

NOTICE OF MEETING

PENSIONS COMMITTEE AND BOARD

Tuesday, 22nd November, 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, Tammy 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 15 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 September 2022 as a correct record. **(To follow)**

8. PENSION ADMINISTRATION UPDATE (PAGES 1 - 4)

This report provides updates regarding the Pension Fund's administration activities:

- Pension Fund membership update
- Resourcing of the pensions administration team
- Approval of new admission agreements
- Details of an employer joining the pension fund
- Online Member Self Service portal update

9. PENSION FUND QUARTERLY INVESTMENT AND PERFORMANCE UPDATE (PAGES 5 - 14)

This report provides the following updates on the Pension Fund's performance for the quarter ended 30 September 2022:

- Independent advisor's market commentary
- Investment asset allocation
- Investment performance
- Funding position update
- London Collective Investment Vehicle (LCIV) update

10. HARINGEY PENSION FUND ANNUAL REPORT

To receive an update on and to approve, subject to the completion of the external audit, the Haringey Pension Fund Annual Report. **(To follow)**

11. RISK REGISTER (PAGES 15 - 26)

This paper provides 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.

12. LOCAL AUTHORITY PENSION FUND FORUM (LAPFF) VOTING UPDATE (PAGES 27 - 30)

This paper provides an update on the Local Authority Pension Fund Forum (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.

13. FORWARD PLAN (PAGES 31 - 36)

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.

14. HARINGEY PENSION FUND ACTUARIAL VALUATION UPDATE (PAGES 37 - 42)

This report provides the Pensions Committee and Board with information regarding the 2022 actuarial valuation exercise which is currently underway and which will be a recurring item for several of the upcoming meetings.

15. GOVERNMENT CONSULTATION ON GOVERNANCE AND REPORTING OF CLIMATE CHANGE RISKS (PAGES 43 - 46)

This report provides the Pensions Committee and Board (PCB) with 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 will close for responses on 24 November 2022.

16. NEW ITEMS OF URGENT BUSINESS

17. DATES OF FUTURE MEETINGS

To note the dates of future meetings:

12 December 2022

23 January 2023

21 March 2023

18. EXCLUSION OF THE PRESS AND PUBLIC

Items 19-23 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); para 3 – information relating to the

financial or business affairs of any particular person (including the authority holding that information), and para 5 – 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 47 - 88)

As per item 9.

20. EXEMPT - HARINGEY PENSION FUND ACTUARIAL VALUATION UPDATE (PAGES 89 - 122)

As per item 14.

21. EXEMPT - GOVERNMENT CONSULTATION ON GOVERNANCE AND REPORTING OF CLIMATE CHANGE RISKS (PAGES 123 - 128)

As per item 15.

22. EXEMPT MINUTES

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

23. 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)
River Park House, 225 High Road, Wood Green, N22 8HQ

Monday, 14 November 2022

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Report for: Pensions Committee and Board – 22 November 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: N/A

**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. Pension Fund membership update
 - b. Resourcing of the pensions administration team
 - c. Approval of new admission agreements
 - d. Online Member Self Service portal update

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

- 3.1. To note this report and the information provided regarding the Pension Fund's administration activities set out in section 6 of this report.
- 3.2. 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 this report.

4. Reason for Decision

- 4.1. Under the Local Government Pension Scheme (LGPS) Regulations 2013, an employer can participate in the LGPS under an admission agreement if the

employer is set up following the transfer of service or set up based on a community of interest.

- 4.2. Haringey Council, in its role as Administering Authority and Scheme Employer for the Haringey LGPS, has the authority to agree to the admission of bodies into the pension scheme.
- 4.3. The Council, in its Constitution, 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. 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 September 2022.

Member status	30 Jun 2022	30 Sep 2022
Active members	6,308	6,301
Pensioner members	8,426	8,420
Deferred members	10,727	10,660
Total scheme members	25,461	25,381

Resourcing the pensions administration team

- 6.2. Following the recent recruitment exercise, the team made appointments for three out of the four vacancies advertised for.
- 6.3. The offers were made for the Team leader, Pensions Officer and Payroll Pensions Officer roles.
- 6.4. There still remains some vacancies within the team for a Senior Pensions Officer, Pensions Officer and an Apprentice. A further round of recruitment is expected in the new year once the team have had time to settle with the new joiners.

Approval for new admission agreements

- 6.5. An admission agreement is the means by which an external service provider is admitted into the Local Government Pension Scheme (LGPS). This normally occurs when a service provider takes over a service previously provided by the Council and is therefore required to offer the LGPS to existing employees.
- 6.6. A guarantee bond is usually put in place to protect the Fund against any unpaid liabilities arising from the contractor's admission.

- 6.7. Alexandra Primary and Belmont Infant and Junior schools have tendered their catering services and the successful bidder was Lunchtime Company Ltd. It is proposed that Lunchtime Company Ltd (be admitted to the Haringey Pension Scheme as an Admission Body in relation to the provision of two catering services for the above schools.

Online Member Self Service Portal Update

- 6.8. The Member Self Service portal is a Pension scheme website that members can register an account with to view/edit their personal information as well as running their own retirement estimates.
- 6.9. The table below provides a breakdown of the number of active members registered for the Haringey Pension Fund's Member Self Service (MSS) as at 30 September 2022.

Member Self Service	30 Sep 2022
Total active members	6,301
Total active member registrations on MSS	953
% of registered active members	15.12

7. Contribution to Strategic Outcomes

- 7.1. Not applicable

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

Finance and Procurement

- 8.1. Not applicable.

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.

- 8.3. The report seeks authority to admit an employer as admitted body to the Haringey Pension Fund. A person is eligible to be an active member of the Scheme in an employment if employed by an admission body and is designated, or belongs to a class of employees that is designated by the body under the terms of an admission agreement, as being eligible for membership of the Scheme.

- 8.4. Lunchtime Company Ltd is a body that is providing or will provide a service or assets in connection with the exercise of a function of a Scheme employer as a result of the transfer of the service or assets by means of a contract or other arrangement. Lunchtime Company Ltd has entered into service contracts to provide catering services to Alexandra Primary School and Belmont Infant and

Junior School, and the administering authority may enter into the Admission Agreements pursuant to Schedule 2 of The Local Government Pension Scheme Regulations 2013.

Equalities

8.5. 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. None

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

Report for: Pensions Committee and Board – 22 November 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: N/A

**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 September 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

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 September 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 30 September 2022 which has been included as Appendix 1 to this paper.

Investment Asset Allocation

6.2. On 30 September 2022, the Pension Fund's investment assets had a market value of £1.666bn. This was a decrease of 1.26% from the June 2022 quarter, which was a modest decrease in comparison to those experienced earlier in the year.

6.3. The listed equities and fixed income asset classes continued to deliver negative returns due to the global economic uncertainty and rising interest rates. However, alternative investments, particularly the renewable infrastructure allocations continued to perform strongly during the period thereby minimising the negative impact on overall fund performance. The Pension Fund's strategic asset allocation as at 30 September 2022 is shown in Table 1 below.

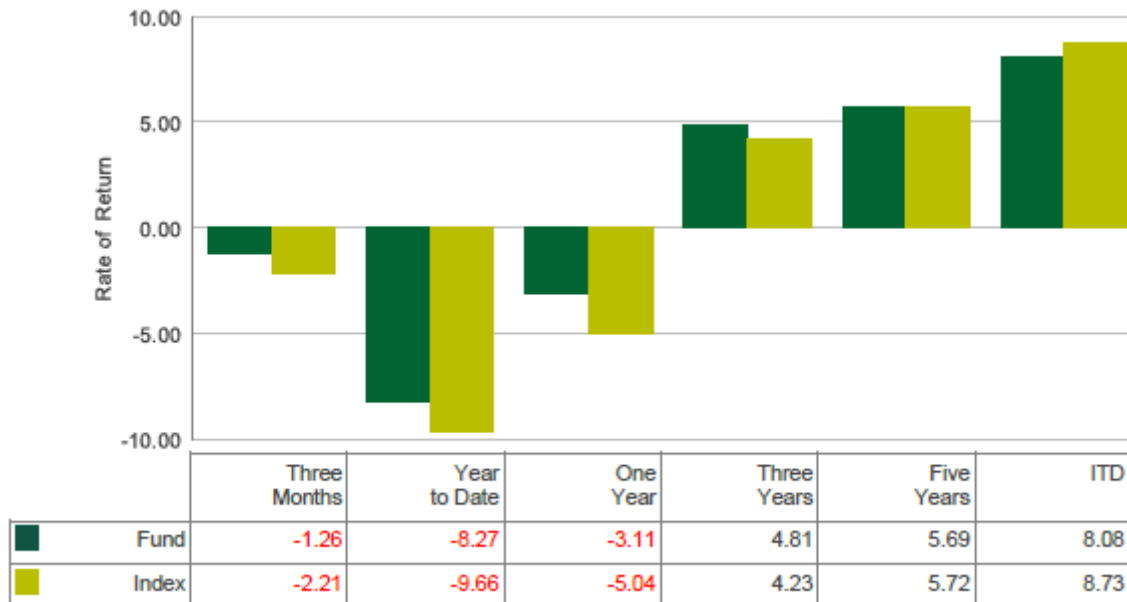
Table 1: Total Portfolio Allocation by Manager and Asset Class

	Value	Value	Value	Value	Allocation	Strategic	Variance
	31.12.2021	31.03.2022	30.06.2022	30.09.2022	30.09.2022	Allocation	
	£'000	£'000	£'000	£'000	%	%	%
Equities							
Multi Factor Climate Transition	387,002	372,311	343,564	333,748	20.03%	20.20%	-0.17%
Emerging Markets Low Carbon	128,984	124,152	119,301	115,594	6.94%	7.10%	-0.16%
Global Low Carbon	381,887	368,195	323,147	318,893	19.14%	20.20%	-1.06%
Total Equities	897,873	864,658	786,012	768,235	46.12%	47.50%	-1.38%
Bonds							
Index Linked	152,838	143,026	114,641	102,533	6.15%	7.00%	-0.85%
Property							
Aviva	78,779	80,632	108,041	104,466	6.27%	6.00%	0.27%
CBRE	113,913	119,877	124,223	119,481	7.17%	6.50%	0.67%
The London Fund	5,640	5,476	9,374	10,286	0.62%	3.00%	-2.38%
Private equity							
Pantheon	116,891	118,611	134,271	145,579	8.74%	5.00%	3.74%
Multi-Sector Credit							
LCIV Multi Asset Credit	162,003	153,360	141,716	138,303	8.30%	10.00%	-1.70%
Multi-Asset Absolute Return							
LCIV Absolute Return	171,186	178,788	142,035	144,585	8.68%	7.50%	1.18%
Infrastructure Debt							
Allianz	45,788	45,610	41,701	36,545	2.19%	2.50%	-0.31%
Renewable Energy Infrastructure							
CIP	14,726	13,773	15,700	12,993	0.78%	1.25%	-0.47%
Blackrock	23,437	20,017	20,887	22,127	1.33%	1.25%	0.08%
LCIV Renewable Infrastructure	16,992	17,983	15,745	23,379	1.40%	2.50%	-1.10%
Cash & NCA							
Cash	18,316	33,251	32,856	37,394	2.24%	0.00%	2.24%
Total Assets	1,818,382	1,795,062	1,687,202	1,665,906	100.00%	100.00%	

Investment Performance

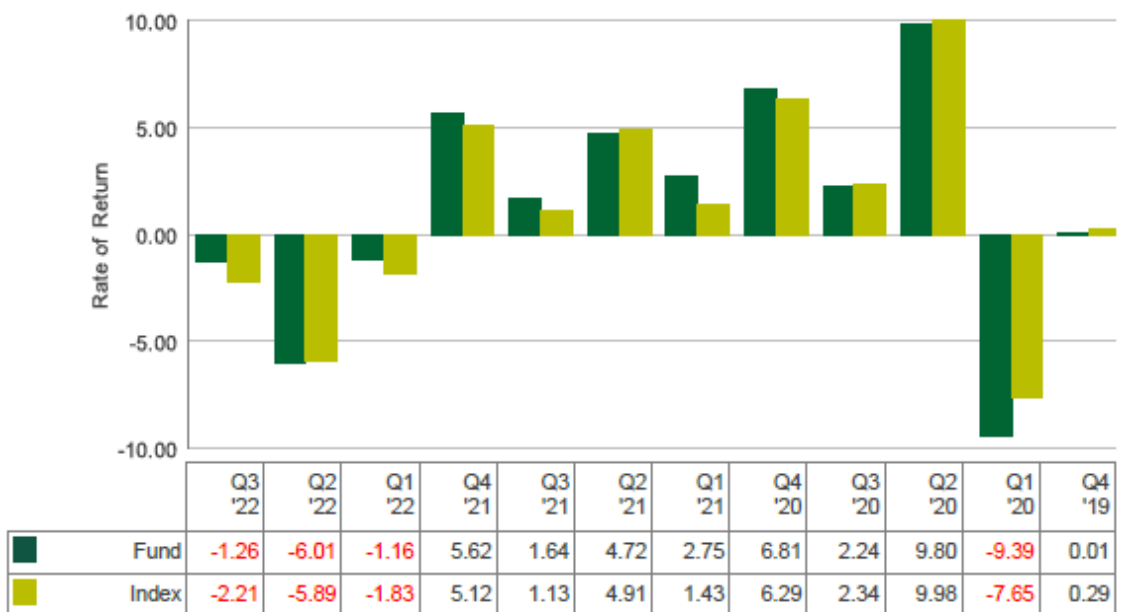
6.4. The performance strategy report for the quarter to 30 September 2022 is attached to this report as Confidential Appendix 2. This has been prepared by the Fund's Custodian, Northern Trust. The Pension Fund's overall returns for the quarter are summarised in the charts below.

Chart 1: Haringey Pension Fund Investment Performance (Gross of Fees)



Index: Haringey New Total Plan BM

Chart 2: Haringey Pension Fund Rolling Quarterly Investment Performance (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. The Pensions Committee and Board will receive an update on the actuarial valuation exercise at this meeting.

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 were set up after the government guidance issued in November 2015. The Pension Fund had approximately 71% of assets invested with the pool as at 30 September 2022.

7. Contribution to Strategic Outcomes

- 7.1. Not applicable

8. Statutory Officer Comments (Director of Finance (including procurement), Head of Legal and Governance (Monitoring Officer), 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 Jul-Sep 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 Commentary July to September 2022

For the third Quarter in a row World Equity and Bond markets declined. World Equity markets as measured by the MSCI World Index fell by another 6% (in \$ terms) in the July to September 2022 Quarter following a fall of 16% in the April to June Quarter and around 5% in the January to March Quarter.

In very clear contrast to the overall downward trend earlier in 2022 July was a positive month for World Equity markets. However, this resurgence was short lived with both August and particularly September seeing clear losses. As in the two previous Quarters actual and anticipated interest rate rises by the major central banks, ongoing heightened inflation, the Russian invasion of Ukraine, concerns regarding economic slowdown and even recession were significant factors which weighed against Listed Equities. A notable negative event for Equities was the speech on 26 August 2022 by Jay Powell Chair of the US Federal Reserve at the annual Jackson Hole Economic Symposium. In his speech Chair Powell was absolutely clear that the world's most important Central Bank would resolutely raise interest rates to return inflation to its 2% policy target. In this context Jay Powell stated *"The Federal Open Market Committee (FOMC) overarching focus right now is to bring inflation back down to our 2 percent goal...Restoring price stability will take some time and requires using our tools forcefully...Restoring price stability will likely require maintaining a restrictive policy stance for some time. The historical record cautions strongly against prematurely loosening policy...Our responsibility to deliver price stability is unconditional..."*

In the context of inflation concerns and increases in interest rates by Central Banks, both Government and the Corporate sector, experienced a clearly negative Quarter made worse by the actions of the UK government which negatively impacted not only UK Gilts but triggered significant volatility in global bond markets. The announcement, on 23 September 2022 of a £45bn debt financed tax cutting package resulted not only in a loss of market confidence in UK gilts (as evidenced by the significant fall in the value of the 10yr UK Gilt that day) but dysfunction in the Gilt market in the following days which resulted in surging yields and in the Bank of England intervening from 28 September 2022 to support the Gilt market. So serious was the situation that in the words of Bank of England Deputy Governor Sir John Cunliffe (in a letter to the Chair of the House of Commons Treasury Committee of 5 October 2022) that *"The Bank acted to restore core market functioning and reduce the material risks to financial stability and contagion to credit conditions for UK households and businesses..."*

In the United States unemployment fell from 3.6% in June 2022 to 3.5% in July and was 3.5% in September. Inflation continued to be clearly elevated. Headline CPI was 8.5% in July, 8.3% in August and 8.2% in September. 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 June 2022 continued to remain well above target at 4.7% in July, 4.9% in August and 5.1% in September 2022.

In a situation of high inflation and very low unemployment the US Federal Reserve acted decisively in the July to September Quarter, as in the previous Quarter, to seek to bring (Core CPE) inflation back closer to its policy target. The Federal Open Markets Committee (FOMC) raised its benchmark interest rate, the Federal Funds rate, by 0.75% at both its July and September 2022 meetings. Statements by Federal Reserve officials including Chair Jay Powell (at Jackson Hole on 26 August 2022) and Vice Chair Lael Brainard (on 7 September 2022 at the Clearing House and Bank Policy Institute 2022 Annual Conference in New York City) emphasised and reinforced the determination to restore inflation to the 2% target. In her speech entitled “Bringing Inflation Down” Lael Brainard concluded that *“We are in this for as long as it takes to get inflation down...Monetary policy will need to be restrictive for some time to provide confidence that inflation is moving down to target...Our resolve is firm, our goals are clear...”*

The S&P 500 index fell by 5% during the July to September 2022 Quarter which resulted in the index experiencing three successive Quarterly falls. Therefore, US equities have experienced their longest period of Quarterly losses since the financial crisis of 2008. Continuing market concerns regarding inflation, together with actual and further anticipated rises in interest rates by the US Federal Reserve, associated concerns regarding an economic slowdown or even recession were all factors which surely weighed against US equity markets.

Eurozone Equities also experienced a third successive Quarterly decline with the MSCI EMU index declining by approximately 4.5% (in Euro terms). Eurozone inflation as measured by the Harmonised Index of Consumer Prices (HICP) which had been 7.4% in March 2022 was 8.9% in July, 9.1% in August and 9.9% in September which is the highest rate recorded in the Euro’s 23 year history. At its meeting on 21 July 2022 the Governing Council of the European Central Bank (ECB) raised interest rates for the first time since 2011. The increase in interest rates of 0.5% was twice the increase that Christine Lagarde the ECB President had indicated at her press conference following the June 2022 ECB meeting. At the press conference following the 21 July meeting Christine Lagarde stated *“We decided to raise the three key ECB interest rates by 50 basis points...The Governing Council judged that it is appropriate to take a larger first step on its policy rate normalisation path than signalled at its previous meeting. This decision is based on our updated assessment of inflation risks...At our upcoming meetings, further normalisation of interest rates will be appropriate...Our future policy rate path will continue to be data-dependent and will help us deliver on our two per cent inflation target over the medium term...”* Despite projections of stagnation in the Eurozone economy later in 2022 and early 2023 inflationary concerns resulted in the Governing Council of the ECB raising the three key ECB interest rates by 0.75% at its meeting on 8 September 2022 with ECB President Christine Lagarde stating (at the press conference) that *“We took today’s decision, and expect to raise interest rates further, because inflation remains far too high and is likely to stay above our target for an extended period.”*

As in the two previous Quarters UK listed equities again outperformed Global Equities. The FTSE All Share lost 3.5% in £ terms. This relative outperformance again resulted from the performance of the FTSE 100 index of largest companies which earn revenues in US dollars and other currencies that have gained in comparison to the £. The FTSE 100 also has a significant weighting to energy and other “value” stocks which are expected to perform generally better than high growth stocks (such as technology) during periods of high inflation and higher interest rates.

On 6 September 2022 Rt Hon Elizabeth Truss succeeded Rt Hon Boris Johnson MP as the UK Prime Minister. The UK continued to experience inflation way over the Bank of England policy target of 2%. CPI inflation had been 7.0% in March 2022 and had reached 9.4% in June, was 10.1% in July, 9.9% in August and 10.1% in September. At both its meeting on 4 August 2022 and its meeting on 22 September 2022 the Bank of England Monetary Policy Committee (MPC) voted to increase base rate by 0.5%. Following the 22 September meeting Base Rate was 2.25%.

UK Gilts experienced a torrid Quarter. Even before the new Government's announcement of the unfunded £45bn of tax cuts on 23 September markets had clearly moved against the UK Government bond market in the context of high inflation and policy uncertainty. The 2 year Gilt yield increased (and therefore prices fell) by 1.3% in August its largest rise (price fall) since 1991 with UK inflation reported at a 40 year high on 17 August when the July 2022 CPI was announced at +10.1%. The 10 year Gilt yield increased by approaching 1% during August. By the end of August 2 year yields were 3.02%, 10 year yields 2.80% and 30 year yields 3.08%.

The new UK Government's launch on 23 September of "***The Growth Plan 2022***" (to give it its official title) resulted in a rapid sell off in Gilts as markets questioned the future fiscal stability of the UK with the 10 year Gilt yield increasing by 0.3% in a day. The Gilt market seriously weakened (with the situation severely exasperated by Gilt selling to support the LDI (Liability Driven Investment) market into which many private sector (closed) Defined Benefit Pensions Schemes have invested) resulting in the Bank of England launching an emergency Gilt buying programme on 28 September 2022 to stabilise the market. Prior to the Bank of England intervention, the Yield on the 30 year gilt had risen to above 5%. From the end of June to the end of September UK 2 Year Gilt yields rose (and therefore prices fell) from 1.84% to 4.23%, 10 Year Gilt yields increased from 2.23% to 4.09% and the 30 year yield from 2.36% to 3.83%.

As in the previous two Quarters Japanese Equities although declining in absolute terms (the Nikkei 225 declined by 1.7% over the July to September Quarter) performed better than Global Equities. Corporate profits were again ahead of expectations and at its policy meetings in both July and September the Bank of Japan maintained its ultra loose monetary policy in contrast to that of all the other major Central Banks. Indeed, following the decision in September of the Swiss National Bank to increase interest rates above zero the Bank of Japan is the only notable Central Bank to retain negative interest rates. The approach of the Bank of Japan which is increasingly in stark contrast to other Central Banks and notably the most powerful Central Bank – the US Federal Reserve – resulted in the ongoing and significant weakening of the Yen during 2022. Japanese inflation which had finally reached the Bank of Japan's 2% target in the previous Quarter remained above 2% during the July to September 2022 Quarter - the Bank of Japan's continuing ultra loose monetary policy and associated weakness of the Yen are undoubtedly factors that have clearly contributed to this increase in inflation.

After having performed better (although still negatively) than Global markets as a whole in the previous Quarter both Asian (excluding Japan) and Emerging Market Equities clearly underperformed Global Equities in the July to September Quarter. The MSCI Asia (ex-Japan) index declined (in US\$) terms by almost 14% and the MSCI Emerging Markets index by over 11%. Clearly, as with all equity markets high inflation, higher interest rates and concerns regarding economic growth/slowdown adversely affected markets.

There are clear issues affecting China the largest Asian and Emerging Market nation – including its continuing very strict approach to COVID and a crisis in its property market. A clear slowdown in the Chinese economy adversely affects not only China but other Asian/Emerging Markets that are clearly intertwined with China. The robust approach of the US Federal Reserve to interest rates also generally weighs against Asian/Emerging Markets (particularly middle sized/smaller countries) in terms of rising borrowing costs.

While UK Gilts had a particularly poor Quarter Credit in general performed weakly. US Treasuries also experienced a negative Quarter with the yield on the on the 2 Year Treasury increasing from 2.95% to 4.28% and the 10 year yield increasing from 3.01% to 3.83%. German 2 year Bund yields increased from 0.65% to 1.76% and the 10 year Bund from 1.34% to 2.11%. Corporate bonds also performed poorly in an environment of inflation and higher actual and anticipated interest rates.

1 November 2022

John Raisin Financial Services Limited
Company Number 7049666 registered in England and Wales.
Registered Office Market House, 10 Market Walk, Saffron Walden, Essex, CB10 1JZ
VAT Registration Number 990 8211 06

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

Report for: Pensions Committee and Board – 22 November 2022

Title: 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: N/A

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

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 the Funding/Liability related risks.

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 funding and liability related 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 September 2022 came in at 10.1%, which was higher than consensus expectations. This has increased concerns that high inflation may remain at higher levels for a longer period.	The Pension Fund has several investment mandates in inflation linked strategies which should provide some level of inflation protection. The Pension Fund will be reviewing its investment strategy in depth following the actuarial valuation exercise.
INV14 – Increasing risk of a market downturn		The Bank of England's Monetary Policy Committee (MPC) has stated that it will take the necessary actions to return inflation to the 2% target. Following the November MPC meeting, the Bank of England Governor confirmed that the	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
		UK may already been in a recession which is expected to last over the next few years.	The Pension Fund will be reviewing its investment strategy in depth following the actuarial valuation exercise.
ACC1 – Delay of publication of Statement of Accounts		<p>Although the Council has now published the draft Statement of Accounts for 2021/22, the external audit for is still outstanding</p> <p>This means that the Pension Fund's Annual Report for 2021/22 will not an unaudited annual report in order to meet 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 (Monitoring Officer), 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 (Monitoring Officer) 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 – Liability 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
FL1	Funding / Liability	There is insufficient cash available in the Fund to meet pension payments leading to investment assets being sold at sub-optimal prices to meet pension payments. LGPS benefits are uplifted by CPI inflation report in September preceeding the new financial year (1 April). This figure came in at 10.1% in September 2022.	5	3	15	1) The Pension Fund currently holds £37m within the Fund's custodian account. This should be sufficient to meet any short to medium term liquidity requirements. 2) Given the expected funding level as at the 31 March 2022 valuation, the Pension Fund expects to be in a cashflow negative position, meaning the benefits paid are greater than the contributions received. This will need to be considered as part of the overall investment strategy review. 3) The Pension Fund maintains a regularly updated cash flow forecast.	Treat 1) Officers, in consultation with the Fund's Advisors, will continue to monitor the Pension Fund's cash flow requirements and provide any advice to the Pensions Committee and Board as appropriate.	2	10	31/10/2022
FL2	Funding / Liability	Impact of economic and political decisions on the Pension Fund's employer workforce. Government funding level affecting the Council's spending decisions	5	3	15	1) The Pension Fund's has appointed Hymans Robertson as its Fund Actuary. Hymans Robertson is a reputable firm of Actuaries with a long history of providing advice to the LGPS. 2) The Fund Actuary applies prudent assumptions on the future of employees within the workforce, including the impact of salary increases and early leavers as part of the actuarial valuation. 3) There may be potential impacts associated with the financial pressures facing public services which may have implications on the Pension Fund's funding requirements.	Treat 1) Officers, in consultation with the Fund's Advisors will continue to monitor the impact of any Government funding announcements on the employers participating in the fund.	2	10	31/10/2022
FL3	Funding / Liability	Impact of increases to employer contributions following the actuarial valuation. The next actuarial valuation is to take place as at 31 March 2022	5	2	10	1) The Fund Actuary applies a stabilisation mechanism to contribution rates to ensure that employer contributions remain consistent over time. 2) Officers will consult and engage with individual employers in the scheme regarding their new contributions rates as part of the valuation exercise.	Treat 1) Current process are in place to ensure employer contributions remain stable and in accordance with their liabilities.	2	10	31/10/2022
FL4	Funding / Liability	Employee salary increases are significantly more than anticipated for employers participating in the Pension Fund. Persistently high inflation could potentially lead to unexpectedly high pay awards.	4	3	12	1) Employee salary increases assumptions are reviewed by the Fund Actuary every 3 years as part of the actuarial valuation. The Fund Actuary has noted an increase in the salary increases assumptions as part of the 2022 actuarial valuation. 2) Employers are made aware of the impact that salary increases can have on final salary linked elements of the LGPS benefits as part of the consultation on contribution rates. 3) Officers meet regularly with the Fund Actuary to review the impact of any significant deviations from the assumptions set during the actuarial valuation exercise.	Treat 1) Officers, in consultation with the Fund Actuary, will continue to review and monitor the impact persistently high inflation may have on future pay awards.	2	8	31/10/2022

Appendix 1 Funding Liability Risk Review

FL5	Funding / Liability	Failure of an admitted body or scheduled body leads to unpaid liabilities being left in the Pension Fund to be met by other participating employers. Current economic conditions could potentially cause strain on smaller employers.	4	3	12	<p>1) The Pension Fund's admission agreement policy requires potential admitted bodies to have a guarantor or bond in place, or in some instances, a pass through agreement. Where an admitted body is unable to secure a bond, the employer is required to provide a guarantor to indemnify the Pension Fund against any risk of from the employer becoming insolvent.</p> <p>2) Employers participating in the scheme are monitored on a regularly basis, which includes the review of bonds which are about to expire.</p>	Tolerate 1) Officers will continue to review employers participating in the Pension Fund and ensure processes are in place to monitor employers that may be facing solvency issues.	2	8	31/10/2022
FL6	Funding / Liability	Scheme members live longer than expected leading to higher than expected liabilities.	4	3	12	<p>1) Longevity assumptions are reviewed by the Fund Actuary every 3 years as part of the actuarial valuation. The Fund Actuary has noted an increase in the life expectation assumptions as part of the 2022 actuarial valuation.</p>	Tolerate 1) Officers, in consultation with the Fund Actuary, will continue to review and monitor the impact of life expectancy experience on future funding requirements.	2	8	31/10/2022
FL7	Funding / Liability	Funding strategy and investment strategy are considered in isolation by the Pension Fund's decisionmakers and advisors	5	2	10	<p>1) The Funding Strategy Statement (FSS) has explicit links to the Pension Fund's investment strategy. The Fund Actuary incorporates the Pension Fund's current investment strategy when setting the assumptions as part of the actuarial valuation.</p> <p>2) The Pension Fund's Investment Consultants and Fund Actuary provide advice to the Pensions Committee and Board on a regular basis.</p> <p>3) The Pensions Committee and Board is presented and required to review and approve a revised FSS following the completion of the actuarial valuation exercise.</p> <p>4) The Pension Fund undertakes a comprehensive review of the investment strategy following the completing of the actuarial valuation exercise to ensure that the investment strategy is still fit for purpose.</p>	Treat 1) Officers will continue to ensure that relevant issues regarding the funding and investment strategies are brought to the Pensions Committee and Board's attention, and were appropriate, the Pension Fund's advisors are invited to provide advice	1	5	31/10/2022
FL8	Funding / Liability	Inappropriate Funding Strategy is set at the Fund and employer level despite being considered in conjunction with the investment strategy.	5	2	10	<p>1) The Pensions Fund's has appointed Hymans Robertson as its Fund Actuary. Hymans Robertson is a reputable firm of Actuaries with a long history of providing advice to the LGPS.</p> <p>2) The Fund Actuary is requested to provide advice on employer contribution rate modelling as well as assumptions regarding the long term funding objectives of the Pension Fund. The Pensions Committee and Board is provided with this advice at least once every 3 years as part of the actuarial valuation process.</p>	Treat 1) Officers will continue to ensure that the the Pensions Committee and Board receives proper advice relating to the Funding Strategy of the Pension Fund, as appropriate.	1	5	31/10/2022

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. Consumer Prices Index (CPI) inflation in September 2022 came in at 10.1%, which was higher than consensus expectations. This has increased concerns that high inflation may remain at higher levels for a longer period.	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.	16
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

London Borough of Haringey Pension Fund Risk Register			
Funding/Liability			
Risk Ref	Risk Group	Risk Description	Risk Score
FL1	Funding / Liability	There is insufficient cash available in the Fund to meet pension payments leading to investment assets being sold at sub-optimal prices to meet pension payments. LGPS benefits are uplifted by CPI inflation report in September preceding the new financial year (1 April). This figure came in at 10.1% in September 2022.	15
FL2	Funding / Liability	Impact of economic and political decisions on the Pension Fund's employer workforce. Government funding level affecting the Council's spending decisions	15

London Borough of Haringey Pension Fund Risk Register			
Funding/Liability			
Risk Ref	Risk Group	Risk Description	Risk Score
FL3	Funding / Liability	Impact of increases to employer contributions following the actuarial valuation. The next actuarial valuation is to take place as at 31 March 2022	10
FL4	Funding / Liability	Employee salary increases are significantly more than anticipated for employers participating in the Pension Fund. Persistently high inflation could potentially lead to unexpectedly high pay awards.	12
FL5	Funding / Liability	Failure of an admitted body or scheduled body leads to unpaid liabilities being left in the Pension Fund to be met by other participating employers. Current economic conditions could potentially cause strain on smaller employers.	12
FL6	Funding / Liability	Scheme members live longer than expected leading to higher than expected liabilities.	12
FL7	Funding / Liability	Funding strategy and investment strategy are considered in isolation by the Pension Fund's decisionmakers and advisors	10
FL8	Funding / Liability	Inappropriate Funding Strategy is set at the Fund and employer level despite being considered in conjunction with the investment strategy.	10

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Report for: Pensions Committee and Board – 22 November 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: N/A

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

1. Describe the issue under consideration

1.1. This paper provides an update on the 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 content of this report.

4. Reason for Decision

4.1. Not applicable

5. Other options considered

5.1. Not applicable.

6. Background information

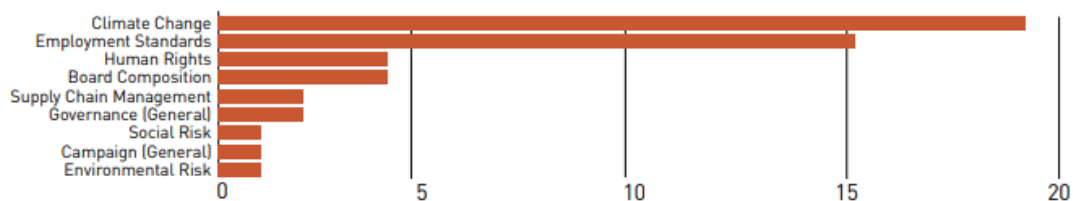
6.1. Haringey Pension Fund is a member of the Local Authority Pension Fund Forum (LAPFF), a shareholder engagement group that regularly engages with companies to encourage best practice and effect positive change. LAPFF engages directly

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 September 2022, LAPFF engaged with 35 companies domiciled across 7 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 was only 1 voting alert 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, the Pension Fund’s manager of the listed equities mandate voted in alignment with LAPFF recommendations.

Table 1 – Quarterly Voting Summary

Company	Description	LAPFF Recommendation	LGIM Vote	AGM Vote Outcome
SSE Plc	Management Resolution on Net Zero Transition Report	For	For	For (99%)

7. Contribution to Strategic Outcomes

7.1. Not applicable

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

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Report for: Pensions Committee and Board – 22 November 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: N/A

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

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 understanding 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 (Monitoring Officer), 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 (Monitoring Officer) 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

November 2022	January 2023	March 2023	July 2023	September 2023
Standing Items				
Administration Report	Governance/LGPS Update Report (if required)	Administration Report	Administration Report	Administration Report
Work/Forward Plan and Training Opportunities	Work/Forward Plan and Training Opportunities	Governance/LGPS Update Report (if required)	Governance/LGPS Update Report (if required)	Governance/LGPS Update Report (if required)
Risk Register Review	Risk Register Review	Work/Forward Plan and Training Opportunities	Work/Forward Plan and Training Opportunities	Work/Forward Plan and Training Opportunities
Quarterly Pension Fund Performance & Investment Update	LAPFF Voting update	Risk Register Review	Risk Register Review	Risk Register Review
LAPFF Voting update		LAPFF Voting update	Quarterly Pension Fund Performance & Investment Update	Quarterly Pension Fund Performance & Investment Update
			LAPFF Voting update	LAPFF Voting update
Fund Administration & Governance				
Annual Pension Fund Accounts 21/22 and Annual Report (including various statutory documents)	Investment Consultant's Performance Review	Business Plan and Annual Budget	Draft Statement of Accounts 22/23	Annual Pension Fund Accounts 22/23 and Annual Report (including various statutory documents)
Response to Government Consultation on Climate Reporting	Administration Strategy Review			
Investment & Funding Strategy				
2022 Actuarial Valuation Draft Results	Investment Strategy Review	Investment Strategy Statement	Investment Strategy Statement	
	External Audit Plan 21/22	Funding Strategy Statement 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
7-9 December 2022	LAPFF Conference	LAPFF	Please get in touch with the Head of Pensions & Treasury if you are interested in attending	In person - £296+ VAT	2
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 – 22 November 2022

Title: Haringey Pension Fund Actuarial Valuation 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: N/A

**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 the initial actuarial valuation results for the whole fund, an overview of the Funding Strategy Statement review, as well as a general update on the progress made to date.

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

- 3.1. 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.
- 3.2. To note the overview of the Funding Strategy Statement Review paper, appended as Confidential Appendix 2 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 Haringey Pension Fund's draft Actuarial Valuation Results 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. As part of the actuarial valuation process, the Fund Actuary presents the funding position of the Haringey Pension Fund as at 31 March 2022. This involves comparing the Pension Fund's liabilities based on updated membership data and assumptions, with the Pension Fund's assets as at the valuation date.
- 6.3. However, it is important to note that the overall funding level does not directly drive individual employer contribution rates. This is done separately using a combination of numerous factors specific to each employer's particular position in the Pension Fund. This work will be undertaken in the coming weeks, and officers will consult with employers on their individual contribution rates prior to them being finalised.

Funding Position

- 6.4. The funding position compares the future projected benefit payments for current members set against the Pension Fund's assets as at the valuation date. The initial results show that the Pension Fund's funding position at 31 March 2022 (113%) has improved significantly since the 2019 valuation exercise (100%).
- 6.5. The main factor driving the funding position improvement has been the stronger than expected investment returns over the past 3 years. Although the updated membership data has led to overall increases in the Pension Fund's liabilities, these have been more than offset by the strong investment performance over the period.
- 6.6. The PCB agreed a set of assumptions for the actuarial valuation, which were recommended by the Pension Fund's Actuary at its previous meeting. Compared to the 2019 valuation, the financial assumptions have increased, suggesting that the future outlook may be more challenging than the past.

- 6.7. The PCB will need to consider the Pension Fund's investment strategy in this context, to ensure it is in alignment with the expected growth in the Pension Fund's long-term obligations.
- 6.8. Further details regarding the draft actuarial valuation results is included in Confidential Appendix 1 to this paper.

Funding Strategy Statement (FSS) Review

- 6.9. Under the LGPS Regulations, all funds have a statutory obligation to produce an FSS. The FSS focuses on how employer liabilities are measured, the pace at which these liabilities are funded, and how employers pay for their own liabilities.
- 6.10. The FSS is therefore an integral part of the actuarial valuation and is prepared by the Pension Fund, in collaboration with the Fund Actuary. The 2022 review undertaken by the Fund Actuary has focused on adapting the FSS to the changing regulations and environment within which the Fund operates. The outcome of this review is detailed in Confidential Appendix 2 to this report.
- 6.11. LGPS Regulations require the FSS to be subject to formal consultation. This is expected to start by December 2022. The PCB will be asked to approve the final version of the FSS at a future meeting.

High Level Valuation Timetable

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

Table 2 – 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	Completed
Whole Fund Results and Funding Strategy Statement. Hymans Robertson to present the fund valuation results to the PCB on 22 November 2022.	November 2022	Completed
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

Activity	Key Dates	Progress Update
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

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Statutory Officer Comments (Director of Finance (including procurement), Head of Legal and Governance (Monitoring Officer), 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 as 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: Haringey Pension Fund Draft Actuarial Valuation Results

9.2. Confidential Appendix 2: Funding Strategy Statement Review

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

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Report for: Pensions Committee and Board – 22 November 2022

Title: Government Consultation on Governance and Reporting of Climate Change Risks

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: N/A

**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 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 will close for responses on 24 November 2022.

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

- 3.1. 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.
- 3.2. 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.

4. Reason for Decision

- 4.1. The proposed policy changes included in the Consultation, if implemented, will have an impact on the existing governance requirements for LGPS administering authorities.
- 4.2. The Council, in its Consultation has delegated the responsibility to exercise all the Council's functions as the Pension Fund's Administering Authority to the Pensions Committee and Board, therefore the Pensions Committee and Board will need to consider the implications of the proposed policy changes.

5. Other options considered

- 5.1. Not applicable.

6. Background information

- 6.1. The Department for Levelling Up, Housing and Communities (DLUHC) published its highly anticipated consultation on governance and reporting of climate change risks on 1 September 2022.
- 6.2. The Consultation seeks views on the government's policy proposals that will require administering authorities of the Local Government Pension Scheme (LGPS) to have effective governance, strategy, risk management and accompanying metrics and targets for the assessment and management of climate risks and opportunities.
- 6.3. The proposals have been developed in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).
- 6.4. At a high level, DLUHC are proposing that LGPS administering authorities ensure they have the appropriate governance processes in place for the effective management and reporting of climate change risks. This involves several wide-ranging proposals from strategy to risk management, to the measurement and reporting of climate risk metrics.
- 6.5. Under these proposals, administering authorities will be required to publish a Climate Risk Report annually by 1 December, following the end of the financial year.
- 6.6. Officers, in consultation with the Chair of the PCB and the Pension Fund's Independent Advisor, have drafted a response to the Consultation on behalf of the London Borough of Haringey (in its role as administering authority for the Haringey Pension Fund). This has been attached as Confidential Appendix 1 to this paper.

7. Contribution to Strategic Outcomes

7.1. Not applicable

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

Finance and Procurement

8.1. There are no immediate financial implications arising from this 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. As mentioned in this report the consultation seeks views on policy proposals to require administering authorities of the Local Government Pension Scheme to have effective governance, strategy, risk management and accompanying metrics and targets for the assessment and management of climate risks and opportunities in line with the recommendations of the Taskforce on Climate-related Financial Disclosures.

8.3. Members should note that the administering authority will be required to comply with any policy requirements formulated as a result of the consultation.

Equalities

8.4. Not applicable.

9. Use of Appendices

9.1. Confidential Appendix 1: Response on Consultation on Climate Reporting

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

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