient decisions leading to an inability to respond to problems and/or to exploit opportunities.	4
8	GOV8	Known risks not monitored leading to adverse financial, reputational or resource impact.	4
9	GOV9	Failure to recognise new Risks and/or opportunities.	4
10	GOV10	Weak procurement process leads to legal challenge or failure to secure the best value for the value when procuring new services.	5
11	GOV11	Failure to review existing contracts means that opportunities are not exploited.	8

Risk No	Cat Ref	Risk	Risk Ranking
INVESTMENTS			
39	INV1	That the assumptions underlying the Investment and Funding Strategies are inconsistent.	10
40	INV2	That Fund liabilities are not correctly understood and as a consequence assets are not allocated appropriately.	5
41	INV3	Incorrect understanding of employer characteristics e.g. strength of covenant.	10
42	INV4	The Fund doesn't take expert advice when determining Investment Strategy.	5
43	INV5	Strategic investment advice received from Investment Consultants is either incorrect or inappropriate for Fund.	10
44	INV6	Investment Manager Risk - this includes both the risk that the wrong manager is appointed and /or that the manager doesn't follow the investment approach set out in the Investment Management agreement.	10
45	INV7	Relevant information relating to investments is not communicated to the Committee in accordance with the Fund's Governance arrangements.	4
46	INV8	The risks associated with the Fund's assets are not understood resulting in the Fund taking either too much or too little risk to achieve its funding objective.	10
47	INV9	Actual asset allocations move away from strategic benchmark.	12
48	INV10	No modelling of liabilities and cash flow is undertaken.	5
49	INV11	The risk that the investment strategy adopted by London CIV through fund manager appointments does not fully meet the needs of the Fund.	25

Risk Register - Haringey Pension Fund

Risk No	Cat Ref	Risk	Risk Ranking
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GOVERNANCE			
12	GOV12	Weak process and policies around communicating with a scheme members and employers means that decisions are not available for scrutiny.	3
13	GOV13	Lack of engagement from employers/members means that communicating decisions becomes a "tick box" exercise and accountability is not real.	6
14	GOV14	Failure to comply with legislation and regulations leads to illegal actions/decisions resulting in financial loss and / or reputational damage	5
15	GOV15	Failure to comply with guidance issued by The Pensions Regulator (TPR) and Scheme Advisory Board (SAB) resulting in reputational damage.	10
16	GOV16	Pension fund asset pooling restricts Haringey Pension Fund's ability to fully implement a desired mandate	10
17	GOV17	The Fund adopts and follows ill-suited investment strategy.	15

Risk No	Cat Ref	Risk	Risk Ranking
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COMMUNICATION			
50	COM1	Members don't make an informed decision when exercising their pension options whilst employers cannot make informed decisions when exercising their discretions leading to possible complaints and appeals against the Fund	8
51	COM2	Communication is overcomplicated and technical leading to a lack of engagement and understanding by the user (including members and employers).	6
52	COM3	Employer doesn't understand or carry out their legal responsibilities under relevant legislation.	8
53	COM4	Apathy from members and employers if communication is irrelevant or lacks impact leading to uninformed users.	9
54	COM5	Employers don't meet their statutory requirements leading to possible reporting of breaches to the Pension Regulator.	8
55	COM6	Lack of information from Employers impacts on the administration of the Fund, places strain on the partnership between Fund and Employer.	4

LEGISLATION			
18	LEG1	Failure to adhere to LGPS legislation (including regulations, order from the Secretary of State and any updates from The Pension Regulator) leading to financial or reputational damage	10
19	LEG2	Lack of access to appropriate legislation, best practice or guidance could lead to the Fund acting illegally.	5
20	LEG3	Lack of skills or resource to understand complex regulatory changes or understand their impact.	8

Risk Register - Haringey Pension Fund

Risk No	Cat Ref	Risk	Risk Ranking
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ACCOUNTING			
21	ACC1	The Pension Fund Statement of Accounts does not represent a true and fair view of the Fund's financing and assets.	10
22	ACC2	Internal controls are not in place to protect against fraud/ mismanagement.	8
23	ACC3	The Fund does not have in place a robust internal monitoring and reconciliation process leading to incorrect figures in the accounts.	8
24	ACC4	Market value of assets recorded in the Statement of Accounts is incorrect leading to a material misstatement and potentially a qualified audit opinion.	10
25	ACC5	Inadequate monitoring of income (contributions) leading to cash flow problems.	4
26	ACC6	Rate of contributions from employers' in the Fund is not in line with what is specified in actuarial ratings and adjustment certificate potentially leading to an increased funding deficit or surplus.	5
27	ACC7	The fund fails to recover adhoc /miscellaneous income adding to the deficit.	8
28	ACC8	Transfers out increase significantly as members transfer to DC funds to access cash through new pension freedoms.	12

Risk No	Cat Ref	Risk	Risk Ranking
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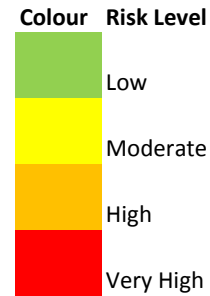
FUNDING/LIABILITY			
56	FLI1	Funding Strategy and Investment considered in isolation by Officers, Committee and their separate actuarial and investment advisors	10
57	FLI2	Inappropriate Funding Strategy set at Fund and employer level despite being considered in conjunction with Investment Strategy.	10
58	FLI3	Inappropriate Investment and Funding Strategy set that increases risk of future contribution rate increases.	10
59	FLI4	Processes not in place to capture or failure to correctly understand changes to risk characteristics of employers and adapting investment/funding strategies.	10
60	FLI5	Processes not in place to capture or review when an employer may be leaving the LGPS.	5
61	FLI6	Processes not in place to capture or review funding levels as employer approaches exiting the LGPS.	10
62	FLI7	Investment strategy is static, inflexible and does not meet employers and the Fund's objectives.	5
63	FLI8	Process not in place to ensure new employers admitted to the scheme have appropriate guarantor or bond in place.	4
64	FLI9	Level of bond not reviewed in light of change in employers pension liabilities.	8
65	FLI10	Processes not in place to capture or review covenant of individual employers.	8
66	FLI11	Processes not in place to capture and understand changes in key issues that drive changes to pension liabilities.	5

Risk Register - Haringey Pension Fund

Risk No	Cat Ref	Risk	Risk Ranking
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Risk No	Cat Ref	Risk	Risk Ranking
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ADMINISTRATION			
29	ADM1	Failure to act within the appropriate legislative and policy framework could lead to illegal actions by the Fund and also complaints against the Fund.	10
30	ADM2	Pension structure is inappropriate to deliver a first class service	15
31	ADM3	Insufficiently trained or experienced staff leading to knowledge gaps	12
32	ADM4	Failure of pension administration system resulting in loss of records and incorrect pension benefits being paid or delays to payment.	5
33	ADM5	Failure to pay pension benefits accurately leading to under or over payments.	8
34	ADM6	Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	8
35	ADM7	Not dealing properly with complaints leading to escalation that ends ultimately with the ombudsman	8
36	ADM8	Data protection procedures non-existent or insufficient leading to poor security for member data	10
37	ADM9	Loss of funds through fraud or misappropriation by officers leading to negative impact on reputation of the Fund as well as financial loss.	5
38	ADM10	Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements. Succession planning is not in place leading to reduction of knowledge when an officer leaves.	10



Risk Register - Haringey Pension Fund

ADMINISTRATION								
Risk No	Cat Ref	Risk	Current Controls	Impact	Likelihood	Probability	Responsibility	Timescale
29	ADM1	Failure to act within the appropriate legislative and policy framework could lead to illegal actions by the Fund and also complaints against the Fund.	<p>Ensure staff are adequately trained.</p> <p>Appropriate checking processes.</p> <p>Professional advice. Close working with other Funds. Policies kept up to date and discussed at PCF.</p>	5	2	10	PCB; HoCF; HoP; PAM	Ongoing
30	ADM2	Pension structure is inappropriate to deliver a first class service	<p>New structure implemented from October 2016. Impact to be monitored by Head of Pensions.</p> <p>This risk will be reassessed once the restructuring of the pensions team has been completed and some time has passed for the structure to be embedded.</p>	5	3	15	HoCF	Apr-17
31	ADM3	Insufficiently trained or experienced staff leading to knowledge gaps	<p>Training programme for staff including CIPD qualification in some places. Regular briefings and updates on LGPS changes from CIPFA and other training providers.</p> <p>This risk will be reassessed once the restructuring of the pensions team has been completed.</p>	4	3	12	HoCF; HoP	Mar-17

Risk Register - Haringey Pension Fund

ADMINISTRATION								
Risk No	Cat Ref	Risk	Current Controls	Impact	Likelihood	Probability	Responsibility	Timescale
32	ADM4	Failure of pension administration system resulting in loss of records and incorrect pension benefits being paid or delays to payment.	<p>Pensioner administration system Altair is subject to daily software backups and off-site duplication of records.</p> <p>The business recovery plan once implemented allows the pension administration system to be run from an alternative site.</p>	5	1	5	PAM	Mar-17
33	ADM5	Failure to pay pension benefits accurately leading to under or over payments.	<p>The pension administration system, Altair, allows for all pensioner benefits to be automatically calculated by the administration system.</p> <p>Pension benefits payments are double checked by another team member before payments released.</p>	4	2	8	PAM	Mar-17
34	ADM6	Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	<p>Pension payroll system is subject to daily software backups and off-site duplication of records.</p> <p>The business recovery plan once implemented allows the pension administration system to be run from an alternative site.</p>	4	2	8	PAM	Mar-17

Risk Register - Haringey Pension Fund

ADMINISTRATION								
Risk No	Cat Ref	Risk	Current Controls	Impact	Likelihood	Probability	Responsibility	Timescale
35	ADM7	Not dealing properly with complaints leading to escalation that ends ultimately with the ombudsman	<p>The Fund has an Internal Dispute Resolution Policy (IDRP) which has been approved by the Committee.</p> <p>In attempting to resolve any complaints by members, the IDRP will guide officers to ensure that due process is applied through out the process.</p>	4	2	8	PCB; HoCF; HoP; PAM	Mar-17
36	ADM8	Data protection procedures non-existent or insufficient leading to poor security for member data	<p>The Council's data protection policy is issued to and signed by all staff.</p> <p>The Council has in place a system that ensures pension fund data is sufficiently protected.</p> <p>Staff trained in data protection and regularly reminded of its importance.</p>	5	2	10	HoP; PAM	Mar-17
37	ADM9	Loss of funds through fraud or misappropriation by officers leading to negative impact on reputation of the Fund as well as financial loss.	Robust accounting checks and adherence with best practice including undertaking regular reconciliation of payments undertaken or received into the Fund.	5	1	5	HoCF; HoP	Mar-17

Risk Register - Haringey Pension Fund

ADMINISTRATION								
Risk No	Cat Ref	Risk	Current Controls	Impact	Likelihood	Probability	Responsibility	Timescale
38	ADM10	Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements. Succession planning is not in place leading to reduction of knowledge when an officer leaves.	<p>The selection process for recruiting officers is rigorous and focussed on the requirements of the role. Also detailed job descriptions/person specification are used to wittle down and appoint officers with the right level of skills, knowledge and experience.</p> <p>Training/Personal Development plans are put in place for each staff member following annual performance appraisal.</p>	5	2	10	HoCF; HoP	Dec-17

COMMUNICATIONS: RISK MANAGEMENT FRAMEWORK

Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
50	COM1	Members don't make an informed decision when exercising their pension options whilst employers cannot make informed decisions when exercising their discretions leading to possible complaints and appeals against the Fund	<p>Communication Strategy in place that outlines the most appropriate mode of communication and how the Fund will communicate with all stakeholders including its members and employers.</p> <p>Member provided with explanatory notes and guidance to enable them to make informed decision and given access to further pension support.</p>	4	2	8	PAM; HoP	Jun-17
51	COM2	Communication is overcomplicated and technical leading to a lack of engagement and understanding by the user (including members and employers).	Members and Employers are provided with explanatory notes, factsheets, access to a pension help desk and a dedicated Communications Team. In addition the Fund's website provides a one stop shop for information about the Scheme and benefits.	3	2	6	PAM; HoP	Jun-17
52	COM3	Employer doesn't understand or carry out their legal responsibilities under relevant legislation.	<p>Ensure information communicated to Employers is clear and relevant by using simple understandable wording.</p> <p>Where available use standard template/information from the LGPS employers association.</p>	4	2	8	PAM; HoP	Jun-17

COMMUNICATIONS: RISK MANAGEMENT FRAMEWORK

Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
53	COM4	Apathy from members and employers if communication is irrelevant or lacks impact leading to uninformed users.	Ensure all communication and literature is up to date and relevant and reflects the latest position within the pensions environment including LGPS regulations and other relevant overriding legislation.	3	3	9	PAM; HoP	Jun-17
54	COM5	Employers don't meet their statutory requirements leading to possible reporting of breaches to the Pension Regulator.	Provide training to employers that is specific to their roles and responsibilities in the LGPS. Employer access to a portal with regular updates in line with legislation.	4	2	8	PAM; HoP	Mar-17
55	COM6	Lack of information from Employers impacts on the administration of the Fund, places strain on the partnership between Fund and Employer.	All forms available on our website and Employer has access to specialist support from Fund Officers.	4	1	4	PAM; HoP	Mar-17

RED RATED RISKS								
Risk No	Cat Ref	Risk	Controls/Mitigations	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
2	GOV2	Frequent and/or extensive turnover of committee members causing a loss of technical and operational knowledge about the Fund and an inexperienced Committee/Board.	<p>The nature of Council appointees to the Fund means that there is likely to be annual turnover of appointments to the Pensions Committee. However, Full Council through Democratic Services has been made aware of the consequences of constant turnover of Pensions Committee members.</p> <p>A comprehensive training programme that is in line with CIPFA guideine/The Pension Regulator has been developed and is continously reviewed/updated.</p> <p>Training needs analyses undertaken annually to identify knowledge gaps and training programme adapted accordingly</p> <p>New members required to complete The Pensions Regulators public service toolkit modules as a minimum requirement.</p> <p>All members are encouraged to attend training events (internal/external) to ensure all have adequate knowledge to perform duties as trustees of the Fund.</p>	4	4	16	PCB; HoP	Ongoing

17	GOV17	The Fund adopts and follows ill-suited investment strategy.	<p>The Investment Strategy is in accordance with LGPS investment regulations and it takes into consideration the Funds liabilities and funding levels among other things.</p> <p>The Investment Strategy is documented, reviewed and approved by the Pensions Committee/Board.</p>	5	3	15	HoP	Mar-17
30	ADM2	Pension structure is inappropriate to deliver a first class service	<p>New structure implemented from October 2016. Impact to be monitored by Head of Pensions.</p> <p>This risk will be reassessed once the restructuring of the pensions team has been completed and some time has passed for the structure to be embedded.</p>	5	3	15	HoCF	Apr-17

Report for: Pensions Committee 9th February 2017

Item number: 11

Title: Local Authority Pension Fund Forum (LAPFF) Update
Report authorised by: Tracie Evans, Chief Operating Officer (COO)

Lead Officer: Oladapo Shonola, Head of Finance - Treasury & Pensions
oladapo.shonola@haringey.gov.uk 020 8489 3726

Ward(s) affected: N/A

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

1. Describe the issue under consideration

1.1. The Fund is a member of the LAPFF and the Committee had previously agreed that the Fund should cast its votes at investor meetings in line with LAPFF voting recommendations. This report provides an update on voting activities on behalf of the Fund.

2. Cabinet Member Introduction

2.1. Not applicable.

3. Recommendations

3.1. That the Committee note this report.

4. Reason for Decision

4.1. None.

5. Other options considered

5.1. None.

6. Background information

6.1. The voting alert received from LAPFF and outcome of votes is detailed below.

6.2. Although, a plurality (54%) of independent shareholders voted against the appointment of Dr Hellawell, the Chairman, Mr Ashley who owns 55% of the company voted in favour of re-election ensuring that Dr Hellawell was re-elected as a director.

6.3. LGIM's statement on the vote is attached at appendix 1.

Target of Resolution	Resolution	Fund Manager	Date of Vote	LAPFF RECOMMENDATION	MANAGER VOTE	Outcome of Vote
Sports Direct (EGM)	That Dr Keith Hellawell be re-elected as a Director	LGIM	05 Jan 2017	OPPOSE	OPPOSE	FOR

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. There are no further finance or procurement comments arising from this report.

Legal

8.2. The Assistant Director of Governance was consulted on the content of this report. There are no legal issues directly arising from this report.

Equalities

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

9. Use of Appendices

9.1. Appendix 1 – LGIM's Position Statement on Voting Intentions at Sports Direct Meeting on 5 January 2017.

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

Position Statement: LGIM's Voting Intentions at Sports Direct International General Meeting, 5 January 2017.

Legal & General Investment Management (LGIM) takes its stewardship obligations seriously and pro-actively engages with companies in order to bring positive change to their governance structures. We use our position as a large shareholder to influence and promote best practice. Voting is an important tool for escalating issues which have not been resolved through our engagement activities. Therefore, we believe the market will react positively if Sports Direct takes active steps to improve its governance and working practices.

Background - why has this General Meeting of Sports Direct been convened?

Under the UK Listing Rules, independent directors of controlled companies must receive the majority support from both the minority shareholders and controlling shareholders.

At the Sports Direct AGM in September 2016, the Chairman failed to secure sufficient support from minority investors for his re-election. 50.6% of minority investors, including LGIM, voted against his re-election. LGIM has been voting against the re-election of the Chairman since 2014.

As support of the minority shareholders was not achieved, the UK Listing Rules mandate the company to convene a general meeting within 90 days of the AGM. However, at the forthcoming general meeting, approval from a majority of all shareholders (including the major shareholder) will secure the Chairman's re-election to the board.

How has LGIM engaged with the Company since the last AGM?

LGIM has been proactively engaging with Sports Direct on its governance, social and risk structures, and transparency on these issues, since the company listed in 2007. We have a number of long-standing governance and labour concerns including lack of refreshment of the board, poor succession planning for key management positions, the use of related party transactions, transparency of company strategy, supply chain management and health and safety policies.

At the AGM in September 2016, LGIM escalated its concerns by voting against the re-election of the Chairman and all independent non-executive directors on the Board of Sports Direct. We supported the shareholder resolution at the 2016 AGM and also attended the meeting in person.

Following the outcome of the AGM, LGIM collectively engaged with the company alongside other shareholders through membership of the Investor Forum. We have been requesting an independent review of overall governance and labour practices. Therefore, we initially welcomed the company's announcement after the AGM that they would be undertaking such a review. Since the AGM the Sports Direct board has also announced the appointment of a further non-executive director and the resignation of both the CEO and Finance Director.

How will LGIM be voting at the forthcoming general meeting?

Despite some changes to the composition of the board, we consider that insufficient progress has been made to improve corporate governance at the company since the September AGM. Therefore, LGIM has continued to vote against the re-election of the Chairman to the board.

LGIM will continue to engage with the company to seek improvements in its governance structure.

Related Documents

October 2016, [Q3 ESG Impact Report](#)

August 2016, Investor Forum Statement on Sports Direct, available on the Investor Forum website: http://media.wix.com/ugd/1cf1e4_92f4632de08048fd8f551d92adc5158b.pdf

August 2016, LGIM Position Statement: Voting Intentions at Sports Direct International AGM

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

Document is exempt

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Report for: Pensions Committee 9th February 2017

Item number: 12

Title: Pension Fund Contracts Extension

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 requests approval to extend the Investment Consultancy contract for one year to 21st January 2018 and the Actuarial Services contract to 31st July 2017.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

- 3.1. That the Committee agree that the COO, under delegated authority, approve:
- 3.2. The extension of the Pension Fund's Investment Consultancy contract by one year to the 21st January 2018; and
- 3.3. The extension of actuarial services contract to 31st July 2017.

4. Reason for Decision

- 4.1. The Investment Consultancy contract with Mercer that was signed off in January 2014 has an option to extend to the contract for one year. Mercer has performed well during the first three years of the contract including securing substantial investment management fees for the Fund. Therefore, in line with the terms of the contract it is proposed that the option to extend for one year is taken up.
- 4.2. The existing framework agreement for actuarial services expires on the 27 February 2017. Owing to the fact that the Fund is required by

statute to retain the services of a professional actuary, the Fund would have needed to have, in place, a new contract for actuarial services from 1 March 2017.

5. Other options considered

- 5.1. The Investment Consultancy contract could have been retendered, but given Mercers performance coupled, the option to extend for one year per terms of the contract is considered to be the best option for the Fund.

6. Background information

- 6.1. The contract to engage Mercer as the Fund's Investment Consultant was signed off in January 2014. The terms of the contract permit a one year extension if both parties agree and given that Mercer has performed well during the initial three years of the contract, it is proposed that the option to extend for one year is taken up.
- 6.2. The Fund entered into a framework agreement with Hymans Robertson on 1 March 2013 for four years. This agreement expires on 27 February 2017, so a new appointment will be required as all LGPS are required to procure and have in place professional actuarial services.
- 6.3. The Committee at its meeting of 22 November agreed to a three month extension to the 30th May 2017. However, the proposed committee meetings for the 2017/18 municipal year do not have a scheduled meeting in May 2017.
- 6.4. The next meeting after March of 2017 is likely to be in July 2017. Therefore, it is proposed that Committee agree a further extension to the 31 July 2017 to enable the current work on triennial valuation to be completed.
- 6.5. The Committee has approved the use of the National LGPS Framework Agreement to procure actuarial services and a report will be presented to the Committee in July 2017 with a recommendation for appointment at this meeting.

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 ongoing work on the triennial valuation will continue beyond the life of the current contract. Therefore, there is a need to extend the existing contract beyond the contract expiry date of 27 February 2017. There are no financial implications from an extension of this contract.

Legal

8.3. The Fund is required to have an actuary to provide it with actuarial services. The procurement would fall within the provisions of the Public Contracts Regulations 2015 (as amended). By procuring through the framework the administering authority can shorten the procurement process but must comply with the requirements of the framework. The procurement will be limited to those contractors on the framework and the price bands agreed (if any).

Equalities

8.4. 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.

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Report for: Pensions Committee 9th February 2017

Item number: 13

Title: Revised (Draft) Statement of Investment Principles

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 consider a revised draft of the Statement of Investment Principles prepared to take account of agreed changes made by the Committee at previous meetings. The revised draft of the SIP complies with the Local Government Pensions Scheme (Management and Investment of Funds) Regulation 2009.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

- 3.1. That the Committee approve the revised Statement of Investment Principles attached in Appendix 1 of this report.

4. Reason for Decision

- 4.1. The Committee in its past meetings have made some changes to strategic allocation to different asset class within the overall Fund portfolio which has altered the balance between different types of investments in the Fund.
- 4.2. The Local Government Pension Scheme (Management and Investment of Funds) Regulation 2009 requires that the Fund publishes any material changes to its Statement of Investment Principles (SIP) including any changes to the balance between different types of investments.

5. Other options considered

5.1. None.

6. Background information

6.1. The Local Government Pension Scheme (Management and Investment of Funds) Regulation 2009 came into effect on 1st January 2010. One of the requirements of the Regulation is that pension funds must prepare, maintain and publish a statement of the principles governing its decisions about the investment of fund money.

6.2. The Fund specifically requires that the statement of investment principles must be reviewed and revised by the Council as administering authority where a material changes such as changes to the types of investment held or the balance between the types of investments in the Fund.

6.3. The Pensions Committee has made a number of changes to the balance of the balance of investment types in the Fund since the SIP was last approved. These include the agreement to award new mandates which have also caused a shift in the balance of investments overall. Therefore, there is a need to revise and approve the SIP.

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 Statement of Investment Principles details the decision by Committee on how the Funds resources will be invested. The Strategy set out in the SIP has been prepared to maximise returns of Fund's assets within acceptable risk parameters and also to facilitate a reduction in the burden of deficit funding that employers in the Fund are liable for.

8.2. The performance of the Fund's strategy is monitored through a quarterly report that is presented to Committee. Recent performances have been good and generally either in line with or exceeded target.

Legal

- 8.3. Under Regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulation 2009 the administering authority published a written statement of the principles governing its decisions about the investment of fund money.
- 8.4. The statement must be reviewed, and if necessary, revised, by the administering authority from time to time and published once revised.
- 8.5. Members should not that Regulation 12 will no longer be effective when the authority first publishes its investment strategy statement under Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulation 2016.

Equalities

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

9. Use of Appendices

- 9.1. Revised (Draft) Statement of Investment Principles.

10. Local Government (Access to Information) Act 1985

- 10.1. Not applicable.

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Statement of Investment Principles

1 Introduction

This Statement of Investment Principles document sets out the principles governing the Haringey Council Pension Fund's decisions about the investment of Pension Fund money. It is prepared in accordance with Regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

2 Governance and decision making

Haringey Council is the Administering Authority for the Local Government Pension Scheme in the London Borough of Haringey area and as such is responsible for the investment of Pension Fund money. The Council has delegated this responsibility to the Pensions Committee and Board.

The Pensions Committee and Board is responsible for setting the investment strategy for the Pension Fund, appointing fund managers to implement it and monitoring the performance of the strategy. The Pensions Committee and Board retains an independent adviser and the services of an investment consultancy company, in addition to the advice it receives from the Chief Financial Officer and their staff.

Further information on the governance of the Pension Fund can be found in the Governance Compliance Statement on the website www.haringey.gov.uk/pensionfund

Stock level decisions are taken by the investment managers appointed by the Pensions Committee and Board to implement the agreed investment strategy. These decisions are taken within the parameters set out for each manager – more detail is provided in section 6 below.

3 Objectives of the Pension Fund

The primary objective of the Pension Fund is:

- To provide for members' pension and lump sums benefits on their retirement or for their dependants benefits on death before or after retirement on a defined benefits basis.

The investment objective of the Pension Fund is:

- To achieve a return on Fund assets that is sufficient, over the long term, to meet the funding objectives.

The Pension Fund recognises that the investment performance of the Fund is critical as it impacts directly on the level of employer's contributions that the employers are required to pay.

The key funding objectives that relate to investment strategy are summarised below and more detail about them and how they will be achieved can be found in the Pension Fund's Funding Strategy Statement on the website www.haringey.gov.uk/pensionfund

- To ensure the long-term solvency of the Fund;
- To ensure that sufficient funds are available to meet all benefits as they fall due for payment; and
- Not to restrain unnecessarily the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence minimise the cost of the benefits) for an appropriate level of risk.

This Statement of Investment Principles describes how the Haringey Council Pension Fund seeks to meet its objectives.

4 Investment Parameters

The investment strategy of the Pension Fund must operate within the parameters set out in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 ("the regulations"). The regulations state that the Pension Fund must invest any monies not needed immediately to make payments.

The regulations also state that the Pension Fund must have regard to the suitability and range of investments used and take proper advice in determining its investment strategy. These issues are covered in more detail in sections 5-7 below.

The limits within which the Pension Fund operates are shown overleaf. All the limits are the lowest set by Schedule 1 to the regulations with the exception of the single insurance contract limit. The Committee has exercised its right to increase its limit for a single insurance contract limit within the range set by the regulations. This was done, after taking proper advice, in order to maximise the diversification and performance of the Fund's assets while minimising the costs to the Pension Fund.

Type of Investment	Limit
Any single sub-underwriting contract	1%
All contributions to any single partnership	2%
All contributions to partnerships	5%
The sum of all loans (except a Government loan) and all deposits with local authorities	10%
All investments in unlisted securities of companies	10%
Any single holding (except unit trusts & UK gilts)	10%
All deposits with any single institution	10%
All sub-underwriting contracts	15%
All investments in units or shares of the investments subject to the trusts of unit trust scheme managed by any one body	25%
All investments in open ended investment companies where the collective investment schemes constituted by the companies are managed by one body	25%
All investments in unit or other shares of the investments subject to the trusts of unit trust schemes and all investments in open-ended investment companies where the unit trust schemes and the collective investment schemes are constituted by those companies are managed by any one body.	25%
Any single insurance contract	35%*

* This limit is at the higher limit of the range (25-35%) laid down in the regulations.

5 Types of investments

The Committee has determined an overall asset allocation for the Pension Fund to meet the objectives within the parameters set out in section 4 above and to comply with the regulations. The Committee have considered the suitability of different investments and the need to diversify the investments to reduce risk. The Fund's revised strategic benchmark is shown in the table overleaf.

Asset class	Benchmark (%)		Range (%)
UK Equities		8.8	5.8-11.8%
Overseas Market Capitalisation Equities		28.8	23.9-33.9%
North America	12.7		
Europe ex UK	4.3		
Pacific ex Japan	2.0		
Japan	2.0		
Emerging Markets	7.8		
Global Low Carbon Equities		14.9	
UK Index linked gilts		15.0	12-18%
Conventional Property		7.5	5-10%
Long Lease Property		5.0	2.5-7.5%
Multi Sector Credit		5.0	4-6%
Infrastructure Debt		5.0	-*
Renewable Energy Infrastructure		5.0	-*
Private Equity		5.0	-*
Cash		0.0	0-10%
Total		100.0	-

* Given the illiquid nature of these asset classes, there is no formal tolerance range in place. However, the Committee will closely monitor the position of the Fund over time, including these asset classes.

The Committee's investment strategy takes into consideration the value and timing of projected future benefit payments, the funding position and the range of possible future economic and financial conditions. Please note that the table above represents the long term strategic benchmark, and actual allocations may differ from the benchmark. For example, the capital earmarked for investment in Long Lease Property, Private Equity, Infrastructure Debt and Renewable Energy Infrastructure is in the process of being 'drawn down', and as such these mandates will increase in size towards their benchmark allocations over time.

The strategy aims to achieve the objectives set out in section three and balance the need to achieve full funding and maintain stability of contribution rates. Normally, a full review of the investment strategy is

undertaken every three years following an actuarial valuation. The factors influencing the investment strategy are monitored and changes thereto may require more frequent reviews of the investment strategy.

The allocations to each asset classes will be impacted by changes in market value, income reinvested and cash investments and withdrawals. The Committee will monitor actual allocations against the ranges shown above and rebalance when considered appropriate.

In setting investment policy the Committee has discussed their investment beliefs (annex D), which inform the setting of strategy and its implementation, including manager selection.

The Committee has decided to invest the majority of the Pension Fund investments in passively managed equity and bond funds to remove the risk of underperformance and ensure benchmark performance at a low cost.

Due to the size of the portfolios allocated to the investment managers, the investments are generally held in pooled funds, which are more cost effective for the Fund.

The majority of the investment types the Committee have decided to invest in are quickly realisable if required, including pooled equities, as the underlying securities are quoted on major markets. The investments in Property (Conventional and Long Lease), Multi Sector Credit, Infrastructure Debt, Renewable Energy and Private Equity, which represent 32.50% of the strategic allocations, are long term less liquid investments not designed to be realised early. Benefit payments and other outgoings will be met through a combination of regular contributions, income from assets and disinvestments from the Fund's liquid assets, as required.

The asset allocation and associated benchmark is expected (but not guaranteed) to produce a return in excess of the investment return assumed in the actuarial valuation over the long term.

6 Investment Management arrangements

The Committee has appointed a number of external investment managers to implement its investment strategy. The current investment managers and the percentage of the Pension Fund they currently manage are shown in the following table:

Investment Manager	Mandate	%
Legal & General Investment Management	Global Equities & Index Linked Bonds	67.5
CQS Management	Multi Sector Credit	5.0
Allianz Global Investors	Infrastructure Debt	5.0
CBRE Global Investors	Conventional Property	7.5
Aviva Investors	Long Lease Property	5.0
BlackRock	Renewable Energy Infrastructure	2.5*
Copenhagen Infrastructure Partners (CIP)	Renewable Energy Infrastructure	2.5*
Pantheon	Private Equity	5.0

* Based on a target mandate size of £35m for each of BlackRock and CIP.

A range of investment managers have been appointed to diversify the Pension Fund and so reduce the risk of underperformance. The allocations above reflect the asset class benchmarks shown in section 5. Movements away from benchmarks and rebalancing are managed at asset class level for which monitoring ranges have been set where appropriate.

The equity and index linked bond investment manager is expected to perform in line with their benchmarks, as they are investing on behalf of the Fund on a passive basis. The detail of their benchmarks is set out in Annex B. The other investment managers aim to meet the targets set above the benchmarks detailed in Annex A over the long term.

The investment managers' performance is assessed on a quarterly basis, with independent performance data provided by the Pension Fund's global custodian Northern Trust. The Chief Financial Officer and/or their representative together with the Independent Advisor meet with the investment managers on an annual or more frequent basis to discuss performance.

The investment managers are paid fees relating to the value of the funds they are managing on the Pension Fund's behalf, or in the case of private equity on the amount committed. In some case e.g. private equity an additional performance related fee based is also payable.

There will always be a balance of cash used to manage benefit payments invested in-house and there may be occasions when the Committee decide to invest in cash on a short term basis. These investments will be placed in line with the Treasury Management Strategy Statement in place at the time.

7 Advice

The regulations set out the requirement for the Pension Fund to obtain proper advice at reasonable intervals. The Committee has three sources of advice independent of the investment managers used by the Pension Fund:

- Chief Financial Officer and their staff
- Investment Consultant – Mercer
- Independent Adviser – John Raisin Financial Services Limited

The Chief Financial Officer (or their representative) attends all Committee meetings to support the Committee to scrutinise both the performance of the investment managers and the investment consultant. The Investment Consultant and Independent Adviser attend Committee meetings as required.

8 Risk

The Pension Fund's investment strategy has an inherent degree of risk which has to be taken in order to achieve the rate of return required. The Pension Fund has put in place a number of controls in order to minimise the level of risk taken.

The benchmark the Committee has set involves a wide range of asset classes and geographical areas. This diversification reduces the risk of low returns. As the majority of the Fund is invested on a passive basis, risk of underperforming the benchmark has been significantly reduced.

Appointing a range of investment managers ensures that the risk of underperformance is reduced through diversification.

9 Responsible ownership

The Committee has agreed a responsible investment policy, which can be found on the website www.haringey.gov.uk/pensionfund

The Pension Fund believes the adoption by companies of positive Environmental, Social and Governance principles can enhance their long term performance and increase their financial returns. The Pension Fund has demonstrated this by adopting the United Nations Principles for Responsible Investment and by being a member of the Local Authority Pension Fund Forum, which undertakes engagement activity with companies on behalf of its members.

In addition, the Pension Fund has demonstrated this by allocating one-third of its equity portfolio (excluding emerging markets) to a passive fund that tracks the MSCI World Low Carbon Target Index. This index aims to reduce exposure to companies with the highest carbon footprints, relative to a market capitalisation benchmark.

The investment managers are expected to consider responsible investment issues when voting on behalf of the Pension Fund. However in instances where shareholder value and responsible investment conflict, the investment managers are instructed to vote for shareholder value and report these instances to the Committee. All investment managers are expected to vote in respect of all pooled funds.

10 Compliance with Myners Principles

The regulations require Local Government Pension Funds to state in their Statement of Investment Principles the extent to which the Fund's investment policy complies with published guidance on the Myners Principles. The Myners principles are a set of principles on investment decision making for occupational pension schemes. The Pension Fund

complies with all of these principles. The detail of the principles is set out in Annex D.

11 Additional Voluntary Contributions (AVCs)

The Pension Fund is required to provide scheme members with the opportunity to invest additional voluntary contributions. These are invested separately from the Pension Fund's other assets and the scheme members take the investment risk.

AVCs are invested with Prudential Assurance, Clerical & Medical and Equitable Life. Scheme members can choose which company to invest with (except Equitable Life, which is not open to new members) and select from a range of policies to suit their appetite for risk.

12 Other issues

Custody – The Pension Fund's assets are held by an independent global custodian, Northern Trust. The performance and fees for their contract are reviewed regularly. As the Pension Fund does not directly own equities, bonds or properties, custody activity is limited to controlling cash, valuation record keeping and performance analysis.

Stock Lending – The Pension Fund does not undertake any stock lending activities. However, the pooled funds operated by Legal & General engage in stock lending and the Pension Fund receives a share of the revenue generated.

Review process – This document is reviewed by the Committee on an annual basis and whenever any major change to the investment strategy is undertaken to ensure it remains up to date.

Publication – This document is published on the Haringey Council Pension Fund website www.haringey.gov.uk/pensionfund and forms part of the Pension Fund Annual Report.

Annexes

- A Investment managers and mandates
- B Global Equity & Bond benchmarks
- C Compliance with Myners principles
- D Investment beliefs

Annex A: Investment Managers and mandates

Manager	% of Total Portfolio	Mandate	Benchmark	Performance Target
Legal & General Investment Management	67.5%	Global Equities & Bonds	See Annex B	Index (passively managed)
CQS	5.0%	Multi Sector Credit	3 month GBP Libor + 4.5% p.a.	Benchmark
Allianz	5.0%	Infrastructure Debt	5.5% p.a.	Benchmark
CBRE Global Investors	7.5%	Conventional Property	IPD UK Pooled Property Funds All Balanced Index	+1% gross of fees p.a. over a rolling 5 yr period
Aviva Investors	5.0%	Long Lease Property	50% FTSE A 5-15 Year Gilt Index 50% FTSE 15 Years + Index*	+1.50% over the medium to long term
BlackRock	2.5%	Renewable Energy Infrastructure	8.0% Hurdle Rate/Preferred Return	9-10% net of fees
Copenhagen Infrastructure Partners (CIP)	2.5%	Renewable Energy Infrastructure	6.5% Hurdle Rate/Preferred Return	7-9% net of fees
Pantheon Private Equity	5.0%	Private Equity	MSCI World Index plus 3.5%	Benchmark.
Total	100.0%			

* The Fund invests in the Aviva Lime Property Fund, which invests in a diversified portfolio of UK Real Estate assets with long leases and strong covenants. The official performance objective is to outperform the composite benchmark in the table above by 1.5% over the medium to long term. In practice, the shorter term performance of the benchmark has the scope to perform very differently to the underlying property assets. Over shorter periods (less than 5 years), the Officers will assess the performance of this part of the portfolio on a total return basis, whereby around 60% to 80% of this is expected to be derived from rental income (with capital appreciation being the balance).

Annex B: Global Equity & Bond Benchmarks

Asset Class	Benchmark	Legal & General Investment Management
UK Equities	FTSE All Share	8.8%
Overseas Market Capitalisation Equities		28.8%
North America	FT World Developed North America Index (Unhedged)	12.7%
Europe ex UK	FT World Developed Europe ex-UK Index (Unhedged)	4.3%
Pacific ex Japan	FTSE Developed Asia Pacific (ex-Japan) Index	2.0%
Japan	FTSE Japan Index (Unhedged)	2.0%
Emerging Markets	FTSE Emerging Markets Index (Unhedged)	7.8%
Global Low Carbon Equities	MSCI World Low Carbon Target Index	14.9%
Index Linked Gilts	FTA Index Linked Over 5 Years Index	15.0%
Total		67.50%

Annex C: Compliance with Myners Principles

1. Effective Decision Making
<p><i>Administering authorities should ensure that:</i></p> <ul style="list-style-type: none"><i>decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation;</i><i>and</i><i>those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.</i>
<p><u>Haringey position</u></p> <p>Haringey offers regular training to all members of the Committee to ensure they have the necessary knowledge to make decisions and challenge the advice they receive.</p>
2. Clear Objectives
<p><i>An overall investment objective(s) should be set out for the fund that takes account of the scheme's liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be clearly communicated to advisers and investment managers.</i></p>
<p><u>Haringey position</u></p> <p>The Pension Fund sets out an investment objective in section 3 of this Statement of Investment Principles, which reflects the current deficit position of the Pension Fund and the desire to return to full funding with a minimum impact on the local tax payer. The Statement of Investment Principles is provided to all the Pension Fund's advisers and investment managers whenever it is updated.</p>

3. Risk and Liabilities

In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities. These include the implications for local tax payers, the strength of the covenant for participating employers, the risk of their default and longevity risk.

Haringey position

The Fund's investment strategy was set following the results of the last formal Actuarial Valuation, which incorporated these issues. The investment strategy has since been revised to seek to further improve it on a risk adjusted basis.

4. Performance Assessment

Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisers.

Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision making body and report on this to scheme members.

Haringey position

The Committee reviews the performance of Pension Fund investments on a quarterly basis and meets with investment managers at least once a year. Contracts with advisers are reviewed regularly. The Committee undertakes an assessment of their own effectiveness on a regular basis.

5. Responsible ownership

Administering authorities should:

- *adopt or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents*
- *include a statement of their policy on responsible ownership in the statement of investment principles*
- *report periodically to scheme members on the discharge of such responsibilities.*

Haringey position

The Pension Fund's fund managers have adopted or are committed to the Institutional Shareholders' Committee Statement of Principles.

The Pension Fund includes a statement of their policy on responsible ownership in section 9 of this Statement of Investment Principles. This is monitored on a quarterly basis through the Committee and reported to scheme members through the annual report to scheme members.

6. Transparency and reporting

Administering authorities should:

- *act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives*
- *provide regular communication to scheme members in the form they consider most appropriate.*

Haringey position

The Pension Fund communicates with its stakeholders through the publication of policy statements and an Annual Report on its website. The Pension Fund communicates regularly with its scheme members and the communication policy statement provides information about how this is done.

Annex 4

Statement of Investment Beliefs

The objective of this Statement is to set out the key investment beliefs held by the Pensions Committee and Board of Haringey Council. These beliefs will form the foundation of discussions, and assist decisions, regarding the structure of the Haringey Pension Fund, strategic asset allocation and the selection of investment managers.

The Investment beliefs have been prepared by the administering authority in consultation with the Independent Advisor and Investment Consultant. In forming these beliefs the Pensions Committee and Board take into consideration the ongoing advice received from Officers and Advisors.

1) Investment Governance

- a) The Fund has the necessary skills, expertise and resources to take decisions on asset allocations, rebalancing and fund manager appointments.
- b) Day to day investment decisions are delegated to regulated external fund managers that have appropriate skills & experience.
- c) Investment consultants, independent advisors and officers are a source of expertise and research to inform Committee decisions.
- d) The Pensions Committee and Board's primary goal is the security of assets and will only take decisions when it is convinced that it is right to do so. In that regard, training in advance of decision making is a priority.

2) Long Term Approach

- a) The strength of the employers' covenant allows a longer term deficit recovery period and for the Fund to take a long term view of investment strategy.

- b) The most important aspect of risk is not the volatility of returns but the risk of absolute loss and of not meeting the objective of facilitating low, stable contribution rates for employers.
- c) Illiquidity and volatility are risks which offer potential sources of additional compensation to the long term investor. Moreover, it is important to avoid being a forced seller in short term markets.
- d) Participation in economic growth is a major source of long term equity return.
- e) Over the long term, equities are expected to outperform other liquid assets, particularly government bonds.
- f) Well governed companies that manage their business in a responsible manner will likely produce higher returns over the long term.

3) Appropriate Investments

- a) Allocations to asset classes other than equities and government bonds (e.g. corporate bonds, private equity, infrastructure and property) offer the Fund other forms of risk premia (e.g. additional solvency risk/illiquidity risk).
- b) Diversification across asset classes and asset types will tend to reduce the volatility of the overall Fund return.

4) Management Strategies

- a) Passive management provides low cost exposure to asset class returns and is especially attractive in efficient markets where there is limited evidence that active management can consistently generate returns (after additional costs) that exceed index benchmarks. Most equity markets are sufficiently efficient to prefer passive equity investments.
- b) Active management will only be considered in markets in which passive approaches are either impossible or there is strong evidence that active management can add value over the long-term. Fixed income, property and alternatives are suited to active management.
- c) Active managers are expensive and fees should be aligned to the value created in excess of the performance of the market.

- d) Active management performance should be monitored over multi-year rolling cycles and assessed to confirm that the original investment process on appointment is being delivered and that continued appointment is appropriate.
- e) Implementation of strategies must be consistent with the governance capabilities of the Pensions Committee and Board.

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Report for: Pensions Committee 9th February 2017

Item number: 14

Title: Review of CQS (Multi-Sector Credit) Performance Target

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 result of the review of the performance target set for the multi-sector credit manager, CQS following significant changes in market environment and proposes a new target to reflect current market conditions.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

- 3.1. That the Committee note the content of the report and approve the new performance target for the multi sector credit manager, CQS as set out in Appendix 1 of this report.

4. Reason for Decision

- 4.1. The Committee agreed to a review of CQS's performance target at its 11th of July 2017 meeting. This paper presents the result and recommendation of the review.

5. Other options considered

- 5.1. None.

6. Background information

- 6.1. After a review of the Fund's Strategic Asset Allocation, the Pensions Committee agreed to allocate fund resources to a multi-sector credit mandate – CQS was selected and approved at the Committee meeting in August 2014 after a competitive selection exercise.
- 6.2. The Committee also agreed to set the manager a target of 5.6% (net of fees) per annum. Although, there has been some improvement in performance over the latter half of 2016, the manager significantly lagged its target in the first half of 2016 due mainly to changes in prevailing market conditions from when target was agreed and the manager's defensive position relative to other managers in the sector.
- 6.3. The more cautious approach to investment practiced by CQS was considered a plus point during manager selection. In the period since the award of the mandate, the defensive positioning has proven to be beneficial to the Fund during a period of widening credit spreads that has allowed CQS to deliver better returns in difficult market conditions for multi-sector credit managers.
- 6.4. Fund's investment consultant have expressed continued confidence in CQS to perform, but advise that the given CQS's investment style, current performance target will be difficult to achieve over a market cycle even if market conditions are favourable.

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 current performance target for CQS has proved difficult to achieve due to difficult macroeconomic conditions that the manager is unable to affect. Therefore, an adjustment to the target would be an appropriate action to allow the manager to continue to invest in line with the investment philosophy that was considered a positive attribute by the Committee when the manager was appointed.
- 8.2. In deciding to review the current performance target, the Committee should carefully weigh up the advice from the Fund's investment consultant, Mercer that the current performance target would be difficult to achieve even in favourable macroeconomic conditions.

Legal

8.3. The administering authority can review the investment manager's performance in accordance with the terms on which the appointment was made. There are no legal implications to the recommendation in this report.

Equalities

8.4. There are no equalities issues arising from this report.

9. Use of Appendices

9.1. Appendix 1 – Review of CQS (Multi-Sector Credit) Performance Target.

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

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Report for: Pensions Committee 9th February 2017

Item number: 15

Title: Investment Strategy Review (Non-Directional Investments)

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

Lead Officer: Oladapo Shonola, Head of Finance - Treasury & Pensions
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Ward(s) affected: N/A

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

1. Describe the issue under consideration

- 1.1. The Committee requested for a review of the Fund's strategy with a focus on potential non-directional investments that will offer some protection to the Fund against downside in equities. The attached report from the Fund's investment consultants, Mercer, outlines the ideas/strategies that could be implemented to achieve this.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

- 3.1. That the Committee note the content of this report and the attached appendices.
- 3.2. That the Committee decide on whether further diversification of Fund assets is required at this stage and, if so, which strategy/strategies to pursue (see below paragraph 3.3) – the Committee may also chose to defer a decision to another meeting.
- 3.3. That the Committee approve a currency hedging strategy for the Fund as follows:
 - Currency hedging on 50% of the developed markets overseas equities asset (see the Mercer Report attached as Appendix 2);
 - Implementation to be phased in over a six months period; and
 - Utilise existing relationship with L&G to implement strategy to ensure costs are kept low.

4. Reason for Decision

- 4.1. Members requested in November 2016 that a paper is brought to Committee that evaluates potential non-directional investments to equities as a way of potential further diversification of the Fund. Following training and review of the paper, a decision is required as to whether the Committee supports a shift in fund strategy and whether any of the options presented is acceptable to the Committee.
- 4.2. The Fund has benefited from the decline in sterling against the US dollar/Euro. Currency hedging could offer a way to bank some of the gains, but this will require a change to the Fund's strategic allocation. As this Committee is charged with making decisions on asset allocation, a decision is required on whether the Fund should add currency hedging to the strategy.

5. Other options considered

- 5.1. The paper presented by Mercer considers several ways that non-directionality can be achieved by the Fund. These will be considered at the training session and can be further discussed by members during the meeting.

6. Background information

- 6.1. One of the key roles of the Committee is setting of the Fund's asset allocation strategy. This sets out the desired allocation to various asset classes such as equities, bonds, property, etc. Different asset classes have different expected outcomes in terms of future returns, but together should provide the asset outperformance level required to enable the Fund to meet its future obligations to scheme members.
- 6.2. The current strategy has a high allocation to equities, property etc, whose values have a strong correlation to economic growth, the Committee is focused on funding the promised benefits primarily from investments returns while seeking to stabilise employer contributions. The Committee is required to keep the strategy under review considering the impact of funding levels and market conditions.
- 6.3. At its meeting in November 2016, the Committee requested that the Fund's investment consultants, Mercer, to research and evaluate non-directional asset classes that could offer some protection on equity downside and able to complement existing strategy.
- 6.4. The report by Mercer is attached at appendix 1. Mercer have identified these three areas that could help reduce directionality of the Fund and offer some downside protection against equities:

- Hedge Funds
- Multi-Asset Absolute Return
- Equity Protection
- Direct Lending/Private Debt

- 6.5. The paper also discusses **currency hedging** for the fund's overseas equities portfolio as a way to lock in gains made from the significant reduction in sterling; and briefly highlights the need to review the impact of expected rise in **inflation** on Fund obligations/assets.
- 6.6. It is estimated that the Fund has gained up to £140m in value as a result of the fall in the value of Sterling against all major currencies since the Brexit vote. Sterling is at a historic low against other major currencies, so the chances are it will start to appreciate at some point in the future.
- 6.7. As the uncertainty around the implementation of Brexit clears and investors confidence in the economic growth of the UK gradually returns, Sterling will likely start to recover some of the losses incurred in the post Brexit vote period.
- 6.8. Additionally, the award of a renewable energy mandate, both of which are non-Sterling denominated during commitment/investment period (up to 5 years), further highlights the need to have some form of protection should Sterling start to appreciate in value.
- 6.9. Initial enquiries has indicated specially designed product to hedge currency risk for these awards up to the end of the investment period will be expensive, costing as much as 5% of total value hedged over the duration. Hedging 50% of the overseas equities exposure over the same time period is estimated to cost approximately 0.06%.

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 Fund has benefitted from a period of significant growth in equities and index linked gilts due mainly to its overweight position in equities. A key responsibility of the Committee is to have a long term perspective when setting the Fund's investment strategy and ensuring that the appropriate level of diversification is maintained by the Fund.
- 8.2. The proposal to further diversify the Funds assets away from equities seems appropriate given the historic high level of valuation of equities.

Legal

8.3 Under Regulation 11 of the of the Local Government Pension Scheme (Management and Investment Funds) Regulations 2009 the administering authority must formulate a policy for the investment of its fund money and invest in accordance with that policy and the authority can vary its investment.

8.4 Members must in agreeing the currency hedging strategy set out in this report do so in accordance with the Fund's policy, investment statement and the funding strategy.

8.5 Members should note that Regulation 11 is no longer effective when the authority first publishes its investment strategy statement under Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Equalities

8.6 There are no equalities issues arising from this report.

9. Use of Appendices

9.1. Appendix 1 - Investment Strategy Review (Non Directional Assets)
Appendix 2 – Currency Hedging Review

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

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

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