

MINUTES OF THE PENSIONS COMMITTEE AND BOARD MEETING HELD ON TUESDAY, 22ND NOVEMBER, 2022, 7.05 - 8.15 PM

PRESENT: Councillor Yvonne Say (Chair), Councillor John Bevan (Vice-Chair), Councillor Nick da Costa, Councillor Tammy Hymas, Councillor Thayahlan Iyngkaran, Councillor Matt White, Keith Brown, and Ishmael Owarish.

In attendance: John Raisin (Independent Advisor), Alex Goddard (Mercer), Steve Turner (Mercer), Julie Bailley (Hymans Robertson), Douglas Green (Hymans Robertson).

1. FILMING AT MEETINGS

The Chair referred to the notice of filming at meetings and this information was noted.

2. APOLOGIES

Apologies for absence were received from Craig Pattinson.

3. URGENT BUSINESS

There were no items of urgent business.

It was noted that there were late reports in relation to items 7 (Minutes), 10 (Haringey Pension Fund Annual Report), and 20 (Exempt – Pension Fund Quarterly Update and Investments Update).

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

There were no deputations, petitions, presentations, or questions.

6. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

Councillor Yvonne Say (Chair), Councillor John Bevan (Vice-Chair), Councillor Nick da Costa, Councillor Thayahlan Iyngkaran, Councillor Matt White, Councillor Tammy Hymas, Keith Brown, and Ismael Owarish had attended a training session in relation to Liability-Driven Investment (LDI) and actuarial valuation on 22 November 2022.

It was also noted that Councillor John Bevan had undertaken the following training: SPS Investment Strategies for Pension Funds, Man Group European Investment Symposium, SPS Fiduciary Management, OCIO & Investment Governance (May 2022); Partners Group London Investor Day 2022, SPS Impact investment and ESG for pension funds, PFIF portfolios real assets and alternatives for pension funds (June 2022); Local Authority Pension Fund Forum business meeting (July 2022); SPS Optimising Value from Bond Investments for Pension Funds, PFIF Fiduciary Management & Outsourcing CIOs for Pension Schemes Latest Developments (September 2022); and MetLife Investment Management Insurance Insights / Macro Strategy, PFIF LDI & Hedging what next: lessons learnt from crisis (October 2022).

The Chair reminded members to inform the Pensions Committee and Board officers whenever they had attended training so that this could be recorded.

7. MINUTES

RESOLVED

To confirm and sign the minutes of the Pensions Committee and Board meeting held on 12 September 2022 as a correct record.

8. PENSION ADMINISTRATION UPDATE

The Pensions Manager introduced the report which provided updates regarding membership, resourcing of the Pensions Administration Team, approval of new admission agreements, details of an employer joining the pension fund, and an online member self service portal update.

In relation to resourcing, it was noted that appointments had been made to the Team Leader, Pensions Officer, and Pensions Payroll Officer roles. The recruitment for the remaining vacancies for a Senior Pensions Officer, Pensions Officer, and Apprentice was anticipated to take place in 2023, after the team had inducted the new members. It was noted that officers had discussed the apprentice role with the Head of Apprenticeships to outline the steps required for this recruitment; the team was now in the process of drafting a job description and determining what qualifications an apprentice could undertake in the team.

In response to a query about the use of the Member Self Service (MSS) portal and visits to the website, the Pensions Manager explained that the total number of visits to the website was not necessarily a useful figure as this was often skewed by the activities of the Pensions Administration Team. It was noted that the number of active members who had enrolled in the MSS portal was lower than expected and officers were looking to encourage use of the portal; this would enable people to undertake some basic administration, including viewing their annual benefit statement online. It was also confirmed that members could still request paper copies of statements. In response to some questions, the Pensions Manager noted that it may be possible to

see how many of the people registered for MSS had logged in to the portal and how the number of registrations compared to other schemes.

The Pensions Manager highlighted that the report also sought approval for the admission of Lunchtime Company Limited as a new employer into the Pension Fund. It was explained that external service providers were generally admitted to the Local Government Pension Scheme (LGPS) when they took over a service previously provided by the Council and were required to offer the LGPS to existing employees. In this case, the catering services for Alexandra Primary School and Belmont Infant and Junior Schools would now be provided by Lunchtime Company Ltd and it was proposed that they be admitted to the Haringey Pension Fund. It was confirmed that, as set out in the Council's constitution, the Pensions Committee and Board had delegated authority to make this decision.

RESOLVED

1. To note the report and the information provided regarding the Pension Fund's administration activities set out in section 6 of the report.
2. To approve the admission of Lunchtime Company Limited as a new employer to the Pension Fund in respect of service contracts with Alexandra Primary School and Belmont Infant and Junior School as set out in paragraphs 6.5 – 6.7 of the report.

9. PENSION FUND QUARTERLY INVESTMENT AND PERFORMANCE UPDATE

The Head of Pensions and Treasury introduced the report which provided updates for the quarter ended 30 September 2022 in relation to the independent advisor's market commentary, investment asset allocation, investment performance, funding position update, and London Collective Investment Vehicle (LCIV) update.

It was explained that, on 30 September 2022, the market value of the Pension Fund's investment assets was £1.666 billion; this was a decrease of 1.26% since the last quarter. It was highlighted that, although performance had decreased and there had been a downturn in the market over the last few months, the Pension Fund was still outperforming the benchmark. The Head of Pensions and Treasury also highlighted that the Pension Fund now had approximately 71% of assets invested with the LCIV.

Following consideration of the exempt information, it was

RESOLVED

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

10. HARINGEY PENSION FUND ANNUAL REPORT

Under s100B(4)(b) of the Local Government Act 1972, the Chair of the meeting was of the opinion that the report should be considered at the meeting as a matter of urgency by reason of special circumstances. These circumstances were so that the Pensions Committee and Board could consider and approve the Pension Fund draft annual report before the publication deadline of 1 December 2022 and that the information required for the report was not available at the time of the agenda publication. This was agreed by the Chair on 22 November 2022.

The Head of Pensions and Treasury introduced the report which presented the Haringey Pension Fund Annual Report and unaudited accounts for 2021/22 for approval, subject to the successful completion of the external audit exercise.

It was explained that, under the Local Government Pension Scheme Regulations 2013, it was a requirement for all schemes to produce and publish an annual report by 1 December each year. Normally, the accounts would be finalised, an audit opinion would be provided, member approval would be sought, and then the report would be published. However, due to the delays caused by the Covid-19 pandemic, the audit for 2020-21 was still ongoing; this had been explained in more detail at the Pensions Committee and Board meeting on 15 September 2022.

The Head of Pensions and Treasury stated that the annual report relied on the finalised accounts but that, in order to meet the 1 December deadline, it was proposed that the Pensions Committee and Board approved the draft Pension Fund Annual Report; this would be uploaded to the website to meet the deadline. Once the audit was completed, an update would be presented to the Pensions Committee and Board and, if relevant, an updated version of the Pension Fund Annual Report would be proposed for approval and uploaded to the Haringey Pension Fund's website. It was highlighted that the report sought approval of the draft report, rather than the final report, to reflect what was currently possible with the delays to the external audit.

The Committee accepted that the proposal to agree the draft report was the best approach in the circumstances. It was confirmed that members could send any further comments or questions to the Head of Pensions and Treasury if required. It was also clarified that no significant changes to the Pension Fund Annual Report were anticipated and any outstanding issues were expected to be resolved; if there were any material issues, the auditors would attend a meeting of the Pensions Committee and Board to communicate these.

Some members enquired about the increased cost of management expenses noted in the Pension Fund Accounts. The Head of Pensions and Treasury noted that, overall, management fees had increased. It was explained that this was generally driven by performance-related fees and that, as the total assets of the Pension Fund had increased from £1.6 billion to £1.8 billion, an increase in management fees was to be expected. It was added that the process for performance-related fees was to be reviewed in greater detail in the upcoming year.

RESOLVED

1. To note the draft Haringey Pension Fund Annual Accounts and unaudited accounts for 2021/22, appended as Appendix 1 to the report.
2. To approve that the draft version of the Pension Fund's Annual Report be uploaded on to the Haringey Pension Fund's website by 30 November 2022, pending the successful completion of the external audit exercise which was expected to commence in early 2023.
3. To note that an update on the external audit exercise would be provided to the Pensions Committee and Board in early 2023 and that an updated version of the Pension Fund Annual Report would be proposed for approval and uploaded to the Haringey Pension Fund's website following the successful completion of the external audit exercise.

11. RISK REGISTER

The Head of Pensions and Treasury introduced the item which provided an update on the Pension Fund's risk register and an opportunity for the Pensions Committee and Board to further review the risk score allocation.

It was noted that, at the last meeting, the Pensions Committee and Board had requested a more detailed version of the risk register; this had been provided and any views or comments were welcomed. It was highlighted that section 6.5 of the report set out the key risks. It was noted that the full risk register was now attached to the report, and would be included in future reports, for reference.

The Head of Pensions and Treasury highlighted the key risk relating to the impact of high Consumer Price Index (CPI) inflation. It was anticipated that this would lead to an uplift in benefits from April 2023 and this would likely form part of the Pension Committee and Board's consideration of the Investment Strategy Statement (ISS) in 2023. The increasing risk of market downturn was also noted and it was mentioned that members needed to be aware of the possible impact of this on the investment portfolio. In relation to the delay in publishing the accounts, it was explained that the draft statement was available but that the auditors were yet to provide an update on when the external audit for 2021-22 would commence.

RESOLVED

To note the Pension Fund's risk register.

12. LOCAL AUTHORITY PENSION FUND FORUM (LAPFF) VOTING UPDATE

The Head of Pensions and Treasury introduced the report which provided an update on the Local Authority Pension Fund Forum's (LAPFF) engagement and voting activities on behalf of the Pension Fund.

It was noted that there had only been one Annual General Meeting (AGM) over the summer period and that Legal and General Investment Management (LGIM) had voted in line with the LAPFF recommendation. In relation to the other engagements undertaken by LAPFF, it was stated that this was reported quarterly on the LAPFF website and members were encouraged to read these reports.

Some members noted that not all councils passed on details of the LAPFF recommendations to their investment managers. The Head of Pensions and Treasury noted that the voting alerts were always passed on to the relevant investment managers on behalf of the Haringey Pension Fund and that investment managers often provided reasons if they were not intending to vote in line with the LAPFF recommendations.

RESOLVED

To note the report.

13. FORWARD PLAN

The Head of Pensions and Treasury introduced the report which presented the forward plan for consideration.

It was explained that some forward plan items were mandatory but that members were invited to submit any requests for areas of focus to the Head of Pensions and Treasury; it was noted that the recent training on Liability Driven Investment (LDI) had been included following a member request.

The Head of Pensions and Treasury stated that two delegates from the Haringey Pension Fund would be attending the Local Authority Pension Fund Forum (LAPFF) conference. There was also a Local Government Association (LGA) conference on Local Government Pension Scheme (LGPS) governance in January 2023 and members were encouraged to attend. It was added that a full list of events was provided in Appendix 2 to the report. It was agreed that all future training events could be included in the forward plan so that members could express their interest in attending in advance.

RESOLVED

To note the Pensions Committee and Board's forward plan.

14. HARINGEY PENSION FUND ACTUARIAL VALUATION UPDATE

Following consideration of the exempt information, it was

RESOLVED

1. To note Haringey Pension Fund's draft Actuarial Valuation Results paper, prepared by the Pension Fund's Actuary, Hymans Robertson and appended as Confidential Appendix 1, and the advice contained therein.
2. To note the overview of the Funding Strategy Statement Review paper, appended as Confidential Appendix 2 to this report.

15. GOVERNMENT CONSULTATION ON GOVERNANCE AND REPORTING OF CLIMATE CHANGE RISKS

The Head of Pensions and Treasury introduced the report which provided the draft response to the of the Government's Consultation on *Local Government Pension Scheme (LGPS): Governance and reporting of climate change risks* (the Consultation) which was published by the Department for Levelling Up, Housing and Communities (DLUHC) on 1 September 2022. The Consultation would close for responses on 24 November 2022.

Following consideration of the exempt information, it was

RESOLVED

1. To note the draft response to the Consultation, appended as Confidential Appendix 1 to this report, and provide any comments and feedback on the contents of the draft response to the Consultation.
2. To delegate authority to the Head of Pensions and Treasury to submit the Consultation response on behalf of the Haringey Pension Fund, subject to any comments and feedback provided by the Pensions Committee and Board, after consultation with the Chair of the Pensions Committee and Board.

16. NEW ITEMS OF URGENT BUSINESS

There were no items of urgent business.

17. DATES OF FUTURE MEETINGS

It was noted that the dates of future meetings were:

12 December 2022 (this meeting would be cancelled as it was no longer required)

23 January 2023

21 March 2023

18. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded from the meeting for consideration of items 19-23 as they contained exempt information as defined in Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985); paras 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

The Pensions Committee and Board considered the exempt information.

20. EXEMPT - HARINGEY PENSION FUND ACTUARIAL VALUATION UPDATE

Under s100B(4)(b) of the Local Government Act 1972, the Chair of the meeting was of the opinion that the report should be considered at the meeting as a matter of urgency by reason of special circumstances. These circumstances were so that the Pensions Committee and Board could consider an amended version of Appendix 2 which included updated information that was not available at the time of the agenda publication. This was agreed by the Chair on 22 November 2022.

The Pensions Committee and Board considered the exempt information.

21. EXEMPT - GOVERNMENT CONSULTATION ON GOVERNANCE AND REPORTING OF CLIMATE CHANGE RISKS

The Pensions Committee and Board considered the exempt information.

22. EXEMPT MINUTES

RESOLVED

To confirm and sign the exempt minutes of the Pensions Committee and Board meeting held on 12 September 2022 as a correct record.

23. NEW ITEMS OF EXEMPT URGENT BUSINESS

There were no new items of exempt urgent business.

CHAIR: Councillor Yvonne Say

Signed by Chair

Date