

NOTICE OF MEETING

PENSIONS COMMITTEE AND BOARD

Monday, 12th September, 2022, 7.00 pm – George Meehan House, 294 High Road, Wood Green, London, N22 8JZ (watch the live meeting [here](#), watch the recording [here](#))

Members: Councillors Yvonne Say (Chair), John Bevan (Vice-Chair), Nick da Costa, Hymas, Thayahlan Iyngkaran, and Matt White

Employer Member: Keith Brown

Employer Member: Craig Pattinson

Employee Member: Ishmael Owarish

Employee Member: Randy Plowright

Quorum: 3 Council Members and 2 Employer / Employee Members

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. 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', 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**

To receive any apologies for absence.

3. **URGENT BUSINESS**

The Chair will consider the admission of any late items of Urgent Business. (Late items of Urgent Business will be considered under the agenda item where they appear. New items of Urgent Business will be dealt with under item 16 below).

4. DECLARATIONS OF INTEREST

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

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

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

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

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. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

To consider any requests received in accordance with Part 4, Section B, paragraph 29 of the Council's constitution.

6. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

Note from the Head of Legal and Governance (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.

7. MINUTES

To confirm and sign the minutes of the Pensions Committee and Board meeting held on 12 July 2022 as a correct record. **(To follow)**

8. AUDIT PROGRESS UPDATE

To receive a verbal update from the auditors.

9. PENSION ADMINISTRATION REPORT (PAGES 1 - 6)

This report provides updates regarding:

- Membership update
- Resourcing of the pensions administration team
- Update on Annual Benefit Statements
- Update on McCloud remedy activities

10. PENSION FUND QUARTERLY INVESTMENT AND PERFORMANCE UPDATE (PAGES 7 - 16)

This report provides the following updates for the quarter ended 30 June 2022:

- Independent advisor's market commentary
- Investment asset allocation
- Investment performance
- Funding position update
- London Collective Investment Vehicle (LCIV) update
- 2021/22 Statement of Accounts Update

11. CONSULTATION ON GOVERNANCE AND REPORTING OF CLIMATE CHANGE RISKS

Update on the government consultation. **(To follow)**

12. LOCAL AUTHORITY PENSION FUND FORUM (LAPFF) VOTING UPDATE (PAGES 17 - 20)

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and the Committee and Board has 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.

13. RISK REGISTER (PAGES 21 - 30)

This paper provides an update on the Fund's risk register and an opportunity for the Committee and Board to further review the risk score allocation.

14. FORWARD PLAN (PAGES 31 - 36)

The purpose of the paper is to identify topics that will come to the attention of the Committee and Board in the next twelve months and to seek members' input into future agendas. Suggestions for future training are also requested.

15. ACTUARIAL VALUATION UPDATE REPORT (PAGES 37 - 42)

This report provides an update on the 2022 actuarial valuation exercise.

16. NEW ITEMS OF URGENT BUSINESS

17. DATES OF FUTURE MEETINGS

To note the dates of future meetings:

22 November 2022

12 December 2022

23 January 2023

21 March 2023

18. EXCLUSION OF THE PRESS AND PUBLIC

Items 19-22 are likely to be subject to a motion to exclude the press and public from the meeting as they contain exempt information as defined in Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985); 3 and 5; namely information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

19. EXEMPT - PENSION FUND QUARTERLY UPDATE AND INVESTMENTS UPDATE (PAGES 43 - 84)

As per item 10.

20. EXEMPT - ACTUARIAL VALUATION UPDATE REPORT (PAGES 85 - 130)

As per item 15.

21. EXEMPT MINUTES

To confirm and sign the exempt minutes of the Pensions Committee and Board meeting on 12 July 2022 as a correct record. **(To follow)**

22. NEW ITEMS OF EXEMPT URGENT BUSINESS

Fiona Rae, Acting Committees Manager
Tel – 020 8489 3541
Email: fiona.rae@haringey.gov.uk

Fiona Alderman
Head of Legal & Governance (Monitoring Officer)
George Meehan House, 294 High Road, Wood Green, N22 8JZ

Friday, 02 September 2022

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Report for: Pensions Committee and Board – 12 September 2022

Title: Pensions Administration Update

Report authorised by: Toyin Bamidele, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officers: Tim Mpofo, Head of Pensions & Treasury, and Jamie Abbott, Pensions Manager, 020 8489 3824, Jamie.Abbott@haringey.gov.uk

Ward(s) affected: Not applicable

Report for Key/ Non Key Decision: Not applicable

1. Describe the issue under consideration

- 1.1. This report provides the Pensions Committee and Board (PCB) with the following updates regarding Pension Fund's administration activities:
- a. Membership update
 - b. Resourcing of the pensions administration team
 - c. Update on Annual Benefit Statements
 - d. Update on McCloud remedy activities

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is requested:

- 3.1. To note the report and the information provided regarding the Pension Fund's administration activities.

4. Reason for Decision

- 4.1. Not applicable.

5. Other options considered

- 5.1. Not applicable.

6. Background information

Membership Update

- 6.1. The table below provides a breakdown of Haringey Pension Fund's scheme members as at 30 June 2022.

Member status	30 June 2022
Active members	6,308
Pensioner members	8,426
Deferred members	10,727
Total scheme members	25,461

Resourcing the pensions administration team

- 6.2. Following the retirements of a few experienced members of staff last year, the Council has appointed replacements to some of the vacancies including the Pensions Manager role.
- 6.3. Due to the restructure of the pensions administration team earlier this year, there still remain a number of vacancies in the team which officers are currently recruiting for. These include the Pensions Team Leader and Pensions Payroll officer positions. Final applications close at the end of August 2022 with interviews expected in early September 2022.

Update on Annual Benefit Statements

- 6.4. The Local Government Pensions Scheme (LGPS) Regulations 2013 require the administering authorities to issue an Annual Benefit Statement (ABS) to all active and deferred members by 31 August following the end of the Scheme year to which the ABS relates.
- 6.5. The ABS provides scheme members with a summary of their pension benefits built up over the course of their membership to 31 March 2022. The statements were made available online on the member self-service portal before the 31 August 2022. A copy of the statement has been sent to members' home addresses with a message encouraging sign up to the member self-service portal.

Update on McCloud remedy activities

- 6.6. The Pensions Committee and Board has previously received advice regarding the outcome of the McCloud case, an age discrimination court case involving the transitional protection arrangements introduced as part of the 2014 reforms of the LGPS.
- 6.7. On 17 March 2022, the Public Service Pensions and Judicial Offices Bill received Royal Assent which turned it into an act of law. In mid-July 2022, the Department for Levelling Up Housing and Communities (DLUHC) provided an update on its work to rectify the "McCloud" age discrimination across all affected public service pension schemes, including the LGPS.

- 6.8. The Government is expected to publish its response to the 2020 consultation later this year. Subsequently, the Scheme Advisory Board intends on resuming their McCloud implementation groups (including representatives of different LGPS stakeholders) which the Department also plans to attend.
- 6.9. DLUHC have indicated their intention to publish the updated draft regulations for McCloud remedy implementation alongside the Government's consultation response. It is intended that regulations will come into force on 1 October 2023, following a period a consultation. A meeting with software providers to discuss the implementation of McCloud remedy to this timetable is planned for later this year.
- 6.10. A paper will be brought to the Pensions Committee and Board to consider the implications of the proposed remedial regulations once these have been issued.
- 6.11. Preliminary work is currently underway to assess the impact of the proposed amendments to the Pension Fund. Officers have engaged with Heywood, the Pensions Fund's administration software provider, to assist with the necessary data collection/validation in preparation for the activity necessary to implement the remedies for those members impacted by the proposed remedial regulations. The latest status report from Heywood is attached as Appendix 1 to this paper.
- 6.12. Officers anticipate that the implementation of the proposed remedial regulations will be both complex and time consuming, particularly the collection of information and the subsequent McCloud calculations required to perform any retrospective corrections required to member benefits. Additional resources are likely to be required to undertake this work.
- 6.13. Officers will continue to keep the Pensions Committee and Board informed of developments related to the McCloud remedy activities.

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Statutory Officer Comments (Director of Finance (including Procurement), Head of Legal and Governance, Equalities)

Finance and Procurement

8.1. The implementation of the McCloud remedial regulations is expected to increase the volume of work undertaken by the pensions administration service. If, additional resources are required, this may lead to an increase in costs related to the administration of the Pension Fund.

Head of Legal and Governance (Monitoring Officer)

8.2. The Head of Legal and Governance (Monitoring Officer) has been consulted on the content of this report. Members are referred specifically to the Public Service

Pensions and Judicial Offices Act 2022 referred to in this report as a result of the McCloud Case. There will be implications for the Pension Fund and legal advice will be provided on this when the report on this matter is brought back to the Pensions Committee and Board.

Equalities

8.3. The Local Government Pension Scheme is a defined benefit open scheme enabling all employees of the Council to participate. There are no impacts in terms of equalities issues arising from the contents of this report.

9. Use of Appendices

9.1. Appendix 1: McCloud Project Highlight Report

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

CUSTOMER NAME:	Haringey		
FROM:	11/06/2022	TO:	18/07/2022
DATE COMPLETED:	18/07/2022	COMPLETED BY:	Darren Scott

CURRENT STATUS	Green
LAST STATUS	Green
EXPECTED STATUS AT NEXT REVIEW	Green

TREND SINCE LAST REPORT	Stable
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Completed Tasks	Next Period
<p>The following activities have been completed so far:</p> <ul style="list-style-type: none"> • Kick off call/Employer survey • Run reports and identified all in scope members • Employer contact details supplied by pension fund • Data split and issued to employers – 12th November 2021 • Deadline for responses – 06th January 2022 • First chaser sent – 10th January 2022 • Second chaser sent – 27th January 2022 • 36 out of 84 employers have responded (43%) • Final extension given to allow pension fund to chase up employers, deadline – 15th April 2022 • Data re-extraction completed to identify missing members, data has been sent to employers, awaiting response. • Implementation Study submitted for sign off • Catchup call scheduled for 21st July 	<p>Activities planned for next period:</p> <ul style="list-style-type: none"> • Sign off Implementation Study • Catchup call on 21st July • Organise and analyse returned data • Send errors to pension fund/employers • Upload to Altair
Slippage and remedial action	Key risks and issues
	<ul style="list-style-type: none"> • Risk that employers do not respond or supply data in the incorrect format. Pension Fund will be supplied with a list of the employers who have not replied

Budget

Budgeted time used so far(hrs)	Original Budgeted Time (hrs)	Budgeted Time Remaining (hrs)
76:30	122:23	45:53



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Report for: Pensions Committee and Board – 12 September 2022

Title: Pension Fund Quarterly Investment and Performance Update

Report authorised by: Toyin Bamidele, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officer: Tim Mpofu, Head of Pensions and Treasury,
tim.mpofu@haringey.gov.uk

Ward(s) affected: Not applicable

**Report for Key/
Non Key Decision:** Not applicable

1. Describe the issue under consideration

- 1.1. This report provides the Pensions Committee and Board (PCB) with the following updates on the Pension Fund's performance for the quarter ended 30 June 2022:
- a. Independent advisor's market commentary
 - b. Investment asset allocation
 - c. Investment performance
 - d. Funding position update
 - e. London Collective Investment Vehicle (LCIV) update
 - f. 2021/22 Statement of Accounts Update

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

- 3.1. To note the information provided in section 6 of the report in respect of the activity for the quarter ended 30 June 2022.

4. Reason for Decision

- 4.1. Not applicable.

5. Other options considered

- 5.1. Not applicable.

6. Background information

6.1. The independent advisor has prepared a market commentary for the quarter ending 31 March 2022 which has been included as Appendix 1 to this paper.

Investment Asset Allocation

6.2. At 30 June 2022, the Pension Fund's investment assets had a market value of £1.687bn. This was a decrease of 6.01% from the March 2022 quarter, largely due to the uncertain global economic outlook as central banks continued to raise their baseline interest rates in a bid to bring down higher inflation.

6.3. Listed equities and fixed income were the asset classes most impacted by this activity. However, alternative investments performed strongly during the period thereby minimising the negative impact on overall fund performance. The Pension Fund's strategic asset allocation as at 30 June 2022 is shown in Table 1 below.

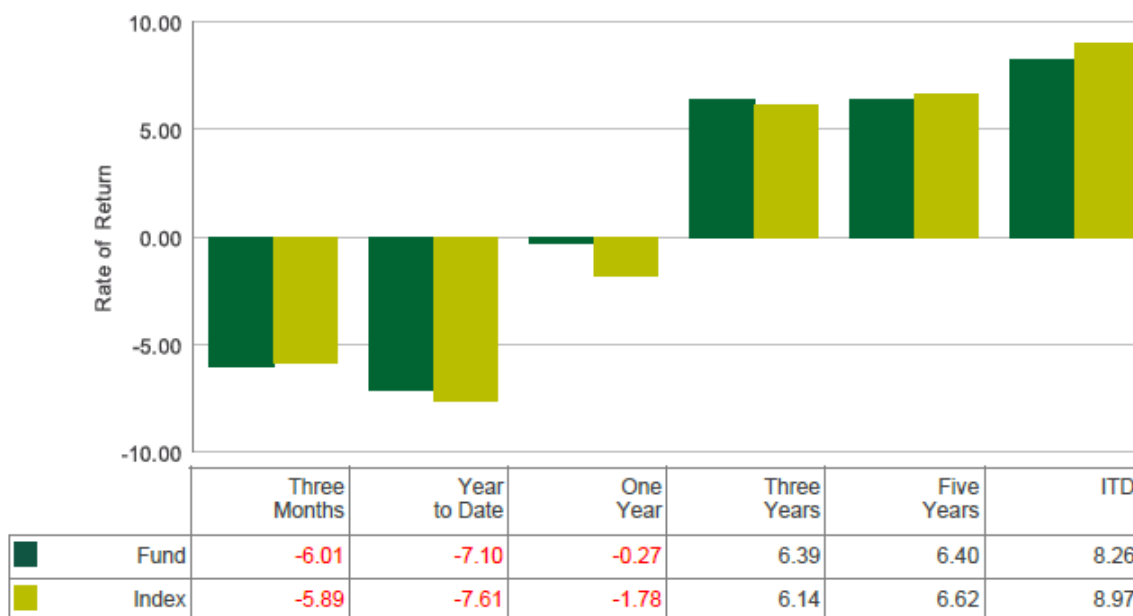
Table 1: Total Portfolio Allocation by Manager and Asset Class

	Value	Value	Value	Value	Allocation	Strategic	Variance
	30.09.2021	31.12.2021	31.03.2022	30.06.2022	30.06.2022	Allocation	
	£'000	£'000	£'000	£'000	%	%	%
Equities							
Multi Factor Climate Transition	388,309	387,002	372,311	343,564	20.36%	20.20%	0.16%
Emerging Markets Low Carbon	134,665	128,984	124,152	119,301	7.07%	7.10%	-0.03%
Global Low Carbon	380,840	381,887	368,195	323,147	19.15%	20.20%	-1.05%
Total Equities	903,814	897,873	864,658	786,012	46.59%	47.50%	-0.91%
Bonds							
Index Linked	144,992	152,838	143,026	114,641	6.79%	7.00%	-0.21%
Property							
Aviva	74,087	78,779	80,632	108,041	6.40%	6.00%	0.40%
CBRE	106,357	113,913	119,877	124,223	7.36%	6.50%	0.86%
The London Fund	5,353	5,640	5,476	9,374	0.56%	3.00%	-2.44%
Private equity							
Pantheon	102,560	116,891	118,611	134,271	7.96%	5.00%	2.96%
Multi-Sector Credit							
LCIV Multi Asset Credit	160,392	162,003	153,360	141,716	8.40%	10.00%	-1.60%
Multi-Asset Absolute Return							
LCIV Absolute Return	129,425	171,186	178,788	142,035	8.42%	7.50%	0.92%
Infrastructure Debt							
Allianz	45,544	45,788	45,610	41,701	2.47%	2.50%	-0.03%
Renewable Energy Infrastructure							
CIP	15,668	14,726	13,773	15,700	0.93%	1.25%	-0.32%
Blackrock	22,700	23,437	20,017	20,887	1.24%	1.25%	-0.01%
LCIV Renewable Infrastructure	4,915	16,992	17,983	15,745	0.93%	2.50%	-1.57%
Cash & NCA							
Cash	5,886	18,316	33,251	32,856	1.95%	0.00%	1.95%
Total Assets	1,721,693	1,818,382	1,795,062	1,687,202	100.00%	100.00%	

Investment Performance

- 6.4. The performance strategy report for the quarter to 30 June 2022 is attached to this report as Confidential Appendix 2. This has been prepared by the Fund's Custodian, Northern Trust. The Pension Fund's overall returns for the quarter are summarised in the chart below.

HARINGEY PENSION FUND TOTAL FUND GROSS OF FEES



Index: Haringey New Total Plan BM

Funding Position Update

- 6.5. At the most recent actuarial valuation of the Pension Fund carried out as at 31 March 2019, the Pension Fund had a funding level of 100.4%. This meant that the Pension Fund's investment assets were sufficient to pay all pension benefits accrued at that date, based on the underlying actuarial assumptions.
- 6.6. The Pension Fund's Actuary, Hymans Robertson, regularly calculates an indicative funding position update based on the latest actuarial assumptions. The latest actuarial assumptions suggest that the funding level has increased since March 2019, largely driven by the slightly higher than expected investment returns over the past three years. However, the outlook for future returns over the next 20 years has fallen slightly which is likely to have increased the value placed on liabilities.
- 6.7. The next actuarial valuation exercise is currently underway and will be carried out as at 31 March 2022, with new contribution rates to apply from 1 April 2023.

London Collective Investment Vehicle (LCIV) Update

- 6.8. Haringey Pension Fund, alongside all the London Borough funds, is a member of the London Collective Investment Vehicle (LCIV), one of the 8 asset pools that was

set up after the government guidance issued in November 2015. The Pension Fund had approximately 72% of assets invested with the pool as at 30 June 2022.

2021/22 Statement of Accounts Update

- 6.9. The Pension Fund is required to produce annual statement of accounts and have them independently audited. The Accounts and Audit (Amendment) Regulations 2021 required the Council to publish the unaudited Statement of Accounts (including the accounts for Haringey Pension Fund) for the year ending 31 March by 1 August 2022.
- 6.10. The Council has given notice that it has not yet published the draft Statement of Accounts for 2021/22 and as a result, the period for exercise of public inspection has been delayed.
- 6.11. The delay has arisen due to the impact of COVID-19 on both the complexity of the external audit and the pace at which it can be completed, in addition to the increased assurance work auditors are required to carry out nationally with respect to asset valuations.
- 6.12. Work on the 2020/21 Statement of Accounts external audit has been ongoing since November 2021, however BDO, the Council's external auditor had to pause the exercise in the spring of 2022 due to other client commitments.
- 6.13. Officers are actively engaging with BDO to complete this activity as soon as possible.

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Statutory Officer Comments (Director of Finance (including Procurement), Head of Legal and Governance, Equalities)

Finance and Procurement

8.1. There are no direct financial impacts from the contents of this report.

Head of Legal and Governance (Monitoring Officer)

- 8.2. The Council as administering authority for the Haringey Pension Fund must periodically review the suitability of its investment portfolio to ensure that returns, risk and volatility are all appropriately managed and are consistent with its overall investment strategy.
- 8.3. All monies must be invested in accordance with the Investment Strategy Statement (as required by Regulation 7 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016) and members of the

Committee should keep this duty in mind when considering this report and take proper advice on the matter.

Equalities

8.4. The Local Government Pension Scheme is a defined benefit open scheme enabling all employees of the Council to participate. There are no impacts in terms of equalities issues arising from the contents of this report.

9. Use of Appendices

9.1. Appendix 1: Independent Advisor's Market Commentary Apr-Jun 2022

9.2. Confidential Appendix 2: Pension Fund Performance Report

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

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JOHN RAISIN FINANCIAL SERVICES LIMITED

Independent Advisors Report

Market Background April to June 2022

For the second Quarter in a row World Equity and Bond markets declined. World Equity markets as measured by the MSCI World Index fell by 16% (in \$ terms) in the April to June 2022 Quarter. This compared with a fall of around 5% in World Equity markets in the January to March 2022 Quarter. The April to June Quarter saw not only significant overall falls in Listed Equity markets but also significant volatility as market participants reacted to anticipated or actual monetary policy and economic developments.

As in the previous Quarter concerns regarding interest rate rises (actual and anticipated tightening of monetary policy by the major central banks) and concerns about heightened inflation were major factors adversely affecting markets. The continuing Russian invasion of Ukraine was another negative factor affecting markets worldwide. In this context Jay Powell Chair of the US Federal Reserve stated (on 4 May 2022) that *"In addition to the effects on inflation, the invasion and related events are likely to restrain economic activity abroad and further disrupt supply chains..."* Concerns regarding economic slowdown or even recession increased. In this climate of rising/anticipated rising interest rates and significant inflationary concerns it was no surprise that both Government and Corporate Bonds also weakened during the April to June Quarter.

The United States continued to experience clearly elevated levels of inflation. The headline CPI index which had reached 8.5% in March 2022 reached 9.1% in June 2022 the largest 12 month increase since November 1981. Far more importantly, from a policy perspective, the Core PCE Index, which is closely observed by the Federal Reserve when determining monetary policy remained well above its target of 2% inflation. Core CPE inflation which had been clearly above 2% throughout the period April 2021 to March 2022 continued to remain well above target at 4.9% in April, 4.7% in May and 4.8% in June. Unemployment remained low throughout the Quarter at 3.6%.

During the Quarter, in the context of inflation continuing clearly above target and low unemployment the US Federal Reserve acted decisively to seek to curb inflation with Chair Jay Powell stating, for example, at his 15 June 2022 Press Conference *"From the standpoint of our congressional mandate to promote maximum employment and price stability... The labor market is extremely tight, and inflation is much too high."* At its March 2022 meeting the Federal Open Markets Committee (FOMC) had raised its benchmark interest rate, the Federal Funds rate by 0.25%, the first increase since 2018. At its May meeting the FOMC raised the Federal Funds rate by a further 0.5%. At the June meeting the FOMC increased interest rates by a further 0.75%, the first such increase since 1994. As a result of the June policy decision the target range for the Federal Funds rate was 1.5% to 1.75%. Further increases in interest rates were clearly indicated. The press release issued after the June meeting stated that the FOMC *"anticipates that ongoing increases in the target range will be appropriate."* The Summary of Economic Projections issued after the June 2022 FOMC meeting indicated that Federal Reserve Officials anticipate the Federal Funds rate to rise to 3.4% by the end of 2022 compared to their 1.9% estimate of March 2022.

In the context of the ending of ultra loose monetary policy which had both supported financial markets and the economy in general and the rapid tightening of monetary policy through two successive rises in the Federal Funds rate of 0.5% and 0.75% with more clearly to follow it was little surprise that US equities suffered a very poor quarter. Having fallen 5% in the previous Quarter the S&P 500 index fell by over 16% during the April to June Quarter which added to its fall in the January to March 2022 Quarter resulted in the worst first half (calendar) year return since 1970. Sentiment was adversely affected not merely by the likely effects of high inflation and rising interest rates on company earnings in general but concerns about the effects of the Federal Reserve's (new) approach to interest rate policy on the wider economy with some market commentators fearing a resultant clear economic slowdown or even recession.

Eurozone Equities had another poor quarter. Having declined by over 9% (in Euro terms) in the January to March 2022 Quarter the MSCI EMU index declined by over 10% in the April to June Quarter. High inflation continued with the Harmonised Index of Consumer Prices (HICP) which was 7.4% in March and April rising to 8.1% in May and 8.6% in June. The Russian invasion of Ukraine was a further clear Eurozone market detractor with the release issued after the April monetary policy meeting of the European Central Bank including the statement *"The conflict and the associated uncertainty are weighing heavily on the confidence of businesses and consumers. Trade disruptions are leading to new shortages of materials and inputs. Surging energy and commodity prices are reducing demand and holding back production."*

The ECB, again, did not increase interest rates during the Quarter. This was in clear contrast to both the Bank of England and in particular the US Federal Reserve. However, while the "Combined monetary policy decisions and statement" issued after the April ECB policy meeting reiterated previous decisions to conclude its asset purchase programme, the statement issued after the June meeting signalled a clear intention to further significantly tighten monetary policy and to adopt an approach closer to that of the Bank of England and US Federal Reserve. At her press conference on 9 June Christine Lagarde President of the ECB announced, based on the latest ECB assessment, an intended 0.25% increase in interest rates at the July policy meeting, a possible 0.5% increase at the September meeting and further increases at later policy meetings. Christine Lagarde's press conference statement included the following *"High inflation is a major challenge for all of us. The Governing Council will make sure that inflation returns to its 2% target over the medium term. In May inflation again rose significantly...inflation pressures have broadened and intensified...Eurosystem staff have revised their baseline inflation projections up significantly. These projections indicate that inflation will remain undesirably elevated for some time...we undertook a careful review of the conditions which, according to our forward guidance, should be satisfied before we start raising the key ECB interest rates. As a result of this assessment, the Governing Council concluded that those conditions have been satisfied. Accordingly... we intend to raise the key ECB interest rates by 25 basis points at our July monetary policy meeting. Looking further ahead, we expect to raise the key ECB interest rates again in September. The calibration of this rate increase will depend on the updated medium-term inflation outlook. If the medium-term inflation outlook persists or deteriorates, a larger increment will be appropriate at our September meeting. Third, beyond September, based on our current assessment, we anticipate that a gradual but sustained path of further increases in interest rates will be appropriate..."*

However, within a week of its June policy setting meeting the ECB Governing Council felt the need to hold an emergency meeting. This was called in the context of a potential sovereign debt crisis after bond yields of weaker Eurozone countries, including Italy and Spain, increased significantly after the ECB's decision on 9 June not merely confirming the end of its asset purchase programme but to start raising interest rates from July 2022. The decision to call this emergency meeting indicated that the ECB had quickly become concerned that their objective of tackling Eurozone inflation could result in significant increases in bond yields and a debt crisis in the Eurozone. The "Statement after the ad hoc meeting of the ECB Governing Council" on 15 June indicated that it would "...accelerate the completion of the design of a new anti-fragmentation instrument..." an instrument to support the bonds of the weaker eurozone economies. The form of this instrument, subsequently named the transmission protection instrument or TPI was announced on 21 July 2022.

As in the January to March 2022 Quarter UK Listed Equities performed clearly above Global Equities. While in absolute terms the FTSE All Share index performed negatively over the April to June Quarter it lost (only) 5% in £ terms. This relative "success" was, as in the previous Quarter driven by the FTSE 100 index of the largest companies. While the FTSE 100 declined by under 4% the FTSE 250 index declined by 11%.

The Minutes of the June meeting of the Bank of England Monetary Policy Committee included the statement that "*Labour demand indicators had remained strong, alongside evidence of persistently elevated recruitment difficulties...*" The UK Unemployment rate remained low but rose slightly, as reported by the Office for National Statistics, from 3.7% in the January to March 2022 Quarter to 3.8% in the April to June 2022 Quarter. UK CPI which had been 7.0% in March 2022 rose to 9.0% in April 2022, 9.1% in May and 9.4% in June. By June 2022, the Monetary Policy Committee (MPC) of the Bank of England had increased Bank Rate (interest rates) to 1.25% as a result of 0.25% increases at both its May and June 2022 meetings. This approach which resulted in an increase in interest rates of 0.5% during the Quarter was clearly significantly more cautious than that of the US Federal Reserve which increased interest rates by 1.25% during the Quarter and which also clearly indicated significant further future rate increases. The Monetary Policy Summary issued after the May 2022 MPC meeting included the statement "*...given the current tightness of the labour market, continuing signs of robust domestic cost and price pressures, and the risk that those pressures will persist, the Committee voted to increase Bank Rate by 0.25 percentage points at this meeting...*"

The Monetary Policy Summary issued after the June 2022 MPC meeting included the statement "*In view of continuing signs of robust cost and price pressures, including the current tightness of the labour market, and the risk that those pressures become more persistent, the Committee voted to increase Bank Rate by 0.25 percentage points, to 1.25%, at this meeting.*" Six Members of the MPC voted for this 0.25% increase while a minority of three Members considered that circumstances were such to justify a 0.5% increase. The Minutes of the June MPC meeting state "*These [three] members put a higher weight on the prospect of more resilience in demand or shortfalls in supply or both, such that cost and capacity pressures would remain relatively strong over the forecast period... Faster policy tightening now would help to bring inflation back to the target sustainably in the medium term, and reduce the risks of a more extended and costly tightening cycle later.*"

Japanese Equities although posting a negative in absolute terms performed more positively than Global Equities, as in the previous Quarter. The Nikkei 225 Index declined by approximately 5% (in Yen terms) over the April to June Quarter. Japanese inflation finally reached the Bank of Japan's inflation target rising to slightly over 2%.

The Bank of Japan in stark contrast to other major central banks maintained, however, its ultra loose monetary policy at both its April and June policy meetings. It maintained commitment to its negative (overnight) interest rate of -0.1% and pledged to continue to intervene in markets (through bond purchases) to maintain the yield on 10 year Japanese Government Bonds at around 0%. The Bank of Japan expressed concerns regarding economic weakness and that inflationary increases may be transitory and therefore considered it needed to continue its ultra loose monetary policy approach. This clearly divergent approach to monetary policy compared to the United States resulted in significant volatility and weakness in the Yen compared to the US dollar.

Although both Asian and Emerging Market equities as a whole declined during the April to June 2022 Quarter, they performed clearly better than world markets as a whole which was in clear contrast to the previous 12 months. Asian (excluding Japan) and Emerging Markets clearly lagged developed western markets during the year April 2021 to March 2022. During this period, the MSCI World index advanced by 10% (in \$ terms) while the MSCI AC Asia (excluding Japan) fell over 14% (in \$ terms) and the MSCI Emerging Markets index fell over 11% (in \$ terms). During the April to June 2022 Quarter while World Markets fell by 16% (in \$ terms) the MSCI Asia (excluding Japan) index fell by 9% and the MSCI Emerging Markets index by 11.5%. This relative outperformance by Asia and Emerging Markets may partly reflect the past relative performance of these markets against western developed markets. One positive factor, however, for Asia and Developing Markets was the performance in the later part of the Quarter of China in the context of the positive economic effect of the relaxation of COVID lockdown measures and reductions in quarantine requirements and market expectations of further economic stimulus by the Chinese government.

As in the previous Quarter, benchmark Government bonds, experienced a poor Quarter with yields again rising sharply (and prices therefore falling). The 10 Year Treasury yield increased from 2.34% to 3.01%. The 10 Year Gilt yield rose from 1.61% to 2.23% and the 10 Year German Bund from 0.55% to 1.34%. There were also significant increases in the yields (and therefore price falls) in the major 2 Year Government Bonds. High inflation data, central bank policy tightening and consequent interest rate rises/expectations of further rises were, again, negative factors for both government and Corporate Bonds. Overall Corporate Bonds underperformed the major Government Bonds with concerns regarding the future economic outlook perhaps another negative factor for Corporate Bonds in addition to significant inflation and interest rate concerns.

18 August 2022

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“Strategic and Operational Support for Pension Funds and their Stakeholders”
www.jrfpensions.com

Report for: Pensions Committee and Board – 12 September 2022

Title: Local Authority Pension Fund Forum (LAPFF) Update

Report authorised by: Toyin Bamidele, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officer: Tim Mpofu, Head of Pensions and Treasury,
tim.mpofu@haringey.gov.uk

Ward(s) affected: Not applicable

**Report for Key/
Non Key Decision:** Not applicable

1. Describe the issue under consideration

1.1. This paper provides an update on the Local Authority Pension Fund Forum's (LAPFF) engagement and voting activities on behalf of the Pension Fund. The Pension Fund is a member of LAPFF, and the Pensions Committee and Board has previously agreed that the Fund's investment managers should cast its votes at investor meetings in line with the LAPFF voting recommendations.

2. Cabinet Member Introduction

2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

3.1. To note the report.

4. Reason for Decision

4.1. Not applicable

5. Other options considered

5.1. Not applicable.

6. Background information

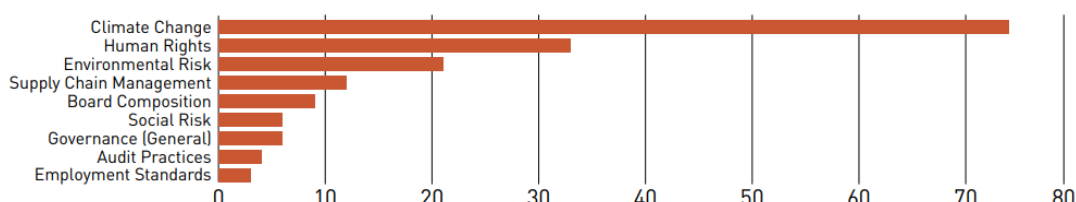
6.1. Haringey Pension Fund is a member of the Local Authority Pension Fund Forum (LAPFF), a shareholder engagement group that regularly engages with companies to encourage best practice and effect positive change. LAPFF engages directly

with senior management and company boards to ensure they have the right policies in place to create value responsibly.

Engagement Report

- 6.2. During the quarter to 30 June 2022, LAPFF engaged with 90 companies domiciled in over 20 countries. Most of this engagement was on climate change related issues.
- 6.3. The chart below shows the breakdown of engagement topics over the quarter.

ENGAGEMENT TOPICS



Voting Alerts

- 6.4. There were 10 voting alerts received from LAPFF during the quarter and the outcome of votes, as well as how the Pension Fund's equity manager, Legal and General Investment Management (LGIM) voted is detailed in the table below.
- 6.5. LGIM voting in alignment with LAPFF recommendations 80% of the time, opting to vote in line with management for two of the resolutions.
- 6.6. A couple of shareholder resolutions requesting the development of a Climate Policy were also approved by a majority of shareholders invested in those companies.

Table 1 – Quarter Voting Summary

Company	Description	LAPFF Recommendation	LGIM Vote	AGM Vote Outcome
Barclays	Management resolution on Climate Strategy Report	Against	Against	For (81%)
BP Plc	Management Resolution on Climate Strategy Report	Against	For	For (89%)
Caterpillar Inc	Shareholder resolution requesting the development of a Climate Policy	For	For	For (96%)

Company	Description	LAPFF Recommendation	LGIM Vote	AGM Vote Outcome
Drax Group	Annual report	Against	For	For (99%)
Dollar Tree	Shareholder resolution requesting the development of a Climate Policy	For	For	For (55%)
Electric Power Development	Shareholder resolution requesting the development of a Climate Policy	For	For	Against (74%)
Glencore	Management resolution on Climate Progress Report	Against	Against	For (76%)
Monster Beverage	Shareholder resolution requesting the development of a Climate Policy	For	For	Against
Standard Chartered	Management Resolution on Climate Strategy Report	Against	Against	For (83%)
Sumitomo Mitsui Financial Group	Management Resolution on Climate Strategy Report	For	For	Against

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Statutory Officer Comments (Director of Finance (including procurement), Head of Legal and Governance, Equalities)

Finance and Procurement

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

Head of Legal and Governance (Monitoring Officer)

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. Not applicable.

9. Use of Appendices

9.1. None.

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

Report for: Pensions Committee and Board – 12 September 2022

Title: Haringey Pension Fund Risk Register

Report authorised by: Toyin Bamidele, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officer: Tim Mpofu, Head of Pensions and Treasury,
tim.mpofu@haringey.gov.uk

Ward(s) affected: Not applicable

**Report for Key/
Non Key Decision:** Not applicable

1. Describe the issue under consideration

- 1.1. This paper has been prepared to update the Pensions Committee and Board on the Pension Fund's risk register and provide an opportunity for the Pension Committee and Board to further review the risk score allocation.

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

- 3.1. To note and provide any comments on the Pension Fund's risk register. The area of focus for review at the meeting is Governance.

4. Reason for Decision

- 4.1. Not applicable.

5. Other options considered

- 5.1. Not applicable.

6. Background information

- 6.1. The Pensions Regulator requires that the Pension Committee and Board (PCB) establish and operate internal controls for the Pension Fund. 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 PCB previously approved a full version of the risk register on 20 September 2016 and from each meeting after this date, different areas of the register have been reviewed and agreed so that the risk register remains current.
- 6.3. The Pension Fund's risk register covers administration, governance, investment, accounting, funding, and legislation risks. Appendix 1 to this paper includes an assessment of the governance risks which have been reviewed and updated for the PCB to provide feedback on at the meeting. The other risk areas will be presented to the PCB for an in-depth review in forthcoming meetings.

Risk Scoring

- 6.4. The Pension Fund's risk scoring assesses the impact and likelihood of an identified risk occurring. This is assessed based on a score of 1 (low impact, unlikely to occur) – 5 (high impact, likely to occur). The overall score for each risk is grouped using the RAG (Red-Amber-Green) rating system below.

RAG Rating	Scoring Range
	25 - 16
	15 - 10
	Less than 10

Key identified risks

- 6.5. The Pension Fund has identified a few key risks of particular concern over the short to medium term. These have been summarised in the table below.

Key identified risk	RAG Rating	Update on Risk	Actions taken to manage and mitigate risks
INV13 – High inflation		Consumer Prices Index (CPI) inflation in July 2022 came in at 10.1%, which was higher than consensus expectations. This has increased concerns that high inflation may be proving to more persistent than initially thought.	The Pension Fund has several investment mandates in inflation linked strategies such as property and renewable infrastructure which should provide some level of inflation protection.
INV14 – Increasing risk of a market downturn		The Bank of England's Monetary Policy Committee has stated that it will take the necessary actions to return inflation to the 2% target. It is widely anticipated that in its bid to manage inflation, the Bank of England will raise rates aggressively with has	Officers will continue to monitor the situation as it develops, consulting with investment managers where necessary, and making the appropriate recommendations to the Pensions Committee and Board.

Key identified risk	RAG Rating	Update on Risk	Actions taken to manage and mitigate risks
		increased the risk of a market downturn.	
ACC1 – Delay of publication of Statement of Accounts		<p>The Council has given notice that it has not yet published the draft Statement of Accounts for 2021/22 and as a result, the period for exercise of public inspection has been delayed.</p> <p>This has increased the risk of the Pension Fund being unable to produce the Annual Report for 2021/22 by the statutory deadline.</p>	Officers are actively engaging with the external auditors to complete this activity soon as possible.

6.6. Officers will continue to keep the Pension Fund's risk register under constant review.

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Statutory Officer Comments (Director of Finance (including procurement), Head of Legal and Governance, Equalities)

Finance and Procurement

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

Head of Legal and Governance (Monitoring Officer)

8.2. The Head of Legal and Governance has been consulted on the content of this report. Members should refer to the matters referred to in paragraph 6.5 of this report and the risks that these poses to the Pension Fund. Actions taken must not only manage but also mitigate the risk.

Equalities

8.3. Not applicable.

9. Use of Appendices

9.1. Appendix 1: Haringey Pension Fund Risk Register Review – Governance Risks

9.2. Appendix 2: Haringey Pension Fund Summary Risk Register

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

London Borough of Haringey Pension Fund Risk Register										
Risk Ref	Risk Group	Risk Description	Impact	Likelihood	Risk Score	Controls and Mitigations In Place	Further Actions	Revised Likelihood	Total Risk Score	Reviewed on
GOV1	Governance	The nature of appointments to the Pensions Committee and Board leads to frequent and/or extensive turnover of members resulting in a loss of technical and operational knowledge about the Pension Fund and therefore, an inexperienced Pensions Committee and Board.	4	3	12	<p>1) The Pensions Committee and Board's membership is comprised of a diverse representation which include elected members, employer representatives and employee representatives.</p> <p>2) The current membership of the Pensions Committee and Board includes former Chairs and several members who have served on the Committee and Board for over 3 years.</p> <p>3) All new members joining the Pensions Committee and Board are required to undertake induction training. A comprehensive training programme is developed in line with the CIPFA guidances and regularly reviewed and updated.</p>	<p>Treat</p> <p>1) Officers will continue to monitor membership turnover and arrange for the relevant training to be provided to members as required.</p>	2	8	31/08/2022
GOV2	Governance	Members have insufficient knowledge of regulations, guidance and best practice to make good and informed decisions.	4	3	12	<p>1) A Training Needs Analysis is undertaken annually to identify knowledge gaps and the training programme adapted as required.</p> <p>2) All new members joining the Pensions Committee and Board are required to undertake induction training. A comprehensive training programme is developed in line with the CIPFA guidances and regularly reviewed and updated.</p> <p>3) Training is frequently provided prior to a meeting where the Pensions Committee and Board is required to make a key decision.</p> <p>4) Members are encouraged to undertake self-directed training. A report of training undertaken by members during the year is included in the Pension Fund's Annual Report.</p>	<p>Treat</p> <p>1) Officers will keep member training activity and training needs analysis under constant review.</p> <p>2) Officers, in consultation with the Chair, will explore possible solutions for members to undertake structured self-directed training programmes.</p>	2	8	31/08/2022
GOV3	Governance	Officers lack the knowledge and skills required to effectively advise elected members and/or carry out administrative duties.	4	2	8	<p>1) Officer roles and responsibilities identify the relevant knowledge and skills required to undertake their duties effectively.</p> <p>2) The Pension Fund's administration and investments team is diverse with a mixture of experience across the team.</p> <p>3) Training and development plans are in place for all officers as part of the Council's performance appraisal programme.</p>	<p>Treat</p> <p>1) Officers in leadership positions will continually assess the knowledge and development requirements of the Pension Fund's administration and investments team.</p>	2	8	31/08/2022
GOV4	Governance	Lack of engagement from employers and members means that communicating decisions becomes a "tick box" exercise resulting in a lack of accountability.	5	2	10	<p>1) The Pension Fund's approach to communicating with all stakeholders is set out in the Communications Strategy.</p> <p>2) There is employee and employer representation on the Pension Fund's Committee and Board with full voting rights.</p>	<p>Treat</p> <p>1) There remains a notable lack of engagement with employers particularly related to consultations and attendance to employer forums. Officers will put in place a plan to increase engagement with employers.</p>	1	5	31/08/2022
GOV5	Governance	Weak procurement processes lead to legal challenge or failure to secure the best value for the value when procuring new services.	5	1	5	<p>1) All procurement activity is carried out in line with the Council's procurement rules and guidance. Expert legal and procurement advice sought where appropriate.</p>	<p>Tolerate</p> <p>1) Current governance arrangements remain in place.</p>	1	5	31/08/2022

Appendix 1 Governance Risks Review

GOV6	Governance	Failure to comply with legislation and regulations leads to illegal actions/decisions resulting in financial loss and / or reputational damage	5	1	5	<p>1) Officers maintain knowledge of legal framework for routine decisions.</p> <p>2) The Council's legal team reviews all Pensions Committee and Board papers, and any other legal documents relevant to the Pension Fund</p> <p>3) The Pension Fund has engaged a team of experts which include the fund's Independent Advisor, Actuary and Investment Consultants. These are highly experienced individuals with in depth knowledge of the various aspects of administering the Local Government Pension Scheme.</p>	<p>Tolerate</p> <p>1) Current governance arrangements remain in place.</p>	1	5	31/08/2022
GOV7	Governance	Pension Fund objectives are not defined and agreed leading to lack of focus of strategy to facilitate the aims of the LGPS.	4	1	4	<p>1) The Fund's objectives are clearly defined in the Funding Strategy Statement and the Investment Strategy Statement. The reports are regularly reviewed and approved by the Pensions Committee and Board.</p>	<p>Tolerate</p> <p>1) Officers will ensure Fund strategy statements are kept up to date and reviewed by the Pensions Committee and Board regularly.</p>	1	4	31/08/2022
GOV8	Governance	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	1	4	<p>1) The Pensions Committee and Board is scheduled to meet five times during the financial year 2022/23.</p> <p>2) Where urgent decisions are required, an additional meeting can be arranged outside the scheduled meetings.</p> <p>3) Delegation of necessary authority can be granted to relevant officers for extremely time critical matters.</p>	<p>Tolerate</p> <p>1) Current governance arrangements remain in place.</p>	1	4	31/08/2022
GOV9	Governance	Known risks not monitored leading to adverse financial, reputational or resource impact.	4	1	4	<p>1) The Pensions Committee and Board receives an updated version of the risk register as an agenda item for all meetings. This includes a review of all high risk items and a periodic review of risks by category of risk.</p> <p>2) Members of the Pensions Committee and Board are invited to provide comment on any current and/or emerging risks.</p>	<p>Tolerate</p> <p>1) Officers will keep the Pension Fund's risk register under regular review and provide an update to the Pensions Committee and Board at each regular meeting.</p>	1	4	31/08/2022
GOV10	Governance	Failure to review existing contracts means that opportunities are not exploited.	3	2	6	<p>1) The Pension Fund regularly reviews existing contracts to ensure that they provide good value.</p> <p>2) Several of the Pension Fund's contracts are re-tendered at least once every five years.</p>	<p>Treat</p> <p>1) Officers will continue to review existing contracts and service requirements to ensure the best value is achieved for scheme members.</p>	1	3	31/08/2022
GOV11	Governance	Pensions Committee and Board members have undisclosed conflicts of interest.	3	1	3	<p>1) Declaration of conflict of interest is a standing item on the agenda.</p> <p>2) All members of the Committee are required to complete an annual declaration of interest form.</p>	<p>Tolerate</p> <p>1) The requirement for Pensions Committee and Board members to disclose any conflicts of interest remains in place.</p>	1	3	31/08/2022

London Borough of Haringey Pension Fund Risk Register			
Governance			
Risk Ref	Risk Group	Risk Description	Risk Score
GOV1	Governance	The nature of appointments to the Pensions Committee and Board leads to frequent and/or extensive turnover of members resulting in a loss of technical and operational knowledge about the Pension Fund and therefore, an inexperienced Pensions Committee and Board.	12
GOV2	Governance	Members have insufficient knowledge of regulations, guidance and best practice to make good and informed decisions.	12
GOV3	Governance	Officers lack the knowledge and skills required to effectively advise elected members and/or carry out administrative duties.	8
GOV4	Governance	Lack of engagement from employers and members means that communicating decisions becomes a "tick box" exercise resulting in a lack of accountability.	10
GOV5	Governance	Weak procurement processes lead to legal challenge or failure to secure the best value for the value when procuring new services.	5
GOV6	Governance	Failure to comply with legislation and regulations leads to illegal actions/decisions resulting in financial loss and / or reputational damage	5
GOV7	Governance	Pension Fund objectives are not defined and agreed leading to lack of focus of strategy to facilitate the aims of the LGPS.	4
GOV8	Governance	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
GOV9	Governance	Known risks not monitored leading to adverse financial, reputational or resource impact.	4
GOV10	Governance	Failure to review existing contracts means that opportunities are not exploited.	6
GOV11	Governance	Pensions Committee and Board members have undisclosed conflicts of interest.	3

London Borough of Haringey Pension Fund Risk Register			
Investments			
Risk Ref	Risk Group	Risk Description	Risk Score
INV1	Investments	The ongoing global response to the COVID-19 outbreak poses economic uncertainty across the global investment markets.	12
INV2	Investments	Significant volatility and negative sentiment in global investment markets following disruptive geopolitical and economic uncertainty including the ongoing crisis between Russia and Ukraine.	16
INV3	Investments	Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage. It is widely anticipated that legislation and guidance will be issued on reporting and managing climate-related risks.	12
INV4	Investments	Economic uncertainty caused by the implementation of some of the post-Brexit agreements	9
INV5	Investments	The adequacy of the London CIV's resources regarding investment manager appointments and ongoing monitoring of the investment strategy implementation.	12
INV6	Investments	The Fund has insufficient cash available to meet pension payments when they fall due	10
INV7	Investments	The Pension Fund's actual asset allocations move away from the strategic benchmark.	12
INV8	Investments	Investment managers fail to achieve benchmark/outperform targets over the longer term: a shortfall of 0.1% on the investment target will result in an annual impact of £1.7m.	15
INV9	Investments	Implementation of proposed changes to the LGPS (pooling) requires the fund to adapt its investment strategy	6
INV10	Investments	Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy	9
INV11	Investments	Strategic investment advice received from the investment consultants is inappropriate for the Fund	9

London Borough of Haringey Pension Fund Risk Register			
Investments			
Risk Ref	Risk Group	Risk Description	Risk Score
INV12	Investments	Financial failure of an investment manager leads to negative financial impact on the fund	8
INV13	Investments	High inflation is sustained over the long term leading to investment underperformance and higher costs for the Fund. CPI inflation in May 2022 came in at 9.1% and the Bank of England expects inflation to reach double figures in the spring.	25
INV14	Investments	Increasing risk of a financial downturn due to rising cost of living and global central banks increasing base interest rates	16

London Borough of Haringey Pension Fund Risk Register			
Accounting			
Risk Ref	Risk Group	Risk Description	Risk Score
ACC1	Accounting	Risk of the Pension Fund's statement of accounts being delayed beyond statutory deadlines due to impacts of coronavirus pandemic. A delay beyond 30 November would mean the Fund would be unable to produce its annual report by the statutory deadline.	20
ACC2	Accounting	Internal controls are not in place to protect against fraud/mismanagement	10
ACC3	Accounting	The Pension Fund's Statement of Accounts do not represent a true and fair view of the Pension Fund's financing and assets.	10
ACC4	Accounting	Risk of misstatement of figures in the Pension Fund's accounts and potential audit qualification due to material uncertainty over year end valuations	12

London Borough of Haringey Pension Fund Risk Register			
Accounting			
Risk Ref	Risk Group	Risk Description	Risk Score
ACC5	Accounting	The Pension Fund does not have robust internal monitoring and reconciliation process in place, leading to incorrect figures in the accounts	8
ACC6	Accounting	Contributions received from employers participating in the Pension Fund are not in line with what is specified in actuarial reports and adjustment certificates, potentially leading to an increased funding deficit or surplus.	8
ACC7	Accounting	The market value of assets recorded in the Statement of Accounts figures are incorrect leading to a material misstatement and potentially a qualified audit opinion.	10
ACC8	Accounting	Inadequate monitoring of contributions and investment income leads to cash flow issues for the Pension Fund.	8

Report for: Pensions Committee and Board – 12 September 2022

Title: Forward Plan

Report authorised by: Toyin Bamidele, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officer: Tim Mpofu, Head of Pensions and Treasury,
tim.mpofu@haringey.gov.uk

Ward(s) affected: Not applicable

**Report for Key/
Non Key Decision:** Not applicable

1. Describe the issue under consideration

1.1. This paper has been prepared to identify topics that will come to the attention of the Pensions Committee and Board over the upcoming months and seek members input into future agendas. Suggestions on future training topics are also requested.

2. Cabinet Member Introduction

2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

3.1. To identify additional matters and training requirements for inclusion within the Pensions Committee and Board's forward plan.

4. Reason for Decision

4.1. Not applicable.

5. Other options considered

5.1. Not applicable.

6. Background information

6.1. The Local Government Pension Scheme (LGPS) Regulations require those responsible for the governance, decision making and operational functions of the pension fund to acquire and maintain proper knowledge and understand of pension law and scheme regulations.

- 6.2. To support this requirement, it is best practice for a pension fund to maintain a work plan. The plan sets out the key activities anticipated over the upcoming months in the areas of governance, members/employers, investments, and accounting.
- 6.3. The Pensions Committee and Board (PCB) has adopted the revised CIPFA 2021 Code of Practice on Local Government Pension Scheme (LGPS) Knowledge and Skills which was issued in June 2021.
- 6.4. The appendices attached to this paper set out the PCB's current work plan over the next 12 months, including the Training Plan. The PCB is requested to consider whether it wishes to amend any future agenda items as set out in the papers.

7. Contribution to Strategic Outcomes

- 7.1. Not applicable

8. Statutory Officer Comments (Director of Finance (including Procurement), Head of Legal and Governance, Equalities)

Finance and Procurement

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

Head of Legal and Governance (Monitoring Officer)

- 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. Not applicable.

9. Use of Appendices

- 9.1. Appendix 1: Forward Plan
- 9.2. Appendix 2: Training Plan
- 9.3. Appendix 3: Training Needs Assessment Form

10. Local Government (Access to Information) Act 1985

- 10.1. Not applicable.

Appendix 1 - Forward Plan

September 2022	November 2022	January 2023	March 2023	July 2023
Standing Items				
Administration Report	Administration Report	Governance/LGPS Update Report (if required)	Administration Report	Administration Report
Work/Forward Plan and Training Opportunities	Work/Forward Plan and Training Opportunities	Work/Forward Plan and Training Opportunities	Work/Forward Plan and Training Opportunities	Governance/LGPS Update Report (if required)
Risk Register Review	Risk Register Review	Risk Register Review	Risk Register Review	Work/Forward Plan and Training Opportunities
Quarterly Pension Fund Performance & Investment Update	Quarterly Pension Fund Performance & Investment Update	LAPFF Voting update	Quarterly Pension Fund Performance & Investment Update	Risk Register Review
LAPFF Voting update	LAPFF Voting update		LAPFF Voting update	Quarterly Pension Fund Performance & Investment Update
				LAPFF Voting update
Fund Administration & Governance				
	Investment Consultant's Performance Review	Administration Strategy Review	Business Plan and Annual Budget	Draft Statement of Accounts 22/23
	Annual Pension Fund Accounts 21/22 and Annual Report (including various statutory documents)			
Investment & Funding Strategy				
2022 Actuarial Valuation Assumptions proposal	Investment Strategy Review	Investment Strategy Review	Investment Strategy Statement	
	2022 Actuarial Valuation Draft Results	Draft Funding Strategy Statement	Funding Strategy Statement	
	External Audit Plan 21/22		2022 Actuarial Valuation Final Results	
Knowledge & Skills Development				
Training & Conferences Update	Training & Conferences Update	Training & Conferences Update	Training & Conferences Update	Training & Conferences Update
Actuarial Valuation Training		Investment Strategy Training		Pensions Committee and Board Induction Training

Appendix 2 Training Plan Conferences

Date	Conference / Event	Training/ Event Organiser	Website	Cost	Delegates Allowed
19-20 January 2023	LGPS Governance Conference 2023	LGA	Please get in touch with the Head of Pensions & Treasury if you are interested in attending	In person - £515+ VAT Virtual - £400+ VAT	TBC
Member Self-Directed	Scheme Advisory Board Website	LGPS Scheme Advisory Board	http://www.lgpsboard.org	Free - Online	N/A
Member Self-Directed	The Pension Regulator's Pension Education Portal	The Pension Regulator	www.thepensionsregulator.gov.uk	Free - Online	N/A
Member Self-Directed	The Pension Regulator's Trustee Toolkit	The Pension Regulator	https://trusteetoolkit.thepensionsregulator.gov.uk/?redirect=0	Free - Online	N/A
Member Self-Directed	LGPS Regulation and Guidance	LGPS Regulation and Guidance	http://www.lgpsregs.org/	Free - Online	N/A
Member Self-Directed	LGPS Members Website	LGPS	http://www.lgps2014.org/	Free - Online	N/A
Member Self-Directed	Local Government Association (LGA) Website	LGA	www.local.gov.uk	Free - Online	N/A

Please contact Tim Mpofu, Head of Pensions & Treasury if you require any further information on the available training
Email: tim.mpofu@haringey.gov.uk

Haringey Pensions Committee and Board

Member Training Needs Assessment

Name of Member:

Please rate your current level of knowledge and understanding for each of the following key areas by placing a tick in the relevant box:

Topic:	Good	Moderate	Poor	Unsure
Pensions Legislation and Governance				
Pensions Administration				
Pensions accounting and auditing standards				
Financial Markets and Investment Products				
Procurement of Financial services and relationship management				
Investment Performance and Risk management				
Actuarial methods, standards and practices				

If you had to choose just one area that you would particularly like to receive more training on, please name this in the box below:

(this may be one of the key areas shown in the list above, but it could also be a different topic that you feel you have a particular need or interest in expanding your knowledge of)

Are you available to attend day time training sessions (please tick the box which best applies):

Yes, I am generally available during the day to attend training sessions	
I am sometimes available during the day to attend training sessions provided adequate notice is provided (at least 2 months)	
I am general unable to attend training sessions during the day time	

Please provide any comments or feedback you feel are important about the current format or content of training sessions (i.e. one hour of training before committee meetings on various topics)

Please indicate the format of training that you have a preference for, or would have an interest in attending (tick as many that apply):

1 hour evening training prior to committee meetings (current format)	
1 hour evening training but on different nights to formal committee meetings	
Evening workshops of 2-3 hours on different nights to formal committee meetings	
Half day workshops during the day time	
Individually tailored training by attendance at key events – e.g. CIPFA events, London CIV information days, trustee training events	
Flexible individually tailored training through online webinars, or training material that can be read in the member’s own time	
Flexible individually tailored training through meetings with officers or advisors in the day time either on a one to one basis or as a group of several members	

Report for: Pensions Committee and Board – 12 September 2022

Title: Haringey Pension Fund Actuarial Valuation 2022

Report authorised by: Toyin Bamidele, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officer: Tim Mpofu, Head of Pensions and Treasury,
tim.mpofu@haringey.gov.uk

Ward(s) affected: Not applicable

**Report for Key/
Non Key Decision:** Not applicable

1. Describe the issue under consideration

- 1.1. This report provides the Pensions Committee and Board (PCB) with information regarding the 2022 actuarial valuation exercise which is currently underway, and which will be a recurring item for several of the upcoming PCB meetings.
- 1.2. The report covers initial advice on assumptions from the Pension Fund's actuary, Hymans Robertson, as well as an overview of the valuation process to be carried out over the coming months.

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

- 3.1. To note Hymans Robertson's Advice on Assumptions paper, appended as Confidential Appendix 1, and the advice contained therein.
- 3.2. To agree the methodology and valuation assumptions proposed by the Pension Fund's actuary, Hymans Robertson as outlined in Confidential Appendix 1 to this report.

4. Reason for Decision

- 4.1. Haringey Council, in its role as the Administering Authority for the Haringey Pension Fund, is required by law to undertake an actuarial valuation of the Pension Fund's assets and liabilities, every three years.

4.2. The Council has delegated the responsibility to exercise all the Council's functions as the Pension Fund's Administering Authority to the Pensions Committee and Board.

5. Other options considered

5.1. All the relevant options under consideration are detailed in Hymans Robertson's Advice on Assumptions paper, appended as Confidential Appendix 1 to this report.

6. Background information

6.1. The Pension Fund is required to undertake an actuarial valuation of the Pension Fund's assets and liabilities, every three years. This exercise, also referred to as the "triennial valuation", determines the contribution rates payable by the scheme's employers, which include Haringey Council, for the next three years from 1 April 2023. Scheme benefits and contributions payable by employees are determined by the Local Government Pension Scheme (LGPS) regulations.

6.2. Employer contribution rates are set such that there are enough assets to meet future benefit payments, within the agreed funding time horizon. Due to the uncertainty regarding the events that may occur over the funding time horizon, assumptions are required.

6.3. There are two main types of assumptions, financial assumptions such as inflation and expected investment returns; and demographic assumptions which estimate scheme members life expectancy. The table below summarises the key assumptions included in Confidential Appendix 1 for the PCB's consideration.

Table 1 – Summary of Key Assumptions

Discount rate	A discount rate is required to place a prudent value of benefits due after the funding time horizon. This value determines each employer's funding objective and impacts on the amount of money the Pension Fund is willing to hold to meet future benefit payments as well as the Pension Fund's target for investment returns.
Consumer Price Index (CPI) Inflation	LGPS scheme member benefits are increased by CPI inflation each year to adjust for the changes in the cost of living. An increase in the assumed future inflation will increase inflation linked liabilities.
Salary increases	This is the assumed increase in employee pay which particularly impacts on benefits paid to members for service earned prior to 31 March 2014, when the scheme changed from Final Salary to CARE. Hymans Robertson do not anticipate this assumption will be as significant as it has been in previous valuations.
Funding Level	A key output of the valuation is a measurement of past service liabilities at the valuation date to determine the funding level. An

	<p>assessment of the likelihood of achieving the assumed future investment return will be required. This is referred to as the prudence level.</p> <p>The prudence level does not affect employer contributions and is mainly applied when reporting and tracking the Pension Fund's funding level.</p>
Longevity assumptions	<p>Longevity assumptions impact on how long the Pension Fund can expect to pay a pension to each member and their dependants. An analysis of longevity is carried out by Club Vita, a firm of longevity experts who have partnered up with Hymans Roberson for this work.</p> <p>The PCB will need to consider how much weight is placed on recent years due to the impact of COVID-19.</p>

- 6.4. A detailed assessment of the assumptions under consideration is included in Confidential Appendix 1 to this paper.

High Level Valuation Timetable

- 6.5. The table below outlines the high-level timetable for the valuation process.

Table 1 – Actuarial Valuation Timetable

Activity	Key Dates	Progress Update
Assumptions advice and contribution rate modelling. Hymans Robertson to provide training and present to the PCB on 12 September 2022.	September 2022	Completed
Pension Fund data provision to Hymans Robertson which includes fund membership, investment, and accounting data.	September 2022 – October 2022	In progress
Whole Fund Results and Funding Strategy Statement. Hymans Robertson to present the fund valuation results to the PCB on 22 November 2022.	November 2022	On target
Employer results and consultation. Officers to consult with employers on proposed Funding Strategy Statement and contribution rates for the 3 years from 1 April 2023.	December 2022 – January 2023	On target
Final valuation report and Funding Strategy Statement. Hymans Robertson to present final reports to the PCB on either 23 January 2023 or 21 March 2023 (timing dependent on employer consultation process)	January 2023 – March 2023	On target

Activity	Key Dates	Progress Update

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Statutory Officer Comments (Director of Finance (including Procurement), Head of Legal and Governance, Equalities)

Finance and Procurement

8.1. The advice on assumptions included in Hymans Robertson's report has various financial implications on the Pension Fund and the employers participating in the Haringey Pension Fund Local Government Pension Scheme. Finance comments related to these implications are contained throughout the report.

Comments of the Head of Legal and Governance (Monitoring Officer)

8.2. The Head of Legal and Governance (Monitoring Officer) has been consulted on the contents of this report. The Council, as administering authority must comply with certain obligations contained in the Local Government Pension Scheme Regulations 2013.

8.3. Under Regulation 58 must have a written statement setting out its funding strategy and keep the statement under review and, after consultation with such person a it considers appropriate, make such revisions as are appropriate following a material change in the policy set out in the statement where there are revisions, publish the statement as revised.

8.4. Regulation 62 requires the administering authority to obtain an actuarial valuation of the assets and liabilities of its pension funds on 31 March in every third year from 31 March 2016. The relevant date for the purpose of this report is the 31 March 2022.

Equalities

8.5. Not applicable.

9. Use of Appendices

9.1. Confidential Appendix 1: Advice on Assumptions

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

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By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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